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ASX ANNOUNCEMENT &
MEDIA RELEASE

31 March 2025

Acquisition of Force Fire Holdings

- **SCEE to acquire Force Fire Holdings, a leading New South Wales and Queensland-based provider of fire safety solutions to the commercial and industrial sectors**
- **Initial upfront consideration of $36.3m and a total consideration of up to $53.5m for delivering EBIT growth targets in FY26 and FY27**
- **Fire sector is a natural adjacency to SCEE's current capabilities**
- **Further growth in maintenance and recurring style works which account for circa 30% of Force Fire's revenue**
- **Transaction to be funded through SCEE's existing cash reserves**
- **Forecasting EBIT contribution of at least $10m for FY26 and beyond**

Overview

Southern Cross Electrical Engineering Limited ("SCEE Group") is pleased to announce that it has executed a Share Purchase Agreement to acquire 100% of Force Fire Holdings Pty Ltd ("Force Fire") for a total consideration of up to $53.5m. Completion is expected to occur on 1 April 2025.

Founded in 2004 and headquartered in Sydney, Force Fire manages a direct workforce of over 200 full-time employees across New South Wales and Queensland, including over 30 electrical tradespeople and 140 other skilled technicians.

Force Fire provides specialised fire safety solutions, having both mechanical ("wet fire") and electrical ("dry fire") capabilities, by executing projects and services/minor works for a highly recurring client base, enjoying long term relationships with a diverse range of facility managers, property owners, and builders.

Force Fire is budgeted to generate revenue of $106m and EBIT of $8.3m in FY25. In FY26 EBIT is forecast to grow to at least $10m supported by the current order book and near-term opportunities.

The 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.

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Strategic Rationale

This acquisition aligns with SCEE's strategy to add adjacent and complementary capabilities, and increase exposure to services and maintenance style works and recurring revenues. The fire sector is a natural and logical adjacency to SCEE's core electrical competence and complementary communications, security, and manufacturing capabilities.

The demand for fire safety solutions is non-discretionary, non-deferrable, and underpinned by strict regulatory and compliance requirements, a stringent insurance environment and increasing tenant demands, resulting in a high level of repeat clients.

Force Fire has attractive end market diversification with exposure to commercial and industrial buildings and data centres, which are expected to generate continued long-term growth. Cross-selling opportunities are expected with the potential to leverage the combined group's capabilities and client relationships.

Force Fire has a growing presence in recurring style maintenance/services and minor works which accounts for circa 30% of revenue already.

The business represents a highly attractive platform for further geographic and capability expansion in the fragmented fire sector, with organic and acquisitive opportunities identified and to be capitalised on by combining the highly incentivised Force Fire management team with the greater breadth and scale of support, including balance sheet strength, provided by the wider SCEE group.

Transaction Terms

SCEE will pay the vendors consideration of up to $53.5m on a cash-free debt-free basis 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
- 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

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

The detailed terms are set out in the Appendix.

The transaction is to be funded through SCEE's existing cash reserves.

The transaction is forecast to result in at least 18% EPS accretion on a FY25 pro forma basis. The impact to SCEE is anticipated to be broadly neutral in FY25 as Force Fire's contribution in FY25 will be offset by the transaction costs. Their contribution in FY26 is forecast to be at least $10m EBIT.

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Comment

Commenting on the above, SCEE Group Managing Director Graeme Dunn said "I am extremely pleased to announce the acquisition of Force Fire. We welcome Michael, Bryan, Paul and their staff to our group and I believe there will be a very strong cultural alignment between our businesses which we regard as a key factor in our success.

The fire sector is an obvious adjacency to what we do and will complement the three structural tailwinds – infrastructure, data centres and electrification – to which the SCEE Group is exposed.

As new sustainability regulations and Australian Building Codes come into force, further favourable tailwinds are expected as these drive refurbishment upgrades to existing buildings to meet compliance. These in turn will create opportunities for wider service offerings by us that integrate energy-efficient solutions with modern fire protection."

Advisers

MA Moelis Australia is acting as corporate adviser, EY is acting as financial, payroll and tax due diligence adviser, and K&L Gates is acting as legal adviser to SCEE on the acquisition.

Authorised for release by Graeme Dunn – SCEE Group Managing Director

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Appendix - Acquisition Terms

Acquisition	• Acquisition of 100% of Force Fire Holdings Pty Ltd • Due diligence finalised • Completion is expected to occur on 1 April 2025
Consideration	Up to a total of $53.5m payable on a cash-free debt-free basis as follows: **1. Upfront Cash Consideration** (payable to all vendors) a) $36.3m in cash at completion **2. Deferred Consideration** (payable to ongoing management vendors) a) $2.6m in cash if Force Fire EBIT for FY25 is equal to or greater than $8.3m b) $2.6m in cash if Force Fire EBIT for FY26 is equal to or greater than $8.3m To 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 $6.0m **3. Contingent Payments** (payable to ongoing management vendors) 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 performance b) $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 $6.0m c) $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
Ongoing Vendor Involvement	• Management Shareholders of Force Fire will continue in their same management roles post-completion on ongoing long-term contracts post-acquisition lasting beyond the earn-out period
Conditions Precedent	• 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	• 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