

Investor Presentation - Acquisition of Force Fire Holdings Pty Ltd



31 March 2025



Introduction to SCEE



Leading national electrical, instrumentation, communications, security, fire, and maintenance group...

- Established in 1978 in Perth and listed in 2007 (ASX:SXE)
- Leading and trusted national provider and manufacturer of specialised electrical, instrumentation, communications, security, fire, and maintenance services and products
- Diversified operations across three broad market sectors of Infrastructure, Commercial and Resources with circa 60% of order book on East Coast
- Diversification supported by successful track record of acquiring value accretive businesses: Datatel in 2016, Heyday in 2017, the Trivantage Group (S.J. Electric, SEME Solutions, and Trivantage Manufacturing) in 2020, the MDE Group in 2024, and Force Fire in 2025
- Over last eight years, management have materially grown revenues from \$200m in FY17 to over \$550m in FY24

...built by design through operational excellence and a disciplined M&A strategy



Historically focused on resources and industrial work, but now also diversified into infrastructure and renewables



Telecoms and communications specialist providing services to the education, health, government, commercial, resources and transport sectors



Heyday Group

NSW and ACT-based electrical contractor servicing the commercial and fit-out sectors, and the retail, education, health, hotel, transport, datacentre, and residential sectors



National provider of electrical and maintenance services to supermarkets, and the retail and commercial sectors



Provides electronic security services to the resources, law enforcement, custodial, industrial, and health sectors



Manufacturer of premium quality switchboards and power distribution systems to internal and external customers



Communications, data, and electrical services provider to commercial, data centre, healthcare and transport sectors



Leading NSW and QLD-based provider of fire safety solutions to commercial, industrial, data centres, education, and retail sectors





Acquisition overview and strategic rationale

Acquisition of Force Fire

- SCEE has entered into a Share Purchase Agreement to acquire 100% of Force Fire Holdings Pty Ltd (“Force Fire”) for consideration of up to \$53.5m on a cash-free debt-free basis made up as follows:
 - \$36.3m cash payable to all vendors (Anacacia's private equity fund 54.6%, other Non-Executive Shareholders 20.6% and ongoing Management Shareholders 24.8%) on completion
 - Up to \$5.2m in Deferred Consideration, payable to ongoing Management Shareholders following FY25 and FY26 results, contingent on EBIT of at least \$8.3m being achieved in each year ⁽¹⁾
 - Up to \$12.0m in Contingent Payments, payable to ongoing Management Shareholders following FY25, FY26, and FY27 results, contingent on certain further EBIT targets being met ⁽¹⁾
- The acquisition consideration represents EBIT multiples of:
 - 4.8x FY25F EV/EBIT assuming Force Fire achieves an EBIT of \$8.3m in FY25 and the associated FY25 Deferred Consideration and Contingent Payments
 - 4.1x FY27F EV/EBIT assuming Force Fire achieves an EBIT of \$13.0m in FY27 and the maximum consideration is paid across FY25-FY27
- Management Shareholders of Force Fire will remain with the business under SCEE ownership on ongoing long-term contracts post-acquisition lasting beyond the earn-out period

Overview of Force Fire

- Force Fire is one of Australia’s leading providers of end-to-end fire safety solutions with a 25-year track record servicing clients across attractive end markets such as commercial, industrial, data centres, education, and retail
- Headquartered in Sydney, Force Fire manages a highly engaged direct workforce of over 200 full-time employees across NSW and QLD, including over 30 electrical tradespeople and 140 other skilled technicians
- A highly recurring client base with long term relationships with facility managers, property owners, and builders
- The business operates across project, minor works and maintenance contract types
- Demand underpinned by increasingly rigorous industry standards and regulatory compliance framework
- Force Fire is budgeted to generate revenue of \$106m and EBIT of \$8.3m in FY25

(1) Refer Appendix for detailed transaction terms.

Acquisition overview (continued)



Combined Group Profile

- Expansion into highly attractive fire safety solutions market is a natural adjacency to SCEE's current capabilities and provides a platform into broader non-discretionary technical building services
- The business significantly enhances SCEE's ability to address opportunities in the commercial, industrial, and data centres segments
- Further sectoral and geographic diversification for the SCEE Group:
 - Force Fire's FY24 revenue 88% commercial and 12% infrastructure
 - Continued expansion onto the East Coast
 - Further growth in maintenance and recurring style works which account for circa 30% of Force Fire's revenue
- Transaction structured to ensure exit for outgoing private equity and other Non-Executive Shareholders, whilst incentivising ongoing Management Shareholders to grow the business
- Enhanced financial scale with pro forma combined FY26F EBITDA of over \$65m

Transaction Funding and Financial Impact

- Transaction to be funded through SCEE's existing cash reserves
- Anticipated to complete on 1 April
- SCEE will continue to maintain a strong balance sheet following completion
- Transaction to result in at least 18% EPS accretion on a FY25 pro forma basis
- Impact to SCEE forecast to be broadly neutral in FY25 as Force Fire contribution offset by transaction costs
- Contribution in FY26 forecast to be at least \$10m EBIT

The acquisition of Force Fire is consistent with SCEE's strategy to add adjacent and complementary capabilities, and increase exposure to services and maintenance style works and recurring revenues

SCEE's core electrical competence is complemented by its communications, security and manufacturing capabilities to which Force Fire's fire safety specialisation is a logical addition. This acquisition will generate significant benefits and growth opportunities for SCEE:

- Highly complementary capabilities – Force Fire represents a strategic expansion into a broader suite of aligned critical services and provides opportunities to substantially increase the breadth and strength of SCEE's service offering
- Favourable industry demand dynamics – demand for fire safety solutions is non-deferrable and underpinned by strict regulatory and compliance requirements, a stringent insurance environment and increasing tenant demands
- Attractive end market diversification – Force Fire has expertise and exposure in the highly attractive commercial and industrial buildings and data centre end markets which are expected to generate long term growth (e.g. current industrial building project pipeline in Australia is 40% above the long-term average)
- Long-term market dynamics favourable as sustainability regulations and building codes drive refurbishments to upgrade older buildings' electrical and fire systems
- Increasing recurring, maintenance and minor works revenue streams – Force Fire has a highly recurring client base, as well as a growing presence in maintenance/minor works which accounts for circa 30% of revenue
- Cross-selling opportunities – potential to leverage the combined group's client relationships and skills
- Highly experienced and ambitious management team – Force Fire's executive team are ambitious industry leaders with deep experience and ongoing alignment given transaction structure
- Platform for further geographic and capability expansion into the fire sector, both organic and acquisitive, combining highly incentivised Force Fire executive team and greater breadth and scale of support provided by wider SCEE group
- Financially attractive acquisition – the transaction enhances the group's financial scale with combined pro forma FY26F EBITDA of over \$65m and at least 18% pro forma EPS accretion



Overview of Force Fire

Overview of Force Fire



Force Fire is a leading provider of critical, mandated and non-deferrable fire safety solutions with a 25-year track record of delivery

Business Overview



Force Fire represents one of Australia's leading providers of specialised fire safety solutions:

- Offerings across both projects and services/minor works and both mechanical (“wet fire”) and electrical (“dry fire”) capabilities
- The fire safety solutions market exhibits compelling non-discretionary and non-deferrable client dynamics through regulatory requirements
- Force Fire represents a springboard into a broader suite of building services in adjacent markets with highly recurring levels of client spend
- Force Fire has deep capabilities in attractive large-scale industrial and commercial projects, including major logistics facilities, data centres and high-grade office buildings
- The group has a highly skilled workforce of over 200 direct employees⁽¹⁾ led by an experienced senior management team with deep industry expertise and longstanding market relationships
- With significant in-house design and engineering capabilities, Force Fire has a track record of providing unique and cost-effective solutions
- Force Fire is budgeting to achieve revenue of \$106m and normalised EBIT of \$8.3m in FY25

Highlights

Attractive non-discretionary, critical technical services	Capital-light operating model
Highly recurring revenue base with 86% repeat clients ⁽²⁾	1,000+ contracted services sites
Long-term blue-chip client base	\$106m FY25F revenue
Leading expertise in industrial and data centre end markets	\$8.3m FY25F normalised EBIT

Client Snapshot

Example Projects Clients	Example Services Clients

Force Fire Acquisition

(1) Employee data as of Nov-24

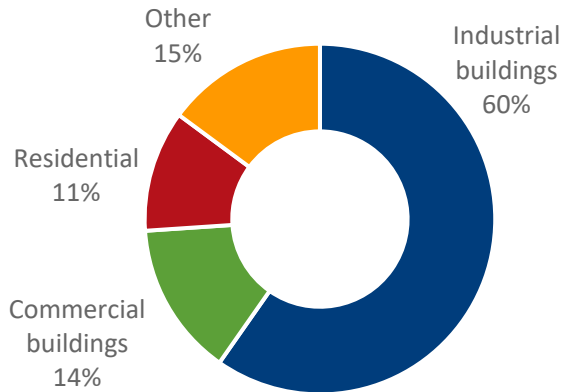
(2) Percentage of FY24 projects clients who were also clients in FY22 and FY23

Diversified revenue profile



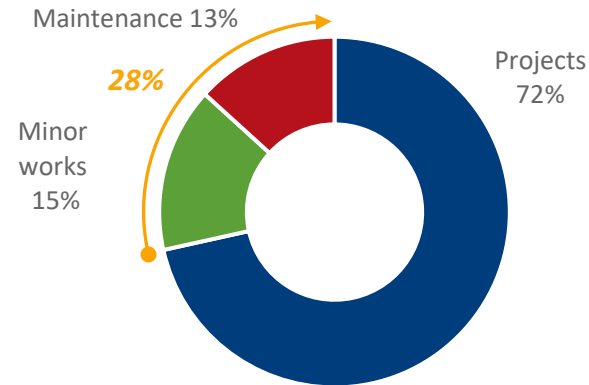
Force Fire has a diverse revenue mix across projects, minor works and maintenance/services work with a high level of repeat clients

FY24A Projects Revenue by Sector (1)



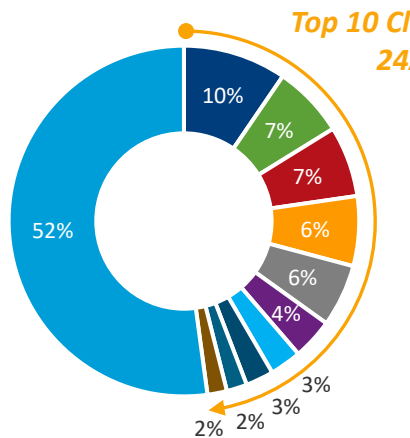
- Diversified end market exposure
- Attractive industrial sector represents largest end market (60% revenue) reflecting Force Fire's expertise in complex and industrial projects

FY24A Revenue by Type (2)



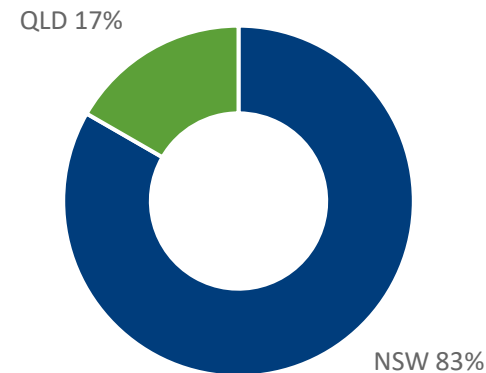
- ~30% of revenue relates to minor works and maintenance services
- Low average projects job size of ~\$500k reflecting repeat nature of work

FY22-24A Revenue by Client



- Low client concentration with top 10 clients representing ~48% of FY22-24A revenue

FY24A Revenue by Geography



- Complementary geographic footprint strengthens SCEE's Eastern Coast coverage

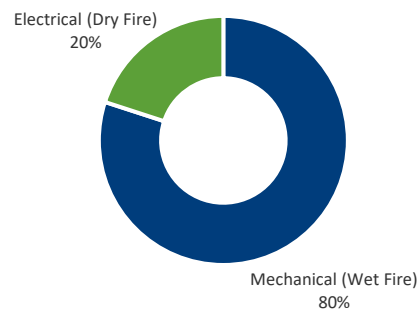
(1) Sector revenue split as categorised by Force Fire
 (2) Indicative breakdown based on NSW FY24A revenue

Comprehensive capabilities suite

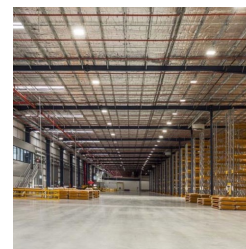
Force Fire delivers fire safety solutions across projects, minor works and maintenance/services capabilities

Projects and Minor Works

- Projects involve design and installation services for a broad range of fire detection and fire suppression systems including:
 - Automatic sprinkler and hazards systems
 - Hydrants and hose reel systems
 - Portable fire extinguishers
 - Fire alarm systems
- Force Fire’s capabilities cover the entire project lifecycle spanning comprehensive site analysis, in-house engineering and design, and installation



Snapshot of Past & Current Projects



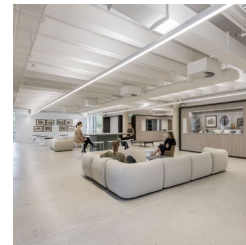
**DHL Lot 5A
Oakdale South**



**Amazon BWU4
Fulfilment Centre**



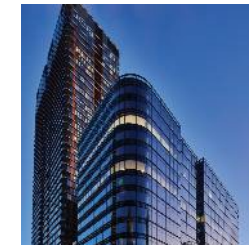
**IC3 Super West
Data Centre**



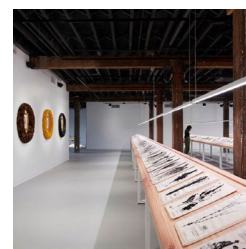
**Robert Brown
Building**



**Ingleburn
Logistics Park**



**558 Pacific
Highway**



The Gunnery



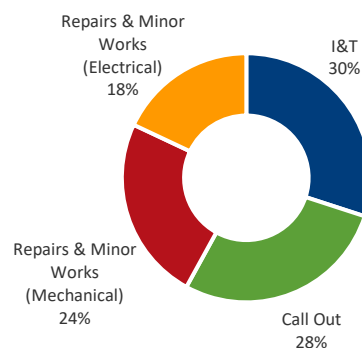
**Macquarie
University**



DFO Homebush

Service and Maintenance

- Inspection and Testing (“I&T”) is typically contracted on a site-by-site or master agreement basis with terms of up to five years
- Force Fire has 1,000+ contracted I&T sites
- I&T engagements generally lead to award of related maintenance, repair and upgrade works
- For every \$1 dollar of contracted I&T revenue, Force Fire expects to generate an additional ~\$2.30 from related services revenue streams⁽¹⁾



(1) Based on FY24A average.

Strong executive team



Force Fire is led by a highly experienced executive team who will remain with the business following acquisition

Michael Dirckze
Chief Executive Officer



- Joined Force Fire in 2020
- 40+ years of industry experience
- Previously NSW Regional GM for Wormald, Engie and Chubb

Bryan Starkey
Chief Financial Officer



- Joined Force Fire in 2018
- 25+ years of industry experience
- Previously CFO at Downer PipeTech and APAC COO (Finance) at Deutsche Bank

Paul Richetti
Director



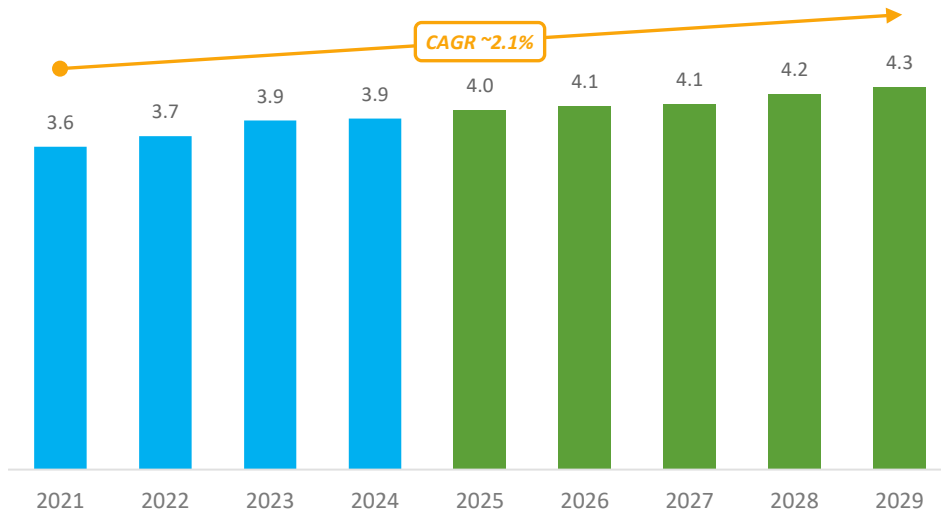
- Founded Force Fire in 2004
- 25+ years of industry experience
- Previously NSW Special Hazards Manager at Chubb



Fire safety market outlook

Fire protection solutions are a critical and non-discretionary technical service offering poised to benefit from long-term macroeconomic and regulatory tailwinds

Long-term demand for Fire Solutions (A\$bn)⁽¹⁾



Regulatory requirements drive demand for fire safety solutions

- Fire safety solutions are governed by stringent and evolving regulatory requirements such as the Building Code of Australia and Australian Standards
- Evolving compliance standards, insurance requirements and tenant demands are driving non-deferrable demand for increasingly sophisticated fire safety services
- The fire safety regulatory environment creates technical barriers to entry and switching costs

Attractive Industry Dynamics

- ✓ Australia's strong population growth and required investment in the built environment is driving long term demand for fire safety solutions
- ✓ Fire safety solutions are a critical and mandated input to new and existing buildings to keep occupants safe and avoid fire-related disruptions
- ✓ Increasingly stringent and evolving regulatory requirements are driving non-deferrable requirements to upgrade obsolete fire safety systems in existing buildings
- ✓ Regulatory hurdles and licensing requirements create significant technical barriers to entry
- ✓ Clients' needs are becoming increasingly complex (e.g. in-rack sprinklers, automated distribution centres, EV charging infrastructure) which is driving increasing spend on fire protection

(1) IBIS World – Fire Protection Services in Australia (September 2024) – Represents Australian fire solutions industry revenue.



Combined Group profile

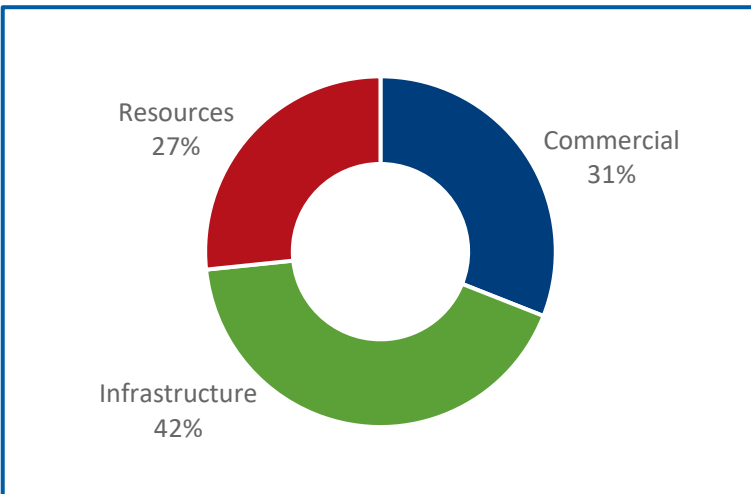
Increased sector and geographic diversification



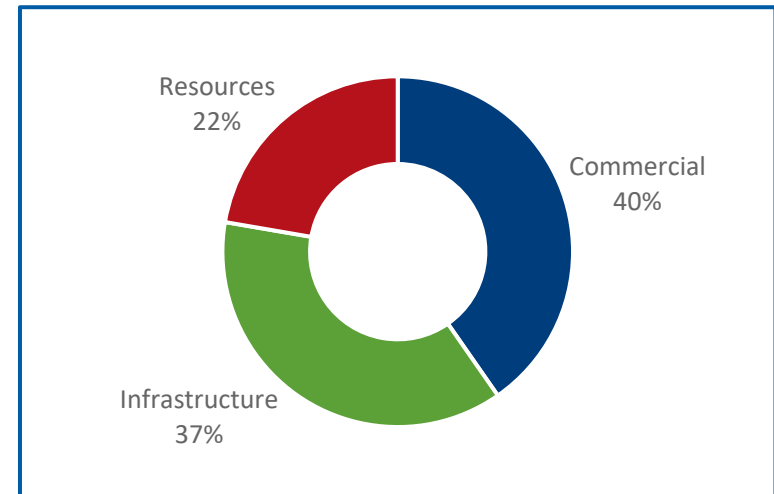
A combination with Force Fire strengthens SCEE's exposure to the attractive commercial and industrial buildings sector while also building immediate scale in a naturally adjacent and aligned capability

Revenue by Sector

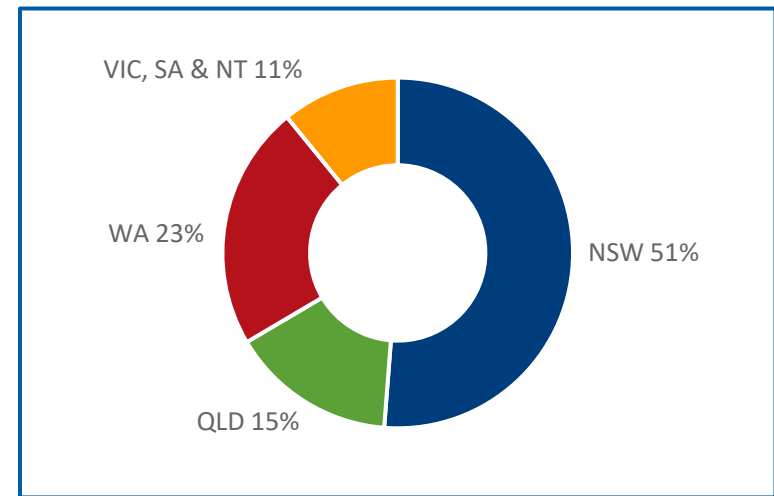
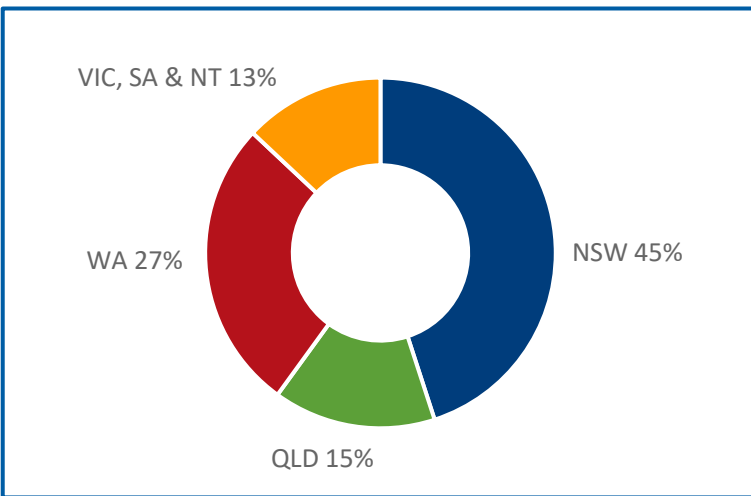
FY24A SCEE Standalone



FY24A Pro Forma Combined Group



Revenue by Geography



Force Fire Acquisition

Combined opportunities with SCEE



This acquisition is likely to generate significant benefits for SCEE

- Cross-selling opportunities to provide fire safety solutions to SCEE's existing client base and vice versa
- Potential to leverage SCEE's relationships and established processes to drive efficiencies for Force Fire
- Opportunity to benefit from the sharing of expertise, best-practice, market insight and skillsets
- Platform to pursue further acquisitions and consolidation in highly fragmented fire safety sector
- Long-term market dynamics favourable as new sustainability regulations and Australian Building Code updates will drive an increase in building refurbishment projects as existing structures require upgrades to meet compliance
- Older buildings will require major electrical and fire system upgrades, creating opportunities for wider service offering that integrate energy-efficient solutions with modern fire protection.





Appendix

Appendix - detailed transaction terms



Acquisition	<ul style="list-style-type: none">• Acquisition of 100% of Force Fire Holdings Pty Ltd• Due diligence finalised• Completion is expected to occur on 1 April 2025
Consideration	<p>Up to a total of \$53.5m payable on a cash-free debt-free basis as follows:</p> <ol style="list-style-type: none">1. Upfront Cash Consideration (<u>payable to all vendors</u>)<ol style="list-style-type: none">a) \$36.3m in cash at completion2. Deferred Consideration (<u>payable to ongoing management vendors</u>)<ol style="list-style-type: none">a) \$2.6m in cash if Force Fire EBIT for FY25 is equal to or greater than \$8.3mb) \$2.6m in cash if Force Fire EBIT for FY26 is equal to or greater than \$8.3mTo the extent that EBIT is less than \$8.3m in either of FY25 or FY26, the Deferred Consideration payment in that year will be reduced on a pro rata basis to nil at an EBIT of \$6.0m3. Contingent Payments (<u>payable to ongoing management vendors</u>)<ol style="list-style-type: none">a) \$1.0m in cash if Force Fire EBIT for the period between completion and 30 June 2025 is equal to the budgeted performance over that period. If this performance is not achieved, the payment is reduced on a pro rata basis down to nil at an EBIT level 25% below the budgeted performanceb) \$5.0m in cash if Force Fire EBIT for FY26 is equal to or greater than \$11.0m. If an EBIT of \$11.0m is not achieved, the payment would be reduced on a pro rata basis down to nil at an EBIT level of \$6.0mc) \$6.0m in cash if Force Fire EBIT for FY27 is equal to or greater than \$13.0m. If an EBIT of \$13.0m is not achieved, the payment would be reduced on a pro rata basis down to nil at an EBIT level of \$7.0m
Vendor Involvement	<ul style="list-style-type: none">• Management Shareholders of Force Fire will continue in their same management roles post-completion
Conditions Precedent	<ul style="list-style-type: none">• Completion of the transaction is conditional on there being no material adverse change in Force Fire; execution of employment contracts for the management shareholders and change of control consents being provided for Force Fire's Sydney and Brisbane office locations
Warranties and Termination	<ul style="list-style-type: none">• The agreement contains a standard set of warranties which are covered by warranty and indemnity insurance, subject to limited exclusions• Standard buyer termination rights including for breach of key warranties and material terms prior to completion

Disclaimer



Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect the current intentions, plans, expectations, assumptions and beliefs of Southern Cross Electrical Engineering Limited (“SCEE”) about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of SCEE.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from SCEE's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution and not to place undue reliance on them. No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct.

SCEE does not undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation is for information purposes only. It is not financial product or investment advice or a recommendation, offer or invitation by SCEE or any other person to subscribe for or acquire SCEE shares or other securities. The presentation has been prepared without considering the objectives, financial situation or needs of the reader. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek the appropriate professional advice.

Statements made in this presentation are made as at the date of the presentation unless otherwise stated. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with SCEE's other periodic and continuous disclosure announcements.