FORTIFAI LIMITED (ASX: **FTI**) ABN 39 627 145 260
(formerly Mighty Kingdom Limited)

ANNUAL REPORT

YEAR ENDED 30 JUNE 2025

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CORPORATE DIRECTORY

Directors
Shannon Robinson (Chair)
Duncan Gordon
Andrew Scott Cole

Company secretary
Katelyn Adams

Registered office
Level 1, 169 Fullarton Road
Dulwich, SA 5065

Principal place of business
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Dulwich, SA 5065

Email: investors@fortifAI.com.ai

Website: https://www.fortifai.com.ai

Auditor
Grant Thornton Audit Pty Limited
Grant Thornton House
Level 3, 170 Frome Street
Adelaide, SA 5000

Share register
Computershare Investor Services Pty Limited
Level 17, 221 St Georges Terrace
Perth, WA 6000

Stock exchange listing
FortifAI Limited shares are listed on the Australian Securities Exchange (ASX code: FTI)

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DIRECTORS' REPORT

The Directors of FortifAI Limited (formerly Mighty Kingdom Limited) (the "Company") and its subsidiaries (collectively, the "Group" or "FortifAI") present their report and consolidated financial statements of the Group for the financial year ended 30 June 2025. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names and details of the Company's Directors at any time during or since the end of the financial year are outlined below. Unless otherwise disclosed, all Directors held their office from 1 July 2024 until the date of this report.

Shannon Robinson
from 22 May 2025
Chair - Non-Executive Director

Ms Robinson (LLB, B Comm (Accounting) GAICD, FGAI) is an experienced company director and former corporate lawyer with 20 years corporate experience. Ms Robinson is a graduate member of the Australian Institute of Company Directors (AICD) and a fellow of the Governance Institute of Australia (GIA). Ms Robinson is currently Non-Executive Chair of Yojee Limited (ASX: YOJ) and FBR Limited (ASX: FBR).

Other ASX Directorships in the last 3 years: Yojee Limited (ASX: YOJ) since 05 February 2024
FBR Limited (ASX: FBR) since 23 April 2024

Duncan Gordon
from 22 January 2025
Non-Executive Director

Duncan Gordon is Executive Director of Cerberus Advisory, a boutique investment banking firm specialising in ASX-listed small cap mining and technology stocks, and founder and co-principal of Adelaide Equity Partners. Mr Gordon has extensive experience as a corporate and financial advisor, with particular expertise in advising ASX-listed companies on corporate acquisitions, IPOs, and capital raising. His recent board experience includes serving as Non-Executive Chairman of Whitebark Energy Limited (2021-2024) and Dreadnought Resources Limited (2017-2019). His capital markets expertise and strategic advisory capabilities provide valuable insight.

Other ASX Directorships in the last 3 years: WhiteBark Energy Limited (ASX: WBE) stepped down 12 January 2024

Andrew Scott Cole
from 22 May 2025
Executive Director

Mr Cole (BS (Econ)) is an experienced corporate executive and has a Bachelor of Science degree majoring Economics from Duke University, USA. Mr Cole is experienced in the management of finance matters, implementing additional financial controls and governance. In addition to Mr Cole's Director role, he has been employed by the Group as Finance Director since 16 April 2025.

Other ASX Directorships in the last 3 years: Nil

Katelyn Adams
from 12 February 2024
Company Secretary

Katelyn Adams has over 15 years of accounting and board experience, servicing predominantly ASX listed companies. Katelyn is a Chartered Accountant and Partner of the Corporate Advisory division of HLB Mann Judd in Adelaide, as well as the Company Secretary of various listed and private companies. Katelyn has extensive knowledge in corporate governance, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting background.

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Mark Aubrey – Non-Executive Director (appointed 15 March 2024; resigned 22 May 2025)

Chris Whiteman – Non-Executive Director (appointed 15 March 2024; resigned 22 May 2025)

David Butorac – Non-Executive Chair (appointed 04 August 2022; resigned 22 January 2025)

Ian Hogg – Non-Executive Director (appointed 04 August 2022; resigned 30 November 2024)

David Yin – Chief Executive Officer & Managing Director (appointed 19 June 2024; resigned 21 November 2024)

Meetings of Directors

The number of meetings of the Group's Board of Directors (the "Board") and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Number of meetings		Number of meetings		Number of meetings	
Name	**Held while Director**	**Attended**	**Held while committee member**	**Attended**	**Held while committee member**	**Attended**
Shannon Robinson[1]	1	1	-	-	-	-
Duncan Gordon[2]	3	3	1	1	-	-
Andrew Scott Cole[1]	1	1	-	-	-	-
Mark Aubrey[3]	22	16	3	2	1	1
Chris Whiteman[3]	22	20	3	3	1	1
David Butorac[4]	20	20	2	2	1	1
Ian Hogg[5]	13	9	-	-	-	-
David Yin[6]	13	12	-	1	-	1

1. Appointed 22 May 2025.
2. Appointed 22 January 2025.
3. Resigned 22 May 2025.
4. Resigned 22 January 2025.
5. Resigned 30 November 2024.
6. Resigned 21 November 2024.

Principal activities

The Group's principal activities are developing and commercialising technology with a focus on AI. The Group has developed a broad portfolio of video games for console, PC and mobile platforms. Mobile games and apps developed and/or published by the Group are made available for customers on different app stores, including Apple's App Store and Google's Google Play and other stores. In addition to receiving fees for development work from clients, the Group monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets. The Group uses AI targeting efficiencies and expansion opportunities in technology.

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Review and results of operations

The Group presents its results for FY25. The results reflect the Group's continuing focus on generating efficiencies, cost reduction and expansion of the business. The Group has undertaken a strategic review from February 2025 with execution of objectives and a series of funding initiatives.

Financial

- Games revenue of $4.3m representing a 15% decline over the previous financial year.
- Total income of $6.3m including other income associated with research and development incentives, Digital Games Tax Offset and other grants.
- Underlying operational costs were down $6.1m to $8.2m when compared to $14.3m in the prior period FY24. This represents a 43% decrease year-on-year.
- One off non-recurring costs in relation to the restructure, legal and corporate advisory, bad debt and finance expenses totalled $1.2m.
- Total loss after income tax of $1.99m is a reduction of 72% compared to the prior year.
- Operating cash outflows improved year-on-year.

Operational

- The Group continued its strong collaboration with East Side Games and its portfolio of global IP.
    - — Expansion of content and gameplay for Star Trek Lower Decks to maintain the performance of the game's monetisation efforts.
    - — Completed development for Power Rangers: Mighty Force continued with the game soft launching in a number of territories during the period. The game was launched globally on 09 August 2024.
- Successful delivery of game content for Google's launch of the Fitbit Ace LTE, a first-of-its-kind kids smartwatch. The product using kid-centric developed software to encourage movement through gameplay. FortifAI is looking forward to the on-going collaboration with Google.
- On-going commitment from Spin Master saw the Group enter multiple contracts for continued game development on popular children's brand Gabby's Dollhouse.
- An organisational restructure took place to streamline operations and align the business to current priorities.

The Group presents its normalised loss after tax as below:

	2025 $'000	2024 $'000
Revenue from ordinary activities	4,327	5,102
Loss after income tax	(1,991)	(6,991)
Addback of non-recurring items		
Costs associated with restructure and management changes	750	606
Share-based payments with issuance of options	40	100
Legal and corporate advisory services	408	436
Bad debt expense	-	338
Finance expenses	-	73
Normalised loss after income tax (non-statutory disclosure)	**(793)**	**(5,438)**

'Normalised loss after income tax' in the table above is a non-IFRS standard term but is used by the Group to assist readers to better understand the financial performance of the underlying operating business. The normalisation is not subject to audit or review.

During FY25, the Group reported game revenue of $4,327,710 down 15% from FY24's $5,102,224). This game revenue plus other income delivered total income of $6,296,256. This total income reflected the Group's on-going development of projects with the support from key partners East Side Games, Google and Spin Master. The Group continues to focus on business development and new revenue

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opportunities following a strategic review during the year whilst seeking further efficiencies and enhancements of the business and the addition of complimentary projects.

Whilst revenue was down, operational costs were also significantly down year-on-year with an on-going focus on improved operational efficiency and streamlining activities. The Group will continue to implement cash preservation initiatives.

The second half of the year delivered transformative outcomes with key additions to the Board and a series of strategic funding initiatives raising approximately $3.6m, net of cash-based transaction costs. This positions the Group well to achieve its strategic goals and explore ongoing opportunities. The Group maintains on-going cost management protocols and efficient utilisation of developer resources on revenue generating projects.

Material Business Risks

As part of its operations and the implementing of its strategy the Group is exposed to a number of risks. These risks may affect the future strategy, operating and financial performance of FortifAI Limited and the value of FortifAI Limited shares.

Key personnel
The Group relies on a number of key personnel to conduct the business including certain personnel who are named as Key Management Personnel (KMP). If such key personnel were to leave the business or for other reasons could not perform their duties, and there was an inability to recruit suitable replacements, this could result in an inability to continue to promote or operate the business plan.

Going concern
The ability of the Group to continue to meet its cash requirements to maintain its operations and meet its financial obligations as they fall due depends on continuing to grow the business, increasing revenue, controlling costs and raising additional funds. Failure to raise additional funds may result in the Group not being able to meet its financial obligations as they fall due.

Customer acquisition
The Group is dependent on growing its existing and new customers usage volumes to generate income over and above its operating expenses. Failure to do so will negatively impact the Group's financial position.

Competition
There is a risk that incumbents or new entrants to the market duplicate the Group's technology and business model. The industry in which the Group operates is competitive and includes companies with significantly greater financial, technical, human, research and development and marketing resources than currently available to the Group. Consequently, The Group's current and future technologies and products may become obsolete or uncompetitive resulting in adverse effects on revenue, margins and profitability.

Economic. Financial and Capital Markets Risks
Market, financial or economic conditions may be affected by a range of factors including general economic outlook, investor sentiment and consumer confidence, changes to legislation including tax reform, changes to government programs for video game developers, monetary factors (including interest rate risk, inflation, foreign exchange risk, credit risk and supply or demand of capital), liquidity risk or other general factors such as terrorism or pandemics. The Group has a history of tax losses.

There is always increased risk due to changes in market, business or economic conditions which may result in: the Group's business being impacted either directly or indirectly; the value of investment being affected; the Group's exposure to share market volatility increasing; and as the business is still in growth mode, access to additional funding remains a risk.

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Data Management and Security
There is a risk that the collection, usage and management of customer data is not consistent with the regulatory obligations or that it does not meet the expectations of customers.
With growth in volume of orders and traffic to the Group's websites, cyber infiltration or attack is a risk.

Data security is critical to the Group. The Group relies on the availability of its platform, and the website of various third-party providers and integrations with other platforms to provide services to users, its corporate clients and to attract new business.

Hackers could render the websites unavailable through distributed denial of service or other disruptive attacks including accessing of confidential data. Although the Group has a range of strategies in place to minimise the threat of any of these attacks, as cyber-attacks are becoming more sophisticated and are increasing in frequency, these strategies may not be successful. This could result in the functionality of the Group's websites being compromised or confidential data being accessed.

The Group heavily relies on the automation of many of its processes, but some elements do rely on human interaction. There is always the risk of human error in the handling of such data.

Reliance on Third-Party Suppliers or Contractors
Where the Group uses third party suppliers of information, there is a risk they may not continue to allow the Group to access the information. While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required. Denial of information access, non or poor performance by third-party suppliers or contractors may have a material adverse effect on the Group.

Reliance on Third-Party Infrastructure
Reliance upon systems supplied by third-party providers is an integral feature of providing software as a service. The Group is also increasing its platform integration with other platforms. As such, the Group places reliance on the proper operation and maintenance of those facilities outside of its direct control in order to deliver its product to market. Non-performance of, or the lack of availability of, third party infrastructure may have a material adverse effect on the Group.

Management of Growth
Management of growth is critical to the business. The Group has experienced periods of variable growth, and this fluctuating growth rate has placed pressure on resourcing. Building scalability (in infrastructure, systems and processes) and people capability are vital; the Group continues to implement initiatives in a timely manner to manage growth.

Technology and Intellectual Property Risks
Ability to compete may be compromised if the Group's proprietary rights are not adequately protected. There are risks associated with disruption to technology platform and systems, as these could affect the Group's reputation and financial performance.

Significant changes in the state of affairs

During the reporting period, the following changes occurred within the Group:

(a) Senior Management Changes

i. On 21 November 2024, David Yin resigned as the Group's Managing Director.

ii. On 22 January 2025, Dylan Miklashek was appointed to the role of Interim Chief Executive Officer before transitioning to Studio Director.

iii. On 16 April 2025, Andrew Scott Cole was appointed to the role of Finance Director.

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(b) Director Changes

i. On 21 November 2024, David Yin resigned as Non-Executive Director.

ii. On 22 January 2025, David Butorac resigned as Non-Executive Chair.

iii. On 30 November 2024, Ian Hogg resigned as Non-Executive Director.

iv. On 22 January 2025, Duncan Gordan was appointed as Non-Executive Chair and transitioned to Non-Executive Director effective 22 May 2025.

v. On 22 May 2025, Mark Aubrey and Chris Whiteman resigned as Non-Executive Directors.

vi. On 22 May 2025, Shannon Robinson was appointed as Non-Executive Chair.

vii. On 22 May 2025, Andrew Scott Cole was appointed as Director.

(c) Capital raising

On 08 April 2025, the Group announced a series of funding initiatives to raise approximately $3.35 million (before costs) to strengthen the Group's balance sheet and fund its growth initiatives as follows:

i. One-for-one (1-for-1) accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately $1.08 million;

ii. Placement within the Group's 25% placement capacity to raise $270,000 (before costs); and

iii. Additional Placement to raise up to $2.0 million (before costs), subject to shareholder approval at an extra ordinary general meeting ("EGM").

On 10 April 2025, the Group announced the completion of the institutional component of the accelerated non-renounceable rights issue and placement, raising $530,000 (before costs).

On 06 May 2025, the Group announced the completion of the retail component and shortfall placement, raising $815,000 (before costs).

On 27 June 2025, the Group completed a placement raising $2.3 million (before costs) following announcement on 24 June 2025 of firm commitments received for an oversubscribed placement.

(d) Strategic Review

During the period, the Group undertook a strategic review of its business which involved a period of consolidation, cost reduction and targeted restructure to drive profitability and efficiencies in the business. Several cost saving initiatives were implemented, including a reduction in team size and a focused business development program commenced. The Group is utilising its AI Lab targeting further increases in efficiency and expansion opportunities of existing business, as well as identifying new opportunities utilising AI tools and data analysis as part of the strategic review. The Company has engaged consultants to assist with analysis and work with the incumbent team.

The Group successfully completed a round of strategic funding from its existing shareholders and sophisticated investors to support the Group's strategy of targeted growth and expansion of its existing business, utilisation of AI and complementary technology projects. Following shareholder approval, the Group undertook a consolidation of share capital and change of parent company name to "FortifAI Limited". This rebranding aligns with the transformation of the business and strategy of efficiency and expansion with a new management team.

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(e) Consolidation of fifteen-to-one

On 17 July 2024, the Group announced a consolidation of the issued share capital of FortifAI Limited on the basis that every fifteen (15) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. At a subsequent Extraordinary General Meeting held on 16 August 2024, shareholders approved the consolidation of capital. Similarly, every fifteen (15) options were consolidated into one (1) option. The exercise price of all options was amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024.

The Group's capital structure post 15:1 consolidation is as follows:

Capital Structure Post 15:1 Consolidation	ASX Code	Securities on Issue
Ordinary Fully Paid Shares	MKL	216,063,408
Option Expiring 19-Aug-2025 EX $0.06	MKLAM	15,000,000
Option Expiring 19-Nov-2025 EX $2.25	MKLAG	148,984
Option Expiring 19-Nov-2025 EX $2.25	MKLAE	683,608
Option Expiring 19-Dec-2025 EX $0.525	MKLAH	800,001
Option Expiring 31-Dec-2025 EX $0.60	MKLAJ	480,001
Option Expiring 16-Feb-2026 EX $2.25	MKLAF	311,968
Option Expiring 14-Jun-2029 EX $0.225	MKLAK	1,000,001
Option Expiring 14-Jun-2029 EX $0.09	MKLAL	1,333,334
Option Expiring 19-Aug-2029 EX $0.09	MKLAN	23,333,333
Total options outstanding post-consolidation		**43,091,230**

(f) Secured Loan

On 24 December 2024, FortifAI entered into a secured convertible note arrangement with sophisticated and professional investors to raise up to $1,200,000. The terms of the notes provided that conversion is subject to shareholder approval. Accordingly, the notes were treated as a secured loan until such shareholder approval was received. The notes totalling $678,000 were secured against the Group's Digital Games Tax Offset ("DGTO"). This secured convertible note was repaid in cash to holders in accordance with the conditions of issue.

On 18 August 2025, FortfiAI paid $82,500 cash to an outstanding convertible note holder following redemption by the Group.

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Share options

As at 30 June 2025 there were 293,091,224 unissued ordinary shares under option which is prior to the subsequent 5:1 consolidation disclosed in Events after the reporting period. Refer to Note 17 of the consolidated financial statements for further details of the Group's share-based payments. No shares were issued during or since the end of the FY25 financial year, through the exercise of options (FY24: nil).

Details of the share options outstanding as at the end of the year are set out below:

Issue Date	Options	Expiry Date	Exercise Price $	Options Outstanding
20 Nov 2020	Employee Share Option Plan ('ESOP')	20 Nov 2025	2.25	534,623
20 Nov 2020	Employee Share Option Plan ('ESOP')	20 Nov 2025	2.25	148,983
20 Nov 2020	Employee Share Option Plan ('ESOP')	20 Nov 2025	2.25	148,983
19 Dec 2022	Non-Executive Director	19 Dec 2025	0.525	266,667
19 Dec 2022	Non-Executive Director	19 Dec 2025	0.525	266,667
19 Dec 2022	Non-Executive Director	19 Dec 2025	0.525	266,667
29 Nov 2023	Employee Share Option Plan ('ESOP')	31 Dec 2025	0.60	266,667
29 Nov 2023	Employee Share Option Plan ('ESOP')	31 Dec 2025	0.60	213,333
14 Jun 2024	Employee Share Option Plan ('ESOP')	14 Jun 2029	0.225	333,333
14 Jun 2024	Employee Share Option Plan ('ESOP')	14 Jun 2029	0.225	666.667
14 Jun 2024	Non-Executive Director	14 Jun 2029	0.09	666.667
14 Jun 2024	Non-Executive Director	14 Jun 2029	0.09	666.667
14 Mar 2024	Broker short-dated	19 Aug 2025	0.06	15,000,000
14 Mar 2024	Broker long-dated	19 Aug 2029	0.09	23,333,333
20 Jun 2025	Financial Advisor	20 Jun 2030	0.01	60,000,000
20 Jun 2025	Joint Lead Manager	20 Jun 2030	0.01	190,000,000
				290,781,256

Note On 17 July 2024 the Group announced a consolidation of the issued share capital of FortifAI Limited on the basis that every fifteen (15) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. Similarly, every fifteen (15) options were consolidated into one (1) option. The exercise price of all options was amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024. Options outstanding are listed post- consolidation from that date. As noted below a further consolidation of options on a 5:1 basis was completed on 19 August 2025.

Events after the reporting period

In the interval between the end of the financial year and the date of this report, the Directors note the following:

- On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025.

- On 19 August 2025, 3,000,000 options (exercisable at $0.30 per option by 19 August 2025) were cancelled following expiry unvested.

- On 19 August 2025, further options (exercisable at $1.125 per option by 14 June 2025) held by former employees David Yin (133,334 options) and Simon Rabbitt (66,667 options) were also cancelled following lapse unvested.

- On 27 August 2025, the Company announced 11,500,000 unlisted options at a subscription fee of $0.00001 (exercisable at $0.15 by 29 August 2028) to be issued pursuant to a corporate advisory mandate.

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The Company's capital structure post 5:1 consolidation is as follows:

Capital Structure Post 5:1 Consolidation	ASX Code	Securities on Issue
Ordinary Fully Paid Shares	MKL	146,687,862
Option Expiring 19-Nov-2025 EX $11.25	MKLAG	29,797
Option Expiring 19-Nov-2025 EX $11.25	MKLAE	136,722
Option Expiring 19-Dec-2025 EX $2.625	MKLAH	160,002
Option Expiring 31-Dec-2025 EX $3.00	MKLAJ	96,001
Option Expiring 16-Feb-2026 EX $11.25	MKLAF	62,394
Option Expiring 14-Jun-2029 EX $0.45	MKLAL	266,668
Option Expiring 19-Aug-2029 EX $0.45	MKLAN	4,666,667
Option Expiring 20-Jun-2030 EX $0.05	MKLAQ	50,000,000
Total options outstanding post-consolidation		**55,418,251**

Likely developments and expected results

The Group continues to drive outcomes and make decisions to deliver a sustainable business model. The Group will focus on enhancing existing games and deepening engagement with current revenue-generating clients in its drive to profitability, whilst continuing to explore strategic initiatives and partnerships. The Group is focused on delivery of existing projects and expanding the pipeline of opportunities. The utilisation of AI capabilities is key to expansion and growth with the identification of complementary technology projects.

Indemnification and insurance

During the year, the Group paid a premium in respect of a contract to insure the Directors of the Group against a liability to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

Environmental issues

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Proceedings on behalf of the Group

Other than as set out below, no person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group or to intervene in any proceedings which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

The Company was on 20 June 2025 served with a claim filed in the Magistrates Court of South Australia by KitCat Co Pty Ltd in respect of a dispute arising under a 2018 services and revenue sharing agreement in relation to a game developed by the Company using intellectual property of the claimant. The agreement was terminated in 2020. The claimant is seeking damages and a return of the source code. The Directors intend to defend the claim.

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REMUNERATION REPORT (audited)

The directors present the Remuneration Report of the Group for the period 01 July 2024 to 30 June 2025. This Report forms part of the Directors' Report and has been audited in accordance with Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

(a) Key management personnel

(b) Remuneration governance and framework

(c) Details of remuneration

(d) Share based remuneration

(e) Other information

(a) Key management personnel (KMP)

The Remuneration Report details the remuneration arrangements for FortifAI's KMP. KMP are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors. All KMP have been in office for the whole year unless otherwise stated.

Executive Directors

David Yin	Managing Director (Executive) – resigned 21 November 2025
Andrew Scott Cole	Finance Director – appointed 16 April 2025
	Director (Executive) – appointed 22 May 2025

Non-Executive Directors

Shannon Robinson	Chair (Non-Executive) – appointed 22 May 2025
Duncan Gordon	Director (Non-Executive) – appointed 22 January 2025
Mark Aubrey	Director (Non-Executive) – resigned 22 May 2025
Chris Whiteman	Director (Non-Executive) – resigned 22 May 2025
David Butorac	Chair (Non-Executive) – resigned 22 January 2025
Ian Hogg	Director (Non-Executive) – resigned 30 November 2024

Other Key Management Personnel

Dylan Miklashek	Studio Director – appointed 30 June 2025
	(Interim CEO from 22 January 2025 to 29 June 2025)
Simon Rabbitt	Chief Financial & Operations Officer (CFOO) – resigned 19 August 2024
Grant Osborne	Chief Technology Officer (CTO) – resigned 11 September 2024

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(b) Remuneration governance and framework

(i) Remuneration governance

The Board considers all Nomination and Remuneration matters in accordance with the Nomination and Remuneration Committee due to the size of the Board. The charter sets out responsibility for reviewing the remuneration arrangements for its Directors and executives and consideration of recommendations. The Nomination and Remuneration Committee has the following key functions:

Nomination functions

- Ensure that the Board is an appropriate size and collectively has the skills, commitment and knowledge of FortifAI and the industry in which it operates, to enable it to discharge its duties effectively and to add value.
- Ensure that appropriate senior executive and Board evaluation occurs.
- Ensure that appropriate senior executive and Board succession planning occurs.
- Lead searches for new senior executives and Board members.

Remuneration functions

- Ensure that Director remuneration is sufficient to attract and retain high quality directors, and is fair, and responsible.
- Ensure that senior executive remuneration is sufficient to attract, retain and motivate high quality personnel and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

The Board reviews and assesses the appropriateness of the remuneration on a periodic basis by reference to employment market conditions with the overall objective to ensure shareholder value and benefit from the recruitment and retention of a high-quality board and executive team.

Further information about remuneration framework and the relationship between remuneration policy and Group performance is set out below.

The Corporate Governance Plan and the Board Charter, which outlines the terms of reference under which the Committee operates, are available at www.fortifAI.com.ai.

(ii) Remuneration framework

The remuneration framework enables the Group to attract and retain executives and Directors who will create value for shareholders. It aims to reward executives with a level and mix of fixed and variable remuneration having consideration to the Group size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The remuneration structure that has been adopted by the Group consists of the following components:

- Senior executives
    - Annual base salary and superannuation
    - Performance based remuneration - monetary and non-monetary
    - Equity based remuneration - via an employee share and option scheme.

Executive remuneration comprises fixed remuneration (salary) and may include short-term and long-term incentive plan components. These are set with reference to the Company's performance and the market. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation. Remuneration at risk may be provided through short-term and long-term incentive plan components, linked to performance measured against operational and financial targets set by the Company, designed to achieve operational and strategic targets for the sustainable growth of the Company and long-term shareholder value.

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(iii) Relationship between remuneration and group performance

The Board aims to align executive remuneration to the Group's strategic and business objectives and the creation of shareholder wealth.

The remuneration of Non-Executive Directors is decided by the Board, without the affected Non-Executive Director participating in that decision-making process.

- Non-Executive Directors
  - Annual fees
  - Equity based remuneration - issues of shares or other securities.

Each of the Non-Executive Directors has entered into an appointment letter with FortifAI, confirming the terms of their appointment and their roles and responsibilities.

Non-Executive Directors receive a fixed fee for their participation on the Board. No additional fee is paid for service on Board sub-committees. Fees for Non-Executive Directors are not linked to the performance of the Group, other than participation in share options (*refer to section (d) share based remuneration*).

The determination of Non-Executive Directors' remuneration within that maximum cap will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current amount has been set at an amount not to exceed $600,000 per annum.

In addition, subject to any necessary Shareholder approval, a director may be paid fees or other amounts as the Directors determine, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Non-Executive Director remuneration is reviewed annually at the discretion of the Board but will not exceed (in aggregate) the amount set by a resolution of Shareholders.

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(iv) Service agreements

Remuneration and other terms of employment for the executives and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Executive Officers	Position	Base Salary excl Superannuation ($)	Notice Period By Company	Termination By Executive
David Yin [1]	Executive Director	300,000		
Dylan Miklashek [2]	Previously Interim CEO → Currently Studio Director	150,000	4 weeks	4 weeks
Simon Rabbitt [3]	Chief Financial and Operations Officer	300,000		
Grant Osborne [4]	Chief Technology Officer	220,000		
Andrew Cole [5]	Finance Director	150,000	8 weeks	4 weeks

[1] Resigned on 21 November 2024.

[2] Appointed Interim CEO on 22 January 2025, then transitioned to Studio Director on 29 June 2025. Mr Miklashek was issued 8,000,000 shares with a fair value of $0.005 per share as a part of his remuneration. The shares issued were not subject to any further conditions.

[3] Resigned on 19 August 2024.

[4] Resigned 11 September 2024.

[5] Appointed 22 May 2025. At the time of Mr Cole's appointment, it was agreed to seek Shareholder approval for a portion of his fees in the first 12 months to be satisfied by the issue of Shares (2,600,000) at a deemed issue price of $0.005 per Share. Shareholder approval shall be sought at the Company's Annual General Meeting in November 2025. On 16 April 2025, the Company appointed Mr Cole as Finance Director to provide financial management services with a salary of $150,000 per annum. This role is in addition to his duties as a Director.

Directors	Position	Fees ($) p/a
Shannon Robinson [1]	Non-Executive Chair	60,000
Andrew Cole [2]	Executive Director	40,000
Duncan Gordon [3]	Non-Executive Director	40,000
Ian Hogg [4]	Non-Executive Director	60,000
David Butorac [5]	Non-Executive Chair	120,000
Chris Whiteman [6]	Non-Executive Director	60,000
Mark Aubrey [6]	Non-Executive Director	60,000

[1] Appointed 22 May 2025. At the time of Ms Robinson's appointment, it was agreed to seek Shareholder approval for a portion of her fees in the first 12 months to be satisfied by the issue of Shares (4,000,000) at a deemed issue price of $0.005 per Share. Shareholder approval shall be sought at the Company's Annual General Meeting in November 2025. Fees from appointment to 30 June 2025 have been paid or payable in cash.

[2] Appointed 22 May 2025. At the time of Mr Cole's appointment, it was agreed to seek Shareholder approval for a portion of his fees in the first 12 months to be satisfied by the issue of Shares (2,600,000) at a deemed issue price of $0.005 per Share. Shareholder approval shall be sought at the Company's Annual General Meeting in November 2025. On 16 April 2025, the Company appointed Mr Cole as Finance Director to provide financial management services with a salary of $150,000 per annum. This role is in addition to his duties as a Director. Fees from appointment to 30 June 2025 have been paid or payable in cash.

[3] On 22 January 2025, Duncan Gordon was appointed as a Non-Executive Director. No Director fees were paid to Mr Gordon from 22 January 2025 to 30 April 2025 because of his existing relationship with Cerberus Advisory, a firm which historically provides corporate advisory services to the Group. Mr Gordon is the sole director and underlying controller of Cerberus Advisory. Since 01 May 2025, Mr Gordon has been paid Non-Executive Director fees of $40,000 per annum for his role as a Non-Executive Director. Cerberus is no longer paid fees by the Company. The total compensation paid by the Group to Cerberus Advisory for the period 22 January 2025

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to 30 June 2025 was $764,719 ($93,750 cash plus $670,969 in value of options issued in connection with the Corporate Advisory associated with capital raising activities).

[4] Resigned 30 November 2024.

[5] Ceased to be a Director on 22 January 2025.

[6] Resigned 22 May 2025.

(c) Details of remuneration

(i) Director and KMP remuneration

Executive KMP remuneration outcomes are determined by the Board. The Board, in accordance with the Nomination Committee Charter, reviews and recommends executive remuneration outcomes to the Board with reference to capability, experience, market movements, the remuneration principles, individual and the Group's performance.

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		Short-term employment benefits			Post-employment benefits	Long term benefits	Share-based payments			
Executive Directors		**Base salary and fees** **$**	**Annual leave**[1] **$**	**Bonus** **$**	**Super-annuation** **$**	**Long service leave**[2] **$**	**Shares/ Options**[3] **$**	**Termination Benefits** **$**	**Total** **$**	**Performance related** **%**
David Yin[5]	2025	148,579	-	-	14,596	-	(3,518)	-	**159,657**	-
	2024	81,923	9,922	-	9,012	56	3,518	-	**104,431**	-
Andrew Cole [13, 17]	2025	32,293	-	-	838	-	-	-	**33,131**	
	2024	-	-	-	-	-	-	-	**-**	-
Non-Executive Directors										
Duncan Gordon [4]	2025	6,667	-	-	-	-	-	-	**6,667**	-
	2024	-	-	-	-	-	-	-	**-**	-
David Butorac [8]	2025	77,505	-	-	-	-	-	-	**77,505**	-
	2024	94,032	-	-	-	-	-	-	**94,032**	-
Shannon Robinson [12]	2025	6,612	-	-	760	-	-	-	**7.372**	-
	2024	-	-	-	-	-	-	-	**-**	-
Ian Hogg [9]	2025	25,000	-	-	-	-	-		**25,000**	-
	2024	60,000	-	-	-	-	-	-	**60,000**	-
Chris Whiteman [10, 14]	2025	32,774	-	-	-	-	-	-	**32,774**	-
	2024	17,500	-	-	-	-	25,488	-	**42,988**	-
Mark Aubrey [11, 15]	2025	32,774	-	-	-	-	-	-	**32,774**	-
	2024	17,500	-	-	-	-	25,488	-	**42,988**	-
Other Key Management Personnel										
Simon Rabbitt[6]	2025	110,844	-	70,000	25,078	-	(3,148)	50,000	**252,774**	27%
	2024	285,962	16,324	70,000	31,456	1,423	3,148	-	**408,313**	17%
Grant Osborne[7]	2025	74,985	-	-	8,217	-	-	-	**83,202**	-
	2024	203,846	2,820	-	22,423	3,044	-	-	**232,133**	-
Dylan Miklashek[16]	2025	146,538	2,617	-	16,851	-	40,000	-	**206,006**	-
	2024	-	-	-	-	-	-	-	**-**	-
Total KMP	**2025**	**694,571**	**2,617**	**70,000**	**66,340**	**-**	**33,334**	**50,000**	**916,862**	-
	2024	**760,763**	**29,066**	**70,000**	**62,891**	**4,523**	**57,642**	**-**	**984,885**	-

Refer to table on the page above. Note references below:

1. Net movement in annual leave provision for the year.
2. Net movement in the long service leave provision for the year.
3. Value of shares / options recognised in the statement of comprehensive income.
4. FY25 remuneration represented from 22 January to 30 June 2025
5. FY25 remuneration represented from 01 July 2024 to 21 November 2025.
6. Termination lump sum payment of $50k in accordance with termination agreement. Bonus of $70k awarded in addition to termination payment. FY25 remuneration represented from 01 July 2024 to 19 August 2025.
7. FY25 remuneration represented from 01 July 2024 to 19 September 2025.
8. FY25 remuneration represented from 01 July 2024 to 22 January 2025.
9. FY25 remuneration represented from 01 July 2024 to 30 November 2024.
10. FY24 remuneration represented from 15 March 2024 to 30 June 2024.
11. FY24 remuneration represented from 15 March 2024 to 30 June 2024.
12. FY25 remuneration represented from 22 May to 30 June 2025.
13. FY25 remuneration represented from 22 May to 30 June 2025.
14. FY25 remuneration represented from 01 July 2024 to 22 May 2025.
15. FY25 remuneration represented from 01 July 2024 to 22 May 2025.
16. Issued ordinary Company shares at 0.005 per share with $40,000 value on 16 June 2025 in connection with the employment agreement.
17. FY25 remuneration total of $4,915 in Directors fees and $28,216 in Finance Director wages.

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(d) Share based remuneration

The key terms and conditions of the grant of share options affecting the remuneration of Directors and KMP in the current and future reporting periods are as follows.

	Number granted [2,3]	Grant date	Term escrowed (months)	Value per option at grant date ($)	Value of options at grant date ($)	Vesting date	Exercise date	Expiry date	Exercise price ($)
Executive Director									
David Yin[1]	166,667	15-Mar-24	-	0.0345	5,760	14-Jun-25	14-Jun-25	14-Jun-29	0.225
	166,667	15-Mar-24	-	0.0345	5,760	14-Jun-26	14-Jun-26	14-Jun-29	0.225
	166,667	15-Mar-24	-	0.0345	5,760	14-Jun-27	14-Jun-27	14-Jun-29	0.225
	166,667	15-Mar-24	-	0.0345	5,760	14-Jun-28	14-Jun-28	14-Jun-29	0.225
Andrew Cole	-	-		-	-	-	-	-	-
Non-Executive Directors									
David Butorac[1]	266,667	19-Dec-22	-	0.285	77,000	19-Dec-22	19-Dec-22	19-Dec-25	0.525
Ian Hogg[1]	266,667	19-Dec-22	-	0.285	77,000	19-Dec-22	19-Dec-22	19-Dec-25	0.525
Shannon Robinson	-	-		-	-	-	-	-	-
Duncan Gordon	-	-		-	-	-	-	-	-
Chris Whiteman[1]	666,667	24-Mar-24	-	0.0375	25,488	14-Jun-24	14-Jun-24	14-Jun-29	0.90
Mark Aubrey[1]	666,667	24-Mar-24	-	0.0375	25,488	14-Jun-24	14-Jun-24	14-Jun-29	0.90
Other KMP									
Simon Rabbitt[1]	83,333	14-Jun-24	-	0.0345	2,880	18-Jan-24	18-Jan-24	14-Jun-29	0.225
	83,333	14-Jun-24	-	0.0345	2,880	18-Jan-25	18-Jan-25	14-Jun-29	0.225
	83,333	14-Jun-24	-	0.0345	2,880	18-Jan-26	18-Jan-26	14-Jun-29	0.225
	83.333	14-Jun-24	-	0.0345	2,880	18-Jan-27	18-Jan-27	14-Jun-29	0.225
	266,667	28-Jun-23	-	0.15	39,295	28-Jun-23	28-Jun-23	31-Dec-25	0.60
Grant Osborne[1]	213,334	28-Jun-23	-	0.15	31,436	28-Jun-23	28-Jun-23	31-Dec-25	0.60

[1] Options granted without performance conditions.

[2] Number of options granted adjusted to reflect 15:1 share consolidation on 30 August 2024.

[3] On 17 July 2024, the Group announced a consolidation of the issued capital of FortifAI Limited on the basis that every fifteen (15) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. Similarly, every fifteen (15) options were consolidated into one (1) option. The exercise price of all options was amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024. Numbers in the table above are post–consolidation values.

Note On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025. Numbers in the table above are pre–consolidation values.

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(e) Other information

(i) Shareholdings of key management personnel

	Balance at 1 July 2024	Acquired/(disposed) prior to Consolidation	Post Consolidation Balance[1, 13]	Acquired/(disposed) during the year	Other movements	Balance at 30 June 2025
Executive Directors						
David Yin	33,333,333	-	2,222,223	-	(2,222,223) [5]	-
Andrew Cole	-	-	-	-[2]	-	-
Non-Executive Directors						
Shannon Robinson	-	-	-	933,335	433,335 [2]	1,366,670
Duncan Gordon[12]	-	-	-	-	2,444,445 [3]	2,444,445
David Butorac	-	-	-	-	-[6]	-
Ian Hogg	-	-	-	-	- [7]	-
Chris Whiteman	15,000,000	-	1,000,000	-	(1,000,000) [8]	-
Mark Aubrey	13,333,333	-	888,888	-	(888,888) [10]	-
Other KMP						
Dylan Miklashek	-	993,000	66,200[4]	8,000,000[11]	-	8,066,200
Simon Rabbitt	8,166,667	-	544,445	-	(544,445) [9]	-
Grant Osborne	1,666,667	-	111,112	-	(111,112) [10]	-
Total	**71,500,000**	**993,000**	**4,832,868**	**8,933,335**	**(1,888,888)**	**11,877,315**

1. On 17 July 2024 the Group announced a consolidation of the issued share capital of FortifAI Limited on the basis that every fifteen (15) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. Similarly, every fifteen (15) options were consolidated into one (1) option. The exercise price of all options was amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024.
2. Balance held on date of appointment as Director on 22 May 2025.
3. Balance held on date of appointment as Director on 22 January 2025.
4. Balance held on date of appointment as interim CEO on 22 January 2025.
5. Balance held on date of cessation as Director on 21 November 2024.
6. Balance held on date of cessation as Director on 22 January 2025.
7. Balance held on date of cessation as Director on 30 November 2024.
8. Balance held on date of cessation as Director on 22 May 2025.
9. Balance held on date of resignation on 18 October 2024.
10. Balance held on date of resignation on 11 September 2024.
11. Shares issued as remuneration.
12. Equity holdings include both direct and indirect holdings.
13. On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025. Numbers in the table above are pre 5:1 consolidation values.

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(ii) Option holdings of key management personnel

	Balance at 1 July 2024	Acquired/(disposed) prior to Consolidation	Post Consolidation Balance[1, 11]	Granted	Expired/ forfeited	Other movements	Balance at 30 June 2025
Executive Directors							
David Yin	10,000,000	-	666,667		-	(666,667)[3]	-
Andrew Cole [4]	-	-	-	-	-	-	-
Non-Executive Directors							-
Shannon Robinson[4]	-	-	-	-	-	-	-
Duncan Gordon[10]		49,999,995	3,333,333[2]	27,000,000	-	-	30,333,333
David Butorac	4,000,000	-	266,667	-	-	(266,667)[5]	-
Ian Hogg	4,000,000	-	266,667	-	-	(266,667)[6]	-
Chris Whiteman	10,000,000	-	666,667	-	-	(666,667)[7]	-
Mark Aubrey	10,000,000	-	666,667	-	-	(666,667)[7]	-
Other KMP						-	-
Dylan Miklashek	-	-	-	-	-	-	-
Simon Rabbitt	9,000,000	-	600,000		-	(600,000)[8]	-
Grant Osborne	3,200,000	-	213,334	-	-	(213,334)[9]	-
Total	**50,200,000**	**49,999,995**	**6,680,002**	**27,000,000**	**-**	**(3,346,669)**	**30,333,333**

1. On 17 July 2024 the Group announced a consolidation of the issued share capital of FortifAI Limited on the basis that every fifteen (15) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. Similarly, every fifteen (15) options were consolidated into one (1) option. The exercise price of all options was amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024.
2. Represents balance held on date of appointment as Director on 22 January 2025.
3. Represents balance held on date of cessation as Director on 21 November 2024.
4. Directors appointed on 22 May 2025.
5. Represents balance held on date of cessation as Director on 22 January 2025.
6. Represents balance held on date of cessation as Director on 30 November 2024.
7. Represents balance held on date of cessation as Director on 22 May 2025.
8. Represents balance held on date of resignation on 18 August 2024.
9. Represents balance held on date of resignation on 11 September 2024.
10. Equity holdings above include both direct and indirect holdings.
11. On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025. Numbers in the table above are pre–July 2025 consolidation values.

(iii) Other transactions with Directors and KMP

On 22 January 2025, Duncan Gordon was appointed as a Non-Executive Director. No Director fees were paid to Mr Gordon from 22 January 2025 to 30 April 2025 because of his existing

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engagement via Cerberus Advisory for the provision of corporate advisory services to the Company. Mr Gordon is the sole director and underlying controller of Cerberus Advisory. Since 01 May 2025, Mr Gordon has been paid Non-Executive Director fees of $40,000 per annum for his role as a Non-Executive Director. Cerberus is no longer paid fees by the Company. The total compensation paid by the Company to Cerberus Advisory for the period 22 January 2025 to 30 June 2025 was $764,719 ($93,750 cash plus $670,969 in value of options).

Details of options granted during the period:

	Options Issued to Cerberus Advisory [1]
Grant Date	20 June 2025
Vesting Date	20 June 2025
Expiry Date	20 June 2030
Share price at grant date ($)	$0.014
Exercise Price	$0.0100
Risk Free (annual compounding)	3.54%
Dividend Yield (annual compounding)	0.00%
Volatility (%)	100%
Percent of exercise period as effective life (%)	100%
Time to expiration (years)	5
Number of units	60,000,000
Valuation (per option)	$0.0112
Total valuation ($)	$670,969

[1] Options issued to Cerberus Advisory as agreed consideration for services provided. The number of options is a pre-23 July 2025 consolidation value. See ASX announcement on 21 May 2025.

As announced to the ASX on 24 December 2024, the Company issued convertible debt securities to sophisticated investors including Chris Whiteman, secured by the R&D and DGTO rebates and with a maturity of 18 April 2025. The convertible loan securities had 20% interest payable on face value and in the event the loan was not repaid could be converted into ordinary shares at $0.01 (subject to shareholder approval). On 05 February 2025, Chris Whiteman was paid $5,000 in interest on the convertible loan securities held. The convertible debt securities were redeemed in full on 5 February 2025.

On 22 May 2025, Andrew Scott Cole was appointed as a Director. Mr Cole is paid fees of $40,000 per annum for his role as a Director. On 16 April 2025, the Company appointed Mr Cole as Finance Director to provide financial management services with a salary of $150,000 per annum. This role is in addition to his duties as a Director. For the period 22 May 2025 to 30 June 2025, Mr Cole was paid a combined total of $33,131.

END OF REMUNERATION REPORT

Non-Audit Services

There were no non-audit services provided by Grant Thornton Audit Pty Ltd or its related parties during the financial year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 24 of this financial report and forms part of this Directors' Report.

Signed by Chair



Shannon Robinson
12 September 2025

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Auditor's Independence Declaration

To the Directors of FortifAI Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of FortifAI Limited for the year ended 30 June 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 12 September 2025

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

	Notes	2025 $	2024 $
Revenue	**3**	4,327,710	5,102,224
Other income	**4**	1,968,546	2,380,909
Employee benefits expenses	**5**	(5,958,116)	(10,216,566)
Share-based payment expenses	**17**	(40,000)	(100,160)
Product development support service fees		(630,989)	(723,985)
Administrative expenses		(1,009,664)	(1,771,727)
Professional and consultancy fees		(341,965)	(392,361)
Legal fees		(87,523)	(316,406)
Depreciation and amortisation		(62,711)	(469,545)
Bad debt expense		-	(337,694)
Other expenses		(33,890)	(1,446)
Loss from operations		**(1,868,602)**	**(6,846,757)**
Finance expenses		(145,868)	(187,796)
Finance income		23,988	42,692
Loss before income tax		**(1,990,482)**	**(6,991,861)**
Income tax (expense) / benefit	**6**	-	-
Loss after income tax		**(1,990,482)**	**(6,991,861)**
Other comprehensive income / (loss) for the year, net of income tax		-	-
Total comprehensive loss for the year		**(1,990,482)**	**(6,991,861)**
Loss per share - basic and diluted	**15**	**(0.01)**	**(0.12)**

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 $	2024 $
Assets			
Current assets			
Cash and cash equivalents	**7**	3,034,930	3,366,636
Trade and other receivables	**8**	2,649,753	2,539,045
Prepayments		77,779	427,379
Contract assets	**12**	9,607	86,183
Other current assets		454	454
Total current assets		**5,772,523**	**6,419,697**
Non-current assets			
Property, plant and equipment	**9**	41,059	139,803
Total non-current assets		**41,059**	**139,803**
Total assets		**5,813,582**	**6,559,500**
Liabilities			
Current liabilities			
Trade and other payables	**11**	981,187	2,722,047
Contract liabilities	**12**	-	121,180
Employee benefits	**13**	288,434	589,160
Total current liabilities		**1,269,621**	**3,432,387**
Non-current liabilities			
Employee benefits	**13**	45,809	197,282
Total non-current liabilities		**45,809**	**197,282**
Total liabilities		**1,315,430**	**3,629,669**
Net assets		**4,498,152**	**2,929,831**
Equity			
Share capital	**14**	41,191,341	40,428,489
Share-based payment reserves		6,084,145	3,288,194
Retained losses		(42,777,334)	(40,786,852)
Total equity		**4,498,152**	**2,929,831**

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The accompanying notes form part of these financial statements.

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

	Notes	Share capital	Share-based payment reserve	Retained losses	Total
		$	$	$	$
Balance at 1 July 2023		**35,211,572**	**1,837,087**	**(33,794,991)**	**3,253,668**
Loss for the year		-	-	(6,991,861)	(6,991,861)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**(6,991,861)**	**(6,991,861)**
Transactions with owners in their capacity as owners:					
- Proceeds from issue of ordinary shares		9,340,529	-	-	9,340,529
- Transaction costs		(2,035,612)	-	-	(2,035,612)
- Share based payments		-	1,462,589	-	1,462,589
- Forfeiture of options			(11,482)	-	(11,482)
- Share buy-back		(2,088,000)	-	-	(2,088,000)
Balance at 30 June 2024		**40,428,489**	**3,288,194**	**(40,786,852)**	**2,929,831**
Loss for the period		-	-	(1,990,482)	(1,990,482)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**(1,990,482)**	**(1,990,482)**
Transactions with owners in their capacity as owners:					
- Proceeds from issue of ordinary shares	**14**	3,964,415	-	-	3,964,415
- Transactions costs, net of tax		(405,857)	-	-	(405,857)
- Share based payments – Capital raising (Brokers & Advisors)	**14,17**	(2,795,706)	2,795,706	-	-
- Option registration fees		-	245	-	245
Balance at 30 June 2025		**41,191,341**	**6,084,145**	**(42,777,334)**	**4,498,152**

The accompanying notes form part of these financial statements.

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

	Notes	2025 $	2024 $
Operating activities			
Receipts from customers		3,980,920	5,246,853
Payments to suppliers and employees		(9,803,895)	(14,077,844)
Research and development incentive		645,485	1,892,011
Other government grant income		1,514,530	1,467,004
Interest received		23,988	42,692
Interest paid		(145,868)	(174,696)
Net cash (used in) operating activities	**19**	**(3,784,840)**	**(5,603,980)**
Investing activities			
Purchase of property, plant and equipment		(4,070)	(13,120)
Proceeds from sale of property, plant and equipment		-	106,019
Net cash (used in) / provided by investing activities		**(4,070)**	**92,899**
Financing activities			
Proceeds from issue of shares		3,924,661	9,340,529
Transaction costs related to the shares issued		(405,857)	(630,655)
Proceeds from borrowings		565,000	131,000
Repayment of borrowings		(626,600)	-
Principal elements of lease payments		-	(264,942)
Net cash provided by financing activities		**3,457,204**	**8,575,932**
Net change in cash and cash equivalents held		**(331,706)**	**3,064,851**
Cash and cash equivalents at beginning of the year		3,366,636	301,785
Cash and cash equivalents at end of year	**7**	**3,034,930**	**3,366,636**

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The accompanying notes form part of these financial statements.

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

1 General information

FortifAI Limited (the Company) is a for profit company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX: FTI).

The Group's principal activities are developing technology with a focus on AI. The Group has developed broad portfolio of video games for console, PC and mobile platforms. Mobile games and apps developed and/or published by the Group are made available for customers on different app stores, including Apple's App Store and Google's Google Play and other stores. In addition to receiving fees for development work from clients, the Group monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

2 Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the year ended 30 June 2025, the Group was in a net asset position of $4.5m having made a loss of $1.99m and had cash outflows from operating activities of $3.78m.

The Directors have approved a cashflow forecast for approximately 12 months from the date of this report, including related assumptions, which indicate the Group has the ability to continue as a going concern. In forming this view, the Directors note that the going concern assumption is dependent on the following:

- Successfully executing on-going contracts with existing key clients.
- The Group to continue to implement cost control measures including maximising the utilisation of developer resources on revenue generating projects. The cashflow forecast incorporates the costs to achieve this.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

In the event that the Group is unsuccessful in implementing its strategy, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

2.1 Summary of material accounting policies

(a) Basis of preparation of the financial report

The financial report includes the consolidated financial statements and notes of FortifAI Limited and Controlled Entities (Consolidated Group or Group).

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These financial statements are consolidated financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit orientated entities. FortifAI Limited is a for-profit entity for the purpose of preparing the financial statements. The Group's financial statements have been prepared on an accrual basis and under the historical cost conventions.

(b) Basis of consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (FortifAI Limited) and all the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent 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. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity with the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit and loss and other comprehensive income.

(c) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists, and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable

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entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Tax consolidation

FortifAI Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, FortifAI Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, FortifAI Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The Group has notified the Australian Tax Office that it has formed an income tax consolidation group to apply from 1 July 2020. The Group has not entered into any tax sharing or funding agreements.

(e) Fair value of assets and liabilities

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2.1 (j) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All

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other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Asset category	Useful life	Depreciation rate
Office equipment	5 Years	20%
Motor vehicle	4 Years	25%
Leasehold improvements	Term of lease	Useful life apportioned over remaining period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

(g) Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight- line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is an initial measurement of the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable). Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

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Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(h) Intangible assets

(i) Internally developed game and software

Expenditure on the research phase of projects to develop game and software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:
the development costs can be measured reliably;
the project is technically and commercially feasible;
the Group intends to and has sufficient resources to complete the project;
the Group has the ability to use or sell the game and software; and
the game and software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on game and software development, development support service fees, along with an appropriate portion of relevant overheads.

(i) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15. A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

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Financial assets
Financial assets are subsequently measured at:
- amortised cost.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(j) Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost; or
- contract assets.

(k) Impairment of non-financial assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Employee benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage assumptions for other long term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(m) Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

(o) Revenue
Revenue arises mainly from the development of the interactive entertainment software products, online game services, online advertising services, and licensing services. The core principle of AASB 15 is that revenue from contracts is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identifying the contract with customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when / as performance(s) obligations are met.

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The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at point in time or over time. When (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than passage of time required before the consideration is due.

(i) Work for hire revenue

Work for hire contracts are assessed using the five-step method above. Under the contract, the entity provides services involving consultation, development and implementation of a game or app to meet the customer's specifications. The contract contains a single performance obligation, which is the development and delivery of a game or app to the customer, as although these services are capable of being distinct, they are not distinct within the context of the contract. Revenue is brought to account over time on a percentage of completion basis when the performance obligation is satisfied progressively as the asset created by the entity has no alternative use and the entity has an enforceable right to payment for performance completed to date. The percentage of completion is calculated using an input method, being hours incurred. Revenue invoiced for incomplete performance obligations is recognised as a contract liability until the related performance obligation is satisfied.

(ii) Co-development revenue

The Group enters into co-development arrangements with game publishers and other game developers under which development costs and responsibilities are shared. Co-development revenue generally has two elements, contracted revenue and variable revenue. The performance obligation is typically the delivery of development services that result in the creation of customer-controlled IP. This revenue is brought to account over time on a percentage of completion basis when the performance obligation creates or enhances an asset that the customer controls as it is created or enhanced. This is the case where the customer directs the development and has rights to the work-in-progress. The percentage of completion is calculated using an input method, being hours incurred. Both fixed and variable consideration are recognised over time when they relate to the same performance obligation and meet the criteria for over-time recognition. Variable consideration, such as royalties, is recognised to the extent that it is highly probable that a significant reversal will not occur, and in accordance with contractual entitlements.

(p) Other income

(i) Other income

Other income is recognised when it is received or when the right to receive payment is established.

(ii) Government grant income

Government grants, including non-monetary grants at fair value, are only recognised when there is reasonable assurance that:

- all conditions attaching to the Government grant will be complied with;
- the value of the grant can be determined with reasonable certainty; and
- the grant will be received.

Government grants are recognised in the profit or loss over the periods in which the Group recognises related expenses. Where government grants relate to costs which have been capitalised as non-current assets these are recognised as a reduction to the related non-current asset in the consolidated statement of financial position and transferred to profit or loss over the

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useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(q) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at that date.

(r) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

(s) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Share Capital

Ordinary shares, and preference shares which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic attrition rates and expected outcomes under relevant performance conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

(v) Segmental reporting

The Group reports its business activities in one area: video games development, which is reported in a manner consistent with the internal reporting to the Board of Directors, which has

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been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

(w) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Research and development incentive

Research and development incentive is recognised at fair value when there is reasonable assurance that the income will be received. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as other income in the statement of profit and loss. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

(ii) Digital Games Tax Offset

The Digital Games Tax Offset (DGTO) is recognised at fair value when there is reasonable assurance that the income will be received. The expected future tax offset, for qualifying DGTO expenditure for the current financial year, has been accrued and is also recognised as other income in the statement of profit and loss. It has been established that the conditions of this future tax offset have been met and that the expected amount of the incentive can be reliably measured.

(iii) Recoverability of trade and other receivables

Trade and other receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable, that would give rise to an expected credit loss. The assessment assumptions include recent sales experience and historical collection rates.

2.2 New accounting standards and interpretations adopted during the year

The new and amended accounting standards, and interpretations which came into effect on 1 July 2024 do not have impact to the Group's financial statements.

The 30 June 2025 financial statements, and respective notes to the financial statements have been prepared in accordance with the new and amended accounting standards. The accounting policies in the notes below have also been updated to reflect the new and amended accounting standards in effect during the period.

2.3 Standards issued but not yet effective

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Group in this Financial Report. The Australian Accounting Standards Board (AASB) has issued AASB 18 Presentation and Disclosure in Financial Statements, which replaces AASB 101 and introduces significant changes to the presentation of the statement of profit or loss, including the introduction of management performance measures (MPMs) and revised aggregation/disaggregation requirements.

AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities, with early adoption permitted. The Group is currently assessing the potential

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impact of AASB 18 on its financial statements. While the standard is expected to affect the presentation and disclosure of financial performance, the quantitative impact has not yet been determined.

Other new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position of the Group.

3 Revenue

	2025 $	2024 $
External IP – Contract Income	2,916,724	3,861,091
External IP – Royalty Income	1,410,986	1,241,133
	4,327,710	**5,102,224**
Recognised over time	4,327,710	5,102,224
Point in time	-	-

	2025 $	2024 $
Co-development and License	1,313,848	1,886,370
Work for hire	3,013,862	3,215,854
	4,327,710	**5,102,224**

4 Other income

	2025 $	2024 $
Government grant income		
- SA video game development grant[(i)]	297,914	353,844
- Digital Games Tax Offset[(ii)]	797,375	1,190,509
Research and development tax incentive[(iii)]	847,106	789,123
Other income	26,151	47,433
	1,968,546	**2,380,909**

(i) SA video game development grant enables video games studios to claim a percentage of costs incurred to develop a video game in South Australia. This rebate is administered by the South Australian Film Corporation and will be paid by the South Australian Government during the next financial year.

(ii) The Digital Games Tax Offset (DGTO) is a refundable tax offset which allows eligible Australian companies that develop digital games to claim a percentage of their qualifying costs as a tax offset or tax refund.

(iii) The Research and Development tax incentive is a government program that aims to stimulate Australian investment in research and development ("R&D"). The tax incentive reduces R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

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5 Employee benefit expenses

	2025 $	2024 $
Wages and salaries	5,621,644	9,306,254
Contributions to defined contribution superannuation funds	541,385	951,410
Annual and long service leave provision movement	(452,199)	(540,414)
Payroll tax expense	224,815	484,488
Other employee benefits	22,471	14,829
	5,958,116	**10,216,566**

6 Income tax (benefit) / expense

The components of income tax expense comprise:	2025 $	2024 $
Current tax expense	-	-
Deferred tax expense / (benefit)	-	-
Under provision from prior year	-	-
	-	**-**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

Loss before income tax expense	**(1,990,482)**	**(6,991,861)**
Tax at the statutory tax rate of 25% (2023: 25%)	(497,620)	(1,747,965)
Income not subject to taxation	(485,599)	(494,908)
Expenses not deductible for taxation	498,644	376,397
Tax losses and deductible temporary differences not recognised	484,575	1,866,476
Utilisation of unrecognised tax losses	-	-
Income tax (benefit) / expense	**-**	**-**

The Group did not recognise deferred income tax assets in respect of tax losses of $31,920,691 as at 30 June 2025 (2024: $28,233,805) that can be carried forward against future taxable income.

FortifAI Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, FortifAI Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, FortifAI Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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7 Cash and cash equivalents

	2025 $	2024 $
Cash and cash equivalents consist of the following:		
Cash at bank and in hand:		
- Held in Australian Dollars	2,885,043	2,757,214
- Held in United States Dollars	149,887	609,422
	3,034,930	**3,366,636**

8 Trade and other receivables

	2025 $	2024 $
Trade receivables	421,038	131,170
Royalty receivable	250,627	230,408
GST receivable	38,460	119,481
SA video game development rebate receivable	299,539	205,177
Digital games tax offset receivable	797,375	1,163,800
Research and development incentive receivable	842,714	641,093
Other receivables	-	47,916
	2,649,753	**2,539,045**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

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9 Property, plant and equipment

	Office Equipment $	Leasehold Improvements $	Total $
Gross carrying amount			
Balance at 1 July 2024	672,736	286,597	959,333
Additions during the year	4,060	-	4,060
Disposals during the year	(542,033)	(286,597)	(828,630)
Balance at 30 June 2025	**134,763**	**-**	**134,763**
Depreciation and impairment			
Balance at 1 July 2024	(532,933)	(286,597)	(819,530)
Depreciation during the year	(62,711)	-	(62,711)
Disposals during the year	501,940	286,597	788,537
Balance at 30 June 2025	**(93,704)**	**-**	**(93,704)**
Carrying amount at 30 June 2025	**41,059**	**-**	**41,059**
Gross carrying amount			
Balance at 1 July 2023	861,235	286,597	1,147,832
Additions during the year	13,120	-	13,120
Disposals during the year	(201,619)	-	(201,619)
Balance at 30 June 2024	**861,235**	**286,597**	**959,333**
Depreciation and impairment			
Balance at 1 July 2023	(400,916)	(193,144)	(594,060)
Depreciation during the year	(132,017)	(93,453)	(225,470)
Disposals during the year	-	-	-
Balance at 30 June 2024	**(532,933)**	**(286,597)**	**(819,530)**
Carrying amount at 30 June 2024	**139,803**	**-**	**139,803**

10 Shares in controlled entities

	Equity Interest Held	
	2025 %	2024 %
Name and interest in controlled entity		
Mighty Kingdom Games Pty Ltd	100	100
Mighty Kingdom Services Pty Ltd	100	100
Mighty Kingdom IP Pty Ltd	100	100
Rise Games Pty Ltd	100	100

(i) The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group.

(ii) Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.

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11 Trade and other payables

	2025 $	2024 $
Current		
Trade payables	298,920	675,769
Accrued expenses	267,184	545,553
PAYG payable [(i)]	-	696,276
Payroll liabilities	269,474	660,349
Other payables [(i)]	145,609	144,100
	981,187	**2,722,047**

(i) On 12 January 2023 the Group entered into payment plan with the Australian Taxation Office (ATO) to repay the outstanding tax liabilities over the next two years, which related to outstanding GST and PAYG withholding obligations. ("Payment Plan")

Conditions of the Payment Plan:

- Make payments on due dates stipulated on the arrangement. The dates are regular instalments until April 2025; and Lodge and pay all ongoing tax obligations by their due dates.
- The breach of any conditions above results payment of the full amount and any accrued general interest charge (GIC).

The Group complied with the above conditions as at 30 June 2025 and repaid the remaining amount subsequent to 30 June 2025.

12 Contract assets and liabilities

Contract assets

	2025 $	2024 $
Contract assets[(i)]	**9,607**	**86,183**

(i) Contract assets relate to work that has been undertaken for ongoing projects where the revenue is recognised over time but had not been billed as at the reporting date. The amount disclosed above does not include variable consideration which is constrained.

Contract liabilities

	2025 $	2024 $
Deferred service income [(ii)]	**-**	**121,180**

(ii) Deferred service income represents customer payments received in advance of performance that are expected to be recognised as revenue in the next financial period.

Reconciliation of the contract liabilities at the beginning and end of the current and previous financial year are set out below:

	2025 $	2024 $
Balance at beginning of the year	121,179	638,216
Payments received in advance	-	121,180
Transfer to revenue - performance obligations satisfied during the year	(121,179)	(638,216)
Balance at end of the year	**-**	**121,180**

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Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $0 as at 30 June 2025 ($121,180 as at 30 June 2024) and is expected to be recognised as revenue in future periods as follows:

	2025 $	2024 $
Within 6 months	-	121,180
	-	**121,180**

13 Employee benefits

	2025 $	2024 $
Current		
Provision for annual leave	119,803	384,189
Provision for long service leave	168,631	204,971
	288,434	**589,160**
Non-current		
Provision for long service leave	**45,809**	**197,282**

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14 Share capital

	Notes	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	**(a)**	733,437,304	3,215,943,034	41,191,341	40,428,490

(a) Movements in ordinary share capital

	Number of Shares	Price $	Total $
Balance at beginning of the year	**3,215,943,034**		**40,428,490**
Shares issued in current year:			
21 AUG 2024 Issue of Securities[(i)]	25,000,000	0.003	75,000
30 AUG 2024 Balance Pre 15:1 consolidation[(ii)]	**3,240,943,034**		
Balance Post 15:1 consolidation	**216,063,408**		**40,503,490**
15 APR 2025 Issue of Securities [(iii)]	51,972,261	0.005	259,861
15 APR 2025 Issue of Securities [(iv)]	32,408,663	0.005	162,043
15 APR 2025 Issue of Securities [(v)]	21,606,220	0.005	108,031
06 MAY 2025 Issue of Securities[(vi)]	43,003,980	0.005	215,020
09 MAY 205 Issue of Securities [(vii)]	67,737,983	0.005	338,690
13 MAY 2025 Issue of Securities [(viii)]	53,349,184	0.005	266,746
16 JUN 2025 Issue of Securities [(ix)]	22,204,696	0.005	111,023
16 JUN 2025 Issue of Securities [(x)]	8,000,000	0.005	40,000
27 JUN 2025 Issue of Securities [(xi)]	209,090,909	0.011	2,300,000
27 JUN 2025 Issue of Securities [(xii)]	8,000,000	0.011	88,000
Total new equity raised	**517,373,896**		**3,889,414**
Transaction costs and tax	-		(3,201,563)
Balance at end of the year	**733,437,304**		**41,191,341**

(i) On 21 August 2024, the Company issued 25,000,000 new fully paid ordinary shares at an issue price of $0.003 per share to 708 Capital in lieu of fees pursuant to a resolution approved by shareholders at the EGM on 16 August 2024. The shares were issued on a pre-consolidation basis and subject to 12-month escrow.

(ii) On 30 August 2024, the Company completed a Consolidation of Capital on the basis that every fifteen (15) fully paid ordinary shares be consolidated into one (1) ordinary share. The consolidation was announced on 17 July 2024 and approved at the EGM on 16 August 2024.

(iii) On 15 April 2025, the Company issued 51,972,261 new fully paid ordinary shares at an issue price of $0.005 under the accelerated non-renounceable rights issue “Institutional Entitlement Offer” announced on 8 April 2025

(iv) On 15 April 2025, the Company issued 32,408,663 new fully paid ordinary shares at an issue price of $0.005 pursuant to the additional placement announced on 08 April 2025.

(v) On 15 April 2025, the Company issued 21,606,220 new fully paid ordinary shares at an issue price of $0.005 pursuant to the additional placement announced on 08 April 2025

(vi) On 06 May 2025, the Company issued 43,003,980 new fully paid ordinary shares at an issue price of $0.005 under the “Retail Entitlement Offer and Placement” announced on 08 April 2025.

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(vii) On 09 May 2025, the Company issued 67,737,983 new fully paid ordinary shares at an issue price of $0.005 under the "Retail Entitlement Offer and Placement (Shortfall)" announced on 06 May 2025.

(viii) On 13 May 2025, the Company issued 53,349,184 new fully paid ordinary shares at an issue price of $0.005 under the "Retail Entitlement Offer and Placement (Shortfall)" announced on 06 May 2025.

(ix) On 16 June 2025, the Company issued 22,204,696 new fully paid ordinary shares to the Joint Lead Managers with a fair value at grant date of $0.005 in lieu of fees in accordance with the terms of the capital raising mandate announced on 08 April 2025.

(x) On 16 June 2025, the Company issued 8,000,000 new fully paid ordinary shares to Dylan Miklashek with a fair value at grant date of $0.005 pursuant to the terms of an employment agreement.

(xi) On 27 June 2025, the Company issued 209,090,909 new fully paid shares at $0.011 through the Additional Placement as outlined in the Company's EGM Notice of Meeting dated 21 May 2025 and announced on 24 June 2025.

(xii) On 27 June 2025, the Company issued 8,000,000 new fully paid shares at $0.011 to the Joint Lead Managers (JLMs) as a portion of the capital raising fees. The shares issued to the JLMs were issued under the Company's available Listing Rule 7.1 placement capacity.

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15 Loss per share

Both the basic and diluted loss per ordinary share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In accordance with AASB 133, there are not considered to be any dilutive securities on issue.

	2025	2024
Net loss attributable to equity holders of the Company ($)	(1,990,482)	(6,991,861)
Weighted average number of ordinary shares[(i)]	264,273,843	57,765,839
Basic loss per share ($)	(0.01)	(0.12)

(i) On 30 August 2024 the Group completed a 15:1 share consolidation whereby every 15 ordinary shares were consolidated into 1 ordinary share. The current and comparative periods have been retrospectively adjusted to reflect the share consolidation as if it had occurred at the earliest presented period.

16 Share-based payment reserves

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

17 Share-based payments

Employee share payments
During FY25, the Company issued 8,000,000 shares with a fair value at grant date of $0.005 to Interim CEO then Studio Director, Dylan Miklashek as a portion of his remuneration package. The total fair value of the shares issued was $40,000.

Advisor Share Options
During FY25 the Company issued 60,000,000 share options to Cerberus Advisory (and its nominees) upon successful completion of the accelerated renounceable rights issue and subsequent additional placements. These options formed part of the remuneration for services that were provided by Cerberus and its nominees. Each option issued entitles the holder to one ordinary share in the Company. The total fair value of the options issued was $670,969.

Joint Lead Manager Options
During FY25, the Company granted 190,000,000 share options to the joint lead managers (JLMs), 708 Capital and Sandton Capital upon successful completion of the accelerated renounceable

rights issue and subsequent additional placements. These options formed part of the remuneration for the services that were provided by the JLMs. Each option issued entitles the holder to one ordinary share in the Company. The total fair value of the options issued was $2,124,737.

The summary of share options are as follows:

	Number granted	Grant date	Vesting date	Expiry Date	Value per option at grant date ($)	Exercise price ($)
Financial Advisor[1]	60,000,000	20 Jun 2025	20 Jun 2025	20 Jun 2030	0.0112	0.01
Joint Lead Manager[1]	190,000,000	20 Jun 2025	20 Jun 2025	20 Jun 2030	0.0112	0.01

1. Approved by shareholders at EGM on 20 June 2025.

Note On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025. Numbers in the table above are pre–consolidation values.

Details of options granted during the period:

	Options Issued to Cerberus Advisory	Options Issued to Joint Lead Managers
Grant Date	20 June 2025	20 June 2025
Vesting Date	20 June 2025	20 June 2025
Expiry Date	20 June 2030	20 June 2030
Share price at grant date ($)	$0.014	$0.014
Exercise Price	$0.0100	$0.0100
Risk Free (annual compounding)	3.54%	3.54%
Dividend Yield (annual compounding)	0.00%	0.00%
Volatility (%)	100%	100%
Time to expiration (years)	5	5
Number of units	60,000,000	190,000,000
Valuation (per option)	$0.0112	$0.0112
Total valuation ($)	$670,969	$2,124,737

	Number of options	2025 $	Number of options	2024 $
Employees via ESOP	2,312,590	1,351,271	34,688,859	1,351,271
Non-Executive Directors	2,133,333	531,976	32,000,000	531,976
Other	288,333,333	4,200,898	574,999,995	1,404,957
Total share-based payment reserves	**292,779,256**	**6,084,145**	**641,668,854**	**3,288,194**

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The table below shows the number and movement in, share options during the period:

Employees via ESOP	Number of options	
	2025	2024
Balance at beginning of the year	34,688,859	31,688,859
Balance Post 15:1 Consolidation	2,312,590	
Forfeited during the period	(250,000)	(12,000,000)
Granted during the period	-	15,000,000
Exercised during the period	-	-
Balance at end of the year	**2,062,590**	**34,688,859**

Non-Executive Directors	Number of options	
	2025	2024
Balance at beginning of the year	32,000,000	13,623,130
Balance Post 15:1 Consolidation	2,133,333	-
Lapsed during the period	-	1,623,130
Granted during the period	-	20,000,000
Exercised during the period	-	-
Balance at end of the year	**2,133,333**	**32,000,000**

Other	Number of options	
	2025	2024
Balance at beginning of the year	574,999,995	-
Balance Post 15:1 Consolidation	38,333,333	-
Granted during the period	250,000,000	574,999,995
Exercised during the period	-	-
Balance at end of the year	**288,333,333**	**574,999,995**

18 Related party transactions

The Company's related parties are as follows:

(a) Key management personnel of the Group

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the entity, is considered key management personnel.

Set out below is the summary of the key management personnel compensation for the year:

	2025	2024
Key management personnel		
Key management personnel compensation:		
Short-term employee benefits	761,188	1,308,100
Post-employment benefits	66,394	101,736
Long-term employment benefits	-	(62,321)
Share-based payments	33,334	46,149
Termination benefits	50,000	-
	910,916	**1,393,663**

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(b) Other related parties of the Group

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions and outstanding balances with related parties

In addition to the remuneration in (a) above the following related party transactions occurred during the year:

- On 22 January 2025, Duncan Gordon was appointed as a Non-Executive Director. No Director fees were paid to Mr Gordon from 22 January 2025 to 30 April 2025 because of his existing relationship with Cerberus Advisory, a firm which historically provides corporate advisory services to the Group. Mr Gordon is the sole director and underlying controller of Cerberus Advisory. Since 01 May 2025, Mr Gordon has been paid Non-Executive Director fees of $40,000 per annum for his role as a Non-Executive Director. Cerberus is no longer paid fees by the Group. The total compensation paid by the Group to Cerberus Advisory for Corporate Advisory services for the period 22 January 2025 to 30 June 2025 was $764,719 ($93,750 cash plus $670,969 in value of options- refer Note 17).

- As announced to the ASX on 24 December 2024, the Company entered into a secured debt facility to sophisticated investors including Chris Whiteman, secured by the R&D and DGTO rebates and with a maturity of 18 April 2025. The loan had 20% interest payable on face value and in the event the loan was not repaid could be converted into ordinary shares at $0.01 (subject to shareholder approval). On 05 February 2025, Chris Whiteman was paid $5,000 in interest on the loan securities held. The debt securities were redeemed in full on 05 February 2025.

19 Cash flow information

Reconciliation of cash flow from operations with loss after income tax

	2025 $	2024 $
Loss after income tax	**(1,990,482)**	**(6,991,861)**
Non-cash flows in profit or loss:		
Depreciation expense	62,711	469,545
Interest accrued on borrowings	-	13,100
Loss on disposal of assets	40,091	95,598
Employee shares or options	40,000	46,160
Adjustment to right-of-use assets	-	-
Adjustment to plant and equipment	-	-
Deferred tax (income) / expense	-	-
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	4,338	1,721,307
Decrease in contract assets	-	264,325
Decrease in prepayments and other current assets	349,600	284,117
(Decrease) / increase in trade and other payables	(1,717,720)	(417,022)
Decrease in employee benefits	(452,199)	(572,212)
(Decrease) / increase in contract liabilities	(121,179)	(517,037)
Net cash (used in) operating activities	**(3,784,840)**	**(5,603,980)**

20 Events after the reporting period

On 20 June 2025 at a shareholder meeting a consolidation of the issued capital of FortifAI Limited was approved on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the

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same basis with the exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025.

On 19 August 2025, 3,000,000 options (exercisable at $0.30 per option by 19 August 2025) were cancelled following expiry unvested.

On 19 August 2025, further options (exercisable at $1.125 per option by 14 June 2025) held by former employees David Yin (133,334 options) and Simon Rabbitt (66,667 options) were also cancelled following lapse.

On 27 August 2025, the Company announced 11,500,000 unlisted options at a subscription fee of $0.00001 (exercisable at $0.15 by 29 August 2028) to be issued pursuant to a corporate advisory mandate.

The Company's post-consolidation capital structure is as follows:

Capital Structure Post 5:1 Consolidation	ASX Code	Securities on Issue
Ordinary Fully Paid Shares	MKL	146,687,862
Option Expiring 19-Nov-2025 EX $11.25	MKLAG	29,797
Option Expiring 19-Nov-2025 EX $11.25	MKLAE	136,722
Option Expiring 19-Dec-2025 EX $2.625	MKLAH	160,002
Option Expiring 31-Dec-2025 EX $3.00	MKLAJ	96,001
Option Expiring 16-Feb-2026 EX $11.25	MKLAF	62,394
Option Expiring 14-Jun-2029 EX $0.45	MKLAL	266,668
Option Expiring 19-Aug-2029 EX $0.45	MKLAN	4,666,667
Option Expiring 20-Jun-2030 EX $0.05	MKLAQ	50,000,000
Total options outstanding post-consolidation		**55,418,251**

21 Auditors' remuneration

	2025 $	2024 $
Audit or review of financial statements - Grant Thornton Audit Pty Ltd		
Remuneration for audit or review of financial statements	97,500	116,761
Other services	-	-
Total audit or review remuneration	**97,500**	**116,761**

22 Financial assets and liabilities

Note 2.1 (i) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised Cost 2025 $	Total 2025 $
Financial assets			
Cash and cash equivalents	**7**	3,034,930	3,034,930
Trade and other receivables	**8**	2,649,753	2,649,753
		5,684,683	**5,684,683**
Financial liabilities:			
Trade and other payables	**11**	981,187	981,187
		981,187	**981,187**

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	Notes	Amortised Cost 2024 $	Total 2024 $
Financial assets			
Cash and cash equivalents	**7**	3,366,636	3,366,636
Trade and other receivables	**8**	2,539,045	2,539,045
		5,905,681	**5,905,681**
Financial liabilities:			
Trade and other payables	**11**	2,722,047	2,722,047
		2,722,047	**2,722,047**

23 Financial risk management

Financial risk management framework

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade receivables.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

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(i) Trade receivables

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2025 $	**2024 $**
Trade Receivables	421,038	131,170
An analysis of the credit quality of trade receivables based on the aging group at 30 June 2024 and 30 June 2023 is as follows:		
Not past due	421,038	131,170
Past due 0-30 days	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-
More than 90 days	-	-
	421,038	**131,170**

The allowance for expected credit losses in respect of receivables is used unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

(ii) Cash and cash equivalents

The Group held cash equivalents of $3,034,930 at 30 June 2025 (2024: $3,336,636), which represents its maximum credit exposure on these assets. The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

As at 30 June 2025, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

		Within six months		Six months to one year		One to five years	
	Notes	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
		$	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**11**	981,187	2,272,047	-	450,000	-	-
		981,187	**2,272,047**	**-**	**450,000**	**-**	**-**

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(c) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

The Group manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Currency risk

The Group is exposed to foreign currency risk (i.e. USD) on sales and purchases that are denominated in a currency other than the AUD.

The Group's exposure to foreign currency risk at the end of reporting period, expressed in Australian dollars, was as follows:

	2025 $	2024 $
Financial assets		
Cash - US dollars	149,887	609,422
Trade and other receivables - US dollars	421,038	131,170
Financial liabilities		
Trade and other payables - US dollars	(11,510)	(35,515)
Net exposure	**559,415**	**705,077**

At 30 June 2025, had the Australian dollar moved, with all other variables held constant, pre-tax loss would have been affected as follows:

	Pre-tax Loss ($) (Higher) / Lower	
Consolidated	**2025**	**2024**
+5% (500 basis points)	(26,639)	(29,020)
- 5% (500 basis points)	29,443	32,075

The impact on the Group's total comprehensive income is due to changes in the fair value of monetary assets and liabilities. Movements in foreign currency exchange rates will result in gains or losses being recognised because of the revaluation of balances. The Group's exposure of foreign currency is immaterial for the current reporting year.

24 Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

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25 Parent information

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

Statement of Financial Position

	2025 $	2024 $
Current assets	3,308,179	4,170,932
Total assets	4,792,884	6,447,786
Current liabilities	212,205	752,760
Total liabilities	294,705	3,517,957
Equity		
Share capital	48,955,406	45,333,048
Share-based payment reserves	1,687,178	1,686,933
Retained losses	(46,144,405)	(44,090,152)
Total equity	**4,498,179**	**2,929,829**
Financial performance		
Loss for the year	(2,054,253)	(10,295,161)
Other comprehensive income	-	-
Total comprehensive income	**(2,054,253)**	**(10,295,161)**

26 Contingent liabilities

The Company was on 20 June 2025 served with a claim filed in the Magistrates Court of South Australia by KitCat Co Pty Ltd in respect of a dispute arising under a 2018 services and revenue sharing agreement in relation to a game developed by the Company using intellectual property of the claimant. The agreement was terminated in 2020. The claimant is seeking damages and a return of the source code. The Directors intend to defend the claim.

27 Capital commitments – property, plant and equipment

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

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Consolidated Entity Disclosure Statement
AS AT 30 JUNE 2025

Name of entity	Type of entity	% of share capital held	Country of incorporation	Australian resident of foreign resident (for tax purpose)	Foreign tax jurisdiction(s) of foreign residents
FortifAI Limited	Body Corporate	n/a	Australia	Australian	n/a
Mighty Kingdom Games	Body Corporate	100	Australia	Australian	n/a
Mighty Kingdom Services	Body Corporate	100	Australia	Australian	n/a
Mighty Kingdom IP	Body Corporate	100	Australia	Australian	n/a
Rise Games	Body Corporate	100	Australia	Australian	n/a

Basis of Preparation

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

Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

Determination of Tax Residency

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

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where necessary, the consolidated entity 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.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of FortifAI Limited, the Directors of the Company declare that:

In the opinion of the directors:

1. The financial statements and notes, as set out on pages 25 to 54,

(a) comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

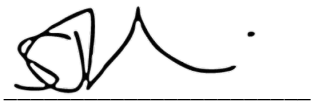
(b) give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Company and consolidated Company.

(c) the consolidated entity disclosure statement in page 55 is true and correct and is in accordance with the Corporations Act 2001 (Cth) as at 30 June 2025.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made to the Directors by the Managing Director and Chief Financial and Operations Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

On behalf of the Board



Shannon Robinson
Chair
12 September 2025

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Independent Auditor's Report

To the Members of FortifAI Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of FortifAI Limited (the Company) and its subsidiaries (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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $1,990,482 during the year ended 30 June 2025 and had cash outflows from operating activities of $3,784,840. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of game development revenue **Note 2(o) and Note 3**	
Game development revenue of $4,327,710 has been derived from work-for-hire projects and co-development projects and is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. As projects are delivered over time, the Group's policy specifies that revenue is recognised on a percentage of completion as services are provided, depending on the performance obligations which are milestone based. Revenue is a key performance measure and forms the basis of the key performance metrics of the Group. We consider game development revenue to be a key audit matter due to: • the tailored and complex nature of the game development contracts; and • management judgement involved in identifying performance obligations, determining transaction price and assessing stage of completion at year end.	Our procedures included, amongst others: • documenting and assessing the business processes and relevant internal controls relating to revenue and its recognition; • evaluating revenue recognition policies for compliance with AASB 15; • for a sample of game development contracts: – inspecting key terms of the contracts; – evaluating appropriateness of performance obligation identification, transaction price determination and allocation of transaction price to performance obligations; – evaluating available evidence to support the stage of completion; – verifying accuracy of revenue recognised during the year; and • assessing the adequacy of the Group's revenue disclosures in the financial statements.
Government grant income **Note 2.1 (x), Note 4 and Note 8**	
For the year ended 30 June 2025, the amount being claimed under the Research and Development (R&D) Tax Incentive scheme is $842,714 and the amount claimed under the Digital Games Tax Offset scheme is $797,375. The Group receives a refundable tax offset (corporate tax rate plus 18.5%) of eligible expenditure under the R&D Tax Incentive scheme if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities.	Our procedures included, amongst others: • inspecting copies of relevant correspondence with AusIndustry, Department of Arts and the ATO relating to the claims; • comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger, and testing a sample of expenditure;

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Key audit matter	How our audit addressed the key audit matter
Government grant income (Cont.)	
An R&D plan is filed with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Similarly, the Digital Games Tax Offset scheme provides a 30% refundable tax offset for eligible business expenses and the claim expected to be received is estimated at year end. Management perform a detailed review of the Group's total eligible expenditure under both schemes to determine the potential claim. This area is a key audit matter due to the degree of judgement and interpretation of the tax legislation required by management to assess the eligibility of the expenditure under the schemes.	• comparing the projects and expenditure included in the computation against the prior year; • evaluating management expert's involvement in the calculation of the incentive, including understanding any key judgements that have been made in the determination of the calculation; • discussing and consulting with internal subject matter experts about the form and content of any amounts booked as receivable; • performing analytical procedures to understand movements in estimates from the prior year; • comparing the amount accrued in the prior year estimate with actual amounts received during the financial year to assess management's ability to estimate; and • assessing the appropriateness of the disclosures in the financial statements

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the 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 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:

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

b 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:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the 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

Opinion on the remuneration report

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

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

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 12 September 2025

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below. The shareholder information set out below was applicable as at 15 August 2025.

The information set out below reflects a post-consolidation capital structure. Refer to ASX announcement dated 23 July 2025 for further details.

Securities

Quotation has been granted for 146,687,862 ordinary shares of the Company on the Australian Stock Exchange.

Quoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
FTI	1,355	Listed ordinary shares	146,687,862

Unquoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
none	26	Unlisted options	58,618,252

Distribution of shareholders

Analysis of number of shareholders by size of holding:

Category of Holding	Number of Holders	Number of Shares	% of Capital
1 - 1,000	707	172,535	0.12
1,001 - 5,000	160	375,728	0.26
5,001 - 10,000	59	437,399	0.30
10,001 - 100,000	217	9,310,992	6.35
100,001 Over	212	136,391,208	92.98
Total	**1,355**	**146,687,862**	**100.00**

Holdings Less than a Marketable Parcel

There are 836 holdings representing 0.29% of issued capital with less than a marketable parcel based on the closing price ($0.145) of shares traded on ASX on 15 August 2025.

Unmarketable parcels

	Minimum Parcel Size	Number of Holders	Number of Shares
	3,449	836	421,222

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Twenty Largest Shareholders

Rank	Name	Units	% Units
1	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	15,782,451	10.76
2	ACN 161 604 315 PTY LTD	6,000,000	4.09
3	CITICORP NOMINEES PTY LIMITED	4,910,099	3.35
4	PUNTERO PTY LTD	4,709,091	3.21
5	MR KOBI BEN SHABATH	3,523,299	2.40
6	MR ALAN CONIGRAVE	3,342,858	2.28
7	SANDTON CAPITAL PTY LTD	3,140,000	2.14
8	888 (AUST) PTY LTD	3,090,000	2.11
9	EST MR SIMON CHARLES DOHERTY	2,855,565	1.95
10	MR YONGLU YU	2,819,971	1.92
11	J & J BANDY NOMINEES PTY LTD <J & J BANDY SUPER FUND A/C>	2,800,344	1.91
12	MR JOHN GERARD HUGHAN <WADE A/C>	2,352,670	1.60
13	M & L NOMINEES PTY LTD <M F BLACK FAMILY A/C>	2,000,000	1.36
14	BLUEWATER ASSET MANAGEMENT PTY LTD <TEEFISH SUPER FUND A/C>	1,857,778	1.27
15	BENGAL CAPITAL PTY LTD <BENGAL CAPITAL FAMILY A/C>	1,680,470	1.15
16	MR DYLAN MIKLASHEK <COLA A/C>	1,600,000	1.09
16	VERA FIDES HOLDINGS PTY LTD <VERA FIDES INVESTMENT A/C>	1,600,000	1.09
18	ACN 161 604 315 PTY LTD	1,502,799	1.02
19	VEUVE NOMINEES PTY LIMITED <VEUVE SUPERANNUATION A/C>	1,500,000	1.02
20	MS MICHELLE LEE GUTHRIE	1,411,541	0.96
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**68,478,936**	**46.68**
Total Remaining Holders Balance		**78,208,926**	**53.32**

Restricted Securities

No restricted securities.

Unrestricted Securities

All securities are unrestricted.

Securities subject to voluntary escrow

As at 15 August 2025, 333,334 Ordinary Fully Paid Shares were subject to voluntary escrow and subsequently released from escrow on 21 August 2025.

Substantial Shareholders

As at 15 August 2025, there were no substantial shareholders in the Company.

Voting Rights

Ordinary shares
At a general meeting of shareholders:

(i) on a show of hands, each person who is a member or sole proxy has one vote;

(ii) on a poll, each shareholder is entitled to one vote for each fully paid share.

Options and Performance Rights
No voting rights.

On Market Buy Back

There is no current on-market buy back.

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Corporate Governance Statement

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on the Company's website fortifAI.com.ai/investors, and will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

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