

FÖS

C A P I T A L

**31 December 2024
Half Year Report**

FOS Capital Limited
ABN: 76 637 156 275

Image: Luceplan

For personal use only

1H25 Highlights

Strong Operating Result

Sales: \$14.0m

+42% yoy

EBITDA: \$1.4m

+62% yoy

NPAT: \$0.8m

\$0.1m in pcp

EPS: 1.46cps

0.24cps in pcp

Solid Balance Sheet

Op CF: \$2.5m

\$(0.6)m in pcp

Net Debt: \$0.7m

\$1.0m in pcp; post \$1m
KLIK payment

Positive Outlook

Active Quotes: \$110m

vs \$100m in pcp

Orders on Hand: \$8.8m

(vs \$11.1m in pcp; cycling KLIK peak)

Contents

Director’s Report	4
Consolidated Statement of Profit or Loss and other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Half-Year Financial Statements	10
Directors’ Declaration	14
Lead Auditor’s Independence Declaration	15
Independent Auditor’s Review Report	16

For personal use only

Director's Report

The Directors present their report, together with the condensed financial report, on the consolidated entity (referred to hereafter as the 'Group'), consisting of FOS Capital Limited ('FOS') and the entities it controlled for the half-year ended 31 December 2024, and independent auditor's review report thereon.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Each of the directors was in office for this entire period, unless otherwise stated.

Con Scrinis, Managing Director
Michael Koutsakis, Executive Director (Sales & Marketing)
Michael Monsonego, Non-Executive Director
Alexander (Sandy) Beard, Non-Executive Chairman

Principal Activities

The principal activities of the Group include the manufacture of a full range of commercial luminaries, outdoor fittings, and linear extruded lighting, as well as the distribution of a range of commercial and architectural lighting.

Results of Operations and Significant Changes in the State of Affairs

The Board is pleased to report another strong result for the Group during the half-year ended 31 December 2024, with group revenues of \$14.0 million up 42% from \$9.9 million in the prior comparative period (pcp).

The Group achieved significant growth in profitability over the period, with Operating Profit before Tax of \$1,021,474 (up 51% from \$676,614 in the pcp), Statutory Net Profit After Tax of \$787,779 (\$127,401 in pcp), and Earnings Per Share of 1.46cps (up over 500% from 0.24cps in the pcp). This was driven by higher rebased sales and ongoing KLIK Systems integration following its acquisition in October 2023, which has lowered operating costs and improved gross margins. The continued strength of the KLIK Systems business and its positive impact on the broader Group reaffirms the advantages of the ongoing acquisition strategy.

Additional synergies were created through the consolidation of manufacturing and administration functions across the Group, while progress was also made on the rationalisation of product lines. International market sales have continued to grow, with export market sales reaching \$1.3 million (9% of Group sales) for the half year ended 31 December 2024, an increase of 149% vs the pcp.

During the period, wholly-owned subsidiary FOS Lighting entered into an exclusive distribution agreement with RP Group, a leading German-based global emergency & exit lighting products manufacturer, which expanded the total addressable market for FOS to more than \$700m. These markets remain highly fragmented, providing FOS with a competitive advantage as the business continues to scale and presenting further acquisition opportunities.

FOS was also engaged in December 2024 by the Board of ASX-listed Anagenics Limited (ASX:AN1) to undertake a restructure of that company's operations for an initial period of 3 months. Following the provision of these services the Board of Anagenics agreed to issue 35 million AN1 shares to FOS Capital at 1c per share, with issuance subject to Anagenics shareholder approval. As at the date of this report, shareholder approval is yet to be obtained. In the event shareholders do not approve the share issue, a fee of \$350,000 is payable in 12 months' time post completion of the business restructuring process. FOS now has an ongoing, mutually-beneficial relationship with Anagenics that does not impact the Group's operations or strategic priorities.

In terms of capital management during the period, the Group paid a 1cps dividend to shareholders equivalent to \$538,061 (\$nil in the pcp) and the final \$1.0m KLIK Systems deferred consideration payment. Given positive operating cash flow of \$2.5 million (vs an operating cash outflow of \$(608,018) in the pcp), the Group ended 31 December 2024 with a strengthened balance sheet including Net Debt of \$0.7 million (vs Net Debt of \$1.0 million as at 30 June 2024).

Directors' Report (Continued)

The outlook for the key industries served by the Group remains strong, including infrastructure, hospitals, and schools, with active quotes at \$110.0m (vs \$100.0m in the pcg and unchanged from September 2024), while the order book has reduced to \$8.8m (vs \$11.0m in the pcg). This provides good visibility on performance in the current period.

Our organisational structure across Australian and New Zealand, rebased earnings profile, and favourable market positioning leave FOS very well placed to generate further growth. Alongside a consistent focus on product development and rationalisation, we are considering several accretive, strategic acquisitions.

We would like to take this opportunity to thank our customers for their business, shareholders for their support, and in particular our staff for their diligence over the period, and look forward to reporting on our progress in the second half of the financial year.

Dividend

The Directors have declared no interim dividend for the half year ended 31 December 2024 (no interim dividend declared in pcg).

Matters Subsequent to Reporting Date

There were no matters or circumstances specific to the Group that have arisen since 31 December 2024 that have significantly affected or may significantly affect the Group's operations and state of affairs.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year is attached to these financial statements.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2020/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors.



Con Scrinis
Director

Date: 19 February 2025

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Half-Year Ended 31 December 2024

	Notes	31 Dec 2024	31 Dec 2023
		\$	\$
Revenue			
Revenue	2	14,045,224	9,902,286
Cost of Sales		(8,026,042)	(5,556,439)
Gross Profit		6,019,182	4,345,847
Other Income	2	104,788	103,605
Expenses			
Selling and Distribution Expenses		(1,319,510)	(953,849)
Administrative and Corporate Expenses		(2,702,006)	(2,279,577)
Depreciation of Right-of-use Assets		(684,150)	(339,307)
Depreciation & Amortisation		(199,855)	(116,008)
Finance Costs		(196,976)	(84,097)
Restructure Costs		-	(500,000)
Total Expenses		(5,102,497)	(4,272,838)
Profit before Income Tax Expense		1,021,473	176,614
Income Tax Expense		(233,694)	(49,213)
Profit after Tax		787,779	127,401
Other Comprehensive Income			
Other Comprehensive Income that may subsequently reclassified to the profit or loss – foreign currency translation gain		(17,888)	15,738
Total Comprehensive Income for the Half-Year		769,891	143,139

Earnings per Share (cents per Share) for Profit Attributable to the Equity Holders of the Entity:

Basic and diluted earnings per share	4	1.46	0.24
--------------------------------------	---	------	------

The accompanying notes form part of these Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	31 Dec 2024	30 Jun 2024
		\$	\$
Current Assets			
Cash and cash equivalents		1,221,548	1,677,005
Trade and other receivables		2,717,876	4,942,370
Inventories		5,712,165	5,901,731
Other current assets		78,906	24,989
Total current assets		9,730,495	12,546,095
Non-Current Assets			
Plant and equipment		977,874	1,045,849
Right of use assets		3,322,253	2,466,168
Intangible assets		4,826,742	4,945,268
Deferred tax assets		717,723	778,210
Total non-current assets		9,844,592	9,235,495
Total Assets		19,575,087	21,781,590
Current Liabilities			
Trade and other payables		1,114,830	2,926,985
Lease liabilities		1,415,016	1,101,592
Borrowings	3	468,940	1,151,152
Deferred consideration		-	1,000,000
Provision for employee entitlements		1,385,598	1,367,755
Provision for income tax expense		336,285	147,549
Total Current Liabilities		4,720,669	7,695,033
Non-Current Liabilities			
Borrowings	3	1,498,590	1,500,000
Lease liabilities		1,981,922	1,442,896
Provision for employee entitlements		88,258	70,912
Deferred tax liability		1,141,128	1,160,059
Total non-current liabilities		4,709,898	4,173,867
Total Liabilities		9,430,567	11,868,900
Net Assets		10,144,520	9,912,690
Equity			
Contributed capital		5,422,042	5,422,042
Foreign currency translation reserve		(94,844)	(76,956)
Retained earnings		4,817,322	4,567,604
Total Equity		10,144,520	9,912,690

The accompanying notes form part of these Financial Statements

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2024

For the Half-Year Ended 31 Dec 2024	Contributed Equity	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
At 1 July 2024	5,422,042	(76,956)	4,567,604	9,912,690
Profit for the half year	-	-	787,779	787,779
Change in foreign currency translation reserve	-	(17,888)	-	(17,888)
Total comprehensive income for the half-year		(17,888)	787,779	769,891
Transactions with owners in their capacity as owners	-	-	-	-
Dividend paid	-	-	(538,061)	(538,061)
At 31 December 2024	5,422,042	(94,844)	4,817,322	10,144,520

For the Half-Year Ended 31 Dec 2023	Contributed Equity	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
At 1 July 2023	5,422,042	(70,110)	3,935,443	9,287,375
Profit for the half year	-	-	127,401	127,401
Change in foreign currency translation reserve	-	15,738	-	15,738
Total comprehensive income for the half-year		15,738	127,401	143,139
Transactions with owners in their capacity as owners:	-	-	-	-
At 31 December 2023	5,422,042	(54,372)	4,062,844	9,430,514

The accompanying notes form part of these Financial Statements

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2024

	Notes	31 Dec 2024	31 Dec 2023
		\$	\$
Cash flows from Operating Activities			
Receipts from customers		17,347,500	9,266,407
Payments to suppliers and employees		(14,668,562)	(9,763,004)
Interest received		6,693	6,850
Interest paid		(196,976)	(84,097)
Payment of income tax		(3,402)	(34,174)
Net cash flows used in operating activities		2,485,253	(608,018)
Cash flows from Investing Activities			
Payment for plant and equipment		(13,354)	(48,522)
Payment for acquisition of Klik Systems		(1,000,000)	(2,000,000)
Net cash flows used in investing activities		(1,013,354)	(2,048,522)
Cash flows from Financing Activities			
Proceeds from borrowings - business finance facility		500,000	2,828,976
Repayment of borrowings - invoice finance		(1,183,622)	-
Dividends paid		(538,061)	-
Repayment of lease liabilities		(687,785)	(373,379)
Net cash flows from financing activities		(1,909,468)	2,455,597
Net decrease in cash and cash equivalents		(437,569)	(200,943)
Impact of exchange rates on cash and cash equivalents		(17,888)	15,738
Cash and cash equivalents at beginning of half-year		1,677,005	1,413,914
Cash and cash equivalents at end of half-year		1,221,548	1,228,709

The accompanying notes form part of these Financial Statements

Notes to Consolidated Half-Year Financial Statements

1. Basis of Preparation of the Half-Year Financial Report

The condensed consolidated half year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2024 of FOS Capital Limited.

The financial report covers FOS Capital Limited and controlled entities as a consolidated entity (the 'Group'). FOS Capital Limited is a company limited by shares, incorporated, and domiciled in Australia. The address of FOS Capital Limited's registered office and principal place of business is Unit 3, 41 Rose Street, Richmond, VIC 3121. FOS Capital Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of signing the attached Directors' Declaration.

a. Basis of Accounting

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The condensed consolidated half-year financial report includes the consolidated results of FOS Capital Limited and its controlled entities for the half year ended 31 December 2024.

The half-year financial report has been prepared in accordance with the historical cost convention, with the exception of fair values applied to the acquisition of assets and assumption of liabilities upon business acquisitions.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2024 and the corresponding half-year.

b. New or amended Accounting Standards and Interpretations adopted

The Group adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact upon these financial statements arising from their adoption.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, however the directors also consider that none of these will have a material impact on the Group's existing accounting policies.

For personal use only

Notes to Condensed Consolidated Half-Year Financial Statements (cont'd)

2. Revenue and other income

	31 Dec 2024	31 Dec 2023
	\$	\$
a) Sales revenue	14,045,224	9,902,286
b) Other Income		
Interest received	28,001	6,850
Rent received	45,000	63,229
Lease settlement	-	2,925
Other revenue	31,787	30,601
	104,788	103,605
Total Revenue and other income	14,150,012	10,005,891

3. Borrowings

Current liabilities		
Invoice Finance Facility (i)	67,532	1,151,152
Business Finance Facility (ii)	400,008	-
	467,540	1,151,152
Non-current liabilities		
Business Finance Facility (ii)	1,499,990	1,500,000
Total Borrowings	1,967,530	2,651,152

- i. Current borrowings as at 31 December 2024 represent the net position of the Westpac invoice finance facility. This borrowing incurs a base rate equal to BBSY, a loan margin rate of 1.18% per annum, and a margin rate of 0.52% per annum. It is secured by a fixed and floating charge over FOS Capital Limited and its controlled entities. The invoice finance facility has a limit of \$3,000,000 and has no expiry date.
- ii. Non-Current Borrowings as at 31 December 2024 represent the 3-year Westpac business finance facility. This borrowing incurs an interest rate of 6.50% per annum. It is secured by a fixed and floating charge over FOS Capital Limited and its controlled entities. The business finance facility has a limit of \$1,899,998 and expires on 1 October 2026, with this facility repaid in monthly instalments of \$33,334 commencing from October 2024. Of the Westpac business finance facility, \$400,008 is classified as a current liability and \$1,499,990 is classified as a non-current liability.

For personal use only

Notes To Condensed Consolidated Half-Year Financial Statements (Cont'd)

4. Earnings Per Share

Reconciliation of earnings used in calculating earnings per share:

	31 Dec 2024	31 Dec 2023
Profit used to calculate earnings per share	\$787,779	\$127,401
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating earnings and diluted earnings per share	53,806,139	53,806,139
Earnings per share (in cents)	1.46	0.24

There were no contingently issuable equity instruments that could have impacted the diluted earnings per share calculation as at 31 December 2024.

5. Operating Segments

The Group is organised into two operating segments based on geographical locations, being Australia and New Zealand. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

There were no individual customers with revenues greater than 10% of trading revenues in the Group.

For the Half-Year Ended 31 Dec 2024	Australia	New Zealand	Total
	\$	\$	\$
Sales Revenue	12,557,302	1,487,922	14,045,224
Other Income	98,095	6,693	104,788
Total Revenue and other income	12,655,397	1,494,615	14,150,012
Net Profit After Tax	701,987	85,792	787,779
Total Assets	17,364,501	2,435,655	19,800,156
Total Liabilities	(9,490,836)	(164,800)	(9,655,636)

For the Half-Year Ended 31 Dec 2023	Australia	New Zealand	Total
	\$	\$	\$
Sales Revenue	8,733,717	1,168,569	9,902,286
Other Income	96,755	6,850	103,605
Total Revenue and other income	8,830,472	1,175,419	10,005,891
Net Profit After Tax	304,675	(177,274)	127,401
Total Assets	17,047,280	1,857,652	18,904,932
Total Liabilities	(9,389,640)	(84,778)	(9,474,418)

Notes to Condensed Consolidated Half-Year Financial Statements (cont'd)

6. Contingent Liabilities

With the exception of the bank guarantee issued for a value of \$575,998 (30 June 2024: \$670,248) for leasehold tenancies as at report date the directors are unaware of any contingent liabilities or commitments that may materially impact the Group.

7. Subsequent Events

There were no matters or circumstances specific to the Group that have arisen since 31 December 2024 that have significantly affected or may significantly affect the Group’s operations and state of affairs.

For personal use only

Directors' Declaration

The directors declare that:

In the directors' opinion, the financial statements and notes thereto, as set out in the accompanying financial report are in accordance with the Corporations Act 2001, including:

- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- giving a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that FOS Capital Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.



Con Scrinis
Director

Date: 19 February 2025

For personal use only

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of FOS Capital Limited

As lead auditor for the review of FOS Capital Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FOS Capital Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt

R. P. Burt
Director
Melbourne, 19 February 2025

For personal use only

Independent auditor's review report to the members of FOS Capital Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of FOS Capital Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

For personal use only


Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



R. P. Burt
Director
Melbourne, 19 February 2025