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FOS Capital Ltd
31 December 2025 Half-Year Report

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Directors' Report

The Directors present their report, together with the condensed financial report, on the consolidated entity (referred to hereafter as the 'Group'), consisting of FOS Capital Ltd ('FOS') and the entities it controlled for the half-year ended 31 December 2025, and independent auditor's review report thereon.

Directors

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

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

Principal Activities

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

Results of Operations and Significant Changes in the State of Affairs

The Board is pleased to report the result for the Group during the half-year ended 31 December 2025, with Group Revenues of \$12.4 million, down 12% from \$14.0 million in the prior comparative period (pcp), and an Operating loss before tax of \$12,151 (excluding Aldridge restructuring costs of \$795,286), down compared to an Operating profit before tax of \$1,021,473 in the pcp.

The Group achieved \$498,881 EBITDA before Aldridge restructuring costs, down from \$1.4 million in the pcp. Softer trading conditions in recent months have resulted in orders taking longer than usual to secure.

We expect a sales improvement in the second half, with stronger contributions from the recent Aldridge and Glowing Structures acquisitions.

Following recent acquisition integrations (detailed below), FOS management have identified opportunities to further reduce operating expenses. A combination of head count reduction and import replacement of certain products is expected to drive annualised savings and Gross Profit improvements totalling \$1m per annum. These changes have started to take effect from 3Q26.

ATS Update

Further progress has been made with the ATS business, which was acquired in late June 2025. As announced at the time of acquisition, ATS required a turnaround following a period of declining sales due to limited execution, strategic focus, and capital. The Company is pleased to advise that this turnaround is well underway and that the ATS business is on target to achieve profitability by June 2026.

Key highlights include:

- ATS now has a dedicated team of eight staff, most of whom are in sales functions and all of whom have significant experience in the transport & road sector;
- Since acquisition sales and orders procured to date stand at \$1.5m;
- Active quotes stand at \$6m;
- The sale of non-core assets has been completed, achieving a total of \$0.7m;
- Transfer of product certification and approvals to FOS Lighting is complete;
- Key suppliers have been engaged and replenishment stock orders have arrived
- Restructuring costs incurred to date stand at \$795K; and
- 2H26 sales are expected to be in the range of \$1.5-2.0m.

Glowing Structures Update

FOS acquired specialist lighting design consultancy Glowing Structures in May 2025, with the acquisition significantly expanding FOS' presence in the lighting services industry and providing a significant opportunity to convert a high percentage of Glowing Structures' sales specifications into sales of the lighting products FOS manufactures and distributes. In FY24 Glowing Structures' lighting product sales specifications were \$14m.

Since acquisition, Glowing Structures has been successfully integrated into the broader FOS Capital group. While there has been no material earnings impact on FOS financials in 1H26, a total of \$2 million of specifications were generated which will contribute to FOS sales in 2H26.

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Outlook

The outlook for the key industries served by the Group remains strong, including infrastructure, hospitals, road construction and schools, with active quotes at \$115.0m (vs \$110.0m in the pcg), with the order book steady at \$9m (vs \$8.8m in the pcg). This provides good visibility on performance in the current period.

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

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

Dividend

The Directors have declared no interim dividend for the half-year ended 31 December 2025 (no interim dividend declared in pcg).

The Company paid \$672,461 (1 cent per share) final dividend for FY 2025 in Oct 2025.

Matters Subsequent to Reporting Date

There were no matters or circumstances specific to the Group that have arisen since 31 December 2025 that have significantly affected or may significantly affect the Group's operations and state of affairs.

Auditor's Independence Declaration

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

Rounding of Amounts

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

Signed in accordance with a resolution of the directors.



Con Scrinis
Director

Date: 23 February 2026

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Half-Year Ended 31 December 2025

	Notes	31 Dec 2025 \$	31 Dec 2024 \$
Revenue			
Revenue	2	12,370,495	14,045,224
Cost of Sales		(6,922,097)	(8,026,042)
Gross Profit		5,448,398	6,019,182
Other Income	2	29,450	104,788
Expenses			
Selling and Distribution Expenses		(1,337,917)	(1,319,510)
Administrative and Corporate Expenses		(2,939,969)	(2,702,006)
Depreciation of Right-of-use Assets		(701,081)	(684,150)
Depreciation & Amortisation		(288,632)	(199,855)
Finance Costs		(222,400)	(196,976)
Aldrige Restructure Costs	3	(795,286)	-
Total Expenses		(6,285,285)	(5,102,497)
(Loss) / Profit Before Income Tax Expense		(807,437)	1,021,473
Income Tax Benefit / (Expense)		201,506	(233,694)
(Loss) / Profit After Tax		(605,931)	787,779
Other Comprehensive Income			
Other Comprehensive (Loss) / Income that may subsequently reclassified to the profit or loss – foreign currency translation gain		(118,466)	(17,888)
Total Comprehensive (Loss) / Income for the Half-Year		(724,397)	769,891
Earnings per Share (cents per Share) for Profit Attributable to the Equity Holders of the Entity:			
Basic and diluted (loss) / earnings per share	5	(0.90)	1.46

The accompanying notes form part of these Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 Dec 2025	30 Jun 2025
		\$	\$
Current Assets			
Cash and cash equivalents		1,686,864	2,499,710
Trade and other receivables		2,787,579	3,869,480
Inventories		6,857,754	6,301,129
Assets held for sale		-	450,000
Other current assets		348,044	46,557
Total current assets		11,680,241	13,166,876
Non-Current Assets			
Plant and equipment		1,136,857	1,203,833
Right of use assets		2,233,093	2,727,304
Intangible assets		7,347,241	7,536,674
Investment		350,000	350,000
Deferred tax assets		912,669	685,856
Total non-current assets		11,979,860	12,503,667
Total Assets		23,660,101	25,670,543
Current Liabilities			
Trade and other payables		1,528,810	1,671,584
Lease liabilities		1,579,385	1,485,804
Borrowings	4	2,145,707	2,313,958
Deferred consideration		-	200,000
Provision for employee entitlements		1,437,455	1,345,762
Provision for income tax expense		303,560	208,470
Total Current Liabilities		6,994,917	7,225,578
Non-Current Liabilities			
Borrowings	4	1,379,878	1,580,368
Lease liabilities		763,080	1,339,157
Provision for employee entitlements		107,488	83,171
Deferred tax liability		1,278,042	1,325,462
Total non-current liabilities		3,528,488	4,328,158
Total Liabilities		10,523,405	11,553,736
Net Assets		13,136,696	14,116,807
Equity			
Contributed capital		9,625,734	9,208,987
Foreign currency translation reserve		(172,835)	(54,369)
Retained earnings		3,683,797	4,962,189
Total Equity		13,136,696	14,116,807

The accompanying notes form part of these Financial Statements

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2025

For the Half-Year Ended 31 Dec 2025	Contributed Equity	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
At 1 July 2025	9,208,987	(54,369)	4,962,189	14,116,807
Loss for the half-year	-	-	(605,931)	(605,931)
Change in foreign currency translation reserve	-	(118,466)	-	(118,466)
Total comprehensive (loss) / income for the half-year		(118,466)	(605,931)	(724,397)
Transactions with owners in their capacity as owners	-	-	-	-
Shares issued	416,747	-	-	416,747
Dividend paid	-	-	(672,461)	(672,461)
At 31 December 2025	9,625,734	(172,835)	3,683,797	13,136,696

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

The accompanying notes form part of these Financial Statements

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2025

	Notes	31 Dec 2025	31 Dec 2024
		\$	\$
Cash flows from Operating Activities			
Receipts from customers		14,678,278	17,347,500
Payments to suppliers and employees		(14,079,570)	(14,668,562)
Interest received		3,086	6,693
Interest paid		(222,400)	(196,976)
Payment of income tax		22,363	(3,402)
Net cash flows provided by operating activities		401,757	2,485,253
Cash flows from Investing Activities			
Payment for plant and equipment		(32,316)	(13,354)
Proceeds from sale of assets		450,000	-
Payment for acquisition of business		(200,000)	(1,000,000)
Net cash flows provided by / (used in) investing activities		217,684	(1,013,354)
Cash flows from Financing Activities			
Proceeds from issue of shares		416,747	-
Proceeds from borrowings - business finance facility		-	500,000
Repayment of borrowings - invoice finance		(368,741)	(1,183,622)
Dividends paid		(672,461)	(538,061)
Repayment of lease liabilities		(689,366)	(687,785)
Net cash flows used in financing activities		(1,313,821)	(1,909,468)
Net decrease in cash and cash equivalents		(694,380)	(437,569)
Impact of exchange rates on cash and cash equivalents		(118,466)	(17,888)
Cash and cash equivalents at beginning of half-year		2,499,710	1,677,005
Cash and cash equivalents at end of half-year		1,686,864	1,221,548

The accompanying notes form part of these Financial Statements

Notes to Consolidated Half-Year Financial Statements

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2025 of FOS Capital Ltd.

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

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

a. Basis of Accounting

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

The condensed consolidated half-year financial report includes the consolidated results of FOS Capital Ltd and its controlled entities for the half-year ended 31 December 2025.

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2025 and the corresponding half-year.

b. Going Concern

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

For the half year ended 31 December 2025, the Group reported an underlying net loss before income tax of \$12,151 (excluding Aldridge business restructuring costs of \$795,286), a net loss after tax of \$807,437 and net operating cash inflows of \$401,757. The Group forecasts further improved performance and operating cash inflows going forward.

The Directors have completed a restructuring of Aldridge's business, which was acquired from the receiver of Traffic Technologies Ltd (TTI), to achieve simplification and financial sustainability, and prepared cash flow forecasts which support the Group's ability to continue as a going concern.

The directors are of the opinion that the Group is well positioned to meet its objectives and obligations going forward, and therefore, the financial report has been prepared on a going concern basis.

c. New or amended Accounting Standards and Interpretations adopted

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

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

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

2. Revenue and other income

	31 Dec 2025	31 Dec 2024
	\$	\$
a) Sales revenue	12,370,495	14,045,224
b) Other Income		
Interest received	3,086	28,001
Rent received	-	45,000
Other revenue	26,364	31,787
	<u>29,450</u>	<u>104,788</u>
Total Revenue and other income	<u>12,399,945</u>	<u>14,150,012</u>

3. Aldrige restructuring costs

The Company acquired street lighting business assets of Aldridge Traffic Systems (Aldridge) from Traffic Technologies Ltd group (in Administration). As announced at the time of acquisition, Aldridge required a turnaround following a period of declining sales due to limited execution, strategic focus, and capital. The turnaround of Aldridge's business is well underway, and during the half-year ended 31 December 2025, the Company incurred Aldridge business restructuring costs of \$795,286.

Aldridge Restructuring Costs	<u>(795,286)</u>	-
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4. Borrowings

	31 Dec 2025	30 Jun 2025
	\$	\$
Current liabilities		
Invoice Finance Facility (i)	1,117,251	1,779,154
Trade Finance Facility (ii)	493,652	-
Business Finance Facility (iii)	534,804	534,804
	<u>2,145,707</u>	<u>2,313,958</u>
Non-current liabilities		
Business Finance Facility (ii)	<u>1,379,878</u>	<u>1,580,368</u>
Total Borrowings	<u>3,525,585</u>	<u>3,894,326</u>

- i. Current borrowings as at 31 December 2025 represent the net position of the Westpac invoice finance facility. This borrowing incurs a base rate of 5.85%, loan margin rate of 1.25% per annum, and a line fee of 1.20% per annum. It is secured by a fixed and floating charge over FOS Capital Ltd and its controlled entities. The invoice finance facility has a limit of \$3,000,000 and has no expiry date.
- ii. Current borrowings as at 31 December 2025 represent the net position of the Westpac trade finance facility. On 28 August 2025, the Company received Westpac Trade Finance Facility of \$1,000,000, This borrowing incurs a base rate of 5.85%, loan margin rate of 1.25% per annum, and a line fee of 1.20% per annum and has no expiry date.
- iii. Non-Current Borrowings as at 31 December 2025 represent the 3-year Westpac business finance facility. This borrowing incurs an interest rate of 6.92% per annum. It is secured by a fixed and floating charge over FOS Capital Ltd and its controlled entities. The business finance facility has a limit of \$1,914,682 and expires on 30 April 2028, with this facility repaid in monthly instalments of \$44,567, considering this \$534,804 is classified as a current liability and \$1,379,878 is classified as a non-current liability.

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

5. Earnings Per Share

Reconciliation of earnings used in calculating earnings per share:

	31 Dec 2025	31 Dec 2024
(Loss) / profit used to calculate earnings per share	(\$605,931)	\$787,779
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating earnings and diluted earnings per share	67,515,234	53,806,139
(Loss) / Earnings per share (in cents)	(0.90)	1.46

There were no contingently issuable equity instruments that could have impacted the diluted earnings per share calculation as at the end of half-year 31 December 2025.

6. Operating Segments

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

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

For the Half-Year Ended 31 Dec 2025	Australia	New Zealand	Total
	\$	\$	\$
Sales Revenue	10,815,559	1,554,936	12,370,495
Other Income	26,364	3,086	29,450
Total Revenue and other income	10,841,923	1,558,022	12,399,945
Net Profit After Tax	(647,101)	41,170	(605,931)
Total Assets	21,248,758	2,411,343	23,660,101
Total Liabilities	(10,320,205)	(203,200)	(10,523,405)
For the Half-Year Ended 31 Dec 2024	Australia	New Zealand	Total
	\$	\$	\$
Sales Revenue	12,557,302	1,487,922	14,045,224
Other Income	98,095	6,693	104,788
Total Revenue and other income	12,655,397	1,494,615	14,150,012
Net Profit After Tax	701,987	85,792	787,779
Total Assets	17,364,501	2,435,655	19,800,156
Total Liabilities	(9,490,836)	(164,800)	(9,655,636)

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

7. Contingent Liabilities

With the exception of the bank guarantee issued for a value of \$575,998 (30 June 2025: \$670,248) for leasehold tenancies as at report date the directors are unaware of any contingent liabilities or commitments that may materially impact the Group.

8. Subsequent Events

There were no matters or circumstances specific to the Group that have arisen since 31 December 2025 that have significantly affected or may significantly affect the Group's operations and state of affairs.

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Directors' Declaration

The directors declare that:

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

- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- giving a true and fair view of the financial position of the Group as at 31 December 2025 and of its performance for the half-year ended on that date.

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

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



Con Scrinis
Director

Date: 23 February 2026

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the review of FOS Capital Ltd for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FOS Capital Ltd.

George Georgiou FCA
Managing Director
CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888
Date: 23 February 2026

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Independent Auditor's Review Report**To the members of FOS Capital Ltd****Report on the Half-year Financial Report****Conclusion**

We have reviewed the accompanying Half-year Financial Report of FOS Capital Ltd (the "consolidated entity"), based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of FOS Capital Ltd is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Statement of financial position as at 31 December 2025;
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the Half-year ended on that date;
- Notes 1 to 8 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis for Conclusion

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

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Consolidated entity are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Other Matter

The financial report of FOS Capital Ltd, for the half-year ended 31 December 2024 and year ended 30 June 2025, was reviewed/audited by another auditor who expressed an unmodified conclusion/opinion on those reports on 19 February 2025 and 27 August 2025, respectively.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 31 December 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of FOS Capital Ltd for the half year ended 31 December 2025 intended to be included on FOS Capital Ltd's website. The consolidated entity's directors are responsible for the integrity of the FOS Capital Ltd website. We have not been engaged to report on the integrity of the FOS Capital Ltd website. The review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888

George Georgiou FCA

Managing Director

Date 23 February 2026