bsa

# Capital Raising Investor Presentation

April 2022

# Important Notice

## For personal use only

The following important notice and disclaimer applies to this investor presentation (“**Presentation**”) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

***Summary of Information***

This Presentation provides general background information about BSA Limited’s (“**Company**”) activities. That information is current at the date of this Presentation and remains subject to change without notice. The Company may, but is under no obligation to, update or supplement this Presentation. The information is a summary and does not purport to be complete nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (“**Corporations Act**”). It should be read in conjunction with the Company’s past announcements released to the Australian Securities Exchange (“**ASX**”) and available through the Company’s website at https://www.bsa.com.au/investors/asx-announcements/.

This Presentation is not (and nothing in it should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. This Presentation is not a prospectus, disclosure statement or other offering document under Australian law or under any other law and will not be lodged with the Australian Securities and Investments Commission. The Presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor which need to be considered, with or without professional advice, when deciding whether or not an investment is appropriate. Before making an investment decision, prospective investors should consider the appropriateness of the information in this Presentation having regard to their own objectives, financial situation and needs and their own professional advice.

***No offer to acquire New Shares***

None of the information in this Presentation constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This Presentation may not be released, published or distributed directly or indirectly, to persons in the United States. The release, publication or distribution of this Presentation (including an electronic copy) in other jurisdictions outside Australia and New Zealand may also be restricted by law. If you come into possession of this Presentation, you should observe these restrictions as non-compliance with these restrictions may contravene applicable securities laws.

***No reliance***

The Company has prepared this Presentation based on information available to it, including information derived from publicly available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed in this Presentation. To the maximum extent permitted by law, each of the Company and Canaccord Genuity (Australia) Limited, their affiliates and related entities, and their respective directors, officers, partners, employees, officers, advisors and agents, disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through the use of or reliance on anything contained in or omitted from this Presentation or its contents or otherwise in connection with it.

***Forward Looking Statements***

Some of the statements appearing in this Presentation may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These may be identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘expects’, or ‘intends’ and other similar such words that involve risks or uncertainties.

You should be aware that such statements are not statements of fact or guarantees and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Presentation.

***Financial Information***

The financial information disclosed in this presentation has been prepared on a statutory and pro forma basis consistent with the financial information prepared in the Company’s accounts. Due care and attention should be undertaken when considering and analysing the financial performance of the Company. All references to dollars are to Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding and accordingly the actual calculation of these figures may differ from the figures set out in the Presentation.

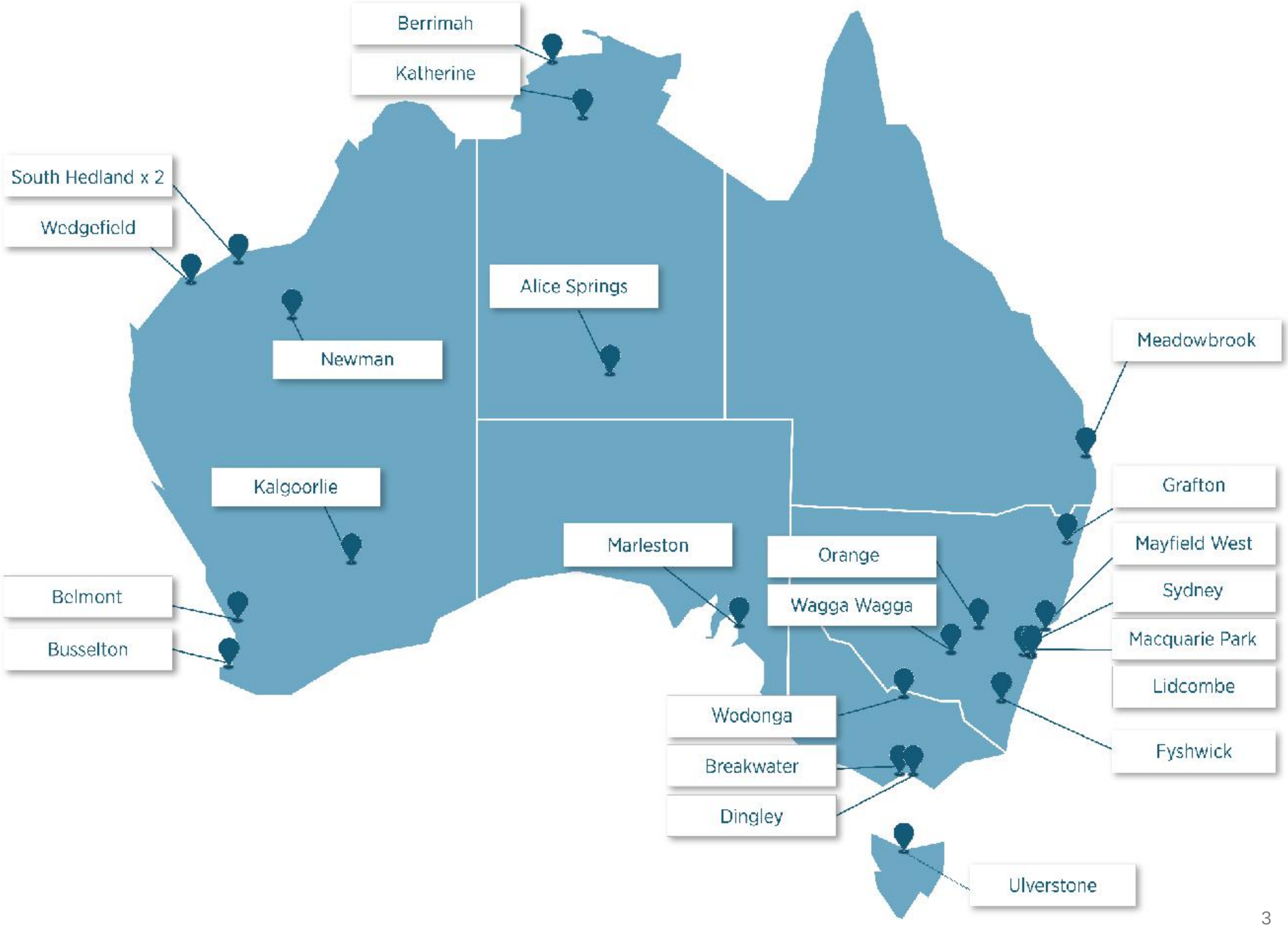
# Our Business

*BSA is one of Australia's leading technical services and field solutions companies*

Headquartered in Sydney, BSA is a publicly-listed company on the Australian Securities Exchange with over 940 employees and revenues of circa $450 million[1].

| | |
|---|---|
| **940** Employees | **520** Skilled Field Resources |
| **24** Offices & Warehouses | **~$450 Million[1]** Annual Revenues |

1. Based on historical pre COVID-19 revenues



# The BSA Way

**BSA** has **four key differentiators** that enable us to deliver **superior outcomes** to our **clients.**

### Customer Experience

We are experts at optimising the **Customer Experience (CX)**.

We have a proven track record of delivering large scale projects whilst ensuring the **CX** outcome is optimised.

### Workforce Management

We know how to manage large and complex workforces.

**Our approach is simple.**

Right technician | Right place | Right time

**We have solved many of these challenges for our clients.**

### Our Culture

We have a **'best for program approach'.**

We are only successful if the program is successful.

### Partnerships

We deal in long term and trusted relationships.

**Our clients trust us because we:**

- Do what we say we will do;
- Are agile and move quickly; and
- Invest in our clients.

# Our Capabilities

### Our Services

We help our clients by being able to design and deliver services installations which are efficient, appropriate for the intended purpose, easy to maintain and best value for money.

### Our Maintenance Programmes

We also devise and implement maintenance programmes for our clients which provide lowest life cycle cost, lowest downtime and longest serviceable life.

### Our Responsibility

We acknowledge and take seriously our responsibility to all BSA stakeholders, shareholders, employees, customers and suppliers.

## Advanced Property Solutions (APS)

- Fire
- HVAC
- Mechanical
- Multi-Services
- Sustainability & Energy Cost Reduction
- BMS/IoT

## Communications & Utility Infrastructure (CUI)

- Fixed-Line
- Wireless
- Mobile
- Satellite
- Smart Metering
- Workforce Management
- Contact Centre Solutions
- Supply Chain

# Group Priorities CY22

## Stabilising the core business to reset platform for future growth

### Group
### "Reset" Required But Strong Base Remains

- Core business was set for growth with divestment of HVAC Build, entry into the wireless market and successful tendering of major annuity style contracts in the portfolio
- However, recent events have had a significant detrimental impact on the Group as previously communicated:
  - COVID-19 lockdowns (particularly in late 2021)
  - Class Action – legal costs, commercial downsides, settlement costs
  - Weather events – recent storms have impacted project delivery in QLD and NSW where the Group has a number of key projects underway
- Capital raise combined with program to streamline Group cost base to suit new market dynamics will "reset" company to grow as markets recover to pre COVID-19 levels
- Reset includes a management transition, with Tim Harris having resigned and stepping down on 29 April once capital raise process completed. Arno Becker (current CFO) will act as Interim CEO whilst the Board undertakes a search for a permanent replacement

### CUI
### Organic Growth

- Leverage strong existing customer base (nbn, Telstra/Kordia, TPG Vodaphone, Vocus) – significant near term opportunities
- Expand further into growing smart meter market
- Wireless – expand on Catalyst ONE acquisition and initial contract wins
- Leverage nbn Unify Services contract targeting additional scope from significant nbn/government investment programs

### APS
### Organic Growth

- Strong base of core contracts positions group well to benefit as discretionary work returns to tertiary education & retail sectors
- Expand further into growing data centre and defence markets
- Recent investment in technology (Salesforce and Power BI) being leveraged to drive increased win rates & margins
- Differentiate and grow through Building Management Systems ("BMS") capability and Data Driven Asset Management

# Outlook

**Normalised trading conditions expected to return in FY23**

- Due to the recent macroeconomic environment (including COVID-19 lockdowns, travel restrictions and extreme weather events in QLD and NSW), recovery has been slower than expected impacting full year results, with a sustained normalised level of trading expected to resume towards the end of Q4 FY22
- 2H FY22 guidance is expected to be in the range of:
    - Revenue \$240m - \$260m (vs 1H FY22 \$217m)
    - EBITDA \$2m - \$4m (vs 1H FY22 Loss \$2m)
- Trading is expected to recover to normalised levels in 1H FY23 with expected annualised revenue of more than \$450m and targeting improved EBITDA margins
- Due to the ongoing external volatility and internal reset, the Board withdraws our previously stated 3 year target revenue of \$750m

# Capital Raising Overview

Division: Advanced Property Solutions
Project: Sydney Football Stadium
Client: John Holland
Description: BSA is designing and installing the fire services at Sydney Football Stadium.

Secured: April 2020
Completion: Due July 2022

Image: Damien Ford Photography

# Capital Raising Overview

| | |
|---|---|
| **Offer size & structure** | • $15.5m capital raising comprising:<br>• ~A$13.7m 1 for 3.19 Pro-Rata Accelerated Non-Renounceable Entitlement Offer (“**Entitlement Offer**”) comprising:<br>– Institutional Entitlement Offer (“**Institutional Entitlement Offer**”)<br>– Retail Entitlement Offer (“**Retail Entitlement Offer**”)<br>• $1.8m institutional placement (“Placement”) (together with the Entitlement Offer, the “**Offer**”)<br>• Approximately 155.0 million new fully paid ordinary shares in BSA (“**New Shares**”) to be issued under the Offer, representing approximately 35.5% of BSA’s current shares on issue<br>• The Offer will also include 1 attaching listed[1] option for every 1 New Share issued for no additional consideration, at an exercise price of $0.10 and expiring on 30 April 2025 (“**Attaching Option**”)<br>• The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable |
| **Offer price** | • All New Shares under the Offer will be issued at a fixed price of A$0.10, representing a:<br>– 23.1% discount to the last close price on 5 April 2022 of $0.130;<br>– 18.1% discount to the Theoretical Ex-Rights Price (TERP [2]) of $0.122; and<br>– 17.7% discount to the 10-day VWAP of $0.122 |
| **Use of proceeds** | • Proceeds of the offer will be used to fund general working capital requirements |
| **Entitlement Offer** | • The Institutional Entitlement Offer will be conducted by way of a bookbuild process on Wednesday, 6 April 2022<br>• Entitlements not taken up under the Institutional Entitlement Offer and entitlements of ineligible institutional shareholders will be offered for sale in the bookbuild.<br>• The Retail Entitlement Offer will open at 10:00am (AEST) on Wednesday, 13 April 2022 and close at 5:00pm (AEST) on Wednesday, 4 May 2022.<br>• Only eligible BSA shareholders with a registered address in Australia or New Zealand may participate in the Retail Entitlement Offer.<br>• Under the Retail Entitlement Offer, Eligible Retail Shareholders who take up their full entitlement may also apply for additional New Shares in excess of their entitlement at the Offer Price. Applications for additional New Shares in excess of Eligible Shareholders entitlements will only be satisfied to the extent that there is a shortfall and will be subject to the terms and conditions outlined in the Prospectus lodged with the ASX on Wednesday, 6 April 2022 |
| **Ranking** | • All new shares issued under the Offer will rank equally with existing BSA shares from the date of issue |
| **Record Date** | • 7.00pm (AEST) on Friday, 8 April 2022 |
| **Lead Manager** | • Canaccord Genuity (Australia) Limited |

1. Subject to meeting ASX spread requirements
2. Theoretical ex rights price (“TERP”) includes the shares issued under the Placement and the Entitlement Offer. TERP is the theoretical price at which BSA shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to the closing price of BSA’s shares as traded on ASX on 5 April 2022, being the last trading day prior to the announcement of the Entitlement Offer.

# Timetable

| Key Events | Key Dates 2022 |
|---|---|
| Trading Halt | Pre-market, Wednesday, 6 April 2022 |
| Announcement of Offer | Wednesday, 6 April 2022 |
| Bookbuild for Placement and Institutional Entitlement Offer conducted | Wednesday, 6 April 2022 |
| Announcement of the completion of the Placement and Institutional Entitlement Offer and trading resumes on an ex-entitlement basis | Thursday, 7 April 2022 |
| Record Date for Retail Entitlement Offer (7pm AEST) | 7.00pm Friday, 8 April 2022 |
| Opening date of the Retail Entitlement Offer | 10.00am Wednesday, 13 April 2022 |
| Settlement of Placement and Institutional Entitlement Offer | Wednesday, 13 April 2022 |
| Allotment and Quotation of New Shares under the Placement and Institutional Entitlement Offer | Tuesday, 19 April 2022 |
| Closing date for acceptances under Retail Entitlement Offer (5pm AEST) | Wednesday, 4 May 2022 |
| Announcement of results of Retail Entitlement Offer and notification of any shortfall | Monday, 11 May 2022 |
| Allotment and issue of New Shares and Attaching Options issued under the Retail Entitlement Offer and Issue of Attaching Options issued under the Institutional Entitlement Offer and Placement | Wednesday, 11 May 2022 |
| Quotation of New Shares and Attaching Options issued under the Retail Entitlement Offer and Attaching Options issued under the Placement and Institutional Entitlement Offer | Thursday, 12 May 2022 |

Note: The above timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, BSA in consultation with the Lead Manager, reserves the right to amend this timetable and withdraw the offer at any time.

# Source and Uses

| Source of Funds | $m |
|---|---|
| Proceeds from the Offer | $15.5m |
| **Total source of funds** | **$15.0m** |

| Use of Funds | $m |
|---|---|
| Provide the Company funds for general working capital purposes | $14.8m |
| Costs of the Offer | $0.7m |
| **Total use of funds** | **$15.0m** |

# Pro Forma Balance Sheet

| Balance sheet ($'m) | 31 Dec 2021 Reviewed | Placement & Institutional Entitlement Offer | Retail Offer | Cost | Pro Forma Placement & Institutional Entitlement Offer Only | Pro Forma 100% take up |
|---|---|---|---|---|---|---|
| **Current assets** | **83.3** | **12.6** | **2.9** | **(0.7)** | **95.2** | **98.1** |
| Cash | 3.4 | 12.6 | 2.9 | (0.7) | 15.3 | 18.2 |
| Working Capital | 77.4 | | | | 77.4 | 77.4 |
| Other | 2.5 | | | | 2.5 | 2.5 |
| **Non-current assets** | **40.0** | | | | **40.0** | **40.0** |
| Acquired intangible assets | 1.8 | | | | 1.8 | 1.8 |
| Goodwill | 11.3 | | | | 11.3 | 11.3 |
| PP&E and Software | 7.0 | | | | 7.0 | 7.0 |
| Right-of-use-assets | 6.8 | | | | 6.8 | 6.8 |
| Deferred Taxes | 13.1 | | | | 13.1 | 13.1 |
| **Current liabilities** | **(96.7)** | | | | **(96.7)** | **(96.7)** |
| Working Capital | (67.8) | | | | (67.8) | (67.8) |
| Lease liabilities | (3.5) | | | | (3.5) | (3.5) |
| Provisions | (15.9) | | | | (15.9) | (15.9) |
| Borrowings | (8.3) | | | | (8.3) | (8.3) |
| Contingent consideration | (1.2) | | | | (1.2) | (1.2) |
| Other liabilities | - | | | | - | - |
| **Non-Current liabilities** | **(26.1)** | | | | **(26.1)** | **(26.1)** |
| Lease liabilities | (4.2) | | | | (4.2) | (4.2) |
| Provisions | (20.6) | | | | (20.6) | (20.6) |
| Contingent consideration | (1.3) | | | | (1.3) | (1.3) |
| **Net assets** | **0.5** | **12.6** | **2.9** | **(0.7)** | **12.4** | **15.3** |
| Net (Debt) / Cash | (5.1) | | | | 6.8 | 9.7 |

***As at 31 March 2022 Net (Debt) / Cash is ($25.6)m***

*Note: Subject to rounding*

# Appendix – 1H FY22 Results

Division: Communications and Utility Infrastructure
Project: Prince Hwy Widening - Kilmany
Client: Telstra
Description: BSA assisted with the design verification and network construction including the installation of 1.2 km of cable at the township of Kilmany and connecting rural end users to the communications network.

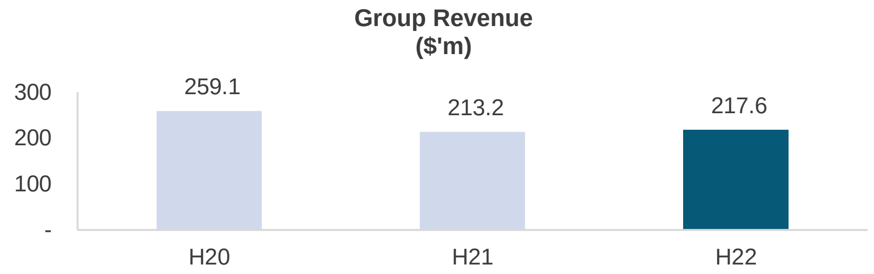
Completion: August 2021

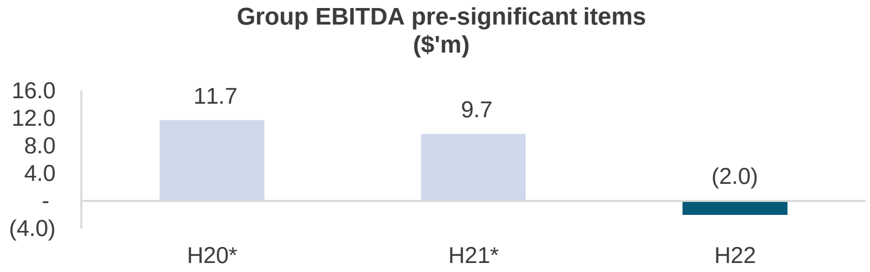
Image: Marta Gola

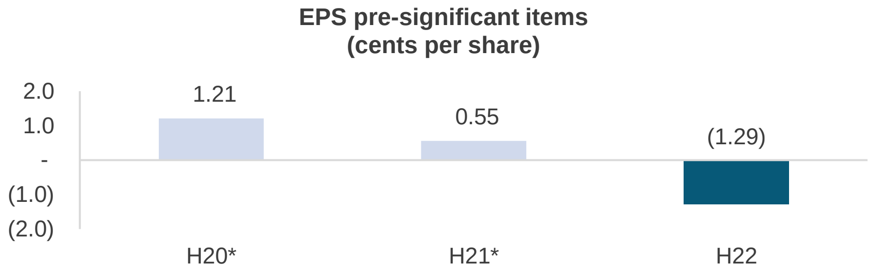
# Profit & Loss Statement

## COVID-19 Impacted Results

| Summary ($'m) | H22 | H21 Restated* | Change |
|---|---|---|---|
| Revenue | 217.6 | 213.2 | 4.4 |
| **EBITDA pre-significant items** | (2.0) | 9.7 | (11.7) |
| *EBITDA pre-significant items %* | *(0.9%)* | *4.5%* | *(5.4%)* |
| Depreciation & Amortisation | (4.1) | (5.2) | 1.1 |
| **EBIT pre-significant items** | (6.1) | 4.5 | (10.6) |
| Interest & Tax | 0.5 | (2.1) | 2.6 |
| **(NLAT)/NPAT pre-significant items** | (5.6) | 2.4 | (8.0) |
| *(NLAT)/NPAT pre-significant items %* | *(2.6%)* | *1.1%* | *(3.7%)* |
| **(NLATA)/NPATA pre-significant items** | (5.3) | 2.7 | (8.0) |
| *(NLATA)/NPATA pre-significant items %* | *(2.4%)* | *1.3%* | *(3.7%)* |
| **Earnings per share pre-significant items (cps)** | (1.29) | 0.55 | (1.84) |
| Significant Items** | (23.9) | (2.9) | (21.0) |
| Significant Items (net of tax)** | (16.7) | (2.0) | (14.7) |
| **(NLAT)/NPAT (statutory)** | (22.0) | 0.4 | (22.4) |
| *(NLAT)/NPAT statutory (%)* | *(10.1%)* | *0.2%* | *(10.3%)* |
| **Earnings per share (cps)** | (5.06) | 0.09 | (5.15) |




** Amounts have been restated for the impact of the change in accounting interpretation around the capitalisation of software costs associated with Software-as-a-Service ('SaaS').*

*** Primarily impacted by the settlement of the class action amounting to $20m.*

*Subject to rounding*

# Balance Sheet & Funding

| Balance sheet ($'m) | H22 | FY21 Restated* | Change | Change % |
|---|---|---|---|---|
| **Current assets** | **83.3** | **88.9** | **(5.6)** | **(6.3%)** |
| - Cash | 3.4 | 12.8 | (9.4) | (73.4%) |
| - Working Capital | 77.4 | 76.1 | 1.3 | 1.7% |
| - Other | 2.5 | - | 2.5 | n/m |
| **Non-current assets** | **40.0** | **36.3** | **3.7** | **10.1%** |
| - Acquired intangible assets | 1.8 | 2.2 | (0.4) | (16.9%) |
| - Goodwill | 11.3 | 11.3 | 0.0 | 0.4% |
| - PP&E and Software | 7.0 | 7.1 | (0.2) | (2.3%) |
| - Right-of-use-assets | 6.8 | 7.8 | (0.9) | (12.2%) |
| - Deferred Taxes | 13.1 | 8.0 | 5.1 | 63.8% |
| **Current** | **(96.7)** | **(88.5)** | **(8.3)** | **9.3%** |
| - Working Capital | (67.8) | (69.5) | 1.7 | (2.4%) |
| - Lease liabilities | (3.5) | (4.5) | 1.0 | (22.2%) |
| - Provisions | (15.9) | (12.5) | (3.4) | 27.2% |
| - Borrowings | (8.3) | - | (8.3) | n/m |
| - Contingent consideration | (1.2) | (1.1) | (0.1) | 9.1% |
| - Other liabilities | - | (0.9) | 0.9 | (100.0%) |
| **Non-Current** | **(26.1)** | **(12.7)** | **(13.4)** | **105.5%** |
| - Lease liabilities | (4.2) | (4.8) | 0.6 | (12.5%) |
| - Provisions | (20.6) | (6.7) | (13.9) | 207.5% |
| - Contingent consideration | (1.3) | (1.2) | (0.1) | 8.3% |
| **Net assets** | **0.5** | **24.1** | **(23.6)** | **(98.0%)** |
| Net (Debt) / Cash | (5.1) | 11.9 | (17.0) | (142.9%) |
| Gearing (%)*** | 91.6% | (97.9%) | n/m | n/m |
| Net Debt / EBITDA pre-significant items | 2.6 | 1.2 | 1.3 | 107.9% |

| Borrowings ($'m) | Institution | H22 | H21 | Change |
|---|---|---|---|---|
| Debtor financing facility | CBA | 7.5 | - | (7.5) |
| Premium funding | Attest | 0.7 | 0.5 | (0.2) |
| Asset finance | CBA | 0.3 | 2.8 | 2.5 |
| **Total borrowings** | | 8.5 | 3.3 | (5.2) |

| Funding Facilities ($'m) | Institution | Drawn | Available | Limit |
|---|---|---|---|---|
| **Cash Facilities** | | | | |
| Debtor financing facility | CBA | 7.5 | 30.0 | 37.5 |
| Cash advance | CBA | - | 6.0 | 6.0 |
| Premium funding | Attest | 0.7 | - | 0.7 |
| Asset Finance | CBA | 0.3 | 0.0 | 0.3 |
| **Total Cash Facilities** | | 8.5 | 36.0 | 44.5 |
| **Other Funding** | | | | |
| Bank Guarantees | CBA | 11.4 | 15.1 | 26.5 |
| Insurance bonds | SwissRe | 11.4 | 8.6 | 20.0 |
| **Total Other Funding Facilities** | | 22.8 | 23.7 | 46.5 |
| **Total Cash Facilities** | | **8.5** | **36.0** | **44.5** |
| **Total Other Funding** | | **22.8** | **23.7** | **46.5** |

** Amounts have been restated for the impact of the change in accounting interpretation around the capitalisation of software costs associated with Software-as-a-Service ('SaaS')*
**** Net Debt / (Net Debt + Equity)*

*Subject to rounding*

# Cash Flow

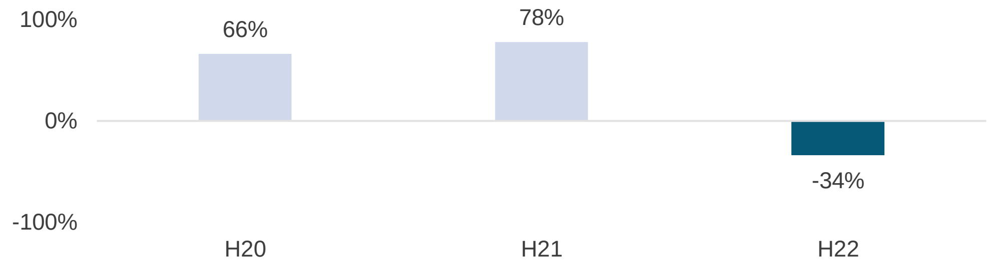
| Cash flow results ($'m) | H22 | H21* | Change |
|---|---|---|---|
| **EBITDA pre sig items** | **(2.0)** | **9.7** | **(11.7)** |
| Significant items | (23.9) | (2.9) | (21.0) |
| **EBITDA** | **(25.9)** | **6.8** | **(32.7)** |
| Non-cash & working capital** | 17.2 | (1.5) | 18.7 |
| **Operating Cash flow before interest and tax ("OCFBIT")*** | **(8.7)** | **5.3** | **(14.0)** |
| EBITDA/OCFBIT Conversion % | (34%) | 78% | (113%) |
| Previously provided costs | (1.9) | (0.2) | (1.7) |
| ATO repayment | (0.6) | (7.8) | 7.2 |
| Interest & Tax | (1.0) | (0.9) | (0.1) |
| **Cash flow from Operations** | **(12.2)** | **(3.6)** | **(8.6)** |
| Catalyst ONE acquisition | - | 0.3 | (0.3) |
| CAPEX | (0.6) | (2.2) | 1.6 |
| **Free Cash flow** | **(12.8)** | **(5.5)** | **(7.3)** |
| Dividends paid | (1.7) | (4.2) | 2.5 |
| Proceeds from borrowings | 8.3 | - | 8.3 |
| Loan and Lease liability payments | (3.2) | (3.2) | 0.0 |
| **Movement in cash** | **(9.4)** | **(12.9)** | **3.5** |
| Opening Cash | 12.8 | 37.7 | - |
| **Closing Cash** | **3.4** | **24.8** | **(21.4)** |

| Net Cash Reconciliation | H22 | H21* | Change |
|---|---|---|---|
| Cash & Cash Equivalents | 3.4 | 24.8 | (21.4) |
| Borrowings | (8.5) | (3.3) | (5.2) |
| **Net (Debt) / Cash** | **(5.1)** | **21.5** | **(26.6)** |

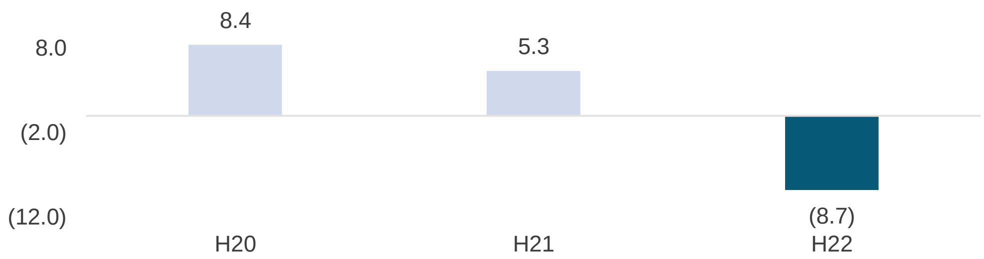
**Amounts have been restated for the impact of the change in accounting interpretation around the capitalisation of software costs associated with Software-as-a-Service ('SaaS').*

***Non-cash items primarily made up of Class Action Settlement and changes in customer payment contracts.*

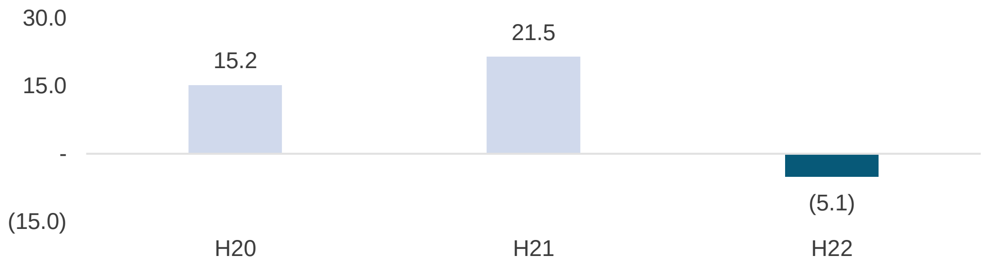
**OCFBIT/EBITDA (%)**




**Operating Cash flow before interest and tax ($'m)**




**Net (Debt) / Cash ($'m)**




*Subject to rounding*

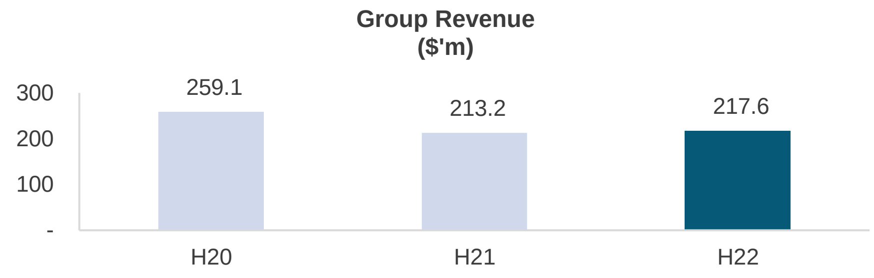
# Segment Results

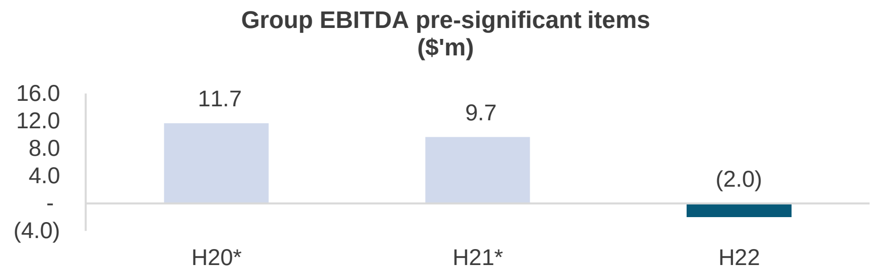
| Revenue ($'m) | H20 | H21 | H22 | Change |
|---|---|---|---|---|
| CUI | 150.9 | 105.3 | 122.5 | 17.2 |
| APS | 108.2 | 107.9 | 95.1 | (12.8) |
| **Total Revenue** | 259.1 | 213.2 | 217.6 | 4.4 |

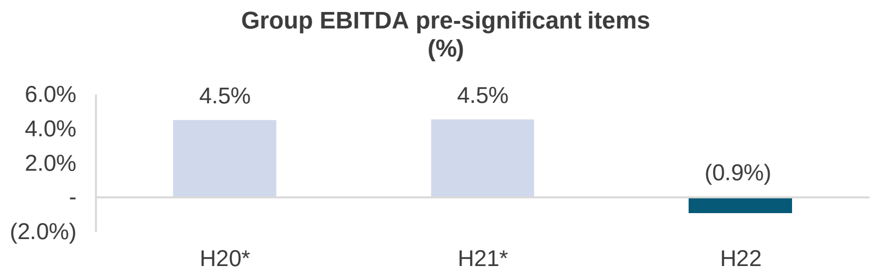
| EBITDA ($'m) | H20 Restated* | H21 Restated* | H22 | Change |
|---|---|---|---|---|
| CUI | 11.7 | 8.9 | 3.4 | (5.5) |
| APS | 4.8 | 4.3 | (3.3) | (7.6) |
| Corporate & Other | (2.2) | (1.8) | (1.6) | 0.2 |
| Software-as-a-Service* | (2.6) | (1.7) | (0.5) | 1.2 |
| **EBITDA pre-significant items*** | 11.7 | 9.7 | (2.0) | (11.7) |

| EBITDA % | H20 Restated* | H21 Restated* | H22 | Change |
|---|---|---|---|---|
| CUI | 7.8% | 8.5% | 2.8% | (5.7%) |
| APS | 4.4% | 4.0% | (3.5%) | (7.5%) |
| Corporate & Other | (0.8%) | (0.8%) | (0.7%) | 0.1% |
| **EBITDA pre-significant items %*** | 4.5% | 4.5% | (0.9%) | (5.4%) |

** Amounts have been restated for the impact of the change in accounting interpretation around the capitalisation of software costs associated with Software-as-a-Service ('SaaS').*




*Subject to rounding*

# Key Risks

| | |
|---|---|
| Division: | Communications and Utility Infrastructure |
| Project: | Prince Hwy Widening - Kilmany |
| Client: | Telstra |
| Description: | BSA assisted with the design verification and network construction including the installation of 1.2 km of cable at the township of Kilmany and connecting rural end users to the communications network. |
| Completion: | August 2021 |
| Image: | Marta Gola |

# Key Risks

***<u>Business specific and industry risks</u>***

**(a) Possible payroll tax liability.** As previously disclosed by the Company, the Company has been in dispute with the New South Wales Office of State Revenue (**OSR**) over a FY17 payroll tax assessment in NSW in relation to certain amounts paid to contractors of the Company. The matter has been the subject of proceedings in the NSW Civil and Administrative Tribunal (**NCAT**) and a decision is pending. While the Company is confident in its position on the basis of precedent set by others, there is a risk that the Company may be unsuccessful. The Queensland OSR (which has issued a reassessment of the Company) and Victoria OSR (which withheld its reassessment) are both awaiting the decision by the NCAT before finalising their position. While the Company remains confident of its position, the outcome of a dispute such as this cannot be assured and there remains a risk that the eventual outcome may differ from the Company's assessment of its position. If this occurs, the Company may be liable for the OSR's costs in the proceedings, together with any late payroll tax (although this is uncertain and the quantum is indeterminate), which has the potential to have a material adverse affect on the Company's immediate cash position.

**(b) Major contract performance risk.** The Company's Fire Build and Special Projects Business Units are at any one time undertaking works and providing services under contracts for a number of projects – some of which are significant to the Company. The costs of performing such contracts (and, by extension, the profit able to be derived from such contracts) can be materially adversely affected by the inherent uncertainties associated with significant construction projects, , as well as issues such as weather events, COVID-19 related issues, pricing and availability of sub-contractors and components, design and technical risks, and productivity or industrial issues. To manage these issues, the Company undertakes monthly reviews of each such contract, including as to delivery risks and forecasts of project costs. The Company has implemented rigorous procedures around the estimation of costs. While the Company has been focusing on implementing enhanced project controls, there remains a risk of issues arising which may result in impacts to future profits or reductions or reversals of previously recorded profits.

**(c) Dependence on material contracts.** A material proportion of the Company's revenues from its Advanced Property Solutions (APS) Business Unit is derived from construction contracts (generally with a duration of between six months to two years) run by its "Fire" and "Special Projects HVAC" businesses and relating to project-based work for clients. Thus, a significant proportion of the Company's revenue and earnings are sourced from specific projects, which may not be repeated nor offer any recurring revenue following the end of the project's life.

Accordingly, the Company's operating and financial performance is partly dependent on its ability to win new work and to maintain or improve its operating margins. Long standing relationships often lead to new work and the Company believes that it is well placed to win and retain work from both new and existing clients. However, any failure to do so may have a significant impact on the Company's financial performance.

Further much of the revenue in the Company's Communications & Utility Infrastructure Unit (CUI) arises from its work with NBNCo in the delivery and maintenance of the National Broadband Network.

This, and CUI's contract with Foxtel, are among those long-term material contracts with clients with whom the Company has been working over a number of years. The Company actively maintains its relationships with existing clients, whilst continuing to seek new opportunities, with the objective of increasing work volumes. However, no assurance can be given that the Company will be able to continue to maintain existing client relationships or secure new opportunities. There remains a risk that existing contracts may not be renewed, may be renewed on less favourable terms or may be terminated, which may lead to a material reduction in the Company's revenue and/or profits.

In addition, the volume of work orders submitted by clients under many of the Company's key contracts is not fixed and/ or is subject to variation from year to year. For example, work performed for NBNCo and/ or pursuant to CUI's contract with Foxtel is subject to fluctuations in volume, from time to time, whether as a result of reduced consumer appetite (and therefore reduced connections) and/ or as a result of changes in the allocation of work by customers amongst various service providers of which the Company is one (in the case of NBNCo). Some of these fluctuations in the volume of work and/ the extent of any variations can depend on the success of the underlying clients' own business plans (which is itself subject to a variety of risks, including industry and technological developments adversely affecting the clients' business model). To the extent that the volume of work orders materially decreases, the Company's financial performance may be adversely impacted.

**(d) Contract variations**. In the ordinary course of the Company's business and industry, contract variations arise in relation to ongoing or completed projects regarding increased work that is out of scope from the original contract or work that customers remove from scope due to budgetary or other constraints including COVID-19. These variation claims involve the Company negotiating with contractual counterparties and the amount of any negotiated settlement may differ from the amount claimed by the Company. Close monitoring of variations occurs within the business and the Company takes a balanced view of the likely final amount recoverable and takes up appropriate provisions in the financial accounts as required. To the extent that the Company recovers less than expected on contract variations for increased scope, or that it is de-scoped, its financial performance may be adversely impacted.

**(e) Counterparty (client) payment risk.** In the ordinary course of business, the Company relies on its clients for payments. Some clients account for a relatively large proportion of the Company's annual revenue. Should a client enter financial distress or become insolvent, the Company may not be paid for work completed, and should projects cease mid-construction, the Company may find itself with an unexpected underemployed workforce to manage. The Company maintains provisions for bad and doubtful debts which are regularly reviewed. If these provisions are inadequate, or a bad debt arises during a period for which no provision has yet been made there may be an adverse impact on the Company's financial performance and position.

# Key Risks (cont.)

**(f) Invoicing and cash collection risk.** The Company relies on its staff to invoice for work performed and collect debts owed, promptly and in full so as to minimise the Company's reliance on the bank facilities available. While the Company has established systems and processes in place to assist in the management of this risk, if the Company's staff are less than diligent in invoicing and collecting cash and/ or one or more of the Company's clients delay payment, there is a risk that the Company's financing facilities may be exhausted, exacerbating the risk described at the "Cash flow and working capital" section further on in this Presentation.

**(g) Cyclical industry risk.** A number of the industries in which the Company operates are subject to cyclical fluctuations. These cycles are principally driven by domestic and global factors (including general economic and business conditions) which are outside the Company's control and, in turn, may impact the Company's financial performance. In particular, the Company's APS Business Unit is impacted by swings in the level of activity in the non-residential construction and infrastructure sectors. The Company's diversity across industries, geographies and clients provides it with some protection from the cyclical influences in the industries in which it operates, but the Company is unable to completely eliminate these cyclical effects from its operations.

**(h) Accreditation risk.** Many of the Company's various business units require the Company and key staff to obtain and maintain various accreditations and/ or licences, some of which are subject to periodic review. A failure to obtain or maintain such accreditations or the loss of any one or more employees who hold such accreditations/ licenses may have a material adverse impact on the Company. In some instances, the Company may seek to address this risk through the engagement of suitably qualified/ accredited sub-contractors, however, this may not be possible in all circumstances and the engagement of which may result in increased cost to the business.

**(i) Key personnel and labour shortages.** The talents of a relatively small number of key personnel contribute significantly to the Company's operational effectiveness. There is a risk that if one or more of those personnel leave the Company, the Company may not be able to replace them promptly or with persons with comparable skill and experience. In addition, parts of the Company's workforce are highly qualified. The Company is dependent on the availability of suitably skilled labour to provide its services and is therefore susceptible to any labour shortages in those vocations in Australia.

**(j) Industrial relations.** Although the level of union involvement within the Company's workforce is limited, the Company may be exposed to the risk of industrial actions occurring at client sites which may disrupt the Company's work programs and may have an adverse impact upon the Company's cash flows.

**(k) Competitive risk.** The industries within which the Company operates can be highly competitive. The actions of competitors or the entry of new competitors may adversely impact the Company's financial performance or operating margins where the Company is unable to effectively respond in a timely manner. The Company has effectively competed in the majority of industries in which it operates over a number of years and has a strong track record of securing work. The Company is also committed to maintaining and where possible, improving its operating margins. However, the competitive nature of the industries provides no assurance that the Company will be able to successfully compete in the future and maintain, or even increase, current operating margins.

Further, technological changes in the industries in which the Company operates, whilst presenting significant opportunities for the Company, also pose the risk that a competitor may introduce or develop a technology through which it may be able to extract a competitive advantage.

**(l) Occupational health and safety.** The Company's operations involve risk to both property and personnel. A work health and safety incident may lead to a serious injury or death. The Company is currently party to a number of workplace health and safety investigations and proceedings in the ordinary course of business, including in respect of two workplace fatalities, which, alone or together with future incidents that may arise, may result in penalties and/or compensation being incurred by the Company that may have a material adverse effect on the Company's future financial performance and position. Such an incident may also cause reputational damage which may have flow-on effects, such as adversely impacting the Company's ability to renew existing contracts or win new contracts.

The Company has an occupational health and safety policy that strives to ensure best practice. Notwithstanding the existence of the policy and the best efforts to enforce the policy, there remains an inherent risk of health and safety incidents owing to the nature of the Company's operations, which could give rise to penalties, prosecutions and compensation claims which could have an adverse effect on the Company's financial performance and position. The Company strives to minimise this risk. However, given the nature of the Company's business this is not possible.

**(m) Litigation and disputes.** Disputes and litigation are common in the industries in which the Company operates, including particularly, the design and construction industry. The Company is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its activities. Contract variations in particular, commonly lead to disputes. There is a risk that material or costly disputes or litigation could adversely affect the Company's financial performance or position.

# Key Risks (cont.)

## *Financial risks*

**(a) Contingent liabilities.** As is typical in the industries in which the Company operates, the Company is regularly required to provide and fund bank guarantees and bonds in relation to projects and contracts, which can be in respect of material amounts. There is a risk that a performance security may be called upon, requiring the Company to make whole the provider of the security which may in turn adversely affect the Company's financial performance and position. The Company continually strives to achieve its performance obligations and currently considers that the risk of a performance security being called upon is moderate.

**(b) Cash flow and working capital.** The Company's businesses can experience large swings in working capital during project cycles and net debt correspondingly varies up and down through the financial year. These movements are caused by such things as mobilisation costs for new or expanded contracts, working capital fluctuations on major projects due to work in progress movements, the timing of payments of claims and contract variations and seasonal volumes.

**(c) Future debt or equity funding.** The Company's continued ability to effectively take advantage of future opportunities or to respond to competitive pressures may depend in part on its ability to continue to draw-on existing debt funding and/ or raise further funding in the future.The Company currently has the benefit of a funding facility which it uses for working capital purposes and is due to mature 30 June 2023. Like all such facilities, there are various conditions and ongoing obligations on the Company, non-compliance with which may result in the facility being withdrawn (wholly or partly) and/ or increases in the applicable interest rates. Included among those obligations, is the obligation for the Company to ensure that the facility is reduced below certain levels every six months (Clean Draw Down Requirements). While the Company remains focussed on complying with its obligations under its facilities, including the Clean Draw Down Requirements, there is a risk that a deterioration in the Company's cash position, including as a result of any delays in receiving payments from customers and/ or unforeseen expenses, may result in these Clean Draw Down Requirements and/ or other obligations not being met. The Company has also previously received a waiver from the occurrence of a review event (based on maintaining or exceeding a pre-defined EBITDA measure) and has agreed a variation to those provisions until 31 December 2022. There is a risk that the facility may be terminated, may not be renewed and/ or that an alternative facility may not be obtained or may not be obtained on favourable terms and the Company's continued ability to operate effectively may be impacted.There is also a risk that any future debt or equity financing requirements may not be met on favourable terms or at all. If adequate funds are not available on acceptable terms in the future, the Company may not be able to take advantage of opportunities or respond to competitive pressures and the Company's continued ability to operate effectively may be impacted.

**(d) Interest rates, currency and inflation.** Rising interest rates may adversely impact the Company's interest payments on its floating rate borrowings and inflation in underlying input costs may also adversely impact the anticipated returns from the Company's operations. Similarly, a small proportion of the Company's costs are denominated in foreign currencies and the Company is thus exposed to adverse or beneficial exchange rate movements. Certain equipment is also manufactured overseas but paid for in Australian dollars. As such, fluctuations of exchange rates of foreign currencies may affect the cost of equipment although most of these movements are absorbed through changes to the pricing of the Company's services.

**(e) Fluctuations in value of assets.** The value of the Company's assets, including property, plant and equipment and intangible assets, may be impacted by a range of factors. Consistent with accounting standards, the Company is periodically required to assess the carrying value of its assets. Where the value of an asset is determined to be less than its carrying value, an impairment charge must be recognised in the Company's profit and loss account. Although any such charge is a non-cash item, it may reduce the Company's profits which in turn may impact its ability to pay dividends.

## *General Investment Risks*

**(a) Investing in securities and market conditions.** Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates and inflation rates, changes in investor sentiment toward particular market sectors, the demand for (and supply of) capital and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and resource exploration securities in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(b) Integration risk.** The Company may pursue mergers and acquisitions, or enter into strategic partnerships, in order to realise benefits including complementary revenue streams and future platforms for growth. The identification, evaluation and negotiation of these opportunities may require significant time and effort from key management and employees, and may result in disruptions to the business. There is also a risk that the Company is unsuccessful in integrating new businesses or assets into its existing operations in a timely manner, or that the new businesses or assets do not result in the benefits anticipated. This may include the potential challenges in integrating various operations as a result of different practices and processes being employed. The Company cannot guarantee that every acquisition or partnership that it makes or enters into will result in favourable outcomes for the business. The Company may also implement aspects of the acquired business or products to enhance its existing business. There is also a risk that the process of integrating new businesses requires significantly more financial and management resources, or time to complete, than originally planned. This may occur due to a variety of factors, including poor market conditions, poor integration of staff, staff losses, customer losses, technology impacts or other integration barriers.

**(c) Information technology/privacy.** The Company relies heavily on its own computer systems and those of third party service providers to store and manage private and confidential information. A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of the Company's data at risk and could hamper the Company's operations and, in turn, capacity to generate revenue. If the Company's efforts to combat any malicious attack are unsuccessful or the Company has actual or perceived vulnerabilities, not only could this result in the Company suffering short term economic loss, but the Company's business reputation and brand name may be harmed, potentially having a material adverse effect on the Company' operations and financial position.

**(d) Environment and Climate Change.** The Company operates across a number of industries and geographies and some of the Company's clients are in sectors and geographies are exposed to environmental risks, including risks relating to climate change. A failure to manage these risks, by the Company's clients or the Company may impact the Company's operations and, in turn, financial performance.

**(e) Impact of COVID-19.** The Company's business and operations are exposed to the effects of COVID-19. COVID-19 poses significant risks of disruption to the Company's business, impaired financial performance, as well as potential impacts on the wellbeing of personnel. While the long-term impacts of COVID-19 on the general economy and the Company is uncertain, it is likely that the financial and operational performance of the Company will be materially adversely impacted by ongoing COVID-19 related issues, including the emergence of new strains, lockdowns and/ or ancillary regulations, increased absentee rates, supply chain disruptions and general industry related impacts. In addition, the Company will be adversely impacted by further Government imposed COVID-19 lockdowns and/ or ancillary regulations that have a detrimental impact on workforce productivity and revenue.

# Offer Jurisdictions


Division: Communications and Utility Infrastructure
Project: Prince Hwy Widening - Kilmany
Client: Telstra
Description: BSA assisted with the design verification and network construction including the installation of 1.2 km of cable at the township of Kilmany and connecting rural end users to the communications network.

Completion: August 2021

Image: Marta Gola

# Offer Jurisdictions

| | |
|---|---|
| **Hong Kong** | WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).<br>No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.<br>The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice. |
| **New Zealand** | This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).*<br><br>Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:<br>• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;<br>• meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;<br>• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;<br>• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or<br>• is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act. |
| **Singapore** | This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.<br>This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.<br>Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly |
| **United Kingdom** | Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.<br>The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the UK Prospectus Regulation). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.<br>Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.<br>In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document |