



FÖS

CAPITAL

1H FY24 Results Presentation

ASX: FOS

FOS 1H24 Key Takeaways



\$9.9m

1H Sales +15%
SOLID 1H



\$7.2m

Q2 Sales +30%
RECORD



\$2.7m

December Orders Intake
KLIK IMPACT



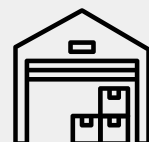
\$11.1m

Order Book
RECORD



0.9m

EBITDA* +43%
VOLUMES INCREASE MARGINS



KLIK Systems

ACQUISITION



**10 Consecutive
Profitable half years**

RESILIENT BUSINESS



\$100m

Pipeline
GOOD VISIBILITY

*Excludes KLIK restructure provision

FOS M&A Strategy

- Consolidate fragmented lighting industry
- Immediate market FOS operates in estimated sales +\$500M
- Medium term target market share 15% (currently 5%)
- 5 acquisitions to date
 - Created ANZ business with 79 staff
 - 2 manufacturing facilities
 - 16 Brands
- Multiple accretive opportunities available
- Scale up business to extract synergies and drive margins
- Consolidating manufacturing facilities improves gross margins through scale and purchasing power
- Experienced management with proven ability to execute

1H24 Operational Update

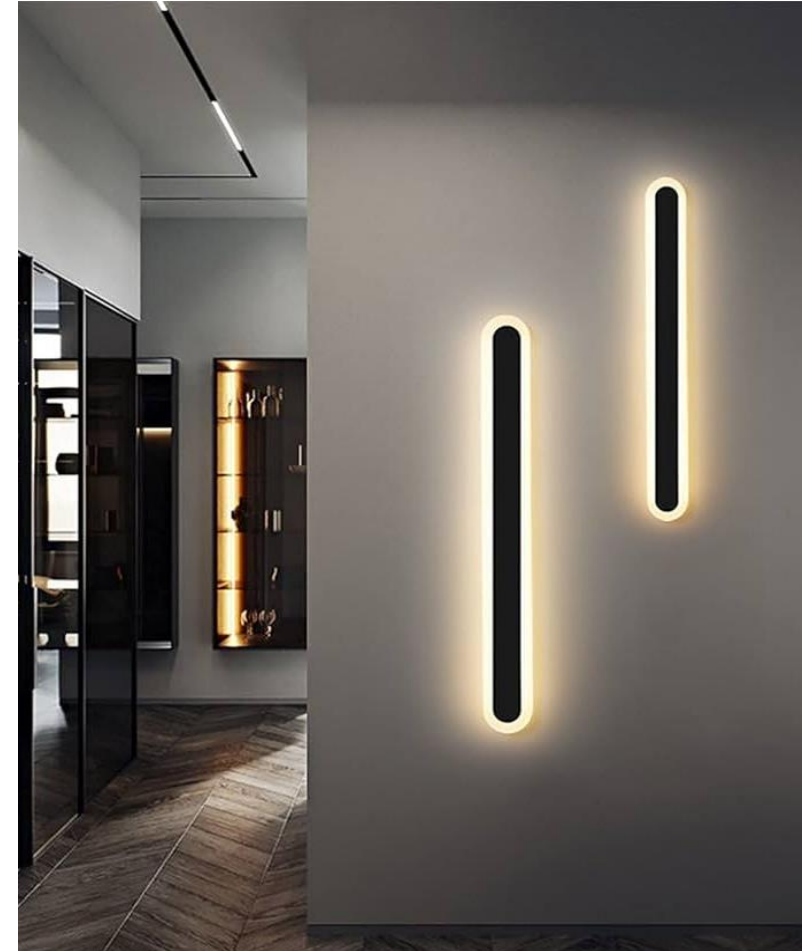
Operations

- Impressive 1H performance with strong contribution from KLIK
- Sunshine Coast linear production to consolidate into KLIK in February resulting in further efficiencies.
- Order book rebounded from midyear lows to \$11.1m
- Company reached critical mass with annualised revenues of +\$25m
- Several major projects successfully delivered across ANZ

Financial results

- Sales growth 1H up 15% to \$9.9m (resulting from positive industry momentum)
- Sales growth Q2 up 30% to \$7.2m (impact from KLIK)
- EBITDA* 0.9m up 43% (greater volumes improves bottom line margins)
- Operating cashflow (600K) (impacted by KLIK acquisition)
- 10 consecutive half yearly profits since inception (April 2019)

*Excludes KLIK restructure provision



KLIK Systems

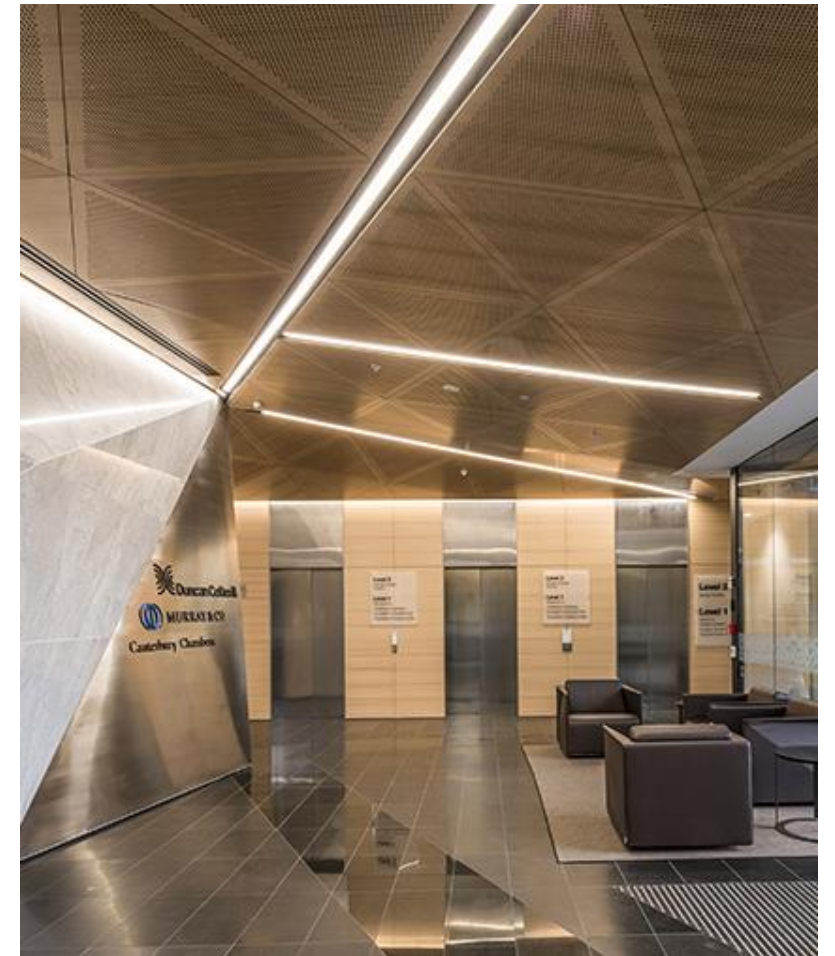


Transformative acquisition

- KLIK 40+ years in operation in design, manufacture & distribution of quality LED linear & handrail lighting solutions
- Funded with cash and debt

Strategic Benefits

- Increases FOS market share in architectural linear lighting
- Introduces new export markets
 - Significant presence in US market (with 70 agents across North America)
 - Opportunity to export FOS Megabay range into these markets
- In house manufacturing, design and testing capabilities
- Australian distribution capability across WA, VIC, TAS
- Access into key export markets including USA, Middle East, Asia, Europe



KLIK Strategic Acquisition & Restructure Costs

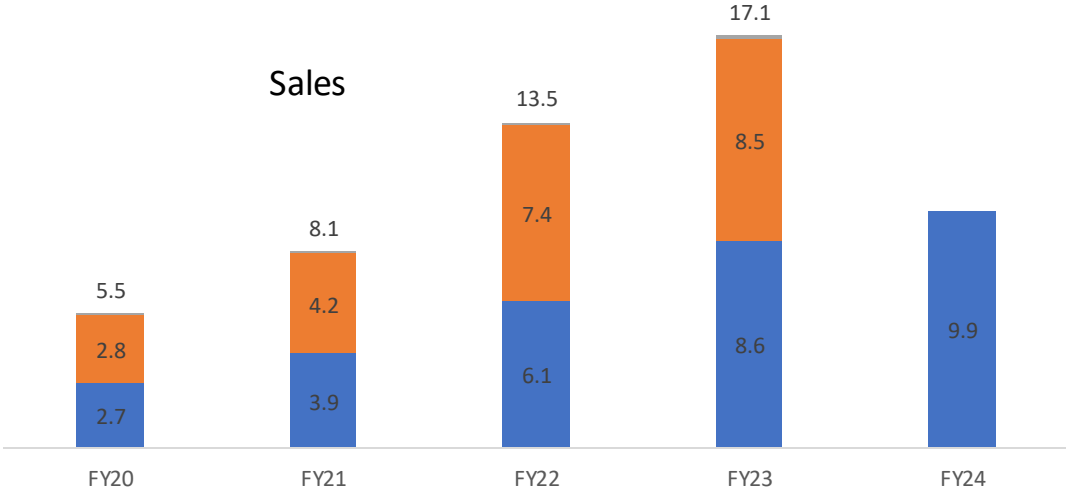
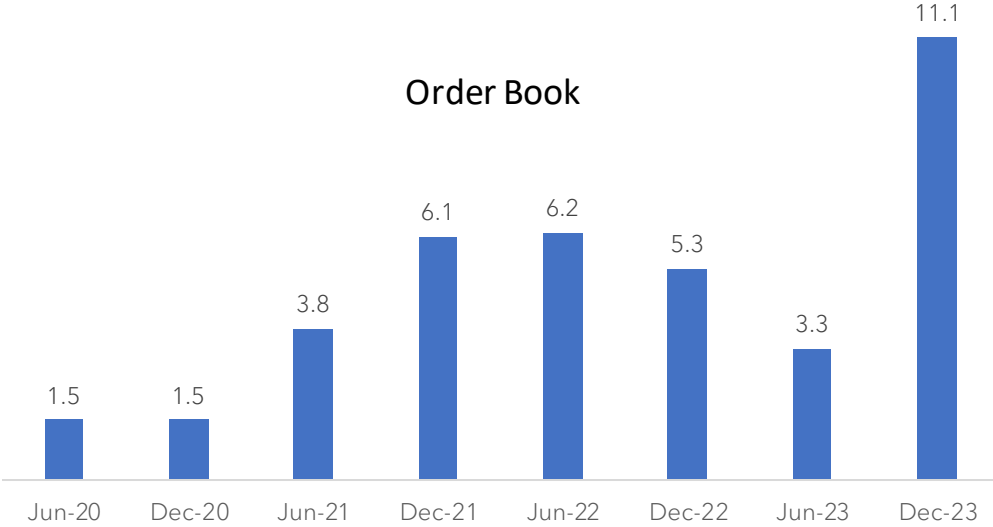
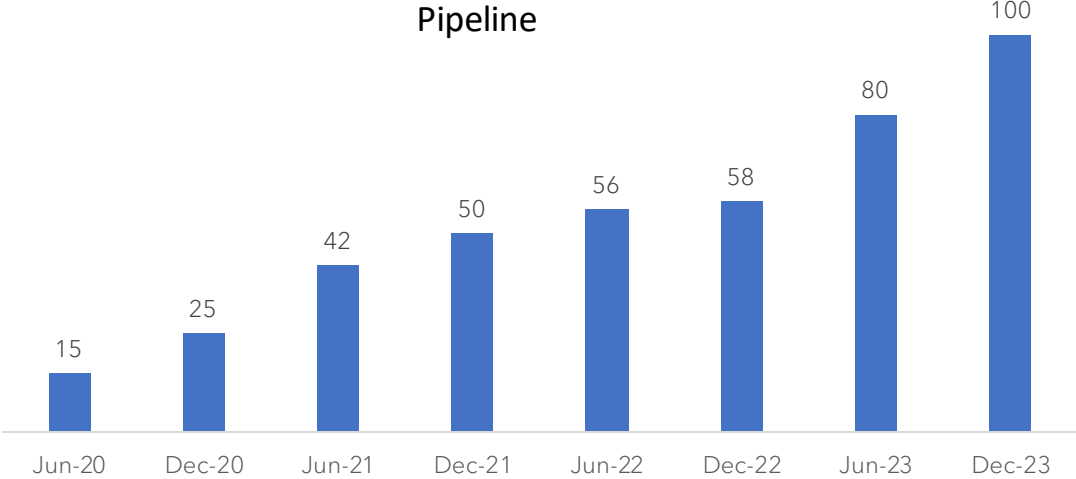
- The acquisition of KLIK Systems forms part of a strategy to consolidate the linear lighting market in Australia.
- FOS commenced manufacturing of linear lighting in Brisbane October 2019.
- FOS acquired Sunshine Coast linear lighting manufacturer Hawko Lighting November 2022.
- FOS acquired Sydney based linear lighting manufacturer KLIK Systems October 2023.
- Over the 2H of FY2024 FOS will consolidate the manufacturing of these products to the KLIK factory in Sydney in order to extract significant manufacturing and purchasing synergies.
- FOS have made a \$500K restructuring provision in its half year accounts directly related to the KLIK acquisition.
- The restructuring provision includes the following major items that will be implemented by June 2024.
 - Closure of factory on the Sunshine Coast
 - Redundancy's related to closure of Sunshine Coast factory
 - Relocation of Sunshine Coast production to KLIK in Sydney

Financials

P&L (\$m)	1H24	1H23
Sales	9.9	8.6
Gross Profit	4.3	3.3
Other Income	.1	.1
Operating Expenses	3.5	2.8
EBITDA	.9	.6
Int & Dep	.2	.1
Operating Profit	.7	.5
Klik Restructure Exp	.5	0
PBT	.2	.5
PAT	.1	.4

Balance Sheet	Dec 23	Dec 22
Cash & Receivables	5.9	5.2
Stock, P&E, Other	13.0	9.9
Total Assets	18.9	15.1
Payables	2.1	2.9
Debt	2.8	0
Other	4.6	3.1
Total Liabilities	9.5	5.9
Net Assets	9.4	9.2

Comparative Analysis



Outlook

- Exit of Sunshine Coast facility February 2024
- ANZ operation with 79 staff well poised for further growth
- Commercial construction industry continues to be robust with orders being released
- Acquisition of KLIK expected to deliver significant manufacturing synergies
- New revenue streams from expanded geographical presence with the addition of 4 new distributors via KLIK
- Entry into new export markets
- Order book over \$11m with active quotes now at +\$100m
- Continued focus on product consolidation
- Seeking further acquisition opportunities

FOS Interactive Investor Hub



<https://investorhub.foscapital.com.au/welcome>

