

SDI Group plc
("SDI", the "Company", or the "Group")
Acquisition of Severn Thermal Solutions

6 June 2025 - [SDI Group plc](#), the buy and build group, focused on companies which design and manufacture specialist lab equipment, industrial & scientific sensors and industrial & scientific products, is pleased to announce the acquisition of Severn Thermal Solutions Ltd ("Severn") for a net consideration of £4.75m. Severn is a designer and manufacturer of high temperature furnace systems and environmental chambers for advanced material processing and testing.

Highlights

- Profitable business in the material testing and processing industry providing the Group with expansion into the controlled environment market
- Scientific niche in a growing market, blue-chip customer base and strong international revenues, delivering on the Group's stated acquisition strategy
- Severn will join the Group's Lab Equipment segment with intra-group cross-selling opportunities
- The acquisition is expected to be immediately earnings enhancing¹

Severn designs and manufactures furnaces and environmental chambers for a wide range of applications within industry and research, offering advanced material testing and processing for niche scientific sectors including nuclear, aerospace and semiconductors. Its systems are capable of achieving temperatures of over 3000°C or close to absolute zero. Severn offers the Group expansion into the controlled environment market and a global, blue-chip customer base.

For the year ended 30 September 2024, Severn delivered revenue of £2.42m, adjusted EBIT of £0.88m (adjusted to reflect Severn's cost base as part of the enlarged Group) and a reported EBIT of £1.06m (all unaudited).

Stephen Brown, Chief Executive Officer of SDI Group, said:

"Severn is a growing, profitable business, aligning with our key investment criteria of targeting scientific and industrial niche markets with global reach. Severn benefits from a strong, experienced management team who will remain in place, maintaining its sustainable sales pipeline, supported by significant international exposure."

"We are excited by the prospects for this acquisition, both as a standalone entity and in the cross-sell opportunities to other businesses across the Group. We continue to pursue our acquisitive growth strategy alongside our organic growth programme."

About Severn Thermal Solutions

Established in 2006, Severn designs, manufactures and sells high and low temperature systems (furnaces, environmental chambers and ovens), which are used for materials testing and materials processing applications, in multiple sectors, including nuclear, aerospace, power generation, automotive, semiconductors, microelectronics and research. Severn provides both standard and bespoke products across these sectors, and its products are now sold in over 25 countries worldwide. Severn employs 11 people and is based in a 4,500 sq. ft. site in Dursley, UK. The shareholders of the business, prior to this acquisition, were Nigel Ryder and Tracy Ryder (the majority shareholders), Jason Grout and Peter Collett. All will remain with the business in a full-time capacity.

Consideration for the Acquisition

Net total consideration is £4.75m, excluding the £3.57m of cash acquired. Total consideration comprises the following:

- Cash consideration payable immediately on completion of £7.84m; and
- Deferred cash consideration of £0.48m which is expected to be paid to the sellers shortly after completion.
- Gross and net cash acquired of £3.57m.

The cash consideration payable on completion will be funded from the Group's revolving credit facility with HSBC UK Bank. As at 30 April 2025, the Group had cash of approximately £1.3m (unaudited), bank debt of £15.1m (unaudited) and £9.9m of undrawn bank facility (excluding the accordion option). The Group has a further £0.6m of deferred consideration payable relating to previous acquisitions.

¹Analysts from SDI's broker Cavendish Capital Markets Limited, and from Progressive Equity Research regularly provide research on the Company, accessible from SDI's website, and the Group considers the average of their forecasts to represent market expectations which for FY26 were, prior to announcement of this acquisition, Sales of £73.2m and Adjusted Profit Before Tax of £9.5m.

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About SDI Group plc

SDI Group plc is a group of small to medium size companies with specialist industrial and scientific products in growth sector niches which help solve customers' key challenges.

It specialises in the acquisition and development of companies that design and manufacture specialist products for use in lab equipment, industrial & scientific sensors and industrial & scientific products.

Its portfolio of businesses supplies the life sciences, healthcare, plastics and packaging, manufacturing, precision optics and measurement instrumentation markets.

SDI aims to continue its growth through driving the organic growth of its portfolio companies and by the acquisition of complementary technology businesses with established reputations in global markets.

For more information, please see: www.SDIGroup.com

No statement in this announcement is intended to be a profit forecast or estimate and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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