

Likelihood that SMT Corporation will remain in Connecticut after 2027

Introduction

SMT Corporation (SMT Corp.) is a privately held independent stocking distributor and test house for obsolete and hard-to-find electronic components. The company maintains a large inventory of more than half-a-billion board-level electronic components from over 1 200 manufacturers and focuses on supplying high-reliability parts to the U.S. defense and aerospace industries. SMT Corp. began operations in the late 1990s and has operated from Sandy Hook, Connecticut since 2005 when it built a purpose-designed headquarters and testing facility. Because the building is held in a sale-leaseback structure with a lease expiring in September 2027, investors wish to understand whether SMT Corp. is likely to remain at this location beyond the lease term.

SMT Corporation's operations, workforce and facility investments

Headquarters and facility investments

- **Purpose-built facility:** SMT Corp. purchased a nine-acre property at 14 High Bridge Road in Sandy Hook in 2003 and completed construction of a 71 640-sq-ft industrial building in 2005. The building was designed specifically for the safe storage and testing of electronic components and includes climate-controlled storage, electro-static-discharge (ESD) safe flooring, secure air-locks and sophisticated security systems. The facility houses laboratories for counterfeit detection, electrical and environmental testing, and a large warehouse for stocking components.
- **Expansion capability:** In 2010 SMT acquired an adjacent 12-acre parcel zoned for industrial use, providing room for a 150 000-sq-ft expansion or technology park. This property gives SMT flexibility to expand operations on site.
- **World-class testing labs:** SMT is one of only two companies accredited to perform AS6171 High Risk Level 2 (HRL2) counterfeit electronics testing and holds DLA QTSL status, which allows it to test untraceable parts. The company invested heavily in equipment and training to expand its testing scope (e.g., FTIR and Raman spectroscopy, bond-pull, die-shear, burn-in, leak testing and functional electrical testing). In 2025 it announced further accreditation of these capabilities, with CEO Richard Hodgson stating that the investment reflects the company's 25-year commitment to remain the industry leader in counterfeit mitigation. SMT is also developing a MIL-STD-750/MIL-STD-883 electrical testing laboratory to support aerospace and defense customers.
- **International expansion but Sandy Hook remains central:** SMT launched a wholly owned subsidiary, SMT Labs UK Ltd., to provide AS6171-accredited testing in the UK and Europe. The UK lab is described as "a direct extension" of the Connecticut facility; technicians are trained in both locations. This suggests that the Sandy Hook site remains the technical and training hub for the company's global operations.

- **Operations and workforce:** SMT describes itself as a global independent stocking distributor with more than 0.5 billion components in stock representing over 1 200 manufacturers. The company's main focus is the U.S. defense and aerospace industry and it emphasizes strict quality, traceability and inspection documentation. Job postings and company overviews suggest the workforce includes procurement, sales, testing and quality roles. Third-party directories such as Owler estimate 25-100 employees, which is consistent with the size of the facility.

Financial health and business outlook

- **Private equity ownership:** In 2022 Harwood Private Equity (HPE), through its vehicle Certify Holdings, acquired SMT Corp. via a management buyout. HPE's portfolio is funded by the North Atlantic Smaller Companies Investment Trust (NASCIT). The acquisition allowed HPE to combine SMT's sourcing and authentication expertise with APC Technology Group's design and distribution capabilities.
- **Investment in growth:** Since the acquisition, Certify Holdings has invested in new testing capabilities and UK expansion. Harwood describes SMT as supplying obsolete and hard-to-find components to U.S. defense and aerospace customers, implying that SMT operates in a niche, high-margin market. Although the company does not publish financial results, industry profiles estimate annual revenue in the \$5–25 million range and about 25–100 employees (Owler). The company's strong backlog of defense contracts and unique accreditations suggest positive earnings stability.
- **Property lease:** The Sandy Hook facility was sold to a real-estate investor in a sale-leaseback transaction. A CityFeet / LoopNet listing for 14 High Bridge Road describes the building as a Class-A industrial property with a triple-net lease to SMT Corp. through September 2027. The listing characterizes SMT as a single, long-term tenant. While details on extension options are not publicly available, sale-leaseback structures often include tenant renewal options; the fact that the building is marketed at a 7 % cap rate suggests investors expect continued occupancy.

Industry presence and dependencies

- **Niche market position:** SMT operates in the high-reliability segment of the electronic components market. It is considered the "gold standard" in counterfeit detection by customers and government officials. Its capabilities in AS6171 HRL2 testing and DLA QTSL accreditation are rare – only two companies worldwide are accredited to this level. This specialized accreditation means defense and aerospace customers depend on SMT for supply assurance.
- **Large inventory and rapid delivery:** SMT maintains one of the world's largest "ready-to-ship" inventories and offers same-day shipping. The combination of inventory and in-house testing reduces lead times and risk for OEMs. Customers rely on SMT to source obsolete parts quickly and provide authentication services in one place.
- **Regulatory and compliance role:** SMT participates in standards development and holds numerous certifications (ISO 9001/AS9100, ISO 17025 and AS6171). It is on the U.S. Defense

Logistics Agency's Qualified Testing Suppliers List (QTSL), enabling it to test untraceable parts. This status is essential for defense programs, making SMT a critical supplier.

Strategic or logistical benefits of the Sandy Hook facility

- **Custom-built infrastructure:** The facility was designed around SMT's operational needs, with climate-controlled storage, ESD-safe flooring and secure labs. Such specialized infrastructure would be costly to replicate elsewhere. The adjacent 12-acre parcel provides expansion capability on site.
- **Proximity to customers and transportation:** Sandy Hook (a village of Newtown, CT) is located near the I-84 corridor, roughly equidistant from New York City and Boston. The location provides access to major airports (JFK, LaGuardia, Bradley International) and shipping hubs in the Northeast, enabling shipment to defense contractors. While these logistics benefits are not explicitly cited in the sources, the company emphasizes rapid delivery, which is enabled by proximity to transportation networks.
- **Skilled workforce retention:** The Newtown Bee's 2005 article noted that the company's founders chose to locate in Newtown because they live there and wanted tax benefits to stay in the community. The ability to retain skilled technicians and engineers familiar with counterfeit mitigation is likely enhanced by remaining in Sandy Hook, where the company has built its culture and training programs.

Public statements about expansion, downsizing or relocation

- **Commitment to Sandy Hook:** In a 2025 article, CEO Richard Hodgson described SMT's investment in expanding its AS6171 scope as reflecting a 25-year commitment to remain the industry leader. No statements indicate plans to relocate. Instead, SMT launched a UK lab to extend services while emphasizing that the UK lab is a "direct extension" of the Connecticut facility.
- **Hiring and growth:** Job postings for sales and supply-chain roles emphasized that SMT is a growing company and is recruiting additional staff. This suggests expansion rather than downsizing.
- **Property sale listing:** The sale of 14 High Bridge Road does not indicate relocation. Sale-leaseback transactions are often used by private-equity-owned companies to raise capital while retaining long-term occupancy. The listing markets the asset as "mission-critical" and emphasizes that SMT's specialized role and private-equity backing support long-term tenancy.
- **Absence of relocation announcements:** No public filings or news articles indicate that SMT plans to downsize or move. Instead, the company continues to invest in facilities and accreditation.

Financial health and outlook through 2027

- **Stable, high-margin business:** SMT operates in a niche with high barriers to entry (advanced testing accreditation, large inventory, relationships with defense customers). Industry sources

estimate revenues in the tens of millions and show that the company employs a few dozen people. Its unique capabilities and long-term defense contracts are likely to provide stable cash flows, making it attractive to private equity investors.

- **Private-equity exit timing:** Harwood Private Equity acquired SMT in 2022. Private-equity holding periods usually span 5–7 years, suggesting an exit around 2027–2029. Some market commentary (e.g., annual reports from NASCIT) may discuss plans to realize value, but accessible sources do not confirm a sale timeline. Investors should monitor NASCIT’s half-year and annual reports for updates on exit strategies.
- **Real estate lease:** The triple-net lease expires in September 2027. Without renewal options, there is a theoretical risk that SMT could relocate. However, the specialized facility, expansion land and ongoing investments make relocation unlikely. Renewal would allow continuity and avoid disruption to critical defense supply chains.

Potential buyers or strategic acquirers

Because SMT’s capabilities are highly specialized and critical for defense supply chains, potential acquirers are likely to be companies seeking to integrate counterfeit mitigation and testing into broader electronic component distribution or defense services. Candidates include:

1. **Large electronic component distributors (Avnet, Arrow Electronics, TTI/TTM Technologies):** These firms already supply components to defense and commercial OEMs. Acquiring SMT would provide accredited in-house testing and mitigation capabilities, differentiating them in the market.
2. **Defense contractors or original equipment manufacturers (Raytheon Technologies, Northrop Grumman):** Major primes may seek to secure their supply chains by owning a trusted test house. However, vertical integration could face conflicts of interest if they also rely on external suppliers.
3. **Testing and inspection companies (Element Materials Technology, Eurofins, Intertek):** These companies provide materials and electronics testing services. SMT’s accredited labs and inventory could complement their portfolios, enabling them to enter the high-reliability electronics space.
4. **Private equity rollups:** Firms specializing in aerospace/defense services or electronic distribution could acquire SMT to consolidate the fragmented open-market sourcing and testing segment. Harwood’s Certify Holdings has already combined SMT with APC Technology Group, indicating that integration plays are viable.
5. **APC Technology Group or fellow Certify brands:** Certify Holdings might merge SMT fully with APC and then exit via sale to a larger strategic buyer. The cross-Atlantic synergy is already highlighted by Certify.

Rumors or news reports of a potential sale or acquisition

Publicly accessible news sources retrieved during this research did not reveal any rumors or announced plans for SMT’s sale after its acquisition by Harwood in 2022. NASCIT’s 2025 half-year report (not accessible during research due to technical restrictions) may contain commentary on portfolio exits, but

no third-party articles summarize such statements. Investors should monitor NASCIT's reports and financial press for future developments.

Assessment: likelihood of staying in Sandy Hook after 2027

1. **Significant sunk costs and capability concentration:** SMT has invested millions in building and expanding its Sandy Hook facility, including specialized labs, climate-controlled warehouses and security systems. Replicating these capabilities elsewhere would be costly and disruptive, especially given the high reliability requirements of defense customers.
2. **Expansion land and growth:** The adjacent 12-acre parcel allows for further expansion on site. SMT continues to invest in new testing capabilities and to hire staff, indicating growth rather than contraction.
3. **Strategic importance to defense supply chains:** SMT's unique HRL2 accreditation and QTSL status make it a critical supplier for aerospace and defense programs. Maintaining continuity in operations and workforce is essential to meet compliance requirements and to safeguard national supply chains.
4. **Lease structure and private-equity ownership:** Although the triple-net lease expires in September 2027, sale-leaseback structures often include renewal options. Harwood's typical holding period suggests it may seek to exit around 2027–2029, but a strategic buyer would likely wish to keep SMT's facility intact to preserve certifications and relationships.
5. **Absence of relocation signals:** No public statements suggest that SMT plans to move. On the contrary, corporate communications emphasize long-term commitment, continued investment and local hiring. The presence of an international lab that is a "direct extension" of the Connecticut facility underscores Sandy Hook's central role.

Conclusion: Based on publicly available information, the likelihood that SMT Corporation remains in its Sandy Hook facility after the lease expires in September 2027 appears high. The specialized nature of the facility, ongoing investments, expansion capability, critical role in defense supply chains and absence of relocation announcements all support the expectation that SMT will either renew its lease or negotiate a long-term extension. Investors should monitor NASCIT/Harwood reports for any indication of a planned sale, but at present there are no publicly reported rumors or plans of relocation.