

FÖS

C A P I T A L

2024 AGM Presentation

29 October 2024



Hoyts Entertainment Quarter in Sydney features custom Halo Circular Pendants, designed and manufactured by JSB Lighting

FOS Capital – Introduction



Founder-led manufacturer & distributor of commercial LED lighting

- FOS **manufactures** a range of commercial luminaires, outdoor fittings, and linear extruded lighting, and **distributes** a range of commercial and architectural lighting solutions.
- The company remains founder-led and majority founder-owned, with its 75 staff based in Australia and New Zealand.
- FOS **owns 17 brands** and **2 manufacturing facilities** located in Brisbane and Sydney, and 96% of all sales are product lines that FOS has complete control over.
- Since listing in June 2021 FOS has achieved **annual revenue and EBITDA growth of 35% and 29%**, respectively, while **remaining profitable** throughout this period. This growth has been achieved through a combination of considered organic expansion and strategic, accretive M&A.
- FOS operates in **highly fragmented markets** that are worth an estimated \$500m, with adjacent markets worth more than \$1bn.

FOS is committed to increasing market share from 5% to 15% in the medium-term through a combination of continued organic growth and strategic acquisitions, at an EBITDA margin exceeding 10%

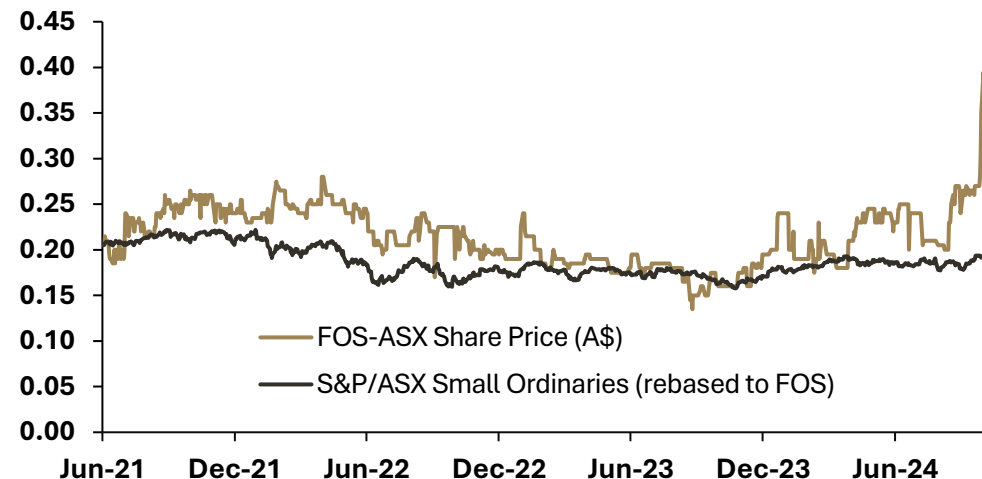
Corporate Overview



FOS Capital	FOS-ASX
IPO date	3 June 2021
Share price (22 Oct 2024)	\$0.35
Shares on issue	53,806,139
Market capitalisation	\$18.8m
Cash (30 June 2024)	\$1.7m
Net Debt (30 June 2024)	\$1.0m

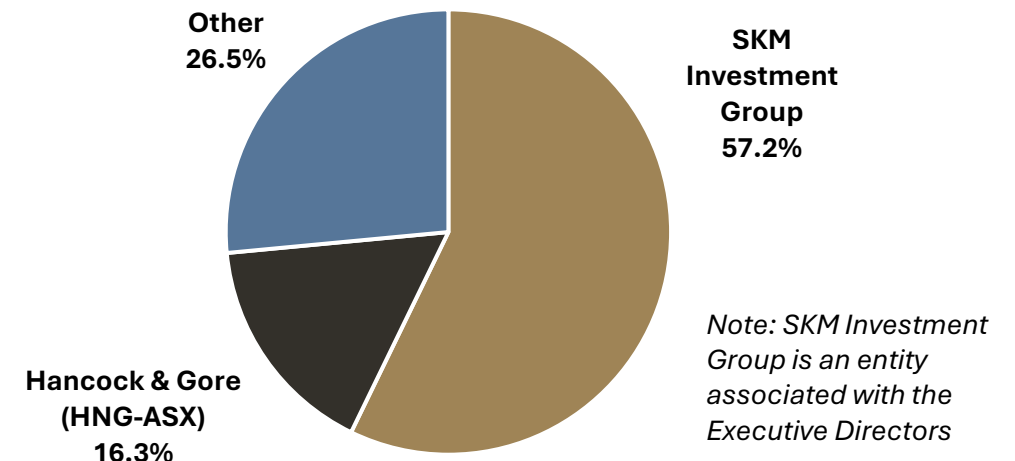
Board of Directors	
Sandy Beard	Non-Executive Chair
Con Scrinis	Managing Director
Michael Koutsakis	Executive Director
Michael Monsonego	Non-Executive Director

FOS Share Price vs S&P/ASX Small Ords



Source: FactSet, as at 21 Oct 2024

Key Shareholders



Background



History

April 2019 – FOS Lighting Group (100% owned by FOS Capital) founded by FOS MD Con Scrinis and ED Michael Koutsakis to target lighting requirements in the commercial, retail, and industrial building industries

2019 to 2020 – Acquisitions of Frend Lighting and JSB Lighting

June 2021 – ASX IPO (\$0.25/share) raises \$3m to fund investment in organic growth and acquisitions

September 2021 – Acquisition of NZ-based lighting manufacturer & distributor Ecopoint, providing greater access to the New Zealand market

October 2022 – Acquisition of Queensland-based linear lighting manufacturer Hawko Lighting Group, funded by \$1.5m share placement (at 20cps)

October 2023 – Acquisition of linear & handrail lighting manufacturer & distributor Klik Systems, which has sales offices & distributors in all Australian capitals and exports to Europe & the US

Key Management



Con Scrinis
Managing Director

Over 40 years of experience in the lighting industry, including as MD of Moonlighting, Traffic Technologies (TTI-ASX), and Stokes (now SKS Technologies; SKS-ASX)



Michael Koutsakis
Executive Director (Sales & Marketing)

Over 30 years of experience in the lighting industry, including in key roles at Sun Lighting, Moonlighting, Zumbtobel, WEEF, and Stokes Ltd (now SKS Technologies Ltd; SKS-ASX)

Con Scrinis and Michael Koutsakis, along with fellow Director Michael Monsonago, are the shareholders of SKM Investment Group.

SKM owns 57.2% of FOS shares outstanding and has maintained its entire holding since listing over three years ago.

Brands & Solutions



Growth Strategy



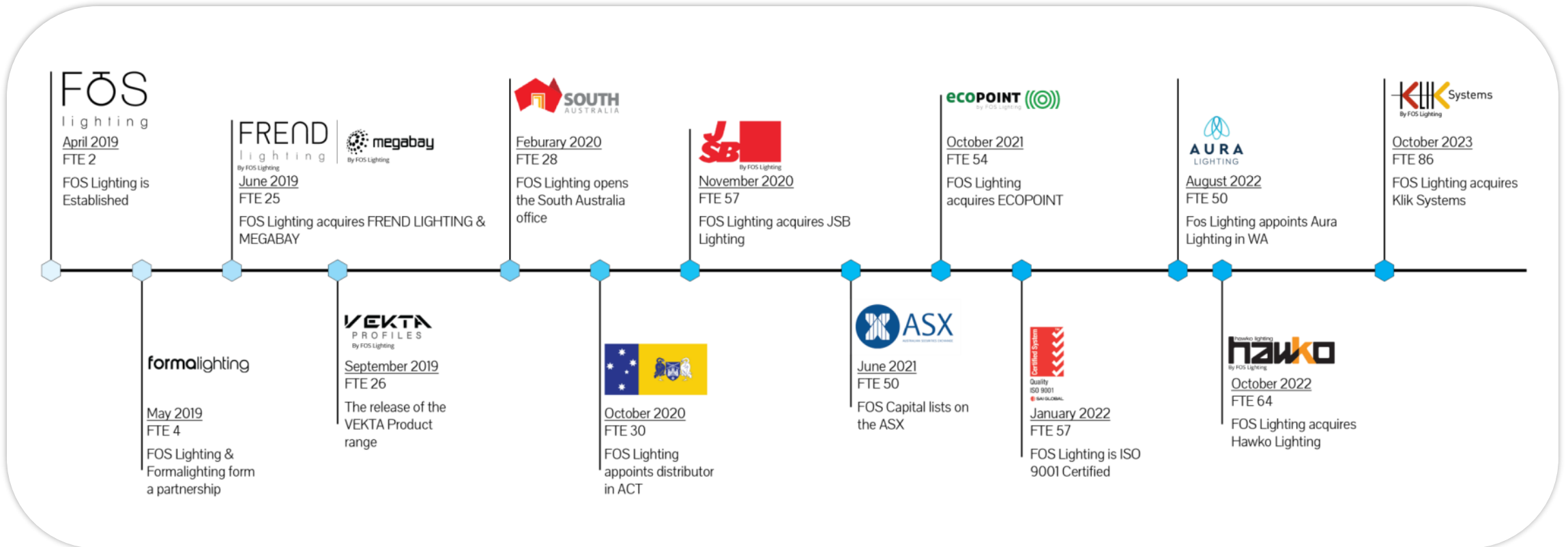
Consolidating fragmented markets via organic growth and M&A

- As a leader in highly fragmented markets, FOS is able to acquire businesses and realise significant synergies, providing a base to take further market share.
- The five acquisitions executed to date have been **successfully integrated and optimised**, with the recent integration of KLIK Systems transformational for FOS Capital's operations. Subsequent business optimisation included the closure of the Sunshine Coast manufacturing facility and relocation of production to Brisbane and Sydney, **improving gross margins through scale and purchasing power**.
- These acquisitions, along with ongoing core business growth, have resulted in significant scale advantages and the **resulting operating leverage** has allowed strong top line growth to generate stronger earnings growth.
- This approach means FOS is well placed to support ongoing government infrastructure spending and remain a key provider of choice for our customers.

The upside from decisions and investments to date continue to accrue, and FOS maintains a strong focus on accretive & strategic acquisitions, with several currently under consideration

Acquisitions

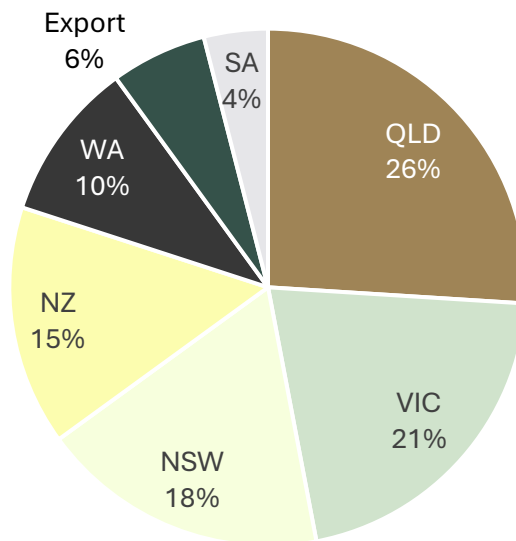
Track record of strategic, accretive acquisitions



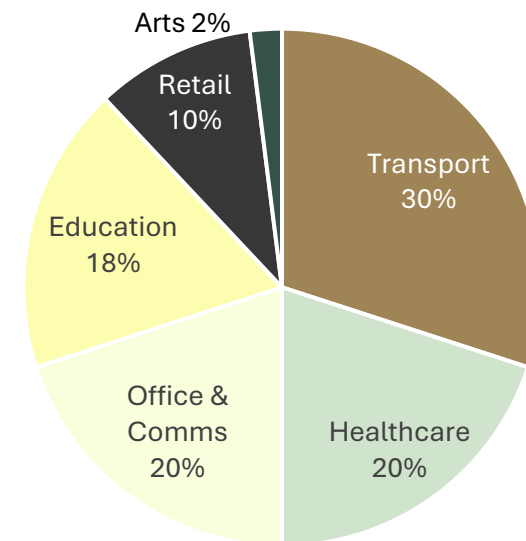
Diversification

Highly diversified with significant government project experience

Geographic exposures



End-market exposures



Note: Retail includes hospitality

Entering Emergency & Exit Lighting

Exclusive agreement with leading German manufacturer expands TAM

- Today FOS has entered into an exclusive distribution agreement with leading global Emergency & Exit lighting products manufacturer RP Group.
- German-based RP Group specialises in modern emergency lighting solutions, including Central Battery & Wireless Self-Contained Systems, Smart Lighting Systems, and batteries for a wide range of applications catering to all lighting projects.
- This agreement will see RP Group products sold for the first time throughout Australia & New Zealand via the extensive FOS network, enhancing FOS' offering to end-customers and demonstrating continued focus on product development.

Escape sign luminaire series



Innovative lens system FlexiClick



The Emergency & Exit lighting sector in ANZ is worth over \$200m, and the addition of RP Group's products increases the total addressable market for FOS from approximately \$500m to more than \$700m

FY24 Highlights



Record earnings, dividend resumed as FOS achieves critical mass

Sales
\$24.5m

+43% vs pcp

Underlying¹ EBITDA
\$2.1m

+116% vs pcp

Underlying NPAT
\$1.1m

+88% vs pcp

Underlying EBITDA margin
8.6%

+60bp vs pcp

Underlying EPS
2.3cps

+101% vs pcp

DPS
1.0cps

No dividend in pcp

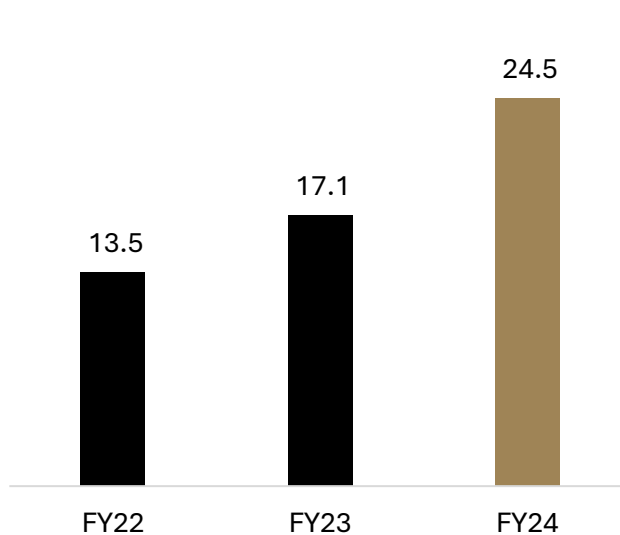
*1. Underlying figures exclude restructuring costs of approx. \$600k
See glossary for definitions*

FY24 Financial Highlights

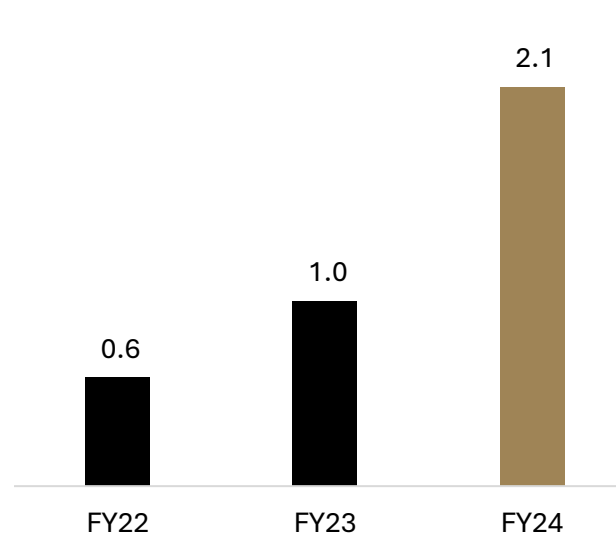


Financials continue to strengthen on organic & acquired growth

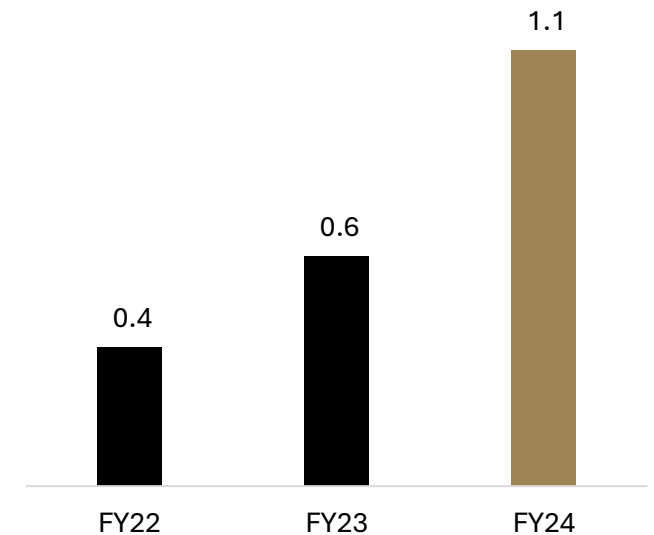
Revenue (\$m)



EBITDA (\$m)



NPAT (\$m)



Record financials reported as FOS achieves critical mass and continues to integrate the transformational KLIK Systems acquisition, with operating leverage driving 400bp of EBITDA margin expansion since FY22

FY24 Income Statement

Successful execution driving earnings uplift on operating leverage

Underlying, A\$m	FY24	FY23	Change	
Sales	24.5	17.1	+43%	Sales growth driven by strong organic & acquired growth, including 24% organic growth in 2H24
Gross profit	9.1	6.6	+38%	
Other income	0.2	0.2	nm	
Expenses	7.9	6.1	+30%	Expenses rose on business expansion, with Operating Costs as a % of Sales falling 7ppt to 29%
EBITDA	2.1	1.0	+110%	
EBITDA margin	8.6%	5.8%	+272bp	Margin expansion of 272bp YoY and ~400bp since FY22 highlights operating leverage
PBT	1.4	0.7	+89%	
NPAT	1.1	0.6	+90%	
EPS (cps)	2.3	1.1	+101%	
DPS (cps)	1.0	0.0	nm	Dividends resumed at 1cps fully franked

*Note: Underlying figures exclude restructuring costs of approx. \$600k
See glossary for definitions*

FY24 Cash Flow

Positive operating cash flow alongside ongoing investment

A\$m	FY24	FY23	Change	
Receipts from customers	24.9	17.5	+42%	
Payments to suppliers & employees	-23.7	-17.7	+34%	
Other	-0.2	0.0	-25%	
Operating Cash Flow	1.0	-0.1	nm	Positive OCF on scale, earnings uplift
Capex	-0.1	-0.2	-73%	
Acquisitions	-2.3	-0.6	+279%	KLIK acquisition represents key investment
Investing Cash Flow	-2.3	-0.8	+181%	decision in FY24
Proceeds from borrowings	2.7	0.0	nm	Debt drawn down to fund KLIK acquisition
Net equity issuance	0.0	1.4	nm	
Dividends paid	0.0	-0.2	nm	Dividends subsequently resumed
Payment of lease liabilities	-1.1	-0.7	+53%	Lease liabilities rose on KLIK integration
Financing Cash Flow	1.6	0.4	+260%	
Net change in cash	0.3	-0.5	nm	
Closing Cash	1.7	1.4	+19%	

See glossary for definitions

FY24 Balance Sheet



Well capitalised and positioned to execute on growth plans

A\$m	FY24	FY23	Change
Cash	1.7	1.4	+19%
Receivables	4.9	3.0	+65%
PP&E	1.0	0.6	+66%
Other Assets	14.1	8.6	+64%
Total Assets	21.8	13.6	+60%
Payables	2.9	1.6	+78%
Borrowings	2.7	0.0	nm
Other Liabilities	6.3	2.7	+133%
Total Liabilities	11.9	4.3	+174%
Net Assets	9.9	9.3	+7%

Strong working capital management alongside integration of KLIK

Debt facilities with Westpac provide additional \$2.3m of headroom

See glossary for definitions

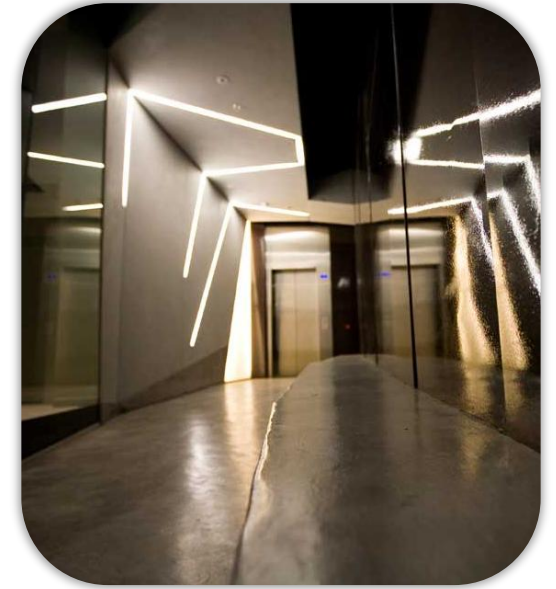
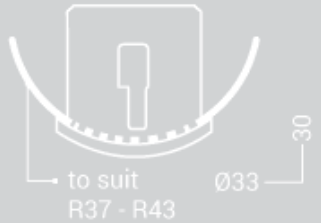
Project Examples

FOS supports a range of major government & corporate projects

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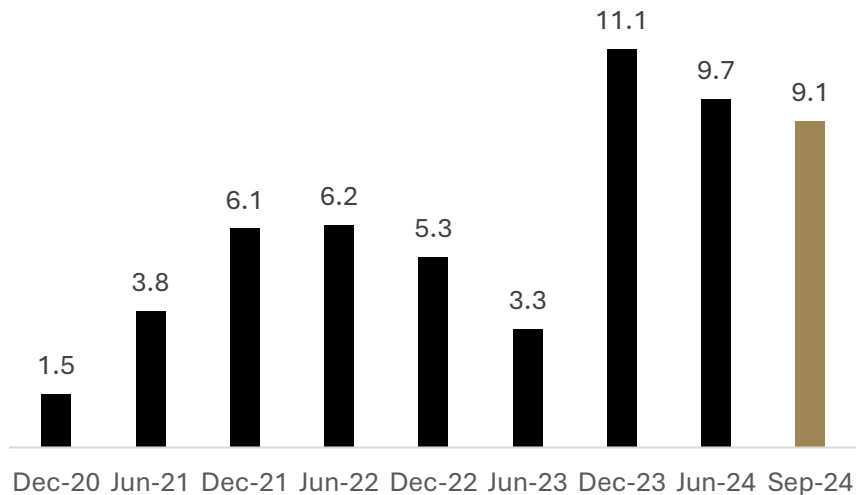
LEDPOD XL28R40



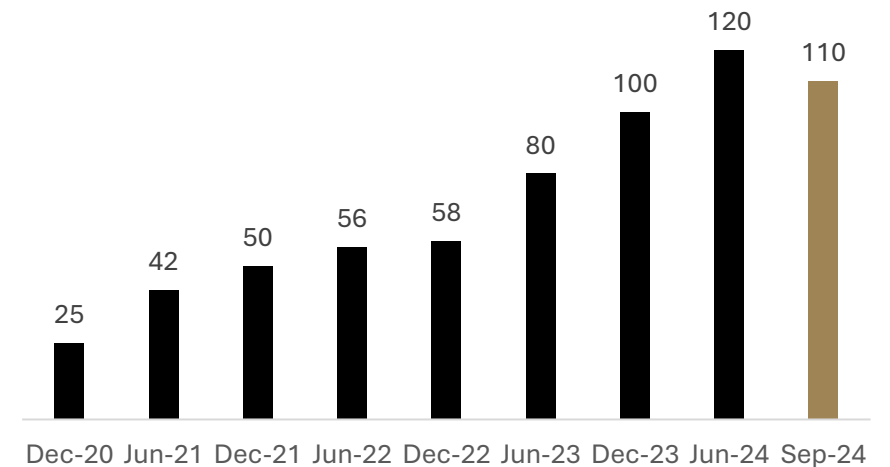
Outlook

FOS is well positioned to execute on a growing opportunity set

Orders on hand (\$m)



Active quotes (\$m)

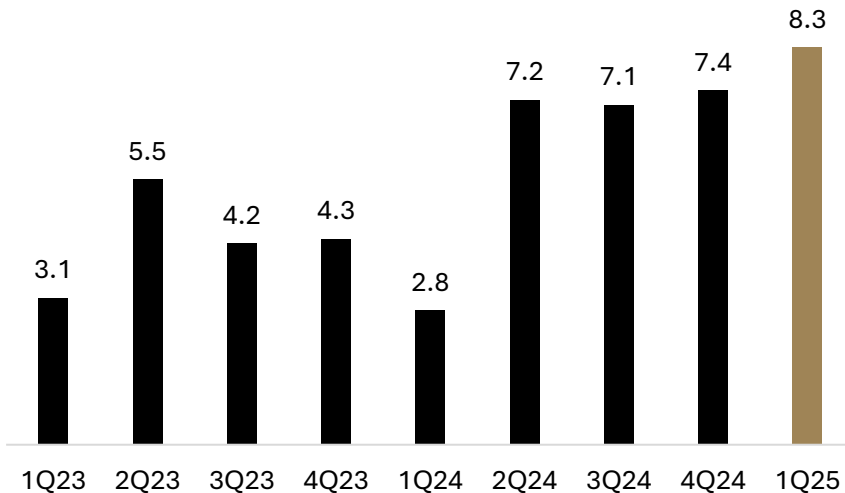


FOS is involved in multiple infrastructure projects and continues to take market share as new revenue streams come online. Orders on Hand and Active Quotes provide good visibility heading into 2Q25 and beyond.

1Q25 Update

Significant sales growth on increased activity across infra projects

Sales (\$m)



A\$m	1Q25	1Q24	Change
Sales	\$8.3m	\$2.8m	+194%
Orders on Hand	\$9.1m	\$4.7m	+93%
Active Quotes	\$110m	\$81m	+35%

- Sales growth was driven by increased activity across multiple infrastructure projects
- Organic sales growth remains very strong at 125% yoy
- KLIK Systems integration continues to lower operating costs and improve gross margins

While 1Q25 sales benefitted from favourable project delivery timing, sales have rebased higher over the past 12 months and recent trading remains positive



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Contact

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Chadstone Shopping Centre's Australian-first Grid Shell Roof features 643 Viento RGBW linear LED luminaires, supplied by Megabay