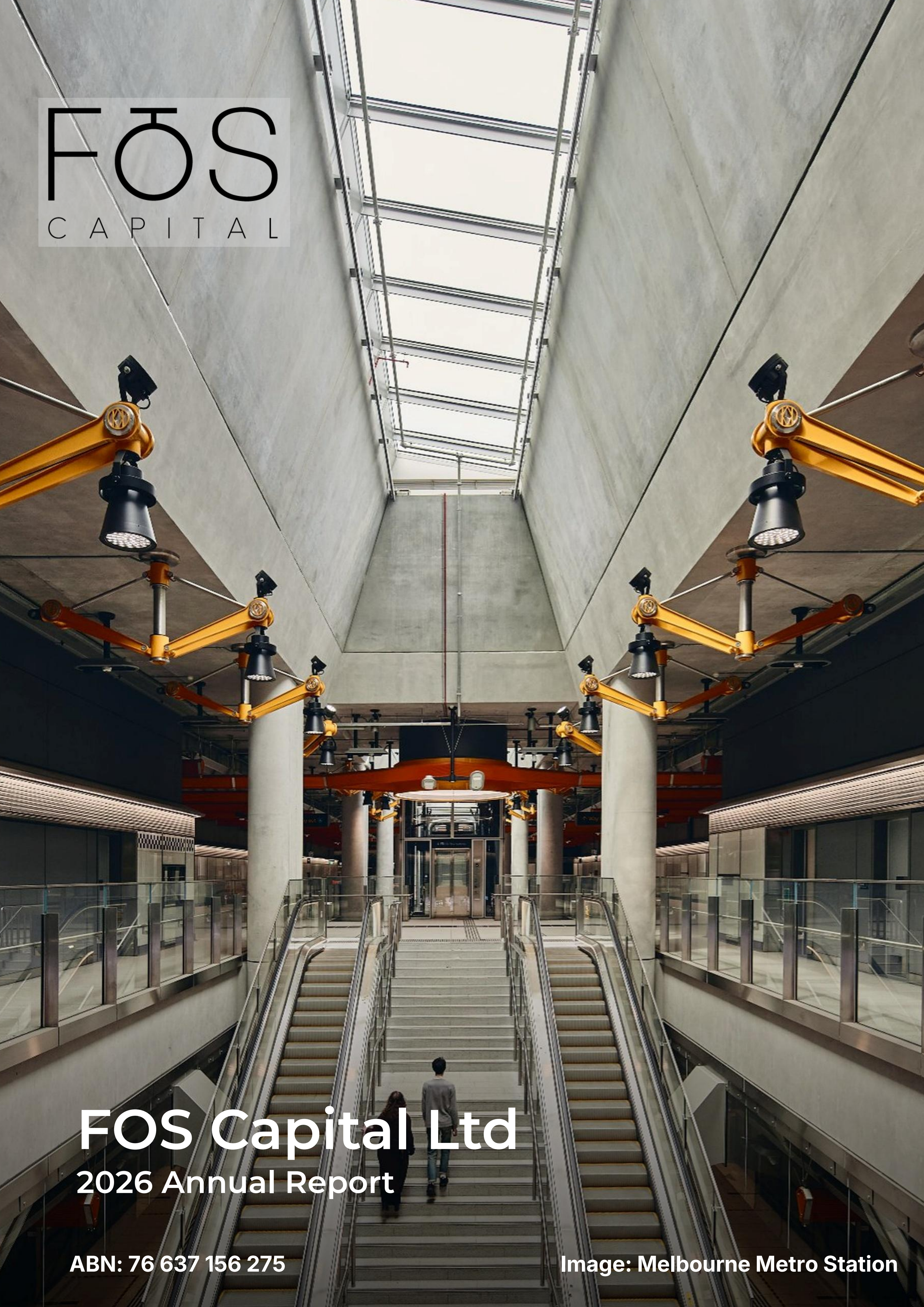


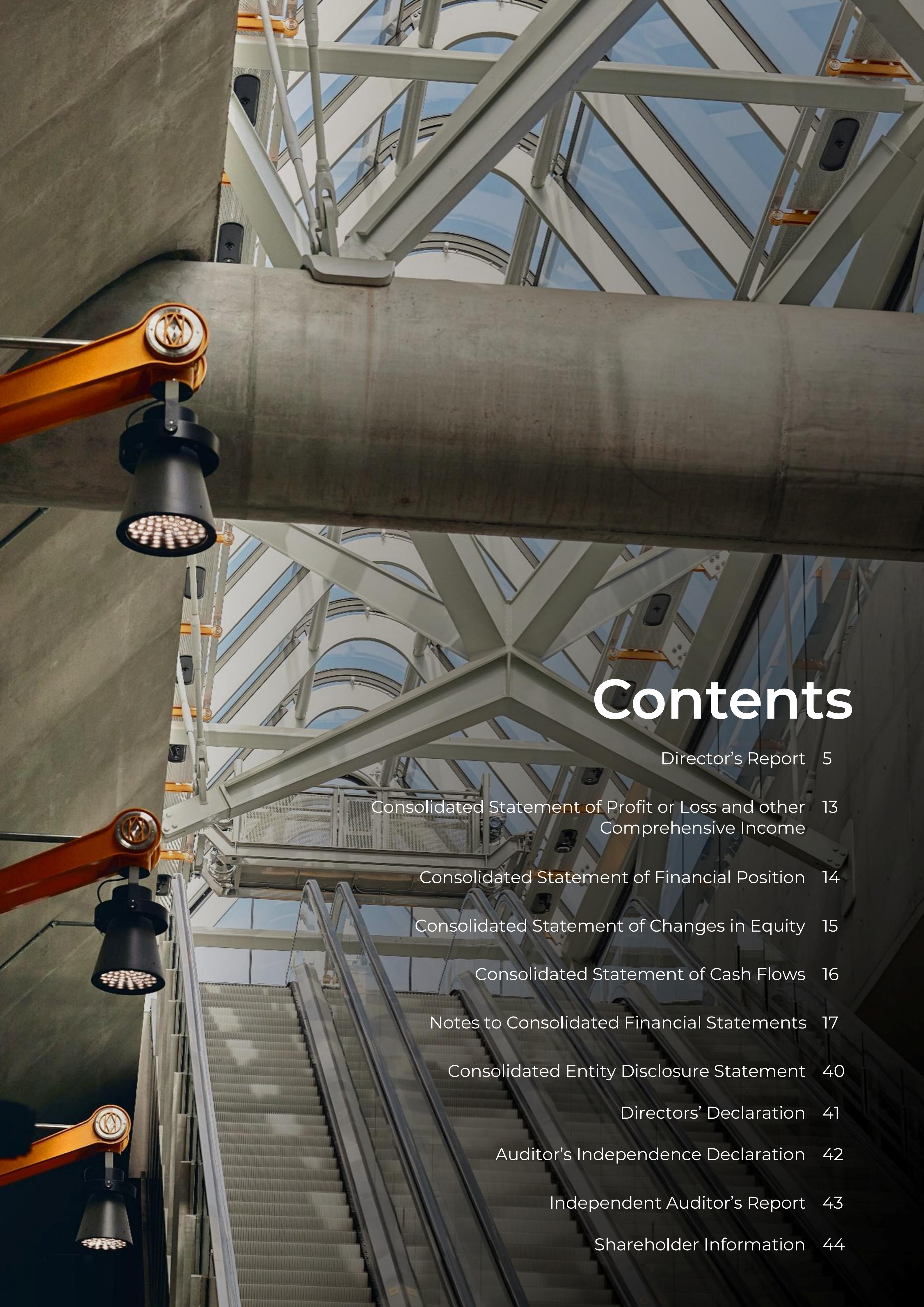
FŌS CAPITAL

FOS Capital Ltd

2026 Annual Report

ABN: 76 637 156 275

Image: Melbourne Metro Station



Contents

FY26 Highlights

Results impacted by softer conditions and project award delays

Sales: $22.4m
-12% yoy

EBITDA: $(0.5)m
$2.1m in pcp

Op PBT: $(1.4) m
$1.2m in pcp

Net Assets: $11.1m
$14.1m in pcp

Improving Outlook

Quote Pipeline: $130m
Record High

Order Book: $10m
Highest level in two years

Cost Reduction Program
$2m annualised savings, $1m implemented

CORPORATE DIRECTORY

COMPANY'S REGISTERED ADDRESS

FOS Capital Ltd
ACN: 637 156 275
Unit 3B/41 Rose Street Richmond VIC 3121
PH. 1300 241 087
www.foscapital.com.au

ASX CODE - **FOS**

DIRECTORS

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

COMPANY SECRETARY

Hemant Amin

LEGAL ADVISORS

Nicholson Ryan Lawyers
Level 7, 420 Collins Street Melbourne VIC 3000
PH: 03 9640 0400

AUDITOR

Stannards Audit Pty Ltd (Stannards)
60 Toorak Road, South Yarra, VIC 3141
PH: 03 9867 4433

SHARE REGISTRY

Boardroom Pty Ltd
Level 12, 225 George Street Sydney NSW 2000
PH: 1300 737 760
www.boardroomlimited.com.au

Further investor information can be located in the
Investor Relations tab on FOS Capital's website at https://www.foscapital.com.au

DIRECTORS' REPORT

The directors present their report together with the financial report of the Consolidated entity consisting of FOS Capital Ltd (the 'Company' or 'FOS') and the entities it controlled (The 'Group'), for the financial year ended on 30 June 2026 and auditor's report thereon. Comparative financial information shown in this financial statement is for the year ended on 30 June 2025.

DIRECTORS

The names of each of the directors of the company in office during or since the end of the financial year are set out below, together with their qualifications, experience and special responsibilities.

Mr Alexander (Sandy) Beard, Non-Executive Director since 23 November 2020

Sandy is a seasoned Company Director, Investor and Investment professional focussed on driving value from small cap ASX listed companies and private equity and early-stage investments. He is Chairman and substantial holder in ASX listed Schoolblazer Limited, a diversified investment company. Previously was CEO and MD of CVC Limited from 2001 – 2019 where he oversaw investment returns in excess of 15% per annum over that period. He has extensive experience working with investee businesses, both in providing advice and in direct management roles, especially bringing management expertise to early-stage businesses and in turning around financial performance to deliver substantial shareholder returns for sustained periods.

Sandy's key focus is extracting and overseeing the creation of shareholder value from the companies with which he is involved.

Sandy is currently chair of Schoolblazer Ltd (ASX: SBZ), and a Director of Anagenics Limited (ASX:AN1). Sandy was a director of Pure Foods Tasmania Limited (ASX:PFT) until May 2022 and Centrepoint Alliance Ltd (ASX:CAF) until September 2023.

Interests in shares: Sandy indirectly holds 480,000 fully paid ordinary shares

Con Scrinis, Managing Director since 31 October 2019

Con has been involved in the electrical and lighting industry for over 40 years. He founded commercial lighting manufacturer Moonlighting in 1991. Moonlighting employed 150 staff with revenues of +$30M. Moonlighting was sold to Gerard Lighting in 2004.

He then founded and was Managing Director of Traffic Technologies which developed the first Australian Standard approved LED traffic light. Traffic Technologies had +$100M in revenues across 3 divisions, Traffic lights, Traffic management and Traffic Signs. Con was a major shareholder and Director of ASX listed SKS Technologies Ltd formerly Stokes Ltd which transformed from an appliance parts manufacturer and distributor to a lighting and audio-visual business.

Interests in shares: Con indirectly holds 12,189,884 fully paid ordinary shares.

Michael Koutsakis, Executive Director since 31 October 2019

Michael completed his Degree in Electrical and Computing Engineering at Monash University and has been involved in the electrical / lighting industry for over 30 years. Michael has held senior sales & marketing positions Sunlighting/Holophane, Moonlighting, Zumtobel / Bega, and WE-EF lighting. Michael then joined the ASX listed SKS Technologies Limited formerly Stokes Limited as Executive General Manager Lighting in order to further develop and grow the company's lighting division. Michael holds no other or former directorships in listed entities.

Interests in shares: Michael indirectly holds 12,157,944 fully paid ordinary shares.

Michael Monsonego, Non-executive Director since 31 October 2019

After graduating the IDF as field medic in 1999 Michael attended Hadassah College in Jerusalem to study computers engineering. He joined Israeli TV broadcast company TELAD as a software engineer working on digital broadcasting systems. After 2 years he was promoted to lead the software team of TELAD. In 2004 Michael took up a new position as software engineer at Optibase in Israel, leading provider of video over IP solutions. In 2009 he joined Forma lighting in the R&D team responsible for developing LED lighting solutions. Michael then moved through the ranks and now holds the position of General manger of Forma Lighting Hong Kong. Michael holds no other or former directorships in listed entities.

Interests in shares: Michael indirectly holds 8,027,589 fully paid ordinary shares

DIRECTORS' REPORT (CONT'D)

COMPANY SECRETARY

Hemant Amin
Hemant is a certified practicing accountant with over 34 years of accounting and business experience. He has worked for both large multinational and public companies as well as smaller family-owned operations.

He has been a company secretary of Anagenics Ltd since June 2024 and Chief Financial Officer and Company Secretary of Stokes Limited (now SKS Technologies Group Ltd) during 2012 to 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated entity include the manufacture of a full range of commercial luminaires, outdoor fittings and linear extruded lighting and the distribution of a complete range of commercial and architectural lighting solutions.

REVIEW OF OPERATIONS AND MATERIAL CHANGES IN THE STATE OF AFFAIRS

The Directors of FOS Capital Ltd are pleased to report on the progress that has been achieved during a challenging year.

Group results for the 2026 financial year were disappointing overall, reflecting:

- **Softer conditions across most sectors and the macroeconomic environment** facing both FOS and our customers (including higher inflation, commodity price volatility, and geopolitical uncertainty); and
- **Extended customer project award timeframes**.

Revenue of $22.4 million was down 12% from $25.5 million in the prior comparative period (pcp). This resulted in an EBITDA loss of $0.5 million (excluding Aldridge Traffic Systems (ATS) restructuring costs of $1.3 million, inventory write-off of $0.6 million, and impairment of investment $0.1million), down from EBITDA of $2.1 million in pcp. **The Group recorded an operating loss before tax of $1.4 million** (excluding ATS restructuring costs and inventory write-off), down from an operating profit before tax of $1.2 million in the pcp.

Group performance during the year was impacted by extended project award and procurement timeframes across a number of customer segments. While quoting activity remained strong throughout the year, the conversion of quotations to firm orders took longer than typical, resulting in a number of anticipated projects progressing slower than expected.

Pleasingly, many of these opportunities have begun converting to orders in recent months, contributing to the strengthening of the Group's order book and providing increased confidence in near-term project execution. The Group's order book now sits at $10 million, the highest level in over two years, while the active quote pipeline is at a record high of $130 million, up from $115 million in the pcp.

The Aldridge Traffic Systems (ATS) business has made significant progress throughout the year. Active quotes and tenders currently sit at $8 million, up from $5.5 million in December 2025. In June 2026, ATS was awarded its first major contract to supply street lighting and control equipment to the Eastern Freeway Project. The Board expects multiple similar orders to follow from a variety of end customers in the coming months.

The Glowing Structures business has also progressed well, with specifications for FOS Lighting products now exceeding $3 million.

As a result of losses incurred management has identified $2 million in cost reductions, of which $1 million has been implemented, with a further $1 million to be implemented over the coming months.

DIRECTORS' REPORT (CONT'D)

The Board believes the Group is well positioned to deliver significantly improved financial performance in financial year 2027, supported by:

- The successful implementation of targeted cost reduction initiatives;
- The recent strengthening of the Group's order book;
- The introduction of a new imported commercial range, which is expected to increase sales and gross margins; and
- Continued progress and growth across the ATS business.

We would like to take this opportunity to thank our customers and shareholders, along with our staff for their diligence over the period and look forward to reporting on our progress in financial year 2027.

DIVIDENDS

No dividends have been paid, declared or recommended but not paid by the company in respect of the year ended 30 June 2026

The Company paid a 1 cent fully franked dividend in respect of the year ended 30 June 2025.

OPTIONS

For the year ended 30 June 2026 and up to the date of this report, no options or any other contingent equity instruments have been granted or issued by the company.

MATERIAL BUSINESS RISKS

Directors have identified the following key risks as material to the business in the context of this annual report:

A) RISKS ASSOCIATED WITH EXPANSION INTO NEW MARKETS

As part of the Company's broader strategy, the Company plans to explore opportunities to pursue business acquisitions that complement its existing business or leverage existing business activities. This may include other lighting and complementary business.

A risk exists that additional assets cannot be acquired given the quality of available assets, price expectations of relevant vendors or ability to raise additional capital. Even if viable assets are identified and acquired continued expansions in new geographic or services markets may require significant financial investments. There is a risk that despite efforts from the Company, expansion efforts will fail which will adversely affect the growth and profitability of the Company.

B) INDUSTRY DOWNTURN AND GENERAL ECONOMIC CONDITION

If Australian economic conditions were to adversely deteriorate, there is a risk that the commercial, retail and industrial lighting sector will be affected as consumption is reduced and spending is redirected.

Economic conditions may be affected by level of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary, tax and regulatory policies.

Sustained weak economic conditions may affect the Company's sales and margins and consequently have a material adverse impact on the Company's future financial performance and financial positions.

C) SUPPLY CHAIN RISK

FOS Group relies on the availability of supply of raw materials to meet the current and expected growth in demand for its products. FOS Group' business model relies on outsourcing key raw materials to third party suppliers, including from China and other countries.

Customers may choose not to continue to use the Company's products and services over time, which may slow or reduce the Company's revenue and in turn, have an adverse impact on the Company's operating and financial performance.

DIRECTORS' REPORT (CONT'D)

Other risks associated with the Company's product sourcing include the loss or interruption to the business of the Company's suppliers, increased cost of materials and manufacture, delays, reduction in the quality of the Company's product and the imposition of additional taxes and duties. There is also a risk that FOS Group may not be able to retain its key existing third-party suppliers. FOS Group's relationships with its existing suppliers are typically not exclusive, and its suppliers also have relationships with third parties (including FOS Group' competitors). FOS Group' current third-party suppliers and service providers may cease their supply to FOS Group – for example, as a result of a dispute – which would restrict FOS Group' ability to source supply from that supplier.

Given a portion of the Company's products are sourced from overseas, this carries with it a degree of sovereign risk, as the actions of domestic and foreign government agencies may impact the Company's product sourcing. As such, it may result in an increase of product sourcing costs for the Company which may consequently reduce the Company's margins and profitability.

PRODUCT FAILURE (CONT'D)

As the Company also manufactures its own products, there is a risk of some product failure. The risk of potential liability is dependent on the extent of the failure rate and the volume of the product in the market. Potential liability could extend to warranty or rework costs or total product recalls.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The company's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

CYBER RISK

The integrity, availability and confidentiality of data within the Company's information and operational technology systems may be subject to intentional or unintentional disruption. The Company continues to invest in robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur.

The Board consider cyber risks regularly, commensurate with the evolving nature of this risk and the level of internal activity.

PROCEEDING ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company or its controlled entities.

FUTURE DEVELOPMENTS

The year ahead looks extremely promising, there are a number of projects in the pipeline, and the company is well placed to take advantage of opportunities as they arise.

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affair of the Consolidated entity in future financial years.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director) are as follows:

	Directors' Meetings	
Director	Eligible to attend	Attended
Con Scrinis	6	6
Michael Koutsakis	6	6
Michael Monsonego	6	6
Mr Alexander (Sandy) Beard	6	6

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 41.

Auditor, Stannards is appointed in office in accordance with section 327 of the Corporations Act 2001. There are no officers of the Company who are former directors of Stannards.

NON-AUDIT SERVICES

Non-audit services were provided by the network firm prior to Stannards Audit Pty Ltd was appointed as auditor of the Consolidated entity during the year.

Non-audit services were provided by the former auditors of the Consolidated entity during the previous financial year, namely William Buck Audit (Vic) Pty Ltd, network firms of William Buck, and other non-related audit firms.

The directors are satisfied that the provision of following non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by FOS Capital Ltd and have been reviewed and approved by the directors to ensure they do not impact on the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for FOS Capital Ltd or any of its related entities, acting as an advocate for FOS Capital Ltd or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of FOS Capital Ltd or any of its related entities.

	2026	2025
	$	$
Amounts paid and payable for non-audit services:		
Valuation services (paid to network firm of Stannards)	7,500	-
Taxation advisory and compliance services (paid to former auditor)	-	12,500

STAFF

The Board appreciates the support it continues to have from the company's staff, and acknowledges, with thanks, the efforts they are all making to assist the company through this growth period.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2026/183, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of FOS Capital Ltd in accordance with the requirements of the Corporations Act 2001 and its Regulations.

REMUNERATION PHILOSOPHY

Remuneration levels are set by the company in accordance with industry standards to attract and retain suitable qualified and experienced Directors and senior executives. The company has not engaged a remuneration consultant.

The company distinguishes the structure of non-executive Directors' remuneration from that of executive Directors and senior executives. The total amount paid to all Non-Executive Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by the Company in general meeting. Currently, this amount has been fixed at $200,000.

There are formal contracts of employment for the executives and non-executive directors of the Company. All members of key management personnel are remunerated as contracting parties, with no entitlements to any leave benefits or superannuation. There are no minimum notice periods set out in the event of a termination.

The remuneration for Executive Directors is currently not linked to the Company's financial performance or share price. None of the remuneration of the Directors listed below was considered at risk.

There are no short-term or long-term incentives and no retirement schemes in place for key management personnel of the Consolidated entity. Remuneration is not tied to the performance of the Company with the remuneration being fixed 100% for 2026 and 2024. During the year ended 30 June 2026 the Company did not engage an external remuneration consultant.

Details of non-executive directors, executive directors and key management personnel:

Con Scrinis	Managing Director
Michael Koutsakis	Executive Director
Michael Monsonego	Non-Executive Director
Mr Alexander (Sandy) Beard	Non-Executive Director

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

	Short Term Salary and fees	
	2026	2025
Name of Director and key management personnel	$	$
Con Scrinis	300,000	270,000
Michael Koutsakis	300,000	270,000
Michael Monsonego	25,000	25,000
Mr Alexander (Sandy) Beard	50,000	50,000
	675,000	**615,000**

All of the named directors and key management personnel are remunerated through associated entities of the individuals.

DIRECTORS' REPORT (CONT'D)

Consequences of Company's performance on shareholder wealth

The following table summarises company performance for last two financial years of its operations and key performance indicators:

	2026	2025	2024	2023	2022
Revenue	$22,420,329	$25,493,693	$24,527,232	$17,120,295	$13,506,901
% (decrease) / increase in revenue	-12%	4%	43%	27%	66%
(Loss)/Profit before tax	($3,443,179)	$1,242,377	$830,860	$742,709	$411,194
% (decrease) / increase in profit before tax	-	50%	11%	81%	-48%
Dividend (in cents) to shareholders	-	1	1	-	0.5
Total remuneration of KMP	$675,000	$615,000	$675,000	$660,000	$621,000
Total performance-based remuneration	-	-	-	-	-

Directors' equity holdings

As at 30 June 2026 key management personnel had relevant interests in ordinary shares (held either directly or indirectly) in FOS Capital Ltd as follows:

Director	Opening balance	Shares issued as part of remuneration	On market purchase or disposal	Closing Balance
Con Scrinis	11,553,750	-	636,134	12,189,884
Michael Koutsakis	11,553,750	-	604,194	12,157,944
Michael Monsonego	7,702,500	-	325,089	8,027,589
Mr Alexander (Sandy) Beard	330,000	-	150,000	480,000

As at 30 June 2025, the key management personnel had relevant interests in the following number of ordinary shares (held either directly or indirectly) in FOS Capital Ltd:

Director	Opening balance	Shares issued as part of remuneration	On market purchase or disposal	Closing balance
Con Scrinis	11,553,750	-	-	11,553,750
Michael Koutsakis	11,553,750	-	-	11,553,750
Michael Monsonego	7,702,500	-	-	7,702,500
Mr Alexander (Sandy) Beard	330,000	-	-	330,000

Directors did not hold any options as at 30 June 2026 (2025: nil).

Key management personnel did not receive any share-based compensation during the year.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

KMS Properties Pty Ltd (KMS), an entity related to Messrs Con Scrinis, Michael Koutsakis and Michael Monsonego, leased the premises to the Company on an arm's length commercial premises leasing two premises. The first premises leasing term started on 30 November 2019 with an initial term of 5 years, and on 30 November 2024 this lease contract was renewed for 5 years. KMS leased the second premises on 8 January 2024 with an initial term of 5 years. During the year ended 30 June 2026, the Consolidated entity paid $145,567 (2025: $116,846) to KMS.

DIRECTORS' REPORT (CONT'D)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of FOS Capital Ltd is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the FOS Capital website at https://www.foscapital.com.au/corporate-governance

Signed on 25 August 2026 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Con Scrinis

Director
25 August 2026

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Notes	FY 2026 $	FY 2025 $
Revenue and other income			
Revenue	5(a)	22,420,329	25,493,693
Cost of sales		(12,768,930)	(14,213,301)
Gross profit		9,651,399	11,280,392
Other Income	5(b)	48,656	116,563
Expenses			
Admin and corporate expenses		(6,405,586)	(5,745,378)
Marketing, selling and distribution expenses		(2,348,764)	(2,215,188)
Amortisation of right of use assets		(1,426,503)	(1,357,401)
Depreciation & amortisation		(576,522)	(403,886)
Finance costs		(391,569)	(432,725)
inventory write-off (discontinued product lines)	10	(576,169)	-
Impairment of investment	11	(105,000)	-
Aldridge Restructuring costs	6	(1,313,121)	-
Total expenses		(13,143,234)	(10,154,578)
(Loss) / Profit before income tax		(3,443,179)	1,242,377
Income tax benefit / (expense)	8	875,327	(309,731)
(Loss) / Profit after income tax		(2,567,852)	932,646
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
- Foreign currency translation gain / (loss)		(180,182)	22,587
Total comprehensive (loss) / income attributable to: members of the parent entity		(2,748,034)	955,233
Earnings per share for profit attributable to the equity holders of the entity:			
Basic and diluted (loss) / earnings per share (cents per share)	21	(3.76)	1.72

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Notes	30 June 2026 $	30 June 2025 $
Current Assets			
Cash and cash equivalents	24(a)	976,907	2,499,710
Trade and other receivables	9	2,828,977	3,869,480
Inventories	10	6,795,746	6,301,129
Assets held for sale (note 25a)		-	450,000
Prepayments		15,009	46,557
Total Current Assets		**10,616,639**	**13,166,876**
Non-Current Assets			
Plant and equipment	12	1,042,145	1,203,833
Investment	11	245,000	350,000
Right of use assets	13	1,507,671	2,727,304
Intangible assets	14	7,161,010	7,536,674
Deferred tax assets	15	1,441,771	685,856
Total Non-Current Assets		**11,397,597**	**12,503,667**
Total Assets		**22,014,236**	**25,670,543**
Current Liabilities			
Trade and other payables	15	2,551,589	1,671,584
Deferred consideration	25(a)	-	200,000
Lease liabilities	13	1,166,575	1,485,804
Borrowings	18	3,012,321	2,313,958
Provision for employee entitlements	17	1,323,691	1,345,762
Provision for current income tax expense		-	208,470
Total Current Liabilities		**8,054,176**	**7,225,578**
Non-Current Liabilities			
Borrowings	18	1,123,590	1,580,368
Lease liabilities	13	431,556	1,339,157
Deferred tax liabilities	19	1,230,863	1,325,462
Provisions for employee entitlements	17	60,992	83,171
Total Non-Current Liabilities		**2,847,001**	**4,328,158**
Total Liabilities		**10,901,177**	**11,553,736**
Net Assets		**11,113,059**	**14,116,807**
Equity			
Contributed equity	20	9,625,734	9,208,987
Foreign currency translation reserve		(234,551)	(54,369)
Retained earnings		1,721,876	4,962,189
Total Equity		**11,113,059**	**14,116,807**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026

	Contributed Equity	Foreign currency translation reserve	Retained earnings	Total
	$	$	$	$
As at 1 July 2025	9,208,987	(54,369)	4,962,189	14,116,807
Loss after income tax expense for the year	-	-	(2,567,852)	(2,567,852)
Foreign currency translation losses	-	(180,182)	-	(180,182)
Total comprehensive loss for the year	-	(180,182)	(2,567,852)	(2,748,034)
Transactions with owners in their capacity as owners:				
Shares issued - Dividend reinvestment	416,747			416,747
Dividend paid	-	-	(672,461)	(672,461)
As at 30 June 2026	9,625,734	(234,551)	1,721,876	11,113,059

	Contributed Equity	Foreign currency translation reserve	Retained earnings	Total
	$	$	$	$
As at 1 July 2024	5,422,042	(76,956)	4,567,604	9,912,690
Profit after income tax expense for the year	-	-	932,646	932,646
Foreign currency translation gains	-	22,587	-	22,587
Total comprehensive income for the year	-	22,587	932,646	955,233
Transactions with owners in their capacity as owners:				
Shares issued to vendors of Glowing Structures	300,000	-	-	300,000
Shares Issued – share placements (net of cost of capital raising)	3,445,278			3,445,278
Shares Issued to employees	41,667	-	-	41,667
Dividend paid	-	-	(538,061)	(538,061)
As at 30 June 2025	9,208,987	(54,369)	4,962,189	14,116,807

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026

	Notes	FY 2026 $	FY 2025 $
Cash flows from operating activities			
Receipts from customers		25,828,452	28,473,116
Proceeds from rental income		-	45,000
Payments to suppliers and employees		(25,381,141)	(25,587,898)
Interest received		22,293	32,417
Payment of interest		(391,569)	(432,725)
Payment of income tax		(183,657)	(225,103)
Net cash (used in) / provided by operating activities	24(b)	**(105,622)**	**2,304,807**
Cash flows from investing activities			
Payment for property, plant and equipment		(39,170)	(17,016)
Proceeds from assets held for sale		450,000	-
Payments for acquisition of business assets		(200,000)	(4,300,000)
Net cash provided by / (used in) investing activities		**210,830**	**(4,317,016)**
Cash flows from financing activities			
Proceeds from borrowings		241,585	1,243,174
Proceeds from issue of shares, net of costs		-	3,445,278
Dividend paid		(255,714)	(538,061)
Payment of principal portion of lease liabilities		(1,433,700)	(1,338,064)
Net cash provided by / (used in) financing activities		**(1,447,829)**	**2,812,327**
Net (decrease) / increase in cash held		**(1,342,621)**	**800,118**
Increase / (decrease) in foreign currency reserves		(180,182)	22,587
Cash and cash equivalents at the beginning of the financial year		2,499,710	1,677,005
Cash and cash equivalents at the end of the financial year	24(a)	**976,907**	**2,499,710**

The above statement should be read in conjunction with the accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of material accounting policies adopted by the Consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations, and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

The financial report covers FOS Capital Ltd and controlled entities as a Consolidated entity. FOS Capital Ltd is a listed public company limited by shares, incorporated, and domiciled in Australia. The address of FOS Capital Ltd's registered office and principal place of business is Unit 3, 41 Rose Street, Richmond, VIC 3121. FOS Capital Ltd is a for-profit entity for the purpose of preparing the financial statements. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements are presented in Australian dollars, which is FOS Capital Ltd's functional and presentation currency.

Comparative financial information shown in this financial statement is for the year ended 30 June 2025.

The financial report of FOS Capital Ltd for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the directors on 24 August 2026.

The financial statements have been prepared in accordance with 'Accounting Standards (including Australian Accounting Interpretations)' issued by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial report has been prepared under the historical cost convention with the exception of the fair valuation of assets acquired upon business combinations, as disclosed in note 20 to the financial statements.

Material accounting estimates
The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

b. Going Concern

The consolidated financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2026, the Group reported an underlying net loss before income tax of $1,448,889 (excluding Aldridge business restructuring costs of $1,313,121, discontinued product line inventory write-off $576,169, and impairment of investment $105,000), a net loss after tax of $2,567,852 and net operating cash outflows of $105,622. The Group forecasts improved performance and operating cash inflows going forward.

The Directors have completed a restructuring of Aldridge's business, which was acquired from the receiver of Traffic Technologies Ltd (TTI), to achieve simplification and financial sustainability, and prepared cash flow forecasts which support the Group's ability to continue as a going concern. The directors are of the opinion that the Group is well positioned to meet its objectives and obligations going forward, and therefore, the financial report has been prepared on a going concern basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

c. Principles of consolidation

The consolidated financial statements are those of the Consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Consolidated entity controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.
All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

d. Revenue

The Consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Services provided
Revenue from management services is recognised in the accounting period in which the services are rendered.

Revenue from design services is recognised in the accounting period in which the services are rendered and for fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THEYEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

e. Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 10 years
Leasehold improvements – over 3 to 10 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

f. Intangible assets

Brand name
The Consolidated entity acquired the JSB Lighting, Hawko Lighting, Klik Systems, Glowing Structures and Aldrige brand names, a result of acquisition of business (refer to note 20). The value of brand name is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.
The brand name is tested for impairment if there are indicators of impairment.

Goodwill
Goodwill is carried at cost less any impairment losses.
Goodwill is calculated as the excess of the sum of:
The consideration transferred;
Any non-controlling interest; and
The acquisition date fair value of any previously held equity interest;
over the acquisition date fair value of net identifiable assets acquired subject to meeting the requirements of AASB 3 Business Combinations.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually or where an indicator of impairment exists and is allocated to the Consolidated entity's cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THEYEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

g. Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs are accounted for as follows:

Raw materials – average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress – average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Provision has been made for any obsolescence of inventory for an inability to utilise the material for any products sold by the Consolidated entity, for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

h. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

AASB 3 Business Combinations provides an exception to the above where classification of lease assets are required to be accounted for in accordance with AASB 16 Leases. Refer to the accounting policy note on Right-of-Use assets below.

Where the business combination is achieved in stages, the Consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THEYEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

i. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data

j. Non-current assets classified as held for sale

Non-current assets and are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

k. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated entity applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1(s) above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

Right-of-use assets (cont'd)

The Consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Where leases have been acquired as part of a business combination, the lease liability is measured at the present value of remaining lease payments as if the acquired lease were a new lease at acquisition date. The right-of-use asset is measured at the same amount as the lease liability, adjusted to reflect the favourable or unfavourable terms of the lease when compared with market terms.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Consolidated entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Consolidated entity's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Consolidated entity regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of AASB 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

l. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

m. Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

n. Comparatives

The financial report includes the Consolidated results of FOS Capital Ltd for the year ended on 30 June 2026, where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

o. Rounding of amounts

The parent entity and the Consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

p. New or amended accounting standards and interpretations adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, did not have any material impact on the financial performance or position of the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Consolidated entity for the annual reporting period ended 30 June 2026. The Consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Consolidated entity's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Consolidated entity. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Assessment of provision for inventory obsolescence

The estimation of the provision for inventory obsolescence considers the carrying values of stock lines held, their physical condition and whether or not those inventories may be sold or manufactured to be sold at a value great than their carrying values, including an assessment of a likelihood of such sales occurring.

Estimation of useful lives of assets

The Consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change materially as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Business combinations

The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated entity taking into consideration all available information at the reporting date.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Goodwill and other indefinite life intangible assets

The Consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 12 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3. RELATED PARTY DISCLOSURE

The following is a summary of transactions with directors and other related parties entered into throughout the financial period, with the exception of remuneration to key management personnel disclosed in note 7:

KMS Properties Pty Ltd, an entity related to Messrs Con Scrinis, Michael Koutsakis and Michael Monsonego, leased the premises to the Company on an arm's length commercial premises leasing two premises. The first premises leasing term starts on 30 November 2019 with an initial term of 5 years, and the second premises leasing term starts on 8 January 2024 with an initial term of 5 years. During the year ended 30 June 2026, the Consolidated entity paid $145,567 (2025: $116,846).

The lease of premises are made on terms equivalent to those that prevail in an arm's length transaction. Lease payments are made on normal commercial terms and conditions and at prevailing market rates.

4. OPERATING SEGMENTS

The Consolidated entity is the manufacturer of a full range of commercial luminaires, outdoor fittings and linear extruded lighting and the distribution of a complete range of commercial and architectural lighting solutions in Australia and New Zealand.

An operating segment is a component of the Consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated entity's other components. The Consolidated entity 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 Consolidated entity's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Consolidated entity determines and presents operating segments, based on the information that internally is provided to the Managing Director who is the Consolidated entity's chief operating decision maker (CODM). The CODM reviews NPT (net profit after tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis. There is no aggregation of operating segments.

Intersegment transactions
Intersegment transactions were made at market rates and intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2026, there were no individual customers with revenues greater than 10% of trading revenues in the Consolidated entity.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

OPERATING SEGMENTS (CONT'D)

The accounting policy in respect of segment operating disclosures is in accordance with the adoption of AASB 8 Operating Segments and is presented as follows:

	Australia	New Zealand	Corporate	Total
Financial Year ended 30 June 2026	$	$	$	$
Revenue				
Revenue	19,238,734	3,181,595	-	22,420,329
Other revenue	42,088	6,568	-	48,656
Total segment revenue	19,280,822	3,188,163	-	22,468,985
Segment net profit after tax	(2,261,195)	165,170	(366,827)	(2,462,852)
Segment assets	12,040,770	2,097,796	7,875,670	22,014,236
Segment liabilities	(10,496,925)	(137,369)	(266,883)	(10,901,177)
Financial Year ended 30 June 2025				
Revenue				
Revenue	22,423,081	3,070,612	-	25,493,693
Other revenue	107,003	9,560	-	116,563
Total segment revenue	22,530,084	3,080,172	-	25,610,256
Segment net profit after tax	1,197,217	71,032	(335,603)	932,646
Segment assets	15,227,290	2,293,951	8,149,302	25,670,543
Segment liabilities	(11,028,289)	(157,381)	(368,066)	(11,553,736)

Geographical information

	Sales to external customers		Geographical total assets	
	FY 2026	FY 2025	FY 2026	FY 2025
	$	$	$	$
Australia	19,238,734	22,423,081	19,916,440	23,376,592
New Zealand	3,181,595	3,070,612	2,097,796	2,293,951
	22,420,329	25,493,693	22,014,236	25,670,543

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

5. REVENUE AND EXPENSES

	2026 $	2025 $
(a) Revenue from contracts with customers		
Revenue from sale of goods	21,386,394	24,913,467
Revenue from providing services	1,033,935	580,226
	22,420,329	**25,493,693**
(b) Other income		
Interest received	22,293	32,418
Rent received	-	45,000
Other income	26,363	39,145
	48,656	**116,563**
Total revenue and other income	**22,468,985**	**25,610,256**

6. ALDRIDGE RESTRUCTURING COSTS

On 24 June 2025, the Company acquired the assets of Aldridge Traffic Systems (ATS), which had previously been part of the Traffic Technologies Group (currently in Administration) (ASX: TTI).

ATS operated offices and warehouses across all mainland states of Australia. Following the acquisition of these businesses from Traffic Technologies, FOS needed to dispose of non-core assets and restructure the ATS operations. This included exiting six properties leased by ATS, building a new sales team in Victoria (VIC), New South Wales (NSW), and Queensland (QLD), and transferring all product approvals into FOS's name. These actions have enabled FOS to enter the road and street lighting sector, which is considered a highly defensive area within the lighting industry.

Expenses incurred to restructure ATS business	1,313,121	-

7. DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of directors and other executives

Con Scrinis	Managing Director
Michael Koutsakis	Executive Director
Michael Monsonego	Non-Executive Director
Mr Alexander (Sandy) Beard	Non-Executive Director

(b) Remuneration by Category: Directors and Executives

Summary as per remuneration report	2026 $	2025 $
Short-term employee benefits	675,000	615,000
Long-term employee benefits	-	-
Post-employment Employee benefits	-	-
Total	675,000	615,000

The remuneration compensation of each director and key management personnel for the year ending 30 June 2026 is paid to related party entities of the individual.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

8. INCOME TAX

(a) Prima facie tax benefit/expense on profit before income tax is reconciled to the income tax expense as follows:

	2026 $	2025 $
(Loss) / Profit before income tax	(3,443,179)	1,242,377
Prima facie income tax (benefit) / payable on (loss) / profit before		
Income tax at 25% (2025: 25%)	(860,795)	310,594
Tax effect of amount which are not assessable or not deductible in calculating taxable income		
Other (not assessable)/not deductible expenses	16,294	(3,256)
Under / (over) provision of tax in prior years	(30,826)	2,393
Income tax expense	**(875,327)**	**309,731**

(b) Income tax expenses

Current tax expense	(844,501)	307,338
Origination and reversal of temporary differences	60,340	95,298
Utilisation of tax losses and adjustment recognised for prior periods	(91,166)	(92,905)
Aggregate income tax expense	(875,327)	309,731

(c) Franking Credit

The amount of franking credits available for the subsequent financial year are:

Franking credits balance based on a tax rate of 25% (2025: 25%) at 1 July	598,285	562,767
Franking credits increase for the payment of income tax during the financial year	224,286	214,872
Franking credits reduction for the payment of fully franked dividends	(224,154)	(179,354)
Franking credits balance based on a tax rate of 25% (2025: 25%) at 30 June	**598,417**	**598,285**

9. TRADE AND OTHER RECEIVABLES

Trade debtors	2,833,087	3,874,123
Allowance for expected credit loss	(4,110)	(4,643)
	2,828,977	**3,869,480**
Trade receivables ageing analysis at 30 June is		
Current Debtors	1,603,228	2,881,543
Due in 30 Days	787,874	867,504
Due in 60 Days	233,184	55,649
Due in 90 Days plus *	208,801	69,427
	2,833,087	**3,874,123**

* There are no debtors past agreed due date and not impaired. The Consolidated entity maintains credit risk insurance and the Consolidated entity has not experienced any credit losses during the financial year ended 30 June 2026.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

10. INVENTORIES

	2026	2025
	$	$
Stock on hand – at cost		
- Raw material	5,483,031	5,301,567
- WIP and finished goods	1,458,786	1,173,856
Less – provision for obsolescence	(146,071)	(174,294)
	6,795,746	**6,301,129**

In 2004, FOS began a 12-month product consolidation process, which was followed by an additional 12 months to phase out the discontinued product lines. In June 2026, the company recorded an expense of $576,169 for the remaining inventory that had been discontinued after the consolidation process.

11. INVESTMENTS

Cost of shares in Anagenics Ltd	350,000	350,000
Provision for impairment*	(105,000)	-
	245,000	**350,000**

On 8 April 2025, the Company were issued AN1 35 million shares at an issue price of 1 cent per share in respect of services performed. The investment in AN1 shares is not trading stock but a strategic long-term investment and has been classified as a non-current asset at cost.

* On balance date, 30 June 2026 Anagenics' share price was $0.007 per share, and the company has made a provision for the impairment of its investment in Anagenics Ltd.

12. PLANT & EQUIPMENT

	2026	2025
	$	$
Plant and equipment - at cost	2,029,017	2,007,295
Accumulated depreciation	(1,153,408)	(1,016,885)
	875,609	990,410
IT Equipment – at cost	303,779	278,400
Accumulated depreciation	(254,703)	(206,857)
	49,076	71,543
Leasehold Improvement - at cost	77,533	77,533
Accumulated depreciation	(73,894)	(69,495)
	3,639	8,038
Motor Vehicles - at cost	247,300	247,300
Accumulated depreciation	(133,479)	(113,458)
	113,821	133,842
	1,042,145	**1,203,833**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

PLANT & EQUIPMENT (CONT'D)

Reconciliation of carrying amounts at the beginning and end of the year

Details	Plant and Equipment	IT Equipment	Leasehold Improvements	Motor Vehicles	Total
	$	$	$	$	$
Balance at 1 July 2025	990,410	71,543	8,038	133,842	1,203,833
Purchase of new assets	21,722	17,448	-	-	39,170
Depreciation charge	(136,523)	(39,915)	(4,399)	(20,021)	(200,858)
Balance at 30 June 2026	**875,609**	**49,076**	**3,639**	**113,821**	**1,042,145**
Balance at 1 July 2024	891,282	112,448	13,508	28,611	1,045,849
Acquisition of Aldrige (note 22)	190,000	-	-	110,000	300,000
Purchase of new assets	15,740	1,276	-	-	17,016
Depreciation charge	(106,612)	(42,181)	(5,470)	(4,769)	(159,032)
Balance at 30 June 2025	**990,410**	**71,543**	**8,038**	**133,842**	**1,203,833**

13. LEASES

(a) Right of use assets

	2026	2025
	$	$
Balance of right of use assets at 1 July	2,727,304	2,466,168
Addition of right of use assets	206,870	1,618,537
Termination of property lease contract	-	-
Less: Accumulated depreciation *	(1,426,503)	(1,357,401)
Balance of right of use assets at 30 June	**1,507,671**	**2,727,304**

* The amortisation expenses on leases incurred in the current period.

(b) Corresponding lease liabilities

	2026	2025
	$	$
Lease liabilities – current	1,166,575	1,485,804
Lease liabilities – non-current	431,556	1,339,157
	1,598,131	**2,824,961**

The Consolidated entity leases land and buildings for its offices and warehouses under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

14. INTANGIBLE ASSETS

	2026	2025
	$	$
Brand name – JSB Lighting	763,747	816,118
Brand name – Hawko Lighting	719,606	763,658
Brand name – Klik System	2,425,832	2,566,460
Brand name – Glowing Structures (note 25a)	881,586	928,398
Brand name – Aldrige* (note 25b)	1,074,787	1,131,355
Aldrige approved specification* (note 25b)	733,472	768,705
Goodwill on acquisition of Ecopoint	561,980	561,980
	7,161,010	**7,536,674**

Reconciliation of carrying amounts of brand name at the beginning and end of the year

	2026	2025
Brand Name – JSB Lighting		
Carrying value as at 1 July	816,118	868,490
Amortisation charge for the year	(52,371)	(52,372)
Carrying value as at 30 June	**763,747**	**816,118**
Brand Name – Hawko Lighting		
Carrying value as at 1 July	763,658	807,710
Amortisation charge for the year	(44,052)	(44,052)
Carrying value as at 30 June	**719,606**	**763,658**
Brand Name – Klik System		
Carrying value as at 1 July	2,566,460	2,707,088
Amortisation charge for the year	(140,628)	(140,628)
Carrying value as at 30 June	**2,425,832**	**2,566,460**
Brand Name – Aldridge Traffic System		
Carrying value as at 1 July	1,131,355	1,131,355
Amortisation charge for the year	(56,568)	-
Carrying value as at 30 June	**1,074,787**	**1,131,355**
Aldridge Approved Specifications		
Carrying value as at 1 July	768,705	768,705
Amortisation charge for the year	(35,233)	-
Carrying value as at 30 June	**733,472**	**768,705**
Brand Name – Glowing Structures		
Carrying value as at 1 July	928,398	-
Acquisition of Glowing Structures brand (note 22a)	-	936,200
Amortisation charge for the year	(46,812)	(7,802)
Carrying value as at 30 June	**881,586**	**928,398**

* Brand name "Aldridge" and Aldridge approved specification were acquired on 24 June 2025 and no amortisation charges were recorded for intangible assets in the financial year ended 30 June 2025.

Goodwill acquired through the historic business combinations have been allocated to the New Zealand cash-generating unit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

INTANGIBLE ASSETS (CONT'D)

Impairment testing

The recoverable amount of the Consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year budget period approved by management and forecasted for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the New Zealand cash generating unit:

- 10% pre-tax discount rate (2025: 12%);
- 5% per annum projected revenue growth rate (2025: 5%);
- 2.5% terminal growth rate (2025:2.5%); and
- 5% per annum increase in operating costs and overheads (2025: 5%).

The discount rate of 10% pre-tax reflects management's estimate of the time value of money and the Consolidated entity's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and historic trading performance and have no reason to revise this estimation based on current performance.

Compared to prior years, management have maintained their estimation of the movement in operating costs and overheads.

There were no other key assumptions for the New Zealand cash generating unit.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by 24% (2025: decrease 12%) before goodwill would need to be impaired, with all other assumptions remaining constant;
- Gross margins would need to decrease by more than 10% (2025: decrease 7%) before goodwill would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 208% (2025: increase 154%) before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

15. DEFERRED TAX ASSETS

	2026 $	2025 $
Deferred tax assets comprises temporary differences attributable to:		
Employee benefits	347,197	356,683
Accrued expenses	-	14,197
Provision for expected credit losses	1,028	1,161
Provision for inventory obsolescence	38,013	43,574
Tax Losses carried forward	1,055,533	270,241
	1,441,771	**685,856**
Movement in Deferred Tax Assets		
Balance as at 1 July	685,856	778,210
Charged/(credited) to profit or loss	755,915	(92,354)
Balance as at 30 June	**1,441,771**	**685,856**

16. TRADE AND OTHER PAYABLES

Trade payables and accruals	2,551,589	1,671,584
	2,551,589	**1,671,584**

17. PROVISION-EMPLOYEE BENFITS

Annual leave provision	678,979	616,585
Long service leave provision	705,704	812,348
	1,384,683	**1,428,933**
Annual leave provision – current	678,979	616,585
Long service leave provision – current	644,712	729,177
Employee entitlements – current	1,323,691	1,345,762
Long service leave provision – non-current	60,992	83,171

18. BORROWINGS

The carrying amounts of the Group's borrowings are as follows:

Current liability		
Invoice finance facility	1,480,419	1,779,154
Trade finance facility	997,098	-
Business loan	534,804	534,804
	3,012,321	**2,313,958**
Non-current liability		
Business loan	1,123,590	1,580,368

Borrowings are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

BORROWINGS (CONT'D)

Both current and non-current secured borrowings were secured by a fixed and floating charge over all assets of FOS Capital Ltd and FOS Lighting Pty Ltd.

Invoice finance facility is revolving credit facility of up to $3,000,000 (2025: $3,000,000) to fund approved business debts of FOS Lighting Pty Ltd of up to 85% of a debt and up to 33% of all trade debtors. There is no fixed termination date and effective borrowing cost is 6.51% p.a. (2025: 7.10%) on funds drawn inclusive of a margin of 1.25% above base rate. There is currently no fixed repayment term for the invoice finance facility.

The trade finance facility of $1,000,000 on August 28, 2025, supports both international and domestic trade transactions. This facility operates as a revolving credit line to fund underlying trade transactions, providing funding for up to 180 days. This facility has no fixed termination date. The effective borrowing cost is 7.26% per annum on drawn funds, which includes a margin of 1.25% above the base rate. As a revolving credit facility, it allows FOS to fund and repay trade transactions by their due dates, with the ability to finance new trade transactions as needed.

Business loan facility of $2,200,000 (2025: $2,200,000) is for a term of 3 years effective from April 2025 and effective borrowing cost is 6.20% p.a. (2025: 6.92%) on funds drawn with a redraw permitted only during a period in which variable interest rate applies. This loan is to be repaid by monthly principal and interest instalment of $44,567 and the balance remaining to be paid in full on expiry of the loan facility, being 30 April 2028.

19. DEFERRED TAX LIABILITIES

Deferred tax liability comprises temporary differences attributable to:

	2026 $	2025 $
Intangible assets – Brand names	1,197,692	1,268,658
Depreciation charge timing difference	33,171	49,131
Prepaid expenses	-	7,673
	1,230,863	**1,325,462**
Movement in Deferred Tax Liabilities		
Balance as at 1 July	1,325,462	1,160,059
Acquisition of intangible assets – Glowing Structures	-	234,050
Charged/(credited) to profit or loss	(94,599)	(68,647)
Balance as at 30 June	**1,230,863**	**1,325,462**

20. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	2026 $	2025 $
(Loss) / Earnings used in calculating diluted earnings per share	(2,567,852)	932,646

	Number of Shares 2026	 2025
Weighted average number of ordinary shares used in calculating basic earnings per share	68,253,304	54,175,249
There are no contingently issuable equity instruments that have a dilutive impact upon ordinary earnings per share		
Basic and diluted (loss)/earnings per share - (cents per share)	**(3.76)**	**1.72**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

21. ISSUED CAPITAL

	2026	2025
	$	$
Balance as at 1 July	9,208,987	5,422,042
Share issued to vendor of Glowing Structures	-	300,000
Share issued – employee bonus	-	41,667
Share issued – share placement	-	3,700,000
Share issued – dividend reinvest	416,747	-
Cost of capital raising	-	(254,722)
Balance as at 30 June	9,625,734	9,208,987

Number of shares issued

	2026 Number	**2025 Number**
Balance as at 1 July	67,246,104	53,806,139
Share issued to vendor of Glowing Structures	-	967,742
Share issued – employee bonus	-	138,889
Share issued – share placement	-	12,333,334
Share issued – dividend reinvest	1,488,373	-
Balance as at 30 June	**68,734,477**	**67,246,104**

Capital Management

When managing capital, management's objective is to ensure the Consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

22. CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	% Owned 30 June 2026	% Owned 30 June 2025
Parent Entity			
FOS Capital Ltd	Australia	-	-
Controlled Entity			
FOSCAP Investments Pty Ltd	Australia	100%	100%
FOS Lighting Pty Ltd	Australia	100%	100%
Baker & McAuliffe Holdings Pty Ltd	Australia	100%	100%
Glowing Structures Pty Ltd	Australia	100%	100%
FOS Lighting Limited	New Zealand	100%	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

23. PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the Australian Accounting Standards

	2026	2025
Statement of Financial Position	$	$
Current assets	2,649	9,692,054
Non-current assets	10,692,516	1,381,836
Total assets	**10,695,165**	**11,073,890**
Liabilities	266,883	368,066
Net Assets	**10,428,282**	**10,705,824**
Shareholder's equity		
i) Issued capital	9,625,734	9,208,987
ii) Retained earnings	802,548	1,496,837
Total shareholder's equity	**10,428,282**	**10,705,824**

The parent entity and its subsidiaries have not entered into any deed of cross guarantee, under which each company guarantees the debts of the others.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

24. STATEMENT OF CASH FLOW

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2026	2025
	$	$
Cash at bank	976,907	2,499,710

(b) Reconciliation of net cash used in operating activities to net loss after income tax.

Net profit after income tax	(2,567,852)	932,646
Depreciation & amortisation	576,522	403,886
Amortisation of leased assets in use	1,426,503	1,357,401
Impairment of investment	105,000	-
Issue of shares to employees (performance bonus)	-	41,667
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	1,040,503	722,890
Current inventories	(494,617)	50,542
Other current assets	31,548	(21,568)
Deferred tax assets	(755,915)	92,354
Increase/(decrease) in liabilities:		
Current trade payables	880,005	(1,255,401)
Provisions	(44,250)	(11,884)
Tax liabilities	(303,069)	(7,726)
Net cash provided by / (used in) operating activities	**(105,622)**	**2,304,807**

25. REMUNERATION OF AUDITORS

Auditors of the Parent Entity and Consolidated entity
Amounts received or due and receivable by auditors for:

	2026	2025
	$	$
Audit of the financial report of the entity	40,000	74,750
Review of the financial report of the entity	15,000	-
Other services – valuation, tax advisory and compliance	7,500	12,500
	62,500	**87,250**

26. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated entity. The Consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk and cashflow forecasting for liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2026	2025	2026	2025
	$	$	$	$
New Zealand dollars	616,474	836,950	137,369	157,381

The Consolidated entity had net financial assets denominated in foreign currencies of $479,105 (assets of $616,474 less liabilities of $137,369) as at 30 June 2026 (2025: $679,569 (assets of $836,950 less liabilities of $157,381). Based on this exposure, had the Australian dollar weakened by 5% or strengthened by 5% (2025: weakened by 5% or strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated entity's profit before tax for the year would have been $23,965 lower or $23,965 higher (2025: $33,978 lower or $33,978) and equity would have been $98,021 lower or $98,021 higher (2025: $106,829 lower or $106,829). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2026 was $54,369 (2025: foreign exchange loss of $54,369).

Price risk

The Consolidated entity is not exposed to any material price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated entity. The Consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated entity does not hold any collateral.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

FINANCIAL INSTRUMENTS (CONT'D)

The Consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated entity does not have any particular concentration of credit risk with trade payables and other payables due within 1 year or less.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2026, the Consolidated entity's financial liabilities which is represented by trade and other payables were repayable within 60 day terms with the exception of lease liabilities, the current portion of which were repayable between 60 and 365 days, and the non-current over 1 year.

Deferred consideration of $200,000 relating to acquisition of business assets of Glowing Structures Pty Ltd is payable by 6 November 2025 but not before 6 November 2025.

The Company has an interest bearing working capital facility with Westpac of $2,200,000, this credit facility was secured by fixed and floating charge over the assets of the Company. See note 18 for details of the loan facility. As at 30 June 2026, $534,804 is due and payable within 12 months (2025: $534,804), $534,804 due and payable between 1 and 2 years (2025:$534,800) and $1045,564 between 2 and 5 years (2025:$1,045,564). The weighted average interest rate is 6.92%.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

27. CONTINGENT ASSETS AND LIABILITIES

At balance date of this report the Consolidated entity has contingent liabilities of $575,998 (2025: $575,998) for bank guarantee issued for lease rentals.

Apart from the above, the directors are not aware of any contingent assets or any contingent liabilities as at 30 June 2026 (2025: nil).

28. EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since 30 June 2026 that have significantly affected or may significantly affect

- The Consolidated entity's operation in future financial years or
- The results of those operation in future financial years or
- The Consolidated entity's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

DETAILS OF CONSOLIDATED ENTITIES

Name of the Company	Entity Type	Country of Incorporation	% Share capital held	Tax Residency	Foreign Jurisdiction
Parent Entity					
FOS Capital Ltd	Body Corporate	Australia	100%	Australia	N/A
Controlled Entity					
FOSCAP Investments Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
FOS Lighting Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Baker & McAuliffe Holdings Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Glowing Structures Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
FOS Lighting Limited	Body Corporate	New Zealand	100%	New Zealand	New Zealand

Basis of preparation
This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency
Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency
The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts
None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 June 2026

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards and Interpretations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date
- the consolidated entity disclosure statement on page 40 is true and correct; and
- there are reasonable grounds to believe that the company 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Con Scrinis
Director

Melbourne
25 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of FOS Capital Ltd for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of FOS Capital Ltd and its controlled entities.

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ROBIN KING HENG LI CA RCA
Director
STANNARDS AUDIT PTY LTD
Authorised Audit Company No. 571846
Date:25 August 2026

STANNARDS

Independent Auditor's Report
To the Members of FOS Capital Ltd
Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of FOS Capital Ltd ("consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, the directors' declaration of consolidated entity and the consolidated entity disclosure statement.

In our opinion the financial report of FOS Capital Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of consolidated entity 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act* 2001, which has been given to the directors of consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial report of FOS Capital Ltd, for the year ended 30 June 2025, was audited by another auditor who expressed an unmodified opinion on the report on 27 August 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Stannards Audit Pty Ltd ABN: 24 683 552 874

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition The Consolidated entity executes sales agreements with its customers. These agreements typically result in revenue being recognised at a point in time which aligns to the completion of performance obligations under the contract in accordance with AASB 15 *Revenue from Contracts with Customers* ('AASB 15'). Revenue has dropped in the current financial year due to Industry downturn and product failure. This area is the key audit matter as revenue requires: • Applying judgement to when the performance milestone is achieved in respect of the performance obligations; • Recognition of revenue in the correct accounting period (cut-off); and • The significance of revenue to the Gorup's financial results.	Our procedures included, amongst others: • Determining whether revenue recognised is in-compliance with the Consolidated entity's accounting policies for all material sources of revenue and is in accordance with AASB 15; • Examining a sample of customer contracts to support the existence and completeness of revenue in the period recognised by agreeing to contracts, shipping documentation, invoices and subsequent receipts from customers; • Performing detailed cut-off testing to assess revenue transactions at the year-end had been recorded in the correct financial period; and • Examining a sample of aged trade debtors for evidence of collectability and/or for disputes with the services provided. We also assessed the appropriateness of financial statement disclosure at notes 5,6 and 9 with respect to the requirements of AASB 15.
Valuation and impairment of intangible assets At 30 June 2026, the Consolidated entity recognised intangible assets of $7,161,010, including goodwill of $561,980. The Consolidated entity accounts for finite-life intangible assets in accordance with AASB 138 *Intangible Assets* ('AASB 138') and assesses them for impairment indicators. Goodwill is tested for impairment annually in accordance with AASB 136 *Impairment of Assets* ('AASB 136') using a value-in-use model. This was a key audit matter because the carrying value is significant to the Consolidated	Our procedures included, amongst others: • Reconciling the carrying values and amortisation of intangible assets to the underlying accounting records and assessing the accounting treatment and useful lives were consistent with AASB 138; • Assessing management's consideration of impairment indicators for finite-life intangible assets in accordance with AASB 136, including the current-year trading performance and the continued use of the brands; • Evaluating the Consolidated entity's value-in-use model for the New Zealand cash-generating

entity and the impairment assessment under AASB 136 involves significant judgement in forecasting future cash flows and selecting key assumptions, including revenue growth, gross margin, terminal growth and the discount rate.	unit, including the mathematical accuracy of the discounted cash flow model; • Assessing the reasonableness of key assumptions used in the impairment model, including forecast growth, gross margin, inflation, terminal growth and the discount rate, with reference to management-approved forecasts and available supporting information; and • Assessing the adequacy of the related disclosures in Notes 1(d), 3 and 14 to the financial statements with respect to the requirements of AASB 136 and AASB 138 .
Valuation of inventories At 30 June 2026, the Consolidated entity recognised inventories of $6,795,746, net of an obsolescence provision of $146,071. During the year, the Consolidated entity also recorded a $576,169 write-off of discontinued product line. This was a key audit matter because inventories are significant to the Consolidated entity's financial position and judgement involved in assessing inventories are carried at their net realisable value.	Our procedures included, amongst others: • Attending and observing the Consolidated entity's physical stocktake procedures at year end and performing test counts on a sample basis; • Obtaining an understanding of the Consolidated entity's process for identifying discontinued product line and obsolete inventory and evaluating the methodology used to determine the obsolescence provision and write-offs; • Testing, on a sample basis, the cost of inventory to supporting purchase and production records and considering inventory was recorded at the net realisable value; • Considering the appropriateness of the $576,169 discontinued product line inventory write-off and the remaining provision for obsolescence at year end; and • Assessing the adequacy of the related disclosures in Notes 2 and 10 to the financial statements.

Information Other Than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the consolidated entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 10 of the directors' report for the financial year ended 30 June 2026.

In our opinion the Remuneration Report of FOS Capital Ltd for the financial year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Stannards Audit
STANNARDS AUDIT PTY LTD
Authorised Audit Company No. 571846

ROBIN KING HENG LI CA RCA

Director

Date: 25 August 2026

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

STATEMENT OF SECURITY HOLDERS AS AT 21 AUGUST 2026

(a) Distribution of shareholders by sizes of holdings

1 - 1,000	27
1,001 - 5,000	40
5,001 - 10,000	64
10,001 - 100,000	147
100,001 and over	51
Total	329

Holding less than a marketable parcel	58

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number of shares held	Percentage
SKM Investment Group Pty Ltd	31,910,357	46.426%
Schoolblazer Limited	8,693,118	12.647%
Dixson Trust Pty Limited	1,833,333	2.667%
Bellaire Capital Pty Ltd <Bellaire Capital Invest A/C>	1,671,488	2.432%
Mr George Midas & Mrs Chrissanthi Midas <The G & C Midas Sf Fund A/C>	1,666,667	2.425%
First Samuel Ltd Acn 086243567 <Anf Its Mda Clients A/C>	1,276,668	1.857%
Stara Investment Management Limited <Vail Lane Fund A/C>	1,250,000	1.819%
Sandam Investments Pty Ltd <De Guara Discretionary A/C>	967,742	1.408%
Magnetic Capital Pty Ltd	849,163	1.235%
JS Millner Holdings Pty Ltd	833,333	1.212%
Southern Steel Investments Ptyltd	816,667	1.188%
Mr Matthew Regos & Mrs Silvia Lisa Regos <Regos Family A/C>	740,632	1.078%
Robyn Robinson Holdings Pty Ltd	666,667	0.970%
Brazil Farming Pty Ltd	666,667	0.970%
New Vision Film Distributors Pty Ltd	650,000	0.946%
240voltz Pty Ltd <Larry Voltz Sf A/C>	589,893	0.858%
Forma Lighting (Hong Kong) Limited	514,662	0.749%
BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	500,000	0.727%
Longbourne Pty Ltd	459,700	0.669%
Silicon Controls Limited	410,778	0.598%
Total for top 20	56,967,535	82.88
Total other investors	11,766,942	17.12
Total shares on issue	68,734,477	100.00

Substantial shareholders as per substantial shareholder advice held at 21 August 2026

Name		
SKM Investment Group Pty Ltd	32,110,357	46.72%
Schoolblazer Limited	8,693,356	12.65%