



ANNUAL REPORT
2025



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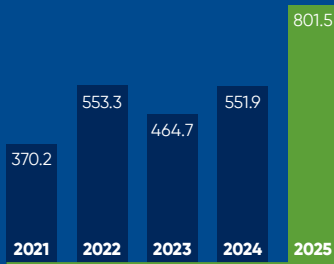


2025 HIGHLIGHTS

RECORD FINANCIAL RESULTS AND LONG-TERM EARNINGS GROWTH

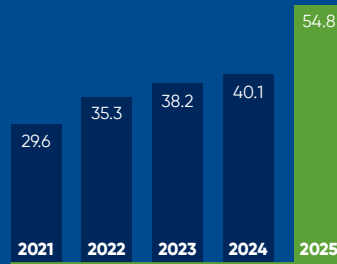
RECORD REVENUE

801.5m
UP 45.2% ▲



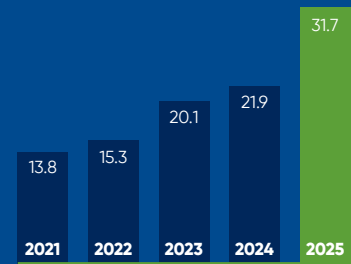
RECORD EBITDA

54.8m
UP 36.6% ▲



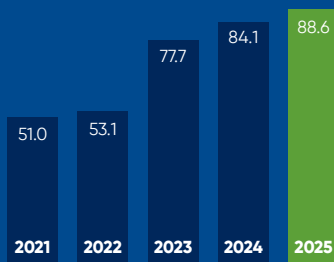
RECORD NPAT

31.7m
UP 44.5% ▲



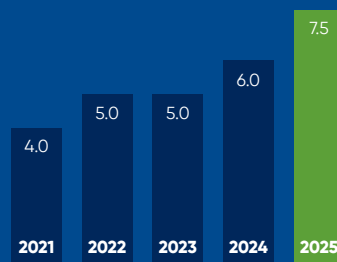
RECORD YEAR-END CASH

88.6m
UP 5.3% ▲



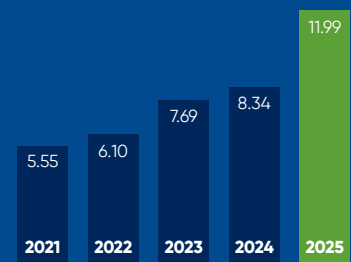
FULLY FRANKED DIVIDENDS

7.5cps
UP 25% ▲



EARNINGS PER SHARE

11.99cents
UP 43.8% ▲



Operational Highlights

Lost time injury ("LTI") free across the group for the third consecutive year

Order book of \$685m diversified across sectors, geography and discipline

Growing pipeline of Data Centre, battery storage and industrial warehousing projects

Collie Battery Energy Storage System project performing well and on schedule

Force Fire acquisition completed 1 April 2025 broadening service offering

Multiple further acquisition targets being explored with capacity to execute

CHAIRMAN'S REPORT

It gives me great pleasure to report on another year of record results for SCEE as we continue to deliver earnings growth for our shareholders.



Revenue for the year was a record \$801.5m, up 45.2% on the prior year, with recurring revenues growing to over \$210m. Profitability increased significantly with record EBITDA of \$54.8m up 36.6%, record EBIT of \$45.9m up 40.4%, and record NPAT of \$31.7m up 44.5% on the prior year record results.

The Board is committed to delivering strong returns to our shareholders and Earnings Per Share, which were 11.99 cents per share in FY25, have more than doubled over the last five years.

We have declared a fully franked final dividend of 5.0 cents per share, to be paid on 8 October 2025, having already paid a fully franked interim dividend of 2.5 cents per share in April 2025. Total dividends declared for FY25 are up 25% on the prior year.

Value accretive acquisitions are a key part of our growth strategy and in April we welcomed Force Fire, a leading provider of critical fire safety solutions, to the group. The acquisition is consistent with SCEE's strategy to add adjacent and complementary capabilities, and to increase exposure to services and maintenance style works and recurring revenues.

The scale of our diversification over recent years is evidenced by the fact that over 20% of our FY25 revenue was generated by the adjacent non-electrical disciplines of communications, security, manufacturing and fire, while over 75% of our order book is now on the East Coast.

The Board remains committed to pursuing further acquisitions offering increased geographic diversification and new capabilities and we are actively exploring a range of targets.

We are forecasting an increase in EBITDA in FY26 to the range of \$65m-68m, growing 18-24% on FY25 EBITDA, and we enter FY26 with a strong order

book of \$685m and significant exposure across our businesses to a growing pipeline of opportunities in our markets.

The demand for Data Centres remains at very high levels. We have a tender and opportunity pipeline of over half a billion dollars for Data Centre projects that are due to be awarded over the next two years.

Australia's energy transition requires huge investment in renewable energy. Our work at Synergy's Collie Battery Energy Storage System project progressed very well during the year and is nearing completion. The successful execution of the Collie BESS project has us well positioned for further opportunities and we are confident of securing further near-term battery awards with a number of tenders in progress across Australia.

The acquisition of Force Fire provides increased exposure to the commercial and industrial warehousing sector and the further diversification of our service offering is expected to generate increased cross-selling opportunities for the group.

As previously announced to the ASX, Louise Daw will join the Board as an independent Non-Executive Director on 1 September 2024. Louise significantly enhances the skills of the Board with her deep experience in the technology sector and in sustainability leadership.

On behalf of the Board I would like to thank our shareholders for their continued support.

A handwritten signature in black ink, appearing to read 'Karl Paganin'. The signature is stylized and fluid.

Karl Paganin
Chairman

ABOUT SCEE GROUP



Southern Cross Electrical Engineering Limited ("SCEE Group") was founded in 1978 and listed in 2007 (ASX:SXE).

Over time we have grown to be a leading and trusted national provider and manufacturer of specialised electrical, instrumentation, communications, security, fire, and maintenance services and products and are diversified across three broad sectors of infrastructure, commercial and resources.

We are diversified geographically with over 75% of our order book on the East Coast and by discipline with 25% of our order book in adjacent non-electrical disciplines.

Our diversification is supported by a 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.



Infrastructure, Data Centres, Electrification, Decarbonisation



Diversified markets geographies and disciplines



Long-term blue-chip client base



Recurring revenue growth



Financial strength and shareholder returns



Track record of successful acquisitions



OUR BUSINESSES



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

www.sceeelectrical.com.au



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

www.datatel.com.au



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.

www.heyday5.com.au



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

www.sjelectric.com.au



OUR BUSINESSES



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

www.seme.com.au



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

www.trivantage.com.au



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

www.mde.net.au



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

www.forcefire.com.au



ACQUISITION OF FORCE FIRE

Founded in 2004 and headquartered in Sydney, Force Fire is a leading provider of critical and non-deferrable fire safety solutions, having both mechanical ("Wet fire") and electrical ("Dry fire") capabilities.

The acquisition on 1 April 2025 is consistent with SCEE's strategy to add adjacent and complementary capabilities, and increase exposure to services and maintenance style works and recurring revenues

The demand for fire safety solutions is non-deferrable and underpinned by strict regulatory and compliance requirements, a stringent insurance environment and increasing tenant demands

Force Fire has exposure in the highly attractive commercial and industrial buildings and data centre end markets which are expected to generate long-term growth

Long-term market dynamics favourable as sustainability regulations and building codes drive refurbishments to upgrade older buildings' electrical and fire systems

The acquisition consideration is a mixture of upfront and earn-out payments up to a maximum of \$53.5m conditional on delivering an EBIT of at least \$13.0m in FY27

Provides a platform to pursue further acquisitions and consolidation in highly fragmented fire safety sector, combining highly incentivised and experienced Force Fire executive team and greater breadth and scale of support provided by wider SCEE group

To find out more visit www.forcefire.com.au





INFRASTRUCTURE

Infrastructure is a very wide sector for SCEE across federal and state government and private investment in Data Centres, renewables and energy, transport (including airports, rail, road and ports), health and aged care, defence, education, agriculture, water, and other utilities.

The sector contributed 64% of our FY25 revenue and makes up two-thirds of our order book.

Shellharbour Hospital, Heyday's largest ever hospital award at over \$60m, is ramping up. We are positioning around further major hospital developments presenting in the medium-term in NSW and ACT

Western Sydney International Airport and Aerotropolis – the terminal project for Multiplex is now completed and has been replaced with the WSIA Stand Alone Facilities Project for FY26. We expect a long-term pipeline of works with further airport expansion and in the surrounding Aerotropolis region

Sydney Metro – we are tendering for airport line and Sydney Metro West station developments. Trivantage Manufacturing has been awarded the switchboard supply for the airport line

Trivantage Manufacturing are supplying products for multiple further transport developments in NSW and Victoria

SCEE Electrical are performing early works at the Alkimos desalination plant in WA



DATA CENTRES

SCEE businesses have worked on Data Centres for over twenty years and the sector is in exponential growth. Electrical work comprises the largest component of construction costs.

SCEE businesses have multiple touch points in the sector:

Heyday hold a very strong position in general construction in NSW

Trivantage Manufacturing builds and supplies sophisticated electrical equipment

Datatel and MDE offer communications and SEME offers security solutions

Force Fire offers wet and dry fire solutions

We turned over circa \$120m in Data Centre revenues in FY25 and are expecting similar or increased levels in future years

Currently tendering on or positioning for over \$500m of work to be awarded in the next two years for extensions at existing or new builds of multiple Data Centres

ELECTRIFICATION AND RENEWABLES

SCEE has multiple exposures to Australia's energy transition which requires electrification of many activities by 2050

This particularly includes:

Transforming the electricity supply to run on non-carbon fuels

The electrification and decarbonisation of existing industries, transport networks and the built environment

Transitioning the electricity supply requires investment in renewables supported by battery storage and grid reconfiguration:

SCEE participates in this thematic having constructed multiple solar farms, wind farms and Battery Energy Storage Systems

In early-FY26 we will successfully complete Synergy's 500MW/2,000MWh Collie Battery Energy Storage System project which is over \$200m of work for SCEE

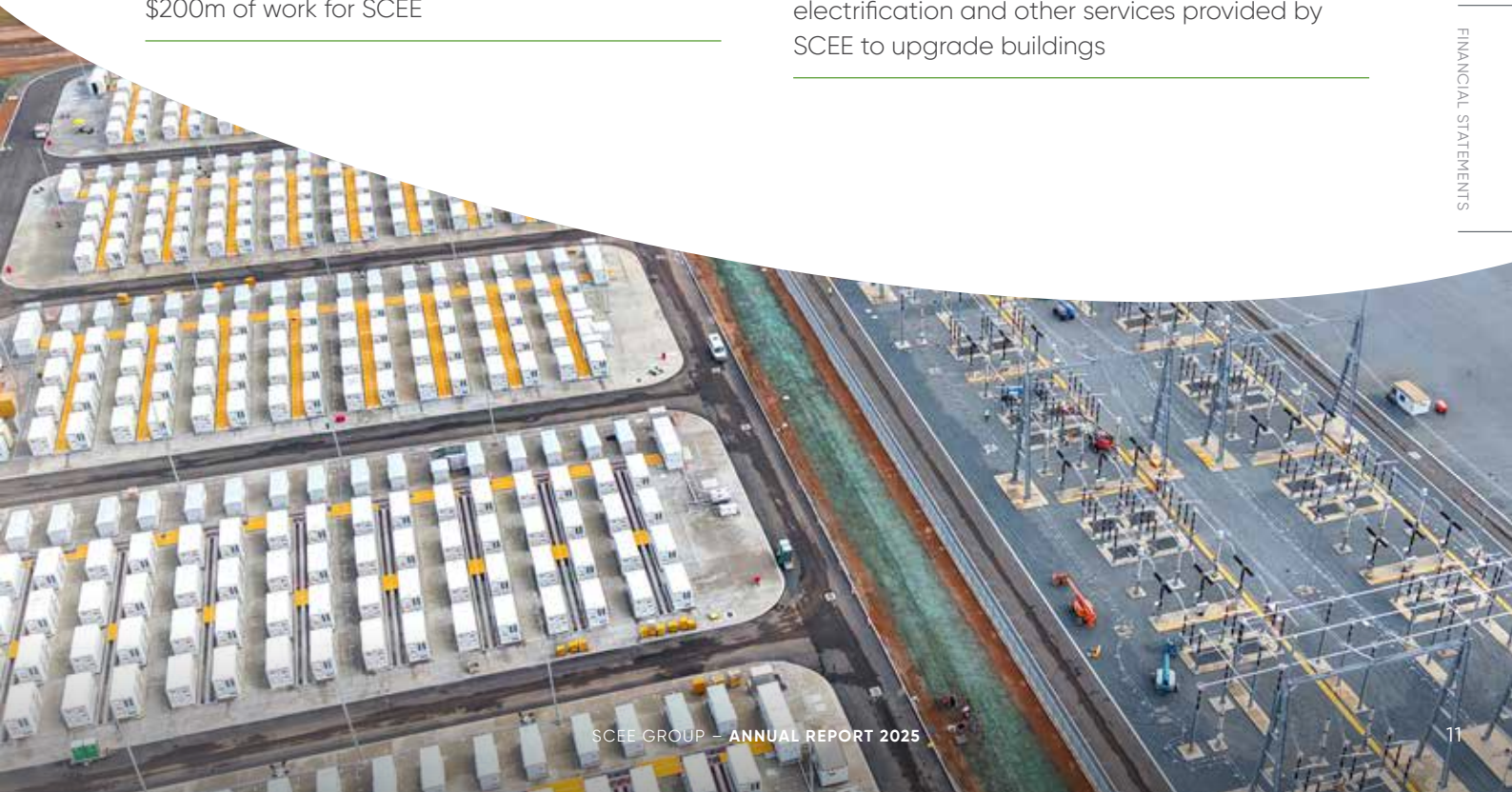
Force Fire are nearing completion of the installation of fire safety solutions on the Macintyre Wind Farm in Queensland for Nordex

Tendering for multiple battery and wind farm developments across Australia and we expect to announce further battery projects in the near-term

SCEE offers services across a huge range of electrification initiatives including:

Decarbonising client operations – such as power efficiencies for supermarkets, LED lighting in education facilities and manufacturing solar-powered security gates

More sustainable buildings – stricter building codes and the introduction of Sustainability Reporting Standards will drive increased electrification and other services provided by SCEE to upgrade buildings



SUSTAINABILITY

SCEE Group is dedicated to achieving sustainable and profitable growth while upholding our environmental, social, and community responsibilities. Our approach to sustainability encompasses:

ENVIRONMENT



We seek to promote best environmental practices within our areas of operation through our policies and procedures. Highlights include:

- Environmental Management Systems accredited to ISO 14001
- We continue to maintain a low GHG emissions base. Our FY25 operational emissions (Scope 1 and 2) totalled 4,702 tCO₂-e
- Contributing to the decarbonisation of Australia through our delivery of renewables, recycling and energy efficiency projects

HEALTH AND SAFETY



We consider the wellbeing of our people to be of paramount importance and are committed to providing a workplace that achieves zero harm. Highlights include:

- Health and Safety Management Systems are accredited to ISO 45001
- 5 Star Commitment safety approach addressing the highest critical risk areas
- Lost time injury ("LTI") free across the group's operations for the third consecutive year

SUSTAINABILITY

PEOPLE AND COMMUNITY



We are committed to providing a safe workplace for our people and investing in their growth. We engage with the communities in which we operate seeking to create a positive legacy through maximising local employment opportunities. Highlights include:

- Dedicated Health and Wellbeing Advisor and access to an Employee Assistance Provider
- Regular training and development opportunities
- Diversity Policy encouraging and supporting diversity in our workforce
- Indigenous Employment Policy facilitating sustainable employment opportunities
- Human Rights Policy and Modern Slavery Statement

CORPORATE GOVERNANCE



The SCEE Group has a Board-endorsed Corporate Governance Framework aimed at ensuring the business is managed effectively and ethically and that risks are appropriately identified, monitored and addressed. Highlights include:

- Experienced and appropriately structured Board and Committees
- Code of Conduct governing our dealings with stakeholders
- Anti-Bribery and Corruption and Whistleblower Policies

MANAGING DIRECTORS REVIEW

I am pleased to report another year of record revenue and profitability as we continue to grow and diversify the SCEE Group.



Results for the year ended 30 June 2025

Revenue for the year of \$801.5m was up 45.2% on the prior year record revenue of \$551.9m.

Revenue contribution by sector was as follows:

- Infrastructure – revenue for the year was \$511.6m, up 118.9% from \$233.7m in the prior year, and was again the largest sector contributing 64% of total revenue. Synergy's 500MW/2,000MWh Collie Battery Energy Storage System ("CBESS") project in Western Australia, initially announced in May 2024 and with over \$200m of work now awarded, is now passing peak levels of activity and is progressing well and on schedule. Other significant revenue contributors in the year were Western Sydney International Airport where the main terminal project has been completed with new packages of work awarded and ongoing, the Shoalhaven Hospital Redevelopment project and various Data Centres including NEXTDC SYD03 Artarmon.
- Commercial – revenue for the year was \$152.5m, compared to \$171.1m in the prior year. Key contributors in the current year were ongoing works for Coles and Woolworths by Trivantage's national supermarket services business and Heyday's various projects across NSW and ACT including the Pitt Street Sydney Metro station commercial and residential towers.
- Resources – revenue for the year was \$137.4m, compared to \$147.0m in the prior year. SCEE Electrical has various ongoing works for BHP, Rio Tinto, Sino Iron and Newmont Boddington

Gold and SEME Solutions continues to provide mine site and villages security upgrades.

Recurring revenues from services, maintenance, sustaining capital, and framework style agreements accounted for over 25% of FY25 revenue and grew 15% in FY25 to over \$210m compared to \$185m in the prior year. Gross profit for the year of \$105.9m was up 28.1% on the prior year gross profit of \$82.7m. Gross margin percentages were 13.2% compared to the prior year gross margins of 15.0%. Gross margins in the second half were 13.7% compared to 12.7% in the first half. Included in gross margin was circa \$4.0m of legal costs relating to the WestConnex arbitration which was announced to the ASX in December. Margins in the first half were also suppressed by a less profitable commercial buildings project mix with less fit-out works than normal.

Overheads of \$52.8m, which included \$2.5m of Force Fire acquisition costs and the addition of Force Fire's overheads post completion on 1 April, were up from \$43.3m in the prior year. Overheads as a percentage of revenue decreased to 6.6% compared to 7.8% in the prior year.

Record EBITDA for the year of \$54.8m was up 36.6% on the prior year's record \$40.1m and exceeded guidance of "at least \$53m".

Record EBIT of \$45.9m and record NPAT of \$31.7m were up 40.4% and 44.5% on the prior year's record results. The current year result included \$2.7m of amortisation of acquired intangible assets compared to \$2.1m in the prior year.

The Board has declared a fully franked final dividend of 5.0 cents per share to be paid on



8 October 2025. Total fully franked dividends declared for the year, including the interim dividend of 2.5 cents per share paid in April, were 7.5 cents per share, up 25% from 6.0 cents per share in the prior year.

The group has a franking account balance at 30 June 2025 of \$61.5m.

The cash balance at 30 June 2025 of \$88.6m was a record year-end balance and up 5.3% on the prior year despite paying out \$19.1m of dividends, \$32.0m of acquisition consideration for Force Fire and \$1.0m of deferred consideration relating to the prior year acquisition of MDE. The closing cash balance includes \$12m of advance payments received on the CBESS project that remained on the balance sheet at period end which will unwind in the first half of FY26.

The group remains debt free.

The acquisition of Force Fire resulted in the recognition of goodwill of \$43.1m and acquired intangibles of \$5.5m in respect of customer contracts and relationships. Force Fire had a strong final quarter post-acquisition with its contribution to the group's result in that period

broadly netting off against the acquisition costs incurred.

At 30 June 2025 there was a record \$115.2m of bank guarantees and surety bonds on issue leaving headroom of \$34.8m in the \$150.0m of combined facilities capacity. Headroom is expected to increase in H1 FY26 as the bonding securing the CBESS advance payments is returned.

On 2 December 2024 SCEE Group subsidiary Heyday submitted a Notice of Arbitration and Statement of Claim claiming against the CPB Dragados Samsung Joint Venture for additional costs incurred in performing its works on the WestConnex M5 motorway tunnel project in Sydney. The expedited arbitration process has commenced and is expected to be resolved in the first half of FY26.

Health, Safety and Environment

Delivering our work safely is our highest priority and we are extremely proud of our strong safety culture. We were Lost Time Injury ("LTI") free across the group's operations in FY25 for the third consecutive year. This represented 3.5

MANAGING DIRECTOR'S REVIEW CONT'D

million manhours LTI-free in the year delivered by our workforce of circa 1,900 direct employees. Our SCEE Electrical business is now over 21 years LTI-free in Australia.

We continue to maintain a low GHG emissions base. In FY25 our operational emissions (Scope 1 and Scope 2) totalled 4,702 tCO₂-e, up from 3,687 tCO₂-e in FY24 due to the significantly higher levels of activity in the current year.

Strategy

SCEE sees electrical contracting as its core capability whilst increasingly diversifying into adjacent disciplines and servicing the infrastructure, commercial, and resources sectors.

Our growth strategy continues to be to deepen our presence in those sectors and broaden our geographic diversity through expanding our core competencies and adding adjacent and complementary capabilities and disciplines, either organically or by acquisition.

We are increasing our exposure to services and maintenance style works.

We are actively exploring a range of acquisition targets offering further geographic diversification and new capabilities.

We aim to maximise the synergies and cross-selling opportunities created by the increasing diversification and multi-disciplinary nature of the Group.

The electrification of the Australian and global economies presents SCEE with opportunities across all its operations.

Acquisition of Force Fire

Consistent with our strategy, we completed the acquisition of Force Fire Holdings, a leading New South Wales and Queensland-based provider of fire safety solutions, for an enterprise value of up to \$53.5m on 1 April 2025.



The fire sector is a natural and logical adjacency to SCEE's core electrical competence.

Founded in 2004 and headquartered in Sydney, 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.

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 a growing presence in recurring-style maintenance, services and minor works which accounts for circa 30% of its revenue already.

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 anticipated with the potential to leverage the combined group's capabilities and client relationships.

The business also 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.

We have a successful track record of acquiring value accretive businesses and are exploring multiple further acquisition targets and have the financial capacity to execute these.

Outlook

Order book and contract awards

The order book at 30 June 2025 remained strong

at \$685m compared to last year's record \$720m which included the then-recently awarded CBESS project. The infrastructure sector makes up two-thirds of the order book. Over 75% of the order book is on the east coast and circa 25% of it is now in the non-electrical disciplines of fire, manufacturing, security and communications.

Notable awards in the year included the CBESS Switchyard package, further packages of work at the NEXTDC SYD03 Artarmon and other hyperscale data centres, a substation package at the Alkimos desalination plant in WA, and the Shellharbour Hospital project in NSW which at over \$60m is the group's largest ever hospital award.

Heyday were awarded the Western Sydney Airport Stand Alone Facilities Project, comprising two major packages of works critical for airport operations, taking the number of packages of work awarded to the group at the Western Sydney Airport to eleven.

Trivantage Manufacturing received multiple orders to provide products for the Western Harbour Tunnel in Sydney and the North East Link in Melbourne resulting in their order book reaching record levels.

We recently announced that SCEE Electrical has secured further renewals of its services agreements with Energy Queensland Limited and at the Newmont Boddington Gold Mine for four and five years respectively.

Markets

The infrastructure market is a very wide sector for SCEE and spans federal, state, and private investment in Data Centres, renewables and energy, transport (including airports, rail, road and ports), health and aged care, defence, education, agriculture, water, and other utilities.

The Data Centre sector is in exponential growth driven by cloud computing and AI developments. Data Centres are electrically dense, with electrical work comprising the largest component of construction cost. SCEE Group businesses have worked on Data Centre projects for over twenty years and have multiple touch points into the

sector, particularly Heyday's strong position in general construction, Trivantage Manufacturing building and supplying electrical equipment and Force Fire now offering wet and dry fire solutions.

The group's Data Centre revenues have grown strongly in recent years from an average of \$20m per annum in FY19 to FY23, increasing to \$50m in FY24 and now to approximately \$120m in FY25. A number of awards were secured during the year and we are currently tendering on or positioning for over \$500m of work to be awarded in the next two years for extensions at existing or new builds of multiple Data Centres.

SCEE has multiple exposures to Australia's energy transition which requires electrification of many activities by 2050. This particularly includes transforming the electricity supply to run on non-carbon fuels and the electrification and decarbonisation of existing industries, transport networks and the built environment.

The transition of Australia's electricity supply requires investment in renewables supported by battery storage and grid configuration. SCEE Group is well credentialed to participate in this thematic having delivered multiple solar farms, wind farms and Battery Energy Storage Systems. In early-FY26 we will successfully complete the CBESS project while Force Fire are nearing completion of installation of fire safety solutions on the Macintyre Wind Farm in Queensland for Nordex. We are tendering for multiple battery and wind farm developments across Australia and expect to announce further battery projects in the near term.

SCEE offers services across a huge range of electrification initiatives including decarbonising our client's operations, helping meet the demand for products required for decarbonisation and the movement to sustainable buildings with stricter building codes and sustainability standards and the introduction of Sustainability

Reporting Standards expected to drive increased electrification and other services provided by SCEE to upgrade buildings.

In healthcare we are delivering the new Shellharbour Hospital which is ramping up and expected to be completed in mid-2027. We are positioning for further major hospital developments presenting in NSW and ACT in the medium-term.

The Western Sydney International Airport terminal project for Multiplex is now completed with the Stand Alone Facilities Project now underway. We are expecting a long-term pipeline of works with further airport expansion and in the surrounding Aerotropolis region.

We are tendering for multiple projects on the Sydney Metro programme including the airport line and Sydney West Station developments having completed the Pitt Street Metro Station during the period. Trivantage Manufacturing was recently awarded the switchboard project for the airport line and is supplying products for multiple transport developments in NSW and Victoria.

In the commercial sector we expect volumes to grow in FY26 driven by the addition of Force Fire and its exposure to commercial and industrial warehousing works where we see a growing pipeline of opportunities emerging. Volumes from Trivantage's national supermarket services business remain steady while commercial building activity has now stabilised at lower post-covid activity levels with the Atlassian building development and City Tattersalls Club redevelopment in Sydney ongoing.

Resource sector volumes are at consistent volumes in the absence of major greenfield development projects. We saw a steady flow of sustaining capital type works in the current year and expect that to continue into FY26.

Earnings guidance

The group is anticipating further growth in FY26 with EBITDA in the range of \$65m-68m, growing 18-24% on FY25 EBITDA.

The ability to deliver our growth forecasts could be adversely affected by delays to current and future projects or by project delivery issues, however we do not anticipate any impact at the current time and note that opportunities exist outside the current forecasts that could mitigate against any shortfalls or even exceed these forecasts.

Macro factors, including economic and geopolitical uncertainty, have the potential to destabilise or change the markets in which we operate. The group continues to monitor and manage the broader economic environment.

Conclusion

I am delighted to be reporting on another year of record results where we have continued to grow our revenue and earnings while further widening the group's capabilities through the acquisition of Force Fire.

We anticipate our growth trend continuing in FY26, driven by a number of factors including:

- our strong order book and high levels of exposure across the group to the growing pipeline of opportunities in Data Centre, battery storage and industrial warehousing projects across Australia;
- increased opportunities to cross-sell the group's diverse capabilities and disciplines; and
- we are exploring a number of acquisition targets which we have the skillsets, experience and financial capacity to execute.

I would like to take this opportunity to thank our employees across the SCEE Group for their contribution throughout the year and I thank our clients and shareholders for their continued support.

DIRECTOR'S REPORT

Your Directors submit their report for Southern Cross Electrical Engineering Limited ("SCEE Group" or "the Company") for the year ended 30 June 2025.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.



Karl Paganin

INDEPENDENT CHAIRMAN AND
NON-EXECUTIVE DIRECTOR

Karl has over 25 years of senior executive experience in investment banking, specialising in transaction structuring, equity capital markets, mergers and acquisitions, and providing strategic management advice to listed public companies. Prior to that, Karl was Director of Major Projects and Senior Legal Counsel for Heytesbury Pty Ltd (the private company of the Holmes à Court family) which was the proprietor of John Holland Group Pty Ltd.

Karl was appointed Chairman of the Board on 31 October 2023 and is the Chairman of the Nomination and Remuneration Committee.

Karl is also the Non-Executive Chairman of ASX listed Veris Limited.



Graeme Dunn

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Graeme has over 35 years international experience in heavy civil infrastructure, mining, oil & gas and building projects. Graeme's strong technical knowledge, coupled with his extensive executive management experience, has seen him hold senior management positions throughout Australasia and the Middle East.

Graeme has a Bachelor of Civil Engineering from the University of Sydney, an MBA from the University of Southern Queensland and has completed the Senior Executive Program from the London School of Business. He is also a graduate of the Australian Institute of Company Directors.



Simon Buchhorn

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Simon has a comprehensive understanding of SCEE Group's operations having been employed by the Company for over 30 years prior to retiring in 2014.

During this time he worked in a number of key positions across the business including over 6 years as Chief Operating Officer and a period as interim Chief Executive Officer. He was also the General Manager of SCEE Group's LNG focused joint venture KSJV.

Simon brings to the Board significant experience in electrical contracting and operational performance both domestically and internationally. He is also a graduate of the Australian Institute of Company Directors.

Simon is a member of the Audit and Risk Management Committee.



Paul Chisholm

INDEPENDENT NON-EXECUTIVE DIRECTOR

Paul has over 40 years of experience in the electrical industry. Paul was a significant shareholder and Chairman of Trivantage Holdings Pty Ltd prior to the acquisition by SCEE Group in December 2020. He was the founder of SCADA Group Pty Ltd which was a global company servicing the energy, mining, utility and defence sectors with automation and control products and services solutions. Paul has also been the Chairman of a number of private companies and is an advisor for private equity funds.

Paul is a member of the Audit and Risk Management Committee and of the Nomination and Remuneration Committee.



Michael McNulty

INDEPENDENT NON-EXECUTIVE DIRECTOR

(Appointed 1 September 2024)

Michael is a Fellow of Chartered Accountants Australia and New Zealand ("CAANZ") and a Graduate Member of the Australian Institute of Company Directors ("AICD").

Michael's professional experience spans over 35 years and for the last 22 years he was a partner at Deloitte serving for over a decade as the Managing Partner of Deloitte's Perth office. Michael's consulting experience is across a broad range of industries specialising in large-scale organisational transformation and business process improvement both in Australia and internationally. Michael has extensive Board experience attained through serving on the Deloitte Australia Board for nine years, the Deloitte Foundation Board for ten years, and many years serving on Not-For-Profit Boards.

Michael is the Chairman of the Audit and Risk Committee.

Michael has been appointed as a Non-Executive Director of ASX Listed Orthocell Limited, effective 1 September 2025



Derek Parkin OAM

INDEPENDENT NON-EXECUTIVE DIRECTOR

(Resigned 1 September 2024)

Derek was the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee until his retirement from the Board on 1 September 2024.

Executive Officers

The names and details of the Company's Executive Officers during the financial year and until the date of this report are as follows. Executive Officers were in office for this entire period unless otherwise stated.



Chris Douglass

CHIEF FINANCIAL OFFICER AND
COMPANY SECRETARY

Prior to joining SCEE Group in 2011 Chris was the Chief Financial Officer at Pacific Energy Ltd and has previously held a number of senior finance roles with Clough Ltd.

Chris, a Chartered Accountant, commenced his finance career with Deloitte in London. Prior to his time with Deloitte, Chris qualified and practiced as a solicitor in London.



Colin Harper

COMPANY SECRETARY

Colin has over 20 years of experience in public company finance and governance and is a Chartered Accountant and member of the Governance Institute of Australia.

Prior to joining SCEE Group in 2012 Colin was the Chief Financial Officer and Company Secretary of an ASX listed oil & gas exploration company and previously worked for EY in both Australia and the UK.

DIRECTOR'S REPORT (CONT'D)

Directors' interests

As at the date of this report, the relevant interests of the directors in the shares and rights or options over shares issued by the Company are as follows:

Director	Ordinary shares	Rights over ordinary shares	Options over ordinary shares
Karl Paganin	1,909,501	-	-
Graeme Dunn ¹	2,727,211	2,285,880	-
Simon Buchhorn	842,035	-	-
Paul Chisholm	2,758,460	-	-
Michael McNulty	21,282	-	-

1. Included in the Performance Rights held by Graeme Dunn are 1,004,348 2023 Performance Rights which have been performance tested on finalising the 2025 results and it has been determined that 100% of these 2023 Performance Rights have vested.

Directors' meetings

The number of Directors' meetings and meetings of committees of Directors held and attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit and Risk Management Committee Meetings		Nomination and Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Karl Paganin	14	14	-	-	2	2
Graeme Dunn	14	14	-	-	-	-
Simon Buchhorn	14	14	3	3	-	-
Paul Chisholm	14	14	3	3	2	2
Michael McNulty	11	11	2	2	-	-
Derek Parkin	3	3	1	1	1	1

The number of meetings held represents the time the director held office and was a member of the committee during the year.

Principal Activities

The principal activities during the year of the entities within the consolidated group were the provision of electrical, instrumentation, communications, security, fire, and maintenance services and products to a diverse range of sectors across Australia.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company or consolidated group during this financial year.

Operating and Financial Review

A review of operations of the consolidated group during the financial year, the results of those operations and the likely developments in the operations are set out in the Managing Director's Review on page 14.

Operating results for the year were:	2025 \$'000	2024 \$'000
Contract revenue	801,454	551,870
Profit after income tax	31,670	21,915

Dividends

	Cents per share	Total amount \$'000
Declared and paid during the period (fully franked at 30%)		
Final franked dividend for 2024	5.0	13,200
Interim franked dividend for 2025	2.5	6,607
Declared after balance date and not recognised as a liability (fully franked at 30%)		
Final franked dividend for 2025	5.0	13,220

Significant Events after Balance Sheet Date

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Likely Developments and Expected Results

Other than as referred to in this report, further information as to the likely developments in the operations of the consolidated entity would, in the opinion of the directors, be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The operations of the Group are subject to the environmental regulations that apply to our clients. During 2025 the Group complied with the regulations.

Share Options and Performance Rights

At the date of this report there are no unissued ordinary shares of the Company under options.

During the reporting period 790,208 shares were issued from the exercise of performance rights previously granted as remuneration.

Further details are contained in note 26 to the financial statements.

Indemnification and Insurance of Directors and Officers

During or since the end of the financial year, the Company has paid premiums in respect of a contract insuring all the directors of the Company against a liability incurred in their role as directors of the Company, except where:

- a) the liability arises out of conduct involving a wilful breach of duty; or
- b) there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

The total amount of insurance contract premiums paid was \$301,260 (2024: \$310,930).

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided by the external auditors during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page xx and forms part of the Directors' report for the financial year ended 30 June 2025.

Remuneration Report

The Remuneration Report is set out on pages 27 to 35 and forms part of this report.

Rounding off

The Company is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 and in accordance with that Class Order amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



Karl Paganin
Chairman
19 August 2025



REMUNERATION REPORT

This Remuneration Report outlines the Director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (“KMP”) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Director and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of executive and non-executive remuneration is separate and distinct.

Executive Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- attract, motivate and retain highly skilled executives;
- reward executives for Group, business and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders; and
- ensure remuneration is competitive by market standards.

Structure

The Company has entered into contracts of employment with the Managing Director and the executives. These contracts contain some or all of the following key elements:

- Fixed remuneration;
- Variable remuneration - Short term incentive (“STI”); and
- Variable remuneration - Long term incentive (“LTI”).

The nature, amount and proportion of remuneration that is performance related for each executive is set out in Table 1.

Fixed Remuneration

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without undue cost for the Group.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee. There are no guaranteed base pay increases for any executive. For the 2025 financial year, the Committee approved an increase to KMP remuneration commensurate with the growth in the size and scope of the Group’s operations and their consequential responsibilities in recent years. Details of remuneration received in the 2025 financial year can be found in Table 1 of this report.

Executive Remuneration (continued)

Variable Remuneration – Short Term Incentive (“STI”)

The objective of the Group STI program is to link the achievement of the Group’s short term operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Graeme Dunn and Chris Douglass are the only KMPs who participate in the Group STI program and in the 2025 financial year STI scheme could earn up to a maximum of 75% of their fixed remuneration, paid in cash. Actual STI payments granted to each executive depend on the extent to which specific targets as set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (“KPIs”) covering both financial and non-financial measures of performance.

For the year ended 30 June 2025, the financial KPIs accounted for 70% of the executive team’s STI and were achievable on outperforming specific targets for both EBITDA (50%) and forward order book (20%).

The non-financial KPIs accounted for 30% of the executive team’s STI and comprised the achievement of strategic goals aligned with the group’s growth and development objectives. The strategic objectives were chosen to align with the key drivers for the short term success of the business and provide a framework for delivering long term value.

The assessment of performance against KPIs is based on the audited financial results for the Company. For each component of the STI against a KPI no award is made where performance falls below the minimum threshold for that KPI. The Nomination and Remuneration Committee recommends the STI to be paid to the individuals to the Board for their approval. For the 2025 financial year STI it has been determined that 75% of the available bonus will vest.

Variable Remuneration – Long Term Incentive (“LTI”)

The objective of the LTI plan is to retain and reward the members of the executive management team in a manner which aligns this element of remuneration with the creation of shareholder wealth.

LTI grants to executives are delivered at the discretion of the Nomination and Remuneration Committee in the form of performance rights or share options under the Senior Management Long Term Incentive Plan, which was last approved by shareholders at the 2023 Annual General Meeting.

Graeme Dunn and Chris Douglass are the only KMPs who participate in the LTI plan and in the 2025 financial year LTI scheme were issued with performance rights equal to 75% of their fixed remuneration converted at the 5 day volume weighted average price of the Company’s ordinary shares prior to the start of the three year performance period.

The Key Performance Indicators (“KPIs”) used to measure performance for these incentives are earnings per share growth and absolute total shareholder return. These KPIs are measured over a three year performance period and were chosen because they are aligned to shareholder wealth creation. For each component of the LTI against a KPI no award is made where performance falls below the minimum threshold for that KPI.

The Nomination and Remuneration Committee assesses the performance against KPIs and recommends the LTI vesting to the Board for their approval. For the 2023 financial year performance rights, which have been performance tested at 30 June 2025, it has been determined that 100% of the available performance rights will vest. Under the terms of the LTI Plan up to 50% of vested performance rights may be exercised for cash at the participant’s discretion with the balance exercised for ordinary shares in the Company.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The aggregate remuneration as approved by shareholders at the annual general meeting held on 26 November 2008 is \$600,000 per year.

The Non-Executive Director fee structure is reviewed annually. The Board considers external market surveys as well as the fees paid to Non-Executive Directors of comparable companies in our sector when undertaking the annual review process. In the 2025 financial year the annual fee paid to the Chairman of the Board was \$151,312 plus superannuation at the statutory rate (previously \$144,796 plus superannuation). The annual fee paid to other Non-Executive Directors was \$94,570 per annum plus superannuation at the statutory rate (previously \$90,498 plus superannuation). No additional fees are paid to Directors who sit on Board Committees.

The Non-Executive Directors do not receive retirement benefits, nor do they participate in any incentive programs.

The remuneration paid to Non-Executive Directors in the year is detailed in Table 1 of this report.

Consequences of performance on shareholder wealth

In considering the impact of the Group's performance on shareholder wealth and the related rewards earned by executives, the Nomination and Remuneration Committee had regard to the following measures over the years below:

	2025	2024	2023	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit attributable to owners of the company	31,670	21,915	20,091	15,269	13,761
Dividends declared and paid during the year	19,807	13,138	13,055	12,982	7,428
Change in share price	5%	158%	14%	9%	23%
Total shareholder return	10%	166%	22%	19%	30%
Basic earnings per share (cents)	11.99	8.34	7.69	6.10	5.55
Return on capital employed	21%	16%	15%	13%	11%

REMUNERATION REPORT (CONT'D)

Table 1 Remuneration of Key Management Personnel

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the named Company executives who are key management personnel are:

		Short term benefits		Post employment	Long term benefits	Share based payments ⁵			Total	Performance related %
		Salary & fees \$	STI cash bonus \$			Leave ⁴ \$	Superannuation \$	Leave ⁴ \$		
Non-Executive Directors										
Karl Paganin	2025	151,312	-	-	17,401	-	-	-	168,713	-
	2024	126,697	-	-	13,937	-	-	-	140,634	-
Simon Buchhorn	2025	94,570	-	-	10,876	-	-	-	105,446	-
	2024	90,497	-	-	9,955	-	-	-	100,452	-
Paul Chisholm	2025	94,570	-	-	10,876	-	-	-	105,446	-
	2024	90,497	-	-	9,955	-	-	-	100,452	-
Michael McNulty ²	2025	76,383	-	-	8,784	-	-	-	85,167	-
	2024	-	-	-	-	-	-	-	-	-
Derek Parkin ³	2025	18,108	-	-	2,082	-	-	-	20,190	-
	2024	109,711	-	-	12,068	-	-	-	121,779	-
Executive Directors										
Graeme Dunn	2025	816,145	475,957	7,503	30,000	19,861	233,676 ⁸	735,399 ⁹	2,318,541	62%
	2024	781,000	606,375	3,797	27,500	18,879	220,240 ⁸	1,116,840 ⁹	2,774,631	70%
Executives										
Chris Douglass	2025	475,998	284,624	(11,394)	30,000	(13,176)	130,157 ⁸	439,375 ⁹	1,335,584	64%
	2024	455,500	362,250	(3,522)	27,500	9,859	121,788 ⁸	665,444 ⁹	1,638,819	70%
Total	2025	1,727,086	760,581	(3,891)	110,019	6,685	363,833	1,174,774	4,139,087	56%
Total	2024	1,653,902	968,625	275	100,915	28,738	342,028	1,782,284	4,876,767	63%

1. Karl Paganin was appointed Chairman on 31 October 2023.

2. Michael McNulty was appointed as a Director on 1 September 2024.

3. Derek Parkin retired as a Director on 1 September 2024. Derek served as Chairman until 31 October 2023.

4. Leave represents annual and long service leave entitlements accrued in the period less leave taken in the period.

5. Under the terms of the Group's LTI Plan up to 50% of vested performance rights may be exercised for cash at the participant's discretion with the balance equity-settled for ordinary shares in the Company. The value disclosed in Table 1 is the fair value of the performance rights recognised in the financial year. The fair value of the performance rights with market related vesting conditions are valued using a Monte Carlo simulation model. The performance rights with non-market related vesting conditions are valued using the Binomial Tree option model.

6. For equity-settled performance rights the fair values derived at grant date are allocated to each reporting period evenly over the service period. The amount recognised as an expense in a period is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

7. The 50% of performance rights that are available for exercise as cash are deemed to be cash-settled for accounting purposes regardless of whether they are ultimately settled for cash or equity. Cash-settled share-based payment arrangements are fair valued at each reporting date with the cumulative revaluation recognised as an expense in the period. Share price is a key input in the determination of the fair value of the rights. The Company's share price has increased significantly since the start of the performance period of rights that have been expensed in the current and prior year resulting in increased valuations for these rights.

8. The equity-settled performance rights share-based payment expenses recognised in the year include accounting expenses of \$152,533 (2024: \$168,745) for Graeme Dunn and \$81,682 (2024: \$91,233) for Chris Douglass relating to performance rights that have not yet vested and may never vest depending on the outcomes for the 2024 and 2025 Financial Year Performance Rights which will be performance tested at 30 June 2026 and 30 June 2027 respectively.

9. The cash-settled performance rights share-based payment expenses recognised in the year include accounting expenses and fair value adjustments of \$370,720 (2024: \$704,125) for Graeme Dunn and \$221,515 (2024: \$420,550) for Chris Douglass relating to performance rights that have not yet vested and may never vest depending on the outcomes for the 2024 and 2025 Financial Year Performance Rights which will be performance tested at 30 June 2026 and 30 June 2027 respectively.

Employment Contracts

The following executives have non-fixed term employment contracts. The company may terminate the employment contract by providing the other party notice as follows:

Executive	Notice Period
Graeme Dunn	6 months
Chris Douglass	6 months

The Group retains the right to terminate a contract immediately by making a payment in lieu of the notice period. An executive may be terminated immediately for a breach of their employment conditions. Upon termination the executive is entitled to receive their accrued annual leave and long service leave together with any superannuation benefits. There are no other termination payment entitlements.

Performance rights over equity instruments

The movement during the reporting period in the number performance rights over ordinary shares in Southern Cross Electrical Engineering Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Performance Rights over equity instruments

Executive	Held at 30 June 2024	Granted as remuneration	Vested and exercised ¹	Forfeited	Held at 30 June 2025	Vested and exercisable at 30 June 2025
Graeme Dunn	2,526,143	365,558	(605,821)	-	2,285,880	-
Chris Douglass	1,506,682	218,605	(359,477)	-	1,365,810	-
	4,032,825	584,163	(965,298)	-	3,651,690	-

1. Graeme Dunn elected to exercise 50% of his vested 2022 performance rights for cash and 50% for ordinary shares in accordance with the LTI Plan Rules. Chris Douglass elected to exercise 100% of his vested 2022 performance rights for ordinary shares.

REMUNERATION REPORT (CONT'D)

Performance rights granted as remuneration in 2025

During the period performance rights over ordinary shares in the company were granted as remuneration to KMP. These performance rights will vest subject to the meeting of performance set out below. Details on performance rights that were granted during the period are as follows:

Executive	Instrument	Number	Grant date	Fair value per performance right at grant date (\$)	Exercise price per performance right (\$)	Performance testing date	Expiry Date
Graeme Dunn ¹	2025 Rights	182,779	31/10/24	0.64	0.00	30/6/27	31/10/28
Graeme Dunn ²	2025 Rights	182,779	31/10/24	1.44	0.00	30/6/27	31/10/28
Chris Douglass ¹	2025 Rights	109,303	31/10/24	0.64	0.00	30/6/27	31/10/28
Chris Douglass ²	2025 Rights	109,302	31/10/24	1.44	0.00	30/6/27	31/10/28
		584,163					

1. Performance rights granted with Absolute TSR as the vesting condition
2. Performance rights granted with EPS growth as the vesting condition

2025 Financial Year Performance Rights

Up to 100% of the allocated performance rights may vest, subject to the achievement of the performance conditions as set out below. The key terms of the performance rights are:

- To be performance tested over a three year period from 1 July 2024 to 30 June 2027 ("Performance Period");
- No performance rights will vest until 30 June 2027;
- Performance testing criteria are 50% against Absolute Total Shareholder Return ("TSR") performance, and 50% against Earnings Per Share ("EPS") performance; and
- Expiry on the 4th anniversary of the grant date unless an earlier lapsing date applies.

The TSR formula is:

$$\frac{((\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\text{Dividends Received}))}{\text{Share Price at Start Date}}$$

TSR will be assessed against targets for threshold performance of 8% per annum compounded over the Performance Period and for stretch performance of 12% per annum compounded over the Performance Period. The vesting schedule is as follows for TSR performance over the Performance Period:

Less than 8% per annum compounded	0% vesting
8% per annum compounded	50% vesting
Between 8% and 12% per annum compounded	Pro-rata vesting between 50% and 100%
At or above 12% per annum compounded	100% vesting

Performance rights granted as remuneration in 2025 (continued)

EPS performance will be measured in the 2027 financial year. For the purposes of performance testing the Performance Rights, EPS in the 2027 financial year will be the Basic EPS for the year, as prescribed by the accounting standards and set out in the Company's Financial Reports, adjusted by the Board to reflect the Company's underlying profitability by removing from the calculation of profit or loss attributable to ordinary shareholders in the year non-underlying items, which include:

- (a) amortisation of acquired intangibles;
- (b) unwinding of interest on deferred acquisition consideration payments;
- (c) adjustments to the assessment of deferred consideration payable;
- (d) acquisition costs; and
- (e) finance income or expenses arising from fair value accounting adjustments relating to performance rights.

EPS performance in the 2027 financial year, as described above, will be assessed against targets for threshold performance of 8% compound annual growth from EPS in the 2024 financial year and for stretch performance of 12% compound annual growth from EPS in the 2024 financial year. The vesting schedule is as follows for EPS performance in the 2027 financial year:

Less than 8% compound annual growth from EPS in FY24	0% vesting
8% compound annual growth from EPS in FY24	50% vesting
Between 8% and 12% compound annual growth from EPS in FY24	Pro-rata vesting between 50% and 100%
At or above 12% compound annual growth from EPS in FY24	100% vesting

Under the terms of the LTI Plan up to 50% of vested performance rights may be exercised for cash at the participants discretion with the balance exercised for one ordinary share per vested performance right.

Where a participant ceases employment prior to the vesting of their share options or performance rights, the share options or performance rights are forfeited unless in the event of retirement, permanent disablement or death the Board, at their absolute discretion, waive the exercise and vesting conditions associated with the performance rights or allow the performance rights to continue to be assessed over the original performance assessment period. In the event of a change of control of the Company, all options and performance rights that have not lapsed may be exercised.

REMUNERATION REPORT (CONT'D)

Details of equity incentives affecting current and future remuneration

Details of the vesting profiles of the performance rights held by each key management person are as follows:

Executive	Instrument	Number	Grant Date	% vested in year	% forfeited in year	Performance testing date	Expiry Date
Graeme Dunn	2022 Rights	605,821	5/11/21	100%	-	30/6/24	5/11/25
	2023 Rights (A)	1,004,348	4/11/22	-	-	30/6/25	5/11/26
	2024 Rights (B)	915,974	1/11/23	-	-	30/6/26	1/11/27
	2025 Rights (C)	365,558	31/10/24	-	-	30/6/27	31/10/28
Chris Douglass	2022 Rights	359,477	5/11/21	100%	-	30/6/24	5/11/25
	2023 Rights (A)	600,000	4/11/22	-	-	30/6/25	5/11/26
	2024 Rights (B)	547,205	25/8/23	-	-	30/6/26	25/8/27
	2025 Rights (C)	218,605	31/10/24	-	-	30/6/27	31/10/28

- A. 50% of the 2023 performance rights have TSR as the vesting condition with a threshold target of 8% per annum compounded and a stretch target of 12% per annum compounded. These performance rights have a fair value of \$0.37 each. 50% of the 2023 performance rights have EPS growth as the vesting condition with a threshold target of 9.70 cents per share and a stretch target of 10.82 cents per share. These performance rights have a fair value of \$0.58 each. The 2023 financial year performance rights have been performance tested at 30 June 2025 and it has been determined that 100% of the available performance rights will vest.
- B. 50% of the 2024 performance rights have TSR as the vesting condition with a threshold target of 8% per annum compounded and a stretch target of 12% per annum compounded. These performance rights have a fair value of between \$0.35 and \$0.48 each. 50% of the 2024 performance rights have EPS growth as the vesting condition with a threshold target of 10.81 cents per share and a stretch target of 12.05 cents per share. These performance rights have a fair value of between \$0.62 and \$0.70 each. The maximum employee benefit expense that may be recognised over the remaining service period in respect of these performance rights in the event that all rights vest is \$268,606.
- C. The vesting conditions and fair values of the 2025 performance rights are set out on page 31 - 33. The maximum employee benefit expense may be recognised over the remaining service period in respect of these performance rights in the event that all rights vest is \$405,020.

REMUNERATION REPORT (CONT'D)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Southern Cross Electrical Engineering Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows.

Ordinary shares

	Held at 30 June 2024	Additions	Disposals	Other	Held at 30 June 2025
Directors					
Karl Paganin ¹	1,831,549	77,952	-	-	1,909,501
Graeme Dunn ²	2,424,300	302,911	-	-	2,727,211
Simon Buchhorn ¹	807,660	34,375	-	-	842,035
Paul Chisholm	2,758,460	-	-	-	2,758,460
Michael McNulty ³	-	-	-	21,282	21,282
Derek Parkin ⁴	138,588	-	-	(138,588)	-
Executives					
Chris Douglass ²	2,508,049	359,477	-	-	2,867,526

1. Shares acquired through participation in the Company's Dividend Reinvestment Plan.

2. Shares acquired on exercise of vested FY22 performance rights.

3. Other movement represents shares held on appointment as a Director.

4. Other movement represents share held on resignation as a Director.

Transactions with key management personnel

There were no transactions between the company and Key Management Personnel during the year. There are no loans between the company and Key Management Personnel.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 \$'000	2024 \$'000
Contract revenue	4	801,454	551,870
Contract expenses	6	(695,537)	(469,202)
Gross profit		105,917	82,668
Other income	5	1,736	785
Employee benefits expenses	6	(29,602)	(23,799)
Occupancy expenses		(3,420)	(2,949)
Administration expenses		(15,952)	(12,973)
Depreciation expense	7	(3,008)	(2,708)
Amortisation expense	7	(3,234)	(2,624)
Amortisation of customer contracts and relationships	7	(2,705)	(2,113)
Other expenses from ordinary activities		(3,842)	(3,599)
Profit from operations		45,890	32,688
Finance income	8	2,957	2,428
Finance expenses	8	(3,216)	(3,437)
Net finance expense		(259)	(1,009)
Profit before tax		45,631	31,679
Income tax expense	9	(13,961)	(9,764)
Profit from continuing operations		31,670	21,915
Other comprehensive income			
Items that are or may be reclassified to the profit and loss		-	-
Other comprehensive income net of income tax		-	-
Total comprehensive income		31,670	21,915
Total comprehensive income attributable to:			
Owners of the Company		31,670	21,915
Earnings per share:			
Basic earnings per share (cents)	10	11.99	8.34
Diluted earnings per share (cents)	10	11.90	8.20

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	11	88,572	84,083
Trade and other receivables	12	134,013	137,554
Inventories	13	1,621	1,966
Prepayments		3,999	3,412
Total current assets		228,205	227,015
Non-current assets			
Property, plant and equipment	15	13,208	10,909
Right-of-use assets	16	7,701	7,665
Intangible assets	17	161,929	116,085
Deferred tax asset	9	10,001	3,082
Total non-current assets		192,839	137,741
Total assets		421,044	364,756
Liabilities			
Current liabilities			
Trade and other payables	18	161,165	129,235
Lease liability	19	3,460	3,564
Provisions	20	26,773	21,186
Contingent acquisition consideration	21	4,636	1,000
Tax payable	9	2,589	9,078
Total current liabilities		198,623	164,063
Non-current liabilities			
Lease liability	19	4,755	4,532
Provisions	20	2,419	2,264
Contingent acquisition consideration	21	10,638	2,736
Total non-current liabilities		17,812	9,532
Total liabilities		216,435	173,595
Net assets		204,609	191,161
Equity			
Share capital	22	118,961	117,554
Reserves		371	193
Retained earnings		85,277	73,414
Total equity		204,609	191,161

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Share Capital \$'000	Retained Earnings \$'000	Share Based Payments Reserve \$'000	Translation Reserve \$'000	Total Equity \$'000
Balance as at 1 July 2023	116,651	64,637	1,325	(514)	182,099
Total comprehensive income for the year					
Profit for the year	-	21,915	-	-	21,915
Total comprehensive income	-	21,915	-	-	21,915
Transactions with owners, recorded directly in equity					
Dividends	-	(13,138)	-	-	(13,138)
Dividend re-investment, net	450	-	-	-	450
Performance rights (net of tax)	453	-	(1,384)	-	(931)
Equity-settled share-based payment	-	-	766	-	766
Total transactions with owners	903	(13,138)	(618)	-	(12,853)
Balance as at 30 June 2024	117,554	73,414	707	(514)	191,161

	Share Capital \$'000	Retained Earnings \$'000	Share Based Payments Reserve \$'000	Translation Reserve \$'000	Total Equity \$'000
Balance as at 1 July 2024	117,554	73,414	707	(514)	191,161
Total comprehensive income for the year					
Profit for the year	-	31,670	-	-	31,670
Total comprehensive income	-	31,670	-	-	31,670
Transactions with owners, recorded directly in equity					
Dividends	-	(19,807)	-	-	(19,807)
Dividend re-investment, net	707	-	-	-	707
Performance rights (net of tax)	700	-	(279)	-	421
Equity-settled share-based payment	-	-	457	-	457
Total transactions with owners	1,407	(19,807)	178	-	(18,222)
Balance as at 30 June 2025	118,961	85,277	885	(514)	204,609

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Cash receipts from customers		916,287	589,823
Cash paid to suppliers and employees		(826,073)	(535,994)
Government grants received	5	354	367
Interest received		2,957	2,428
Interest paid		(1,954)	(1,766)
Income taxes paid		(26,780)	(17,293)
Net cash from operating activities	27	64,791	37,565
Cash flows from investing activities			
Payment of contingent acquisition consideration	21	(1,000)	(7,333)
Proceeds from the sale of assets		142	220
Acquisition of property, plant and equipment	15	(4,983)	(3,621)
Acquisition of subsidiary, net of cash acquired	25	(31,974)	(4,904)
Net cash used in investing activities		(37,815)	(15,638)
Cash flows from financing activities			
Dividends paid		(19,100)	(12,688)
Share based payment in cash		(279)	-
Payment of lease liabilities principal		(3,108)	(2,808)
Net cash used in financing activities		(22,487)	(15,496)
Increase in cash and cash equivalents		4,489	6,431
Cash and cash equivalents at beginning of period		84,083	77,652
Cash and cash equivalents at 30 June	11	88,572	84,083

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Southern Cross Electrical Engineering Limited ("the Company", "the parent") is a company incorporated and domiciled in Australia. The company's shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements for the year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity and the nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB"). A listing of new standards and interpretations not yet adopted is included in note 33(v).

These financial statements have been rounded to the nearest thousand dollars where permitted by ASIC Instrument 2016/191 dated 24 March 2016.

The consolidated financial statements were authorised for issue by the Board of Directors on 19 August 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as set out below:

- Share-based payment arrangements are measured at fair value.
- Assets and liabilities acquired in a business combination are initially recognised at fair value.

The methods used to measure fair values are discussed further in note 34.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about these accounting estimates is included in the following notes:

- Note 4, 14 and 33 (m) – estimation of total contract cost and measurement of variable consideration;
- Note 15, 17 and 33 (j) – recoverable amount for testing property, plant and equipment and goodwill;
- Note 21 and 33 (t) – measurement of contingent acquisition consideration; and
- Note 26 and 33 (k) – measurement of share-based payments.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to contract revenue (note 33(m) and 4) and contract assets (note 33(j) and 14).

Details of the Group's accounting policies are included in notes 33 and 34.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Segment reporting

Revenue is principally derived by the Group from the provision or manufacture of electrical, instrumentation, communications, security, fire, and maintenance services and products through construction and services contracts to customers in the following sectors: Commercial, Resources, and Infrastructure.

The Group identified its operating segments based on the internal reports that are reviewed and used by the Managing Director in assessing performance and in determining the allocation of resources. Financial information about each of these operating segments is reported to the Managing Director on a recurring basis.

Segment Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments. The following reconciles the aggregated segment EBITDA to profit after tax

	2025	2024
	\$'000	\$'000
EBITDA	54,837	40,133
Net Interest expense	(259)	(1,009)
Depreciation and amortisation	(8,947)	(7,445)
Tax expense	(13,961)	(9,764)
Profit after income tax	31,670	21,915

The Group provides its services through the four key segments of SCEE Electrical, Heyday, Trivantage and Force Fire.

The following summary describes the operations of each reportable segment.

Reportable segment	Operations
SCEE Electrical	Provision of electrical, instrumentation, communications and maintenance services. This segment comprises SCEE Electrical and Datatel.
Heyday	Provision of electrical, instrumentation and communications services. This segment comprises Heyday and MDE.
Trivantage	Provision of electrical, instrumentation, communications, security and maintenance services. This segment comprises SJ Electrical, Trivantage Manufacturing and SEME Solutions.
Force Fire	Design, installation, inspection, testing and maintenance of fire protection systems.

The directors believe that the aggregation of the operating segments is appropriate as to differing extents they:

- have similar economic characteristics;
- perform similar services using similar business processes;
- provide their services to a similar client base;
- have a centralised pool of shared assets and services; and
- operate in similar regulatory environments.

All segments have therefore been aggregated to form one operating segment.

In presenting information on the basis of geographical location, segment revenue, based on the geographical location of customers, and segment assets, based on the geographical location of the assets, are all located in Australia.

Revenues from the two largest customers of the Group's Australian segment generated \$325.2 million of the Group's revenue (2024: \$162.8m generated from the two largest customers).

4. Contract revenue

Disaggregated revenue information

	NOTE	2025 \$'000	2024 \$'000
Operating sectors			
Commercial		152,481	171,109
Resources		137,366	147,046
Infrastructure		511,607	233,715
Total Revenue		801,454	551,870
Revenue type			
Construction revenue		650,851	399,584
Services revenue		150,603	152,286
Total revenue		801,454	551,870
Timing of revenue recognition			
Products and services transferred over time		765,131	516,331
Products and services transferred at a point in time		36,323	35,539
Revenue from contracts with customers		801,454	551,870
Contract balances			
Trade receivables	12	69,447	49,607
Contract assets	14	62,071	87,722
		131,518	137,329

Trade receivables are non-interest bearing and are generally on 30 to 45 days term. In 2025, \$0.2m (2024: \$0.2m) was recognised as provisions for expected credit losses on trade receivables.

Contract assets and revenue includes contract modifications recognised in accordance with the Group's accounting policy (note 33(m)(iii)) for which amounts are not yet finalised with the customer.

The following amounts are included in revenue from contracts for the year ended 30 June 2025:

Revenue recognised as a contract liability in prior period	49,031	37,973
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Unsatisfied Performance Obligations

Transaction price expected to be recognised in future years for unsatisfied performance obligations at 30 June 2025:

Construction revenue	507,330	597,195
Services revenue	177,951	87,617
	685,281	684,812

In line with the Group's accounting policy described in Note 33 (m), the transaction price expected to be recognised in future years excludes variable consideration that is constrained.

The average duration of contracts is given below. However, some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes:

Construction revenue	1 to 3 years
Services revenue	up to 5 years

Of the unsatisfied performance obligations at 30 June 2025, 66% are expected to be recognised in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Other income

	NOTE	2025 \$'000	2024 \$'000
Other income			
Apprenticeship incentive		354	367
Net gain on disposals		96	58
Other		1,286	360
		1,736	785

6. Employee benefits expenses

Remuneration, bonuses and on-costs		(23,309)	(18,899)
Superannuation contributions		(3,180)	(2,659)
Amounts provided for employee entitlements		(2,208)	(1,475)
Share-based payments expense	26	(905)	(766)
		(29,602)	(23,799)

The above employee benefits expenses do not include employee benefits expenses recorded within contract expenses. Employee benefits included in contract expenses were \$165.9m (2024: \$121.3m) which included superannuation contributions of \$15.9m (2024: \$11.9m). The total employee benefits expense is therefore \$195.5m (2024: \$145.1m).

7. Depreciation and amortisation expenses

Buildings		(17)	(17)
Leasehold improvements		(275)	(260)
Plant and equipment		(560)	(595)
Motor vehicles		(1,345)	(1,010)
Office furniture and equipment		(811)	(826)
Total depreciation expense for the year	15	(3,008)	(2,708)
Amortisation of ROU asset	16	(3,108)	(2,500)
Amortisation of customer contract intangibles	17	(2,705)	(2,113)
Amortisation of intellectual property	17	(126)	(124)
Total amortisation expense for the year		(5,939)	(4,737)

8. Finance income and expenses

Interest income on bank deposits		2,957	2,428
Finance income		2,957	2,428
Bank charges		(773)	(632)
Bank guarantee fees		(613)	(652)
Contingent acquisition interest	21	(339)	(28)
Lease liability interest		(421)	(417)
Remeasurement of cash-settled share-based payments		(923)	(1,643)
Other		(147)	(65)
Finance expenses		(3,216)	(3,437)
Net finance expense		(259)	(1,009)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Income tax expense

	2025 \$'000	2024 \$'000
(a) Income Statement		
Current tax expense		
Current period	(21,262)	(16,423)
Over provision from prior year	(79)	379
Other reconciling items	-	22
	(21,341)	(16,022)
Deferred tax expense		
Origination and reversal of temporary differences	7,070	6,641
Under provision from prior year	310	(383)
Income tax expense reported in the income statement	(13,961)	(9,764)

(b) Reconciliation between tax expense and pre-tax accounting profit

Accounting profit before income tax	45,631	31,679
Income tax expense using the Company's domestic tax rate of 30%	(13,689)	(9,504)
Under provision from prior year	1	(4)
Share based payments	(137)	(230)
Non-deductible contingent acquisition consideration interest	(101)	(8)
Other	(35)	(18)
Income tax expense reported in the income statement	(13,961)	(9,764)
The applicable effective tax rates are:	30.00%	30.8%

Deferred tax assets and liabilities

	Balance Sheet		Income Statement		Equity	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Deferred tax liabilities						
Retentions receivable	(36)	(28)	(116)	16	-	-
Contract assets	(9,353)	(12,697)	(3,394)	(311)	-	-
Right-of-use assets	(2,310)	(2,299)	11	(730)	-	-
Intangible assets	(2,264)	(1,634)	(1,013)	(671)	-	-
Property, plant and equipment	(562)	(908)	(346)	179	-	-
	(14,525)	(17,566)	(4,858)	(1,517)	-	-
Deferred tax assets						
Provisions	1,332	721	(173)	159	-	-
Employee entitlements	9,408	7,589	(908)	(48)	-	-
Unearned revenue	11,151	9,623	(1,527)	(4,975)	-	-
Lease liability	2,464	2,460	2	772	-	-
Other	171	255	84	(156)	-	-
	24,526	20,648	(2,522)	(4,248)	-	-
Net deferred tax assets/(liabilities)	10,001	3,082	(7,380)	(5,765)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2025 was based on the profit attributable to ordinary shareholders of \$31,670,000 (2024: \$21,915,000) and a weighted average number of ordinary shares outstanding of 264,110,894 (2024: 262,813,312), calculated as follows:

Profit attributable to ordinary shareholders	NOTE	2025 \$'000	2024 \$'000
Profit for the period		31,670	21,915
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	22	263,214,994	261,498,933
Effective new balance resulting from issue of shares in the year		895,900	1,314,379
Weighted average number of ordinary shares at 30 June		264,110,894	262,813,312

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2025 was based on the profit attributable to ordinary shareholders of \$31,670,000 (2024: \$21,915,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 286,005,659 (2024: 267,352,203) as follows:

Profit attributable to ordinary shareholders (diluted)	2025 \$'000	2024 \$'000
Profit for the period	31,670	21,915
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares for basic earnings per share	264,110,894	262,813,312
Effect of dilution:		
Performance rights on issue	1,947,383	4,538,891
Weighted average number of ordinary shares at 30 June	266,058,277	267,352,203

At 30 June 2025, 224,496 performance rights (2024: no performance rights) were excluded from the diluted weighted average number of ordinary shares calculation because it was estimated that the TSR growth target required for the performance rights to vest was not likely to be achieved.

11. Cash and cash equivalents

	2025 \$'000	2024 \$'000
Bank balances	88,572	84,083
Cash and cash equivalents in the statement of cash flows	88,572	84,083

The effective interest rate on cash and cash equivalents was 3.83% (2024: 3.93%); these deposits are either at call or on short term deposit.

12. Trade and other receivables

		2025	2024
Trade receivables		69,447	49,607
Sundry debtors		1,544	768
Provision for impairment of trade receivables		(798)	(637)
Contract assets	14	62,071	87,722
Retentions		1,749	94
		134,013	137,554

Trade receivables are non-interest bearing and are generally on 30 to 45 day terms. The provision for impairment of trade receivables relates to expected credit losses and is used to record impairment losses. When the Group is reasonably certain that no recovery of the amount owing is possible, the amount is considered irrecoverable and is written off against the financial asset directly. The Group will continue to strongly pursue all debts provided for.

The movement in the allowance for impairment in respect of Trade receivables during the year was as follows:

	2025	2024
Balance at start of year	637	414
Impairment losses recognised	161	223
Balance at 30 June	798	637

The ageing of trade receivables and the related provision for expected credit losses are detailed in note 23. All write-offs of bad debts are made when there is no reasonable expectation of recovering the contractual cash flows.

13. Inventories

Raw materials and consumables – cost	1,621	1,966
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14. Contract assets

Costs incurred to date	502,462	468,250
Recognised profit	54,060	56,649
Progress billings	(494,451)	(437,177)
	62,071	87,722

Contract assets comprise unbilled costs subject to instalment payments under contract and unbilled amounts subject to contractual variations and claims.

The timing of cash inflows for contract assets is dependent on the status of processes underway to gain acceptance from customers as to the enforceability of recognised modifications resulting from contractual claims and variations. The Group pursues various options with customers to accelerate the inflow of cash which can include, but are not limited to, negotiations, security of payment adjudications and arbitration involving the support of legal counsel and external consultants. Accordingly, there remains a risk that settlement of contract assets takes longer than 12 months. Contract assets, for which revenue was earned longer than 12 months ago and for which cash is yet to be received, is \$22.5m (2024: \$25.2m). These contract assets are considered recoverable by the Group with no allowance for impairment required.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. Property, plant and equipment

	NOTE	Land and Buildings \$'000	Leasehold Improvements \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Office Furniture and Equipment \$'000	Total \$'000
Cost							
Balance at 1 July 2023		916	2,384	16,103	11,450	13,068	43,921
Additions		-	277	556	2,120	668	3,621
Disposals		-	(41)	(8,756)	(1,255)	(1,390)	(11,442)
Business combination		27	-	57	69	55	208
Balance at 30 June 2024		943	2,620	7,960	12,384	12,401	36,308
Balance at 1 July 2024		943	2,620	7,960	12,384	12,401	36,308
Additions		-	463	1,701	1,764	1,055	4,983
Disposals		-	-	(369)	(572)	(7)	(948)
Business combination	25	-	8	88	1	273	370
Balance at 30 June 2025		943	3,091	9,380	13,577	13,722	40,713
Depreciation							
Balance at 1 July 2023		(252)	(1,071)	(13,993)	(7,140)	(11,515)	(33,971)
Depreciation for the year	7	(17)	(260)	(595)	(1,010)	(826)	(2,708)
Disposals		-	51	8,619	1,221	1,389	11,280
Balance at 30 June 2024		(269)	(1,280)	(5,969)	(6,929)	(10,952)	(25,399)
Balance at 1 July 2024		(269)	(1,280)	(5,969)	(6,929)	(10,952)	(25,399)
Depreciation for the year	7	(17)	(275)	(560)	(1,345)	(811)	(3,008)
Disposals		-	-	384	511	7	902
Balance at 30 June 2025		(286)	(1,555)	(6,145)	(7,763)	(11,756)	(27,505)
Carrying amounts							
At 30 June 2024		674	1,340	1,991	5,455	1,449	10,909
At 30 June 2025		657	1,536	3,235	5,814	1,966	13,208

16. Right-of-use assets

The Group leases assets including property, motor vehicles and office furniture and equipment. Information about leased assets for which the Group is a lessee is presented below:

	NOTE	Land and Buildings \$'000	Motor Vehicles \$'000	Office Furniture and Equipment \$'000	Total \$'000
Opening carrying amount at 1 July 2023		9,958	7	131	10,096
Additions		404	-	-	404
Remeasurement		(335)	-	-	(335)
Amortisation charged for the year	7	(2,432)	(7)	(61)	(2,500)
Closing carrying amount at 30 June 2024		7,595	-	70	7,665
Opening carrying amount at 1 July 2024		7,595	-	70	7,665
Additions		957	338	-	1,295
Business Combination	25	53	2,016	-	2,069
Remeasurement		(220)	-	-	(220)
Amortisation charged for the year	7	(2,769)	(281)	(58)	(3,108)
Closing carrying amount at 30 June 2025		5,616	2,073	12	7,701

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

For the year ended 30 June 2025, an expense of \$0.6m (2024: \$0.4m) was recognised for short term or low value leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Intangible assets – goodwill, customer contracts and relationships, and other

Cost	NOTE	Goodwill \$'000	Customer Contracts and Relationships \$'000	Other \$'000	Total \$'000
Balance as at 1 July 2023		111,432	19,749	1,639	132,820
Business combination		7,598	-	-	7,598
Balance as at 30 June 2024		119,030	19,749	1,639	140,418
Balance as at 1 July 2024		119,030	19,749	1,639	140,418
Other		53	-	76	129
Business Combination	25	43,068	5,478	-	48,546
Balance as at 30 June 2025		162,151	25,227	1,715	189,093
Amortisation					
Balance as at 1 July 2023		(8,390)	(13,412)	(294)	(22,096)
Amortisation	7	-	(2,113)	(124)	(2,237)
Balance as at 30 June 2024		(8,390)	(15,525)	(418)	(24,333)
Balance as at 1 July 2024		(8,390)	(15,525)	(418)	(24,333)
Amortisation	7	-	(2,705)	(126)	(2,831)
Balance as at 30 June 2025		(8,390)	(18,230)	(544)	(27,164)
Carrying amounts					
At 30 June 2024		110,640	4,224	1,221	116,085
At 30 June 2025		153,761	6,997	1,171	161,929

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGUs") which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2025 \$'000	2024 \$'000
SCEE Electrical	8,784	21,082
Heyday	60,348	60,295
Force Fire	43,068	-
Trivantage	41,561	29,263
	153,761	110,640

The recoverable amounts of the above CGUs were based on their value in use with the Group performing its annual impairment test in June 2025. The carrying amount of the operating CGUs were determined to be lower than their recoverable amounts and therefore no impairment charge has been recognised.

Value in use was determined by preparing five year discounted cash flow forecasts and extrapolating the cash flows beyond the terminal year using a terminal growth-rate. The recoverable amount is most sensitive to key assumptions including forecast contract revenues, in particular securing new work and forecast contract gross margins. The calculation of value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results, known and expected contract wins, and independent research on the markets in which the CGUs operate.
- The five year cash flow estimates used in assessments for all CGU's were based on Board approved budgets for the year ending 30 June 2026. The budget has been prepared based on revenues from secured work and an estimate of unsecured work based on industry estimates and historical growth. Compound average annual growth assumptions on revenue thereafter are SCEE Electrical 1.1% (2024: nil%), Heyday 1.1% (2024: 1.1%), Trivantage 1.1% (2024: 1.1%) and Force Fire 3.7% (2024: n/a) per annum for each future year. The terminal value assumes perpetual growth of 2.5% (2024: 2.5%).

17. Intangible assets – goodwill, customer contracts and relationships, and other (continued)

- The margins included in the projected cash flow are similar to those achieved historically over the past 5 years.
- Pre-tax discount rates applied were SCEE Electrical 12.8% (2024: 13.6%), Heyday 13.6% (2024: 12.5%), Trivantage 12.9% (2024: 13.2%) and Force Fire 12.6% (2024: n/a). This discount rate was estimated based on past experience and industry average weighted cost of capital.

Sensitivity to changes in assumptions

Management believes that any reasonable change in the key assumptions for the SCEE Electrical, Heyday, Force Fire, and Trivantage segments would not cause the carrying value to exceed its recoverable amount. All CGUs can withstand the high end of the discount rate range without causing the carrying value to exceed its recoverable amount.

18. Trade and other payables

	2025 \$'000	2024 \$'000
Trade payables	48,604	56,577
Contract liabilities	70,253	49,226
Accrued expenses	37,257	20,475
Goods and services tax payable	4,574	2,387
Retentions payable	477	570
	161,165	129,235

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

Contract liabilities

Current

Unearned revenue	70,253	49,226
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Unearned revenue arises when the Company has invoiced the client in advance of performing the contracted services. Contract liabilities fluctuate based on progress of completion of contracts.

19. Lease liability

Current portion	3,460	3,564
Non-current portion	4,755	4,532
	8,215	8,096

The average remaining lease term for the leased assets per underlying asset class as at 30 June 2025 are as follows:

	2025 (in years)	2024 (in years)
Land and building	2.39	2.62
Motor vehicles	1.67	-
Office equipment	2.17	1.56

The Group has estimated that the potential future lease payments, should it exercise the extension options contained in existing lease agreements, would result in an increase in the lease liability of \$3.7m.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. Provisions

	2025 \$'000	2024 \$'000
Current		
Annual leave	16,808	13,789
Long service leave	4,812	4,421
Other employee leave	2,930	1,876
Share-based payments liability	1,644	946
Other	579	154
	26,773	21,186
Non-current		
Long service leave	1,283	854
Share-based payments liability	1,136	1,410
	2,419	2,264

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition accounting policy relating to employee benefits have been included in note 33(k) to this report.

21. Contingent acquisition consideration

	2025 \$'000	2024 \$'000
Current portion	4,636	1,000
Non-current portion	10,638	2,736
Balance at 30 June	15,274	3,736
Contingent acquisition consideration movements	NOTE	
Balance at 1 July	3,736	7,305
Finance costs	339	28
Remeasurement	(717)	-
Acquisition of MDE Group Pty Ltd	-	3,736
Acquisition of Force Fire Holdings Pty Ltd	25	-
Payments	(1,000)	(7,333)
Balance at 30 June	15,274	3,736

22. Capital and reserves

Share capital

	2025		2024	
	Number	\$'000	Number	\$'000
Ordinary shares				
Issued and fully paid	264,409,110	118,961	263,214,994	117,554
Movements in shares on issue				
Balance at the beginning of the financial year	263,214,994	117,554	261,498,933	116,651
Exercise of employee performance rights, net of transaction costs	790,208	700	1,173,518	452
Issue of ordinary shares under the dividend reinvestment plan, net of transaction costs	403,908	707	542,543	451
Balance at the end of the financial year	264,409,110	118,961	263,214,994	117,554

The Company does not have authorised capital or par value in respect of its issued shares. All shares have voting rights and rights to dividends.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payments reserve

The share based payments reserve records the fair value of share based payments provided to employees.

Dividends

Dividends recognised in the current year by the Group are:

	Cents per share	Total amount	Franked	Date of payment
		\$'000		
2025				
Final 2024 ordinary	5.0	13,200	Franked	9 October 2024
Interim dividend	2.5	6,607	Franked	9 April 2025
Total amount		19,807		
2024				
Final 2023 ordinary	4.0	10,507	Franked	11 October 2023
Interim dividend	1.0	2,631	Franked	10 April 2024
Total amount		13,138		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

22. Capital and reserves (continued)

Declared after end of year

Subsequent to 30 June 2025, a dividend of 5.0 cents per share in the amount of \$13.2 million, including dividends paid to shares anticipated to be issued in respect of vested and exercisable performance rights, was proposed by the directors. The dividend has not been provided in the financial statements.

	Company	
	2025 \$'000	2024 \$'000
Franking account balance	61,535	42,751

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the current tax liabilities; and
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

23. Financial instruments

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risks, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Risk Management Committee, which is responsible for overseeing how management monitors risk and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations in relation to the management and mitigation of these risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers including contract assets.

23. Financial instruments (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2025 \$'000	2024 \$'000
Cash and cash equivalents	88,572	84,083
Trade and other receivables (net of provision for impairment)	71,942	49,832
Contract assets	62,071	87,722
	222,585	221,637

Cash

The Group's cash and cash equivalents are held with major banks and financial institutions.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and contract with customer. Geographically, the concentration of credit risk is within Australia and, by industry, the concentration is spread across the commercial, infrastructure and resources sectors, with no single customer within trade receivables contributing more than 10% of the total trade receivables balance.

When entering into new customer contracts for service, the Group only enters into contracts with credit-worthy companies. Management monitors the Group's exposure on a monthly basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, aging profile, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables and contract assets. The Group utilises trade credit insurance against certain customers to reduce the Group's exposure to credit risk.

The Group's maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was:

	Carrying amount	
	2025 \$'000	2024 \$'000
Australia	134,013	137,554
	134,013	137,554

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Financial instruments (continued)

Impairment losses

The ageing of the Group's trade receivables and contract assets at the reporting date was:

	NOTE	Gross 2025 \$'000	Allowance for Impairment 2025 \$'000	Gross 2024 \$'000	Allowance for Impairment 2024 \$'000
Contract assets – not past due	14	62,071	-	87,722	-
Trade Receivables:					
Not past due		52,723	-	39,402	-
Past due 0-30 days		15,123	-	6,798	-
Past due 30-60 days		2,370	-	2,642	-
Past due 60 days and less than 1 year		2,054	(328)	743	-
More than 1 year		470	(470)	884	(637)
		72,740	(798)	50,469	(637)
		134,811	(798)	138,191	(637)

The provision of \$798,000 relates to expected credit losses. Impairment provision related to specific debts that are more than one year overdue pertains to a small number of customers. The Group continues to strongly pursue all debts provided for.

The Group has established an allowance for impairment that represents their expected credit losses in respect of trade receivables and contract assets.

The Group recognises a provision for impairment related to expected credit losses ("ECLs") for trade receivables, contract assets and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group uses a provision matrix to calculate the ECLs. The provision matrix is established based on the Group's historically observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward looking factors specific to debtors and the economic environment where appropriate. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset's potential for default when contractual payments are more than 120 days past due, factoring in other qualitative indicators where appropriate. Exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

23. Financial instruments (continued)

Liquidity risk (continued)

The Group uses project costing to assess the cash flows required for each project currently underway and entered into. Cash flow is monitored by management using rolling forecasts and annual budgets that are reviewed monthly at Board level.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	More than 6 months up to 1 year \$'000	More than 1 year up to 2 years \$'000	More than 2 years up to 5 years \$'000	More than 5 years \$'000
30 June 2025							
Non-derivative financial liabilities							
Trade and other payables	90,912	90,912	90,508	404	-	-	-
Contingent acquisition consideration	15,274	16,477	4,649	-	7,839	3,989	-
Lease liability	8,215	9,656	1,906	1,456	2,398	3,073	823
	114,401	117,045	97,063	1,860	10,237	7,062	823
30 June 2024							
Non-derivative financial liabilities							
Trade and other payables	80,009	80,009	79,479	530	-	-	-
Contingent acquisition consideration	3,736	4,100	1,000	-	1,600	1,500	-
Lease liability	8,096	9,801	1,405	1,319	2,096	3,442	1,538
	91,841	93,910	81,884	1,849	3,696	4,942	1,538

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency in which they are measured. The Group has no material currency risk exposures at 30 June 2025 or 30 June 2024.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Financial instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Carrying amount	
	2025 \$'000	2024 \$'000
Variable rate instruments		
Financial assets	88,572	84,083

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2024.

	Profit or loss		Equity	
	100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
30 June 2025				
Variable rate instruments	1,818	(1,818)	-	-
Cash flow sensitivity (net)	1,818	(1,818)	-	-
30 June 2024				
Variable rate instruments	1,372	(1,372)	-	-
Cash flow sensitivity (net)	1,372	(1,372)	-	-

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities materially equates to the carrying values shown in the balance sheet.

Other Price Risk

The Group is not directly exposed to any other price risk.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group intends to make an annual distribution to shareholders in the form of fully franked dividends, subject to the Group's financial results in a given year, general business and financial conditions, the Group's taxation position, its working capital and future capital expenditure requirements, the availability of sufficient franking credits and any other factors the Board considers relevant.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

24. Investments in subsidiaries

The consolidated financial statements include the financial statements of Southern Cross Electrical Engineering Ltd and the subsidiaries listed in the following table.

	Country of Incorporation	Equity Interest (%)	
		2025	2024
Southern Cross Electrical Engineering (WA) Pty Ltd (i)	Australia	100	100
S&DH Enterprises Pty Ltd (i)	Australia	100	100
FMC Corporation Pty Ltd (i)	Australia	100	100
Southern Cross Electrical Engineering (Australia) Pty Ltd (i)	Australia	100	100
Hazquip Australia Pty Ltd (i)	Australia	100	100
Datatel Communications Pty Ltd (i)	Australia	100	100
Heyday5 Pty Ltd (i)	Australia	100	100
Heyday5 (ACT) Pty Ltd	Australia	100	100
Trivantage Holdings Pty Ltd (i)	Australia	100	100
Trivantage Group Pty Ltd (i)	Australia	100	100
Trivantage Pty Ltd (i)	Australia	100	100
S.J. Electric Group Pty Ltd (i)	Australia	100	100
S.J. Electric Group (NSW) Pty Ltd (i)	Australia	100	100
S.J. Electric Group (QLD) Pty Ltd (i)	Australia	100	100
S.J. Electric (SA) Pty Ltd (i)	Australia	100	100
S.J. Electric (VIC) Pty Ltd (i)	Australia	100	100
S.J. Electric (WA) Pty Ltd (i)	Australia	100	100
SEME Solutions Pty Ltd (i)	Australia	100	100
Group CCTV Pty Ltd (i)	Australia	100	100
Central Control Sheetmetal Pty Ltd (i)	Australia	100	100
Positive Systems Pty Ltd (i)	Australia	100	100
Ladd Electric Pty Ltd (i)	Australia	100	100
SCEE Electrical Pty Ltd (i)	Australia	100	100
MDE Group Pty Ltd (i)(ii)	Australia	100	100
Force Fire Holdings Pty Ltd (i)(iii)	Australia	100	-
Force Fire & Safety Pty Ltd (i)(iii)	Australia	100	-
Force Fire Services Pty Ltd (i)(iii)	Australia	100	-
Force Fire Pty Ltd (i)(iii)	Australia	100	-
Force Fire (QLD) Pty Ltd (i)(iii)	Australia	100	-
Force Fire (SA) Pty Ltd (i)(iii)	Australia	100	-
Brisbane Fire Protection Pty Ltd (i)(iii)	Australia	100	-
Southern Cross Electrical Engineering Ghana Pty Ltd	Ghana	100	100
Cruz Del Sur Ingeniería Eléctrica (Peru) S.A	Peru	100	100
Southern Cross Electrical Engineering Tanzania Pty Ltd	Tanzania	100	100

(i) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Southern Cross Electrical Engineering Limited pursuant to ASIC Corporations (wholly-owned companies) Instrument 2016/785 (Instrument) and are relieved of the requirement to prepare and lodge an audited financial and Directors' report.

(ii) MDE Group Pty Ltd was acquired on 31 May 2024.

(iii) Force Fire Holdings Pty Ltd and its subsidiaries were acquired on 1 April 2025.

The parties to the deed of cross guarantee for the Group as listed in note 24 represent a "majority group" for the purposes of the Instrument, as the parties not subject to the Instrument are dormant entities. A separate consolidated statement of comprehensive income and consolidated balance sheet of the parties to the deed of cross guarantee have not been disclosed separately as it is not materially different to those of the Group.

25. Business combination

Force Fire Holdings Pty Ltd

On 1 April 2025, the Company acquired 100% of Force Fire Holdings Ltd ("Force Fire") and its subsidiaries.

Force Fire provides end-to-end fire safety solutions under two trade names, targeting different Australian states, being Force Fire which provides fire safety solutions in NSW with its office located in Newington, Sydney, and Brisbane Fire Protection which provides fire safety solutions in QLD with its office located in Newmarket, Brisbane. Force Fire and Brisbane Fire Protection offers project design & installation services; inspection and testing services and other minor works.

The acquisition forms part of SCEE's strategy of growth through expansion into adjacent and complementary sectors and new geographies.

Fair values measured on a provisional basis

The initial accounting for the acquisition of Force Fire has been provisionally determined at the end of the reporting period. Should this assessment change, including in respect of the identification of any intangible assets which may by their nature be amortised over their useful life, then the goodwill arising on acquisition will be adjusted accordingly.

Consideration transferred

	\$'000
Purchase price on completion (i)	36,300
Net financial debt and working capital (i)	4,269
Contingent consideration arrangement (ii)	12,916
	53,485

(i) Initial cash payment comprised the purchase price on completion of \$36.3 million plus the aggregate of items defined as Net Financial Debt and Working Capital in the Share Purchase Agreement which included the financial indebtedness, other debt-like items, cash, debtors, creditors and other liabilities of Force Fire. The purchase price of \$36.3m plus \$4.7m of the net financial debt and working capital adjustments was paid on completion on 1 April 2025 with a refund of the net financial debt and working capital adjustment of \$0.4m being received in July 2025.

(ii) The Group has agreed to pay the selling shareholders additional consideration of up to \$17.2 million subject to Force Fire's future earnings before interest and tax (EBIT) achieving the following targets:

Deferred acquisition consideration

- \$2.6 million in cash following confirmation that Force Fire FY25 EBIT is equal to or greater than \$8.3 million.
- \$2.6 million in cash following confirmation that Force Fire FY26 EBIT is equal to or greater than \$8.3 million.
- If the respective EBIT targets above are not achieved, the contingent acquisition consideration cash is reduced on a pro-rata basis to nil at EBIT of \$6.0 million.

Contingent consideration

- \$1.0 million 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.
- \$5.0 million in cash if Force Fire EBIT for FY26 is equal to or greater than \$11.0 million. If an EBIT of \$11.0 million is not achieved, the payment would be reduced on a pro rata basis down to nil at an EBIT level of \$6.0 million.
- \$6.0 million in cash if Force Fire EBIT for FY27 is equal to or greater than \$13.0 million. If an EBIT of \$13.0 million is not achieved, the payment would be reduced on a pro rata basis down to nil at an EBIT level of \$7.0 million accounting for the acquisition, management has assessed the deferred consideration based on an assessment of the scenarios in the table below.

The Directors' assessment of the expected achievement of these earn-out targets were estimated to result in a contingent consideration of \$13.6 million so the fair value recognised at acquisition date, being the discounted value of these expected future payments, is \$12.7 million.

Acquisition-related costs amounting to \$2.5 million have been excluded from the consideration transferred and have been recognised as an expense in the period, within "Administration expenses", in the statement of comprehensive income.

25. Business Combination (continued)

Assets acquired and liabilities assumed at the date of acquisition

The provisional fair values of the identifiable assets and liabilities of Force Fire as at the date of acquisition were:

	\$'000
Cash and cash equivalents	9,005
Trade receivables	14,171
Other current assets	495
Property, plant and equipment	370
Intangible assets acquired (customer contracts and relationships)	5,478
Right-of-use assets	2,069
Tax receivable	1,050
Trade and other payables	(12,060)
Contract liabilities	(4,857)
Provisions	(2,706)
Lease liabilities	(2,137)
Net deferred tax liability	(461)
Net identifiable assets acquired	10,417

Goodwill and intangibles arising on acquisition

	\$'000
Consideration	53,485
Less: fair value of identifiable net assets acquired	10,417
Goodwill arising on acquisition	43,068

Goodwill arising on acquisitions in the year comprises the value of expected in-sourced specialist capabilities resulting in new sector opportunities.

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	(36,300)
Add back: Cash and cash equivalents balances acquired	9,005
Less: Settlement of net financial debt and net working capital	(4,679)
Net cash flow on acquisition	(31,974)

Impact of acquisition on the result of the Group

Had the business combination been effected at 1 July 2024, management estimates the revenue of the Group would have been \$880.1 million and the net profit after tax for the year would have been \$37.2 million.

The revenue and net profit after tax of Force Fire for the period since acquisition was not material to the Group's results for the year ended 30 June 2025.

MDE

On 31 May 2024, the Company acquired 100% of MDE Group Pty Ltd ("MDE").

MDE provides communications, data, and electrical services for construction and fit out projects across a range of sectors including commercial building developments, data centres, and healthcare and transport infrastructure.

The initial fair value accounting for the acquisition of MDE was provisionally determined at the end of the previous reporting period. No material changes were made to those fair values during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Share-based payments

(a) Expense recognised in profit or loss

Share based payments expenses for the year comprises:

		2025 \$'000	2024 \$'000
2025 Performance Rights	(i)	(370)	-
2024 Performance Rights	(ii)	(666)	(571)
2023 Performance Rights	(iii)	(792)	(985)
2022 Performance Rights		-	(853)
		(1,828)	(2,409)

The amount recognised is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The amount recognised is further adjusted to revalue cash-settled performance rights to their fair value at the reporting date.

Of the total share-based payment expense of \$1.9m, \$1.0m is recognised as an employee benefit expense (refer note 6) and \$0.9m is recognised as a finance cost (refer note 8).

(i) 2025 Performance Rights

During the year Performance Rights were offered to key management personnel and senior management under the terms of the Senior Management Long Term Incentive Plan. The terms and conditions of the Performance Rights are as follows.

Grant date / employees entitled	Number of instruments	Vesting conditions	Performance period
Performance rights issued to senior management on 31 October 2024	72,151	Employed on 30 June 2027 and exceed performance hurdle	36 months
Performance rights issued to key management on 31 October 2024	584,163	Employed on 30 June 2027 and exceed performance hurdle	36 months
Performance rights issued to senior management on 2 May 2025	241,671		36 months
Total /performance rights granted	897,985		

During the year none of the 2025 Performance Rights were forfeited.

Up to 100% of the allocated performance rights may vest, subject to the achievement of the performance conditions as set out below. The key terms of the performance rights are:

- To be performance tested over a three year period from 1 July 2024 to 30 June 2027 ("Performance Period");
- No performance rights will vest until 30 June 2027;
- Performance testing criteria are 50% against Absolute Total Shareholder Return ("TSR") performance, and 50% against Earnings Per Share ("EPS") performance; and
- Expiry on the 4th anniversary of the grant date unless an earlier lapsing date applies.

The TSR formula is:

$$\frac{((\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\text{Dividends Received}))}{\text{Share Price at Start Date}}$$

26. Share-based payments (continued)

a) Expense recognised in profit or loss (continued)

TSR will be assessed against targets for threshold performance of 8% per annum compounded over the Performance Period and for stretch performance of 12% per annum compounded over the Performance Period. The vesting schedule is as follows for TSR performance over the Performance Period:

Less than 8% per annum compounded	0% vesting
8% per annum compounded	50% vesting
Between 8% and 12% per annum compounded	Pro-rata vesting between 50% and 100%
At or above 12% per annum compounded	100% vesting

EPS performance will be measured in the 2027 financial year. For the purposes of performance testing the Performance Rights, EPS in the 2025 financial year will be the Basic EPS for the year, as prescribed by the accounting standards and set out in the Company's Financial Reports, adjusted to remove the following non-cash items from the calculation of profit or loss attributable to ordinary shareholders in the year, in order to reflect the company's underlying profitability:

- (a) amortisation of acquired intangibles;
- (b) unwinding of interest on contingent acquisition consideration payments;
- (c) adjustments to the assessment of contingent acquisition consideration payable; and
- (d) acquisition costs.

EPS performance in the 2027 financial year, as described above, will be assessed against targets for threshold performance of 8% compound annual growth from EPS in the 2024 financial year and for stretch performance of 12% compound annual growth from EPS in the 2024 financial year. The vesting schedule is as follows for EPS performance in the 2027 financial year:

Less than 8% compound annual growth from EPS in FY24	0% vesting
8% compound annual growth from EPS in FY24	50% vesting
Between 8% and 12% compound annual growth from EPS in FY24	Pro-rata vesting between 50% and 100%
At or above 12% compound annual growth from EPS in FY24	100% vesting

Under the terms of the LTI Plan up to 50% of vested performance rights may be exercised for cash at the participants discretion with the balance exercised for one ordinary share per vested performance right.

Where a participant ceases employment prior to the vesting of their share options or performance rights, the share options or performance rights are forfeited unless in the event of retirement, permanent disablement or death the Board, at their absolute discretion, waive the exercise and vesting conditions associated with the performance rights or allow the performance rights to continue to be assessed over the original performance assessment period. In the event of a change of control of the Company, all options and performance rights that have not lapsed may be exercised.

(II) 2024 Performance Rights

There were 1,643,598 financial year 2024 Performance Rights on issue at 1 July 2024. No 2024 Performance Rights were granted, none vested and none were forfeited during the year.

The 2024 Performance Rights will be performance tested over a three-year period from 1 July 2023 to 30 June 2026. The hurdles used to determine performance are Absolute Total Shareholder Return (TSR) and Earnings per Share (EPS) performance.

(III) 2023 Performance Rights

There were 1,802,174 financial year 2023 Performance Rights on issue at 1 July 2024. No 2023 Performance Rights were granted, none vested and none were forfeited during the year.

The 2023 Performance Rights will be performance tested over a three-year period from 1 July 2022 to 30 June 2025. The hurdles used to determine performance are Absolute Total Shareholder Return (TSR) and Earnings per Share (EPS) performance. Subsequent to the year end it has been determined that 100% of the 2023 Performance Rights have vested.

26. Share-based payments (continued)

(b) Measurement of fair values

(i) Equity-settled share-based payment arrangements

The fair value of the equity-settled TSR Performance Rights has been measured using the Monte-Carlo simulation. The equity-settled EPS Performance Rights have been measured using the Binomial Tree Methodology.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

The performance rights issued were granted in two tranches as follows:

	2025	2025	2024	2024
Grant date	31 October 2024	2 May 2025	25 August 2023	1 November 2023
Vesting date	30 June 2027	30 June 2027	30 June 2026	30 June 2026
Share price at grant date	\$1.63	\$1.83	\$0.735	\$0.82
Expected life	2.7 years	2.0 years	2.8 years	2.7 years
Volatility	30%	30%	30%	30%
Risk free interest rate	4.06%	3.23%	3.83%	4.39%
Dividend yield	4.7%	5.1%	6.0%	6.0%
Fair value of TSR component	\$0.64	\$0.85	\$0.35	\$0.48
Fair value of EPS component	\$1.44	\$1.65	\$0.62	\$0.70

(ii) Cash-settled share-based payment arrangements

Cash-settled share-based payment arrangements are fair valued at each reporting date.

For the 2023 Performance Rights, which were performance tested at 30 June 2025 and for which the performance conditions have been met, the fair value is deemed to be the share price at the balance date which was \$1.825.

For the remaining plans, the fair value of the cash-settled TSR Performance Rights has been measured using the Monte-Carlo simulation. The cash-settled EPS Performance Rights have been measured using the Binomial Tree Methodology.

The inputs used in the measurement of the fair values at 30 June 2025 of the cash-settled share-based payment plans were as follows:

	2024 Performance Rights	2025 Performance Rights
Vesting date	30 June 2026	30 June 2027
Share price at valuation date	\$1.83	\$1.83
Expected life	2 years	2 years
Volatility	30%	30%
Risk free interest rate	3.32%	3.23%
Dividend yield	5.1%	5.1%
Fair value of TSR component	\$1.73	\$0.85
Fair value of EPS component	\$1.74	\$1.65

26. Share-based payments (continued)

(c) Reconciliation of outstanding performance rights

The number of performance rights under the programmes were as follows:

	2025 Number of rights	2024 Number of rights
Outstanding at 1 July	4,538,890	4,615,246
Granted during the year	897,985	1,643,598
Exercised during the year (i)	(1,093,118)	(1,719,954)
Forfeited or withdrawn during the year	-	-
Outstanding at 30 June	4,343,757	4,538,890
Vested and exercisable at 30 June	-	-

(i) The performance rights exercised during the year were the financial year 2022 Performance Rights which were performance tested on finalisation of the 2024 financial year results with 100% of these performance rights vesting. Included in the total are 302,910 performance rights which were exercised for cash.

Subsequent to 30 June 2025, the vesting conditions in respect of the 2023 Performance Rights have been performance tested and it has been determined that all 1,802,174 of the 2023 Performance Rights have vested.

27. Reconciliation of cash flows from operating activities

	2025 \$'000	2024 \$'000
Profit for the year	31,670	21,915
Adjustments for:		
Depreciation and amortisation	8,947	7,445
Loss/(profit) on sale of property, plant and equipment and other	(96)	(58)
Equity-settled share-based payment transactions	904	766
Remeasurement of cash-settled share-based payments	923	1,643
Fair value of deferred consideration changes	717	-
Other	(1)	191
(Increase)/decrease in assets:		
Trade and other receivables	17,858	(28,215)
Inventories	372	(710)
Prepayments	(138)	1,438
Increase/(decrease) in liabilities:		
Trade and other payables	14,940	40,042
Provisions and employee benefits	2,609	609
Contingent acquisition consideration	(1,095)	28
Income tax payable	(5,439)	(1,271)
Deferred income tax	(7,380)	(6,258)
Net cash from operating activities	64,791	37,565

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Bank Guarantees and Surety Bonds	115,186	94,130
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Bank Guarantees and Surety Bonds are provided to customers for safeguarding contract performance. Total bank guarantee facilities at 30 June 2025 were \$74.7 million (2024: \$74.7 million) and the unused portion was \$11.0 million (2024: \$31.1 million). These facilities are subject to annual review. Total surety bonds facilities at 30 June 2025 were \$116.0 million (2024: \$95.5 million) and the unused portion was \$64.5 million (2024: \$44.9 million). These facilities are subject to annual review. The Group is restricted to drawing down at any one time to a maximum capacity of \$150.0 million (2024: \$150.0 million) combined across its bank guarantee and bond facilities meaning there was a headroom of bank guarantee and surety bond capacity of \$34.8 million at 30 June 2025 (2024: \$55.9 million). All facilities are set to mature prior to 30 June 2026. It is management's intention to review these facilities at maturity so as to maintain a level appropriate to support the ongoing business of the Group.

Expedited arbitration proceedings

On 2 December 2024 Southern Cross Electrical Engineering Limited's ("SCEE") subsidiary, Heyday, submitted a Notice of Arbitration and Statement of Claim claiming against the CPB Dragados Samsung Joint Venture for additional costs incurred in performing its works on the WestConnex M5 motorway tunnel project in Sydney.

The arbitration is conducted pursuant to the Australian Centre for International Commercial Arbitration Expedited Arbitration Rules 2021. SCEE is expecting this matter to be resolved before the end of this calendar year.

Other contingent liabilities

The Group is currently managing a number of claims in relation to construction contracts. The directors are of the opinion that disclosure of any further information relating to these would be prejudicial to the interests of the Group.

29. Subsequent events

Dividend declared

On 19 August 2025 the Directors of Southern Cross Electrical Engineering Limited declared a final dividend on ordinary shares in respect of the 2025 financial year. The total amount of the dividend is \$13.2 million, which represents a fully franked final dividend of 5 cents per share. This dividend has not been provided for in the 30 June 2025 financial statements. The Southern Cross Electrical Engineering Limited Dividend Reinvestment Plan will apply to the dividend.

Otherwise, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

30. Auditor's remuneration

Remuneration of KPMG Australia as the auditor of the parent entity for:

	2025 \$	2024 \$
- Auditing or reviewing the financial report	590,720	524,000
	590,720	524,000

For the financial year ending 30 June 2025, the auditor for the Group is engaged by the parent company.

31. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2025 the parent company of the consolidated entity was Southern Cross Electrical Engineering Limited.

	2025 \$'000	2024 \$'000
Result of the parent entity		
Profit for the period	27,465	20,244
Total comprehensive profit for the period	27,465	20,244
Financial position of parent entity at year end		
Current assets	48,533	22,074
Total assets	244,499	166,465
Current liabilities	(94,315)	(31,675)
Total liabilities	(106,118)	(37,197)
Total equity of the parent entity comprising:		
Share capital	118,961	117,554
Reserves	514	372
Accumulated profits	18,906	11,342
Total Equity	138,381	129,268

Parent entity contingencies:

The parent entity has contingent liabilities which are included in note 28. At 30 June 2025, there were in existence guarantees of performance of a subsidiary.

32. Related parties

Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

	2025 \$'000	2024 \$'000
Short-term employee benefits	2,484	2,623
Long-term employee benefits	7	29
Post-employment benefits	110	101
Share-based payments	1,538	2,124
	4,139	4,877

Compensation of the Group's key management personnel includes salaries, short term incentives and non-cash benefits from a long-term incentive scheme (see note 26 (a)(i)).

33. Material accounting policies

The accounting policies applied by the Group in this financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2025.

The Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective.

The Group did not adopt any new standard and amendments or interpretation to standards from 1 July 2024 which had a material effect on the financial position or performance of the Group.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investments to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. Income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

33. Material accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises non-derivative financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

- Financial assets at amortised cost
- Cash and cash equivalents

Financial assets at amortised cost

- Financial assets at amortised cost are receivables with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses.
- Financial assets at amortised cost comprise trade and other receivables (see note 12).

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group's non-derivative financial liabilities comprise Lease liability, Contingent acquisition consideration and Trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and performance rights are recognised as a deduction from equity, net of any tax effects.

33. Material accounting policies (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised as part of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line or diminishing value basis over the estimated useful life of each part of an item of property, plant and equipment, depending on which method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leasehold assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	40 years
Leasehold improvements	3 – 40 years
Plant and equipment	2 – 20 years
Motor vehicles	2 – 10 years
Office furniture and fittings	2 – 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

33. Material accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current period are as follows:

	2025	2024
• Customer contracts	1 – 5 years	1 – 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Leases

The Group recognises lease assets and lease liabilities for its leases other than those leases with short-term, i.e. twelve months or less, and/or of low-value, i.e. less than \$7,000.

Leased assets

The right-of-use asset recognised by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right-of-use asset.

Subsequently, right-of-use asset is measured at cost less any accumulated amortisation and impairment losses and adjusted for certain remeasurements of the lease liability. The Group amortises the right-of-use assets on a straight-line basis from the lease commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is earlier.

If the recoverable amount of a right-of-use asset is less than its carrying value, an impairment charge is recognised in the profit or loss and the carrying value of the asset is written down to its recoverable amount.

33. Material accounting policies (continued)

(g) Leases (continued)

Short-term or low-value operating leases subject to recognition exemption under AASB 16 are not recognised in the Balance Sheet. The costs incurred during the period related to these leases are recognised in the profit or loss.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is separately disclosed on the statement of financial position. The liabilities which will be repaid within twelve months are recognised as current and the liabilities which will be repaid in excess of twelve months are recognised as non-current. The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group remeasures the lease liability and makes an adjustment to the right-of-use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group's assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

However, if a change in lease payments is due to a change in a floating interest rate, a revised discount rate is used.

Lease and non-lease components of a contract are accounted for separately. Non-lease components of the lease payments are expensed as incurred and are not included in determining the present value.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew and considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

33. Material accounting policies (continued)

(i) Contract assets

Contract assets represents construction work equal to the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (note 33(n)) less progress billings and recognised losses. Cost includes all expenditure related directly to projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If payments received from customers exceed the income recognised, then the difference is presented as contract liabilities in Trade and other payables on the balance sheet.

Payments from customers are received based on a billing schedule or milestone basis, as established in our contracts.

(j) Impairment

(i) Financial assets

A financial asset not carried at fair value through the profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that a financial asset (including equity securities) is impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset level and collective level (see note 23). All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current forward-looking economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical trends (see note 23).

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (a "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the cash-generating units that are expected to benefit from the synergies of the combination.

33. Material accounting policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised based on cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. These benefits are then discounted to determine their present value. The discount rate is the yield at the reporting date on high quality corporate bonds or government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the Projected Unit Credit Method.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The fair value of equity-settled performance rights granted to employees is recognised at grant date as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance rights and share options. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of cash-settled performance rights granted to employees is recognised at grant date as an employee expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each subsequent reporting date and at settlement date based on its fair value at that date. Any changes in the liability arising from these subsequent remeasurements are recognised in profit or loss as finance income or expense.

33. Material accounting policies (continued)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue

Revenue recognition accounting policy

The Group applies two approaches to recognising revenue to contracts with customers: either at a point in time or over time, depending on the manner the customer obtains control of the goods or services. Revenue is recognised over time if one of the following is met:

- The customer simultaneously receives and consumes the benefits as the Group performs;
- The customer controls the asset as the Group creates or enhances it; or
- The Group's performance does not create an asset for which the Group has an alternative use and there is a right to payment for the performance to date.

Revenue from contracts is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services. The following are the steps in determining revenue from contracts as prescribed by the Five (5) Step Revenue Recognition Model introduced by AASB 15:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Judgement is required in determining the timing of the transfer of control, at a point in time or over time, as well as in each of the five enumerated steps in the revenue recognition model above.

(i) Construction revenue

Construction contracts are assessed to identify the performance obligations contained in the contract. The total transaction price is allocated to each individual performance obligation. The Group's construction contracts may often contain a single performance obligation.

The benefits being provided by the Group's construction work transfer to the customer as the work is performed and as such revenue is recognised over the duration of the project based on percentage complete. Percentage complete is generally measured according to the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs (input method). Significant judgement is required to estimate total contract costs. If the input method would not be representative of the stage of completion, then it is measured by reference to surveys of work performed (output method).

When it is probable that total contract costs will exceed total contract revenue, the unavoidable loss is recognised as an expense immediately.

Customers are typically invoiced on a monthly basis and invoices are paid on normal commercial terms.

(ii) Services revenue

The Group performs maintenance and other services for a variety of different sectors. Typically, under the performance obligations of a service contract, the customer consumes and receive the benefit of the service as it is provided.

33. Material accounting policies (continued)

(m) Revenue (continued)

(ii) Services revenue (continued)

Performance obligations are fulfilled over time as the Group largely performs maintenance over the assets which the customer controls. Customers are typically invoiced monthly for an amount that is calculated on either a schedule of rates or a cost-plus basis.

(iii) Contract modifications

Revenue in relation to modifications, such as a change in the scope or price (or both) of the contract, are to be included in the contract price when it is approved by the parties to the contract and the modification is enforceable. Approval of a contract modification can be in writing, by oral agreement or implied by customary business practices.

Revenue estimated and recognised in relation to claims and variations is only included in the contract price to the extent that it is highly probable that a significant reversal in the amount recognised will not occur.

In making this assessment the Group considers a number of factors, including the nature of the claim, formal or informal acceptance by the customer of the validity of the claim, the stage of negotiations, assessments by independent experts and the historical outcome of similar claims to determine whether the enforceable and "highly probable" thresholds have been met.

(iv) Performance obligations

Revenue is allocated to each performance obligation and recognised as the performance obligation is satisfied which may be at a point in time or over time.

AASB 15 requires a detailed and technical approach to identify the different revenue streams (i.e. performance obligations) in a contract. This is done by identifying the different activities that are being undertaken and then aggregating only those where the different activities are significantly integrated or highly interdependent. Revenue is to be continuously recognised, on certain contracts over time, as a single performance obligation when the services are part of a series of distinct goods and services that are substantially integrated with the same pattern of transfer.

The term over which revenue may be recognised is limited to the period for which the parties have enforceable rights and obligations. When the customer can terminate a contract for convenience (without a substantive penalty), the contract term and related revenue is limited to the termination period.

The Group has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

(v) Variable consideration

Variable consideration includes performance or other incentive fees or penalties associated with contracts. If the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, bank charges and lease payments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

33. Material accounting policies (continued)

(n) Finance income and expenses (continued)

Foreign currency gains and losses are reported on a net basis.

Remeasurement of cash-settled share-based payments are recognised as a finance expense.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax consolidation

Southern Cross Electrical Engineering Limited has formed a tax consolidated group. The head entity, Southern Cross Electrical Engineering Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate members of the tax consolidated group.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights and share options granted to employees.

33. Material accounting policies (continued)

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(s) Financial guarantees

Financial guarantee contracts are initially measured at their fair values and subsequently measured at the higher of:

- the loss allowance determined in accordance with AASB 9 Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with AASB 15 Revenue from Contracts with Customers.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(t) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum at the acquisition-date of the fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

33. Material accounting policies (continued)

(t) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 Financial Instruments, or AASB 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(u) Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(v) New standards and interpretations issued but not yet effective

The new standards and amendments to standards and interpretations effective for annual reporting periods beginning after 30 June 2025, such as those disclosed below, have not been applied in preparing these consolidated financial statements. The Group intends to adopt these new standards and amendment to standards and interpretations, if applicable, when they become effective:

Amendments to Australian Accounting Standards:

AASB 2014-10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

AASB 2022-5 *Lease Liability in a Sale and Leaseback*

AASB 2023-1 *Supplier Finance Arrangements*

AASB 2024-1 *Classification and Measurement of Financial Instruments*

AASB 2024-3 *Annual Improvements Volume IIAASB 18*

Presentation and Disclosure in Financial Statements

The Group has yet to determine the likely impact of these new standards and amendments to standards.

34. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of items of plant, equipment, fixtures and fittings are determined using market comparison technique and cost technique. The valuation model considers quoted market prices for similar items when available and depreciated replacement cost when appropriate.

(ii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of disposal including a reasonable profit margin for the selling effort.

(iii) Trade and other receivables

The fair value of trade and other receivables acquired in a business combination, including contract asset as well as service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Non-derivative financial liabilities

Fair value, if required for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(v) Share-based payment transactions

The fair value of employee performance rights and share options is measured using an appropriate pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(vi) Customer contracts and relationships

The fair value of customer contracts and relationships acquired in a business combination is estimated as the present value of future cash flows, discounted at the market rate of interest at the acquisition date.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2025

	Body Corporate, Partnership or Trust	Country of Incorporation	Equity Interest (%)	Australian or Foreign Tax Resident	Jurisdiction for Foreign Tax Resident
Southern Cross Electrical Engineering Limited	Body Corporate	Australia	100	Australia	N/A
Southern Cross Electrical Engineering (WA) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S&DH Enterprises Pty Ltd	Body Corporate	Australia	100	Australia	N/A
FMC Corporation Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Southern Cross Electrical Engineering (Australia) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Hazquip Australia Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Datatel Communications Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Heyday5 Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Heyday5 (ACT) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Trivantage Holdings Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Trivantage Group Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Trivantage Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric Group Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric Group (NSW) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric Group (QLD) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric (SA) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric (VIC) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
S.J. Electric (WA) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
SEME Solutions Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Group CCTV Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Central Control Sheetmetal Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Positive Systems Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Ladd Electric Pty Ltd	Body Corporate	Australia	100	Australia	N/A
SCEE Electrical Pty Ltd	Body Corporate	Australia	100	Australia	N/A
MDE Group Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire Holdings Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire & Safety Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire Services Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire (QLD) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Force Fire (SA) Pty Ltd	Body Corporate	Australia	100	Australia	N/A
Southern Cross Electrical Engineering Ghana Pty Ltd	Body Corporate	Ghana	100	Foreign	Ghana
Cruz Del Sur Ingeniería Electra (Peru) S.A	Body Corporate	Peru	100	Foreign	Peru
Southern Cross Electrical Engineering Tanzania Pty Ltd	Body Corporate	Tanzania	100	Foreign	Tanzania

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2025

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Southern Cross Electrical Engineering Limited (the "Company"):
 - a. The consolidated financial statements and notes, and the Remuneration report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. the Consolidated entity disclosure statement as at 30 June 2025 set out on page 81 to the consolidated financial report is true and correct; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the managing director and chief financial officer for the financial year ended 30 June 2025.
3. At the date of this declaration, there are reasonable grounds to believe that the Company and the group entities identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
4. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the directors:



Karl Paganin

Chairman
19 August 2025

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED



Independent Auditor's Report

To the shareholders of Southern Cross Electrical Engineering Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Southern Cross Electrical Engineering Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2025;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Recognition of Contract Revenue;
- Valuation of Goodwill; and
- Acquisition accounting.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recognition of Contract Revenue (\$801.5 million)	
Refer to Note 4 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Recognition of Contract revenue is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significance of revenue to the financial statements; and • Large number of customer contracts with numerous estimation events that may occur over the course of the contract's life. This results in complex and judgemental revenue recognition from rendering of services and construction contracts. Therefore, significant audit effort is required to gather sufficient appropriate audit evidence for revenue recognition. <p>We focused on the Group's assessment of the following elements of revenue recognition for rendering of services and construction contracts, as applicable:</p> <ul style="list-style-type: none"> • The Group's determination of contractual entitlement and assessment of the probability of customer approval of changes in scope and/or price. The Group's consideration of the enforceability or approval of the modification of the terms of a contract may include evidence that is written, oral, or implied by customary business practice and may include involvement from the Group's legal, time and cost experts. The Group's determination of modifications requires a degree of judgement and can drive different accounting treatments, increasing the risk of inappropriately recognising revenue; • Estimating total expected costs at initiation of the customer contract, which have a high level of estimation uncertainty; and • Revisions to total expected costs for certain events or conditions that occur during the performance of the contract, or are expected to occur to complete the customer contract, which is difficult to estimate. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business and industry practice; • We read key contracts and other underlying documentation such as customer correspondence to evaluate the inputs to the Group's calculation of revenue; • We tested a sample of revenue transactions by checking it to underlying documentation to assess the satisfaction of the performance obligations; • We tested a sample of unbilled contract assets to underlying documentation to assess the satisfaction of the performance obligations; • For key contracts where revenue is recognised on a percentage of completion basis, we assessed the total expected cost estimates by (1) obtaining an understanding of the activities required to complete the customer contract from the Group's contract teams, (2) analysing the costs of those activities compared to recent project cost trends and prices, (3) testing a sample of committed expenditure to underlying documentation, and (4) using our knowledge of the contract characteristics to challenge the completeness of costs and activities; • We evaluated the Group's assessment of when a modification to the contract scope and/or price for variations and claims is approved and enforceable. This included assessing the recognised modifications against the underlying records, legal documents, and customer correspondence; • We assessed the Group's estimation of variations and claims by comparing underlying evidence such as customer correspondence and reports from the Group's time and cost experts (where applicable) for consistency with contract terms. For a sample of contracts, we compared the recalculated revenue by us, including contract modifications against the amounts recorded by the Group;



	<ul style="list-style-type: none"> • We used the Group's legal, time and cost experts' reports received on contentious matters to assess the recognition of variations and claims against the criteria in the revenue accounting standard. We checked the consistency of this to the inclusion or not of an amount in the Group's estimates used for revenue recognition; • We assessed the scope, competency, and objectivity of the legal, time and cost experts engaged by the Group; • We evaluated the Group's ability to recover outstanding variation and claim amounts not yet settled with a sample of customers by assessing the status of contract negotiations, historical recoveries and expert reports obtained by the Group; • We tested significant credit notes recognised post year end to check the Group's recognition of revenue in the correct period; and • We assessed the appropriateness of the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Valuation of Goodwill (\$153.8 million)

Refer to Note 17 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group's annual testing of Goodwill for impairment is a key audit matter due to the size of the balance, being 37% of total assets. We focused on the significant forward-looking assumptions the Group applied in their value in use models for the SCEE Electrical, Heyday, Force Fire and Trivantage cash generating units (CGUs), including:</p> <ul style="list-style-type: none"> • Forecast revenue, margins, growth rates and terminal growth rates, as the Group's valuation models are sensitive to changes in these assumptions, which could reduce or remove available headroom, and increases the possibility of goodwill being impaired. This drives additional audit effort specific to their feasibility within the Group's strategy; and Discount rates - these are complicated in nature and vary according to the conditions and environment the specific CGUs are subject to from time to time. The Group's modelling is sensitive to changes in the discount rate. We involve our valuation specialists with the assessment. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas; • Challenging the feasibility of the Group's revenue and margin assumptions within the forecast cash flows in light of varying competitive conditions in the markets in which the Group operates. We compared revenue growth rates and terminal growth rates to historical trends, published studies of industry trends and expectations, and considered differences for the Group's operations. We further assessed forecast revenue against the secured contract value of work for those respective years and the level of secured work at similar times in previous years. We used our



	<p>knowledge of the Group, their past performance, business and customers, and our industry experience;</p> <ul style="list-style-type: none"> • Comparing the forecast cash flows contained in the value in use models to Board approved forecasts; • Assessing the accuracy of previous Group forecasting to inform our evaluation of forecasts included in the value in use models. We applied increased scepticism to current period forecasts in areas where previous forecasts were not achieved and/or where future uncertainty is greater or volatility is expected; • Considering the sensitivity of the models by varying key assumptions, such as forecast revenue, margins, terminal growth rates and discount rates, within a reasonable possible range. We did this to identify those CGUs with a higher risk of impairment and to focus our further procedures; • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; and • We assessed the Group's disclosures of the quantitative and qualitative considerations in relation to the valuation of goodwill, by comparing these disclosures in the financial report using our understanding obtained from our testing and the requirements of the accounting standards.
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Acquisition Accounting – Force Fire

Refer to Note 25 to the Financial Report – Business Combination

The key audit matter	How the matter was addressed in our audit
<p>We focused on the Group's acquisition of Force Fire Holdings Pty Ltd and its subsidiaries ("Force Fire") as a key audit matter due to the level of judgment required in evaluating the purchase price allocation ("PPA") against the criteria in the accounting standards. We specifically focused on the Group's identification and measurement of intangible assets which form part of the PPA and the measurement of deferred contingent consideration, including:</p> <ul style="list-style-type: none"> • The forecast revenues and margin assumptions of Force Fire underlying the 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We read the Force Fire acquisition agreement to inform our understanding of the acquisition, the consideration and net assets being acquired; • Challenging the forecast revenue and margin assumptions used in the measurement of customer contract intangibles and contingent consideration. We compared these forecasts to approved revenue forecasts, historical Force Fire results, as well as results during the remainder of the financial year post acquisition;



<p>cash flows used for measurement of the customer contract intangibles and determining the estimate of contingent consideration expected to settle the acquisition; and</p> <ul style="list-style-type: none"> The discount rate assumptions with the measurement of customer contracts which are complicated in nature and vary according to the conditions and environment of Force Fire. We involved our valuations specialists with the assessment. <p>We also considered the PPA for the inclusion of other intangible assets such as customer relationships, considering the nature of the Force Fire operations and industry.</p>	<p>and</p> <ul style="list-style-type: none"> Working with our valuation specialists we independently developed a discount rate range, considered comparable, using publicly available market data for comparable entities, adjusted by risk factors specific to Force Fire and the industry it operates in. <p>We also considered acquisition due diligence materials and publicly available information on recent transactions in the industry of comparable entities to challenge the Group's determination that no other intangible assets be recognised in the PPA.</p>
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Other Information

Other Information is financial and non-financial information in Southern Cross Electrical Engineering Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for:

- Preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Southern Cross Electrical Engineering Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 25 to 35 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



R Gambitta
Partner
 Perth
 19 August 2025

LEAD AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Southern Cross Electrical Engineering Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Southern Cross Electrical Engineering Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

R Gambitta
Partner
Perth
19 August 2025

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ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is current at 11 August 2025.

Distribution of equity security holders

Category	Ordinary shares		Performance rights	
	Number of securityholders	Percentage of securities held	Number of securityholders	Percentage of securities held
1 - 1,000	965	0.19	-	-
1,001 - 5,000	1,548	1.62	-	-
5,001 - 10,000	955	2.76	-	-
10,001 - 100,000	1,706	19.27	3	5.56
100,001 and over	176	76.16	3	94.44
	5,350	100.00	6	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 206.

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Frank Tomasi Nominees Pty Ltd <Frank Tomasi Family A/C>	44,262,764	16.74
UBS Nominees Pty Ltd	36,605,178	13.84
HSBC Custody Nominees (Australia) Limited	25,929,773	9.81
Citicorp Nominees Pty Limited	19,978,141	7.56
J P Morgan Nominees Australia Pty Limited	13,003,388	4.92
BNP Paribas Noms Pty Ltd	3,041,406	1.15
BT Portfolio Services Ltd <Kaleidoscope Investments A/C>	2,727,211	1.03
Mr Paul Chisholm <The Chisholm Family A/C>	2,658,757	1.01
Alfredoug Pty Ltd <CCALO A/C>	2,650,484	1.00
Neweconomy Com Au Nominees Pty Limited <900 Account>	1,843,044	0.70
Bnp Paribas Nominees Pty Ltd <IB Au Noms Retailclient>	1,804,236	0.68
Westor Asset Management Pty Ltd <Value Partnership A/C>	1,526,826	0.58
Poco Asino Investments Pty Ltd	1,216,354	0.46
Mr Roger Edward Koch	1,150,000	0.43
Mr Raymond John Wise	1,076,846	0.41
Mr Pieter Albertus Louw	1,050,000	0.40
Felix Ventures Pty Ltd	1,008,112	0.38
Dr Andrew Richard Conway + Dr Vanessa Joy Teague	1,000,000	0.38
Dr Steven Ciwen Cai	888,578	0.34
Mr John Paterson	860,000	0.33
	164,281,098	62.13

ASX ADDITIONAL INFORMATION (CONT'D)

Substantial shareholders

The number of shares held by substantial shareholders and their associates as disclosed in substantial holding notices are:

Shareholder	Number
Frank Tomasi Nominees Pty Ltd	46,862,764
TIGA Trading Pty Ltd	38,035,965

Corporate Governance Statement

The Corporate Governance Statement can be found at <https://www.scee.com.au/investors/corporate-governance>





CORPORATE DIRECTORY

Directors

Karl Paganin

Independent Chairman and Non-Executive Director

Graeme Dunn

Managing Director and Chief Executive Officer

Simon Buchhorn

Independent Non-Executive Director

Paul Chisholm

Independent Non-Executive Director

Michael McNulty

Independent Non-Executive Director

Company Secretaries

Chris Douglass

Colin Harper

ASX Code: SXE

Registered Office

Level 15, 225 St Georges Terrace
Perth WA 6000

T: +618 9236 8300

Share Registry

Computershare Investor Services Pty Limited

Level 17, 221 St Georges Terrace
Perth WA 6000

T: 1300 787 272

Solicitors

K & L Gates

Level 32, 44 St Georges Terrace
Perth WA 6000

Auditors

KPMG

235 St Georges Terrace
Perth WA 6000



**Southern Cross Electrical
Engineering Limited**
ABN: 92 009 307 046
ASX: SXE

scee.com.au