



L<sup>2</sup> CAPITAL PARTNERS

# Investor Presentation

January 2026



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# Exceptional, Proven Leadership Team

FDI is led by a deep management team with extensive experience and a long track record of successfully implementing strategic growth initiatives



**Mark Fernandes**

Chief Executive Officer  
20+ years with FDI  
20+ years of experience



**Adam Benoit**

Chief Financial Officer  
5+ years with FDI  
10+ years of experience



**Michelle Collins**

VP of Supply Chain  
18+ years at FDI  
20+ years of experience



**Cale Gerlach**

VP of Sales  
7+ years at FDI  
10+ years of experience



**Matt Long**

VP of Engineering  
15+ years at FDI  
15+ years of experience



**David Mackey**

VP of Manufacturing  
13+ years at FDI  
15+ years of experience



**John Binger**

Director of Product Management  
2+ years at FDI  
20+ years of experience



**Eric Strickler**

Director of Marketing  
2+ years at FDI  
15+ years of experience



**Andy Mercer**

Director of Information Systems  
10+ years at FDI  
15+ years of experience



**Brandy Whitt**

Director of HR  
4+ years at FDI  
15+ years of experience

## Functional Devices Core Values



**Committed to Quality**



**Collaborative**



**Adaptable**



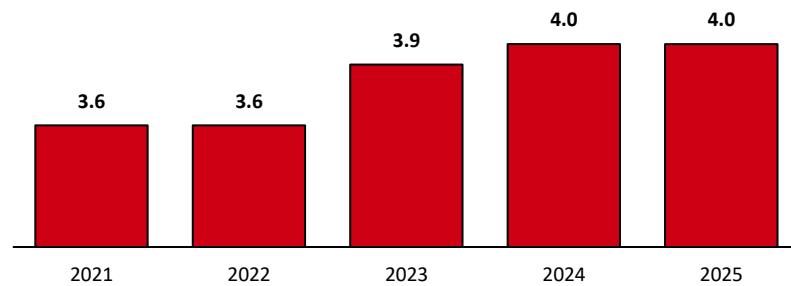
**Innovative**



**Principled**

## Employee Engagement Survey

(Average Responses on a 5-point scale to engagement survey conducted by Flex Survey)



*Continuously Voted One of Indiana's Best Places to Work*



*Functional Devices (“FDI”) is a leading designer and manufacturer of essential devices for power, sensing, and control in building automation systems – enabling smarter, more energy efficient buildings. Built on a foundation of quality, innovation, and customer focus, the Company has earned a reputation as the preferred partner to participants in the North American building automation industry.*



*The Functional Devices Difference:  
Quality You Can Trust*

*Click to View Video*

***CONFIDENCE AND PEACE OF MIND IN EVERY BOX***

# Functional Devices (FDI) Overview

FDI is a leading provider of mission-critical building automation, HVAC and lighting devices used in building automation systems for end markets such as data centers, manufacturing and commercial buildings



**\$62M**  
2025 Net Revenue

**\$21M**  
2025 EBITDA

**25%**  
2020 – 2025 EBITDA CAGR

**~650**  
# Customers

**~1,500**  
Unique SKUs Offered

**34%**  
2025 EBITDA Margin

## Product Portfolio



Relays



Power Supplies



Transformers



Current Sensors



Power Controls



Specialty Peripherals

## End Customers and Go-to-Market



FDI sells primarily via distributors to blue-chip OEMs and end customers, such as:



## End Markets



Commercial Buildings



Data Centers



Healthcare



Transportation



Energy &amp; Power Utilities



Manufacturing



Education

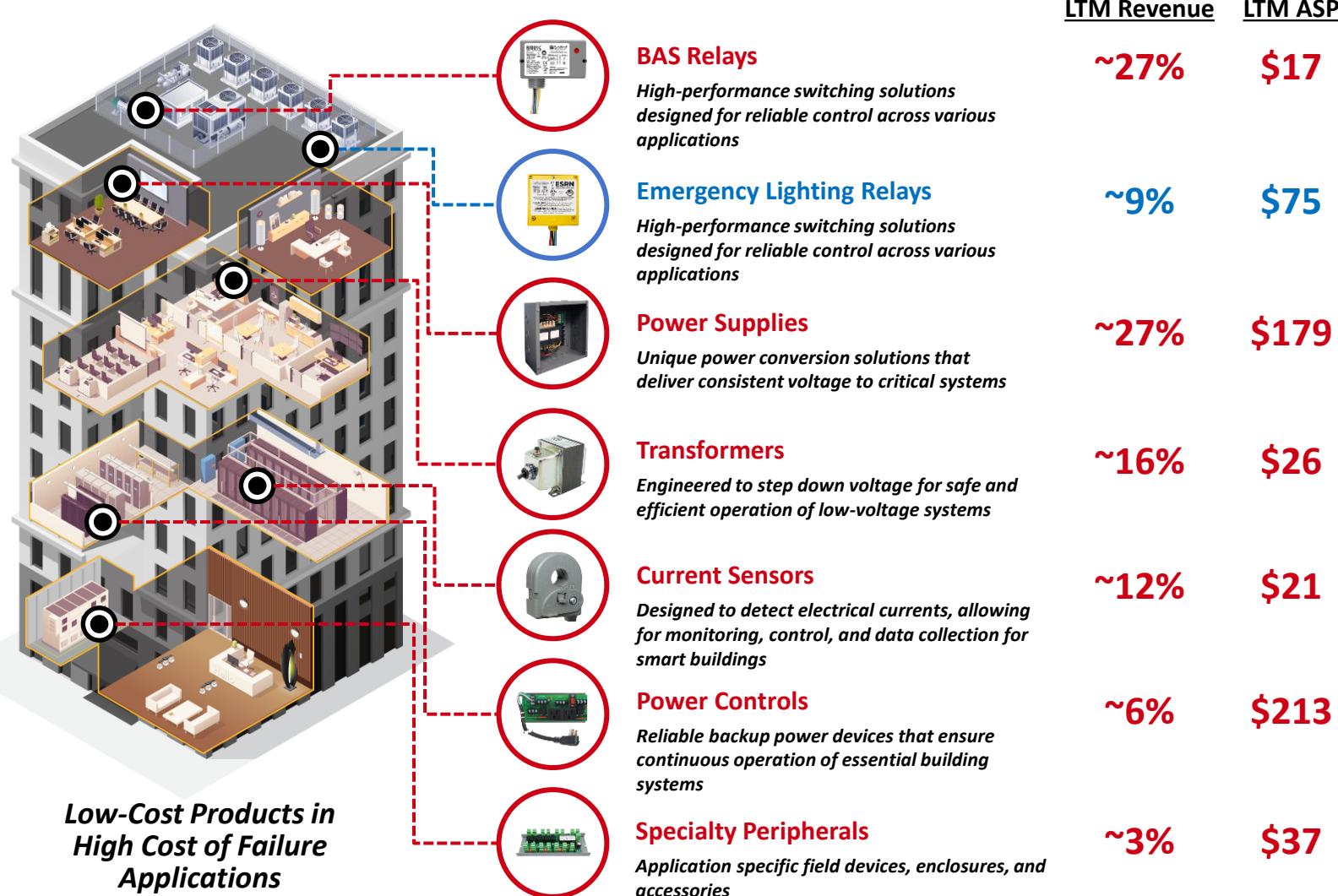


Hospitality

**Over 75% of FDI's Demand is Driven from Retrofit & Replacement ("R&R")**

# Portfolio of Low ASP, High Cost of Failure Components

Functional Devices offers industry-leading products with low ASP and high cost of failure across peripheral components such as Relays, Power Supplies, Transformers and Sensors



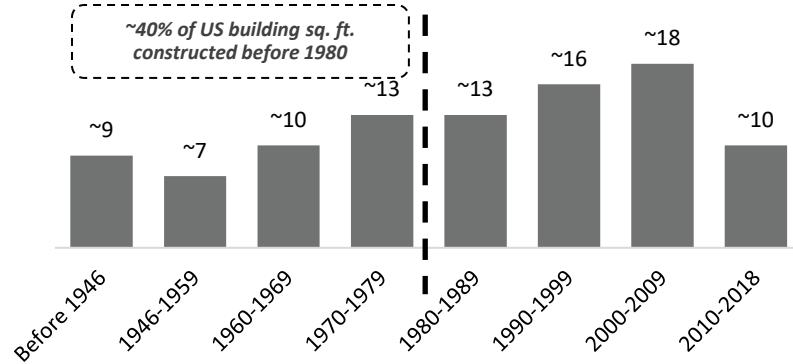
# Attractive and Growing Market for Peripheral Components

Functional Devices is well positioned to capture growth from macro tailwinds such as aging infrastructure, electrification and data centers

## Attractive Underlying Fundamentals

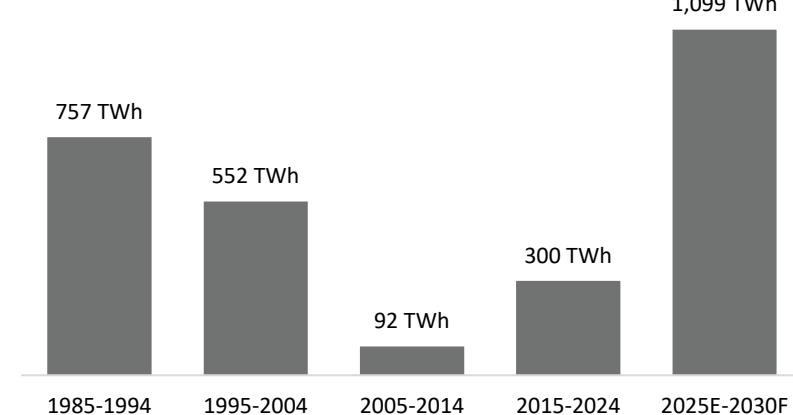
### Aging Commercial Infrastructure Drives Maintenance and Repair

US Commercial Building Sq. Ft. by Construction Year (billions)



### Rapid Acceleration in US Energy Consumption Growth

Growth in US Electricity Demand, TWh



## Supported by Multiple Tailwinds



Building owners are competing to offer healthier, more productive spaces to attract and retain tenants



Escalating energy costs and stringent regulations are forcing building owners to aggressively pursue energy efficiency initiatives



Vast majority of the installed base of commercial building have outdated, inefficient BAS systems representing a massive upgrade opportunity



AI adoption and shift toward high-density computing are fueling robust growth in data center construction and capacity additions



Shortage of skilled HVAC technicians and system integrators puts a premium on products that are faster and simpler to install



Customers are turning toward higher-quality, more reliable products and vendors to ensure uptime and mitigate risk for critical applications such as data centers



Advanced sensors and building management systems are allowing building managers to utilize predictive maintenance vs. reactive repairs to reduce downtime and costs



Managing micro-zones, like individual offices or conference rooms, requires a higher density of sensors, actuators, and controllers

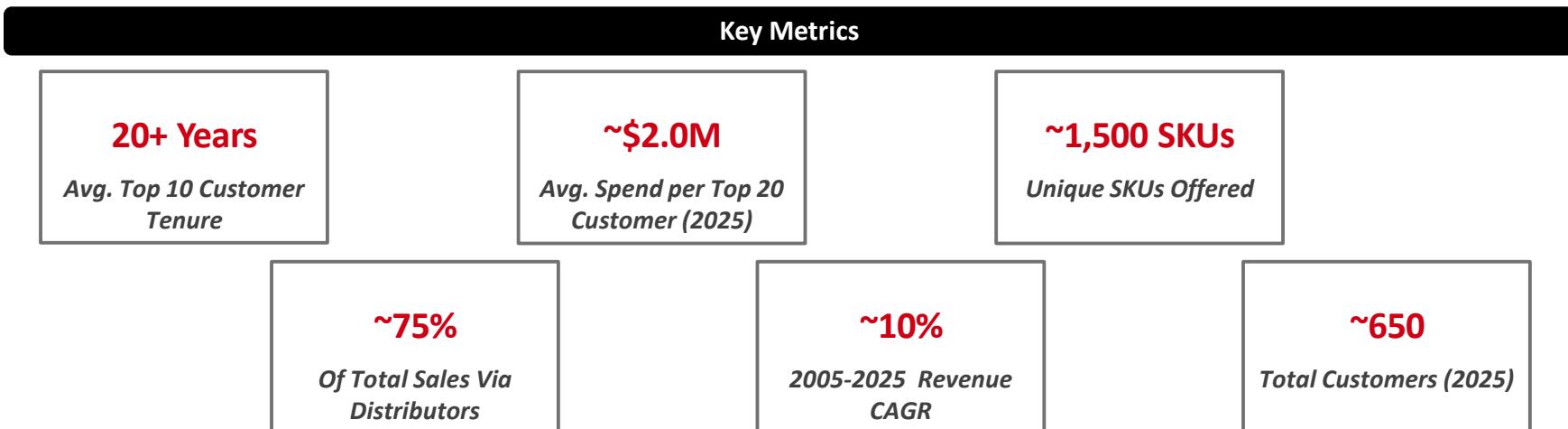
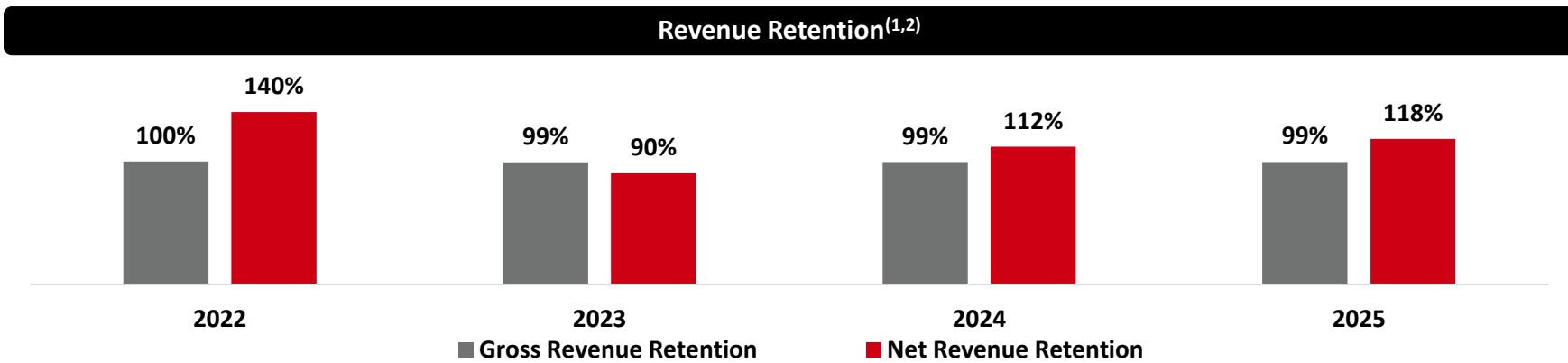
# Functional Devices' Right to Win

FDI surpasses competitors on value indicators such as reliability, customer care and lead times, while offering a competitive price across a wide variety of SKUs

	RIB Functional Devices, Inc.	Automation & Peripheral Components Manufacturers	Limited-Product Specialists	Low-Cost International Import Brands
Select Competitors	N/A	 ACT  IDEA  VERIS INDUSTRIES	 SERVIA	<i>Overseas Companies</i>
Depth and Breadth of Offerings				
Trusted “Out of The Box” Reliability and Durability				
Widespread Availability via Distributors				
Competitive Price Relative to Performance				
Informative and Responsive Technical Support				

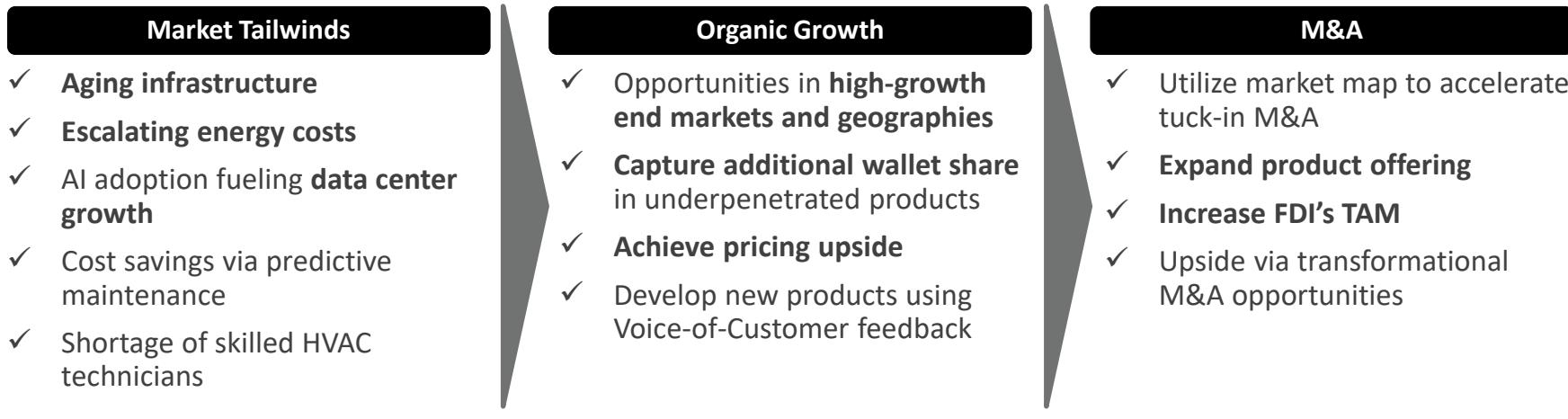
# Strong Customer Retention and Long-Tenured Revenue Base

- Revenue churn has been minimal, averaging ~1% annually over the last 3 years
  - Churn is concentrated among very small, non-strategic accounts, with average revenue per lost customer of only ~\$1.4k
  - Revenue retention reflects the Company's status as the industry standard for peripheral components and its leading reputation for quality and reliability

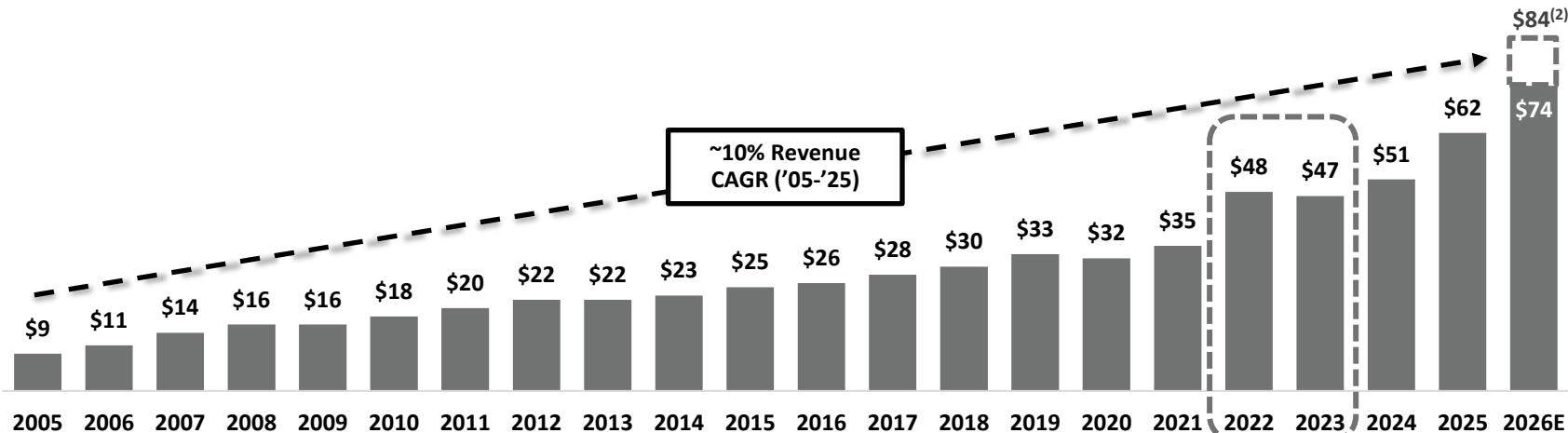


# Multiple Levers for Growth

Functional Devices is well-positioned to continue out-growing the overall smart building applications market



## Long-Term Track Record of Organic Growth<sup>(1)</sup>



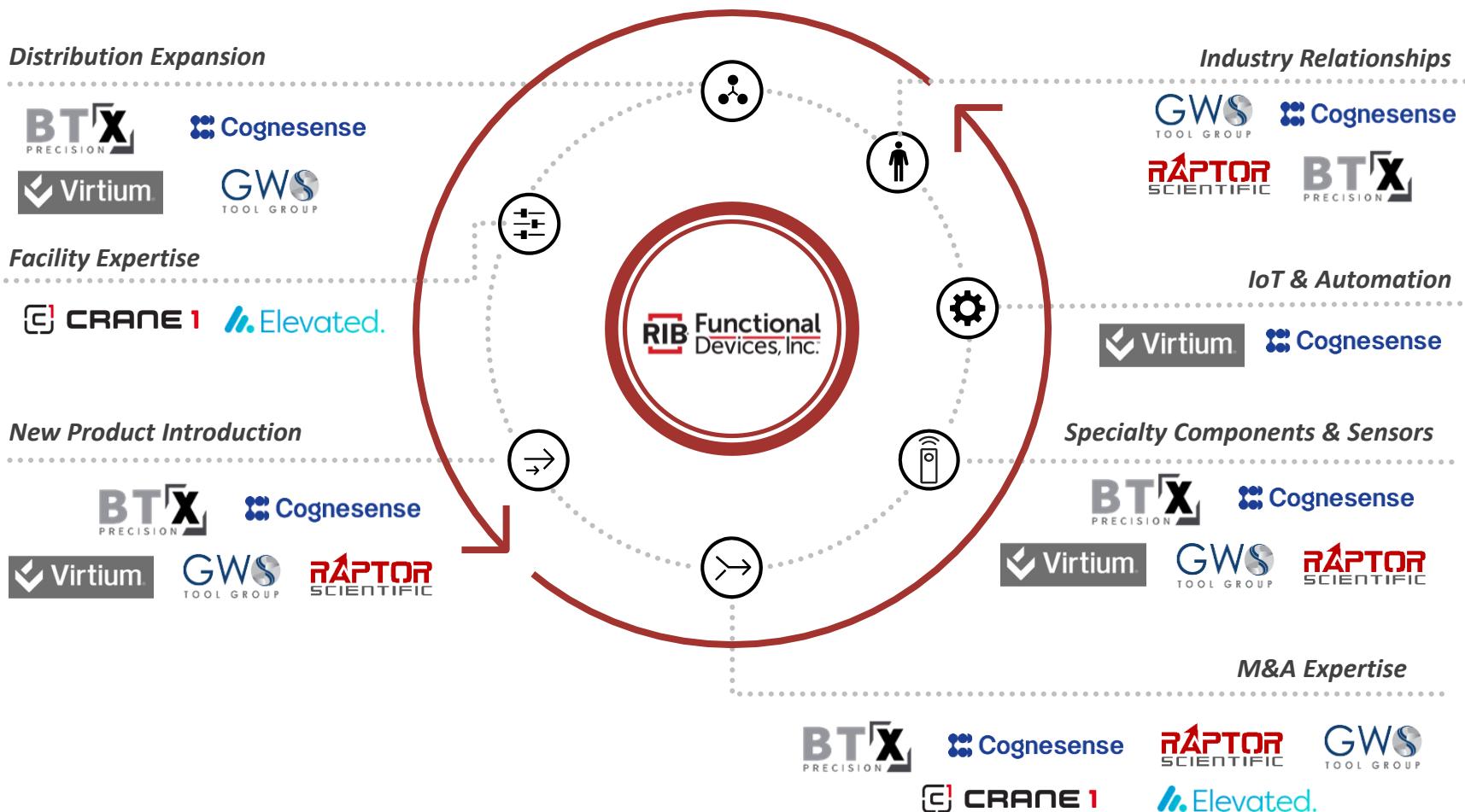
# Questions?

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# L Squared's Value Creation Playbook

L Squared has a proven track record of creating value in businesses similar to Functional Devices through our repeatable value-creation flywheel



# L Squared Value Creation Plan

L Squared is dedicated to partnering with management to help achieve the next phase of growth for FDI

Value Creation Levers	Description and Key Initiatives	Goals and Impact
 Executive Leadership Team and BoD	<ul style="list-style-type: none"> <li>Supplement management team (who is highly motivated but youthful) with L Squared resources and new hires to help achieve our platform vision</li> <li>Recruit value-added board members that can open doors with customers, contribute operational experience at scale, provide OEM relationships, and make M&amp;A introductions (see Appendix for potential BoD additions)</li> </ul>	<ul style="list-style-type: none"> <li>Add 2nd level functional depth - sales, AI/Data Infrastructure, internal M&amp;A</li> <li>Hire early in the hold to drive compounding (model burdened for costs)</li> </ul>
 M&A	<ul style="list-style-type: none"> <li>Leverage existing L Squared work from FDI due diligence and prior Cognesense work as well as management's ongoing conversations and relationships</li> <li>Target 1-2 deals per year during the holding period (~\$5-\$7M of EBITDA acquired p.a.)</li> <li>Invest in internal resources to build this muscle into the platform – senior leader reporting to Mark and partnering with the other members of the executive team</li> </ul>	<ul style="list-style-type: none"> <li>Deep dive market map completed</li> <li>2 tuck-in deals per year adding ~\$6M of EBITDA at 7-9x pre-synergies</li> <li>~25 transformational targets with \$10M+ of EBITDA (upside to execute one during the holding period)</li> </ul>
 New Product Development	<ul style="list-style-type: none"> <li>Invest in incremental headcount in 2026 with appetite to invest further with continued positive results</li> <li>Add additional product capabilities which will allow us to do more things for our existing customers, driving competitive differentiation and TAM expansion</li> </ul>	<ul style="list-style-type: none"> <li>Add 2-3 engineers</li> <li>Additional project progression with a goal of driving NPD to 10%+ of annual revenue (currently ~5%)</li> <li>Add solutions for EU and UK markets</li> </ul>
 Pricing	<ul style="list-style-type: none"> <li>Continue to drive value via targeted pricing increases; our preliminary diligence suggests that there is incremental opportunity to raise price as FDI's products are viewed as 'middle-of-the-pack' on price</li> </ul>	<ul style="list-style-type: none"> <li>Quickly capture \$1.3M of upside pricing opportunities identified</li> <li>Use POS data and AI tools to drive incremental upside pricing each year</li> <li>Properly price NPD introductions</li> </ul>
 AI and Data Analysis	<ul style="list-style-type: none"> <li>Implement AI initiatives to improve sales organization efficiency via data analysis and synthesis</li> <li>Capture incremental revenue opportunities (volume and price) via targeted marketing efforts in high potential geographies (management has had initial success with this playbook in Texas) – including targeted YouTube and other web-based advertising directed at end users (engineers/integrators)</li> </ul>	<ul style="list-style-type: none"> <li>Targeted marketing to specifying engineers, integrators, and installers (core and NPD) in high potential markets (TX, FL, TN, VA, AZ)</li> <li>Capture upside pricing opportunities</li> </ul>

# Transaction Overview

## Transaction Overview

- The Company is majority owned by Shorehill (2019 vintage)
- Our entry price of \$305M represents 13.8x LTM 3/31/2026E and 12.2x 2026E Adj. EBITDA, respectively
  - Note: 2025A Adj. EBITDA outperformed budget from the October CIM by +\$1.5M (+8%)
  - Incremental opportunities: 1) Incremental Pricing (\$1.3M '26E EBITDA), 2) Vertiv volumes (\$0.3M '26E EBITDA) and 3) Veris opportunity (\$4M of '26E EBITDA), are NOT considered in our base case forecast and would drive outperformance
  - \$15M earnout conditioned upon achievement of 2026E Management Gross Profit Budget of \$36.8M, which translates to \$25.8M of Management 2026E EBITDA (\$25.2M shown in table below is inclusive of L Squared incremental Opex)
- We will finance the transaction via:
  - Equity Check: L Squared & Co-invest Equity (\$192M) and Management Rollover (\$10M)
    - Note: we plan to reserve ~25% of initial equity to fund future M&A
  - Term Loan: \$115M (5.5x 2025 Adj. EBITDA) at S+450bps

### Sources & Uses

(*\$ in thousands*)

Sources of Funds	% of Capital	\$
L Squared / Co-invest Equity <sup>(1)</sup>	61%	\$191,750
Management Rollover <sup>(2)</sup>	3%	10,000
Term Loan	36%	115,000
<b>Total Sources</b>	<b>100%</b>	<b>\$316,750</b>

### Uses of Funds

Uses of Funds	% of Capital	\$
Enterprise Value	96%	\$305,000
Capitalized Financing Fees	1%	1,750
Transaction Fees	2%	5,000
<b>Cash to Balance Sheet</b>	<b>2%</b>	<b>5,000</b>
<b>Total Uses</b>	<b>100%</b>	<b>\$316,750</b>

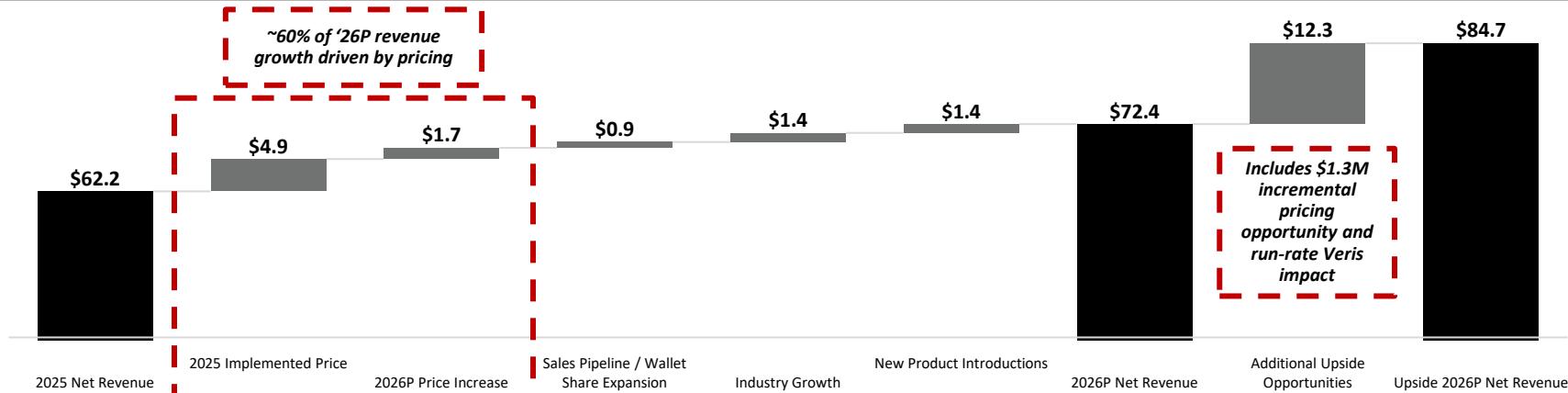
### Valuation Matrix

( <i>\$ in thousands</i> )	Adj. EBITDA Metric	Enterprise Value Multiple
<b>Entry Enterprise Value (\$305M)</b>		<b>\$305,000</b>
LTM 1Q'26E	\$22,068	13.8x
L Squared 2026E (Organic) <sup>(3)</sup>	\$24,973	12.2x
L Squared 2026E (w/ M&A) <sup>(4)</sup>	\$27,973	11.8x
<b>Incl. Earnout (\$305M Upfront and \$15M Earnout)<sup>(5)</sup></b>		<b>\$320,000</b>
Management Budget	\$25,249	12.7x
Mgmt Budget w/ Pricing	\$26,549	12.1x
Mgmt Budget w/ Pricing & Vertiv	\$26,849	11.9x
Mgmt Budget w/ Pricing, Vertiv & Veris	\$30,849	10.4x

# Visibility to 2026 Budget and Identified Upside Opportunities

High visibility into 2026P results driven by repeat customer orders from long-tenured customers with little sensitivity to price increases given criticality of FDI components and small share of overall bill of materials; pricing expected to drive ~60% of revenue growth and ~85% of EBITDA growth in 2026P

2025A-2026P Revenue Bridge

2025A-2026P EBITDA Bridge<sup>(1)</sup>

Note: 2026P (excl. Upside Opportunities) represents L2 Base Case.

1. Additional Upside Opportunities includes Vertiv, Veris and Incremental Pricing Opportunity.

2. 2025 net implemented price includes \$4.9M of fully realized price increases from 2025 and a direct tariff impact of \$1.7M; 2026E net implemented price includes \$1.7M of new price increases and indirect tariff impacts of \$0.8M.

# Upside Opportunities

FDI management team has multiple high potential upside opportunities, including wallet share expansion with existing customers (Trane and Vertiv), incremental 2026 pricing and an opportunity to white-label Veris components

## VERIS Opportunity

### Situation Overview

- Veris is undergoing a strategic reprioritization and plans to deprioritize production of its branded **current sensors and relays**
- Veris inbounded FDI as the market-leader in these product lines and has provided FDI with information to prepare a proposal and scope **taking over the entirety of these product lines**
- FDI is currently structuring a proposal to submit to Veris and if approved, FDI anticipates that **production will be fully implemented at the OEM's run rate between Q2 and Q3 of this year**
- **Products would be “FDI” branded units** that would then be sold through existing sales channels with the OEM



### Incremental Pricing Opportunity

- Base case 2026 budget forecasts an ~4.5% price increase, however, competitors have raised price mid- to high-single digits, giving management confidence that **a price increase of 6%+ is attainable while maintaining competitive pricing**



## TRANE Opportunity

- New **data center OEM program** via Trane Technologies, supplying current sensors for their Cooling Distribution Unit line
- This opportunity further pushes **FDI into data center exposure** and positions the Company to capture further business within the sector

### Projected Revenue Opportunity



## VERTIV™ Opportunity

- FDI recently won a new opportunity to serve a critical component for Vertiv's Power Distribution Units (“PDUs”), and has been hard spec'd into their products going forward
- Since winning the business, **Vertiv has increased their demand outlook above management's original forecasts** given strong continued momentum in the datacenter industry

### Projected Revenue Opportunity



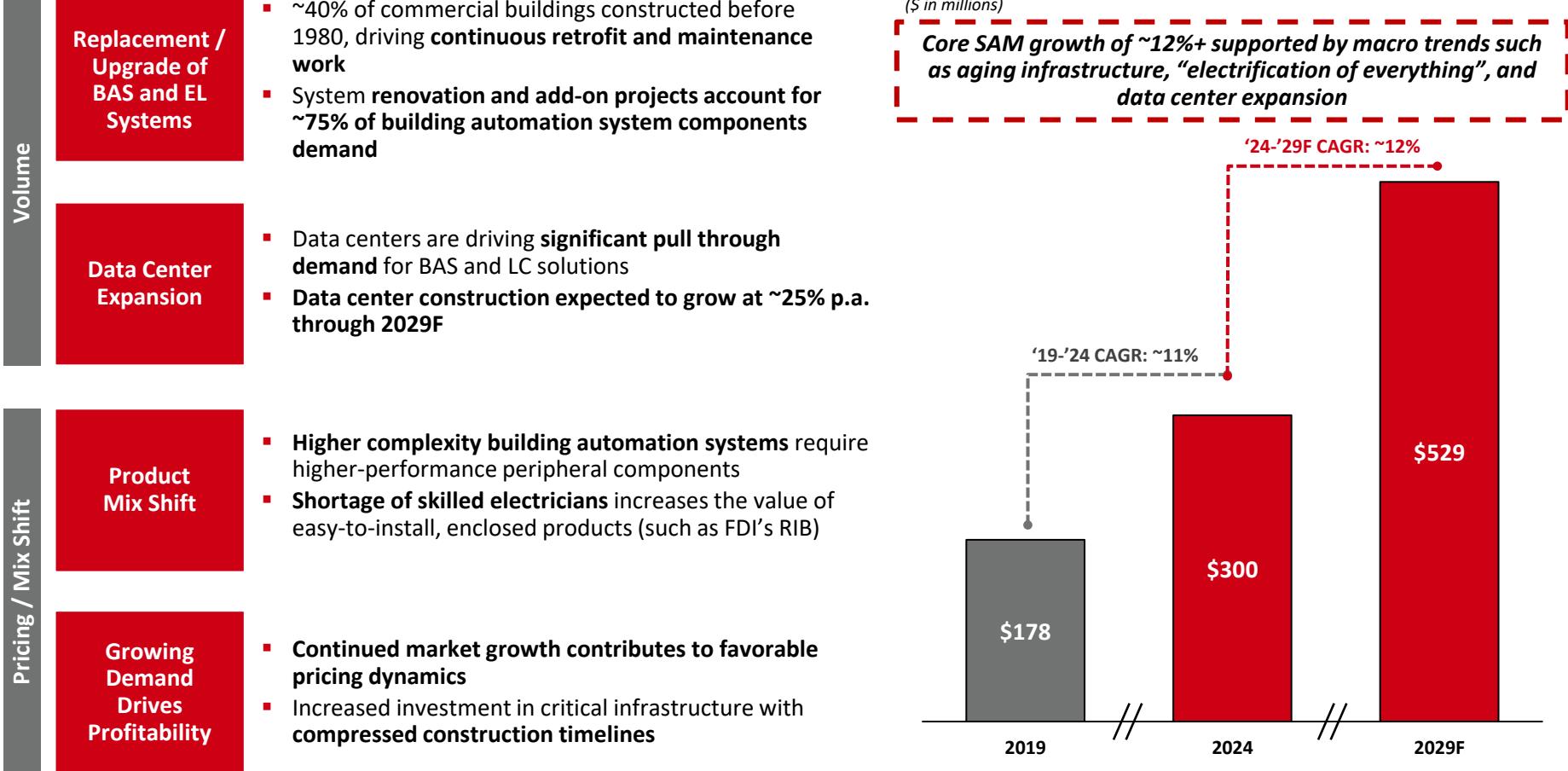
# Investment Highlights

- 
- 1** Highly visible demand driven by macro tailwinds such as aging infrastructure and energy efficiency initiatives, complemented by growing end markets such as data centers
  - 2** Durable, non-cyclical business driven by low ASP, high cost of failure HVAC and lighting components with predictable retrofit and maintenance needs
  - 3** Industry-leading brand (“Relay-in-a-Box”, “RIB”) known for quality, reliability and ease of installation
  - 4** Attractive growth opportunities via New Product Development (NPD), which allows the Company to target SKUs to capture market tailwinds more effectively
  - 5** Significant M&A opportunities in adjacent product lines and end markets, providing ability to increase the Company’s Serviceable Addressable Market (SAM) over our hold period

# 1 Attractive Market Landscape

Attractive growth driven by repeat demand from the renovation of aging commercial buildings, accelerating data center construction, and a broader push for energy efficiency

## Key Growth Drivers



# 1 Accelerating Growth of Data Centers

Datacenters make up ~15-20% of today's commercial building market, and are growing rapidly due to unprecedented growth in AI adoption



## Expansion of Data Center Capacity

- Hyperscalers are driving **new data center construction** to support increasing AI adoption and high-power computing
- Growing investment into **new and existing data centers generates significant BAS component demand**



## Growth in Liquid Cooling Solutions

- The shift to **higher-performance chips for AI workloads generates greater heat**
- **Liquid cooling retrofits require more peripheral components**, including dozens of additional relays, sensors, and transformers for each cooling unit



## Criticality of Repair and Maintenance

- Data centers require 100% uptime, leading to **proactive repair and replacement cycles**
- Growing installed base of data centers and the adoption of predictive maintenance technologies drive steady, **non-discretionary replacement demand**



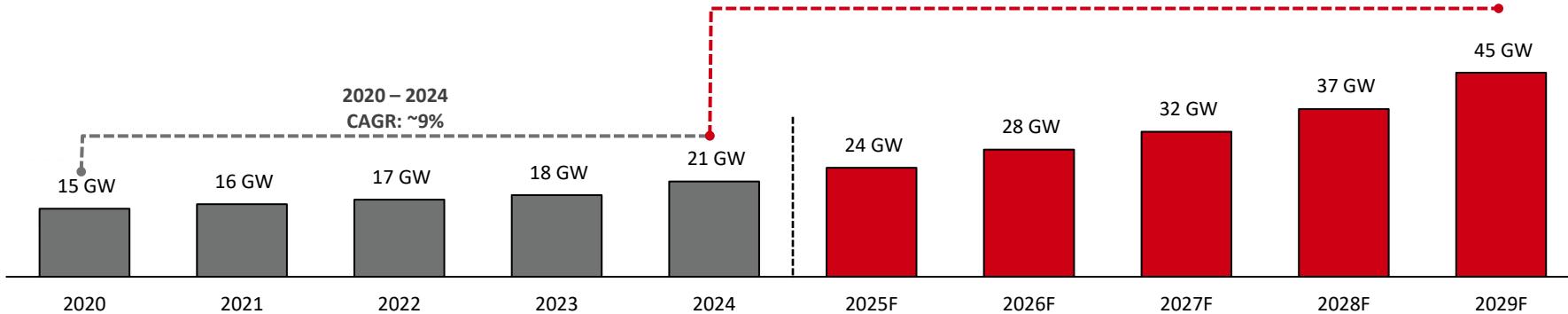
## Energy Efficiency Initiatives

- Operators face financial pressure to **reduce high energy consumption and operational costs**, driving investment in **more efficient technologies**

### North American Data Center Historical & Forecast Installed Base (2020 – 2029F)

(New data center capacity added in gigawatts ("GW"))

**2024 – 2029F  
CAGR: ~17%**



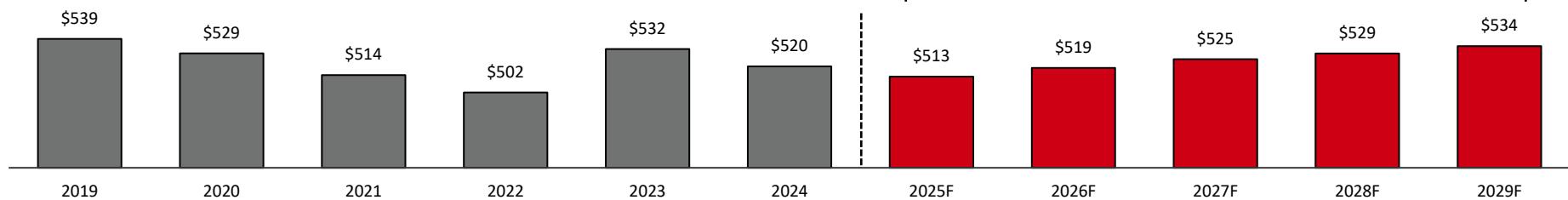
## 2 Predictable Retrofit & Maintenance Demand

Demand for FDI's components driven by aging building infrastructure and consistent retrofit, renovation and maintenance work



### General Uptick in Commercial Construction

U.S. Non-Residential + Multi-Family Construction Value  
(\$ in billions)

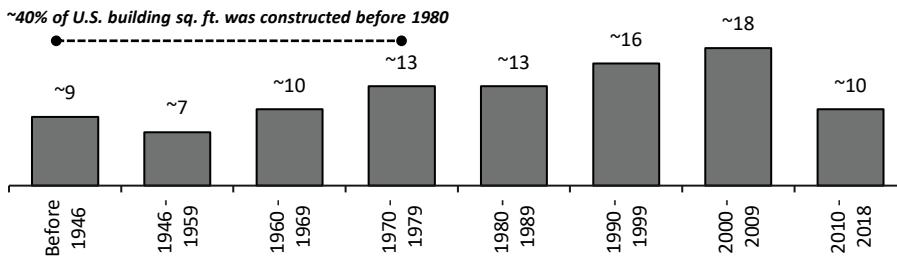


*U.S. non-residential construction market is primed to enter a new growth phase, expanding at a steady ~2% annually through 2029F*



### Aging Installed Base of Buildings...

U.S. Commercial Building Sq. Ft. by Construction Year  
(in billions)

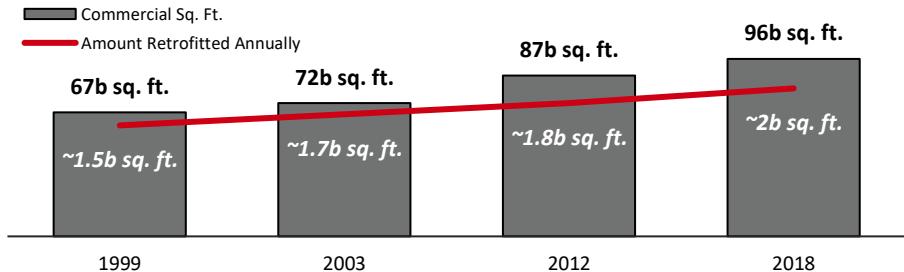


*Robust installed base of older buildings supports demand for continued system renovation activity*



### ...Driving the Need for Retrofit & Repair

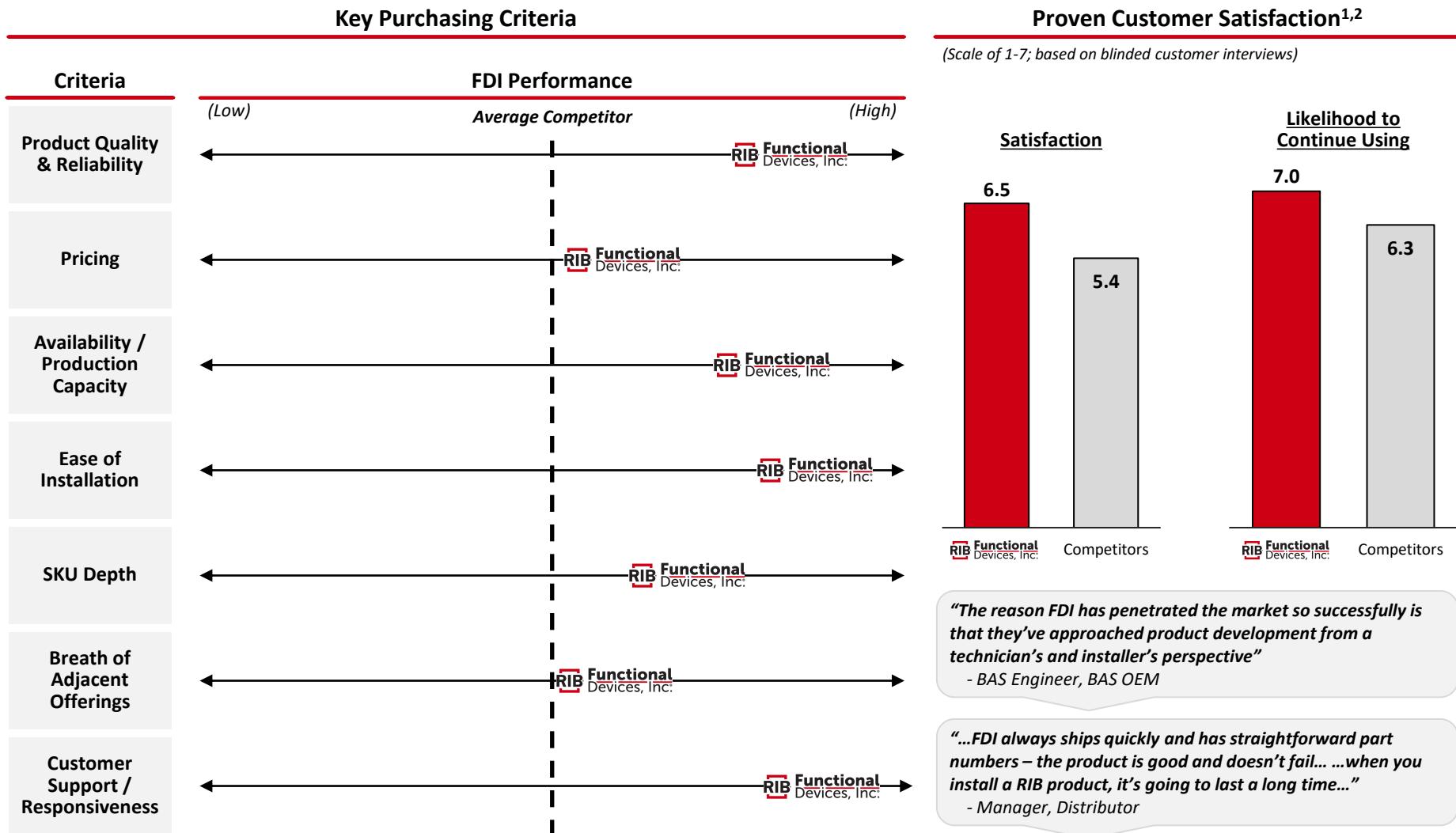
Total U.S. Commercial Buildings and Amount Retrofitted Sq. Ft.  
(in billions)



*Roughly ~2% of the commercial building installed base is retrofitted each year*

### 3 Industry-Leading Brand with High Customer Satisfaction

FDI is the industry standard for many of its components, with customers rating the Company highly across key purchasing criteria such as quality/reliability, lead times and customer support



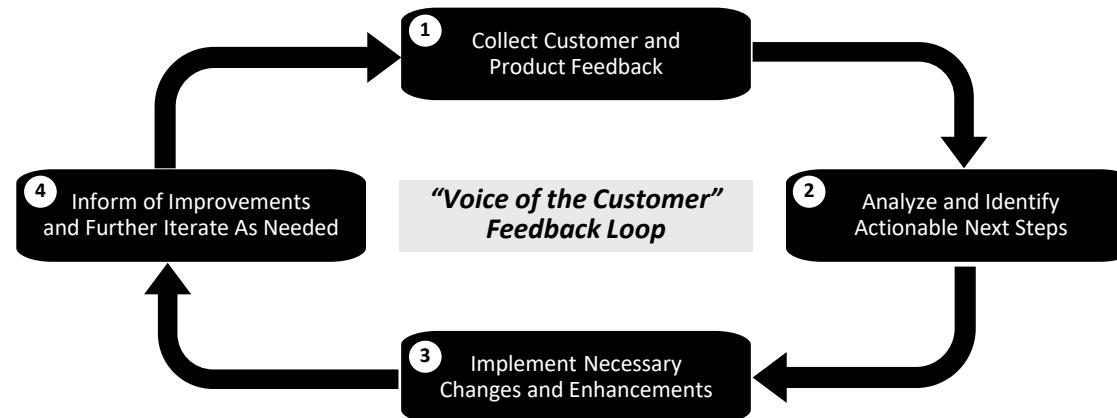
## 4 New Product Development Overview

1969 – 2023

- Product development was largely reactive, driven by internal ideas and direct customer feedback rather than a proactive roadmap
- The Company introduced a highly variable and undisciplined number of new products each year
- New product lines were launched without a structured commercialization plan, leaving their market potential not fully exploited
- Lacked a dedicated product management function, with new product development being a collaborative but ad hoc effort between sales, engineering, and executives

2023 to Today

- Re-prioritized new product development making key hires, including John Binger, to lead the effort on product innovation
- Accelerated focus on NPD, launching next generation phase dimming product line
- Revenue from NPD has historically been ~2% and has increased to ~5% in 2025, with management's goal to achieve ~10% by 2030
- Substantial new product pipeline with strong visibility and continued ramp of recently introduced products



# 4 New Product Development Pipeline

FDI has a successful track record of introducing new products to the market and a substantial pipeline that will continue contributing to long-term growth

## Stage 0 / 1

Discovery, Idea Screening, and Scoping

**3**

Opportunities

**~\$1.9M**

Annualized Value

## Stage 2

Construct Business Case

**2**

Opportunities

**~\$1.8M**

Annualized Value

## Stage 3

Approval and Development

**2**

Opportunities

**~\$0.6M**

Annualized Value

## Stage 4

Development Review and Launch

**4**

Opportunities

**~\$2.7M**

Annualized Value

## Stage 5

Post-Launch Review

**17**

Opportunities

**~\$6.9M**

Annualized Value

FDI NPD Pipeline Overview				
Product	Description	Launch Timing	Est. Annual Revenue Opportunity	
Product #1	<ul style="list-style-type: none"> <li>Wireless dimmer with proprietary Avi-on protocols</li> </ul>	Q4 2025	~\$500k	
Product #2	<ul style="list-style-type: none"> <li>Ballast with 3A load rating for multiple fixtures</li> </ul>	Q3 2025	~\$1.0M	
Product #3	<ul style="list-style-type: none"> <li>DIN-mounted transformer range expansion</li> </ul>	Q1 2026	~\$600k	
Product #4	<ul style="list-style-type: none"> <li>All-in-one current sensor and relay solution</li> </ul>	Q1 2026	~\$275k	
Product #5	<ul style="list-style-type: none"> <li>Turns lights on or off using a photocell sensor</li> </ul>	Q2 2026	~\$1.3M	
Product #6	<ul style="list-style-type: none"> <li>Complementary suite of DC power supplies</li> </ul>	Q3 2026	~\$1.2M	
<i>All Other Opportunities</i>		22	~\$9.1M	
<b>Total Opportunities</b>		<b>28</b>	<b>~\$14M</b>	

## 5 M&A Opportunity Overview

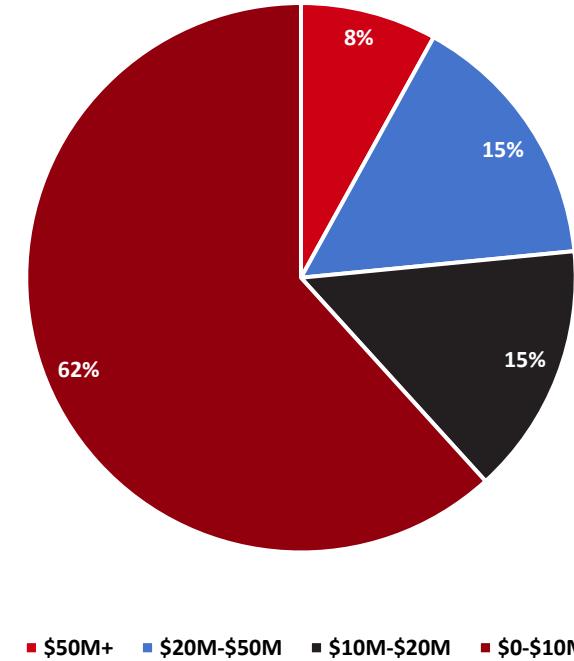
L Squared has identified 228 high-priority M&A targets across the fragmented peripheral components and sensors market, with additional research likely to yield a much larger opportunity set

Summary	
# of Targets	228
Median Revenue (\$M)	\$6
Median Employees	23

Targets by Product Type Offering		
	Count	% of Total
<b><u>Building Control Components</u></b>		
Power Controls	106	46%
Relays	50	22%
Specialty Peripherals	75	33%
Power Monitoring	45	20%
Transformer	37	16%
Power Supplies	34	15%
Current Sensors	30	13%
Lighting Relays	14	6%
Inverters	14	6%
Wireless Devices	13	6%
Non-Core Sensors	91	40%
Energy Flow Meters	40	18%
<b><u>Other Control Components</u></b>		
Non-core sensors	44	19%
Specialty Peripherals	35	15%
Power Controls	22	10%
All Other	86	38%

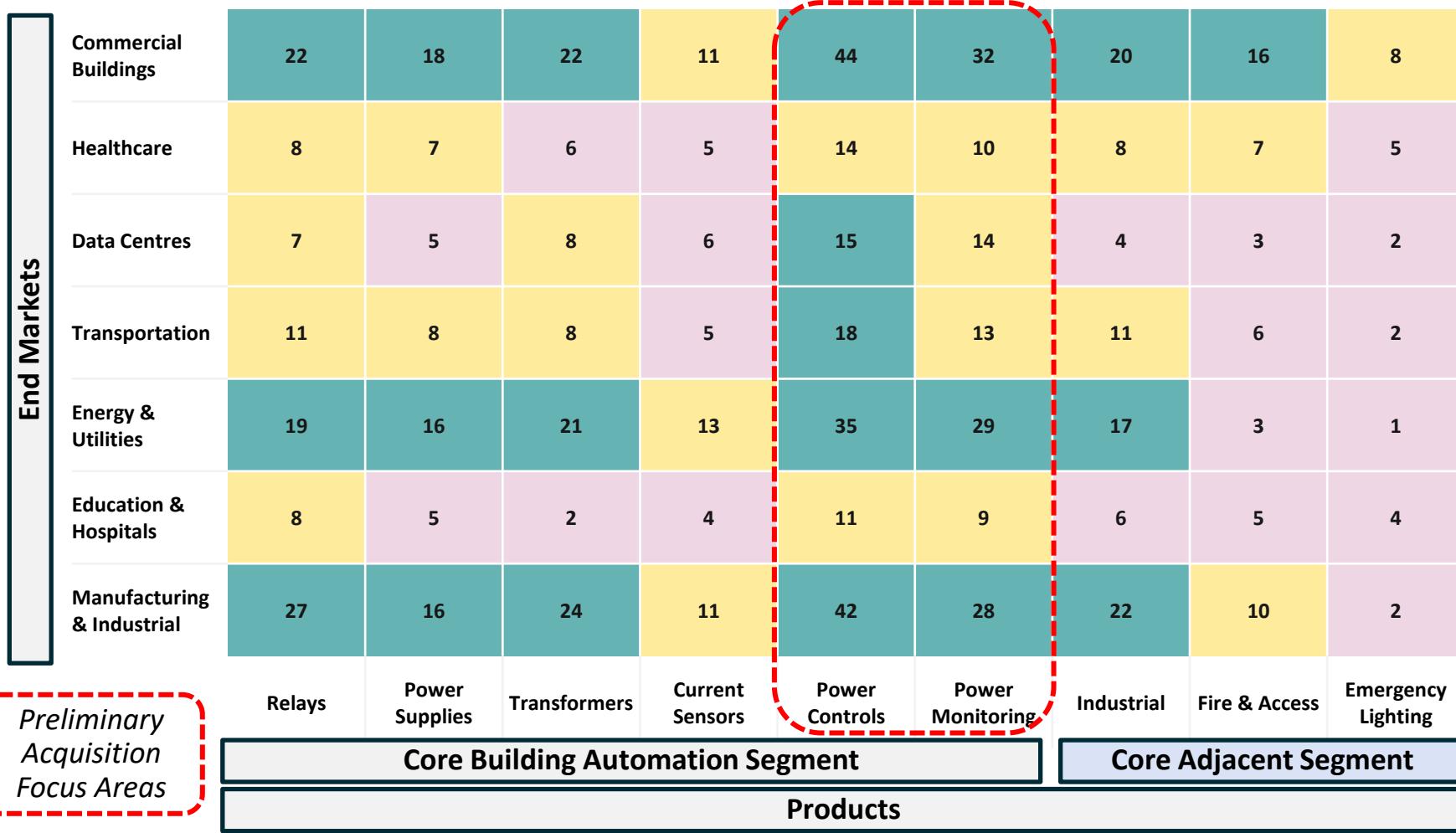
\*Note: totals sum to more than 100% as some targets operate across product types.

M&A Pipeline Breakdown by Revenue (\$M)



## 5 M&A Offers a Wide Mix of Products Across End Markets

Initial M&A focus would target opportunities in Power Controls and Power Monitoring, which offer both density of M&A opportunities (see below) and benefit from macro tailwinds such as data center growth and electrification



## 5 Expanding the Serviceable Addressable Market

Significant opportunity for SAM expansion via Core FDI SAM growth, New Product Development and M&A

### Today: Core FDI SAM

- FDI's current "Core SAM" is peripheral electronic products for HVAC and Lighting Controls applications

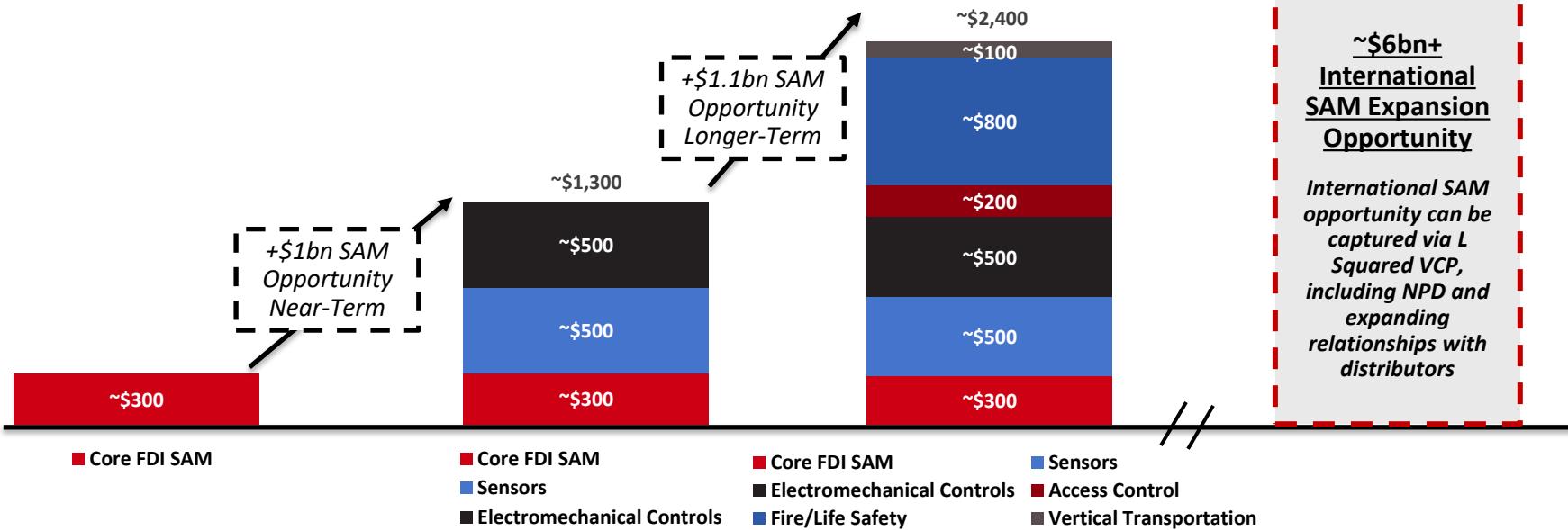
### Near-Term SAM Expansion: Adjacent Products

- Near-term, there is significant opportunity to expand FDI's SAM by expanding, via NPD and M&A, into adjacent product categories such as Sensors and Electromechanical Controls, representing a **~\$1bn opportunity**

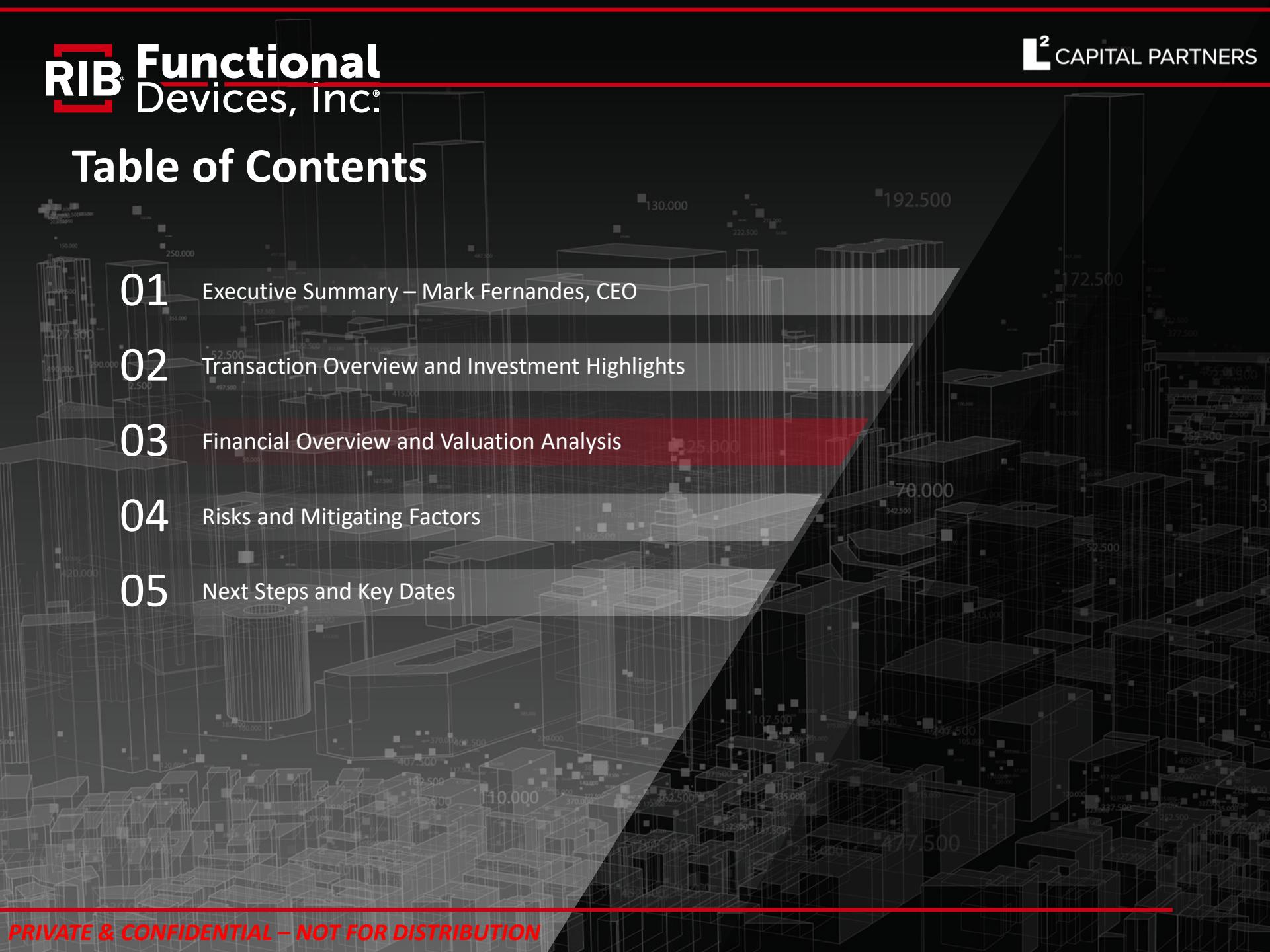
### Longer-Term SAM Expansion: Adjacent Applications

- Over our hold period, we will also evaluate expanding into adjacent applications such as Access Control, Fire & Life Safety and Vertical Transportation, which represent a **~\$1.1bn opportunity**

### SAM Expansion (\$M)



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- A 3D bar chart background with numerous bars of varying heights and values, such as 192.500, 72.500, 107.500, etc., floating in space.
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# Returns Summary

## Commentary

- Performance:** The base case (incl. M&A) forecasts revenue and Adj. EBITDA of \$199M and \$67M, respectively, by 2030E.
- Key Assumptions:**
  - Assumes Functional Device's existing business will achieve a Revenue and EBITDA CAGR of 9% and 10%, respectively, from '25E-'30E (vs. 15% and 27% from '23-'25E, respectively).
  - Assumes \$3M EBITDA acquired '26E and \$6M of EBITDA acquired p.a. '27E-'30E at 8x, growing in-line with existing perimeter post-acquisition. M&A accounts for ~50% of 2030E revenue/EBITDA.
- Base Case Returns:** 26% IRR / 3.1x MOIC (incl. M&A) and organic returns of 16% IRR / 2.1x MOIC.

## Returns Summary – L2 Base Case

		L Squared Case (with M&A)				
		Exit EBITDA				
		\$63	\$65	\$67	\$69	\$71
2030	<b>12.5x</b>	21%	22%	23%	24%	25%
	<b>13.0x</b>	22%	<b>23%</b>	<b>24%</b>	<b>25%</b>	26%
	<b>13.5x</b>	24%	25%	26%	26%	27%
	<b>14.0x</b>	25%	<b>26%</b>	<b>27%</b>	<b>28%</b>	29%
	<b>14.5x</b>	26%	27%	28%	29%	30%

		Organic Only				
		Exit EBITDA				
		\$30	\$32	\$34	\$36	\$38
2030	<b>11.5x</b>	12%	13%	14%	16%	17%
	<b>12.0x</b>	13%	<b>14%</b>	<b>15%</b>	<b>17%</b>	18%
	<b>12.5x</b>	13%	15%	16%	18%	19%
	<b>13.0x</b>	14%	<b>16%</b>	<b>17%</b>	<b>18%</b>	20%
	<b>13.5x</b>	15%	17%	18%	19%	20%

		L Squared Case (with M&A)				
		Exit EBITDA				
		2.6x	2.7x	2.8x	2.9x	3.0x
2030	<b>12.5x</b>	2.6x	<b>2.7x</b>	<b>2.8x</b>	<b>2.9x</b>	3.0x
	<b>13.0x</b>	2.7x	<b>2.9x</b>	<b>3.0x</b>	<b>3.1x</b>	3.2x
	<b>13.5x</b>	2.9x	<b>3.0x</b>	<b>3.1x</b>	<b>3.2x</b>	3.4x
	<b>14.0x</b>	3.0x	<b>3.1x</b>	<b>3.3x</b>	<b>3.4x</b>	3.5x
	<b>14.5x</b>	3.2x	3.3x	3.4x	3.5x	3.7x

		Organic Only				
		Exit EBITDA				
		1.7x	1.9x	2.0x	2.1x	2.2x
2030	<b>11.5x</b>	1.7x	<b>1.9x</b>	<b>2.0x</b>	<b>2.2x</b>	2.3x
	<b>12.0x</b>	1.8x	<b>1.9x</b>	<b>2.0x</b>	<b>2.2x</b>	2.4x
	<b>12.5x</b>	1.9x	<b>2.0x</b>	<b>2.1x</b>	<b>2.3x</b>	2.4x
	<b>13.0x</b>	1.9x	<b>2.1x</b>	<b>2.2x</b>	<b>2.3x</b>	2.5x
	<b>13.5x</b>	2.0x	2.2x	2.3x	2.4x	2.5x

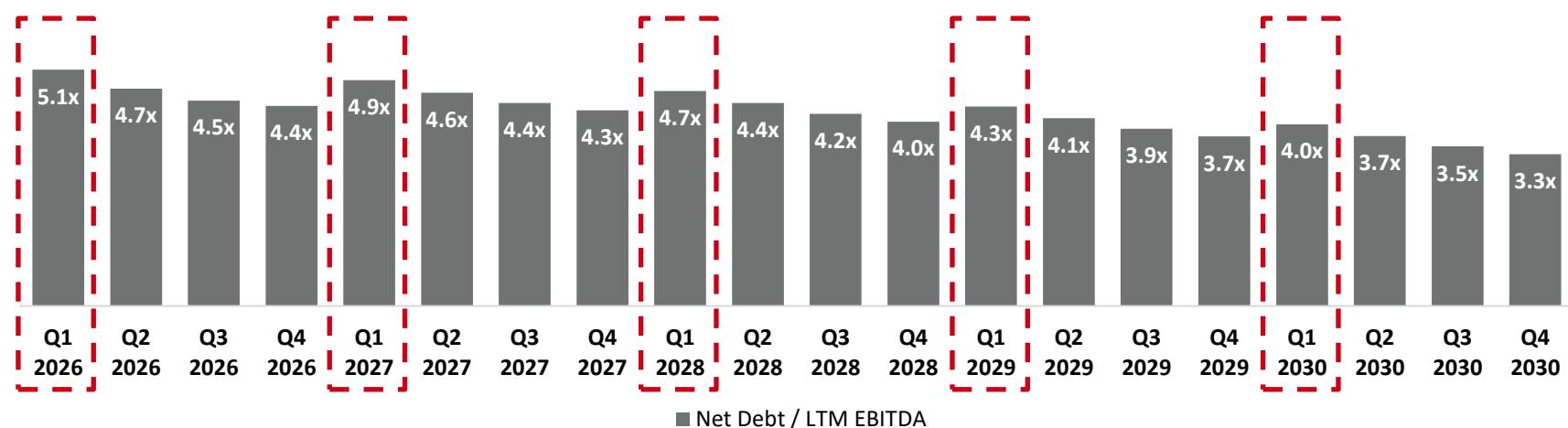
# Credit Metrics

- Free Cash Flow:**
  - Strong EBITDA growth with minimal capital expenditure and fixed charges results in a healthy credit profile and strong cash generation
- Entry Leverage:**
  - Unitranche facility provided by Apogem (a direct lender and the current incumbent lender to FDI)
  - Quantum: \$115M (5.5x Gross Leverage, 5.2x Net Leverage)
  - Pricing: SOFR+450bps and 1% OID
  - Covenant: 9.25x Total Net Leverage Covenant (~40% cushion at close)
  - Undrawn Facilities at Close: \$30M delayed draw term loan and \$10M revolving credit facility

## Net Leverage by Quarter

Total Net Leverage covenant of 9.25x provides significant cushion throughout hold period

Net Leverage Covenant: 9.25x



Net leverage increases during Q1 of forward years due to debt-funded M&A activity, with significant capacity generated for debt-funded M&A by the end of the hold period

# Base Case Forecast

## Commentary

- Organic Growth**
  - ~9% Organic Net Sales CAGR from '25E-'30E driven by 8% Building Automation growth, 6% Lighting Controls growth and incremental growth from New Product Development
  - 2026E forecast based on 25% haircut to management's non-pricing growth assumptions
  - '27E-'30E forecast assumes volume and pricing growth of 4-5% and 4-5%, respectively
  - 2026E base case forecast does NOT include Incremental Pricing, Vertiv and Veris upside opportunities
  - De minimis Gross Margin expansion (~150bps from '25E-'30E) driven by scaling/utilization of labor and manufacturing overhead
  - +160bps EBITDA margin expansion driven by gross margin growth
- M&A**
  - Assumes \$3M EBITDA acquired '26E and \$6M of EBITDA acquired p.a. '27E-'30E at 8x
  - By 2030E, M&A contributes ~50% of overall platform EBITDA, representing a key piece of the overall platform and growth story

P&L (\$ In Thousands)								'23-'25	'25-'30	
	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	CAGR	CAGR
<b>Revenue</b>										
Building Automation (BA)	\$42,228	\$45,912	\$55,104	\$63,062	\$68,699	\$73,176	\$77,530	\$82,481	14%	8%
Lighting Controls (LC)	3,989	4,461	6,052	6,597	6,916	7,252	7,604	7,974	23%	6%
Sub. Tot.: Existing Products	\$46,217	\$50,373	\$61,156	\$69,659	\$75,615	\$80,428	\$85,134	\$90,455	15%	8%
New Product Dev. (NPD)	-	-	-	1,846	2,727	3,544	4,181	4,821	n.a.	n.a.
Total Gross Sales	\$46,217	\$50,373	\$61,156	\$71,505	\$78,343	\$83,972	\$89,315	\$95,276	15%	9%
Returns and Freight	535	972	1,011	890	1,032	1,158	1,283	1,429	37%	7%
<b>Total Net Sales</b>	<b>\$46,752</b>	<b>\$51,346</b>	<b>\$62,166</b>	<b>\$72,396</b>	<b>\$79,375</b>	<b>\$85,130</b>	<b>\$90,599</b>	<b>\$96,705</b>	<b>15%</b>	<b>9%</b>
<b>Incremental Pricing</b>										
Incremental Vertiv Sales	-	-	-	-	-	-	-	-	n.a.	n.a.
Veris Opportunity	-	-	-	-	-	-	-	-	n.a.	n.a.
<b>Net Sales (incl. Upside)</b>	<b>\$46,752</b>	<b>\$51,346</b>	<b>\$62,166</b>	<b>\$72,396</b>	<b>\$79,375</b>	<b>\$85,130</b>	<b>\$90,599</b>	<b>\$96,705</b>	<b>15%</b>	<b>9%</b>
<b>M&amp;A</b>										
Total Revenue	\$46,752	\$51,346	\$62,166	\$82,396	\$110,125	\$138,132	\$167,354	\$198,696	15%	26%
%-YoY (Total Revenue)	10%	21%	33%	34%	25%	21%	19%			
<b>Cost of Revenue</b>										
Existing Perimeter	\$26,667	\$27,919	\$31,292	\$35,872	\$39,249	\$41,907	\$44,404	\$47,188	8%	9%
M&A	-	-	-	5,500	16,859	28,929	41,694	55,130	n.a.	n.a.
<b>Total COR</b>	<b>\$26,667</b>	<b>\$27,919</b>	<b>\$31,292</b>	<b>\$41,372</b>	<b>\$56,107</b>	<b>\$70,836</b>	<b>\$86,098</b>	<b>\$102,318</b>	<b>8%</b>	<b>27%</b>
<b>Gross Profit</b>										
Existing Perimeter	\$20,085	\$23,427	\$30,874	\$36,524	\$40,126	\$43,223	\$46,195	\$49,518	24%	10%
M&A	-	-	-	4,500	13,891	24,074	35,061	46,860	n.a.	n.a.
<b>Total Gross Profit</b>	<b>\$20,085</b>	<b>\$23,427</b>	<b>\$30,874</b>	<b>\$41,024</b>	<b>\$54,017</b>	<b>\$67,296</b>	<b>\$81,256</b>	<b>\$96,378</b>	<b>24%</b>	<b>26%</b>
%-Margin	43.0%	45.6%	49.7%	49.8%	49.1%	48.7%	48.6%	48.5%	670bps	(116)bps
%-Margin Existing Perimeter	43.0%	45.6%	49.7%	50.5%	50.6%	50.8%	51.0%	51.2%	670bps	154bps
%-Margin M&A	n.a.	n.a.	n.a.	45.0%	45.2%	45.4%	45.7%	45.9%	n.a.	n.a.
<b>Opex</b>										
Product Development	\$720	\$923	\$936	\$1,192	\$1,306	\$1,400	\$1,489	\$1,588	14%	7%
Sales & Marketing	3,764	4,466	5,397	5,971	6,526	6,769	7,015	7,280	20%	4%
G&A	2,627	3,491	3,544	3,975	4,531	4,635	4,748	4,868	16%	2%
Incremental Investment (1)	-	-	-	413	906	1,354	1,549	1,595	n.a.	9%
Existing Perimeter	\$7,111	\$8,881	\$9,877	\$11,551	\$13,269	\$14,158	\$14,801	\$15,332	18%	9%
M&A	-	-	-	1,500	4,559	7,728	10,992	14,334	n.a.	n.a.
<b>Total Opex</b>	<b>\$7,111</b>	<b>\$8,881</b>	<b>\$9,877</b>	<b>\$13,051</b>	<b>\$17,828</b>	<b>\$21,886</b>	<b>\$25,793</b>	<b>\$29,665</b>	<b>18%</b>	<b>25%</b>
<b>Ad. EBITDA</b>										
Existing Perimeter	\$12,974	\$14,546	\$20,997	\$24,973	\$26,857	\$29,065	\$31,394	\$34,186	27%	10%
M&A	-	-	-	3,000	9,333	16,346	24,069	32,527	n.a.	n.a.
<b>Adj. EBITDA</b>	<b>\$12,974</b>	<b>\$14,546</b>	<b>\$20,997</b>	<b>\$27,973</b>	<b>\$36,190</b>	<b>\$45,410</b>	<b>\$55,463</b>	<b>\$66,713</b>	<b>27%</b>	<b>26%</b>
%-Margin	27.8%	28.3%	33.8%	33.9%	32.9%	33.1%	33.6%		602bps	(20)bps
%-Margin Existing Perimeter	27.8%	28.3%	33.8%	34.5%	33.8%	34.1%	34.7%	35.4%	602bps	157bps
%-Margin M&A	n.a.	n.a.	n.a.	30.0%	30.3%	30.8%	31.4%	31.9%	n.a.	n.a.

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- 02** Transaction Overview and Investment Highlights
- 03** Financial Overview and Valuation Analysis
- 04** Risks and Mitigating Factors
- 05** Next Steps and Key Dates

# Key Risks and Mitigants

Key Risks	Mitigating Factors
<b>1) “Overstocking” by end customers</b> <i>Distributor demand can fluctuate as end customers “pull forward” orders due to pricing action by suppliers or perceived supply chain risks</i>	<ul style="list-style-type: none"> <li>▪ Distributors we spoke with indicated that they continuously monitor large orders following the 2022 overstocking / 2023 destocking period, limiting the risk of a similar destocking event occurring in the future</li> <li>▪ FDI management noticed some increased purchasing volumes in May'25 due to tariff announcements, however, this activity has leveled off in 2H'25</li> </ul>
<b>2) Customer concentration</b> <i>FDI's top customer, Kele, represents 23% of LTM revenue with top 10 customers responsible for 56% of LTM revenue</i>	<ul style="list-style-type: none"> <li>▪ Kele (23% of LTM revenue) is a large distributor, Kele's top “ship-to” client is Johnson Controls (3% of LTM revenue) and the Top 10 “ship-to” customers represent just 8% of LTM revenue</li> <li>▪ 6 of the Top 10 customers are distributors, with thousands of end customers, and 9 of the Top 10 customers have a tenure with FDI &gt;18 years</li> <li>▪ FDI maintains relationships with end customers who use distribution primarily for logistics, creating further customer fragmentation beyond the distributor level</li> <li>▪ RIB/FDI brand is well-known as “industry standard” for installation techs in peripheral components</li> </ul>
<b>3) Tariffs</b> <i>FDI has experienced low-double digit materials inflation on transformers in 2025 due to tariffs and general cost inflation</i>	<ul style="list-style-type: none"> <li>▪ Tariff impact is primarily limited to transformers (~15% of revenue), and the Company has been able to exercise pricing power (+17% avg. price increase implemented Jul'25) due to the criticality of its components and the relatively low proportion of total construction bill of materials these components represent</li> <li>▪ FDI has a proactive supply chain strategy to minimize raw material costs through insourcing, nearshoring and dual-sourcing of key components</li> </ul>
<b>4) M&amp;A execution</b> <i>L Squared base case assumes \$6M of EBITDA acquired at 8x per annum, a significant lever of growth to achieve our desired returns profile</i>	<ul style="list-style-type: none"> <li>▪ L Squared has developed a proprietary list of M&amp;A targets, with 228 potential targets identified to-date with a median revenue of ~\$6M</li> <li>▪ Our model implies we acquire 1-2 add-ons per year, a pace we see as achievable based on other PE-backed consolidation plays in the sector (i.e., Dwyer Omega) and L Squared's buy-and-build track record</li> </ul>

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## Next Steps and Key Dates

We anticipate signing the transaction on January 30th, 2026. The following dates reflect the key milestones from the Investment Notice until closing

- **1.23.2026:** *Investment Notice* circulated via email
- **1.26.2026:** *Investment Presentation* held at 8:00am PT / 11:00am ET via Zoom
- **9:00am PT on 1.26.2026 to 5:00pm PT on 1.30.2026:** *Opt-Out Period (applicable only to investors in the Fund IV “Family Heritage” vehicle)*
  - Any investor desiring to opt-out must deliver in writing an *Opt-Out Notice* within the five (5) day period following the date of the *Investment Presentation*. The opt-out right shall be deemed waived by any investor who does not deliver an *Opt-Out Notice* prior to the end of the *Opt-Out Period*
- **Early to Mid February<sup>(1)</sup>:** *Capital Calls* distributed to investors
- **Estimated 2.20.2026<sup>(1)</sup>:** *Capital Contributions* due
- **Estimated 2.23.2026 to 2.27.2026<sup>(1)</sup>:** *Transaction estimated to close and fund*

Note: all *italicized* words represent defined terms in the respective L Squared Capital Partners Fund IV Agreements

# Estimated Capital Call

Fund IV Capital Commitment	Expected at Close	Estimated Fund IV Equity Commitment	Maximum
\$840,780,000	\$115,000,000		\$155,000,000
\$100,000	\$13,678		\$18,435
\$150,000	\$20,517		\$27,653
\$200,000	\$27,356		\$36,871
\$250,000	\$34,194		\$46,088
\$500,000	\$68,389		\$92,176
\$700,000	\$95,744		\$129,047
\$1,000,000	\$136,778		\$184,353
\$1,200,000	\$164,133		\$221,223
\$1,750,000	\$239,361		\$322,617
\$2,000,000	\$273,556		\$368,705
\$2,500,000	\$341,944		\$460,882
\$3,000,000	\$410,333		\$553,058
\$3,200,000	\$437,689		\$589,928
\$3,300,000	\$451,367		\$608,364
\$3,500,000	\$478,722		\$645,234
\$3,700,000	\$506,078		\$682,105
\$4,000,000	\$547,111		\$737,410
\$4,500,000	\$615,500		\$829,587
\$5,000,000	\$683,889		\$921,763
\$5,800,000	\$793,311		\$1,069,245
\$6,000,000	\$820,667		\$1,106,116
\$7,000,000	\$957,444		\$1,290,468
\$7,500,000	\$1,025,833		\$1,382,645
\$10,000,000	\$1,367,778		\$1,843,526
\$11,000,000	\$1,504,555		\$2,027,879
\$14,000,000	\$1,914,889		\$2,580,937
\$15,000,000	\$2,051,666		\$2,765,289
\$16,000,000	\$2,188,444		\$2,949,642
\$20,000,000	\$2,735,555		\$3,687,052
\$25,000,000	\$3,419,444		\$4,608,816
\$26,000,000	\$3,556,222		\$4,793,168
\$28,000,000	\$3,829,777		\$5,161,873
\$30,000,000	\$4,103,333		\$5,530,579
\$250,000,000	\$34,194,438		\$46,088,156

# Questions?

# Appendix

# Summary of Market Diligence Calls

## Key Takeaways

- L Squared has completed extensive market diligence calls to-date via our expert network with distributors, OEMs and end customers, with a few key takeaways coming across from the market participants:
  - **Price:** customers expect 4-6%+ price increases on peripheral components, with multiple customers emphasizing that brand reputation, ease of install and reliability are significantly more important than price
  - **Volume:** key distributors (Kele, WESCO) and OEMs (Trane, JCI) view volume growth of 4-5%+ as a normalized growth rate for peripheral components
  - **Competitive Positioning:** Functional Devices is viewed as “middle of the pack” on price, but a market leader on ease of install, reliability and customer service (potentially indicating further headroom on pricing over our hold period)
  - **Growth Areas:** peripheral components are beneficiaries of growth across settings, including the data center boom and electrification trends (n.b., FDI continues to capture these trends via NPD strategy)
  - **2026 Trending:** distributors and OEMs are planning for a strong 2026, ~10%+YoY revenue growth, underpinned by data center construction, with volume potentially exceeding the long-term normalized growth rate of 4-6%

Customer	Key Quotes
	<ul style="list-style-type: none"> <li>• “<b>End customers do not push back on price increases</b> in peripheral components, often Kele will provide feedback to OEMs and end customers on price increase before they are implemented to ensure a smooth implementation”</li> <li>• “<b>Smaller players, like Functional Devices, are easier to work with</b> than the large OEMs and we often have stronger working relationships with them which translates to better data sharing between parties and higher product volumes shipped”</li> </ul>
	<ul style="list-style-type: none"> <li>• “[Trane] expects peripheral components price increases of ~5%+ per year, and in 2025 prices increased 20-25%+ for some components, which was passed through to end customers without pushback”</li> <li>• “[Trane’s] forecast is for data center volume to grow 15%+ in 2026-2027, with the overall market growing north of 5%”</li> </ul>
	<ul style="list-style-type: none"> <li>• “<b>2026 volume will grow 7-8% due to data center tailwinds.</b> Data centers are growing 4-6x the rate of the overall market”</li> <li>• “<b>RIB is the market leader in relays, it is what every tech has on their truck at all times and is the market standard for control panels across end markets/facilities”</b></li> <li>• “<b>For repair and retrofit work, techs typically use the product that is already in the box, and often that is RIB”</b></li> </ul>

# M&A Comps

Acquisition multiples for scaled HVAC/R and peripheral components providers are consistently in the low-to-mid teens, with the most relevant comps for Functional Devices trading at 15x-17x+

Acquiror	Target	Target Focus	Date	TEV / EBITDA	Commentary
Infexion (CV)	APG	HVAC/R components	May-25	17.0x	
DwyerOmega	PST	Peripheral electronics/sensors	Nov-24	20.0x	
TE Connectivity	Harger	Connectors and components	Nov-24	13.5x	
Tinicum	Tornatech	Pumps for fire-protection	Oct-24	10.0x	
Enpro	AMI	Gas sensors	Jan-24	13.0x	
DwyerOmega	ACI	Peripheral electronics/sensors	Dec-23	15.0x	
Warburg Pincus & TJC	INRCORE	Magnetic/electronic component	Oct-23	15.0x	
NIBE	CFL Holding	HVAC/R components	Jun-23	15.4x	
Carrier Global	Viesmann	Heating/cooling systems	Apr-23	17.0x	
Carel	Senva	Current and gas sensors	Oct-22	11.0x	
Blackstone	Copeland	HVAC/R systems	Oct-22	13.0x	
Spectris	Dytran	Peripheral electronics/sensors	Sep-22	15.8x	
DwyerOmega	Omega	Peripheral electronics/sensors	Jul-22	15.0x	
Littelfuse	C&K	Peripheral electronics	Apr-22	13.0x	
Partners Group	DiversiTech	HVAC/R components	Nov-21	15.0x	
Kohlberg Co.	Myers	Lighting controls	Aug-21	15.0x	
Arcline	Dwyer	Peripheral electronics/sensors	Jul-21	17.0x	
Eaton	Tripp-Lite	Power protection/distribution	Mar-21	12.0x	
Infexion	APG	HVAC/R components	Dec-19	14.0x	
TASI Group	ONICON	Flow measurement	Apr-19	13.0x	
legrand	KENALL	Lighting controls	Dec-18	12.5x	
Average				14.4x	
Median				15.0x	
<i>Memo: Average of Most Relevant Functional Devices Comps</i>				15.8x	
<i>Memo: DwyerOmega Average Purchase Multiple</i>				16.8x	

# Potential Advisors & Board of Directors

L Squared spoke to a variety of distributor, OEM and end customer executives who would bring market insights, customer connections, and new product development experience as potential BoD members



**Sasan Ziatabar**

*Vice President - Global Strategic Sales at Honeywell*

**Experience and Potential Benefits:**

- ✓ Leads a 450+ person sales team focused on large construction projects
- ✓ Data center sales experience
- ✓ Enhanced touchpoints with Honeywell could deepen relationship and enhance sales



**Paul Bradford**

*President at DMK Project Solutions Services*

**Experience and Potential Benefits:**

- ✓ Deep data center construction expertise (former executive at AWS and QTS)
- ✓ Valuable market insights and connections given consulting engagements with key players in the data center ecosystem



**Angelo Faenza**

*Head of Digital Access Solutions Sales at ASSA ABLOY*

**Experience and Potential Benefits:**

- ✓ Leads a large US sales team focused on digital access solutions
- ✓ Experience in Access Control could open doors for NPD and M&A opportunities



**Robert Hooper**

*Business Development Director at Johnson Controls*

**Experience and Potential Benefits:**

- ✓ Experience developing sustainable systems for new construction could create insights for NPD efforts
- ✓ Enhanced touchpoints with JCI could deepen relationship and enhance sales



**Jonathan Collins**

*Chief Marketing Officer at Kele*

**Experience and Potential Benefits:**

- ✓ Deep expertise in peripheral components
- ✓ Builds upon relationship with largest customer



**Robert Myers**

*Supplier Quality Engineer at Trane*

**Experience and Potential Benefits:**

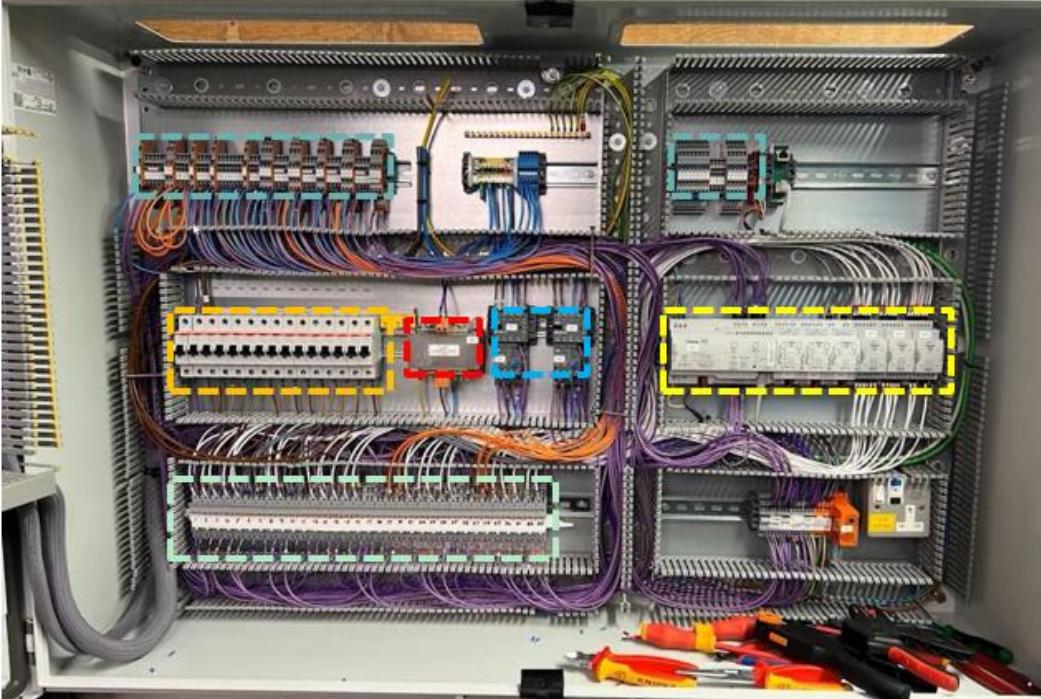
- ✓ Experience working with multiple major OEMs offers market insight
- ✓ Enhanced touchpoints with Trane could deepen relationship and enhance sales

# L Squared's M&A Framework

Commentary	M&A Landscape		
<ul style="list-style-type: none"> <li>• Most of the opportunity for acquisitions is in FDI's current product lines and adjacent complimentary products             <ul style="list-style-type: none"> <li>• "Kits" created by distributors are generally focused on end devices (eg, fan, motor, and mounting equipment) and not on the electrical components</li> </ul> </li> <li>• Building control components are highly customizable and engineered to be flexible so that standardized products can be applied to the widest variety of use cases             <ul style="list-style-type: none"> <li>• Therefore, the number of use cases for a range of one size fits all kits is limited</li> </ul> </li> <li>• Functional Device's products are limited in kitting opportunities because they are engineered to cover the use cases of several products within a single unit – they are often a "kit" by themselves             <ul style="list-style-type: none"> <li>• Specifically, the relay in a box (RIB) can be deployed as a substitute for a custom combination of multiple product types</li> </ul> </li> <li>• However, the <u>RIB and other products are often purchased with other complimentary products</u> in a BAS build out or retrofit             <ul style="list-style-type: none"> <li>• <b>Significant opportunity to expand the share of wallet within a BAS system by targeting complimentary products on a standard BAS bill of materials</b></li> </ul> </li> </ul>	<p><b>Current FDI Products</b></p>	<p><b>Complimentary Products</b> <i>(purchased w/ FDI products)</i></p> <p><b>Kitted Products</b> <i>(distributor packages together)</i></p>	
	<p><b>Adjacent Products</b></p>	<ul style="list-style-type: none"> <li>• Large volume of M&amp;A targets that manufacture and sell products within FDI's current product portfolio including:             <ul style="list-style-type: none"> <li>– Relays</li> <li>– Transformers</li> <li>– Power supplies</li> <li>– Current sensors</li> <li>– Power monitoring</li> <li>– Lighting controls</li> </ul> </li> <li>• Significant M&amp;A opportunity in field control inputs and outputs such as:             <ul style="list-style-type: none"> <li>– Temperature sensors</li> <li>– Humidity sensors</li> <li>– Pressure sensors</li> <li>– Lead detectors</li> <li>– Actuators and transducers</li> </ul> </li> </ul>	

# Product Landscape: Supervisory Control Panel

FDI sells many of the components and/or substitutes found in a typical supervisory control panel that cater to different use cases, protocols, and setups

Example Supervisory Control Panel	Illustrative Bill of Materials
	<p><u>Components (see LHS)</u></p> <ul style="list-style-type: none"> <li>• PCL/Controller</li> <li>• Transformer</li> <li>• Contactors &amp; overload relays<sup>(1)</sup></li> <li>• Mini circuit breakers<sup>(1)</sup></li> <li>• Relays<sup>(1)</sup></li> <li>• Terminal blocks<sup>(1)</sup></li> </ul> <p><u>Tools</u></p> <ul style="list-style-type: none"> <li>• Drill</li> <li>• Crimpers</li> <li>• Stripper</li> <li>• Rivet gun</li> <li>• Trunking scissors</li> <li>• Files</li> </ul> <p><u>Other/Consumables</u></p> <ul style="list-style-type: none"> <li>• Plastic/metal rivets</li> <li>• Grommets</li> <li>• Cables</li> <li>• Heat shrink</li> <li>• Crimps</li> </ul> <div style="border: 1px solid black; padding: 5px;"> <p><b>Green text = manufactured by FDI</b></p> </div>

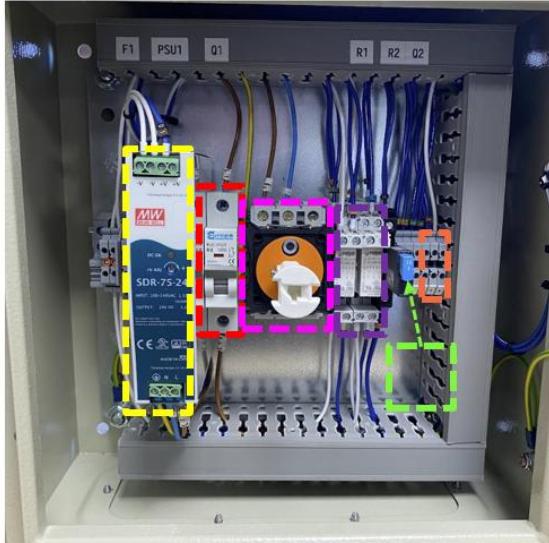
Components Not Shown

- Isolator & rotary switch<sup>(1)</sup>
- Indicator lights
- CAM switches
- UPS device<sup>(2)</sup>
- Mounting plates
- Panels & sub panels

# Product Landscape: Field Control Panel

Field control panels take in sensor inputs and relay commands to outputs that control the end device in a BAS;  
Functional Devices focuses on components in the panel

**Field Control Panel**



**Zone Damper**



**Illustrative Bill of Materials**

Components (see LHS)

• Power supply

- Mini circuit breakers<sup>(1)</sup>
- Isolator/rotary switch<sup>(1)</sup>

• Relays

- Terminal blocks<sup>(1)</sup>
- Circuit breaker<sup>(1)</sup>

- Zone damper
- Temperature sensor
- Actuator

Other / Consumables

- Plastic and metal rivets
- Grommets
- Cables
- Heat shrink
- Crimps

**Green text = manufactured by FDI**

Tools

- Drill
- Crimpers
- Stripper
- Rivet gun
- Trunking scissors
- Files

**Temperature Sensor (input)**



**Actuator (output)**



# Functional Devices: Sustainability & ESG Assessment

Overall assessment: Low current ESG risk

Area of Focus	Rating	Details	Details
Type of Work		The Company is a U.S.-based manufacturer of relays and other peripheral components used in HVAC and building automation systems. FDI provides energy-efficient products that help customers stay ahead of industry and regulatory trends while lowering operating costs and reducing environmental impact. The Company's activities involve light manufacturing and assembly, with a single facility, limited environmental impact, non-hazardous products, and minimal end-user safety exposure, resulting in a low overall ESG risk assessment.	
Employee Satisfaction and Benefits		Overall, employee satisfaction is above average for the industry. The Company pays market cash compensation and provides a competitive employee benefits program, with medical coverage that meets affordability and minimum coverage requirements and a company subsidy above typical market levels. This plan was also recently upgraded. Overall benefits administration and compliance are well managed, supporting a low employee benefits risk profile. In addition, the Company offers other competitive benefits (e.g., 401K match) and employee turnover is low.	
Employee Safety		The Company maintains a strong safety record, with TRIR generally at or below industry averages, minimal incident severity as reflected by low DART rates, and EMR of 0.66 (below industry average of 1.0). Robust safety training and procedures support a low overall workforce safety risk profile.	
Environmental DD (Tetra Tech)		Third-party review of current facilities indicates the Company has a limited environmental impact and poses a low risk	
Green Project		L Squared to implement the Green Project reporting post-closing to monitor overall carbon footprint	
Fleet		No owned vehicles, products are shipped using common carriers such as FedEx, UPS, etc. or customers handle truckload shipments	