SDI Group plc **Annual Report**

2021

SDI Group plc (SDI) is an AIM-listed company specialising in the design and manufacture of products for use within a number of imaging and sensing and control applications including life sciences, healthcare, astronomy, precision optics, measurement instrumentation and art conservation markets. Corporate expansion is via organic growth within its subsidiary companies and through the acquisition of complementary, niche technology businesses with established reputations in global markets.

Contents

Why invest in SDI?

- **Buy and build model within life science and technology markets**
- **Spread of technologies and associated supply chains in diverse global sectors**
- **Portfolio of products for use in COVID-19 detection and treatment systems**
- **Thirteen earnings enhancing acquisitions since 2014**
- **Assembling a portfolio of businesses with niche expertise and sustainable markets**
- **Independent and agile operating businesses have freedom to innovate and invest for growth**

Highlights

Revenue

▲ 43.2%

to £35.1m (2020: £24.5m)
including 19% organic growth

Adjusted operating profit*

▲ 67.3%

to £7.7m (2020: £4.6m)

Adjusted profit before tax*

▲ 70.5%

to £7.4m (2020: £4.3m)

Basic earnings per share

▲ 4.81p

(2020: 2.66p)
& diluted earnings per share 4.58p (2020: 2.56p)

Adjusted diluted EPS*

▲ 74.0%

to 5.97p (2020: 3.43p)

Cash generated from operations

▲ 125.0%

to £11.7m (2020: £5.2m) benefitting from one-off customer downpayments

£0.8m

net cash
(cash less bank finance)
(2020: net debt of £4.0m)

£2.35m

earnout
for Monmouth Scientific agreed & settled post year end

* before reorganisation costs, share based payments, acquisition costs and amortisation of acquired intangible assets.

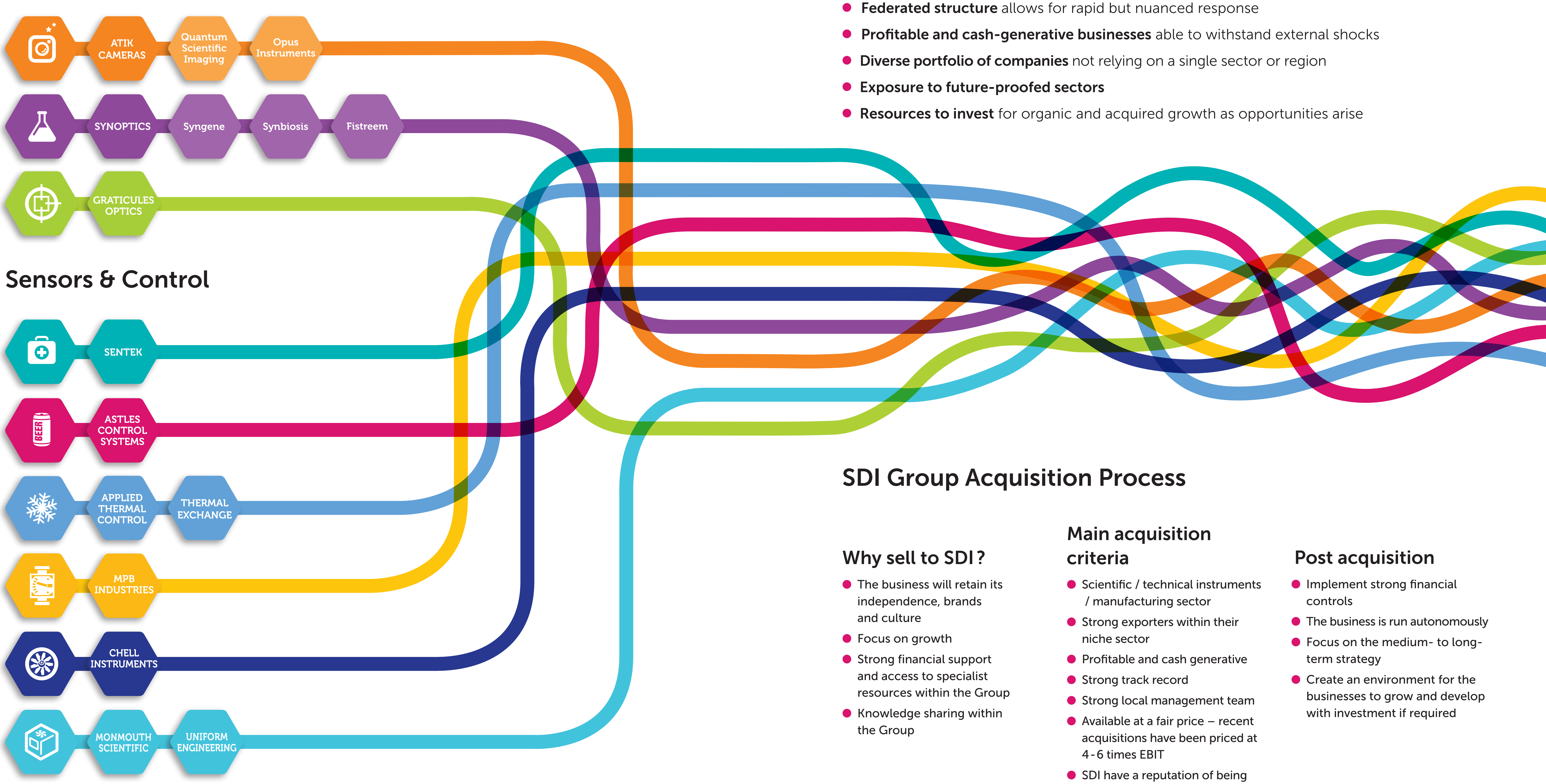
Two new acquisitions added to the Group
Monmouth Scientific and Uniform Engineering

Companies across the Group adapted quickly to challenging market conditions of Covid and Brexit

Group Overview

Digital Imaging

Sensors & Control



The strength of our business model:

- **Federated structure** allows for rapid but nuanced response
- **Profitable and cash-generative businesses** able to withstand external shocks
- **Diverse portfolio of companies** not relying on a single sector or region
- **Exposure to future-proofed sectors**
- **Resources to invest** for organic and acquired growth as opportunities arise

SDI Group Acquisition Process

Why sell to SDI?

- The business will retain its independence, brands and culture
- Focus on growth
- Strong financial support and access to specialist resources within the Group
- Knowledge sharing within the Group

Main acquisition criteria

- Scientific / technical instruments / manufacturing sector
- Strong exporters within their niche sector
- Profitable and cash generative
- Strong track record
- Strong local management team
- Available at a fair price – recent acquisitions have been priced at 4-6 times EBIT
- SDI have a reputation of being honourable and never changing the deal terms

Post acquisition

- Implement strong financial controls
- The business is run autonomously
- Focus on the medium- to long-term strategy
- Create an environment for the businesses to grow and develop with investment if required

Our Specialist Company Portfolio

Digital Imaging

ATIK CAMERAS

The cameras are designed and developed in Norwich, UK with manufacturing based in Lisbon, Portugal. The company has developed and sells a range of cameras under three brands Atik, Quantum Scientific Imaging and Opus Instruments

• Atik

Atik Cameras designs and manufactures highly sensitive cameras for life science and industrial applications, as well as deep-sky astronomy imaging. Its life science cameras are in demand for use in real-time PCR DNA amplifiers for detecting COVID-19.

• Quantum Scientific Imaging

Quantum Scientific Imaging (QSI) designs and manufactures a range of high-performance cameras that have applications in astronomy, life sciences and flat panel inspection.

• Opus Instruments

Opus Instruments is a world leader in the field of Infrared Reflectography cameras for use in the art conservation. It developed its **OSIRIS** camera as a collaboration with the UK's National Gallery and all its cameras including a higher specification version of OSIRIS, named **Apollo** are manufactured by Atik Cameras.

GRATICULES OPTICS

Graticules Optics is a proven world-class designer and manufacturer of precision micropattern products. The firm, based in Tonbridge, Kent is unique in offering photolithographic products on glass, film and in metal foil, with a bonus of coatings, cementing, mounting and small optical assembly.

SYNOPTICS

Synoptics based in Cambridge is the headquarters and manufacturing site for Syngene, Synbiosis, Synoptics Health and Fistreem International products. It also has a US sale and marketing office based in Frederick USA.

• Syngene

Syngene develops and manufactures systems and software for automated gel-based DNA and protein fluorescence/chemiluminescence imaging and includes the popular global **G:BOX** and **NuGenius** brands. These systems can be used for detection of COVID-19 cDNA generated by PCR.

• Synbiosis

Synbiosis provides automated and manual systems for microbiological testing in food, water, pharmaceutical and clinical applications. Its **ProtoCOL 3** system is used in all the major pharmaceutical companies for vaccine and antibiotic development and its high-end system, **AutoCOL** is the world's first fully automated colony counter.

• Fistreem International

Fistreem designs and manufactures water purification products and vacuum ovens. The firm's **Cyclon Water Still** and **Gallenkamp vacuum ovens** are recognised as world leading brands and are popular in many life science laboratories.

Revenues across our seven Digital Imaging brands grew from £11.1m to £15.8m in FY2021 an increase of

42.3%

Sensors & Control

APPLIED THERMAL CONTROL & THERMAL EXCHANGE

Applied Thermal Control (ATC) is based in Coalville and was acquired in August 2017. Thermal Exchange (TE) is based in Leicester and was acquired in February 2019. We took the decision to merge the two businesses in December 2019 in Barrow Upon Soar, UK. Both design, manufacture, and supply a range of chillers, coolers and heat exchangers used within scientific and medical instruments.

ASTLES CONTROL SYSTEMS

Astles Control Systems (Astles) is a supplier of chemical dosing and control systems to different industries including manufacturers of beverage cans, engineering and motor components, white goods, architectural aluminium, and steel. The company located in Princes Risborough, UK supplies equipment as well as repeat revenue from service, repairs and consumables.

CHELL INSTRUMENTS

Chell Instruments (Chell) specialises in the design, manufacture and calibration of pressure, vacuum, and gas flow measurement instruments. Based in Norfolk, UK the company supplies products for sectors including aerospace, vehicle aerodynamics, gas and steam turbine testing, and power generation industries

MONMOUTH SCIENTIFIC

Monmouth Scientific Limited (Monmouth) is one of the UK's leading designers, manufacturers, and suppliers of Clean Air Solutions. The company specialises in Filtration Fume Cupboard and Ducted Fume Cupboard installations alongside Laminar Flow and Class I/Class II Biological Safety Cabinets. Biological Safety Cabinets are in high demand for use in COVID-19 testing laboratories. Located in Bridgwater, Somerset. Monmouth was acquired by SDI in December 2020.

MPB INDUSTRIES

MPB Industries (MPB) designs and manufactures flowmeters, flow alarms, flow indicators, flow switches, calibration cylinders and sight glasses for the measurement of liquids and gases by well-known industrial and scientific users. Based in East Peckham, UK, MPB operates across a broad range of applications including water treatment, oil and gas production, medical ventilators, medical anaesthesia, and scientific analysis. It has been a major contributor to the manufacture of ventilators for the UK at the outbreak of COVID-19.

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. The company, based principally in Braintree, Essex serves global markets and has long-term contracts to supply sensors for use in vaccine and biologics production to two major life science companies.

UNIFORM ENGINEERING

Uniform Engineering (Uniform) is a manufacturer of high-quality bespoke metal enclosures and housings used in a variety of applications including pharmaceutical, laboratory and safety equipment. Uniform, based in Highbridge, Somerset is a major supplier of components to Monmouth Scientific, a fellow-subsidiary of SDI. Uniform was acquired in January 2021.

Revenues across our eight Sensors & Control brands grew from £13.4m to £19.3m in FY2021 an increase of

44.0%

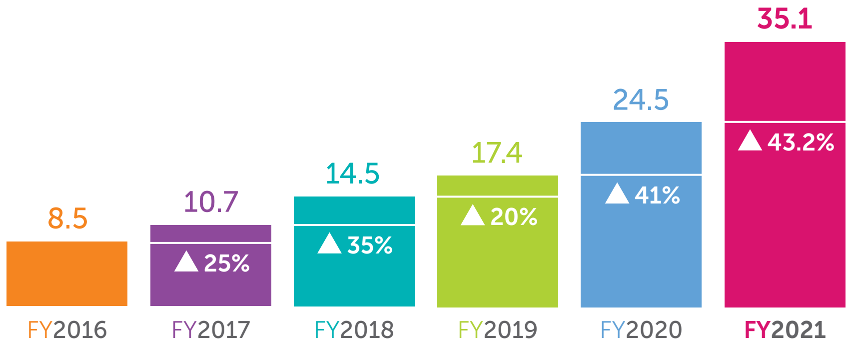
Chairman's Statement

Performance

In the financial year ended 30 April 2021, despite the global economy being affected by the COVID-19 pandemic, SDI achieved another record year of revenues and profits together with the completion of two acquisitions.

Whilst protecting the health and safety of all our staff remained a priority, the Group was able to take proactive, practical measures to maintain our manufacturing capabilities. This resulted in protecting our profitability and cash flow which arose due to an increase in orders from some life science sectors which the Group serves. SDI finished the year with profits above market expectations and strong trading cash flows, enabling the Group to continue to take advantage of new market opportunities and acquire two companies, one of which offers sought-after clean air technologies which has been required in greater quantities during this pandemic.

Consistent Revenue Growth (£m)



The strength of SDI's business model has allowed us to complete the acquisition of Monmouth Scientific (Monmouth) in December 2020 for £6.1m and Uniform Engineering (Uniform) for £0.5m in January 2021. Monmouth offers clean air systems and during the COVID-19 pandemic the company's biological safety cabinets have been in high demand. SDI acquired Uniform to secure Monmouth's supply chain for metal cabinet housings and Uniform also offers a potential supply of cabinets to other SDI Group divisions. Both companies have become part of our Sensors and Control segment of the SDI Group.

To part fund these new acquisitions, SDI issued 230,680 new Ordinary Shares in December 2020. SDI's record profits and cash generation in the period, alongside the Group's banking facilities, ensure the Group has a good level of funding available for acquiring new companies, as well as investing in our existing companies and technologies.

Full-year Revenues of £35.1m have increased by 43.2% from 2020 and Adjusted Profit before Tax* at £7.4m is up 70.5% from the previous year. Reported Profit before Tax has increased by 73.3% to £5.6m. This performance has been achieved through an exceptional 19% organic sales growth, demonstrating continued commercial demand for the niche technologies SDI provides. The newly acquired Monmouth and Uniform have delivered an earnings enhancing contribution in line with the Board's expectations for this financial year.

Strategy

The Group's successful buy and build strategy is unchanged as this is still creating shareholder value. We will continue to seek targeted acquisitions, funded by earnings and cash flows from our existing businesses where possible. The Group's policy is to acquire small/medium-sized companies with technologies in the digital imaging and sensing and control sectors. However, we are open to acquiring companies with broader scientific applications or associated supply chain businesses like Uniform Engineering if they provide significant benefits to the Group. To obtain immediate, continuing earnings enhancements, we seek to acquire businesses with high-quality, niche technologies that have sustainable profits and cash flows. The pandemic and current economic climate in the UK is providing greater opportunities for purchasing companies and we expect to acquire one or two new businesses for the Group in the coming financial year. To ensure we maintain the right level of operating capital and funding for acquisitions, without the need to take on additional debt, the Board has decided not to pay a dividend this financial year but will review again in 2022.

The need for SDI products, particularly in the life science and medical industries remains robust and there has been strong demand for technologies from several companies in our Group for use in the fight against the COVID-19 pandemic. The volatility in many global markets caused by the pandemic has impacted companies in our Group both positively and negatively this financial year, and we expect this to continue into 2022. However, underlying market drivers such as automation and in-line and off-line analysis for use in continuous processes, as well as the production of affordable vaccines and biologics globally means many of our technologies will continue to be in demand especially with original equipment manufacturers (OEMs) with which SDI companies have long standing trading relationships.

Our willingness to invest in our existing businesses to achieve organic sales and profit growth and fulfil their potential is a key element of our strategy, and this has paid off in 2021 as we were able to rapidly increase production to respond to increased demand in some areas, most notably for Atik's cameras produced in its new Lisbon facility.

Corporate Governance

It is the Board's responsibility to ensure that the Group has a corporate governance framework that is effective whilst dynamic, as a foundation for a sustainable growth strategy, and identifying, evaluating and managing risks and opportunities that will be the foundation for long-term value creation.

In 2019 the Group adopted the 2018 QCA Corporate Governance Code after concluding that it was the one best suited to SDI's business, aims and ambitions. The Board believes that the Group complies with the Code, but is committed to continuously improving its governance over time. Further detail on Corporate Governance is available on the Group's website **https://thesdigroup.net/investors/governance/**

Team

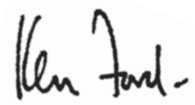
SDI now employs over 300 staff across its companies, who have worked tirelessly throughout this financial year, delivering to and ahead of budget and quality targets, often in challenging working conditions. It is thanks to them that all our manufacturing facilities have been able to operate safely to keep our day-to-day production running, with many delivering components for systems that are vital to treat or detect COVID-19. The outstanding results achieved during the 2020-2021 financial year are due to their hard work and flexible approach to new working practices and the Board is grateful for their contribution. The increase in performance in a difficult year underlines the strength of SDI's operating model and is a testament to the dedication of our team.

Outlook

During the last six years, turnover has grown from £8.4m to £35.1m and profit before tax from £0.5m to £5.6m. The policy of delegated responsibility to subsidiaries has allowed this growth to work well with strong central financial control. We have invested in our subsidiaries where required and look for strong organic growth as well as through acquisitions.

Our strong balance sheet, increased debt capacity but most importantly cash generation should allow for further acquisitions. We continue to be shown acquisitions; previous choices and the quality of the subsidiary management has given credibility to our model. We are a buyer of integrity with a strong sense of purpose and attitude.

The past year has been extraordinary with possible permanent changes to the way we work. The resistance, adaptability, dedication and hard work of our team has led to further growth this past year. The outlook, thanks to our agile business model, is positive and we are planning for further organic growth, including from one-off COVID-19 related orders, and appropriate acquisitions during 2021-22. Trading in our 2021-22 financial year remains in line with market expectations and we look to the future with confidence.



Ken Ford
Chairman
19 July 2021

Chief Executive Officer's Report

"The COVID-19 pandemic has had a significant impact on the global business community. Our Group is somewhat protected from that because we operate in a space where we can provide products and services as solutions to help combat the problem. This has resulted in SDI Group revenues for the financial year ended 30 April 2021 progressing from £24.5m to £35.1m, an increase of 43.2%. During this financial year, we acquired two new businesses, Monmouth Scientific and Uniform Engineering." **Mike Creedon** Chief Executive Officer

Revenues and Profit

SDI's digital imaging segment delivered £15.8m revenue and a 32.7% adjusted operating profit margin during the 2020-2021 financial year. Revenues have been enhanced by organic growth from Atik and Synoptics both of which had an outstanding year.

Atik Cameras is now the largest business in the SDI Group and grew well above management's expectations for the year. Demand for products from Atik underwent a dip across all global markets during the first quarter of the financial year due to the global shutdown of many academic facilities. However, there was a significant increase in orders from an OEM manufacturer to supply cameras for real-time PCR DNA amplifiers used in COVID-19 testing. Atik has secured a significant follow-on camera order with this OEM which will run for the duration of the 2021-2022 financial year and is an endorsement of the company's design and production capability in life science imaging.

The sensors and control segment grew from £13.4m to £19.3m in revenue, an increase of 44.0% in this financial year. Adjusted operating margin remained steady at 22.6%.

While many of the companies in the division were adversely affected by the pandemic during the first half of 2020, revenues have been enhanced by organic growth of MPB Industries and part year revenues from Monmouth Scientific and Uniform Engineering during the period. The COVID-19 pandemic generated a surge in demand for Monmouth's biological safety cabinets in COVID-19 testing facilities but in this current year we are seeing the product mix returning to a pre-pandemic mix. We expect those companies in the segment that have been affected negatively by COVID-19 to experience a period of growth as the impact of COVID-19 decreases.

Basic earnings per share increased by 80.8% from 2.66p to 4.81p; fully diluted earnings per share before adjusting items also improved by 78.9% to 4.58p (2020: 2.56p).

Acquisitions

The UK is a centre of excellence for product innovation and manufacturing with many world-leading businesses operating in life science and technology niches. As a buy and build group, finding those businesses with niche capabilities is key to our success. The SDI Group has a reputation as a supportive owner that invests to improve staff expertise and facilities, as well as trusts subsidiary management teams with their day-to-day operations. This approach has allowed companies in our group to upgrade capacity, efficiency and safety in their manufacturing facilities and their businesses to thrive.

On 2 December 2020, the Group acquired 100% of the share capital of Monmouth Scientific for a total consideration of £6.1m, including an earnout cash payment of £2.35m paid after the year end, funded from existing cash resources and our revolving credit facility with HSBC UK Bank. For the year ended 31 March 2020, Monmouth generated revenues of £6.2m, and profit before tax of £0.4m. Monmouth manufactures biological safety cabinets, fume cupboards, laminar flow cabinets and cleanrooms. Its biological safety cabinets sales have increased six-fold in 2020 and 80% of production is now dedicated to these product lines as they are in high demand globally for ensuring operator safety at COVID-19 testing sites.

Vital roles Changing lives

Camera-based systems for gel analytics are great alternatives to scanners. They dramatically reduce the imaging time, especially in large gel formats (2D gels).

The **ORCA Analyzer** from German company **NH DyeAGNOSTICS** is a novel system for stain-free, fully automated gel imaging and rapid, user-independent gel-based protein analytics.

Since the system has been launched, more than 30,000 patient samples have been successfully analysed, adding further support to the use of **ATIK**'s cameras in thousands of procedures across the world that help to maintain the health and wellbeing of countless indivduals.

Investing in experts & innovators

The Synbiosis AutoCOL is a unique fully-automated colony counting system. It allows microbiologists to load plates and count colonies on up to 100 plates in 30 minutes and is ideal for improving throughput and accuracy in highly regulated laboratories.

This time-saving and innovative 'walk-away' technology is used for microbial applications such as environmental monitoring, QC labs, bioburden testing and water analysis.

Chief Executive Officer's Report
Continued

On 29 January 2021, SDI acquired the business and net assets of Uniform Engineering, a component supplier to Monmouth Scientific and other companies with a requirement for metal fabrication, for a cash consideration of £0.5m. For the year ended 31 May 2020 Uniform generated £1m in revenue and profit before tax of £0.1m. The company, a manufacturer of bespoke metal enclosures and housings is being managed by Monmouth but is currently maintaining its separate premises in Highbridge, Somerset.

Our acquisition of Monmouth Scientific and Uniform Engineering this year has added two new manufacturing sites with clean air expertise. It has also ensured Monmouth, as well as other companies in the Group access to a key supplier of fabricated metal enclosures and is vital to the security of the Monmouth business. Our new acquisitions have contributed £3.6m of third-party revenues to SDI in this financial year, and have been immediately earnings enhancing.

Operations

The pandemic has meant we have had to reassess our working practices to accommodate social distancing in our manufacturing areas and provide the IT capabilities to our workforce to where possible work from home efficiently. This has meant that all our manufacturing sites have remained fully operational and due to safety measures put in place we have fortunately had few cases of COVID-19 amongst our staff, and none have become seriously ill.

SDI is continually investing in improving its facilities and staff expertise, as well as developing new technologies and manufacturing capacity where required. To this end, we are investing in larger purpose-built premises for Monmouth Scientific. The new site which will provide 25% more space for the company and will consolidate operations on one site, is expected to be ready for use by the first half of calendar 2022. Our R&D effort, aimed at increasing the breadth and competitiveness of our product range, has continued during the year, although with some resources distracted on supply chain issues and with product launches more muted than usual. We continue to see R&D as a source of growth for our businesses.

While many of our businesses have seen revenues negatively impacted by the COVID-19 pandemic, two (Atik and MPB) secured significant one-time contracts for equipment relating respectively to testing and treatment of COVID-19. Atik has a follow-on contract with a global OEM until April 2022 to supply customised CCD cameras for use in real-time PCR DNA amplifiers that can be used for COVID-19 testing. Atik has the capacity and expertise to fulfil this large contract safely because SDI has invested in a larger production site in Lisbon, Portugal which is now fully operational and has recruited extra R&D and manufacturing staff. There is no certainty of further orders once this contract has been fulfilled.

In this financial year, MPB also completed a major contract from a medical devices company Penlon, to supply over 30,000 human anaesthetic variable area flowmeters for ventilator systems to help treat patients suffering with COVID-19. Again, fulfilling this contract was made possible due to the additional investment SDI made in state-of the art tube washing plant, laser engraving equipment and IT infrastructure. MPB is now in a stronger manufacturing position and has a solid order book, including for veterinary gas anaesthesia flowmeters, making their business secure going into the new financial year.

Synoptics had a good year for orders of its Syngene DNA imaging systems in Asia-Pacific and Europe and has also sold five Synbiosis AutoCOL fully automated systems for colony counting. The AutoCOL is the highest priced equipment the company has ever produced, and Synoptics staff have become highly proficient at on-line demos and training which is helping with orders. To date, systems have been delivered to a top ten pharma company and to major contract research organisations, where they are being used for environmental monitoring.

OEM production of Fistreem water purification systems by Synoptics for a major US life science supplier continues to provide a steady flow of orders. Synoptics forecasts that its product mix of low-end consumable type products and high-end automation will continue to be in demand and will ensure Synoptics sales and profitability are robust in the new financial year.

Graticules Optics has been working hard with key customers and suppliers to perfect definition and production of grids made from molybdenum, gold, and other rare metals to satisfy demand from leading customers in applications such as semiconductors, life sciences and material analysis, and is investing in production equipment for both process and capacity improvement.

Unlocking our global potential

MPB supply process control equipment throughout the world.

Dutch company **Geveke WTB** collaborated with **MPB** to a produce this Floating Production Storage and Offloading (FPSO) vessel, for use offshore by the petro-chemical industry.

Image: courtesy of **Geveke WTB**

Chief Executive Officer's Report
Continued

Cash and Liquidity

SDI has a strong balance sheet with current year-end cash at more than £3.8m, and £5.0m of undrawn bank facility, which ends in April 2023. The Group therefore has sufficient funds that can be used, with its steady cash flow, to acquire new companies with niche technologies. SDI expects to announce further expansion of the Group with the acquisition of one to two new companies by the end of the 2021-2022 financial year.

Trading Outlook

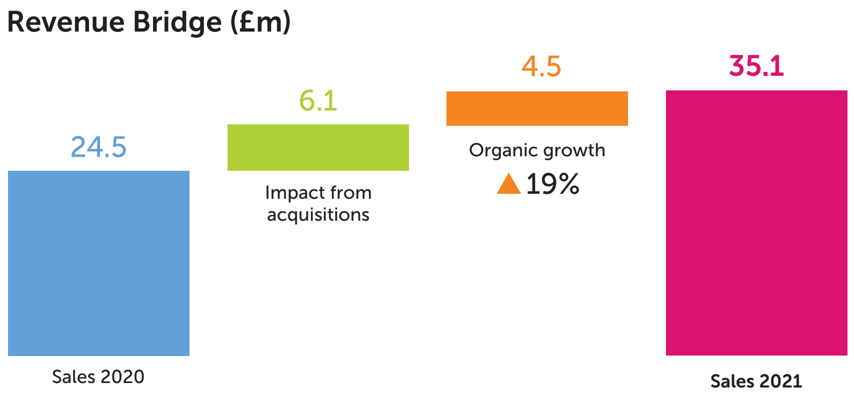
Many of the academic and pharma/biotech laboratories are now operating at normal capacity and have budget to spend. The pandemic is still affecting global travel and scientific conventions, but we have been able to resume UK-based service contracts and have become highly efficient with our on-line demos and training and are now able to sell and install even our high-cost systems outside the UK this way.

Due to the increase in the price of raw materials, labour and logistical costs, our costs of goods sold are increasing. However, our operating expenses are not yet at pre-pandemic levels. We intend to continue reviewing all costs and will where appropriate pass on cost increases to our customers to maintain profitability.

We are in a strong position financially with good operational cash flows and robust orders from our companies involved in supplying products and services in the fight against COVID-19. To date the effects of the pandemic on our trading performance has been limited because we are a diversified group of companies. Our Group has shown its resilience and we expect to trade profitably this year.

Mike Creedon
Chief Executive Officer
19 July 2021

Chief Financial Officer's Report



Revenue and Profits

SDI Group revenues for the year were £35.1m, compared with £24.5m in 2020, an increase of 43.2% over 2020. Sales growth from acquired businesses, including sales of Chell Instruments in the period to the acquisition anniversary at end November 2020 and post-acquisition sales of Monmouth Scientific and Uniform Engineering, contributed £6.1m, while **organic sales growth was £4.5m or 19%**. Sales arising from two specific one-off COVID-19-related contracts, at Atik for cameras into PCR instruments and at MPB for flowmeters into ventilators, totalled £6.1m in the year. The contract at Atik is continuing in 2022.

Gross profit increased to £22.9m (2020: £16.6m), with **margin reduced to 65.2%** (2020: 67.8%) due to significant product mix changes including lower than average gross margins at Monmouth Scientific and on the Atik PCR camera sales.

Operating profit for the year was £5.9m (2020: £3.5m), and **Adjusted Operating Profit (AOP) was £7.7m** (2020: £4.6m) before reorganisation costs, share based payments, acquisition costs and amortisation of acquired intangible assets, **an increase of 67.3%**. Significant drivers of the increase were the organic sales increase, plus the added contributions of the acquired businesses.

Under the major disruption to activities of the COVID-19 pandemic, all of our businesses responded by reducing costs, while also taking advantage of the UK government's Coronavirus Job Retention Scheme to maintain employment and skills in the early phase. As economic activity recovered and customers' buying resumed, our businesses each returned to full active employment. Two businesses, Atik Cameras and MPB Industries, have repaid the government furlough subsidy received for the years 2020 and 2021 in the light of their COVID-19 -related sales. The total subsidy received across the Group in the year was £273k. The Group did not receive business rates relief.

Investment in R&D

Under IFRS we are required to capitalise certain development expenditure and in the year ended 30 April 2021 £367k (2019: £536k) of cost was capitalised. Much of the work of our growing R&D teams does not qualify for capitalisation, and is charged directly to expense. Amortisation and write-offs for 2021 were £425k (2020: £528k).

The carrying value of the capitalised development at 30 April 2021 was £1.0m (2020: £1.2m) to be amortised between 3-5 years.

Reorganisation

The Board carried out a thorough review of the operations and cost structure of the Group and this gave rise to £132k (2020: £110k) of reorganisation costs in the year impacting several businesses, which should bring benefits in the current year.

Acquisition Costs

There were costs of £179k (2020: £58k) in relation to stamp duty, legal fees, and other advisor remuneration for the acquisitions completed in the year.

Financing

Financing costs totalled £287k (2020: 254k), reflecting the drawdown on loans effected early in the year as the outcome of the pandemic was uncertain.

Taxation

Taxation accrued for the year was £936k (2020: £666k) with the increase arising mainly through improved profitability. The net tax rate was 16.6% (2020: 20.4%). 2020 was impacted adversely by the reversion to a 19% enacted UK statutory tax rate (previously 17%) on deferred tax liabilities which resulted in additional expense of £158k. The group continues to benefit from R&D tax credits.

Earnings per Share

Diluted earnings per share for the Group was 4.58p (2020: 2.56p). Adjusted diluted EPS, an alternative performance measure which excludes certain non-cash and non-recurring expenses was 5.97p (2020: 3.43p), an increase of 74.0%.

Cash Flow & Working Capital

During the year the Group generated cash from operations of £11.7m (2020: £5.2m). Most notable was the £3.5m increase in customer advanced payments received, which is largely attributable to COVID-19 related contracts in Atik. Taxes paid increased from £786k to £1.2m.

Our investment in fixed assets increased to £667k (2020: £506k) with significant investments in Atik and Monmouth.

Capitalised Research and Development expense at £367k (2020: £536k) was lower than amortisation of £425k (2020: £528k).

As in prior years, our biggest investment was in the acquisition of new businesses, with £6.6m deployed on a cash-free basis (including contingent consideration) for Monmouth Scientific and Uniform Engineering (2020: £5.2m for Chell Instruments). At the end of the year contingent consideration of £2.35m was outstanding for Monmouth and this has since been paid to the sellers.

National Insurance & Deferred Tax

During the year to 30 April 2021, the share price of SDI Group plc increased from 52.5p to 179p. This will, of course, be welcomed by shareholders. However, this increase, outside of the immediate control of the Group, has had two contrasting effects on the profitability and future cash flows of the company, related to share options issued to directors and management.

Firstly, we have accrued £578k for future employer's National Insurance charges on option exercises outside of HMRC approved schemes (2020: £nil). As the Group is no longer eligible to issue share options under the EMI approved scheme, shareholders should expect such accruals and cash expense going forward, although the actual cost is directly related to share price movements and to the amount of options outstanding.

Secondly, the exercise of share options by directors and employees generates a tax deduction for the Group, leading to lower cash taxes to be paid. To the extent that the expected tax deduction is higher than the share-based payment expense originally recorded for the same options, part of the tax expense saved is credited directly to equity. In 2021, we have credited £1,438k (2020: £nil) of deferred tax benefit directly to equity, based on the closing share price at 30 April 2021. Subject to future share price movements, option vesting and exercises, and tax rates, this represents future cash tax savings available to the Group. Further details are provided in Deferred Tax, note 13.

Funding

Our investments were financed out of our own cash flow, except for the issue of 230,680 shares valued at £200,000 as part payment for our Monmouth Scientific acquisition.

Having started the year with our bank loan facility almost completely drawn down during the initial phase of the COVID-19 pandemic, with gross bank debt of £9.3m and cash of £5.3m, we closed 2021 with loans of £3.1m and cash of £3.8m. Our committed but undrawn loan facility was £5.0m. Our lender has signalled that it is willing to increase our facility further, and our increasing cash flow and resilience during the pandemic gives directors confidence that the Group can support a higher level of borrowing if needed.

Jon Abell
Chief Financial Officer
19 July 2021

Strategy & Key Performance Indicators

SDI Group is an AIM-quoted group specialising in the acquisition and development of a portfolio of companies that design and manufacture products for use in digital imaging and sensing and control applications in science, technology and medical markets. Corporate expansion is being pursued, both through organic growth within its subsidiary companies and through the acquisition of high-quality businesses with established reputations in global markets.

The Board believes there are many businesses operating within the market, a number of which have not achieved critical mass, and that presents an ideal opportunity for consolidation. This strategy will be primarily focused within the UK but, where opportunities exist, acquisitions in Europe and the United States and elsewhere will also be considered, particularly if these also enable geographic expansion of our existing businesses.

We intend to continue to buy stand-alone businesses as well as smaller entities and technology acquisitions which bolt onto our existing ones. Our track record over the last seven years has been good, with thirteen businesses acquired across our digital imaging and sensors and controls segments.

An important element of our strategy is that we are known to be a good acquirer, able to help sellers to achieve a sale quickly and easily, and without surprises.

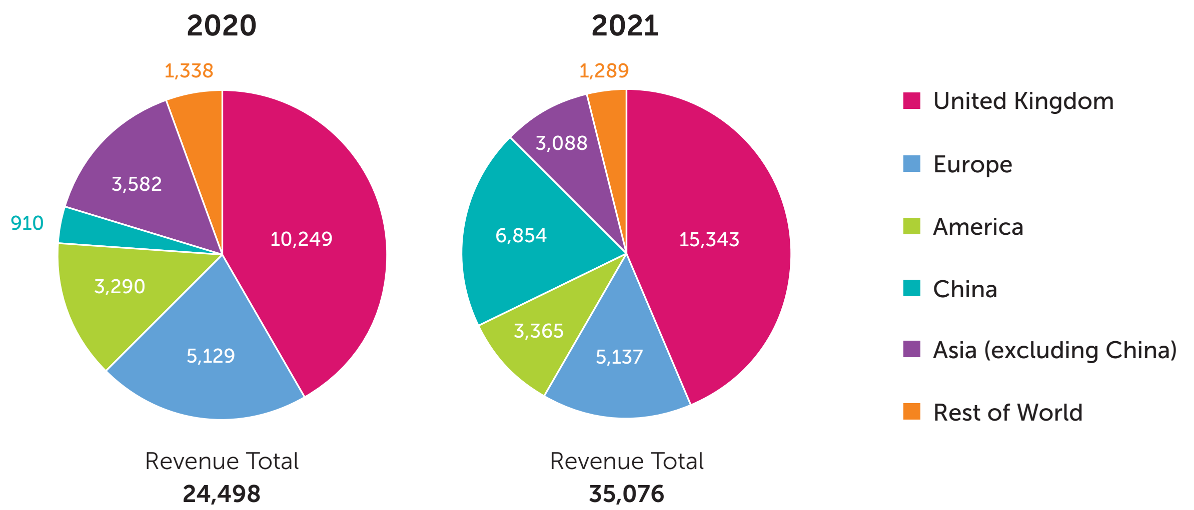
We keep a lean headquarters, and our businesses are run by seasoned local management with broad discretion within defined limits. Our aim is to grow them, profitably, and we seek to provide them with the resources necessary to grow. Acquired businesses often find that they can grow faster within the SDI Group than they were prepared to do under private ownership, and they are able to learn from and share experience with other companies in the Group.

Our current businesses fall broadly into two segments, which we call Digital Imaging and Sensors & Control, and within these groupings there are significant commonalities of applications, industries served and technologies employed. This provides additional opportunity for knowledge sharing, which we encourage.

Growth in revenues and profit within our businesses depends on both technology advancement and seeking new customers, often by expanding geographical reach, and the Board sees geographical expansion as a driver of organic growth for the future.

By lowering the cost of capital of businesses we acquire and by facilitating their profitable growth, our business model has demonstrated that it can provide good returns to shareholders and can be scaled into the future.

Revenue by Destination of External Customer (£'000)



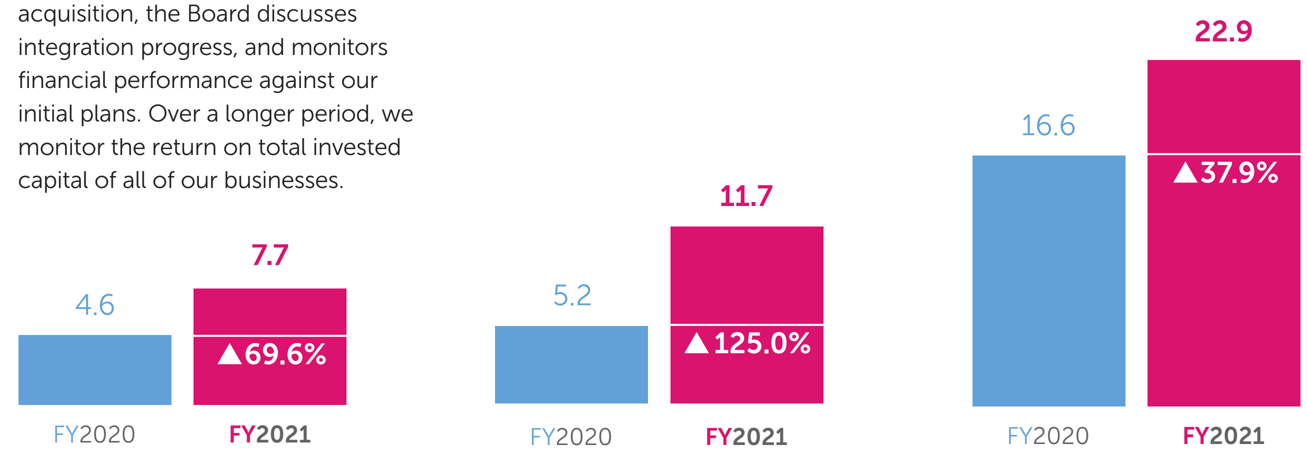
Key Performance Indicators

A range of financial key performance indicators are monitored on a monthly basis against budget by the Board and by management, including order pipeline, revenue, gross profit, costs, adjusted operating profit, and cash.

In support of our acquisition strategy as outlined above, we monitor our acquisition pipeline, including any prospects that fail to progress. Post-acquisition, the Board discusses integration progress, and monitors financial performance against our initial plans. Over a longer period, we monitor the return on total invested capital of all of our businesses.

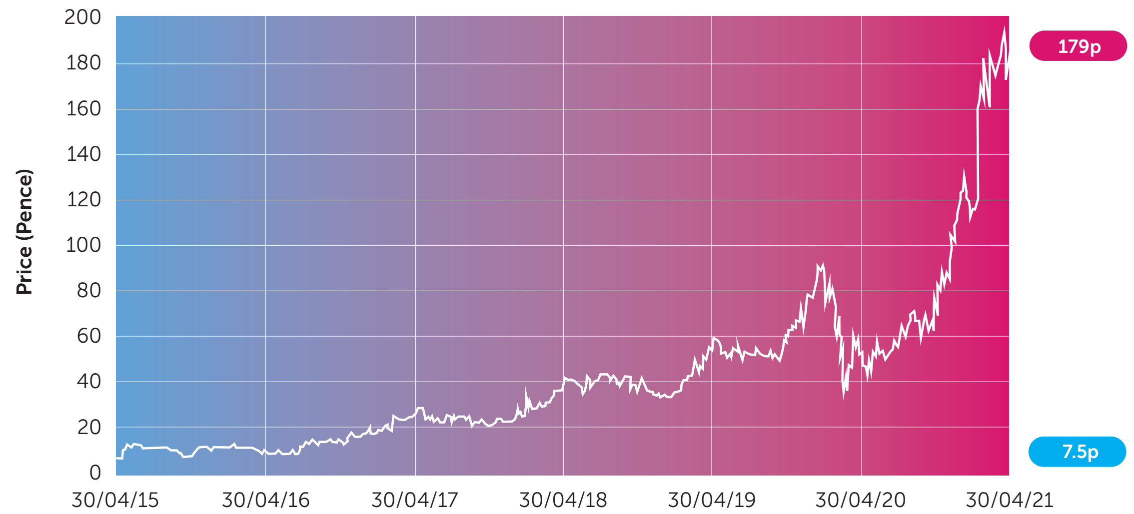
The Board regularly discusses progress in all major research and development and other projects with project and business leaders, including with respect to cost, timelines and adherence to the projects' initial objectives.

Additionally, the Board reserves a specific agenda item for discussion of health and safety and other employee welfare-related issues.



Adjusted Operating Profit (£m) | **Cash Generated from Operations (£m)** | **Gross Profit (£m)**

SDI Group 6-year Share Price Performance



Section 172(1) Report

Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

When making decisions, the directors of SDI Group plc must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006).

The directors are committed to developing the Group to create value for shareholders over the long term, and believe that attention to the interests of all stakeholders will provide the best platform for sustained value creation.

Here we provide some detail regarding our engagement with key stakeholders, our understanding of their interests, and our actions and decisions taken which may affect them.

Shareholders and Their Representatives

SDI Group plc is quoted on the AIM market, and has shareholders ranging from investment funds to retail investors, directors and employees and former employees. All shareholders are entitled to share equally in the Group's success, and we aim to provide all with the information they need to understand the progress of their investment. We believe that a mixed shareholder base provides benefits to all in maintaining liquidity in the shares.

In addition to public announcements made, directors meet from time to time with some of the Group's larger shareholders and potential shareholders to discuss the state of the Group, usually following annual or interim results announcements and with the presence of our Nominated Advisor. These meetings are important in providing large investors with comfort for their investment decisions, and are for many a requirement prior to investing. In the past year, under COVID-19 restrictions, these meetings have been held by videoconference.

We also present occasionally at events aimed at retail investors, to provide them with a similar opportunity to hear directly from directors. In the past year, we provided retail investors with presentations over a videoconferencing platform, and held our AGM live on the same platform given COVID-19 restrictions on physical meetings.

These meetings do not give attendees any insider information and presentations made are excerpts from publicly available documents such as this Annual Report. We welcome requests from all shareholders to speak with directors, and we will usually be able to accommodate that.

The Group is acquisitive, and has occasionally funded acquisitions via the placing of new shares (for example, most recently in February 2019). In assessing the mechanism for offering new shares, the directors have to balance the desire of all shareholders to be able to participate in an offering with the need to execute a simple and timely process, in order not to compromise the acquisition which is dependent on the funding. We have typically used an accelerated book-building process, in which larger shareholders and non-shareholders are canvassed by our brokers to subscribe to the new shares. In the 2019 placing, we reserved a portion of the new shares for subscription (on equal terms to the larger buyers) by retail investors via an electronic platform.

Directors occasionally consult with some of our larger shareholders on matters of executive benefits, to ensure that these are aligned with the expectations of the market.

The directors keep the payment of a dividend under review. We are aware that different shareholders (and current non-shareholders) may have different dividend appetites, and we cannot please everyone. Our judgement to date has been that funds were better reserved for acquisitions, and this year we continued to take into account the potential impacts of the COVID-19 pandemic.

Customers and Suppliers

SDI Group is organised as a constellation of individual operating businesses, each with its own general management, and customer and supplier bases. Our engagement with customers and suppliers generally takes place within those businesses. Some customers and suppliers are common to several of our businesses, although we may deal with different divisions of the same group. The directors encourage our businesses to deal correctly with their customers and suppliers, and to look for long-term relationships that can add value to all parties. Our businesses report on key relationships to our executive directors and in their reports to the wider Board, and we look for opportunities to expand our relationships with good customers and suppliers across the Group. In the past year, the Group took specific care to pay its suppliers to agreed terms in order to provide certainty during the pandemic.

We aim to develop new products and technologies that satisfy future customer needs, and provide the highest quality and most reliable products for the markets we serve.

Employees

Our business is built on the hard work, knowledge, skills and experience of staff across the Group. We expect them to go the extra mile in looking after our other stakeholders, and they do so. Our commitment is to look after them fairly, both in economic terms and in providing a stimulating working environment where they can use and develop their capabilities to the full.

Executive directors of SDI Group engage with employees across the Group during regular visits to all locations, and the Board's policy is to rotate its meetings around the locations so that all directors can meet with staff. The Board receives monthly reports from the Group's operating businesses which include sections on staffing matters, and reserves specific agenda slots for staff and health and safety matters at each regular meeting.

Key staff remuneration, and remuneration policy for the wider Group, is decided by directors, and our aim is to pay people competitively and provide additional reward for exceptional performance.

The culture at SDI Group, as experienced by our staff, is generally that of a successful small business, which is the recent history of each of our operating businesses. As part of the SDI Group, however, opportunities for career development and learning from other businesses can be enhanced, and we look for ways to develop our staff across the Group.

The ongoing COVID-19 pandemic has disrupted normal life for our staff, and the directors have emphasised staff safety and well-being across the Group, but have also been pleased by the commitment of employees to keep the business operating in challenging times. The Group has operated according to relevant government guidelines, with some employees working throughout the crisis from our business locations with enhanced regimes of safety and social distancing and, others working from home. In the early months of the pandemic, depending on the availability of work especially in production, some staff at all of our UK business locations were placed on the UK government furlough scheme, and this had the desired effect for the Group, for employees and for the UK Treasury of preserving employment during the crisis, maintaining skills and incomes. Subsequently, given unexpected incremental sales from COVID-19-related products at our Atik Cameras and MPB Industries businesses, directors at those businesses took the decision to repay the government furlough subsidies received in both the 2020 and 2021 financial years.

Acquisition Partners

For SDI Group, acquisitions are not one-time events, but a repeatable process. We seek to make the process as easy as possible for sellers and for their advisors to realise their goals. Our management of the businesses post-acquisition is also a key factor in enhancing our reputation as a good acquirer. By treating sellers openly and fairly, and by executing on our commitments, we seek to remain the acquirer of choice for businesses that will fit well into the Group.

Environmental, Social & Governance

Sustainability is at the core of all that we do

SDI Group is here for the long term. Our directors expect it will long outlast them, and our owners should know that most of its value lies beyond the forecastable horizon. We believe that our business model can progress and develop indefinitely, subject to our nurturing the stakeholders that help make us successful. We would like those stakeholders to remain with us for a long time on our journey.

Consequently, sustainability is not just on our agenda, it is our agenda.

The Environment

SDI Group recognises that the significant environmental challenges facing the world, including man-made climate change, deforestation and habitat loss, and water quality and availability, must be addressed by all businesses worldwide. We understand that our trading activities have an environmental impact and that we must make real changes to reduce any negative impact.

SDI's current businesses are not big polluters, and we do not expect to acquire businesses that have a significant carbon footprint, in keeping with our sustainability agenda. At the same time, we believe that our businesses can and do contribute to reducing society's environmental impact by providing technological products that are more accurate, consume less energy and other inputs, and enable better science than those available in the past. We can be proud of the portfolio, but we must continue to innovate.

In keeping with our devolved operating model, our actions to mitigate, improve and innovate our environmental impact take place within our businesses, which respond to the demands of the markets they operate in, to their customers, their employees and their local communities, all of whom have a stake in a more sustainable future. Initiatives implemented in the last year have included the installation of solar panels at Atik's Lisbon factory and the shift to sustainable packaging at Monmouth Scientific.

SDI operates a flat structure, and we do not currently attempt to track and consolidate environmental KPIs across the group as this would be a significant escalation of reporting requirements for little, if any, environmental impact. Our HQ role is one of encouragement and idea-sharing, and of approving investments whose sustainability impact may not be fully quantified financially.

Social Matters

SDI Group seeks to provide, in its businesses, a challenging, enjoyable, safe and caring environment for its employees, so that they can contribute, develop and remain with the Group for the long term.

We comply with all relevant legislation, obviously including:

- **Health and safety**, where the Board reviews monthly reports from all of its businesses to ensure root causes of any issues are addressed.
- **Anti-bribery and corruption.** The Group operates on an ethical basis in all of its activities and takes all reasonable steps to ensure bribery and corruption are prevented by those working for the Company or associated with it, including third parties and agents.
- **Equal opportunities.** SDI Group is a committed equal opportunity employer. We endeavour to treat all employees equally and fairly and encourage them to apply these principles themselves. We support staff training, appraisals and personal development and we seek to maintain a good working environment. We use professional advisors to ensure our personnel practices are up to date with legal requirements.
- **Disabilities.** The Group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Employees who become disabled are provided, where practicable, with continuing employment under normal terms and conditions and are provided with training and career development where appropriate.
- **Modern slavery and human trafficking.** The Group does not tolerate any kind of coercive labour practices and strictly adheres to standards required under all relevant employment legislation.

We are mindful that the way we operate our existing businesses and treat our employees influences our attractiveness as an acquirer of new businesses, and provides a strong advantage when our competitors might be seen as only financial.

Governance

Governance matters are discussed as required in the relevant section of this report. The Group's aim is to always act responsibly, ethically and in the protection of shareholders' and other stakeholders' interests, and to continue to review and evolve its governance processes as it grows in advance of expectations without simply ticking the box.

Principal Risks & Uncertainties

The following represent, in the opinion of the Board, the principal risks and uncertainties of the business. It is not a complete list of all the risks and uncertainties and the priority, impact and likelihood may change over time.

Acquisitions

Acquisitions are a key element of our strategy, and the failure to identify and prosecute acquisition opportunities would impact future growth in profit and share price. The Group spends significant time and energy in identifying acquisition opportunities, and receives suggestions from various sources as well as directly or through our own businesses and management. These are carefully filtered, and the most attractive ones are managed to a possible successful conclusion.

An additional important risk is that an acquisition does not provide the financial return expected. The Group's disciplined due diligence process helps to avoid this, but the Group is also able to marshal resources in support of an acquired entity's management team to help them improve performance as necessary.

Dependence on key distributors and OEM customers

Failure to effectively manage our distribution channels could damage customer confidence and adversely affect our revenues and profits. Additionally, in several of our businesses, significant amounts of our sales are to a small number of OEM customers, and any reduction in their end product sales or in our share of their purchases would impact our revenues and profits

In order to mitigate this risk the Group dedicates significant resource to maintaining close relationships with our distributors and OEM customers, including at Group level, and we aim to provide them with products and service that match their needs.

Competition and technological obsolescence

Competition from direct competitors or third-party technologies could impact upon our market share and pricing.

In order to mitigate this risk the Group continues to invest in researching its markets and continues to offer new products in response to changing customer preferences. In addition the Group invests in research and development to maintain its competitive advantage.

Supply chain failures

While the exit of the UK from the European Union is now largely complete, there may be further logistical disruptions resulting from the reconfiguration of borders, possibly combined with other supply chain disturbances due to the COVID-19 pandemic, shipping issues, ransomware and geopolitical events.

The Group has taken appropriate steps to minimise disruption, including some expansion of stocks, and has cooperated with customers to ensure continuity of their supply chain.

Recruitment and staffing

If the Group fails to recruit and retain individuals with the appropriate skills and experience its performance may suffer. To ensure the Group retains the highest calibre staff it has implemented a number of schemes designed to retain key individuals, both financial and non-financial, including bonuses and share option schemes. In the COVID-19 pandemic, the Group sought to maintain all staff on the payroll, using the UK government furlough scheme where appropriate.

COVID-19

The COVID-19 pandemic continues to provide challenges across the Group's operations, although to date the Group continues to operate successfully and has seen a substantial resumption of normal customer ordering activity. There is a risk that future developments do not follow the same course as those seen in earlier phases, and that sales orders are reduced, production operations are disrupted, or supplies of key components are interrupted.

Over the course of the last year, each of SDI's businesses has been profitable and cash-generative, and has proven that the business model of SDI Group is resilient to similar risks. The Group remains alert to continuing risks.

Principal Risks & Uncertainties
Continued

Currency and foreign exchange
As with the majority of international companies, the Group's UK and overseas businesses purchase goods and services, and sell some of their products, in non-functional currencies. Where possible, the Group nets such exposures or keeps this exposure to a minimum. The Group's principal exposure is to US Dollar and Euro currency fluctuations against Pound Sterling, and in both currencies, we sell more than we purchase and we have a higher level of debtors than creditors. This typically means that a relative devaluation of the Pound results in exchange gains and an improvement in competitiveness, whereas a revaluation has the opposite effect.

We have never hedged our exposure using financial derivative products, but we do have some activity in both Europe and USA, including a factory in Portugal, which acts a partial natural hedge. However, we have established a procedure for the approval of simple hedging transactions if conditions require them. We keep cash balances in Euros and Dollars to a minimum, and may take out loans under our revolving credit facility in Euros and Dollars, to reduce our net exposure to those currencies. If the Pound revalues, we will review all opportunities to realign our costs to the changed circumstances.

Liquidity
A review of the Group's exposure to liquidity risk is provided in note 25.

Our Directors

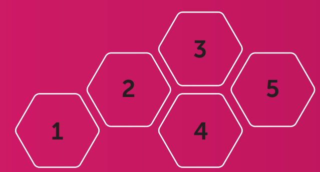
1 **Ken Ford**
Chairman
Ken joined the Board in 2010, and became Chairman in 2012. He was previously Chief Executive of Teather & Greenwood, the investment bank, and brings over 36 years of City experience to the Company, including a strong understanding of shareholder value, strategic planning and corporate transactions. His previous roles include Aberdeen Asset Management, Morgan Grenfell and Wedd Durlacher. Ken is currently non-executive Chairman of Gear4music and CMO Group plc both of which are AIM-listed. He is a Fellow of the Chartered Securities Institute.

2 **Mike Creedon**
Chief Executive Officer
Mike joined the Board in 2010 as Finance Director, and was appointed CEO in 2012, maintaining also the Finance Director role until July 2018. A Chartered Certified Accountant with an MBA from Henley Management College, Mike brings to SDI considerable experience of working within quoted companies and technology businesses, and fundraising, mergers and acquisitions. In particular, he has recent experience of AIM-listed technology companies.

Previous Finance Director posts include Ninth Floor plc and Ideal Shopping Direct Limited.

3 **Jon Abell**
Chief Financial Officer
Jon joined the Board in July 2018 and has over 35 years of business experience. Prior to joining SDI he was Divisional VP of Finance, Electronic Instruments Group at Ametek, Inc. where his principal duties include performance management, M&A, business controls and accounting for several scientific and industrial instrument businesses.

Jon started his career with industrial companies in the UK and in Italy, before obtaining his MBA at Columbia Business School in New York. He subsequently went on to senior financial management roles in Germany, the Netherlands, USA and UK including at Philips Electronics and Broadcom Inc.



4 **Isabel Napper**
Non Executive Chair of the Remuneration and Nomination Committee
Isabel joined the Board in February 2017 and has more than 25 years' experience in advising clients in the technology and healthcare/life science areas, both public and private sector, leading on business development and managing regulatory issues, governance risk and strategic change. Isabel was previously a Partner at the law firm Mills & Reeve where she acted as legal adviser and company secretary to a number of boards. Her extensive business development and marketing skills are invaluable to the Board. Isabel is also a non-executive director at Tristel plc and Keystone Law group plc.

5 **David Tilston**
Non Executive Chair of the Audit Committee
David joined the Board in July 2017. He has over 30 years' experience in finance functions within public companies, and is a Fellow of the Institute of Chartered Accountants in England and Wales. Most recently, David held the role of Interim Group CFO of Northgate plc, and before that Interim Group CFO at Consort Medical plc. Previously, David held senior finance roles at Innovia Group, Mouchel Group plc, Findel plc, SABMiller plc and SThree plc. He has 9 years' experience as Audit Committee chairman at two companies. David is also Treasurer and Trustee at British Exploring Society, a youth development charity.

Corporate Governance Statement

Chairman's Introduction

As Chairman I am responsible for the leadership of the Board and for ensuring the Board's effectiveness. I also have the responsibility for conducting Board meetings and making sure that there is effective and timely communication to our shareholders. In my role as chair I also provide advice, counsel and support to the executive.

The 2018 QCA Corporate Governance Code

The AIM Rule 26 introduced during our 2019 year requires the Group to follow a recognised corporate code of governance. The Board, after due consideration, agreed to follow the 2018 QCA Corporate Governance Code after concluding that it was the one best suited to SDI's business, aims and ambitions. The Board believes that the Group complies with the Code, but is committed to continuously improving its governance over time.

Here we explain how we implement the 10 principles of the QCA Corporate Governance Code in practice.

Principle	Commentary	Further Information
1 A strategy and business model which promotes long-term value for shareholders	The Board has a shared view of SDI's purpose, business model and strategy. Our vision is to develop our existing technologies and to grow through strategic acquisitions. We believe that acquiring companies which complement the capabilities within SDI will promote organic growth and give us the opportunity to explore challenges and new markets within the fast-evolving science and technology sectors.	The Strategy section of this Annual Report and our website
2 Understanding and meeting shareholder needs and expectations	Responsibility for shareholder liaison rests principally with our CEO supported by our CFO. However, all our Board members attach a high degree of importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. The Board holds meetings with institutional investors and other large shareholders following the release of the interim and financial results. We regard our Annual General Meeting as a good opportunity to engage directly with shareholders through a question and answer session. We provide the market and shareholders with the results of AGM and GM voting via RNS and other communication channels including the Group's website. SDI also participates from time to time in investor shows offering smaller and private investors insight into our business and also access to our management team.	Details of all shareholder communications are provided on our website
3 Taking account of wider stakeholder and social responsibilities and their implications for long-term success	SDI's vision involves encouraging our subsidiary businesses to work together to help advance medical and scientific knowledge, increase the technical capabilities of industry and ultimately improve the standard of living of the population as a whole. As well as that overarching purpose, the Board recognises that long-term business success relies on good relations with a range of different stakeholder groups both internal and external such as staff, suppliers and customers. We also seek to understand the impact our business activities have on the communities in which we operate and consider our corporate social responsibilities and how these issues are integrated in to our long-term strategy. We encourage feedback from all our stakeholders and where appropriate use that feedback to shape our future direction e.g. new methods or product offerings.	The "Section 172" report in this Annual Report provides further information
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	We have addressed the principal risks we face by the appointment of an experienced executive team supported by experienced non-executive directors and a team of appropriately qualified professional advisers. Our executive directors are closely involved in the day-to-day operations of the Group and of our operating subsidiaries and report to the board in detail at regular intervals. Relevant papers are distributed to members of the board in advance of board and committee meetings. Detailed financial reports of the Group's financial performance are also provided on a regular basis. Our directors' knowledge and understanding of the Group is further enhanced by on-site visits to operational units; directors also receive presentations from senior management on the performance and strategies of their business units. We have included in our strategy meetings with our operating subsidiaries a specific agenda item on risk management, to understand individual business risks and to confirm appropriate mitigating actions. Directors also have the contractual right to take independent professional advice on any matter – at SDI's expense – if they deem it necessary in order to carry out their responsibilities.	The Principal Risks and Uncertainties section of this Annual Report sets out some of the principal risks and uncertainties faced by the Group
5 Maintaining the board as a well-functioning, balanced team led by the Chair	Our board consists of three executive directors (Chairman, CEO and CFO) together with two non-executive directors. We believe this to be a good balance for a business of our size. Due to their working backgrounds and professional experience the non-executive directors provide a solid foundation for good corporate governance for the Group. They are also independent of management and ensure that no individual or group dominates the board's decision-making process. To ensure the board functions well, our non-executive directors are requested to attend eleven board and board committee meetings per year. They are also required to be available at other times between meetings when necessary for face-to-face and phone/web meetings. We also hold an annual strategy meeting at which directors' attendance is mandatory. Each non-executive director continues to demonstrate that they have sufficient time to devote to our business. To support the board we have put in place Audit, Remuneration and Nomination Committees all of which have agreed formal terms of reference.	Biographies of the Directors are presented on page 25 in this Annual Report and on our website. Reports of the Board committees are also presented on pages 31-33 in this Report.
6 Ensuring the directors have the necessary up-to-date experience skills and capabilities	Our directors have been chosen because of the skills and experience they offer. Of our five directors one is female and four are male. All have listed company experience and one was the CEO of an investment bank, three are accountants, one a lawyer. Our directors attend industry and regulatory learning and networking events in order to keep up to date with relevant developments.	Biographies of the Directors are presented on page 25 in this Annual Report and on our website.
7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	We believe it is the responsibility of the Board and senior leaders to ensure that the culture of our organisation is based on ethical values and behaviours. As well as leading by example, our ethics-based culture is promoted through our business behaviours, decisions, processes and operations, as well as the management of the risk of ethical misconduct. In addition, we have mechanisms to support high ethical standards – e.g. for raising concerns and reporting misconduct. We also aim to include ethical criteria in recruitment and in performance appraisals, and have detailed policies relating to important issues such as discrimination, harassment, bribery and corruption, and conflicts of interest. We expect all our staff to adhere to these high standards. We are keen to invest in our people not just our companies. With that in mind we seek to make our workplaces a better environment and to encourage all our staff to undergo relevant training and development.	

Corporate Governance Statement
Continued

Principle	Commentary	Further Information
8 Promote a corporate culture that is based on ethical values and behaviours	We believe it is the responsibility of the Board and senior leaders to ensure that the culture of our organisation is based on ethical values and behaviours. As well as leading by example, our ethics-based culture is promoted through our business behaviours, decisions, processes and operations, as well as the management of the risk of ethical misconduct. In addition, we have mechanisms to support high ethical standards – e.g. for raising concerns and reporting misconduct. We also aim to include ethical criteria in recruitment and in performance appraisals, and have detailed policies relating to important issues such as discrimination, harassment, bribery and corruption, and conflicts of interest. We expect all our staff to adhere to these high standards. We are keen to invest in our people not just our companies. With that in mind we seek to make our workplaces a better environment and to encourage all our staff to undergo relevant training and development.	
9 Maintain governance structures and processes that are fit for purpose and support good decision making by the board	Our non-executive directors scrutinise the performance of management against the Group's objectives and also monitor the reporting of performance. The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk. To achieve this aim the Board has a formal schedule of matters specifically reserved to it for decisions including the approval of annual and interim results and recommendation of dividends, approval of annual budgets, approval of larger capital expenditure and investment proposals, review of the overall system of internal control and risk management and review of corporate governance arrangements. Other responsibilities are delegated to the Board Committees, being the Audit, Remuneration and Nomination committees, which as explained in section 5 above operate within clearly defined terms of reference, and which report back to the Board.	Reports of the Board committees are also presented on pages 31-33 in this Report.
10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	We have set out in section 2 above how we maintain a regular dialogue with our shareholders including welcoming all shareholders to our AGMs.	Further information and the resolutions put to a vote at annual general meetings can be found on our website.

The Board

The Board comprises the Chairman, two Executive Directors and two Non-Executive Directors. The Non-Executive Directors are considered to be independent, provide a solid foundation for good corporate governance for the Group, and ensure that no individual or group dominates the Board's decision-making process. The Non-Executive Directors are independent of management. Each current Non-Executive Director received a grant of 250,000 stock options following appointment, which the Board considers to be not material and does not compromise independence. Each Non-Executive Director continues to demonstrate that they have sufficient time to devote to the Company's business and attendance at Board and Committee meetings is summarised later in this report.

The Non-Executive Directors constructively challenge and assist in developing the strategy of the Group using their experience and knowledge of acquisition targets and fundraising. They scrutinise the performance of management against the Group's objectives and also monitor the reporting of performance. The Board is provided with regular and timely information on the financial performance of the Group as a whole, together with reports on trading matters, markets and other relevant matters.

There are clearly defined roles for the Chairman and CEO. The Chairman is responsible for leadership of the Board, ensuring effectiveness of the Board in all aspects, conducting Board meetings and the effective and timely communication of information to shareholders. The Chairman is able to provide advice, counsel and support to the Chief Executive. The Chief Executive has direct charge of the Group's day-to-day activities and sets the operating plans and budgets required to deliver the agreed strategy. The Chief Executive is also responsible for ensuring that the Group has in place appropriate risk management and control mechanisms.

The Board is collectively responsible for the performance of the Group and is responsible to shareholders for proper management of the Group. A statement of Directors' responsibilities is given on page 36 and a statement on Going Concern is given on page 37.

The Board has a formal schedule of matters specifically reserved to it for decisions including the approval of annual and interim results and recommendation of dividends, approval of annual budgets, approval of larger capital expenditure and investment proposals, review of the overall system of internal control and risk management and review of corporate governance arrangements. Other responsibilities are delegated to the Board Committees, being the Audit, Remuneration and Nomination committees, which operate within clearly defined terms of reference, and which report back to the Board.

Relevant papers are distributed to members in advance of Board and Committee meetings. Directors' knowledge and understanding of the Group is enhanced by visits to the operations and by receiving presentations by senior management on the results and strategies of the business units. Directors may take independent professional advice on any matter at the Company's expense if they deem it necessary in order to carry out their responsibilities. The Company has secured appropriate insurance cover for Directors and Officers.

Board Committees

The following committees deal with specific aspects of the Group's affairs.

Audit Committee

The Audit Committee, which is chaired by D. Tilston and has I. Napper as the other member, meets not less than twice annually and more frequently if required.

The Board considers that both members of the Audit Committee have recent and relevant financial experience and an understanding of accounting and financial issues relevant to the industries in which SDI Group operates. The Committee provides a forum for reporting by the Group's external auditors. Where appropriate meetings are also attended by the Chairman and executives at the invitation of the Committee.

A report of the Audit Committee is provided on page 31.

Remuneration Committee

A report of the Remuneration Committee and the Directors' remuneration report can be found on pages 32-35.

Nomination Committee

This Committee is chaired by Isabel Napper and has David Tilston as its other member and meets at least once per annum. Where appropriate meetings are also attended by the Chairman, the CEO and the CFO at the invitation of the Committee.

The Nomination Committee focusses on evaluating the board of directors, examining the skills and characteristics which are needed in board candidates, and on succession issues. Its principal focus during the last financial year was continuing to assist the Chairman with the board evaluation process as set out in Principle 7 of our Governance Statement above.

Corporate Governance Statement
Continued

Attendance at Board and Committee Meetings

The members' attendance at Board and Committee meetings during the year is disclosed in the table below.

	Board	Audit	Remuneration	Nomination
K Ford	11/11	–	2/2	–
M Creedon	11/11	–	–	–
I Napper	10/11	4/4	2/2	1/1
D Tilston	11/11	4/4	2/2	1/1
J Abell	11/11	–	–	–

Conformance with Best Practice

The Board has reviewed its composition against certain non-statutory "best practice" guidelines and makes the following observations:

That remuneration of non-executive directors should be with basic fees only (excluding historical, one-off options grants if the quantum is not considered material)

– The Board considers the one-time share option awards made on appointment to its non-executive directors in 2017 and 2018 to be not material and that they do not impair their independence. The Board therefore considers its non-executive directors to be independent of management and expects them to exercise their independence to the fullest extent.

That the remuneration committee should not include non-independent or executive members

– The Board considers Ken Ford's membership of the Remuneration Committee to be an asset in its determination of the remuneration of executive directors and other key personnel, and the Committee as a whole is aware of any potential conflict.

That the Company Secretary should not be an executive director

– The Board members have significant external board of directors' experience and are aware that they may seek independent professional advice at the company's expense to discharge their duties. The Board believes that the company is currently best served by combining the roles of CFO and Company Secretary, in the interests of efficiency and cost.

The Board expects to keep such matters under at least annual review.

Report of the Audit Committee

I am pleased to present the Audit Committee report for the year ended 30 April 2021.

Composition of the Committee

The Committee consists of myself (as Chairman) and Isabel Napper. The Chairman, Executive Directors and Group Financial Controller may be invited to attend Committee meetings if required. During the year, the Committee met four times, to approve the audit plan, review the audit conclusions and interim findings and to consider other matters delegated to the Committee. The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a Chartered Accountant; I have served as Group Finance Director in several quoted companies and have prior experience as an Audit Committee Chairman. I report the Committee's activities at Board meetings and the minutes of each meeting are made available to all members of the Board. The Committee has satisfactorily completed a self-assessment exercise on its effectiveness using externally sourced material.

Responsibilities

The Committee's main duties are to:

- ensure the integrity of the financial statements (including annual and interim accounts and results announcements);
- review significant financial reporting judgements and the application of accounting policies thereon;
- ensure the Annual Report and Accounts are fair, balanced and understandable and recommend their approval to the Board;
- manage the relationship with the Group's external Auditor and review their suitability and independence;
- negotiate and approve the external Auditor's fee, the scope of their audit and terms of engagement;
- advise on the appointment of external Auditors and to review and monitor the extent of the non-audit services undertaken by the Group's external Auditor;
- review of the risk management and internal control systems;
- review the assessment of going concern; and
- assess the need for an internal audit function.

Role of the External Auditor

The Committee monitors the relationship with its external Auditor, Grant Thornton UK LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee has established a policy in respect of the provision of non-audit services by the external Auditor which it monitors. No issues impacting upon the Auditor's independence were observed or brought to the Committee's attention.

Audit Process

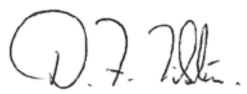
The external Auditor prepares an audit plan for its review of the full-year financial statements. The audit plan sets out the scope of the audit, specific areas of risk to target and the audit timetable. This plan is reviewed and agreed in advance by the Committee. Following completion of audit fieldwork the Auditor presented their findings to the Committee for discussion, including accounting judgements undertaken in respect of various matters including acquisition accounting and research and development capitalisation.

Internal Audit

At present the Group does not have a formal internal audit function and the Committee will keep this matter under review as the Group's activities expand.

Risk Management and Internal Controls

The Corporate Governance Statement on pages 26-30 explains the measures taken to embed effective risk management throughout the Group which is dependent upon the close involvement of the executive directors in the day-to-day operations of the Group, the strength of subsidiary management teams and reporting from the operating subsidiaries. This oversight was strengthened during the 2020 year with the appointment of a Group Financial Controller.
The Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year the Group was impacted by the economic and logistical challenges related to the COVID-19 pandemic which resulted in a proportion of its administrative workforce operating remotely.
The Committee has reviewed the framework by (a) receiving papers and discussing oversight practices with the Group CEO, Group CFO and Group Financial Controller and (b) receiving a report from the external auditors on observations made during their audits of operating subsidiaries, and determined that it remains appropriate for the Group's current scale of operations.



David Tilston
Audit Committee Chairman
19 July 2021

Report of the Remuneration Committee

On behalf of the Board, I am pleased to present the report of the Remuneration Committee for the year ended 30 April 2021.

The Committee is chaired by myself and has Ken Ford and David Tilston as its other members. Other regular attendees, at the invitation of the Committee, include the CEO and the CFO.

We meet as a Committee at least two times every year and our role is to determine the Group's policy for executive remuneration and the individual remuneration packages for executive directors together with other designated senior management. The Committee's terms of reference are available on the Group's website.

In setting the Group's remuneration policy, the Committee considers a number of factors including the following:

- Salaries and benefits available to executive directors of comparable companies;
- The need to both attract and retain executives of appropriate calibre; and
- The continued commitment of executives to the Group's profitable growth and sustainable development through appropriate incentive schemes (including the award of shares and share options).

Remuneration of Executive Directors

Consistent with this policy, the benefit packages awarded to our executive directors comprise a mix of basic salary and performance-related remuneration aimed at incentivising executive behaviour to achieve the Group's goals. We are keen to ensure that the package is simple and straightforward so that there is a clear link between Group performance and executive remuneration.

The remuneration packages cover the following elements:

- Base salary: the Remuneration Committee sets base salaries to reflect the responsibilities and the skills, knowledge and experience of the individual and the complexity of the role;
- Bonus Scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee. This is capped at 50% of the individual's salary;
- Long-Term Incentive Plan shares: the executive directors are eligible to receive share options, related to Group performance under the terms of a long-term incentive scheme determined by the Remuneration Committee;
- Equity: share options awarded as appropriate; and
- Group contribution into a personal pension scheme, life assurance, and private medical insurance.

The CEO and CFO are engaged under separate contracts which require a notice period of six months given at any time by the Group or the individual.

During 2020-2021 the Committee looked at the operation of the LTIP scheme which had been adopted by the Board in December 2018. The Committee took the view that, given the many uncertainties around the global pandemic situation, it would be difficult to set meaningful targets for a further award under the LTIP scheme in the year ending 2021. No awards were therefore made in this financial year. However, the Committee recognises the need to ensure that the executive directors are properly incentivised and will review the situation with regards to further awards in the financial year ending 2022.

The details of the those awards already made under the LTIP scheme are set out in the Remuneration Report on pages 34-35.

Remuneration of Chairman and Non-Executive Directors

The fees paid to the non-executive directors are determined by the Board. The Chairman and non-executive directors do not receive any other forms of benefits such as medical insurance or pension. Although both non-executive directors were recipients of non-tax advantaged share options in 2017 that was part of a one-off event on joining the Board and is not intended to be repeated in the future. The individual amount of those awards was not significant and the Board takes the view that this does not compromise the independence of the directors.

The Chairman and the non-executive directors are engaged under service contracts each of which provide that notice of three months can be given at any time by the Group or the individual.

Executive and Non-Executive Board Remuneration under Covid-19

The continuing uncertainty around the global pandemic has meant that the Group remains keen to ensure that its overall costs continue to be kept in tight rein. With that in mind, directors unanimously volunteered not to accept any increase in salary for the financial year ending 2021 and to take a temporary pay reduction from April to June 2020. However, the Committee wished to recognised the performance of the Executive Directors in the financial year ending 2020 and therefore considered it appropriate and in line with the remuneration policy to award a cash bonus to both executive directors, details of which are set out on in the Directors' Remuneration Report on pages 34-35. Given that Directors have not received a salary increase in this financial year, the Committee intends to conduct a benchmarking exercise in the financial year ending 2022 to ensure that directors' remuneration and incentive packages do not fall out of line with market rates.

Isabel J S Napper

Isabel Napper
Chairman, Remuneration Committee
19 July 2021

Directors’ Remuneration Report

Statement about Basis of Preparation

While note a statutory requirement, SDI has produced this report, to be read in conjunction with the Report of the Remuneration Committee, to comply with AIM rule 19 and also meet the requirements of the QCA code.

Directors’ remuneration and pension entitlements

The remuneration of the Directors is set out below:

	Salary / Fees £’000	Bonus £’000	Taxable Benefits £’000	Pension £’000	2021 Total £’000	2020 Total £’000
K Ford	48	–	–	–	48	49
M Creedon	146	50	2	8	206	236
I Napper	28	–	–	–	28	29
D Tilston	28	–	–	–	28	29
J Abell	117	31	2	6	156	147
	367	**81**	**4**	**14**	**466**	**490**

Directors’ beneficial interests

Directors’ beneficial interests in shares in the Company are set out below:

	2021 Number	2020 Number
K Ford	1,250,000	1,250,000
M Creedon	442,452	442,452
I Napper	65,000	65,472
D Tilston	90,000	90,000
J Abell	100,000	100,000

None of the Directors had or has an interest in any material contract relating to the business of the Company or any of its subsidiary undertakings.

Directors’ beneficial interests in share options in the Company are set out below:

	2021 Number	2020 Number
K Ford	850,672	850,672
M Creedon	1,952,327	1,952,327
I Napper	250,000	250,000
D Tilston	250,000	250,000
J Abell	1,134,103	1,134,103

Service contracts

The service contracts with M Creedon dated 25 April 2010 and with J Abell dated 4 April 2018 include a notice period of six months if given by either party.

The non-executive Directors’ service contracts and the service contract of the Chairman include a notice period of three months if given by either party.

Long-Term Incentive Plan (“LTIP”)

This LTIP was introduced in December 2018 to provide an effective mechanism for senior executives to participate in the company’s equity, aligning their interests with those of the shareholders. The LTIP scheme overall has a duration of ten years and provides for a maximum of 10% of the company’s equity to be granted (under all schemes) to executives in that period, subject to performance conditions which are set for each award.

An award was made on 19 March 2020 with performance conditions based for 50% on the growth in fully-diluted Earnings Per Share in the three years starting 1 May 2019 and for 50% on the total shareholder return for SDI shareholders compared with a basket of twenty comparable companies. Subject to the rules of the LTIP, vesting is on the third anniversary of the date of grant, to the extent that the performance conditions are met.

No award was made in the year to 30 April 2021.

The directors participating in the scheme at the date of this report and their maximum respective entitlement under the scheme to shares in SDI Group plc are as follows:

	Total Awards
M Creedon	**862,855**
J Abell	**634,103**
K Ford	**350,672**

The above table is a subset of the share option table on page 34.

The market price of the company’s shares at the end of the financial year was 179p and ranged from 43.25p to 197p during the year. The exercise price of the ordinary options ranges from £0.172 to £1.040, and of LTIP options is £0.010.

Directors' Report

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report comprising Strategic Report, Governance Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have to prepare consolidated financial statements in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare separate parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS101 Reduced Disclosure Framework). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable international accounting standards and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Results

The Group's profit for the year after taxation amounted to £4.7m (2020: £2.6m) and has been transferred to reserves.

All KPIs and risks are disclosed in the Strategic Report on pages 18-19.

The Board does not recommend the payment of a dividend.

Directors

The directors who served during the year are set out below.

K Ford	M Creedon	I Napper	D Tilston	J Abell

The interests of the directors and their families in the share capital of the Company are shown in the directors' remuneration report on pages 34-35.

The appointment and replacement of directors of the Company is governed by its Articles of Association and the Companies Act 2006. The Articles of Association may be amended by special resolution of the shareholders.

The Company must have a minimum of two directors holding office at all times. There is no maximum number of directors. The Company may by ordinary resolution, appoint any person to be a director. The Board may appoint a person who is willing to act as director, either to fill a vacancy or as an addition to the Board. A director appointed in this way may hold office only until the dissolution of the next Annual General Meeting unless he or she is reappointed during the meeting.

Power of Directors

The directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation and the Memorandum and Articles of Association.

At the Annual General Meeting held on 23 September 2020, the directors were given the power to:

- Arrange for the Company to purchase its own shares in the market up to a limit of 15% of its issued share capital;
- Allot ordinary shares up to an aggregate nominal value of £325,000;
- Issue equity securities for cash, otherwise than to existing shareholders in proportion to their existing shareholdings, up to an aggregate nominal value of £48,700.

Similar powers will form part of the resolutions to be put to the forthcoming AGM expected to be held on 22 September 2021.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out within this Strategic report. The financial position of the Group, its cash flows, and liquidity position are provided in the financial statements on pages 52-55. In addition, notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk. The Board has reviewed forecasts for the period to 31 October 2022, including severe downside scenarios which the Board considers extremely unlikely. The Group meets its cash flow and borrowing requirements through bank loans as detailed in note 19. The Board's forecasts indicate that the Group will continue to trade within its existing facilities with scope to further manage its cost base if necessary. The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth. The Board considers that the Group will have adequate cash resources within its existing facilities to continue to trade for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Post Balance Sheet Events

There are no events to note.

Directors' Report
Continued

Research and Development

Each of the Group's businesses devotes appropriate resources to maintaining and expanding its competitive position by researching and developing new products and processes as well as updating existing products. 42 employees were employed for development activities in the year (2020: 30).

Future Development

The directors expect that the Group will continue to execute its strategy of acquiring and managing niche technology businesses.

Structure of Share Capital

As at 30 April 2021 the Company's authorised share capital was £10,000,000 comprising 1,000,000,000 ordinary shares of 1p each. As at 30 April 2021 the Company had 98,408,164 (2020: 97,503,951) ordinary shares in issue with a nominal value of 1p each.

Corporate Governance

Corporate Governance is discussed on pages 26-30.

Financial Risk Management Objectives and Policies

Financial risk management objectives and policies are discussed in note 25 'Financial risk management objectives and policies'.

Employee Engagement with other Stakeholders

The company engages with its employees and other stakeholders as disclosed in the Section 172(1) statement on pages 20-21.

Health and Safety Policies

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and general public. It complies with all applicable and regulatory requirements.

Streamlined Energy and Carbon Reporting ("SECR")

The Group does not report under SECR as none of its subsidiary undertakings are large companies. The parent company is exempt from reporting as it is a low energy user consuming less than 40MWh per annum.

Substantial Shareholdings

As at 19 July 2021 the Company is aware of the following shareholders who hold an interest of 3% or more in the Company's ordinary share capital.

	Number of ordinary shares	Percentage of ordinary shares
Berenberg Wealth and Asset Management	9,651,726	9.74%
Herald Investment Management	8,178,149	8.26%
Business Growth Fund	6,336,526	6.40%
JPMorgan Asset Management	5,010,000	5.06%
Tellworth Capital	4,740,329	4.79%
Octopus Investments	3,719,640	3.76%
Hargreaves Lansdown	3,629,335	3.66%
Killik stockbrokers	3,463,534	3.50%
Charles Stanley	3,123,307	3.15%
Danske Bank A/S	3,083,033	3.11%

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with section 489 of the Companies Act 2006.

On behalf of the Board

Ken Ford
Chairman
19 July 2021

Mike Creedon
Chief Executive Officer
19 July 2021

Financial Statements

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Report of the Independent Auditor

to the members of the SDI Group plc

Independent Auditor's Report to the Members of SDI Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of SDI Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2021, which comprise the **Consolidated Income Statement** and **Statement of Comprehensive Income**, the **Consolidated Balance Sheet**, the **Consolidated Statement of Cash Flows**, the **Consolidated Statement of Changes in Equity**, the **Notes to the Consolidated Financial Statements**, the **Company Balance Sheet**, the **Company Statement of Changes in Equity**, and the **Notes to the Company Financial Statements**, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and our results arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Report of the Independent Auditor
Continued

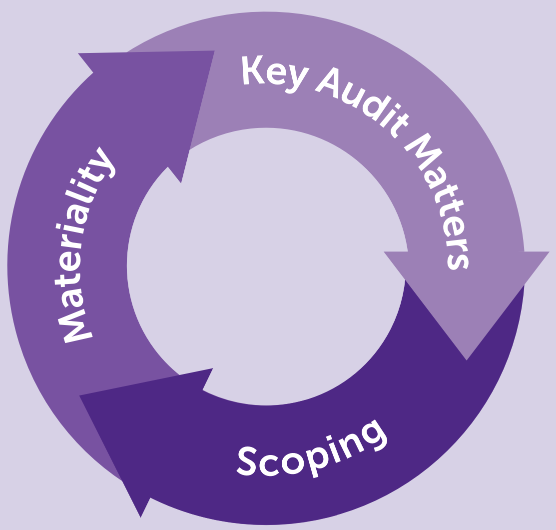
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our Approach to the Audit

Grant Thornton



Overview of our Audit Approach

Overall materiality:

Group: £278k, which represents 5% of the group's draft profit before taxation.

Parent company: £146k which represents 10% of the parent company's draft profit before taxation.

Key audit matters were identified as:

- Improper revenue recognition (same as previous year)
- Valuation of intangible assets on recognition of the business acquired (same as previous year)
- Going concern (same as previous year)

Our auditor's report for the year ended 30 April 2020 included one key audit matter that has not been reported as key audit matters in our current year's report. This relates to valuation of goodwill and capitalised development costs. This matter is not a significant risk area in the current year due to the group's strong performance in the year.

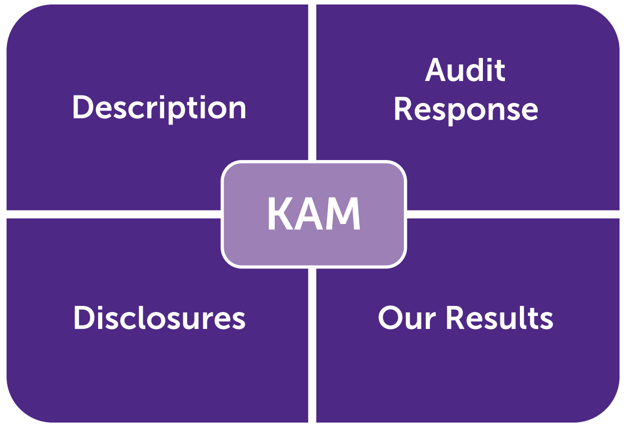
We performed an audit of the financial information using component materiality (full-scope audit) for the parent entity, SDI Group plc, and on the financial information of the nine significant UK components.

We performed an audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for the non-significant group components.

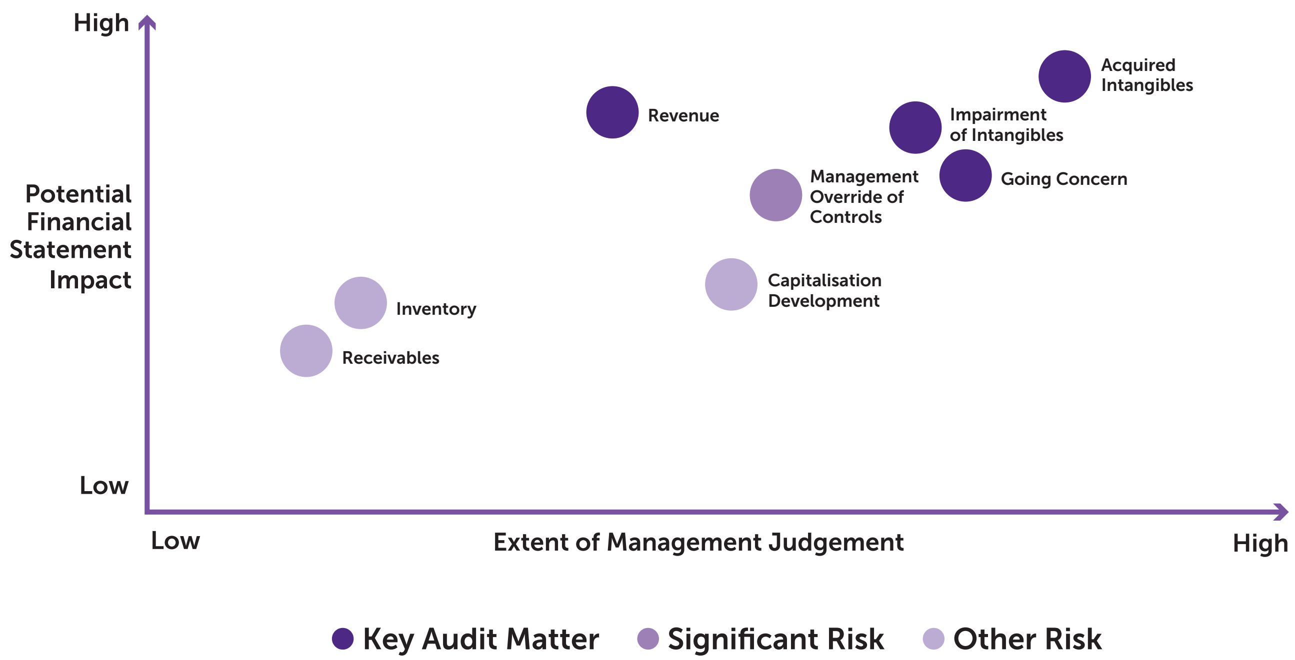
Analytical procedures were performed for all other components of the group that were neither significant nor material.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Report of the Independent Auditor
Continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Improper Revenue Recognition We identified improper revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. The group has recognised revenue of £35,076,000 (2020: £24,498,000) in its consolidated income statement during the year, which is comprised of revenue from sales of goods and income from service contracts. The nature of the group's revenue involves the processing of a high volume of transactions, with each stream following different revenue recognition criteria under IFRS 15 'Revenue from Contracts with Customers'. As the group's revenue comprises various individually material streams which are each subject to different recognition policies, the risk that revenue may be improperly recognised has been identified as a significant risk.	**In responding to the key audit matter, we performed the following audit procedures:** ● assessing whether the revenue recognition accounting policy for each type of revenue was consistent with IFRS 15 and testing that these policies were followed; ● undertaking analytical procedures to identify and assess key movements in revenue streams and significant transactions which have occurred in the year; ● performing data analytic procedures designed to highlight any unusual transactions or postings recorded in revenue; ● substantively testing a sample of revenue transactions in respect of sale of goods and agreeing them to a cash receipt or proof of delivery to check that the sale did occur; ● testing a sample of revenue transactions in respect of contract income for services by obtaining purchase orders and supporting documentation, recalculating the revenue recognised, and assessing the appropriateness of any deferred or accrued income at year end; and ● agreeing a sample of transactions before and after the year end to supporting documentation to determine whether transactions had been recorded in the correct period.
Relevant Disclosures in the Annual Report 2021 ● The group's accounting policy on revenue recognition is shown in note 3 to the financial statements and related disclosures are included in note 5.	**Our Results** Our audit testing did not identify any material misstatements in the revenue recognised during the year or any instances of revenue not being recognised in accordance with the group's accounting policies.

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of Intangible Assets on Recognition of Acquired Businesses We identified the valuation of intangible assets on recognition of the acquired business as one of the most significant assessed risks of material misstatement due to error. The group has an acquisitive business model. It made two acquisitions in the year, purchasing 100% of the share capital of Monmouth Scientific Limited and the trade and assets of Uniform Engineering. There is a risk that the intangible assets, including goodwill, are not recognised in accordance with IFRS 3 'Business Combinations'. There is significant judgement and complexity associated with the allocation of excess consideration over net assets acquired between separable intangible assets and remaining goodwill. Management have prepared workings that incorporate, for the fair value of the intangible assets, assumptions of growth rates, margins, discount rates and attrition rates. Due to the inherent uncertainty and key assumptions involved in determining the accurate valuation of acquired intangible assets and goodwill, we therefore identified the valuation of intangible assets on recognition of the acquired business as a significant risk.	**In responding to the key audit matter, we performed the following audit procedures:** ● obtaining and assessing management's acquisition accounting workpaper which calculated the split between net assets acquired, fair value of acquired intangible assets and goodwill to be recognised on consolidation; ● assessing the group's accounting for acquisitions to check whether it was in accordance with the group's financial reporting framework, including IFRS 3; ● using our internal valuations team to assess the appropriateness of the valuation methodology used by management, including the methodology adopted for identifying separate intangible assets distinct from goodwill and assessing the appropriateness of discount rates and growth rates applied; ● evaluating the acquisition workings prepared by management and checking its mathematical accuracy; and ● challenging the assumptions used in the valuation models, to assess whether they are reasonable and consistent with our knowledge of the acquired business.
Relevant Disclosures in the Annual Report 2021 The group's accounting policy on the recognition of intangible assets and goodwill is shown in note 3 to the financial statements and related disclosures are included in note 28.	**Our Results** Our audit testing did not identify any material misstatements in the valuation of intangible assets on recognition of the acquired business. We are satisfied that the judgements made in determining the split between acquired intangible assets and goodwill are reasonable.

Report of the Independent Auditor
Continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Going Concern We identified going concern as one of the most significant assessed risks of material misstatement due to error. Covid-19 is one of the most significant economic events currently faced by the UK, and its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the group and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements.	**In responding to the key audit matter, we performed the following audit procedures:** • obtaining management's base case forecasts covering the period to 31 October 2022, assessing how these forecasts were compiled and assessing their appropriateness by applying sensitivities to the underlying assumptions, which we also challenged; • assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to past actuals; • obtaining management's more downside scenarios prepared to assess the potential continuing impact of Covid-19, evaluating the assumptions and considering whether the assumptions are consistent with our understanding of the business derived from other detailed work undertaken; • assessing the adequacy of related disclosures within the annual report and financial statements.
Relevant Disclosures in the Annual Report 2021 The group's going concern accounting policy and related disclosures are shown in the going concern note within note 3 to the financial statements.	In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period **Our Results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.
There were no key audit matters for the parent company.	

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

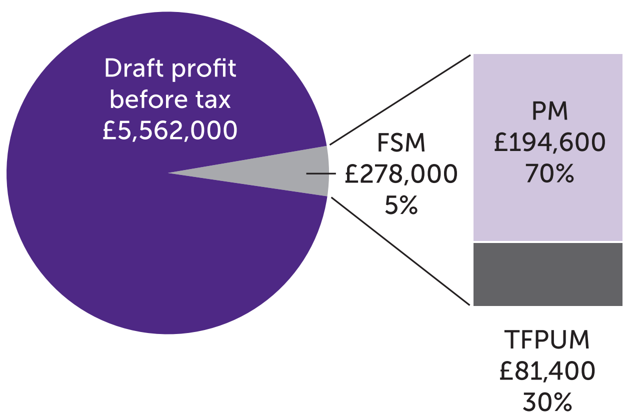
Materiality Measure	Group	Parent Company
Financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£278k which represents 5% of the group's draft profit before taxation	£146k which represents 10% of the parent company's draft profit before taxation capped at its component materiality.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: Profit before taxation is considered the most appropriate benchmark because the Group is a commercially focused organisation and profit before taxation is a key financial measure for the Directors and the shareholders. We used 5% as the group is relatively stable and not complex because it sells scientific equipment and the transactions are relatively straightforward. Materiality for the current year is higher than the level that we determined for the year ended 30 April 2020 to reflect the acquisition in the year as well as organic growth in certain subsidiaries.	In determining materiality, we made the following significant judgements: Profit before taxation is considered the most appropriate benchmark because the Group is a commercially focused organisation and profit before taxation is a key financial measure for the Directors and the shareholders. We used 5% as the parent is simply a holding company with no significant activity or complex transactions. Materiality for the current year is higher than the level that we determined for the year ended 30 April 2020 to reflect the increase in profit before tax.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£195k which is 70% of financial statement materiality.	£102k which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the significant judgement of setting it at 70% based on the fact that there were some adjustments identified in the 2020 audit. Overall impact of misstatements identified in previous years is not material.	In determining performance materiality, we made the significant judgement of setting it at 70% based on the fact that there were some adjustments identified in the 2020 audit. Overall impact of misstatements identified in previous years is not material.

Report of the Independent Auditor
Continued

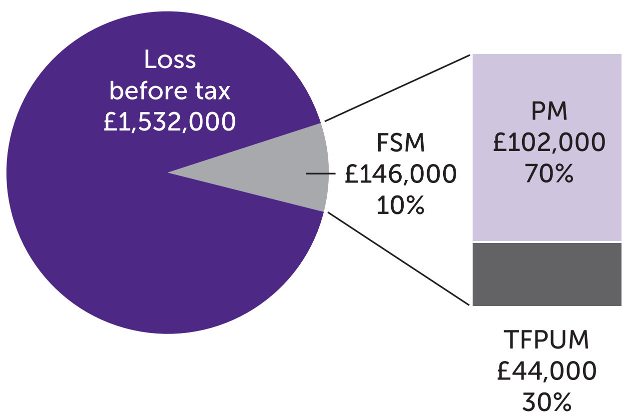
Materiality Measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for directors' remuneration and related party transactions.	We determined a lower level of specific materiality for directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£14k was the threshold used for reporting misstatements, and any items below that threshold that, in our view, warrant reporting on qualitative grounds.	£7k was the threshold used for reporting misstatements, and any items below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall Materiality – Group



Overall Materiality – Parent Company



FSM: Financial statements materiality, **PM:** Performance materiality, **TFPUM:** Tolerance for potential uncorrected misstatements

An Overview of the Scope of Our Audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;
- the engagement team obtained an understanding of the effect of the group organisational structure on the scope of the audit, identifying that the group financial reporting system is centralised;

Identifying significant components and type of work performed

- all UK components within the group where an audit opinion will be issued require a full-scope audit and were therefore identified as being significant. For all other components within the group, we considered the size and risk profile of the entity, any changes in the business and other factors when determining the level of work to be performed on the financial information of each entity. The significance of these components was determined as a percentage of the group's total assets, revenues and profit before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- most of the UK components of the group required an individual full-scope audit as they were identified as being significant. The two overseas components of the group in the USA and Portugal, and Uniform Engineering Limited that was acquired during the financial year, were non-significant and therefore we performed an audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit). The dormant or insignificant UK components were tested through analytical procedures as they were neither significant nor material.

Audit Approach	No. of Components	% Coverage of Total Assets	% Coverage of Revenue	% Coverage of PBT
Full-scope audit	10	96%	96%	98%
Specific-scope audit	3	4%	4%	2%
Analytical procedures	3	0%	0%	0%

Changes in Approach from Previous Period

- Thermal Exchange Limited and Fistreem International Limited have been hived into other group entities, and therefore removed from the full-scope audit owing to their financial insignificance in the context of the group as a whole.
- There are two new subsidiaries in the current year, a full-scope audit was performed on Monmouth Scientific Limited and a specific-scope audit was performed on Uniform Engineering Limited.

All work was done by the group audit team.

Report of the Independent Auditor
Continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how SDI Group plc is complying with legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We enquired of management and the Audit Committee about the group's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations including the Companies Act.
- We enquired of management and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- The engagement partner assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to areas of increased management judgement, specifically share based payments, acquisition accounting and the impairment of intangible assets, all of which could be impacted by management bias, as well as the risk of fraud through the use of journal entries that increase revenues.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, Cambridge
19 July 2021

Consolidated Income Statement & Statement of Comprehensive Income

for the year ended 30 April 2021

	Note	2021 £'000	2020 £'000
Revenue	5	35,076	24,498
Cost of sales		(12,206)	(7,899)
Gross profit		22,870	16,599
Other income		21	19
Operating expenses		(16,960)	(13,107)
Operating profit		5,931	3,511
Net financing expenses	8	(287)	(254)
Profit before tax	6	5,644	3,257
Income tax	9	(936)	(666)
Profit for the year		4,708	2,591
Earnings per share			
Basic earnings per share	22	4.81p	2.66p
Diluted earnings per share	22	4.58p	2.56p

All activities of the Group are classed as continuing.

The results attributable to business combinations in the year are disclosed in note 28.

The accompanying accounting policies and notes form an integral part of these financial statements.

	2021 £'000	2020 £'000
Profit for the year	4,708	2,591
Other comprehensive income		
Items that will subsequently be reclassified to profit and loss:		
Exchange differences on translating foreign operations	(96)	41
Total comprehensive income for the year	4,612	2,632

Consolidated Balance Sheet

as at 30 April 2021

Company registration number: 6385396	Note	2021 £'000	Restated* 2020 £'000
Assets			
Intangible assets	10	26,237	21,650
Property, plant and equipment	11	4,131	3,901
Deferred tax asset	13	1,697	246
		32,065	25,797
Current assets			
Inventories	14	6,059	3,728
Trade and other receivables	15	6,743	3,617
Cash and cash equivalents	16	3,836	5,290
		16,638	12,635
Total assets		48,703	38,432
Liabilities			
Non-current liabilities			
Borrowings	19	(3,764)	(10,376)
Deferred tax liability	13	(2,479)	(2,134)
		(6,243)	(12,510)
Current liabilities			
Trade and other payables	17	(12,826)	(3,350)
Provisions for warranties	18	(230)	(85)
Borrowings	19	(1,880)	(1,910)
Current tax payable		(750)	(513)
		(15,686)	(5,858)
Total liabilities		(21,929)	(18,368)
Net assets		26,774	20,064
Equity			
Share capital	21	984	975
Merger reserve		2,606	2,606
Merger relief reserve		424	424
Share premium account		9,092	8,746
Share-based payment reserve		714	467
Foreign exchange reserve		85	181
Retained earnings		12,869	6,665
Total equity		26,774	20,064

The financial statements were approved and authorised for issue by the Board of Directors on 19 July 2021.

Mike Creedon
Director

Jon Abell
Director

*See note 29.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

as at 30 April 2021

	Note	2021 £'000	2020 £'000
Operating activities			
Net profit for the year		4,708	2,591
Depreciation	11	973	831
Amortisation	10	1,589	1,189
Finance costs and income	8	287	254
Impairment of intangible assets		130	22
(Decrease)/increase in provisions	18	(15)	74
Taxation in the income statement		936	666
Employee share-based payments		305	276
Operating cash flows before movement in working capital		8,913	5,903
Decrease in inventories		(977)	(539)
(Increase)/decrease in trade and other receivables		(2,363)	726
Increase/(decrease) in trade and other payables		6,137	(921)
Cash generated from operations		11,710	5,169
Interest paid		(287)	(253)
Income taxes paid		(1,166)	(786)
Cash generated from operating activities		10,257	4,130
Investing activities			
Capital expenditure on fixed assets	10	(667)	(506)
Sale of property, plant and equipment		67	–
Expenditure on development and other intangibles	11	(367)	(582)
Acquisition of subsidiaries, net of cash	28	(4,057)	(5,182)
Net cash used in investing activities		(5,024)	(6,270)
Financing activities			
Finance leases net repayments	19	(489)	(511)
Proceeds from bank borrowing	19	5,404	6,496
Repayment of borrowings	19	(11,652)	(1,143)
Issues of shares and proceeds from option exercise		155	80
Net cash from financing		(6,582)	4,922
Net changes in cash and cash equivalents		(1,349)	2,782
Cash and cash equivalents, beginning of year		5,290	2,494
Foreign currency movements on cash balances		(105)	14
Cash and cash equivalents, end of year		3,836	5,290

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

as at 30 April 2021

	Share capital £'000	Merger reserve £'000	Merger relief reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 April 2019	972	3,030	–	140	8,696	(17)	284	3,981	17,086
Restatement (note 29)	–	(424)	424	–	–	–	–	–	–
Restated balance 30 April 2019	972	2,606	424	140	8,696	(17)	284	3,981	17,086
Shares issued	3	–	–	–	50	17	–	–	70
Share-based payment transfer	–	–	–	–	–	–	(93)	93	–
Share-based payments	–	–	–	–	–	–	276	–	276
Transactions with owners	3	–	–	–	50	17	183	93	346
Profit for the year	–	–	–	–	–	–	–	2,591	2,591
Foreign exchange on consolidation of subsidiaries	–	–	–	41	–	–	–	–	41
Total comprehensive income for the period	–	–		41	–	–	–	2,591	2,632
Balance at 30 April 2020	975	2,606	424	181	8,746	–	467	6,665	20,064

	Share capital £'000	Merger reserve £'000	Merger relief reserve £'000	Foreign exchange £'000	Share premium £'000	Own shares held by EBT £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 April 2020 (previously stated)	975	3,030	–	181	8,746	–	467	6,665	20,064
Restatement	–	(424)	424	–	–	–	–	–	–
Restated balance at 30 April 2020	975	2,606	424	181	8,746	–	467	6,665	20,064
Shares issued	9	–	–	–	346	–	–	–	355
Tax in respect of share options	–	–	–	–	–	–	–	1,438	1,438
Share-based payment 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 for the period	–	–	–	(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 Consolidated Financial Statements

for the year ended 30 April 2021

1 Reporting Entity

SDI Group plc, a public limited company, is the Group's ultimate parent. It is registered and domiciled in England and Wales. The consolidated financial statements of the Group for the year ended 30 April 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The details of subsidiary undertakings are listed in note 5 to the Company Financial Statements.

2 Basis of Preparation

The consolidated financial statements have been prepared and approved by the directors in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial instruments at fair value.

The principal accounting policies of the Group are set out below.

The consolidated financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out within this Strategic report. The financial position of the Group, its cash flows, and liquidity position are provided in the financial statements on pages 52-55. In addition, notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk. The Board has reviewed forecasts for the period to 30 April 2023, including severe downside scenarios which the Board considers extremely unlikely. The Group meets its cash flow and borrowing requirements through bank loans as detailed in note 19. The Board's forecasts indicate that the Group will continue to trade within its existing facilities with scope to further manage its cost base if necessary. The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth. The Board considers that the Group will have adequate cash resources within its existing facilities to continue to trade for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Going concern

The Board has prepared trading and cash flow forecasts for the period to 31 October 2022, based on its approved budget for the period to 30 April 2023. These reflect the sales projections for new products and services coming on stream as a result of the Group's research and development activity and continued cost management.

The Board's forecasts indicate that the Group will continue to trade within its existing facilities which are detailed in note 19. The Board has prepared various downside scenarios from its base case, involving further reductions to sales. Under these scenarios, the Group continues to generate cash and remain within banking covenants, and has scope to further manage its cost base if necessary.

The directors believe that it remains appropriate to continue to adopt the going concern in preparing the financial statements. The Board considers that the Group will have adequate cash resources within its existing facilities to continue to trade for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board is confident that continued focus on research and development, new product development and sales & marketing will deliver growth.

Changes in accounting policies

At the date of approval of these financial statements, certain new standards, amendments to and interpretations of existing standards have been published but are not yet effective. None of these pronouncements have been adopted early by the Group, and they have not been disclosed as they are not expected to have a material impact on the Group's financial statements. Management anticipates that all pronouncements will be adopted for the first period beginning on or after their effective date.

Accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Judgements in applying accounting policies

Intangibles – development costs

The Group is required to capitalise any development costs that meet the criteria as per IAS 38. (See Research and Development accounting policy, page 59 and in note 10). The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as medium-term economic conditions, technological developments and market changes. The Group tests annually whether the capitalised development costs have been impaired by reference to expected future generation of cash from the technologies developed and the timing of when these will be released.

Sources of estimation uncertainty

Fair value assessments of business combinations

Following an acquisition, management makes an assessment of the fair value of all assets and liabilities acquired, including intangible assets and goodwill. The valuation process requires a number of estimates to be made. For details of assumptions see note 28.

Carrying value of goodwill and other intangible assets

The impairment analysis of intangible assets is based upon future discounted cash flows and a number of assumptions are made to estimate the future cash flows expected to arise from the cash generating unit as well as a suitable discount rate in order to calculate present value. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in discount rates could lead to impairment. For details of assumptions see note 10.

Deferred tax asset

The Company or its subsidiaries obtain a tax deduction when employees exercise share options. The amount of the tax deduction is determined by the increase in the share price above the exercise price when the option is exercised, and by the rate of corporation tax at that time. In estimating the deferred tax asset relating to this future tax deduction, the period end share price and the substantially enacted tax rate are used. Share options are included in the estimate to the extent that they are expected to vest and in proportion to the fraction of the vesting period elapsed at period end.

Notes to the Consolidated Financial Statements
continued

3 Principal Accounting Policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2020.

Basis of consolidation

Subsidiaries are entities controlled by the Group where control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The subsidiaries transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented.

Intra group balances and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method under the revised IFRS 3 Business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration agreement. Acquisition costs are expensed within administration expenses as incurred. The Group recognises identifiable assets acquired and liabilities assumed including contingent liabilities in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency of the company which incurred them are recorded at the rate of exchange at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

For the purpose of presenting the consolidated financial statements the assets and liabilities of the Group's overseas operations are translated using exchange rates prevailing on the balance sheet date. Exchange differences on net assets arising from this policy are recognised in other comprehensive income and accumulated in the foreign exchange reserve; such translation differences are reclassified from equity to profit or loss as a reclassification adjustment in the period in which the foreign operation is disposed of.

Income and expense items of overseas operations are translated at exchange rates approximating to those ruling when the transactions took place.

Property, plant and equipment

Property, plant and equipment is stated at cost, less a The estimated useful lives are as follows: ccumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of property, plant and equipment to write down the cost of the asset to its residual value. Residual values are reviewed annually.

The estimated useful lives are as follows:

Motor vehicles	3 years
Computer equipment	3 years
Tools and other equipment	3 years
Furniture, fixtures and fittings	5 years
Building and leasehold improvements	5 years

Goodwill

Goodwill represents the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the income statement as a gain from a bargain purchase. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is also reviewed for impairment immediately following an acquisition. The impairment of goodwill is based upon value in use, determined using estimated future discounted cash flows.

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible assets and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or the intangible asset itself, or, if it is to be used internally, the asset will be used for generating such benefits; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The expenditure capitalised includes direct cost of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Amortisation is shown within administrative expenses in the income statement. The estimated useful lives of current development projects are three years. Until completion of the project the assets are subject to impairment testing.

Other intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill providing the assets are separable or they arise from contractual or other legal rights and their fair value can be measured reliably. The fair value of intangible assets in a business combination includes the value of any tax benefit.

Intangible assets with a finite life are amortised over their useful economic lives. Amortisation is recognised in the income statement within administrative expenses on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Capitalised development costs	3 years
Other intangible assets	3-15 years
Customer relationships and trade marks	15 years
Order book	Up to 1 year

Notes to the Consolidated Financial Statements
continued

3 Principal Accounting Policies continued

Impairment
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from synergies of the related business combination, typically the Group's operating segments, which represent the lowest level within the Group at which management monitors goodwill.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses for cash-generating units reduce first the carrying value of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indicators that an impairment loss previously recognised may no longer exist.

Any impairment in respect of goodwill is not reversed. Impairment losses on other assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Items are valued using the first in, first out method. When inventories are used, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised. Provisions for write-down to net realisable value and losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits which are subject to an insignificant risk of changes in value.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Merger reserve" represents the difference between the parent company's cost of investment and the subsidiary's share capital and share premium where a group reorganisation qualifies as a common control transaction.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Share-based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised. The equity component of convertible loan stock, if any, is also included. On conversion of the loan stock the equity component is transferred into the retained earnings reserve.
- "Retained earnings" represents retained profits.

Contributions to pension schemes
Defined Contribution Scheme
Obligations for contributions for defined contribution plans are recognised as an expense in the income statement when they are due.

Financial assets
The Group's financial assets comprise trade receivables, other receivables, cash and cash equivalents. Trade and other receivables are recognised and carried at the original invoice amount less a provision for the expected credit loss. Management have adopted the simplified model to determine the expected credit loss on trade receivables and uses historical experience of losses applied to the specific circumstances of the receivable, including trading history with the debtor and period overdue to determine the need for and amount of any provision to cover expected future losses. Uncollectable amounts are written off to the Income Statement when identified.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables, other loans and bank borrowings. All financial liabilities are measured at fair value plus transaction costs on initial recognition and subsequently are measured at amortised cost. Contingent consideration assumed in a business combination is measured initially at fair value through profit and loss in the income statement at the acquisition date and any contingent liability is classified as a liability within the balance sheet.

Notes to the Consolidated Financial Statements
continued

3 Principal Accounting Policies continued

Revenue recognition

In accordance with IFRS 15 'Revenues from Contracts with Customers', revenue is measured by reference to the fair value of consideration received or receivable by the Group, excluding value added tax (or similar local sales tax), in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract, based on stand-alone selling prices. Sales of instruments and spare parts, and sales of services, such as non-specialised installation or maintenance work,, are assessed to be separate performance obligations.

Revenue is recognised when (or as) the Group satisfies the identified performance obligation. For sales of instruments and spare parts, the performance obligation is satisfied at a point in time; for revenue from services, the performance obligation is satisfied over time. As the period of time between payment and performance is less than one year, the Group does not adjust revenue for the effects of financing.

Revenue from sales of instruments and spare parts is recognised at the point at which the customer obtains control of the asset. This is usually when the customer receives the goods or when goods are collected by the customer. Revenue from installations is recognised at the point which the installation is completed. For large, complex instruments which require highly specialised installation, revenue from both the instrument and installation is recognised at the point which installation is completed.

Revenue from maintenance work relates to service visits carried out on equipment provided to customers whereby the performance obligation is to carry out service visits over a period of time. It is a separate, distinct, individually identified performance obligation and is recognised straight-line over the length of the service contract being provided as this reflects the inputs and efforts (service employees) which are expended evenly throughout the performance period (length of the contract).

Leased assets

The Group makes the use of leasing arrangements principally for the provision of the main warehouse and related facilities, office space, IT equipment and motor vehicles. The rental contracts for offices are typically negotiated for terms of between 5 and 20 years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between 6 months and 5 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

To respond to business needs particularly in the demand for office space, the Group will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Group is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Group is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the parties agree to the modification. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Taxation

Income tax expense comprises current and deferred tax.

The tax currently payable is based on the taxable profit for the year. Current tax is recognised in profit or loss, except that current tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and current tax relating to items recognised directly in equity is recognised in equity. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Notes to the Consolidated Financial Statements
continued

3 Principal Accounting Policies continued

Taxation continued

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group or it is probable that reversal will not occur in the foreseeable future. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary difference can be utilised.

The carrying value of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow part or all of the assets to be recovered.

Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

The Group identifies operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker. The chief operating decision maker is the Executive Board of directors.

Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and the amounts can be estimated reliably.

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Share-based payments

SDI Group plc regularly issues share options to employees. The fair value of the award granted is recognised as an employee expense within the Income Statement with a corresponding increase in equity. The fair value is measured at the grant date and allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The fair value of the grants is measured using the Black-Scholes model or a Monte Carlo simulation as appropriate, taking into account the terms and conditions upon which the grants were made.

Alternative Performance Measures 4

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:

	2021 £'000	2020 £'000
Operating Profit (as reported)	5,931	3,511
Adjusting items (all costs):		
Non-underlying items		
Share-based payments	305	276
Amortisation of acquired intangible assets	1,153	647
Exceptional items		
Reorganisation costs	132	110
Acquisition costs	179	58
Total adjusting items	1,769	1,091
Adjusted Operating Profit	7,700	4,602

Adjusted Profit Before Tax is defined as follows:

	2021 £'000	2020 £'000
Profit before tax (as reported)	5,644	3,257
Adjusting items (all costs):		
Non-underlying items		
Share-based payments	305	276
Amortisation of acquired intangible assets	1,153	647
Exceptional items		
Reorganisation costs	132	110
Acquisition costs	179	58
Total adjusting items	1,769	1,091
Adjusted Profit Before Tax	7,413	4,348

Notes to the Consolidated Financial Statements
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Alternative Performance Measures continued

Adjusted EPS is defined as follows:

	2021 £'000	2020 £'000
Profit for the year	4,708	2,591
Adjusting items (all costs):		
Non-underlying items		
Share-based payments	305	276
Amortisation of acquired intangible assets	1,153	647
Exceptional items		
Reorganisation costs	132	110
Acquisition costs	179	58
Total adjusting items	1,769	1,091
Less taxation on adjusting items calculated at the UK statutory rate	(336)	(207)
Adjusted profit for the year	6,141	3,475
Divided by diluted weighted average number of shares in issue (note 22)	102,799,084	101,206,148
Adjusted Diluted EPS	5.97p	3.43p

The following table is included to define the term Net Operating Assets:

	2021 £'000	2020 £'000
Net assets	26,774	20,064
Deferred tax asset	1,697	246
Corporation tax asset	17	52
Cash and cash equivalents	3,836	5,290
Borrowings and lease liabilities (current and non-current)	(5,644)	(12,286)
Deferred consideration	(2,350)	–
Deferred tax liability	(2,479)	(2,134)
Current tax payable	(750)	(513)
Total adjusting items within Net assets	(5,673)	(9,345)
Net Operating Assets	32,447	29,409

Segment Analysis 5

The Digital Imaging segment incorporates the Synoptics brands Syngene, Synbiosis, Synoptics Health and Fistreem, the Atik brands Atik Cameras, Opus and Quantum Scientific Imaging, and Graticules Optics. These businesses share significant characteristics including customer application, technology, and production location. Revenues derive from the sale of instruments, components for OEM customers' instruments, from accessories and service and from licence income.

The Sensors & Control segment combines our Sentek, Astles Control Systems, Applied Thermal Control, Thermal Exchange, MPB Industries, Chell Instruments, Monmouth Scientific and Uniform Engineering businesses. All of these businesses provide products that enable accurate control of scientific and industrial equipment. Their revenues also derive from the sale of instruments, major components for OEM customers' instruments, and from accessories and service.

The Board of Directors reviews operational results of these segments on a monthly basis, and decides on resource allocations to the segments and is considered the Group's chief operational decision maker.

	2021 Total £'000	2020 Total £'000
Revenues		
Digital Imaging	15,788	11,050
Sensors & Control	19,288	13,448
Group	35,076	24,498
Adjusted Operating Profit		
Digital Imaging	5,165	2,382
Sensors & Control	4,360	3,028
Other	(1,825)	(808)
Group	7,700	4,602
Amortisation of acquired intangible assets		
Digital Imaging	(175)	(182)
Sensors & Control	(978)	(465)
Group	(1,153)	(647)

Adjusted Operating Profit has been defined in note 4.

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 Consolidated Financial Statements
continued

5 Segment Analysis continued

	2021 Total £'000	2020 Total £'000
Operating assets excluding acquired intangible assets		
Digital Imaging	7,895	6,281
Sensors & Control	9,683	5,993
Other	131	120
Group	17,709	12,394
Acquired intangible assets		
Digital Imaging	5,195	5,370
Sensors & Control	20,251	15,068
Group	25,446	20,438
Operating Liabilities		
Digital Imaging	(5,439)	(1,190)
Sensors & Control	(4,204)	(2,087)
Other	(1,064)	(158)
Group	(10,707)	(3,435)
Net operating assets		
Digital Imaging	7,650	10,550
Sensors & Control	25,731	19,042
Other	(934)	(183)
Group	32,447	29,409
Depreciation		
Digital Imaging	461	435
Sensors & Control	505	389
Other	7	7
Group	973	831

Net Operating Assets has been defined in note 4.

The geographical analysis of revenue by destination, analysis of revenue by product or service, and non-current assets by location are set out below:

Revenue by destination of external customer	2021 £'000	2020 £'000
United Kingdom (country of domicile)	15,343	10,249
Europe	5,137	5,129
America	3,365	3,290
China	6,854	910
Asia (excluding China)	3,088	3,582
Rest of World	1,289	1,338
	35,076	24,498

Revenue by product or service	2021 £'000	2020 £'000
Instruments and spare parts	34,640	23,894
Services	436	604
	35,076	24,498

16% of Group revenue was from a single customer during the year.

Non-current assets by location	2021 £'000	2020 £'000
United Kingdom	29,824	24,872
Portugal	396	412
America	148	227
	30,368	25,511

Profit Before Taxation 6

Profit for the year has been arrived at after charging:

	2021 £'000	2020 £'000
Amortisation and write-down of intangible assets	1,589	1,189
Depreciation charge for the year – Right-of-use assets	528	490
Depreciation charge for the year – Other assets	445	342
Auditor's remuneration Group:		
– Audit of Group accounts	20	18
Fees paid to the auditor and its associates in respect of other services:		
– Audit of Company and of subsidiaries	165	151
– Tax compliance services	–	34
– Audit related assurance services	12	12
Currency exchange loss	72	9
Reorganisation costs	132	110
Acquisition costs	179	58

Notes to the Consolidated Financial Statements
continued

7 Directors' and Employees' Remuneration

Staff costs during the year were as follows:

	2021 £'000	2020 £'000
Wages and salaries (including reorganisation costs and other termination benefits £36k (2020: £58k))	9,324	7,221
Furlough income	(273)	(55)
Social security costs	989	731
Share-based payments	305	276
Employer's National Insurance costs on share-based remuneration	578	–
Other pension costs	365	345
	11,288	8,518

Key management for the Group is considered to be the directors of the Group. Remuneration of directors is set out in the directors' remuneration report on pages 34-35.

Pensions

The Group operates defined contributions pension schemes for the benefit of the employees. The assets of the schemes are administered by trustees in funds independent from those of the Group. Total contributions for the Group were £365k (2020: £345k).

	2021 £'000	2020 £'000
Current pension obligations included in liabilities	76	60

The average number of employees of the Group during the year was:

	2021 Number	2020 Number
Administration	68	50
Production	142	129
Product development	39	30
Sales and marketing	23	23
	272	232

Share-based employee remuneration

The company has two active EMI option schemes, "approved" and "unapproved", which share similar features, but may be treated differently regarding taxation of the option holder. Both schemes have been approved by shareholders in general meetings. The approved scheme has been approved by HM Revenue & Customs. The options can be exercised three years after the share options are granted. Upon vesting, each option allows the holder to purchase one ordinary share. The options lapse if share options remain unexercised after a period of 10 years after the date of grant or if the employee leaves. During the year, 390,000 of such options were granted under these schemes, at exercise prices ranging from £0.649 to £1.040. The weighted average remaining contractual life of all outstanding options under these schemes is 5.49 years.

In addition, in December 2018, a Long-Term Incentive Plan (LTIP) was approved by the Board of directors. Under the terms of the grant, a proportion of the options will vest after three years, depending on a) the ranking of Total Shareholder Return (TSR) to Group shareholders compared with a basket of twenty comparator companies, and b) the earnings per share growth for the Group over the three-year period. The exercise price for these options is 1p each, being the nominal value of SDI shares.

A summary of options outstanding currently is as follows:

Scheme	Options outstanding at 1 May 2020	Granted	Exercised	Options outstanding at 30 April 2021	of which exercisable	Weighted average exercise price
EMI, Approved	3,883,872	30,000	(673,533)	3,240,339	1,085,339	£0.410
EMI, Unapproved	1,260,600	360,000	–	1,620,600	1,260,600	£0.435
LTIP	1,847,630	–	–	1,847,630	–	£0.010
Total	6,992,102	390,000	(673,533)	6,708,569	2,345,939	£0.306

In accordance with IFRS 2, Share-based compensation expense is calculated on the issue of share options. For options under the LTIP scheme vesting based on TSR, a Monte Carlo simulation performed is used to value the compensation expense. For the other options issued during the year, the compensation expense was valued using the Black Scholes model, with the following inputs:

- interest rate 0%
- volatility 52%-54%
- expected life of option 3 years.

The charge for the year ended 30 April 2021 was £305k (2020: £276k).

Notes to the Consolidated Financial Statements
continued

8 Finance Costs

	2021 £'000	2020 £'000
Bank loans	204	172
Leases and hire purchase contracts	83	82
	287	254

9 Taxation

	2021 £'000	2020 £'000
Corporation tax:		
Prior year corporation tax adjustment	–	17
Current tax charge	1,220	544
	1,220	561
Deferred tax expense/(income)	(284)	105
Income tax charge	936	666

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	5,644	3,257
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19% (2020: 19%)	1,072	619
Effects of:		
Expenses not deductible for tax purposes	30	22
Additional deduction for R&D expenditure	(162)	(135)
Prior year tax adjustments	(18)	17
Update deferred tax liabilities and assets to enacted future tax rate of 19% (2020: 19%)	–	158
Other	14	(15)
	936	666

The Group takes advantage of the enhanced tax deductions for Research and Development expenditure in the UK and expects to continue to be able to do so.

Intangible Assets 10

The amounts recognised in the balance sheet relate to the following:

	Customer relationships £'000	Other intangibles £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost					
At 1 May 2020	10,217	1,095	10,895	2,904	25,111
Additions	–	–	–	367	367
Additions on acquisition	2,251	610	3,078	–	5,939
Disposals/Eliminations	–	(11)	–	(411)	(422)
At 30 April 2021	12,468	1,694	13,973	2,860	30,995
Amortisation					
At 1 May 2020	1,322	409	–	1,730	3,461
Amortisation for the year	773	392	–	425	1,590
Disposals/Eliminations	–	(11)	–	(282)	(293)
At 30 April 2021	2,095	790	–	1,873	4,758
Net book value					
As at 30 April 2021	10,373	904	13,973	987	26,237
As at 30 April 2020	8,895	686	10,895	1,174	21,650

	Customer relationships £'000	Other intangibles £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost					
At 1 May 2019	7,899	810	8,391	2,678	19,778
Additions	–	41	5	536	582
Additions on acquisition	2,318	261	2,499	–	5,078
Disposals	–	(17)	–	(310)	(327)
At 30 April 2020	10,217	1,095	10,895	2,904	25,111
Amortisation					
At 1 May 2019	719	367	–	1,498	2,584
Amortisation for the year	603	58	–	528	1,189
Disposals	–	(16)	–	(296)	(312)
At 30 April 2020	1,322	409	–	1,730	3,461
Net book value					
As at 30 April 2020	8,895	686	10,895	1,174	21,650
As at 30 April 2019	7,180	443	8,391	1,180	17,194

Capitalised development costs include amounts totalling £429k (2020: £385k) relating to incomplete projects for which amortisation has not yet begun.

Notes to the Consolidated Financial Statements
continued

10 Intangible Assets continued

Goodwill relates to various acquisitions and has been allocated to each cash generating unit as appropriate. The cash generating units used to test impairment are generally the individual acquired businesses, or, where these have been operationally merged with others, the resulting merged businesses. Goodwill is not amortised but tested for impairment annually with the recoverable amount being determined, from value in use calculations. Goodwill has been allocated for impairment testing to each Cash Generating Unit (CGU), as follows:

	2021 £'000	2020 £'000
Synoptics	453	453
Atik	1,229	1,229
Graticules	1,278	1,278
Sentek	1,282	1,282
Astles Control Systems	2,503	2,503
Applied Thermal Control	1,028	1,028
MPB Industries	630	630
Chell Instruments	2,492	2,492
Monmouth Scientific	2,824	–
Uniform Engineering	253	–
	13,973	10,895

The individual impairment assessments for the cash generating units were based on value-in-use calculations covering a five-year forecast followed by an extrapolation of expected cash flows to perpetuity using a long-term growth rate of 2%.

A risk-adjusted, pre-tax discount rate of 13.7% (2020: 12%) which was judged to be appropriate for each of the CGU's given that they operate in similar markets and the risk profiles are similar. Management's key assumption for all cash generating units and resulting cash flows is to maintain market share in their markets.

The Directors have concluded that Goodwill is not impaired for any of the cash generating units. They have further considered the sensitivity of the key assumptions which were most sensitive to changes, including reduced growth rates and increased discount rates. The Growth rates are based on economic data for the wider economy and represent a prudent expectation of growth. Management do not consider it probable that any reasonable change in the key assumptions would result in an impairment, given the available headroom.

The average remaining amortisation period of intangible assets excluding Goodwill is 7.8 years (2020: 9.1 years).

Property, Plant and Equipment 11

	Motor vehicles £'000	Computer equipment £'000	Tools and other equipment £'000	Furniture fixtures & fittings £'000	Building and leasehold improvement £'000	Right of Use Assets £'000	Total £'000
Cost							
At 1 May 2020	16	295	1,130	182	344	3,322	5,289
Additions	95	30	325	27	60	130	667
Additions on acquisition	303	–	178	114	10	72	677
FX movement	–	4	5	3	2	7	21
Disposals	(20)	(3)	(117)	–	–	(200)	(340)
At 30 April 2021	394	326	1,521	326	416	3,331	6,314
Depreciation							
At 1 May 2020	10	128	618	37	105	490	1,388
Charge for year	41	20	290	67	27	528	973
Disposals	(20)	(3)	(70)	–	–	(85)	(178)
At 30 April 2021	31	145	838	104	132	933	2,183
Net book value							
At 30 April 2021	363	181	683	222	284	2,398	4,131
At 30 April 2020	6	167	512	145	239	2,832	3,901

Included in the net carrying amount of right of Use assets are building and leasehold improvements £2,324k (2020: £2,821k) and of motor vehicles of £74k (2020: £11k).

Notes to the Consolidated Financial Statements
continued

12 Leases

Lease liabilities are presented in the balance sheet as follows:

	2021 £'000	2020 £'000
Current	509	539
Non-current	2,050	2,414
	2,559	2,953

The Group has leases for the main factory buildings and offices, and for some vehicles and equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 11).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Furthermore, the Group must insure items of plant and machinery and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Total contractual undiscounted lease liabilities at 30 April 2021 were as follows:

	2021 £'000	2020 £'000
Within one year	492	583
Within two to five years	1,182	1,668
After five years	1,109	1,255
Total undiscounted lease liabilities	2,783	3,506

At 30 April 2021 the Group was committed to a long-term lease of the new custom built factory building at Monmouth Scientific and the total commitment at that date was £4.2m.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

13 Deferred Tax

	2021 Deferred tax asset £'000	Deferred tax liability £'000	2020 Deferred tax asset £'000	Deferred tax liability £'000
Opening	246	(2,134)	180	(1,448)
Capitalised R & D	–	41	–	–
Deferred tax on share options	1,249	–	47	–
Acquired deferred tax assets/liabilities	–	(90)	–	(25)
Intangibles recognised on business combinations	–	(544)	–	(490)
Amortisation acquired intangible assets	–	217	–	122
Adjustment to enacted tax rate	–	–	23	(181)
Trading losses recognised/used	–	–	(26)	–
Adjustment to prior year	54	37	40	(8)
Other temporary differences	148	(6)	(18)	(104)
At 30 April 2021	1,697	(2,479)	246	(2,134)

	2021 Deferred tax asset £'000	Deferred tax liability £'000	2020 Deferred tax asset £'000	Deferred tax liability £'000
Deferred tax on capitalised R&D	–	(138)	–	(189)
Other temporary differences	200	(203)	22	(145)
Deferred tax on acquired intangible assets	–	(2,138)	–	(1,800)
Deferred tax on share option exercises	1,468	–	224	–
Trading losses recognised	29	–	–	–
At 30 April 2021	1,697	(2,479)	246	(2,134)

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £255k (2020: £355k) in respect of losses. Total losses (provided and unprovided) totalled £1.5m (2020: £1.8m).

The Group benefits from tax deductions related to actual gains made by employees on exercise of share options, which are different, in both magnitude and timing, from the share-based payments expense recorded in the Group's Income Statement (for which no tax deduction is received). A deferred tax asset is recorded for the tax deductions expected to result from future share option exercises, based on the calculated earned gains inherent in share options outstanding at period end, at the current enacted tax rate. To the extent that the deductible employee gains exceed the recorded share-based payments, the excess of the associated current or deferred tax is recognised directly in equity. For 2021, tax deductions totalling £1,438k (2020: nil) have been recognised directly in equity.

Notes to the Consolidated Financial Statements
continued

14 Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	4,086	1,948
Work in progress	750	289
Finished goods	1,223	1,491
	6,059	3,728

There is no material difference between the replacement cost of inventory and the amounts stated above.

In the year ended 30 April 2021 a total of £12,206k (2020: £7,975k) of inventories were consumed and charged to the Income Statement as an expense.

15 Trade and Other Receivables

	2021 £'000	2020 £'000
Trade receivables	6,182	3,009
Corporation tax	17	52
Other receivables	171	171
Prepayments	373	385
	6,743	3,617

All amounts are short-term. All of the receivables have been reviewed for potential credit losses, and expected credit loss has been estimated.

A reconciliation of the movement in the expected credit loss provision for trade receivables is as follows:

	2021 £'000	2020 £'000
Expected credit loss provision as at 1 May 2020	165	–
Increase in provision	30	165
Provision as at 30 April 2021	195	165

In addition, some of the unimpaired trade receivables are past due at the reporting date. There are no indications that financial assets past due but not impaired are irrecoverable.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16 Cash and Cash Equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	3,836	5,290

17 Trade and Other Payables

	2021 £'000	2020 £'000
Trade payables	3,347	1,427
Social security and other taxes	751	379
Contingent consideration	2,350	–
Other payables	705	90
Accruals and deferred income	5,673	1,454
	12,826	3,350

Accruals and deferred income includes an amount of £3,875k (2020: £398k) in respect of contract liabilities for revenues relating to performance obligations expected to be satisfied within the next 12 months. The contract liabilities balance has increased significantly during the year as a result of the significant contract for equipment relating to testing of COVID-19 in Atik. All of the prior year contract liabilities of £398k were recognised as revenue during the current year.

At the end of the year, contingent consideration of £2.35m was outstanding for Monmouth and this has since been paid to the sellers.

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

18 Provisions

	Dilapidations		Warranties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
As at 1 May 2020	–	–	85	11
Charged/(provided) for in year	110	–	35	74
Total as at 30 April 2021	110	–	120	85

	Total	
	2021 £'000	2020 £'000
As at 1 May 2020	85	11
Charged for in year (net)	145	74
Total provisions as at 30 April 2021	230	85

Warranties of between one and three years are given with the sales of products. There are potential costs associated with the repair of goods under these warranties which could occur at any time over the next three years of which the level of costs is uncertain. The warranty provision is based on the historical cost of warranty repairs over the last three years and it is expected that the majority of this expenditure will be incurred in the next financial year. During the year the Group acquired Monmouth Scientific Limited and as part of the acquisition, dilapidations of £110k have been provided for.

Notes to the Consolidated Financial Statements
continued

19 Borrowings

Borrowings are repayable as follows:

	2021 £'000	2020 £'000
Within one year		
Bank finance	1,371	1,371
Leases	509	539
	1,880	1,910
After one and within five years		
Bank finance	1,714	7,962
Leases	2,050	2,414
	3,764	10,376
Total borrowings	5,644	12,286

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. The facility consists of a revolving facility of £5.0m and an amortising facility which reduces in quarterly instalments from £4.8m when it was taken out in November 2019 to zero by April 2023, when the current agreement expires. The revolving facility is undrawn, and is available for general use. The facility has covenants relating to leverage (net debt to EBITDA), interest coverage, and cash flow to debt service.

20 Reconciliation of Liabilities Arising From Financing Activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long term borrowing £'000	Short term borrowing £'000	Leases £'000	Total £'000
At 30 April 2020	7,962	1,371	2,953	12,286
Movements:				
New loans	–	5,404	24	5,428
Repayments	(6,248)	(5,404)	(489)	12,141
Assumed on acquisition	–	–	71	71
At 30 April 2021	1,714	1,371	2,559	5,644

Share Capital 21

	2021 £'000	2020 £'000
Authorised		
1,000,000,000 (2020: 1,000,000,000) Ordinary shares of 1p each	10,000	10,000
Allotted, called up and fully paid 98,408,164		
(2020: 97,503,951) Ordinary shares of 1p each	984	975

During the year 673,533 Ordinary shares of 1p were issued due to the exercise of options and 230,680 Ordinary shares of 1p were issued to part fund the acquisition made during the year. The 673,533 options had an exercise price ranging from £0.172 to £0.867. The Group received £155k cash as well as offsetting £200k against the acquisition of Monmouth, which was allocated £9k to share capital and £346k to share premium.

Earnings Per Share 22

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:			
– Year ended 30 April 2021	4,708	97,852,313	4.81
– Year ended 30 April 2020	2,591	97,277,721	2.66
Dilutive effect of share options:			
– Year ended 30 April 2021		4,946,771	
– Year ended 30 April 2020		3,928,426	
Diluted earnings per share:			
– Year ended 30 April 2021	4,708	102,799,084	4.58
– Year ended 30 April 2020	2,591	101,206,148	2.56

At the year end, there were no (2020: 425,000) share options which were anti-dilutive but may be dilutive in the future.

Contingent Liabilities 23

Performance guarantees totalling £32k (2020: £32k) are held by the bank. These would become payable by the Group if, once the customer has placed an order, the Group fails to deliver goods to the customer.

Notes to the Consolidated Financial Statements
continued

24 Related Party Transactions and Controlling Related Party

Transactions with directors are disclosed within the Directors' Remuneration Report and note 7.

The Company is not required to disclose transactions with its wholly owned subsidiaries.

Unless otherwise stated, none of the transactions incorporated in these financial statements include any special terms or conditions. There is no ultimate controlling party.

25 Financial Risk Management Objectives and Policies

Financial instruments

The Group uses various financial instruments, including loans and leasing arrangements, and has certain assets and liabilities which are denominated in foreign currencies. The main purpose of the financial instruments is to raise finance for the Group's operations. The existence of these financial instruments and other financial assets and liabilities exposes the Group to a number of financial risks, primarily interest rate risk and currency risk.

Interest rate risk

The Group finances its operations through a mixture of retained profits, short-term and long-term bank borrowings, and shareholders' equity. The Group has an exposure to interest rate fluctuations on its borrowings which are generally linked to LIBOR at 1 or 3 months. An increase in LIBOR of 1% would result in an increase in interest costs of approximately £31k (2020: £94k) annually, based on the loan outstanding at 30 April 2021.

Currency risk

A significant proportion of the Group's monetary assets (principally bank balances and trade receivables) and liabilities (principally borrowings) are denoted in Dollars and Euros but held in entities with Sterling as the functional currency. An adverse movement in exchange rates could lead to losses on these positions. As at 30 April 2021 an adverse movement in the dollar of 5% would result in a reduction in the Group's equity and profit or loss of £62k (2020: £3k). An adverse movement in the Euro of 5% would result in a reduction in the Group's equity and profit or loss of £64k (2020: £7k).

The carrying amount of the Group's Dollar and Euro-denominated monetary assets with a differing functional currency at the reporting date is as follows:

	Assets		Liabilities	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
US Dollars	1,303	413	–	(479)
Euros	1,354	841	–	(696)

In addition significant proportions of the Group's revenue, purchases and overhead costs are transacted in foreign currencies, mainly Dollars and Euros. The Group does not attempt to hedge its exposure using derivative instruments.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of cash deposits and trade and other receivables recognised at the balance sheet date of £10,757k (2020: £9,020k). Risks associated with cash deposits are limited as the banks used are reputable with quality external credit ratings.

The principal credit risks lies with trade receivables. In order to manage credit risk credit limits are set for customers based on a combination of payment history and third-party credit references. Details of overdue trade receivables are provided below. All of the receivables have been reviewed for potential credit losses, and expected credit loss has been estimated, as set out in note 15. The simplified approach has been adopted to calculate the level of expected credit loss provision in the year with a 30% allowance applied to those debtors due between 90 days and 120 days and a 70% allowance applied to those debtors greater than 120 days old.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations and arises from trade and other payables. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows.

The Group's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
As at 30 April 2021:	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Later than 5 years £'000
Trade and other payables	12,826	–	–	–
Borrowings	1,192	988	4,364	–

	Current		Non-current	
As at 30 April 2020:	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Later than 5 years £'000
Trade and other payables	3,350	–	–	–
Borrowings	1,017	893	10,376	–

Ageing of receivables:

	2021		2020	
	Gross £'000	Provision £'000	Gross £'000	Provision £'000
Past due less than 1 month	3,698	–	1,611	–
Past due 1-3 months	1,873	(2)	1,137	–
Past due 3-6 months	757	(186)	276	(43)
Past due 6-12 months	75	(33)	136	(124)
Past due greater than 12 months	1	(1)	96	(81)
	6,404	(222)	3,256	(247)

Notes to the Consolidated Financial Statements
continued

26 Summary of Financial Assets and Liabilities by IFRS 9 Category

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows;

Balance sheet headings	Financial assets at amortised cost 2021 £'000	Non-financial assets 2021 £'000	Financial liabilities at amortised cost 2021 £'000	Financial liabilities measured at fair value through profit & loss 2021 £'000	Non-financial liabilities 2021 £'000	Total balance sheet heading 2021 £'000
Cash and cash equivalents	3,836	–	–	–	–	3,836
Trade and other receivables	6,370	373	–	–	–	6,743
Borrowings – current	–	–	(1,880)	–	–	(1,880)
Borrowings – non-current	–	–	(3,764)	–	–	(3,764)
Trade and other payables – current	–	–	(9,725)	(2,350)	(751)	(12,826)
Total	10,206	373	(15,369)	(2,350)	(751)	7,891

Balance sheet headings	Financial assets at amortised cost 2020 £'000	Non-financial assets 2020 £'000	Financial liabilities at amortised cost 2020 £'000	Financial liabilities measured at fair value through profit & loss 2020 £'000	Non-financial liabilities 2020 £'000	Total balance sheet heading 2020 £'000
Cash and cash equivalents	5,290	–	–	–	–	5,290
Trade and other receivables	3,232	385	–	–	–	3,617
Borrowings – current	–	–	(1,910)	–	–	(1,910)
Borrowings – non-current	–	–	(10,376)	–	–	(10,376)
Trade and other payables – current	–	–	(2,971)	–	(379)	(3,350)
Total	8,522	385	(15,257)	–	(379)	(6,729)

The fair values of the financial assets and liabilities at 30 April 2021 and 30 April 2020 are not materially different from their book values.

27 Capital Management Policies and Procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders; and
- be in a position to make acquisitions ('buy and build' strategy)

The Group monitors capital by tracking and forecasting its Debt-to-EBITDA ratio as required by its bank facility covenant. The Group has historically acquired companies using a combination of cash on hand, increased borrowing, issue of shares to the sellers, and new equity share placings, taking care to retain adequate liquidity reserves.

The Group will keep its dividend policy under review.

28 Business Combinations

On 03 December 2020, the Company acquired the entire share capital of Monmouth Scientific Limited, a company incorporated in England and Wales, for a consideration payable in cash and shares.

The assets and liabilities acquired were as follows:

	Book value £'000	Fair Value adjustment £'000	Fair Value £'000
Assets			
Non-current assets			
Intangible assets	–	2,741	2,741
Property, plant & equipment	473	74	547
Total non-current assets	473	2,815	3,288
Current assets			
Inventories	1,308	–	1,308
Trade and other receivables	623	–	623
Cash and cash equivalents	572	–	572
Liabilities			
Trade and other payables	(922)	–	(922)
Borrowings – lease commitments	–	(74)	(74)
Corporation tax	(207)	–	(207)
Deferred tax liability	(86)	(520)	(606)
Provisions for warranty and dilapidations	(125)	(35)	(160)
Net assets acquired	1,636	2,186	3,822
Goodwill	–	2,825	2,825
Consideration and cost of investment			6,647
Fair value of consideration transferred			
Cash paid in year			4,097
SDI Group shares issued to sellers			200
Estimate of Earnout payment			2,350
			6,647

Notes to the Consolidated Financial Statements
continued

28 Business Combinations continued

Monmouth Scientific Limited contributed £3,401k revenue and approximately £436k (after management charges) to the Group's profit before tax for the period between the date of acquisition and the balance sheet date, not including £392k of acquired intangible asset amortisation.

If the acquisition of Monmouth Scientific Limited had been completed on the first day of the financial year, the additional impact on group revenues for the period would have been £4,781k and the additional impact on group profit would have been approximately £955k (after management charges), before additional £94k of amortisation expense.

The goodwill of £2,825k arising from the acquisition relates to the assembled workforce and to expected future profitability, synergy and growth expectations.

Management performed a detailed review of the acquired intangible assets, and recognised acquired customer relationships, trademarks and domain names, and order book. The customer relationships intangible asset was valued using a multi-period excess earnings methodology. The estimated fair value of the customer relationships therefore reflects the present value of the projected stream of cash flows that are expected to be generated by existing customers going forwards, net of orders on hand at the date of acquisition. Key assumptions are the discount rate and attrition rate. Values of 16% and 16% were selected. The order book of Monmouth Scientific Limited at the date of acquisition was substantial and included many orders for equipment related to testing for COVID-19. The intangible order book asset has been fully amortised in the period to April 2021.

The deferred tax liability has been calculated on the amortisable intangible assets using the current statutory tax rate of 19%.

The last financial year for Monmouth Scientific Limited before the acquisition closed was to 31 March 2020. The current financial year has been extended by one month to April 2021 to align with that of SDI Group plc.

On 29 January 2021, the Company acquired the trade and assets of Uniform Engineering, and injected them into Uniform Engineering Limited, a company incorporated in England and Wales, for a consideration payable in cash.

The assets and liabilities acquired were as follows:

	Book value £'000	Fair Value adjustment £'000	Fair Value £'000
Assets			
Non-current assets			
Intangible assets	–	120	1200
Property, plant & equipment	26	–	26
Total non-current assets	26	–	146
Current assets			
Inventories	46	–	46
Trade and other receivables	177	–	177
Cash and cash equivalents	–	–	–
Liabilities			
Trade and other payables	(67)	–	(67)
Deferred tax liability	–	(23)	(23)
Net assets acquired	182	97	279
Goodwill	–	253	253
Consideration and cost of investment			532
Fair value of consideration transferred			
Cash paid in year			532
			532

Uniform Engineering Limited contributed £171k revenue (excluding intercompany revenue) and a loss of approximately £58k to the Group's profit before tax for the period between the date of acquisition and the balance sheet date, not including £3k of acquired intangible asset amortisation.

If the acquisition of Uniform Engineering Limited had been completed on the first day of the financial year, the additional impact on group revenues for the period would have been £750k and the additional impact on group profit would have been approximately £75k (after management charges), before additional £10k of amortisation expense.

The goodwill of £253k arising from the acquisition relates to the assembled workforce and to expected future profitability, synergy and growth expectations.

Management performed a detailed review of the acquired intangible assets, and recognised acquired customer relationships. The customer relationships intangible asset was valued using a multi-period excess earnings methodology. The estimated fair value of the customer relationships therefore reflects the present value of the projected stream of cash flows that are expected to be generated by existing customers going forwards.

The deferred tax liability has been calculated on the amortisable intangible assets using the current statutory tax rate of 19%.

Prior Year Restatement 29

A prior year restatement was made to split out the merger relief reserve of £424k from the merger reserve. A third balance sheet is not required for this restatement as per IAS 1.40A given that the only effect on the information in the statement of financial position at the beginning of the comparative period was splitting out the reserve from where it was aggregated in the comparative period.

Company Balance Sheet
as at 30 April 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Property, plant & equipment		7	2
Investments	4	27,476	21,298
Intangible assets	5	–	–
Deferred tax asset	6	1,241	164
		28,724	21,464
Current assets			
Debtors	7	4,315	3,374
Cash		3,184	2,091
		7,499	5,465
Creditors: amounts falling due within one year	8	(12,507)	(2,244)
Net current assets		(5,008)	3,221
Total assets less current liabilities		23,716	24,685
Creditors: amounts falling due after more than one year	9 & 10	(1,716)	(7,962)
Net assets		22,000	16,723
Capital and reserves			
Called up share capital	11	984	975
Share premium account		9,092	8,748
Share-based payment reserve		714	467
Merger relief reserve		424	424
Profit and loss account		10,786	6,109
Shareholders' funds		22,000	16,723

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial year was £3,597k (2020: £1,043k).

The financial statements were approved and authorised for issue by the Board of Directors on 19 July 2021.

Mike Creedon
Chief Executive Officer

Jon Abell
Chief Financial Officer

Company registration number: 6385396

Company Statement of Changes in Equity
as at 30 April 2021

	Share capital £'000	Merger reserve relief £'000	Share premium reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
At 1 May 2020	975	424	8,748	467	6,109	16,723
Shares issued	9	–	344	–	–	353
Tax in respect to share options	–	–	–	–	1,022	1,022
Share-based payment transfer	–	–	–	(58)	58	–
Share-based payments	–	–	–	305	–	305
Transactions with owners	9	–	344	247	1,080	1,680
Profit for the year	–	–	–	–	3,597	3,597
Total comprehensive income	–	–	–	–	3,597	3,597
At 30 April 2021	984	424	9,092	714	10,786	22,000

	Share capital £'000	Merger reserve relief £'000	Share premium reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 May 2019	972	424	8,698	284	4,973	15,351
Shares issued	3	–	50	–	–	53
Share-based payment transfer	–	–	–	(93)	93	–
Share-based payments	–	–	–	276	–	276
Transactions with owners	3	–	50	183	93	329
Profit for the year	–	–	–	–	1,043	1,043
Total comprehensive income	–	–	–	–	1,043	1,043
At 30 April 2020	975	424	8,748	467	6,109	16,723

Notes to the Company Financial Statements

for the year ended 30 April 2021

1 Principal Accounting Policies

Basis of preparation

The separate financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements are prepared under the historical cost convention.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered between two or more members of the group as they are wholly owned within the group.
- Disclosure of key management personnel compensation
- Capital management disclosures
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- The effect of future accounting standards not adopted
- Certain share-based payment disclosures
- Disclosures in relation to impairment of assets
- Financial instrument disclosures under IFRS 9

Investments

SDI Group plc qualifies for merger relief under Companies Act 2006 s612, and has recorded the investment in Synoptics Limited at the nominal value of the shares issued, less provision for impairment. The shares issued on acquisition of Opus Instruments Limited also qualified for merger relief under Companies Act 2006 s612 and so the premium has been classified as a merger relief reserve. All other investments are recorded at cost, less any provision for impairment.

Share options

SDI Group plc regularly issues share options to employees, including to employees of subsidiary companies. The fair value of the employee services received in exchange for the grant of options is recognised as an expense which is written off to the income statement over the vesting period of the option. The amount to be expensed is determined by reference to the fair value of the options at the grant date adjusted for the number expected to vest. The expense relating to these options is recognised in the relevant subsidiary company income statement. The carrying value of the investment in those subsidiaries is increased by an amount equal to the value of share-based payment charge attributable to the option holders in the respective subsidiaries.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that results in a residual interest in the assets of the Company after deducting all of its financial liabilities. Equity instruments do not include a contractual obligation to deliver cash or other financial asset to another entity.

Any instrument that does have the obligation to deliver cash or another financial asset to another entity is classified as a financial liability. Financial liabilities are presented under creditors on the balance sheet.

Pension

The pension costs charged against profits represent the amount of the contribution's payable to the defined contribution scheme in respect of the accounting period.

Employee Remuneration 2

Remuneration in respect of directors paid by the Company was as follows:

	2021 £'000	2020 £'000
Emoluments	452	476
Pension	14	14
	466	490

During the year, no directors exercised share options (2020: one director exercised 430,528) held over ordinary shares of SDI Group plc.

Details of directors' interest in the shares and options of the Company are provided in the directors' remuneration report on pages 34-35. The highest paid director aggregate entitlements were £198k (2020: £236k) in addition to Company pension contributions of £8k (2020: £8k) made to a money purchase scheme. As at 30 April 2021 the highest paid Director held a total of 1,952,327 share options (2020: 1,952,327 share options).

Key management for the Company is considered to be the directors of the Company. Employer's National Insurance in respect of directors was £61k (2020: £62k).

Share-based employee remuneration

Further details of the Company's share-based remuneration are set out in note 7 to the consolidated financial statements.

The share-based payment expense for the Company totalled £202k (2020: £193k).

Auditors' Remuneration 3

Auditors' remuneration attributable to the Company is as follows:

	2021 £'000	2020 £'000
Taxation compliance services/taxation advisory services	–	6
Fees payable to the company's auditor for the audit of the financial statements	10	12

Investments 4

Investments in Group undertakings	£'000
Cost and net book amount as at 1 May 2020	21,298
Additions	6,075
Share-based payment expense recognised as capital contributions in subsidiaries	103
Cost and net book amount as at 30 April 2021	27,476

Notes to the Company Financial Statements
continued

4 Investments continued

Details of the investments are as follows:

Subsidiary undertakings	Country of Incorporation	Holdings	% of voting rights	Nature of Business
Synoptics Limited	England & Wales	Ordinary shares	100%	Design & Manufacture
Atik Cameras Limited	England & Wales	Ordinary shares	100%	Design
Perseu Comercio De Equipamento Para Informatica E Astronomica SA	Portugal	Share quotas	100%	Manufacture
Opus Instruments Limited	England & Wales	Ordinary Shares	100%	Dormant
Sentek Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Astles Control Systems Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Applied Thermal Control Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Fistreem International Limited	England & Wales	Ordinary Shares	100%	Dormant
Thermal Exchange Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Graticules Optics Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
MPB Industries Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Chell Instruments Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Monmouth Scientific Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture
Ducthub Limited	England & Wales	Ordinary Shares	100%	Dormant
Labhub Limited	England & Wales	Ordinary Shares	100%	Dormant
The following companies are all held by Synoptics Limited:				
Scientific Digital Imaging Limited	England & Wales	Ordinary Shares	100%	Dormant
Synoptics Inc	USA	Ordinary	100%	Distributor
The following company is held by Monmouth Scientific Limited:				
Uniform Engineering Limited	England & Wales	Ordinary Shares	100%	Design & Manufacture

Each of the above investments has been included in the consolidated financial statements.

A parental guarantee has been granted to Uniform Engineering Limited, company number 13117156, which means it is exempt from the requirements of the Act relating to the audit of its individual accounts.

Intangible Assets 5

	2021 £'000
Cost at 30 April 2021 & 2020	50
Amortisation at 30 April 2021 & 2020	50
Net book value as at 30 April 2020	–
Net book value as at 30 April 2021	–

Deferred Tax Asset 6

	2021 £'000	2020 £'000
Deferred tax asset	1,241	164
	1,241	164

The deferred tax asset relates to tax deductions for share options as they are exercised.

Debtors 7

	2021 £'000	2020 £'000
Inter-group debtors	4,210	3,254
Prepayments and accrued income	97	111
Other debtors	8	9
	4,315	3,374

All debtors fall due within one year of the balance sheet date. No provisions are made for inter-group debtors as the credit risk is not thought to be significant.

Creditors: Amounts Falling Due Within One Year 8

	2021 £'000	2020 £'000
Bank loans	1,371	1,371
Amounts owed to other group companies	7,746	713
Trade creditors	31	31
Lease liabilities	7	2
Social security and other taxes	16	11
Other creditors	2,928	–
Accruals and deferred income	408	116
	12,507	2,244

Notes to the Company Financial Statements
continued

9 Creditors: Amounts Falling Due After One Year

	2021 £'000	2020 £'000
Bank loans	1,714	7,962
Leases	2	–
	1,716	7,962

10 Borrowings

	2021 £'000	2020 £'000
Within one year		
Bank finance	1,371	1,371
	1,371	1,371
After one and within five years		
Bank finance	1,714	7,962
	1,714	7,962
Total borrowings	3,085	9,333

Bank finance relates to amounts drawn down under the Company's bank facility with HSBC Bank plc, which is secured against all assets of the Group. The facility consists of a revolving facility of £5,000,000 and an amortising facility which reduces in quarterly instalments from £4,800,000 when it was taken out in November 2019 to zero by April 2013, when the current agreement expires. The facility has covenants relating to leverage (net debt to EBITDA), interest coverage, and cash flow to debt service.

Called Up Share Capital 11

	2021 £'000	2020 £'000
Authorised		
1,000,000,000 Ordinary shares (2020: 1,000,000,000) of 1p each	10,000	10,000
Allotted, called up and fully paid 98,408,164		
(2020: 97,503,951) Ordinary shares of 1p each	984	975

During the year 673,533 Ordinary shares of 1p were issued due to the exercise of options and 230,680 Ordinary shares of 1p were issued to part fund the acquisition made during the year. The 673,533 options had an exercise price ranging from £0.172 to £0.867. The Group received £155k cash as well as offsetting £200k against the acquisition of Monmouth, which was allocated £9k to share capital and £346k to share premium.

Share options

A summary of options outstanding currently is provided in note 7 to the consolidated financial statements.

Related Party Transactions 12

Transactions with directors are disclosed within the Directors' Remuneration Report and note 7 to the consolidated financial statements. The Company is not required to disclose transactions with its wholly owned subsidiaries.

Six Year Summary

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Revenue	35,076	24,498	17,427	14,496	10,748	8,473
Cost of sales	(12,206)	(7,899)	(5,902)	(4,954)	(3,837)	(3,298)
Gross profit	22,870	16,599	11,525	9,542	6,911	5,175
Gross margin %	65.2%	67.8%	66.1%	65.8%	64.3%	61.1%
Other income	21	19	–	–	–	–
All other operating costs	(15,191)	(12,016)	(8,423)	(7,196)	(5,575)	(4,346)
Adjusted operating profit	7,700	4,602	3,102	2,346	1,336	819
Reorganisation costs	(132)	(110)	(124)	(63)	(87)	(17)
Share-based payments	(305)	(276)	(136)	(65)	(2)	(7)
Acquisition costs	(179)	(58)	(288)	(165)	(165)	(178)
Amortisation of acquired intangible assets	(1,153)	(647)	(356)	(277)	(118)	(81)
Operating profit	5,931	3,511	2,198	1,776	964	536
Net financing expenses	(287)	(254)	(77)	(63)	(61)	(40)
Profit before tax	5,644	3,257	2,121	1,713	903	496
Income tax	(936)	(666)	(209)	(98)	(75)	75
Profit for the year	4,708	2,591	1,912	1,616	828	571
Cash generated from operations	11,710	5,169	3,620	2,854	1,406	1,298
Earnings per share						
Basic earnings per share	4.81p	2.66p	2.10p	1.81p	1.17p	1.17p
Diluted earnings per share	4.58p	2.56p	2.05p	1.79p	1.14p	1.15p
Adjusted diluted earnings per share	5.97p	3.43p	2.83p	2.30p	1.55p	1.61p

IFRS 16 'Leases' came into effect in the year ended 30 April 2020. No adjustment has been made to any periods prior to this.

Shareholder Information

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Company registration number 6385396

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M J Creedon Chief Executive Officer
I Napper Non-Executive Director
D F Tilston Non-Executive Director
J P Abell Chief Financial Officer

Company Secretary
J P Abell

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