



SDI Group plc **Interim Report**

2021

SDI Group plc, the AIM quoted Group is focused on the design and manufacture of scientific and technology products for use in digital imaging and sensing and control applications including life sciences, healthcare, astronomy, manufacturing, precision optics and art conservation. SDI operates through its company divisions: Atik Cameras, Synoptics, Graticules Optics, Sentek, Astles Control Systems, Applied Thermal Control, MPB Industries, Chell Instruments, Monmouth Scientific and Uniform Engineering.

SDI continues to grow by developing its own technology advancements and by improving its global sales channels, as well as through pursuing strategic, complementary acquisitions.

Contents

Strategic Report

- 01 Highlights
- 02 Chairman's Statement
- 06 Group Overview

Financial Statements

- 08 Consolidated Income Statement
- 09 Statement of Comprehensive Income
- 10 Consolidated Balance Sheet
- 11 Consolidated Statement of Cash Flows
- 12 Consolidated Statement of Changes in Equity
- 14 Notes to the Interim Financial Statements

Financial Highlights

Revenue

▲ **75.0%**

to **£24.7m** (FY21 H1: £14.1m)
including **42%**
organic growth

- Continued strong contribution from Atik Cameras due to one-time COVID-19-related contracts, expected to complete by January 2022
- £4.6m sales contribution from Monmouth Scientific and Uniform Engineering, acquired in FY21 H2
- Organic sales growth in all other businesses averaged 22%

Reported operating profit

▲ **105.0%**

to **£5.2m** (FY21 H1: £2.5m)

Adjusted operating profit*
for the period increased by
82% to £5.8m (FY21 H1: £3.2m)

Reported profit before tax

▲ **115.0%**

to **£5.1m** (FY21 H1: £2.4m)

Adjusted profit before tax*
increased by 89% to
£5.7m (FY21 H1: £3.0m)

Reported diluted EPS

▲ **76.0%**

to **3.43p** (FY21 H1: 1.95p)

Adjusted diluted EPS*
increased 59% to 3.92p
(FY21 H1: 2.47p)

Cash generated from operations

▼ **6.0%**

to **£4.4m** (FY21 H1: £4.7m)

Prior year included a substantial
build-up of customer down
payments related to the one-time
COVID-19-related contracts

Net cash**

£0.8m

at **31 October 2021 of £1.1m**
(30 April 2021: £2.35m)

Deferred consideration
outstanding was £nil
(30 April 2021: £2.35m)

* before reorganisation costs,
acquisition costs, amortisation
of acquired intangibles and
share based payment costs

** cash and cash equivalents less
bank finance

Operational Highlights

- Our FY21 acquisitions of Monmouth Scientific and Uniform Engineering have performed ahead of management's expectations and have been fully integrated into the Group
- On 1 November 2021, we renewed and expanded our committed loan facility with HSBC to £20m, with a further accordion option of an additional £10m (at the discretion of HSBC), which, with our current net cash position and strong cash flow, provides sufficient funding for acquisition opportunities

Chairman's Statement

Interim results for the six months ended 31 October 2021

"With the world having only partially adapted to the coronavirus pandemic, it is pleasing to be able to report a broad-based return to levels of activity that are higher than those we saw before it started. All, however, is not yet calm. The businesses are cogs in a machine that is trying to cope with changes in demand patterns caused by the pandemic, but also by longer term upheavals including a focus on healthcare, technological advancement, climate change and Brexit.

I am more convinced than ever that SDI's business model, involving smaller niche businesses operating with a high degree of autonomy in technical, scientific and medical and life science market segments, offers a route to sustained value creation, and allows us to respond rapidly to events." **Ken Ford** Chairman

Trading

Our larger OEM customers have been ordering at good levels for some time now, with strong demand in healthcare, beverage can production and automotive racing in particular. Interest from customers for new products to be designed in and for capital equipment purchases for general laboratory use has remained subdued, although the restarting of trade fairs and exhibitions suggests that this too will bounce back now. Service activity is still hampered by travel restrictions but has lately been improving.

Supply chain issues have become a drain on management time, and our businesses are having to work hard to source components, modify designs for missing ones, and also to adapt to customer demand changes. However, they are managing well.

The subsidiaries all worked hard to adapt to the changes in the half year, which was appreciated by the Board, and, I am sure, by shareholders.

Revenues

Group revenues increased by 75% to £24.7m (FY21 H1: £14.1m). The increase was driven by 3 major factors:

- Our Atik Cameras business continued to deliver, at a higher rate than in previous periods, cameras for use by a global OEM in RT PCR machines, which are (amongst other uses) the gold standard instrument for COVID-19 testing. We expect current orders, paid for in advance of shipment, to be fulfilled by January 2022, and we have no visibility of further orders.
- The businesses we acquired in FY21 H2, Monmouth Scientific and Uniform Engineering, delivered £4.6m of sales, which was ahead of our expectations.
- Our other businesses performed very well, recording collectively 22% sales growth compared with FY21 H1, which was of course affected by pandemic-related reductions in customer purchases. All of these businesses have rebounded substantially, with the exception of the ventilator-related sales at MPB industries.

Organic revenue growth across the business was 42%. Compared with the same period of two years ago, FY20 H1, sales of those businesses in the Group at the time have increased by 59%. Excluding the exceptional 218% growth at Atik Cameras, all of those businesses have grown, at an average two-year growth of 16%.

Sales in our Digital Imaging segment grew by 64% to £11.4m (FY21 H1: £6.9m) and sales in Sensors & Control were 85% higher at £13.3m (FY21 H1: £7.2m).



Chairman's Statement continued

Profits

Gross margin was lower than in FY21 H1, due essentially to the evolution of product mix, including the effect of below-average margins at Monmouth Scientific (acquired in FY21 H2) and on the Atik Camera orders. We have had to increase prices to offset the impacts of both labour cost increases and component and raw material price increases across the Group, and generally we have seen customer acceptance of this.

Overheads are higher than the comparative period which benefited from furlough receipts and from a virtual stop to travel costs, but we are seeing the benefit of efficiency gains realised over the past year.

Group profit before tax increased by 115% to £5.1m (FY21 H1: 2.4m), driven by the organic revenue growth and the contribution of the FY21 H2 acquired businesses.

Our tax charge has increased by 288% to £1.5m (FY21 H1: £0.4m), essentially due to a £0.6m charge to align certain deferred tax assets and liabilities (except for deferred tax assets related to share options) to the new UK corporate tax rate of 25% from April 2023. A £0.3m favourable impact from aligning the deferred tax asset for future share option gains to current share prices and tax rates has been booked directly to equity.

In addition to the GAAP results, the Group also provides adjusted results in which certain one-time and non-cash charges are excluded, to help shareholders understand the underlying operating performance. Adjusted profit before tax increased by 90% to £5.7m (FY21 H1: £3.0m). Adjustments for the period were for the amortisation of acquired intangible assets and for share based payments totalling £0.6m (FY21 H1: £0.5m). No acquisition-related costs or reorganisation costs were recorded in the period (FY21 H1: £0.1m of reorganisation expense).

Basic earnings per share increased by 78% from 2.03p to 3.61p; diluted earnings per share increased by 76% to 3.43p (FY21 H1: 1.95p). Adjusted diluted EPS increased by 59% to 3.92p (FY21 H1: 2.47p).

Cash Flow

Cash generated from operations reduced by 6% to £4.4m (FY21 H1: £4.7m). The very strong cash flow of the previous year was strongly influenced by the build-up of advanced payments for the COVID-19-related orders at Atik Cameras (as reported at the time). In the current period, these have reduced by about £1.1m, with consequent reduction to cash flow. The remaining £1.8m is expected to unwind in the remaining months of the year as the orders are shipped.

During this period, we paid the deferred consideration element of £2.35m on the acquisition of Monmouth Scientific.

Net cash, or cash less bank debt, increased to £1.1m at 31 October 2021 from £0.8m at 30 April 2021.

On 01 November 2021, directly following the period end, we renewed and expanded our committed loan facility with HSBC to £20m, with a further accordion option of an additional £10m (at the discretion of HSBC), which, with our current net cash position and strong cash flow, provides sufficient funding for acquisition opportunities. The new facility has been tailored to our business model with fewer restrictions on acquisitions and allows for higher leverage if necessary.

Operations

This half year has been a challenging one for our operations teams, with relatively short-term changes in customer demand, usually upwards but also impacted by customers' ability to source other key components, and with upstream shortages of our own components and materials. Significant management time has been expended in negotiating additional supplies and finding alternative sources or designing in substitute components. We expect this situation to endure for some time, and we have also increased purchases in many cases to secure key inputs.

Labour availability has been less of a problem, with generally low turnover as usual, but some vacancies taking time to fill. We are seeing cost increases in both material and labour, but we are generally able to pass these on to customers.

As part of a rolling programme of upgrading facilities, we have been investing in an upgrade and capacity expansion at Graticules Optics to create a modern factory that is able to expand into new areas and have made further investments at Uniform Engineering for efficiency, capacity and quality. We have been strengthening the Portugal-based team at Atik Cameras so that they can directly handle all day-to-day interaction with the global customer-base, leaving Norwich as the centre of excellence for product development, marketing and new business.

Our business units have only recently started to attend and exhibit at trade fairs and exhibitions after a difficult period of demonstrating and marketing products via videoconference. Design-in activity with OEM customers is also picking up again, whereas research and development has continued throughout the pandemic period within our business units.

Acquisitions

No major acquisition took place in the period, but in August 2021, we purchased the Clean Tent trade and assets, for a cash consideration of £150,000, which was integrated into Monmouth Scientific. Clean Tents are portable and temporary cleanroom facilities, which are complementary to the Monmouth Scientific range and we are very pleased with this purchase.

The Group continues to look for complementary acquisitions fitting our criteria, and we would hope to close at least one in the financial year.

Outlook

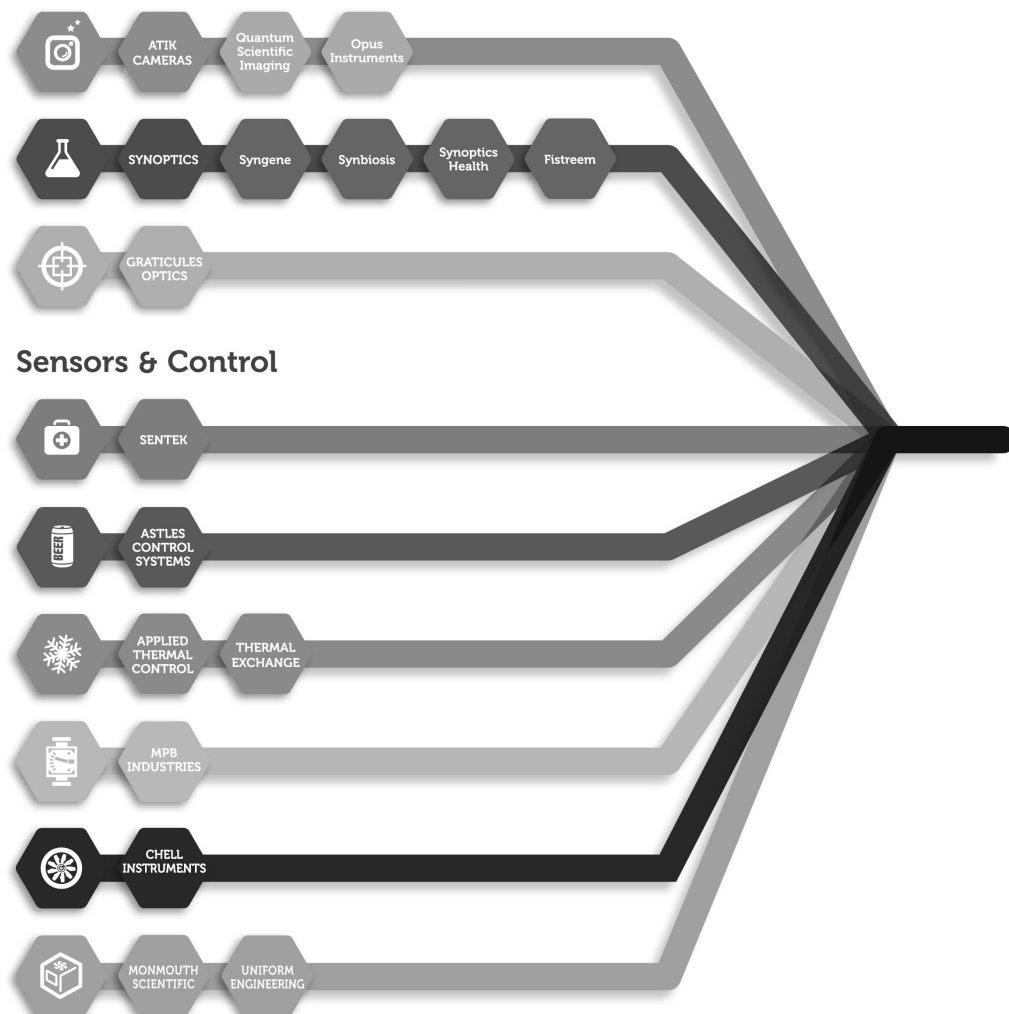
As we have previously disclosed, we expect sales and therefore profit in the second half of the year to be lower than in the first half, as the COVID-19-related orders at Atik have been mostly completed. Apart from this, we expect a continuation of favourable trading performance seen in the first half and look forward to delivering a full year performance in line with market expectations.



Ken Ford
Chairman
6 December 2021

Group Overview

Digital Imaging



Digital Imaging

The digital imaging segment consists of three divisions:

ATIK CAMERAS

Atik Cameras offers three brands of camera:

- **Atik** – highly sensitive cameras for life science and industrial applications, as well as deep-sky astronomy;
- **Quantum Scientific Imaging (QSI)** – high performance cameras with applications in astronomy, life science and flat panel display inspection; and
- **Opus Instruments** – infrared reflectography cameras for art conservation and restoration.

SYNOPTICS

Offers a range of instruments under four brands:

- **Syngene** – advanced systems for documentation and analysis of gels for molecular biologists. This brand utilises some of the range from Atik Cameras;
- **Synbiosis** – equipment for microbiologists to automate colony counting and zone measurement;
- **Synoptics Health** – ProReveal, to detect residual proteins on surgical instruments; and
- **Fistreem** – water purification products and vacuum ovens.

GRATICULES OPTICS

Designs and manufactures precision micro pattern products on glass, film and metal foil.

Sensors & Control

The sensors and control segment currently encompasses six divisions:

SENTEK

Sentek manufactures and markets off-the-shelf and custom-made, reusable and single-use electrochemical sensors for use in laboratory analysis, food, beverage, pharmaceutical and personal care manufacturing, as well as the leisure industry.

ASTLES CONTROL SYSTEMS

Astles is a supplier of chemical dosing and control systems to manufacturing customers worldwide.

APPLIED THERMAL CONTROL & THERMAL EXCHANGE

Applied Thermal Control & Thermal Exchange have been merged into a single division and manufacture and supply chillers, coolers and heat exchangers used within industrial, medical and scientific markets.

MPB INDUSTRIES

Designs and manufactures flowmeters and other equipment for measuring liquids and gases for industrial and scientific applications.

CHELL INSTRUMENTS

Specialises in the design, manufacture and calibration of pressure, vacuum, and gas flow measurement instruments for a variety of sectors including aerospace, vehicle aerodynamics, gas and steam turbine testing and power generation industries.

MONMOUTH SCIENTIFIC

The company designs, manufactures and services clean air solutions specialising in cleanrooms, biological safety fume cupboards and laminar flow cabinets.

UNIFORM ENGINEERING

Acquired in January 2021, Uniform. is a manufacturer of high-quality bespoke metal enclosures and housings used in a variety of applications including pharmaceutical, laboratory and safety equipment.



For more information visit:
www.thesdigroup.net

Consolidated Income Statement

Unaudited for the six months ended 31 October 2021

	Note	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Revenue		24,655	14,126	35,076
Costs of sales		(8,783)	(4,724)	(12,206)
Gross Profit		15,882	9,402	22,870
Other operating income		20	7	21
Operating expenses		(10,695)	(6,874)	(16,960)
Operating profit		5,207	2,535	5,931
Net financing expense		(105)	(164)	(287)
Profit before taxation		5,102	2,371	5,644
Income tax charge	8	(1,526)	(393)	(936)
Profit for the period		3,576	1,978	4,708
Earnings per share	5			
Basic earnings per share		3.61p	2.03p	4.81p
Diluted earnings per share		3.43p	1.95p	4.58p

Consolidated Statement of Comprehensive Income

Unaudited for the six months ended 31 October 2021

	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Profit for the period	3,576	1,978	4,708
Other comprehensive income			
Exchange differences on translating foreign operations	(161)	48	(96)
Total comprehensive profit for the period	3,415	2,026	4,612

Consolidated Balance sheet

Unaudited at 31 October 2021

	Note	31 October 2021 Unaudited £'000	31 October 2020 Unaudited £'000	30 April 2021 Audited £'000
Assets				
Non-current assets				
Intangible assets		25,730	21,110	26,237
Property, plant and equipment		4,225	3,584	4,131
Deferred tax asset	8	1,660	219	1,697
		31,615	24,913	32,065
Current assets				
Inventories		6,957	4,087	6,059
Trade and other receivables		7,786	4,456	6,743
Cash and cash equivalents		3,513	3,436	3,836
		18,256	11,979	16,638
Total assets		49,871	36,892	48,703
Liabilities				
Non-current liabilities				
Borrowings	6	1,029	2,400	1,714
Lease liabilities	6	1,936	2,211	2,050
Deferred tax liability	8	2,993	2,037	2,479
		5,958	6,648	6,243
Current liabilities				
Trade and other payables		9,727	5,412	12,826
Provisions		230	85	230
Borrowings	6	1,371	1,371	1,371
Lease liabilities	6	498	562	509
Current tax payable		1,165	510	750
		12,991	7,940	15,686
Total liabilities		18,949	14,588	21,929
Net assets		30,922	22,304	26,774
Equity				
Share capital		996	978	984
Merger reserve		2,606	2,606	2,606
Merger relief reserve		424	424	424
Share premium account		9,359	8,805	9,092
Share-based payment reserve		728	619	714
Foreign exchange reserve		(76)	229	85
Retained earnings		16,885	8,643	12,869
Total equity		30,922	22,304	26,774

Consolidated Statement of Cash Flows

Unaudited for the six months ended 31 October 2021

	Note	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Operating activities				
Net profit for the period		3,577	1,978	4,708
Depreciation and amortisation		1,315	1,096	2,562
Finance costs and income		105	164	287
Impairment of intangibles		–	18	130
Changes in provisions		–	–	(15)
Taxation expense in the income statement		1,526	393	936
Employee share-based payments		159	152	305
Operating cash flow before movement in working capital		6,682	3,801	8,913
Changes in inventories		(886)	(400)	(977)
Changes in trade and other receivables		(573)	(745)	(2,363)
Changes in trade and other payables		(808)	2,059	6,137
Cash generated from operations		4,415	4,715	11,710
Interest paid		(105)	(164)	(287)
Income taxes paid		(735)	(493)	(1,166)
Cash generated from operating activities		3,575	4,058	10,257
Cash flows from investing activities				
Capital expenditure on fixed assets		(510)	(109)	(667)
Sale of property plant and equipment		32	–	67
Expenditure on development and other intangibles		(115)	(116)	(367)
Acquisition of subsidiaries, net of cash	7	(2,500)	–	(4,057)
Net cash used in investing activities		(3,093)	(225)	(5,024)
Cash flows from financing activities				
Payments of lease liabilities		(296)	(224)	(489)
Proceeds from bank borrowings		–	–	5,404
Repayment of borrowings		(686)	(5,562)	(11,652)
Issues of shares & proceeds from option exercises		278	–	155
Net cash (used in)/from financing activities		(704)	(5,786)	(6,582)
Net (decrease)/increase in cash and cash equivalents		(222)	(1,953)	(1,349)
Cash and cash equivalents, beginning of period		3,836	5,290	5,290
Foreign currency movements on cash balances		(101)	99	(105)
Cash and cash equivalents, end of period		3,513	3,436	3,836

Consolidated Statement of Changes in Equity

Unaudited for the six months ended 31 October 2021

6 months to 31 October 2021 – unaudited	Share capital £'000	Merger reserve £'000	Merger relief reserve £'000	Foreign exchange £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2021	984	2,606	424	85	9,092	714	12,869	26,774
Shares issued	12	–	–	–	267	–	–	279
Tax in respect to share options	–	–	–	–	–	–	295	295
Share-based payments transfer	–	–	–	–	–	(145)	145	–
Share based payments	–	–	–	–	–	159	–	159
Transactions with owners	12	–	–	–	267	14	440	733
Profit for the period	–	–	–	–	–	–	3,576	3,576
Foreign exchange on consolidation of subsidiaries	–	–	–	(161)	–	–	–	(161)
Total comprehensive income for the period	–	–	–	(161)	–	–	3,576	3,415
Balance at 31 October 2021	996	2,606	424	(76)	9,359	726	16,885	30,922

6 months to 31 October 2020 – unaudited	Share capital £'000	Merger reserve £'000	Merger relief reserve £'000	Foreign exchange £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2020	975	3,030	–	181	8,746	467	6,665	20,064
Shares issued	3	–	–	–	59	–	–	62
Share based payments	–	–	–	–	–	152	–	152
Transactions with owners	3	–	–	–	59	152	–	214
Profit for the period	–	–	–	–	–	–	1,978	1,978
Foreign exchange on consolidation of subsidiaries	–	–	–	48	–	–	–	48
Total comprehensive income for the period	–	–	–	48	–	–	1,978	2,026
Balance at 31 October 2020	978	3,030	–	229	8,805	619	8,643	22,304

12 months to 30 April 2021 – audited	Share capital £'000	Merger reserve £'000	Merger relief reserve £'000	Foreign exchange £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 April 2020	975	3,030	–	181	8,746	467	6,665	20,064
Restatement	–	(424)	424	–	–	–	–	–
Adjusted balances at 30 April 2020	975	2,606	424	181	8,746	467	6,665	20,064
Shares issued	9	–	–	–	346	–	–	355
Tax in respect to share options	–	–	–	–	–	–	1,438	1,438
Share-based payments transfer	–	–	–	–	–	(58)	58	–
Share based payments	–	–	–	–	–	305	–	305
Transactions with owners	9	–	–	–	346	247	1,496	2,098
Profit for the year	–	–	–	–	–	–	4,708	4,708
Foreign exchange on consolidation of subsidiaries	–	–	–	(96)	–	–	–	(96)
Total comprehensive income	–	–	–	(96)	–	–	4,708	4,612
Balance at 30 April 2021	984	2,606	424	85	9,092	714	12,869	26,774

Notes to the Interim Financial Statements

1 General Information and Basis of Preparation

SDI Group plc (formerly known as Scientific Digital Imaging plc (the "Company")), a public limited company, is the Group's ultimate parent. It is registered in England and Wales. The consolidated interim financial statements of the Company for the period ended 31 October 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

The unaudited consolidated interim financial statements are for the six months ended 31 October 2021. These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards in conformity with the requirements of the Companies Act 2006. The consolidated interim financial information has been prepared under the historical cost convention, as modified by the recognition of certain financial instruments at fair value. The consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

The consolidated interim financial information was approved by the Board of Directors on 6 December 2021.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The figures for the year ended 30 April 2021 have been extracted from the statutory financial statements of SDI Group plc which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 31 October 2021 and for the six months ended 31 October 2020 has not been audited.

2 Principal Accounting Policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim information are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 April 2021.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Alternative Performance Measures

The Group uses Adjusted Operating Profit, Adjusted Profit Before Tax, Adjusted Diluted EPS and Net Operating Assets as supplemental measures of the Group's profitability and investment in business related assets, in addition to measures defined under IFRS. The Group considers these useful due to the exclusion of specific items that are considered to hinder comparison of underlying profitability and investments of the Group's segments and businesses and is aware that shareholders use these measures to evaluate performance over time. The adjusting items for the alternative measures of profit are either recurring but non-cash charges (share-based payments and amortisation of acquired intangible assets) or exceptional items (reorganisation costs and acquisition costs).

The following table is included to define the term Adjusted Operating Profit:

	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Operating Profit (as reported)	5,207	2,535	5,931
Adjusting items (all costs):			
Non-underlying items			
Share based payments	159	152	305
Amortisation of acquired intangible assets	465	379	1,153
Exceptional items			
Reorganisation costs	–	129	132
Acquisition and fundraising costs	–	–	179
Total adjusting items within Operating Profit	624	660	1,769
Adjusted Operating Profit	5,831	3,195	7,700

Adjusted Profit Before Tax is defined as follows:

	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Profit Before Tax (as reported)	5,102	2,371	5,644
Adjusting items (as above)	624	660	1,769
Adjusted Profit Before Tax	5,726	3,031	7,413

Notes to the Interim Financial Statements continued

3 Alternative Performance Measures continued

Adjusted EPS is defined as follows:

	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Profit for the Period (as reported)	3,576	1,978	4,708
Adjusting items (as above)	624	660	1,769
Less: taxation on adjusting items calculated at the UK statutory rate	(119)	(125)	(336)
Adjusted profit for the period	4,081	2,513	6,141
Divided by diluted weighted average number of shares in issue (Note 5)	104,138,768	101,611,426	102,799,084
Adjusted Diluted EPS	3.92p	2.47p	5.97p

Net Operating Assets is defined as follows:

	31 October 2021 Unaudited £'000	31 October 2020 Unaudited £'000	30 April 2021 Audited £'000
Net Assets	30,922	22,304	26,774
Deferred tax asset	1,660	219	1,697
Corporation tax asset	486	79	17
Cash and cash equivalents	3,513	3,436	3,836
Borrowings (current and non-current)	(4,834)	(6,544)	(5,644)
Deferred consideration	–	–	(2,350)
Deferred tax liability	(2,993)	(2,037)	(2,479)
Current tax payable	(1,165)	(510)	(750)
Total adjusting items within Net Assets	(3,333)	(5,357)	(5,673)
Net Operating Assets	34,255	27,661	32,447

Segmental Analysis

	6 months to 31 October 2021 Unaudited £'000	6 months to 31 October 2020 Unaudited £'000	12 months to 30 April 2021 Audited £'000
Revenues			
Digital Imaging	11,373	6,940	15,778
Sensors & Control	13,292	7,186	19,288
Group	24,665	14,126	35,076
Adjusted Operating Profit			
Digital Imaging	4,253	2,075	5,165
Sensors & Control	2,505	1,569	4,360
Other	(927)	(449)	(1,825)
Group	5,831	3,195	7,700
Amortisation of acquired intangible assets			
Digital Imaging	(92)	(92)	(175)
Sensors & Control	(377)	(291)	(978)
Group	(469)	(383)	(1,153)

Adjusted Operating Profit has been defined in Note 3.

Analysis of amortisation of acquired intangible assets has been included separately as the Group considers it to be an important component of profit which is directly attributable to the reported segments.

The Other category includes costs which cannot be allocated to the other segments and consists principally of Group head office costs.

Notes to the Interim Financial Statements continued

4 Segmental Analysis continued

	31 October 2021 Unaudited £'000	31 October 2020 Unaudited £'000	30 April 2021 Audited £'000
Operating Assets excluding acquired intangible assets			
Digital Imaging	9,612	6,942	7,895
Sensors & Control	9,757	5,825	9,683
Other	(257)	331	131
Group	19,112	13,098	17,709
Acquired intangible assets			
Digital Imaging	5,107	5,282	5,195
Sensors & Control	19,978	14,777	20,251
Group	25,085	20,059	25,446
Operating Liabilities			
Digital Imaging	(4,650)	(3,051)	(5,439)
Sensors & Control	(4,192)	(2,200)	(4,204)
Other	(1,101)	(245)	(1,064)
Group	(9,943)	(5,496)	(10,707)
Net Operating Assets			
Digital Imaging	10,069	9,173	7,650
Sensors & Control	25,543	18,402	25,731
Other	(1,357)	86	(934)
Group	34,255	27,661	32,447

Net operating assets has been defined in Note 3.

Earnings Per Share

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of SDI Group plc divided by the weighted average number of shares in issue during the period. All profit per share calculations relate to continuing operations of the Group.

	Profit attributable to shareholders £'000	Weighted average number of shares	Earnings per share amount in pence
Basic earnings per share:			
– Period ended 31 October 2021	3,576	99,120,392	3.61
– Period ended 31 October 2020	1,978	97,582,755	2.03
– Year ended 30 April 2021	4,708	97,852,313	4.81
Dilutive effect of share options:			
– Period ended 31 October 2021		5,018,376	
– Period ended 31 October 2020		4,028,671	
– Year ended 30 April 2021		4,946,771	
Diluted earnings per share:			
– Period ended 31 October 2021	3,576	104,138,768	3.43
– Period ended 31 October 2020	1,978	101,611,426	1.95
– Year ended 30 April 2021	4,708	102,799,084	4.58

Notes to the Interim Financial Statements continued

6 Borrowings

	31 October 2021 £'000	31 October 2020 £'000	30 April 2021 £'000
Within one year:			
Bank finance	1,371	1,371	1,371
Leases	498	562	509
	1,869	1,933	1,880
After one year and within five years:			
Bank finance	1,029	2,400	1,714
Leases	1,065	1,297	2,050
	2,094	3,697	3,764
After more than five years:			
Leases	871	914	–
Total borrowings	4,834	6,544	5,644

Bank finance relates to amounts drawn down under the Group's bank facility with HSBC Bank plc, which is secured against all assets of the Group.

On 01 November, directly after the period end, the Group agreed a new £20m revolving loan facility with HSBC, committed for 3 years, with covenants relating to leverage (net debt to EBITDA) and interest coverage. The £2,400,000 of short term and long-term bank finance shown above was transferred to the new facility.

Acquisitions

During the previous financial year, the Group completed the acquisition of Monmouth Scientific Limited for which contingent consideration of £2.35 million was outstanding at 30 April 2021. This amount was settled in cash in the current period.

On 12 August 2021, Monmouth Scientific acquired the trade and assets of the Clean Tent business, for a cash consideration of £150,000.

Taxation

The Group has estimated an effective tax rate of 18.1% for the year and has applied this rate to the profit before tax for the period. The Group has further booked a charge of £597,000 to align certain deferred tax assets and liabilities to the new statutory tax rate of 25% enacted for periods from March 2023. A gain of £295,000 resulting from changes to the estimate of future tax relief from share option exercises, including the estimated effect of changes in the tax rate, has been booked directly to equity.



SDI Group plc

Beacon House
Nuffield Road
Cambridge CB4 1TF

T +44 (0)1223 727144

F +44 (0)1223 727101

E info@thesdigroup.net

Company number 6385396

www.thesdigroup.net

