



Notice of Annual General Meeting

Chairman's Letter

28 October 2022

Dear Shareholder

I am pleased to invite you to the FOS Capital Limited (FOS) 2022 Annual General Meeting (**Meeting or AGM**), which will be held at the offices of William Buck, Level 20, 181 William Street, Melbourne, VIC 3000, at 11.00am (AEDT) on Wednesday the 30th November 2022.

Registration for the AGM will commence from 10.45am (AEDT).

This notice contains details on the items of business to be considered at the Meeting, as well as explanatory notes on the resolutions being put forward for you to consider and vote upon. There is also some information on the voting procedures for this Meeting.

The business of the meeting includes a proposal for the re-election of non-executive Director Michael Monsonogo. At the meeting you will also have the opportunity to vote on the adoption of the Remuneration Report, to ratify the share placement and issue of shares to directors in relation to the Company's recent acquisition of Hawko Lighting Group Pty Ltd, to approve additional placement capacity as well as to ask questions to the FOS Capital board and the auditor.

If you are unable to attend the Meeting, you may either lodge a direct vote or appoint a proxy to vote on your behalf at the Meeting, by completing and lodging the enclosed Proxy Form in accordance with the instructions on the form.

Proxy Forms must be received by 11am (AEDT) on 28 November 2022, being no later than 48 hours before the commencement of the Meeting.

The FOS Capital 2022 Annual Report can be accessed online at www.foscapital.com.au

I and my fellow Directors look forward to meeting you on 30 November 2022.

Yours sincerely



Alexander Beard
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of FOS Capital Limited (ACN 637 156 275) ("Company") will be held at 11.00am (AEDT) on Wednesday, 30 November 2022.

An Explanatory Statement accompanies this Notice of Meeting to provide Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice of Meeting. The Explanatory Statement is to be read in conjunction with, and forms part of, this Notice of Meeting.

Business of Meeting

1 Annual Financial Report and Director's and Auditor's Reports

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2022 together with a declaration of the directors, and accompanying reports of the director's and the auditor's.

Note: there is no requirement for Shareholders to approve these reports and financial statements.

2 Resolution 1 - Non Binding Resolution to adopt Remuneration Report

To consider and, if thought to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2022."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Board recommends shareholders to vote in favour of resolution 1.

Voting Exclusion Statement

The Company will disregard any votes cast on item 2:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party (as that term is defined in the Corporations Act) of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:

does not specify the way the proxy is to vote on this Resolution; and expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3 Resolution 2 – Re- election of Mr Michael Monsonego as a director

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 14.5 and for all other purposes Michael Monsonego a director of the Company who retires by rotation and being eligible, is re-elected as a director"

The Board (with Michael Monsonego abstaining from resolution 2) recommends shareholders to vote in favour of resolution 2.

4. Resolution 3 – Ratification of issue of Placement Shares to sophisticated investors

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue of 6,500,000 fully paid ordinary shares in the Company, at an issue price of \$0.20 per share by the Company to sophisticated investors pursuant to a placement on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting the Explanatory Statement, to be issued on 1 November 2022.”

The Board recommends shareholders to vote in favour of resolution 3.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution:

- (a) any person who participated in the issue of the ordinary shares under this resolution or is a counterparty to the agreement to issue the ordinary shares; or
- (b) by any associates of those persons.

However, the Company will not disregard a vote cast on this resolution if it is cast:

- (c) by a person as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with the directions given to the proxy or attorney to vote on Resolution 3 in that way on the proxy form; or
- (d) by the Chairman of the Meeting as proxy for a person who is entitled to vote on Resolution 3, in accordance with a direction on the proxy form to vote as the Chairman of the Meeting proxy decides.
- (e) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 3; and
 - (ii) the holder votes on Resolution 3 in accordance with the directions given by the beneficiary to the holder to vote in that way.

5. Resolution 4 – Issue of Shares to Related party – Alexander Beard

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue 250,000 Shares at an issue price of \$0.20 per share to Mr Alexander Beard (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

The Board recommends shareholders to vote in favour of resolution 4.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by or on behalf of Alexander Beard (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons:

However, the Company will not disregard a vote cast on this resolution if it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote on Resolution 4 in that way on the proxy form; or

- (b) by the Chairman of the Meeting as proxy for a person who is entitled to vote on Resolution 4, in accordance with a direction on the proxy form to vote as the Chairman of the Meeting proxy decides.
- (c) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 4; and
 - (ii) the holder votes on Resolution 4 in accordance with the directions given by the beneficiary to the holder to vote in that way.

6. Resolution 5 – Issue of Shares to Related party - SKM Investment Group Pty Ltd (an entity related to Con Scrinis, Michael Koutsakis & Michael Monsonego, directors of the Company)

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue 750,000 Shares at an issue price of \$0.20 per share to SKM Investment Group Pty Ltd (an entity related to Con Scrinis, Michael Koutsakis & Michael Monsonego, directors of the Company) on the terms and conditions set out in the Explanatory Statement.”

The Board recommends shareholders to vote in favour of resolution 5.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by or on behalf of Con Scrinis, Michael Koutsakis & Michael Monsonego (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons:

However, the Company will not disregard a vote cast on this resolution if it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with the directions given to the proxy or attorney to vote on Resolution 5 in that way on the proxy form; or
- (b) by the Chairman of the Meeting as proxy for a person who is entitled to vote on Resolution 5, in accordance with a direction on the proxy form to vote as the Chairman of the Meeting proxy decides.
- (c) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 5; and
 - (ii) the holder votes on Resolution 5 in accordance with the directions given by the beneficiary to the holder to vote in that way.

7. Resolution 6 – Approval for Additional Placement Capacity

To consider and, if thought fit, pass the following resolution, with or without amendment, as a special resolution:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totalling up to 10% of the number of Ordinary Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2; and otherwise on the terms and conditions set out in the Explanatory Statement.”

The Board recommends shareholders to vote in favour of resolution 6.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except to benefit solely by reason of being a holder of ordinary securities if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast:

- a) by a person as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with the directions given to the proxy or attorney to vote on Resolution 6 in that way on the proxy form; or
 - b) by the Chairman of the Meeting as proxy for a person who is entitled to vote on Resolution 6, in accordance with a direction on the proxy form to vote as the Chairman of the Meeting proxy decides.
 - c) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution 6; and
 - (ii) the holder votes on Resolution 6 in accordance with the directions given by the beneficiary to the holder to vote in that way.
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Right to vote

You will be eligible to attend and vote at the Meeting if you are registered as a holder of shares in the Company at 7:00pm (AEDT) on 25 November 2022.

A member can vote on the resolutions by:

- a. Attending the Meeting in person, by attorney or in the case of corporate Shareholders, by a corporate representative;
- b. Lodging the Proxy Form electronically or by post to appoint a proxy to attend and vote at the meeting on your behalf.

Voting at the Meeting in person

Members can participate in the Annual General Meeting, ask questions during the Meeting and vote during the meeting in person or by proxy.

Proxy Form

Enclosed with this Notice of Meeting is a personalised Proxy Form. The Proxy Form allows members who are not attending the meeting to appoint a proxy to vote on their behalf. Your completed Proxy Form must be received by no later than 11am (AEDT) on 28 November 2022 for it to be effective.

For the appointment of a proxy to be valid, or a direct vote to be effective, the following documents must be received either at the Company's registered office or at the Company's share registry, Boardroom Pty Limited, at least 48 hours prior to the Meeting or any adjournment of the Meeting:

- (a) the Proxy Form; and
- (b) if the Proxy Form is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.

The documents must be received by the Company at the address set out below by no later than 11.00 am (AEDT) on 28 November 2022. Forms received after that time will not be valid for the scheduled Meeting.

Online: <https://www.votingonline.com.au/fosagm2022>

By facsimile: +61 2 9290 9655

By mail: Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

By delivery: Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, SYDNEY, NSW, 2000

Further directions for the proper completion of Proxy Form are printed on the Proxy Form.

Appointing a proxy

A member entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the member. The person appointed as a proxy may, but does not need to be a member of the Company.

A proxy does not need to be a shareholder of the Company. A proxy may be an individual or company. If you are a shareholder entitled to cast two or more votes you may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Forms and specify the percentage or number of votes each proxy is appointed to exercise.

If you complete and submit a Proxy Form and do not nominate a person to act as your proxy, the Chairman will be appointed as your proxy. The Chairman intends to vote undirected proxies on, and in favour of, all the proposed resolutions.

If you appoint a proxy, you may still participate in the meeting. However, your proxy's right to speak and vote will be suspended while you are participating

If you appoint the Chairman as your proxy and do not direct him how to vote, you are authorising the Chairman to cast your undirected vote on all proposed resolutions.

Voting by Attorney

A shareholder entitled to attend and vote at the Annual General Meeting may appoint an attorney to vote at the Annual General Meeting. An original or certified copy of the power of attorney must be received at an address given above at least 48 hours before the commencement of the Annual General Meeting.

Corporate Representatives

To vote at the Annual General Meeting, a corporation which is a shareholder, or which has been appointed as a proxy by a shareholder, may appoint a person to act as its representative. The appointment of a representative must comply with section 250D of the Corporations Act. Evidence of the appointment must be brought to the Annual General Meeting together with any authority under which it is signed. A pro forma 'Certificate of Appointment of Corporate Representative' may be obtained from the Company's Share Registry, Boardroom Pty Ltd.

By order of the Board:



Con Scrinis

Managing Director

Dated: 28 October 2022

FOS CAPITAL LIMITED
ACN 637 156 275

EXPLANATORY STATEMENT

1 Important Notice

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the meeting and the resolutions proposed to be considered at the Annual General Meeting to be held on Wednesday 30 November 2022 at 11:00am (AEDT) and to assist Members in determining how they wish to vote on the resolutions.

2 Resolution 1 - Non Binding Resolution to adopt Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2022 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting (AGM). Section 250R of the Corporations Act requires a resolution that the Remuneration Report be adopted be put to the vote. Resolution 1 seeks this approval.

In accordance with Section 250R(3) of the Corporation Act, Shareholders should note that Resolution 1 is "advisory only" and does not bind the Company. However, the Directors recognise the outcome of this Resolution as an indication of Shareholder sentiment in relation to the FY22 Remuneration Report.

Shareholders have the ability to "spill" the Company's board if there are "two strikes" against the adoption of the Remuneration Report at two successive AGMs. Under Section 250SA of the Corporation Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the AGM.

Under the Corporations Act 2001, if 25% or more of votes that are cast at the Meeting are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on an additional resolution (a "Spill Resolution") that a future meeting be held within 90 days of the Spill Resolution. At that further meeting, all of the Company's Directors (other than any Managing Director) must go up for re-election.

There will be no requirement at this AGM for a Spill Resolution.

Noting that each Director has a personal interest in their own remuneration as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of this Resolution.

The Chairman of the Meeting intends to vote all available proxies in favour on this Resolution.

3 Resolution 2 – Re- election of Mr Michael Monsonego as a director

Mr Michael Monsonego retires by rotation at this meeting and offers himself for re-election to the Board.

Details in relation to Michael Monsonego are set out in the Directors' Report section of the Annual Report. Mr Monsonego is not an independent director.

The Board (Mr Michael Monsonego abstaining) unanimously recommend that Shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote all available proxies in favour on this Resolution.

4 Resolution 3 – Ratification of issue of Placement Shares to sophisticated investors

Background

On 27 October 2022 the Company announced a placement of 6,500,000 fully paid Ordinary Shares to raise \$1,300,000 to provide the Company with funds for the acquisition of Hawko Lighting Group Pty Ltd and working capital for the Company.

The Ordinary Shares were issued under the Company's 15% placement capacity pursuant to Listing Rule 7.1 and 10% placement capacity pursuant to Listing Rule 7.1a.

Listing Rule 7.1 imposes a limit on the number of Ordinary Shares that the Company can issue without Shareholder approval. Generally, a company may not, without shareholder approval, issue, during any 12 month period, more than 15% of the number of Ordinary Shares on issue 12 months before the issue date. Subject to obtaining shareholder approval at the previous annual general meeting, Listing Rule 7.1A permits eligible entities to issue a further 10% of the number of Ordinary Shares on issue 12 months before the issue date.

By ratifying the issue of 6,500,000 Ordinary Shares, the Company will retain the flexibility to issue equity securities in the future up to 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In accordance with Listing Rule 7.5 the following information is provided to Shareholders in relation to Resolution 3:

| | |
|---------------------------------------|---|
| The number of securities issued: | 6,500,000 Ordinary Shares |
| Date of issue: | 1 November 2022 |
| The issue price of Ordinary Share: | \$0.20 per Ordinary Share |
| The names of the allottees: | Various sophisticated investors |
| The terms of the securities: | Fully paid ordinary shares |
| The intended use of the funds raised: | The funds raised under the Placement are to be used for the acquisition of Hawko Lighting Group Pty Ltd and working capital for the Company |

Board Recommendation

The Board unanimously recommend that Shareholders vote in favour of this Resolution 3.

The Chairman of the AGM intends to vote all available proxies in favour of this Resolution 3.

5 Resolution 4 and 5 – Issue of Shares to Related Parties - Related Party Participation in Placement

On 27 October 2022, the Company announced that it had received binding commitments to raise up to approximately \$1,300,000 pursuant to a placement of Shares to sophisticated investors (Placement).

As announced on 27 October 2022, the Directors wish to participate in the Placement on the same terms as unrelated participations up to an amount of 1,000,000 Shares, under which a further amount of approximately \$200,000 may be raised, subject to the Company obtaining Shareholder approval for the related party participation (which is being sought pursuant to Resolutions 4 and 5).

Accordingly, Resolutions 4 and 5 seeks Shareholder approval for the issue of an aggregate of 1,000,000 Shares to Alexander Beard (or his nominees) and SKM Investment Group Pty Ltd (an entity related to Con Scrinis, Michael Koutsakis & Michael Monsonego, directors of the Company), as a result of the Participation on the terms set out below.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Alexander Beard, Con Scrinis, Michael Koutsakis & Michael Monsonago (or their nominees) are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Directors (or their nominees) on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

Section 195(4) of the Corporations Act

Section 195 of the Corporations Act provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered, except in certain limited circumstances. Section 195(4) relevantly provides that if there are not enough Directors to form a quorum for a Directors meeting because of this restriction, one or more of the Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that each of the Directors comprising the Board have a material personal interest in the outcome of Resolutions 4 and 5 as Shares are proposed to be issued to each of the Directors under the Participation. If each Director does have such an interest, then in accordance with section 195(4) a quorum could not be formed to consider the matters contemplated by Resolutions 4 and 5 at Board level.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for the purposes of section 195(4) of the Corporations Act that the 'arm's length terms' exception in section 210 of the Corporations Act applies to Resolutions 4 and 5.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 4 and 5 seeks Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

Technical information required by Listing Rule 14.1A

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of the Shares under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used for additional working capital purposes. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of the Shares under the Participation and no further funds will be raised in respect of the Capital Raising.

Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 4 and 5:

- (a) the Shares will be issued to Alexander Beard, Con Scrinis, Michael Koutsakis & Michael Monsonego (or their nominees), who fall within the category set out in Listing Rule 10.11.1, as Alexander Beard, Con Scrinis, Michael Koutsakis & Michael Monsonego are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued is 1,000,000 Shares comprising:
 - (i) 250,000 Shares to Alexander Beard (or his nominee) being, the subject of Resolution 4;
 - (ii) 750,000 Shares to SKM Investment Group Pty Ltd (an entity related to Con Scrinis, Michael Koutsakis & Michael Monsonego, directors of the Company) being, the subject of Resolution 5
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the issue price will be \$0.20 per Share, being the same issue price as Shares issued to other participants in the Capital Raising. The Company will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of Shares under the Participation is to raise capital, which the Company intends to use for working capital purposes;

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- (g) the Shares to be issued under the Participation are not intended to remunerate or incentivise the Director;
- (h) the Shares are not being issued under an agreement; and
- (i) voting exclusion statements are included in Resolutions 4 and 5 of the Notice.

6 Resolution 6 – Approval for Additional Placement Capacity

6.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Capacity**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 6 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without shareholder approval. If Resolution 6 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, (refer to section 6.2 below).

The Directors believes that Resolution 6 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

6.2 Listing Rule 7.1A

The ability to issue equity securities under Listing Rule 7.1A is subject to Shareholder approval by way of special resolution at the Annual General Meeting.

Approval cannot be sought at any other Shareholder's meeting and equity securities issued under the approval (if obtained) must be issued within 12 months after the date of the Annual General Meeting. No equity securities can be issued under Listing Rule 7.1A before the special resolution is passed.

The issue of securities under this rule cannot be subsequently approved by security holders and then be treated as if the issue had received prior approval.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being Ordinary Shares.

The exact number of Equity Securities that the Company may issue under an approval pursuant to Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A number of fully paid Ordinary Shares on issue at the commencement of the relevant period:

- plus, the number of fully paid Ordinary Shares issued in the relevant period under an exception in rule 7.2 other than exception 9, 16 or 17,
- plus, the number of fully paid Ordinary Shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where;
- the convertible securities were issued or agreed to be issued before the commencement of relevant period; or
- the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4.
- plus, the number of fully paid Ordinary Shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus, the number of fully paid Ordinary Shares issued in the relevant period with approval under rule 7.1 or rule 7.4,
- plus, the number of partly paid Ordinary Shares that became fully paid in the relevant period,
- less the number of fully paid Ordinary Shares cancelled in the relevant period.

Note that A has the same meaning in Listing Rule 7.1 when calculating the Company's 15% placement capacity.

D means 10%.

E means the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The Company has on issue 46,306,139 Ordinary Shares and therefore has a capacity to issue (assuming Resolution 6 is passed):

- (i) 6,945,920 Equity Securities under Listing Rule 7.1; and
- (ii) 4,630,613 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the formula above).

6.3 Technical Information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of the Company's Equity Securities, calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i), the date on which the Equity Securities are issued.

(b) Date of Issue (Additional Placement Period)

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the entity's next annual general meeting and
- (iii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Ordinary Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Ordinary Shares would be as shown in the table below. There is a risk that:

- (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of equity securities under Listing Rule 7.1A.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Ordinary Shares as at 20 October 2022 and the current number of Equity Securities on issue for variable "A" of the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (iii) an example where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Ordinary Shares the Company has on issue. The number of Ordinary Shares on issue may increase as a result of issues of Ordinary Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (iv) an example of the result of the issue price of ordinary securities decreasing by 50% and increasing by 50% as against the current market price.

| Variable "A" in Listing Rule 7.1A.2 | | Dilution | | |
|--|---------------------|--|-----------------------|--|
| | | \$0.105 50% decrease in issue price | \$0.21 Issue Price | \$0.315 50% increase in issue price |
| Current Variable A 46,306,139 Shares | 10% Voting Dilution | 4,630,613 Shares | 4,630,613 Shares | 4,630,613 Shares |
| | Funds Raised | \$486,214 | \$972,428 | \$1,458,643 |
| 50% increase in Variable A 69,459,208 Shares | 10% Voting Dilution | 6,945,920 Shares | 6,945,920 Shares | 6,945,920 Shares |
| | Funds Raised | \$729,321 | \$1,458,643 | \$2,187,964 |
| 100% increase in Variable A 92,612,278 Shares | 10% Voting Dilution | 9,261,227 Shares | 9,261,227 Shares | 9,261,227 Shares |
| | Funds Raised | \$972,428 | \$1,944,857 | \$2,917,286 |

- (v) The table above uses the following assumptions:
 - The current shares on issue are the Ordinary Shares on issue as at the date of this notice.
 - The issue price set out above is the closing price of the Ordinary Shares on the ASX on 24 October 2022.
 - The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
 - The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
 - The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
 - This table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 or under any of the exceptions to Listing Rule 7.1 and assumes Resolution 6 is approved.

(d) *Purpose of issue under 10% Placement Capacity*

(e) *Any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of Equity Securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue. As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the Listing Rule 7.1A Additional Placement Period. However, if Shareholders approve this Resolution and the Company did raise funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used for general working capital purposes.*

(f) *Allocation under the 10% Placement Capacity*

As at the date of the Notice the Company has not formed an intention to issue securities under a placement pursuant to Listing Rule 7.1A, and accordingly the allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial, and broking advisers (if applicable).

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 2.7 upon issue of any Equity Securities

(g) Previous Approval under Listing Rule 7.1A

The Company has not previously obtained approval under Listing Rule 7.1A.

(h) Previous issues of Equity Securities

For the purposes of Listing Rule 7.3A.6 the Company confirms that no securities were issued or agreed to be issued under LR 7.1A.2 in the 12 months prior to 28 October 2022.

(i) Voting Exclusion

A voting exclusion statement is included in the Notice of Meeting. As at the date of this Explanatory Statement, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

Directors Recommendation

The Directors believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders **vote in favour** of this Resolution 6.

The Chairman of the Meeting intends to vote all available proxies in favour on this Resolution

7. GLOSSARY

The following words and expressions used in the Notice of Meeting and Explanatory Statement have the following meanings unless the context requires otherwise:

Annual General Meeting means the annual general meeting of the Company to be held on am (AEST).

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Business Day means a day (not being a Saturday, Sunday, or public holiday) on which Australian banks (as defined in Section 9 of the Corporations Act) are open for general banking business in Melbourne, Victoria.

Company means FOS Capital Limited ACN 637 156 275.

Corporations Act means the Corporations Act 2001(Cth).

Director means a director of the Company.

Equity Security has the meaning given to that term in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the Listing Rules of the ASX.

Notice of Meeting means the notice of meeting for the Annual General Meeting.

Ordinary Share means a fully paid ordinary share in the capital of the Company.

Resolution means a resolution proposed in the Notice of Meeting.

Shareholder means a holder of Ordinary Shares.

Trading Day has the meaning given to that term in the Listing Rules.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Monday 28 November 2022.**

🖥 TO VOTE ONLINE 📱 BY SMARTPHONE

- STEP 1: VISIT** <https://www.votingonline.com.au/fosagm2022>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEDT) on Monday, 28 November 2022.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/fosagm2022>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 8, 210 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

FOS Capital Limited
ACN 637 156 275

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **FOS Capital Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held **at the offices of William Buck, Level 20, 181 William Street, Melbourne VIC 3000 on Wednesday, 30 November 2022 at 11:00 am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 4 & 5, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolutions 1, 4 & 5 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 4 & 5). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

| | | For | Against | Abstain* |
|--------------------------------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Non Binding Resolution to adopt Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Michael Monsonogo as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Ratification of issue of Placement Shares to sophisticated investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Issue of Shares to Related Party – Alexander Beard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Issue of Shares to Related Party – SKM Investment Group Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 (Special Resolution) | Approval for Additional Placement Capacity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

STEP 3 SIGNATURE OF SECURITYHOLDERS
This form must be signed to enable your directions to be implemented.

| | | |
|---|---|---|
| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
| <input style="width: 100%; height: 25px;" type="text"/> | <input style="width: 100%; height: 25px;" type="text"/> | <input style="width: 100%; height: 25px;" type="text"/> |
| Sole Director and Sole Company Secretary | Director | Director / Company Secretary |

Contact Name..... Contact Daytime Telephone..... Date / / 2022