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ASX and Media Release

31 August 2022

Purchase of new 6-acre site to support long term strategic planning

MELBOURNE, Australia - SDI Limited (ASX: SDI), a leading dental technology company that conducts research and development, manufacturing, and distribution of specialty dental materials, is pleased to announce the purchase of a 6-acre site to support the long-term strategic plan for the Group and in the short-term adding important warehouse capacity. This strategic acquisition will ensure that the Company will increase its operational efficiencies and have excess capacity for future growth.

The new site, a short 7 km distance from SDI's current site, comprises a 4,000 m² warehouse on 2.8 acres, and a tenant occupying 3.2 acres of 6-acre site. The tenant has a 1-year lease term remaining and a 5-year option. The purchase contract is on 60 days settlement terms. SDI will fund the \$17.8 million purchase via secured bank debt.

Following renovation work on the warehouse, SDI will relocate its warehouse facilities to the new location in January 2023. In the first instance, SDI will use the location for warehousing purposes, with longer term plans (6 to 10 years) to redevelop the remaining area to relocate the existing Bayswater manufacturing and office facilities. On completion of the relocation, the existing Bayswater site will be sold. Longer-term plans are yet to be finalised.

Additional warehousing space has become critical, and the Company has been searching for a warehouse to lease. When comparing the lease cost to this purchase cost, the differential is immaterial, after allowing for the rental income and the current cost of a third-party warehouse to facilitate additional storage.

As indicated in the full year results presentation last week, SDI had purchased a 1.4 acre adjoining property to its current site for future development for a new warehouse. At the time this was a strategic move as there was limited property available in the surrounding areas. This property and an adjoining property will now be sold.

Commenting on the new site purchase Chief Executive Officer Samantha Cheetham said:

"We are thrilled to have secured this new site in such proximity to head office. This strategic acquisition will result in immediate savings, forgoing the need to continue to outsource our warehousing needs at significant cost."

"Longer term, the new site provides us with huge scope to optimise our manufacturing operations at head office. We are excited for what this new site means for our growing operations and prospects for growth."

This announcement has been approved for release by the Board of Directors.

Please contact Adrian Mulcahy if you have any queries.

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About SDI Limited

Founded in 1972 and publicly listed on the Australian Securities Exchange in 1985, SDI Limited is a leading dental technology company that conducts research and development, manufacturing, and marketing of specialist dental materials. SDI's products combine innovation and excellence to provide the ideal restorative materials for the dental profession.

All of SDI's products are manufactured in Victoria, Australia. SDI's products are distributed through distributors and retailers in over 100 countries throughout the world. SDI has offices and warehouses in Australia, USA, Germany, and Brazil.