

ACQUISITION OF HAWKO LIGHTING & \$1.5M CAPITAL RAISING

FOS Capital Ltd (ASX:FOS) via its subsidiary FOS Lighting Pty Ltd is pleased to announce it has entered into a binding agreement to acquire Queensland based linear lighting manufacturer Hawko Lighting Group Pty Ltd. FOS is funding the acquisition via a \$1.5M professional and sophisticated investor placement. Morgans Corporate Ltd acted as Financial Advisor to the Offer. The transaction is expected to be completed within two weeks.

Transaction Highlights:

- Hawko FY22
 - Sales \$3.3M
 - Normalised EBIT \$300K
 - Initial synergy benefits \$250K
- Purchase price:
 - \$1M cash on completion
 - \$300K cash in 12 months linked to sale of inventory
- Acquisition EPS accretive
- Expands FOS's market share in linear lighting and adds significant production capacity and operational synergies
- Placement of 7.5M shares at 20c per share to raise \$1.5M
- Existing shareholder Hancock & Gore (ASX:HNG) and associated entities subscribed for \$1M
- All Directors are participating in the offer (subject to shareholder approval)

Hawko Lighting Overview

Hawko was established over 30 years ago and is based on the Sunshine Coast, Queensland. It manufactures an extensive range of commercial, industrial & architectural LED linear lighting. The company has 14 employees and services the Australian commercial lighting market with distributors in all capital cities.

Strategic Rationale for the Acquisition

This acquisition expands FOS's market share in linear lighting and provides additional manufacturing capacity for our fastest growing product line. There will be significant operational benefits with the increased volumes and the ability to further rationalise fixed costs as we share knowledge and resources across the group. FOS will also leverage its significant sales and distribution network in Australia and New Zealand to expand Hawko's reach in the Australian market.

Capital Raising

FOS Capital has received firm commitments to raise \$1.5 million (before costs of \$120K) by way of a Placement to sophisticated and institutional investors. The Placement was supported by Morgans Corporate Ltd who acted as sole Financial Advisors.

The Company will issue a total of 7.5 million shares at 20 cents per share (Placement shares). The issue price of 20 cents represents a 2.8% discount to the 5-day VWAP of 20.6 cents per share. The placement of shares to new and existing professional, sophisticated, and other exempt investors is being conducted under the Company's existing capacity under Listing rule 7.1 (6,945,921 shares) and Listing rule 7.1A (554,079 shares). Substantial shareholder Hancock & Gore Ltd (ASX:HNG) and associated entities have subscribed for \$1M of the placement.

Following the completion of the capital raising which is expected to be Tuesday 1 November there will be a total of 53,806,139 ordinary shares on issue.

All Directors (Sandy Beard \$50K), (Con Scrinis, Michael Koutsakis & Michael Monsonego via SKM Investment Group collectively \$150K) are subscribing to the capital raising. Directors' participation will be subject shareholders' approval at the upcoming AGM.

"We have made significant progress in our first year as a listed company. The acquisition of Hawko and associated capital raising continues FOS's stated commitment to grow organically and by acquisition and bolsters an already strong debt-free balance sheet," said Managing Director Con Scrinis.

"We take this opportunity to thank new and existing shareholders for supporting the capital raising as we continue the positive momentum."

This Announcement has been authorised for release to ASX by the board of FOS Capital Ltd.

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