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2025 Annual Report

FOS Capital Limited
ABN: 76 637 156 275

FY25 Highlights

Strong Operating Result

Sales: \$25.5m

+4% yoy

NPAT: \$0.9m

+48% yoy

DPS: 1cps

1cps in pcp

EBITDA: \$2.1m

+43% yoy

EPS: 1.72cps

+47% yoy

Solid Balance Sheet

Op CF: \$2.3m

+130% yoy

Net Debt: \$1.4m

+100% yoy

Positive Outlook

Active Quotes: \$115m

vs \$110m in pcp

Orders on Hand: \$8.8m

(vs \$9.5m in pcp)

FOS Capital Limited

2025 Annual Report

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

William Buck

Level 20, 181 William Street Melbourne VIC 3000

PH: 03 9824 8555

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>

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DIRECTORS' REPORT

The directors present their report together with the financial report of the Consolidated entity consisting of FOS Capital Limited (the 'Company' or 'FOS') and the entities it controlled (The 'Group'), for the financial year ended on 30 June 2025 and auditor's report thereon. Comparative financial information shown in this financial statement is for the year ended on 30 June 2024.

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 are shown below.

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 Hancock and Gore 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 Hancock & Gore (ASX: HNG), and a Director of Anagenics Limited (ASX:AN1) Sandy was a director of Pure Foods Tasmania Limited (ASX:PFT) until May 2022 and Centrepont Alliance Ltd (ASX:CAF) until September 2023.

Interests in shares: Sandy indirectly holds 330,000 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 ASX listed 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 Enevis Ltd formerly Stokes Ltd which transformed from an appliance parts manufacturer and distributor to a lighting and audio-visual business.

Con holds no other or former directorships in listed entities.

Interests in shares: Con indirectly holds 11,553,750 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 Enevis 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 11,553,750 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 7,702,500 fully paid ordinary shares

DIRECTORS' REPORT (CONT'D)**COMPANY SECRETARY****Hemant Amin**

Hemant is a certified practicing accountant with over 33 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 activity of the Consolidated entity includes 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 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors of FOS Capital Ltd take great pleasure in reporting to you the substantial work and progress that has been achieved during the year ended 30 June 2025.

The financial result for the year ended 30 June 2025 was a profit after tax of \$932,646 (2024: \$632,161).

Revenue for the year ended 30 June 2025 increased by 4% to \$25.5 million (2024: \$24.5 million), orders in hand at June 2025 \$8.8 million (2024: \$9.5 million) and active quotes at June 2025 was \$115 million (2024: \$110 million).

On 6 May 2025, the Company acquired the business and assets of Glowing Structures ('GS') for total consideration of \$700,000. GS was established in 2007 and is based in Melbourne, Victoria. GS is a specialist lighting design consultancy which provides high-quality services ranging from lighting conception through to installation. The company generates annual lighting specifications worth \$14 million, which FOS is looking to convert into FOS product sales.

On 24 June 2025, the Company acquired the assets of Aldridge Traffic Systems ('ATS'), which had been part of the Traffic Technologies Group (in Administration) (ASX: TTI). ATS specialises in road and street lighting, a sector with high barriers to entry due to various approval process requirements with road authorities. As such this acquisition has allowed FOS to enter a new, highly defensive sector within the lighting industry.

To fund the above acquisition of ATS, FOS successfully completed an equity share placement of \$3.7 million (before costs) at 30c per share on 24 June 2025 to settle the consideration payable of \$3.1m and provide additional working capital.

Substantial progress has been made since the acquisition of ATS, which now has a dedicated team of seven key staff. Most of these employees are in sales functions, all of whom have significant experience in the road sector. Since acquisition, orders procured to date stand at \$0.56 million and active quotes of \$1.8 million, and FOS is progressing on the sale of non-core assets.

Throughout the year additional synergies were created through the consolidation of manufacturing and administration functions across the Group, while progress was also made on the rationalisation of product lines. International market sales have continued to grow, with export market sales reaching \$2.7 million (11% of Group sales) for the year, an increase of 62% against the period to 30 June 2024.

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

DIRECTORS' REPORT (CONT'D)**REVIEW OF OPERATIONS AND MATERIAL CHANGES IN THE STATE OF AFFAIRS (CONT'D)**

In terms of capital management during the period, the Group paid a 1 cent per share dividend (fully franked) to shareholders equivalent to \$538,061 (2024: \$nil) and the final \$1.0m KLIK Systems deferred consideration payment. Given positive operating cash flow of \$2.3m (2024: operating cash outflow of \$1.01m), the Group ended 30 June 2025 with an improved financial position.

The outlook for the key industries served by the Group remains strong, including infrastructure, hospitals, and schools, with active quotes at \$115.0m while the order book has reduced to \$8.8m (2024: \$9.6m). This provides good visibility on performance in the current period.

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

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

DIVIDENDS

The Company declared a 1 cent fully franked dividend in respect of the year ended 30 June 2025, payable on 27 October 2025.

On 26 September 2024, the Company paid 1 cent fully franked dividend in respect of the year ended 30 June 2024.

OPTIONS

For the year ended 30 June 2025 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 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 CONDITIONS

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.

DIRECTORS' REPORT (CONT'D)**C) PRODUCT FAILURE**

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.

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.

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 RISKS

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.

PROCEEDINGS 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:

Director	Directors' Meetings	
	Eligible to attend	Attended
Con Scrinis	6	6
Michael Koutsakis	6	6
Michael Monsonogo	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 43.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001. There are no officers of the Company who are former directors of William Buck.

NON-AUDIT SERVICES

Non-audit services are approved by directors. Non-audit services were provided by the auditors of the Consolidated entity during the 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 Limited 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 Limited or any of its related entities, acting as an advocate for FOS Capital Limited or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of FOS Capital Limited or any of its related entities.

	2025	2024
	\$	\$
Amounts paid and payable to William Buck for non-audit services:		
Taxation advisory and compliance services	12,500	24,500

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 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of FOS Capital Limited 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 Director's 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 2025 and 2024. During the year ended 30 June 2025 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 Monsonogo	Non-Executive Director
Mr Alexander (Sandy) Beard	Non-Executive Director
Pauline Koutsakis*	Marketing executive

*Pauline Koutsakis was no longer considered a key management personnel from 1 July 2024.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

	Short Term Salary and fees	
	2025	2024
Name of Director and key management personnel	\$	\$
Con Scrinis	270,000	240,000
Michael Koutsakis	270,000	240,000
Michael Monsonogo	25,000	25,000
Mr Alexander (Sandy) Beard	50,000	50,000
Pauline Koutsakis	-	120,000
	615,000	675,000

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

Consequences of Company's performance on shareholder wealth

DIRECTORS' REPORT (CONT'D)

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

	2025	2024	2023	2022	2021
Revenue	\$25,493,693	\$24,527,233	\$17,120,295	\$13,506,901	\$8,156,915
% increase in revenue	4%	43%	27%	66%	191%
Profit before tax	\$1,243,203	\$830,860	\$742,709	\$411,194	\$789,280
% increase in profit before tax	50%	11%	81%	-48%	489%
Dividend (in cents) to shareholders	1	1	-	0.5	-
Total remuneration of KMP	\$615,000	\$675,000	\$660,000	\$621,000	\$566,833
Total performance based remuneration	-	-	-	-	-

Directors' equity holdings

As at 30 June 2025 key management personnel had relevant interests in ordinary shares (held either directly or indirectly) in FOS Capital Limited as follows:

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

As at 30 June 2024, the key management personnel had relevant interests in the following number of ordinary shares (held either directly or indirectly) in FOS Capital Limited:

Director	Opening balance	Shares issued as part of remuneration	On market purchase or disposal	Closing balance
Con Scrinis	11,531,250	-	22,500	11,553,750
Michael Koutsakis	11,531,250	-	22,500	11,553,750
Michael Monsonego	7,687,500	-	15,000	7,702,500
Mr Alexander (Sandy) Beard	330,000	-	-	330,000

Directors did not hold any options as at 30 June 2025 (2024: nil).

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

This concludes the Remuneration report, which has been audited.

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 2025, the Consolidated entity paid \$116,846 (2024: \$95,694) to KMS.

DIRECTORS' REPORT (CONT'D)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of FOS Capital Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third 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 27 August 2025 in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.



Con Scrinis

Director

27 August 2025

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

		FY 2025	FY 2024
	Notes	\$	\$
Revenue and other income			
Revenue	4(a)	25,493,693	24,527,233
Cost of sales		(14,213,301)	(15,379,657)
Gross profit		11,280,392	9,147,576
Other Income			
Other Income	4(b)	116,563	210,857
Expenses			
Admin and corporate expenses		(5,745,378)	(4,452,153)
Marketing, selling and distribution expenses		(2,215,188)	(1,840,242)
Amortisation of right of use assets		(1,357,401)	(1,011,880)
Depreciation & amortisation		(403,886)	(349,772)
Finance costs		(432,725)	(270,130)
Restructuring costs		-	(603,396)
Total expenses		(10,154,578)	(8,527,573)
Profit before income tax		1,242,377	830,860
Income tax expense	6	(309,731)	(198,699)
Profit after income tax		932,646	632,161
Other comprehensive income			
Items that may be reclassified to profit or loss:			
- Foreign currency translation gain / (loss)		22,587	(6,846)
Total comprehensive income attributable to: members of the parent entity		955,233	625,315
Earnings per share for profit attributable to the equity holders of the entity:			
Basic and diluted earnings per share (cents per share)	19	1.72	1.17

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		30 June 2025 \$	30 June 2024 \$
	Notes		
Current Assets			
Cash and cash equivalents	22(a)	2,499,710	1,677,005
Trade and other receivables	8	3,869,480	4,942,370
Inventories	9	6,301,129	5,901,731
Assets held for sale	23(a)	450,000	-
Prepayments		46,557	24,989
Total Current Assets		13,166,876	12,546,095
Non-Current Assets			
Plant and equipment	10	1,653,833	1,045,849
Investment		350,000	-
Right of use assets	13	2,727,304	2,466,168
Intangible assets	12	7,536,674	4,945,268
Deferred tax assets	13	685,856	778,210
Total Non-Current Assets		12,953,667	9,235,495
Total Assets		25,670,543	21,781,590
Current Liabilities			
Trade and other payables	14	1,671,584	2,926,985
Deferred consideration	23(a)	200,000	1,000,000
Lease liabilities	11	1,485,804	1,101,592
Borrowings	16	2,313,958	1,151,152
Provision for employee entitlements	15	1,345,762	1,367,755
Provision for current income tax expense		208,470	147,549
Total Current Liabilities		7,225,578	7,695,033
Non-Current Liabilities			
Borrowings	16	1,580,368	1,500,000
Lease liabilities	11	1,339,157	1,442,896
Deferred tax liabilities	17	1,325,462	1,160,059
Provisions for employee entitlements	15	83,171	70,912
Total Non-Current Liabilities		4,328,158	4,173,867
Total Liabilities		11,553,736	11,868,900
Net Assets		14,116,807	9,912,690
Equity			
Contributed equity	18	9,208,987	5,422,042
Foreign currency translation reserve		(54,369)	(76,956)
Retained earnings		4,962,189	4,567,604
Total Equity		14,116,807	9,912,690

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	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)
A at 30 June 2025	9,208,987	(54,369)	4,962,189	14,116,807

	Contributed Equity	Foreign currency translation reserve	Retained earnings	Total
	\$	\$	\$	\$
As at 1 July 2023	5,422,042	(70,110)	3,935,443	9,287,375
Profit after income tax expense for the year	-	-	632,161	632,161
Foreign currency translation (losses)	-	(6,846)	-	(6,846)
Total comprehensive income for the year	-	(6,846)	632,161	625,315
Transactions with owners in their capacity as owners:	-	-	-	-
As at 30 June 2024	5,422,042	(76,956)	4,567,604	9,912,690

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		FY 2025	FY 2024
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers		28,473,116	24,932,544
Proceeds from rental income		45,000	137,500
Payments to suppliers and employees		(25,587,898)	(23,731,442)
Interest received		32,417	12,857
Payment of interest		(432,725)	(270,130)
Payment of income tax		(225,103)	(67,641)
Net cash (used in) / provided by operating activities	22(b)	2,304,807	1,013,688
Cash flows from investing activities			
Payment for property, plant and equipment		(17,016)	(63,725)
Payments for acquisition of business assets		(4,300,000)	(2,270,000)
Net cash used in investing activities		(4,317,016)	(2,333,725)
Cash flows from financing activities			
Proceeds from borrowings		1,243,174	2,651,152
Proceeds from issue of shares, net of costs		3,445,278	-
Dividend paid		(538,061)	-
Payment of principal portion of lease liabilities		(1,338,064)	(1,061,178)
Net cash provided by / (used in) financing activities		2,812,327	1,589,974
Net increase in cash held		800,118	269,937
Increase / (decrease) in foreign currency reserves		22,587	(6,846)
Cash and cash equivalents at the beginning of the financial year		1,677,005	1,413,914
Cash and cash equivalents at the end of the financial year	24(a)	2,499,710	1,677,005

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 Limited and controlled entities as a Consolidated entity. FOS Capital Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. The address of FOS Capital Limited's registered office and principal place of business is Unit 3, 41 Rose Street, Richmond, VIC 3121. FOS Capital Limited is a for-profit entity for the purpose of preparing the financial statements. The 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 Limited's functional and presentation currency.

Comparative financial information shown in this financial statement is for the year ended 30 June 2024.

The financial report of FOS Capital Limited for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the directors on 27 August 2025.

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 23 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 1.

b. 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

c. 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.

d. Intangible assets

Brand name

The Consolidated entity acquired the JSB Lighting, Hawko Lighting, Klik Systems and Glowing Structures brand names, a result of acquisition of business (refer to note 12), with the assets acquired of Aldridge Traffic Solutions resulting in a fair value of assets acquired and brand name being recorded. 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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

e. 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.

f. 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).

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

g. 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.

h. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

i. Non-current assets classified as held for sale

Non-current assets 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.

j. 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.

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).

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

k. 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.

l. 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.

m. Comparatives

The financial report includes the Consolidated results of FOS Capital Ltd for the year ended on 30 June 2025, where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

n. Rounding of amounts

The parent entity and the Consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

o. 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 2025. The Consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

p. 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.

In applying AASB 3 *Business Combinations*, management is required to exercise significant judgement in assessing whether an acquisition meets the definition of a business or represents the purchase of a group of assets. This assessment involves consideration of whether the acquired set of activities and assets includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Determining whether processes are substantive requires careful evaluation of the nature of the acquired operations, the stage of development, and the extent to which workforce, systems, and intellectual property are capable of generating outputs. The outcome of this judgement directly impacts the accounting treatment, including the recognition of goodwill versus the allocation of purchase consideration to identifiable assets and liabilities.

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.

2. 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 5:

KMS Properties Pty Ltd, an entity related to Messrs Con Scrinis, Michael Koutsakis and Michael Monsonogo, 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 2025, the Consolidated entity paid \$116,846 (2024: \$95,694).

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.

3. 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 2025, 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 2025

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 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)

Financial Year ended 30 June 2024

Revenue				
Revenue	21,130,595	3,396,638	-	24,527,233
Other revenue	198,000	12,857	-	210,857
Total segment revenue	21,328,595	3,409,495	-	24,738,090
Segment net profit after tax	565,101	315,982	(248,922)	632,161
Segment assets	13,637,915	2,324,400	5,819,275	21,781,590
Segment liabilities	(11,655,770)	(121,449)	(91,681)	(11,868,900)

Geographical information

	Sales to external customers		Geographical total assets	
	FY 2025	FY 2024	FY 2025	FY 2024
	\$	\$	\$	\$
Australia	22,423,081	21,130,595	23,376,592	19,457,190
New Zealand	3,070,612	3,396,638	2,293,951	2,324,400
	<u>25,493,693</u>	<u>24,527,233</u>	<u>25,670,543</u>	<u>21,781,590</u>

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4. REVENUE AND EXPENSES

	2025 \$	2024 \$
(a) Revenue from contracts with customers		
Revenue from sale of goods	24,913,467	24,527,233
Revenue from providing services	580,226	-
	25,493,693	24,527,233
(b) Other income		
Interest received	32,418	12,857
Rent received	45,000	137,500
Gain on lease termination	-	2,925
Other income	39,145	57,575
	116,563	210,857
Total revenue and other income	25,610,256	24,738,090

5. DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of directors and other executives

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

(b) Remuneration by Category: Directors and Executives

	2025 \$	2024 \$
Summary as per remuneration report		
Short-term employee benefits	615,000	675,000
Long-term employee benefits	-	-
Post-employment Employee benefits	-	-
Total	615,000	675,000

The 30 June 2024 disclosure of key management personnel included Pauline Koutsakis who was no longer considered a key management personnel from 1 July 2024.

The remuneration compensation of each director and key management personnel for the year ending 30 June 2025 is paid to related party entities of the individual.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

6. INCOME TAX

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

	2025 \$	2024 \$
Profit before income tax	1,242,377	830,860
Prima facie income tax payable / (benefit) on profit/loss before		
Income tax at 25% (2024: 25%)	310,594	207,715
Tax effect of amount which are not assessable or not deductible in calculating taxable income		
Other (not assessable)/not deductible expenses	(3,256)	(19,731)
Under / (over) provision of tax in prior years	2,393	10,715
Income tax expense	309,731	198,699

(b) Income tax expenses

Current tax expense	307,338	190,310
Origination and reversal of temporary differences	95,298	104,368
Utilisation of tax losses and adjustment recognised for prior periods	(92,905)	(95,979)
Aggregate income tax expense	309,731	198,699

(c) Franking Credit

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

Franking credits available for subsequent reporting periods based on a tax rate of 25% (2024: 25%)	562,767	545,419
Franking credits increase for the payment of income tax during the financial year	214,872	17,348
Franking credits reduction for the payment of fully franked dividends	(179,354)	-
	598,285	562,767

7. TRADE AND OTHER RECEIVABLES

Trade debtors	3,874,123	4,946,946
Allowance for expected credit loss	(4,643)	(4,576)
	3,869,480	4,942,370

Trade receivables ageing analysis at 30 June is:

Current Debtors	2,881,543	1,976,133
Due in 30 Days	867,504	2,491,935
Due in 60 Days	55,649	451,050
Due in 90 Days plus *	69,427	27,828
	3,874,123	4,946,946

* 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 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

8. INVENTORIES

	2025	2024
	\$	\$
Stock on hand – at cost		
- Raw material	5,301,567	5,003,813
- WIP and finished goods	1,173,856	1,043,676
Less – provision for obsolescence	(174,294)	(145,758)
	6,301,129	5,901,731

9. INVESTMENTS

Shares in Anagenics Ltd	350,000	-
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On 8 April 2025, the Company were issued 35 million shares in Anagenics Ltd (ASX:AN1) at an issue price of 1 cent per share in respect of services performed. These shares are held in escrow for 12 months and not tradable at balance date. The investment in AN1 shares is not trading stock but a strategic long-term investment. Considering the strategic intent for this investment, the investment in AN1 shares has been classified as a non-current asset at cost.

And due to the lack of an active market and the unreliability of last-traded prices in this thinly traded micro-cap, the carrying value at 30 June 2025 has been determined at cost. This approach provides a more faithful representation of the asset's value to the entity.

10. PLANT & EQUIPMENT

	2025	2024
	\$	\$
Plant and equipment - at cost	2,007,295	1,810,387
Accumulated depreciation	(1,016,885)	(919,105)
	990,410	891,282
IT Equipment – at cost	278,400	277,124
Accumulated depreciation	(206,857)	(164,676)
	71,543	112,448
Leasehold Improvement - at cost	77,533	77,533
Accumulated depreciation	(69,495)	(64,025)
	8,038	13,508
Motor Vehicles - at cost	247,300	137,300
Accumulated depreciation	(113,458)	(108,689)
	133,842	28,611
	1,203,833	1,045,849

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 2024	891,282	112,448	13,508	28,611	1,045,849
Acquisition of Aldridge (note 23)	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
Balance at 1 July 2023	453,408	152,883	20,645	2,473	629,409
Acquisition of Klik System	483,040	-	-	29,780	512,820
Purchase of new assets	62,717	1,008	-	-	63,725
Assets retired or written off	(12,227)	-	-	-	(12,227)
Depreciation charge	(95,656)	(41,443)	(7,137)	(3,642)	(147,878)
Balance at 30 June 2024	891,282	112,448	13,508	28,611	1,045,849

11. LEASES

(a) Right of use assets

	2025	2024
	\$	\$
Balance of right of use assets at 1 July	2,466,168	960,574
Addition of right of use assets	1,618,537	2,686,071
Termination of property lease contract	-	(168,597)
Less: Accumulated depreciation *	(1,357,401)	(1,011,880)
Balance of right of use assets at 30 June	2,727,304	2,466,168

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

(b) Corresponding lease liabilities

	2025	2024
	\$	\$
Lease liabilities – current	1,485,804	1,101,592
Lease liabilities – non-current	1,339,157	1,442,896
	2,824,961	2,544,488

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

12. INTANGIBLE ASSETS

	2025	2024
	\$	\$
Brand name – JSB Lighting	816,118	868,490
Brand name – Hawko Lighting	763,658	807,710
Brand name – Klik System	2,566,460	2,707,088
Brand name – Glowing Structures (note 23a)	928,398	-
Brand name – Aldridge* (note 23b)	1,131,355	-
Aldridge approved specifications* (note 23b)	768,705	-
Goodwill on acquisition of Ecopoint	561,980	561,980
	7,536,674	4,945,268

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

Brand Name – JSB Lighting		
Carrying value as at 1 July	868,490	920,861
Amortisation charge for the year	(52,372)	(52,371)
Carrying value as at 30 June	816,118	868,490
Brand Name – Hawko Lighting		
Carrying value as at 1 July	807,710	851,762
Amortisation charge for the year	(44,052)	(44,052)
Carrying value as at 30 June	763,658	807,710
Brand Name – Klik System		
Carrying value as at 1 July	2,707,088	-
Acquisition of Klik System Brand	-	2,812,559
Amortisation charge for the year	(140,628)	(105,471)
Carrying value as at 30 June	2,566,460	2,707,088
Brand Name – Glowing Structures		
Carrying value as at 1 July	-	-
Acquisition of Glowing Structures brand (note 23a)	936,200	-
Amortisation charge for the year	(7,802)	-
Carrying value as at 30 June	928,398	-

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

Impairment testing

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

INTANGIBLE ASSETS (CONT'D)

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:

- 12% pre-tax discount rate (2024: 12%);
- 5% per annum projected revenue growth rate (2024: 5%);
- 2.5% terminal growth rate (2024: 2.5%); and
- 5% per annum increase in operating costs and overheads (2024: 5%).

The discount rate of 12% 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 1, 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 12% (2024: decrease 13%) before goodwill would need to be impaired, with all other assumptions remaining constant;
- Gross margins would need to decrease by more than 7% (2024: decrease 6%) before goodwill would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 15% (2024: increase 14%) 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.

13. DEFERRED TAX ASSETS

	2025	2024
	\$	\$
Deferred tax assets comprises temporary differences attributable to:		
Employee benefits	356,683	359,752
Accrued expenses	14,197	16,218
Provision for expected credit losses	1,161	1,281
Provision for inventory obsolescence	43,574	37,812
Tax Losses carried forward	270,241	363,147
	685,856	778,210
Movement in Deferred Tax Assets		
Balance as at 1 July	778,210	687,919
Charged/(credited) to profit or loss	(92,354)	(108,379)
Addition through acquisition of business	-	198,670
Balance as at 30 June	685,856	778,210

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

14. TRADE AND OTHER PAYABLES

Trade payables and accruals	1,671,584	2,886,985
Rental bond received for sub-lease	-	40,000
	1,671,584	2,926,985

15. PROVISION-EMPLOYEE BENEFITS

	2025	2024
	\$	\$
Annual leave provision	616,585	615,286
Long service leave provision	812,348	823,381
	1,428,933	1,438,667
Annual leave provision	616,585	615,286
Long service leave provision - current	729,177	752,469
Employee entitlements – current	1,345,762	1,367,755
Long service leave provision – non-current	83,171	70,912

16. BORROWINGS

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

Current liability		
Invoice finance facility	1,779,154	1,151,152
Business loan	534,804	-
	2,313,958	1,151,152
Non-current liability		
Business loan	1,580,368	1,500,000

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.

Borrowing from Westpac (both current and non-current) is 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 a revolving credit facility of up to \$3,000,000 (2024: \$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 7.10% p.a. (2024: 6.74%) 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.

Business loan facility of \$2,200,000 (2024: \$2,000,000) is for a term of 3 years effective from April 2025 and effective borrowing cost is 6.92% p.a. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

17. DEFERRED TAX LIABILITIES

Deferred tax liability comprises temporary differences attributable to:

	2025	2024
	\$	\$
Intangible assets – Brand names	1,268,658	1,095,822
Depreciation charge timing difference	49,131	62,313
Prepaid expenses	7,673	1,924
	<u>1,325,462</u>	<u>1,160,059</u>
Movement in Deferred Tax Liabilities		
Balance as at 1 July	1,160,059	455,050
Acquisition of intangible assets – Klik System	-	703,140
Acquisition of intangible assets – Glowing Structures	234,050	-
Charged/(credited) to profit or loss	(68,647)	1,869
Balance as at 30 June	<u>1,325,462</u>	<u>1,160,059</u>

18. ISSUED CAPITAL

Balance as at 1 July	5,422,042	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	-
Cost of capital raising	(254,722)	-
Balance as at 30 June	<u>9,208,987</u>	<u>5,422,042</u>

Number of shares issued	2025	2024
	Number	Number
Balance as at 1 July	53,806,139	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	-
Balance as at 30 June	<u>67,246,104</u>	<u>53,806,139</u>

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.

FOS Capital Limited
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

19. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	2025	2024
	\$	\$
Earnings used in calculating diluted earnings per share	932,646	632,161

Number of Shares

	2025	2024
Weighted average number of ordinary shares used in calculating basic earnings per share	54,175,249	53,806,139

There are no contingently issuable equity instruments that have a dilutive impact upon ordinary earnings per share

Basic and diluted earnings per share - (cents per share)	1.72	1.17
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20. CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	% Owned 30 June 2025	% Owned 30 June 2024
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%	-
JSB Lighting (NZ) Limited*	New Zealand	-	100%
FOS Lighting Limited	New Zealand	100%	100%

* JSB Lighting (NZ) Limited was deregistered during the financial year ended 30 June 2025

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

21. 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

	2025	2024
	\$	\$
Statement of Financial Position		
Current assets	9,692,054	5,803,748
Non current assets	1,381,836	1,030,476
Total assets	11,073,890	6,834,224
Liabilities	368,066	91,681
Net Assets	10,705,824	6,742,543
Shareholder's equity		
i) Issued capital	9,208,987	5,422,042
ii) Retained earnings	1,496,837	1,320,501
Total shareholder's equity	10,705,824	6,742,543

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 2025 and 30 June 2024.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Consolidated entity, as disclosed in note 1, except for the following:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

22. 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:

	2025	2024
	\$	\$
Cash at bank	2,499,710	1,677,005

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

Net profit after income tax	932,646	632,161
Depreciation & amortisation	403,886	349,772
Asset value written-ff	-	12,227
Amortisation of leased assets in use	1,357,401	1,011,880
Gain on lease termination	-	(2,925)
Issue of shares to employees (performance bonus)	41,667	-
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	722,890	(1,944,786)
Current inventories	50,542	(567,318)
Other current assets	(21,568)	146,579
Other non-current assets	-	66,199
Deferred tax assets	92,354	108,379
Increase/(decrease) in liabilities:		
Current trade payables	(1,255,401)	1,256,600
Provisions	(11,884)	(77,760)
Deferred tax liabilities	-	1,870
Tax liabilities	(7,726)	20,810
Net cash provided by / (used in) operating activities	2,304,807	1,013,688

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

23. ACQUISITION OF BUSINESS ASSETS

a) Acquisition of Glowing Structures Pty Ltd

On 6 May 2025 the Company acquired the business & assets of Glowing Structures Pty Ltd, a business established in 2007 and is an international award-winning specialist lighting design consultancy, which provides high-quality services covering lighting conception through to installation. The company's innovative design and technical advice has been utilised for projects across Education, Commercial, Hospitality, Hotels & Resorts, Residential, Retail, and Art Gallery segments. The acquisition was assessed to be a business combination in accordance with AASB 3 Business Combinations.

Details of the acquisition date fair value of assets and liabilities acquired and consideration paid is as follows:

	2025 \$
Glowing brand value	936,200
Deferred tax liabilities	(234,050)
Employee entitlements	(2,150)
Net assets acquired	700,000
Details of the acquisition date purchase consideration:	
Cash consideration paid	200,000
Shares issued to Vendor of Glowing Structures	300,000
Deferred consideration *	200,000
Total Consideration paid	700,000

* Deferred Consideration is payable on 6 November 2025 and there are no hurdles or conditions attached to the payment of the deferred consideration.

Contribution since acquisition

Since the acquisition date Glowing Structures has contributed revenue of \$80,226 and a loss before tax of \$24,562 which is included within the consolidated profit for the financial year ended 30 June 2025.

The consideration transferred as part of the business combination is recorded at fair value at acquisition date.

The values identified in relation to the acquisition of Glowing Structures are final as at 30 June 2025.

Transaction costs

No material transaction costs were incurred in relation to the acquisition of Glowing Structures.

Acquisition of street lighting business assets of Aldridge Traffic Systems (ATS)

On 24 June 2025, the Company acquired the assets of Aldridge Traffic Systems (ATS) from Traffic Technologies Ltd group (in Administration) (previously ASX: TTI) out of administration. The Company also acquired TTI's Deneefe, Sunny Signs, L&M and QTC business assets which are non-core to FOS's operations and will be divested or shut down following the completion of the acquisition. The acquisition was considered an asset acquisition.

The purchase consideration for the acquired assets was \$3.1m.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

ACQUISITION OF BUSINESS ASSETS (CONT'D)

Acquisition of street lighting business assets of Aldridge Traffic Systems (ATS) (Cont'd)

Details of the allocation of the purchase consideration based on the relative fair values of the assets acquired is as follows:

	2025
	\$
Aldridge inventory	199,940
Aldridge plant and equipment	300,000
Aldridge non-core business inventory	250,000
Aldridge non-core business plant and equipment	450,000
Aldridge - Brand name	1,131,355
Aldridge – Approved specifications	768,705
Net assets acquired	3,100,000
Details of the purchase consideration:	
Total Consideration paid	3,100,000

The consideration transferred as part of the asset acquisition is recorded at fair value at acquisition date. The acquisition was considered to be an asset acquisition as there was no substantive processes acquired.

The ATS brand name and approved specifications have been assessed to have a useful life of 20 years, amortising at a rate of 5% each year.

Non-core business assets (plant and equipment) acquired as part of ATS classified as assets held for sale.

Non-core business assets (plant and equipment) acquired on the acquisition of Aldridge are marked for disposal and classified as assets held-for-sale. Their carrying amount is recovered principally through a sale transaction rather than through continuing use. They are measured at the fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised in profit or loss.

Transaction costs

No material transaction costs were incurred in relation to the acquisition of ATS Street lighting business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

24. REMUNERATION OF AUDITORS

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

	2025	2024
	\$	\$
Audit or review of the financial report of the entity	74,750	59,226
Other services – tax advisory and compliance	12,500	24,500
	87,250	83,726

25. 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	
	2025	2024	2025	2024
	\$	\$	\$	\$
New Zealand dollars	836,950	781,104	157,381	121,449

The Consolidated entity had net financial assets denominated in foreign currencies of \$679,569 (assets of \$836,950 less liabilities of \$157,381) as at 30 June 2025 (2024: \$659,656 (assets of \$781,104 less liabilities of \$121,449)). Based on this exposure, had the Australian dollar weakened by 5% or strengthened by 5% (2024: 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 \$33,978 lower or \$33,978 higher (2024: \$31,393 lower or \$31,393) and equity would have been \$106,829 lower or \$106,829 higher (2024: \$104,838 lower or \$104,838). 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 2025 was \$54,369 (2024: foreign exchange loss of \$76,956).

FINANCIAL INSTRUMENTS (CONT'D)

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.

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 2025, 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 2025, \$534,804 is due and payable within 12 months (2024: \$300,006), \$534,804 due and payable between 1 and 2 years (2024: \$1,199,994) and \$1,045,564 between 2 and 5 years (2024: \$nil). 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

26. CONTINGENT ASSETS AND LIABILITIES

At balance date of this report the Consolidated entity has contingent liabilities of \$575,998 (2024: \$670,248) 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 2025 (2024: nil).

27. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since 30 June 2025 that have significantly affected or may significantly affect:

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

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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 2025

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 2025 and of its performance for the financial year ended on that date
- the consolidated entity disclosure statement on page 41 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

27 August 2025

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

To the directors of FOS Capital Ltd

As lead auditor for the audit of FOS Capital Ltd for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of FOS Capital Ltd and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

R. P. Burt

R. P. Burt

Director

Melbourne, 27 August 2025

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

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of FOS Capital Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

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 the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Appropriateness of revenue recognition	Area of focus (refer also to notes 1, 3, 4 and 7)	How our audit addressed the key audit matter
	<p>The Group 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 <i>Revenue from Contracts with Customers</i> ('AASB 15').</p> <p>Revenue has grown in the current financial year due to the increased volume of transactions including the impact of acquisition activity.</p> <p>This area is a key audit matter as revenue requires:</p> <ul style="list-style-type: none"> — 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 Group's financial results. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Determining whether revenue recognised is in-compliance with the Group'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. <p>We also assessed the appropriateness of financial statement disclosures at notes 3, 4 and 7 with respect to the requirements of AASB 15.</p>
Accounting for an asset acquisition	Area of focus (refer also to notes 1, 12 and 23)	How our audit addressed the key audit matter
	<p>On 24 June 2025, the Group acquired the assets of Aldridge Traffic Systems Pty Ltd ('ATS') out of administration from Traffic Technologies Ltd group for a total consideration of \$3.1m.</p> <p>This acquisition has been accounted for as an asset acquisition and resulted in the recognition of net assets totalling \$3.1m, including intangible assets of \$1.9m.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing the purchase agreement to gain an understanding of the key terms and conditions including the appropriateness for the treatment of the transaction as an asset acquisition; — Evaluating the purchase date accounting for the acquisition; and

The accounting for this acquisition required management to:

- Determine whether the transaction constituted a business combination or asset acquisition in accordance with the requirements of AASB 3 *Business Combinations*;
- Identify and measure the fair value of identifiable acquired assets, including intangible assets, inventory and plant and equipment in order to allocate the cost of the group of assets acquired; and
- Assess the disclosure requirements with respect to the asset acquisition.

Given the level of judgment and estimation involved in determining the fair value of the identifiable assets acquired, this was considered a key audit matter.

- Assessing the cost of the assets acquired and agreeing the consideration paid to supporting evidence.

We also assessed the appropriateness of the financial statement disclosures at notes 12 and 23 with respect to this transaction.

Accounting for acquisition of Glowing Structures

Area of focus (refer also to notes 1, 12 and 23)

On 6 May 2025, the Group acquired Glowing Structures Pty Ltd ('Glowing Structures') for a total consideration of \$700,000, consisting of the following amounts of consideration; \$200,000 in cash, \$300,000 in the issue of share capital and \$200,000 in deferred consideration (also to be settled in cash). The deferred consideration did not have any attaching performance hurdles.

In accounting for the transaction, the Directors made the following critical accounting estimates and judgements:

- Determining that the acquisition met the accounting definition of a business in accordance with the requirements of AASB 3 Business Combinations;
- Calculating fair value of the identifiable assets acquired and liabilities assumed; and

How our audit addressed the key audit matter

Our audit procedures included:

- Reviewing the purchase agreement to gain an understanding of the key terms and conditions to assess the adequacy of accounting treatment, including the appropriateness of the classification of Glowing Structures as a business under business combination accounting rules;
- Evaluating the purchase date accounting for the acquisition;
- Assessing the consideration paid for the acquisition and the fair value of the assets and liabilities acquired ;
- Assessing the appropriateness of the deferred tax impact arising from the acquisition, including consulting with our tax team about the ability of the Group to apply deferred tax assets and liabilities against future taxable profits; and
- Recomputing the inclusion of Glowing Structures into the Group's consolidation model.

- Determining that Glowing Structures had a track record of profitability that would continue into the future, which would permit the recognition of deferred tax assets and liabilities acquired on the acquisition.

We consider this to be a key audit matter as the fair value measurement of identifiable assets acquired and liabilities assumed involves significant judgements and estimates.

We also assessed the appropriateness of the financial statement disclosures at notes 12 and 23 with respect to this transaction.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, 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 Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group 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:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of FOS Capital Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

Responsibilities

The directors of the Company 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.

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

R. P. Burt

Director

Melbourne, 27 August 2025

FOS Capital Limited

2025 Annual Report

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS

STATEMENT OF SECURITY HOLDERS AS AT 22 AUGUST 2025

(a) Distribution of shareholders by sizes of holdings

1 - 1,000	25
1,001 - 5,000	35
5,001 - 10,000	63
10,001 - 100,000	156
100,001 and over	52
Total	331
Holding less than a marketable parcel	30

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number of shares held	Percentage
SKM Investment Group Pty Ltd	30,810,000	45.82%
Hancock & Gore Limited	8,393,356	12.48%
Mr George Midas & Mrs Chrissanthi Midas <The G & C Midas Sf Fund A/C>	1,666,667	2.48%
First Samuel Ltd Acn 086243567 <Anf Its Mda Clients A/C>	1,333,334	1.98%
BNP Paribas Noms Pty Ltd <Global Markets>	1,083,333	1.61%
Bellaire Capital Pty Ltd <Bellaire Capital Invest A/C>	1,051,564	1.56%
H & G Investment Management Ltd <H&G Vail Lane Fund A/C>	1,000,000	1.49%
Sandam Investments Pty Ltd <De Guara Discretionary A/C>	967,742	1.44%
Dixon Trust Pty Limited	833,333	1.24%
Js Millner Holdings Pty Ltd	833,333	1.24%
Magnetic Capital Pty Ltd	727,096	1.08%
Robyn Robinson Holdings Pty Ltd	666,667	0.99%
Southern Steel Investments Pty Ltd	666,667	0.99%
Brazil Farming Pty Ltd	666,667	0.99%
Mr Matthew Regos & Mrs Silvia Lisa Regos <Regos Family A/C>	617,632	0.92%
Forma Lighting (Hong Kong) Limited	514,662	0.77%
BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	500,000	0.74%
Hepsdeen Pty Ltd <Voltz Family A/C>	482,204	0.72%
Silicon Controls Limited	472,068	0.70%
Mr Siddhartha Kantichand Dhadha	400,000	0.59%
KLI Pty Ltd <The T Teh'S Family A/C>	400,000	0.59%
Mr Miten Shah	400,000	0.59%
Total for top 20	54,486,325	81.01
Total other investors	12,759,779	18.99
Total shares on issue	67,246,104	100.00

Substantial shareholders as per substantial shareholder advices held at 22 August 2025

Name		
SKM Investment Group Pty Ltd	30,810,000	45.82%
Hancock & Gore Limited	9,393,356	13.97%