

Kroon Electric Corp. Secures Significant Growth Capital Investment and Forms BCES Global Platform

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BCES Global Established to Serve Rapidly Growing Demand for Professional Electrical Services Associated with Electrification of Everything

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Kroon Electric Corp., a leading electrical services provider, today announced that it received a significant growth capital investment from BDC Capital, through its Growth Equity Partners Fund II, and an investor group led by serial entrepreneur George Fechter. Concurrent with the transaction, BCES Global, a Canada-headquartered consolidation platform, was formed and acquired three electrical services businesses: Bopat Electric Co., Inc. of Columbia and Frederick, Maryland, Transworld, Inc. of Charleston, South Carolina, and Sabino Electric, Inc. of Tucson, Arizona. The four initial “Best-in-Class Electrical Services” (BCES) companies are TEGG service contractors who apply a proven managed process for performing predictive, preventive maintenance programs and project upgrades for commercial, industrial, and governmental customers. Combined with Kroon’s operating locations in Ottawa and Kingston, Ontario and Montreal, Quebec, BCES will deliver services in seven regional markets at close.

As one of the fastest-growing market segments in industrialized economies, electrical services benefit from numerous structural tailwinds and BCES Global is well positioned to enable its blue-chip client base with their decarbonization activities. Focus areas for BCES Global clients include the upgrade of transportation infrastructure supporting the transition to electric vehicles, the installation and maintenance of wind and solar power equipment supporting the

growth of renewable energy solutions, and the commissioning of large-scale data centres supporting the rapid growth of artificial intelligence demands. BCES Global intends to scale the platform organically and inorganically through the acquisition of TEGG contractors and the conversion of non-TEGG contractors alike in North America, Europe, and the Middle East.

The BCES Global management team is led by CEO Michael Kroon, who was previously President of Kroon Electric, CSO Audrey Kroon Lowther, who was previously Vice-President and co-owner of Kroon Electric, and COO John Sargent, who was previously a co-founder of TEGG with prior experience managing and executing consolidation strategies of other service-based contractors. George Fechter, a co-founder of TEGG, will serve as chair of the board and recently executed successful roll-ups in the HVAC and green industries. The leadership team of each of the acquired businesses participated in the transaction alongside BDC Capital and Fechter, as well as other industry participants. Advisors to BCES Global include Jay Moorhead, Co-Founder of Global Power Partners and Dr. G. Richard Patton, Clinical Associate Professor Emeritus of Business Administration at the University of Pittsburgh.

Michael Kroon, CEO of BCES Global, articulated, “TEGG contractors globally have witnessed substantial growth driven by the escalating demand for electrical services. BCES Global platform companies are distinguished as preeminent leaders within their respective markets. To mitigate potential challenges, BCES Global is proactively devising sophisticated strategies and comprehensive programs aimed at aiding our clients in adhering to industry mandates for the maintenance of electrical assets. BCES Global is steadfast in its commitment to addressing some of the most critical issues within our industry, thereby ensuring a robust and dependable electrical network globally.”

Loren Rafeson, Partner, Growth Equity Partners at BDC Capital commented, “We are excited to establish a new platform in the electrical services industry and to become a capital partner to a leading group of companies operating in a highly attractive and growing market. The need for recurring, preventative electrical maintenance is expected to accelerate with the ongoing electrification of the economy. It comes at a time when the existing electrical infrastructure across North America is reaching capacity and lifespan limits, and when the average electrical services business owner is nearing retirement age. We look forward to working with Michael, Audrey, George, and the entire management team to scale a best-in-class platform.”

Terms of the transaction were not announced. Blake, Cassels & Graydon and Goodwin Procter served as Canadian and U.S. legal counsel, respectively, and EY served as financial and tax advisor to BDC Capital. Sicotte Guilbault and Hodgson Russ served as Canadian and U.S. legal counsel, respectively, to the vendors. Financing for the transaction was provided by the Royal Bank of Canada.

About BCES Global

BCES Global is an elite group of experienced North American electrical service contractors specializing in electrical preventive maintenance, inspection and testing, engineering and technical services, and health and safety training, all on a recurring and re-occurring basis. BCES Global is pursuing multiple acquisitions with significant growth potential,

addressing the demands of the rapidly evolving Electrification of Everything global marketplace, and focusing on the decarbonization of the global economy, all intended to enable a more livable planet.

About BDC Capital

BDC Capital is the investment arm of BDC, Canada's Business Development Bank. With over \$7 billion under management, BDC Capital serves as a strategic partner to the country's most innovative firms. It offers businesses a full spectrum of capital, from seed investments to growth equity as well as ownership transition solutions, supporting Canadian entrepreneurs who have the ambition to stand out on the world stage. Visit [bdc.ca/capital](https://www.bdc.ca/capital).

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