FortifAI Limited (ASX: FTI)

(Previously known as Mighty Kingdom Limited)

ABN 39 627 145 260

ANNUAL REPORT
Year Ended 30 June 2026

For personal use only

FortifAI Limited
Contents
30 June 2026

Corporate directory 1

CEO's letter 2

Directors' report 4

Auditor's Independence Declaration 23

Statement of profit or loss and other comprehensive income 24

Statement of financial position 25

Statement of changes in equity 26

Statement of cash flows 28

Notes to the financial statements 29

Consolidated entity disclosure statement 73

Directors' declaration 74

Independent auditor's report to the members of FortifAI Limited 75

Shareholder information 80

For personal use only

FortifAI Limited
Corporate directory
30 June 2026

Directors	Shannon Robinson (Chair) Yosef Keret Sonu Cheema
Company secretaries	Katelyn Adams Jake van der Hoek
Registered office	C/- HLB Mann Judd Level 5, 10 Shelly Street Sydney, NSW 2000
Principal place of business	Level 5, 10 Shelly Street Sydney, NSW 2000 Email: investors@fortifAI.com.ai Website: https://www.fortifAI.com.ai
Share register	Computershare Investor Services Pty Limited Level 17, 221 St Georges Terrace Perth, WA 6000
Auditor	Grant Thornton Audit Pty Limited Grant Thornton House Level 3, 170 Frome Street Adelaide, SA 5000
Stock exchange listing	FortifAI Limited shares are listed on the Australian Securities Exchange ASX Code: FTI

For personal use only

FortifAI Limited
CEO's report
30 June 2026

Dear Shareholder,

We are pleased to present the annual report for FortifAI Limited for the year ended 30 June 2026 (FY26). The Company combines the substantial growth potential of the newly acquired NOL8 technology with an established revenue-generating business in MKL Studio. Our focus is on strengthening these business fundamentals and converting the NOL8 opportunity into commercial and financial outcomes for shareholders.

Our business foundations and growth opportunity

The Company completed the acquisition of FastAI Pty Ltd and its NOL8 technology in February 2026. NOL8 provides exposure to the growing need for enterprises to control and protect data moving through artificial intelligence systems. This creates the potential for substantial growth beyond our existing business, although realising that potential will depend on successful commercialisation and customer adoption.

The release of Version 1.0 of the NOL8 AI Data Plane and engagement with partners are important steps towards that goal. The operational report provides further detail on product development and market engagement.

MKL Studio remains an important foundation of the Company, contributing revenue, customer relationships and development capability. It continued to deliver new and existing contracts during FY26 in an increasingly competitive market. Improving its financial performance remains a priority as we invest in the next phase of the Company's growth.

Strengthening the team

During the year the Company appointed Kelly Herrell as Chief Executive Officer, bringing extensive experience in networking and security software, alongside senior additions across commercial, product and finance functions. The recently appointed high-calibre Board of Advisors adds enterprise sales, infrastructure and artificial intelligence product experience. Its role is to assist the Company, Board and executive team in pursuing operational goals, refining the commercial strategy and building the relationships needed to bring NOL8 to market.

Capital management

The Company raised $20 million before costs during the year through two strategic placements supported by institutional investors. The Company closed the year with $20.4 million in cash and no borrowings, providing the financial capacity to progress NOL8's development and commercialisation.

Our responsibility is to deploy that capital with discipline. Investment in product development, commercial capability and market access must be aligned with operational milestones and financial goals. The Board and executive team are focused on managing costs, preserving financial flexibility and building a path to sustainable revenue growth.

Financial performance

The Group reported revenue of $1.9 million for the year, generated by MKL Studio, a decline of 56% on FY25 ($4.3 million). This reinforces the importance of improving the performance of the existing business while developing new sources of revenue.

The statutory loss after income tax was $29 million (FY25: $2.0 million), including substantial non-cash acquisition-related and share-based payment expenses. Excluding these items, the normalised loss after income tax was $3.7 million (FY25: $0.8 million). These results reflect the investment and work still required to translate the Company's strategy into stronger financial performance.

For personal use only

The opportunity ahead

Our priorities for FY27 are clear: advance NOL8 towards commercial adoption, improve the performance of MKL Studio and maintain financial discipline across the Group. The Board, executive team and advisors are focused on the operational steps needed to deliver those objectives.

For NOL8, progress must increasingly be measured by customer adoption and commercial agreements. Partner relationships offer a route to enterprise customers, but the opportunity must be converted into revenue to create lasting shareholder value.

FortifAI enters FY27 with an existing operating business, a new technology opportunity, an experienced leadership team and a strengthened balance sheet. These foundations give us the capacity to pursue growth while remaining focused on execution.

We are confident in the opportunity ahead and recognise that our performance will be judged by delivery against our operational and financial goals.

We thank our shareholders for their support through a year of substantial change, and we thank our people in Australia, Israel and the United States, whose work made that change possible.



Shannon Robinson
Chair



Kelly Herrell
Chief Executive Officer

30 September 2026

For personal use only

The directors of FortifAI Limited (referred to hereafter as the 'Company' or 'parent entity') and its subsidiaries (collectively known as the " Group") present their report and consolidated financial statements for the Group for the financial year ended 30 June 2026.

Directors

Name:	**Shannon Robinson**
Title:	**Chair - Non-Executive Director**
Appointment Date:	22 May 2025
Qualifications, experience and expertise:	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).
Other current directorships:	Ms Robinson is currently Non-Executive Chair of: - Yojee Limited (ASX: YOJ) since 05 February 2024 - FBR Limited (ASX: FBR) since 23 April 2024 - Pathkey.AI (ASX: PKY) since 28 November 2025
Former directorships (last 3 years):	Nil
Interest in shares:	1,073,335
Interest in options:	Nil
Interest in rights:	3,000,000

Name:	**Yosef Keret**
Title:	**Non-Executive Director**
Appointment Date:	2 February 2026
Qualifications, experience and expertise:	Mr Keret (B.A. (Economics and Accounting), CPA), is a seasoned business executive with more than 25 years' experience across semiconductors, biotech and technology. He was the founding CEO of Weebit Nano (ASX: WBT), successfully leading the company to its ASX listing. He previously held senior financial roles, including CFO positions at Daimler Financial Services and Pluristem (NASDAQ), and served as CEO of Nanorobotics, a biotechnology company developing programmable nanorobots.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interest in shares:	11,991,315
Interest in options:	Nil
Interest in rights:	17,463,750

For personal use only

Name:	**Sonu Cheema**
Title:	**Non-Executive Director**
Appointment Date:	**6 March 2026**
Qualifications, experience and expertise:	Mr Cheema (B Com, CPA, GradDip (Applied Corporate Governance) is an experienced corporate professional with over 15 years of experience working with publicly listed companies in Australia and abroad.
Other current directorships:	Mr Cheema is currently a Non-Executive Director of: - Austin Metals Limited (ASX: AYT).
Former directorships (last 3 years):	High-Tech Metals Limited (ASX: HTM 11 February 2022 - 24 June 2025
Interest in shares:	Nil
Interest in options:	Nil
Interest in rights:	Nil

Name:	**Duncan Gordon**
Title:	**Non-Executive Director**
Appointment Date:	Appointed 22 January 2025; Resigned 26 June 2026

Name:	**Andrew Scott Cole**
Title:	**Executive Director**
Appointment Date:	Appointed 22 May 2025; Resigned 6 March 2026

Former directorships (last 3 year) stated above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Interest in shares, options and rights disclosed above represent holdings as at the date of this report.

Principal activities

The Group's principal activities are developing and commercialising technology with a focus on artificial intelligence and advanced computing. In addition to developing AI-forward technologies through its subsidiary NOL8, the group has developed a broad portfolio of video games via the MKL Studio. The group uses AI to target efficiencies and expansion opportunities in technology.

NOL8 delivers the AI Data Plane. AI systems make decisions on data that teams often can't fully see or verify in the moment, and NOL8 exists to close that gap. Its technology, the AI Data Plane, gives organisations visibility into how data moves through their AI systems, enabling certainty where there was once assumption.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $28,953,753 (30 June 2025: $1,990,482).

The Group presents its preliminary results for financial year ended 30 June 2026. The results reflect the Group's continuing focus to develop and commercialise its business units efficiently.

For personal use only

During the financial year, the Company acquired the NOL8 Technology via the acquisition of 100% of the issued capital of FastAI Pty Ltd ("FastAI"). The NOL8 Technology is data infrastructure that enables enterprises to trust what AI agents do with their data. NOL8's core innovation is a neural network-based data processing algorithm accelerated by high-performance hardware.

On 29 June 2026 the NOL8 AI Data Plane Version 1.0 was launched as a foundation for live testing and proof-of-concept work. While Version 1.0 is not for commercial use, it enabled partners and potential customers to begin assessment. This early industry engagement is valuable to validate product design and capability ahead of commercial usage.

On 30 June 2026 NOL8 announced it had joined the Megaport AI Exchange, a marketplace that simplifies how Megaport customers will be able to access NOL8. On 2 August 2026 NOL8 announced the results of a multi-continent test across Megaport private connections, demonstrating the combined value of the two companies' offerings.

Early industry engagement will continue with partners and customers leading up to NOL8 Version 2.0, the commercial-ready version, which is anticipated near the end of this calendar year.

During the financial year, the Company focused on the integration and growth of the NOL8 team including expansion in USA with the appointment of Kelly Herrell as CEO and Jamie Pope as CSO. These key executive appointments further validate the market opportunity for NOL8 and bring critical industry and execution skills to the team. Subsequently, on 10 August 2026 the Company announced the appointment of Boris Levin as VP Finance.

The Group formed a Board of Advisors with the appointment of inaugural members David Walker and Tim Edwards bringing deep industry and commercialisation experience. This was complemented with the appointment of leading global sales executive, Jason Forget and a leading AI product expert, Priya Shivakumar, subsequent to year end.

The MKL Studio continues to undertake business development activity, and the team delivered new and existing contracts during the financial year. The royalty and contract cash receipts were lower than the previous period in an increasingly competitive market. The team continues to pursue new revenue opportunities across work-for-hire development as existing contracts approach completion while also building games internally targeting launch in late 2026.

During the financial year, the Group reported game revenue of $1.9m, down 56% from the previous year (2025: $4.3m). This game revenue plus other income delivered total income of $2.3m. This total income reflected the Group's diminishing revenues and rebates from the MKL Studio. During the financial year, operational costs increased following the acquisition of the NOL8 Technology and its ongoing development and integration costs.

The Group raised a further $20M during the financial year to support growing interest in the NOL8 Technology and the Group . This included completion of a $5M strategic placement (before costs) at $0.30 per share on 27 February 2026 and a further strategic placement raised $15M (before costs) at $0.715 per share, completing on 7 May 2026. These strategic placements are the result of strong institutional demand and secures funding to accelerate technology, marketing and business development of NOL8 Technology, support business development programs for existing assets, strengthen commercial initiatives and provide general working capital.

For personal use only

Financial

- Revenue of $1.9m representing a 56% decline over the previous financial year for the MKL Studio.
- Income of $2.3m including other income associated with research and development incentives, Digital Games Tax Offset and other grants for the MKL Studio during the financial year.
- Employee benefits expense reduced by 39% to $3.6m (2025: $5.9m), reflecting operational efficiencies and rightsizing of the business during the period, notwithstanding the expansion of the NOL8 team. This amount excludes approximately $3.5m of share-based payments associated with the appointment of new NOL8 executives, which are recognised separately within share-based payment expense.
- The Group reported a statutory loss after income tax of $29m (2025: $2.0m). The FY26 result includes $19.8m relating to the excess of consideration over identifiable net assets acquired, which was recognised as an expense in connection with the FastAI acquisition and $5.4m of share-based payment expense. Excluding the adjustments set out below, the Group's normalised loss after income tax was $3.7m (2025: $0.8m).

	2026 $	2025 $
Revenue from ordinary activities	1,883,447	4,327,710
Statutory loss after income tax for the year	(28,953,754)	(1,990,482)
Adjustments:		
Share-based payment expense	5,365,970	40,000
Excess consideration above fair value acquired, recognised as an expense[(ii)]	19,844,834	-
Costs associated with restructure and management changes	-	750,000
Legal and corporate advisory services	-	408,000
Normalised loss after income tax	**(3,742,950)**	**(792,482)**

"Normalised loss after income tax" is a non-IFRS measure presented by the Group to assist shareholders in understanding the underlying operating performance of the business. The measure has been calculated by adjusting the statutory loss after income tax for the items identified above and should not be considered in isolation or as a substitute for the statutory result determined in accordance with Australian Accounting Standards.

Loss After Income Tax

Total loss after income tax was $29m, an increase of 1355% compared to the previous financial year.

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.

For personal use only

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.

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 Market 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.

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.

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.

For personal use only

Acquisition and integration risk
The Company completed the acquisition of the NOL8 Technology via acquisition of FastAI Pty Ltd in FY26. Integration of the acquired business, including its people, systems and development pipeline, across Australia, Israel and USA may take longer or cost more than expected. Anticipated benefits of the acquisition may not be realised. The Company may also identify liabilities or issues in the acquired business that were not apparent during due diligence or exposure to impairment and treatment of acquired assets in accordance with accounting standards.

Currency exchange rate risk
The Group operates across multiple currencies, including AUD, USD, and NIS. Costs are incurred across multiple jurisdictions and currencies. Accordingly, the Company is exposed to foreign exchange rate fluctuations, which may adversely affect financial performance, cash flows and reported financial results.

Cross-border operations
The Company operates through subsidiaries and personnel in Australia, Israel and USA. This exposes the Company to risks including changes in tax law and transfer pricing treatment across jurisdictions, foreign exchange movements, differing employment and immigration regimes, and the operational cost of maintaining compliance in multiple jurisdictions.

Cybersecurity risk
The Company's operations rely on information technology systems, digital communications, third-party service providers and electronic records to support corporate, evaluation and project development activities. Cybersecurity incidents, including unauthorised access, phishing, ransomware, data loss, system disruption or compromise of commercially sensitive information, could adversely affect the Company's operations, reputation, regulatory compliance and financial position. The Company seeks to manage this risk through appropriate governance, access controls, user awareness, data protection measures, system monitoring, backups and engagement with external technology and cybersecurity providers. However, cyber threats continue to evolve and no assurance can be given that the Company's systems, controls or third-party providers will prevent or fully mitigate all cybersecurity incident.

Artificial Intelligence Risks
The Group develops technology designed to process and validate high volumes of data for artificial intelligence and other data-intensive workloads, and may also use AI-enabled tools in its own development and business processes. The market for AI infrastructure is evolving rapidly, and changes in customer requirements, technology standards or the approaches adopted by larger industry participants could affect demand for the Group's products. There is also a risk that the Group's products do not perform as expected in customer environments, or that third-party AI tools and platforms used by the Group change, become unavailable or give rise to data, intellectual property or confidentiality concerns. In addition, the regulation of artificial intelligence continues to develop in many jurisdictions, and new requirements may increase compliance costs or affect how the Group's products are developed and sold. The Group seeks to manage these risks through structured product testing and independent verification of performance, monitoring of market and regulatory developments, and appropriate controls over the use of third-party AI tools. However, given the pace of change in this sector, these risks cannot be fully mitigated.

Geopolitical risks
The Group has operations, personnel and key relationships in a number of jurisdictions, including Israel, where a significant part of its research and development is carried out. The Group's activities may be affected by geopolitical developments, including regional conflict or security incidents, changes in international relations, sanctions, trade restrictions or export controls, and any resulting disruption to travel, supply chains or the availability of personnel. Such developments may also affect investor sentiment and the Group's ability to access capital. The Group seeks to manage geopolitical risk through ongoing monitoring, business continuity arrangements, secure remote working and the distribution of key capabilities across jurisdictions. However, these matters are largely outside the Group's control and may materially affect future operations.

For personal use only

Regulatory and Compliance Risks
The Company operates across multiple jurisdictions and is subject to various corporate, securities, tax, employment and other regulatory requirements. Changes in applicable laws and regulations, or failures to comply with such requirements, may result in increased compliance costs, financial penalties, operational restrictions or reputational impacts.

The Company engages external legal, tax and professional advisers to support its compliance obligations and monitors relevant regulatory developments in the jurisdictions in which it operates.

The Company aims to manage these risks by carefully planning its activities and implementing risk control measures. However, some of the risks are highly unpredictable and the extent to which the Board can effectively manage them is limited.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year.

(a) Consolidation of capital
On 20 June 2025, shareholders approved a consolidation of the issued capital of FortifAI Limited 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.

The total shares and options as at 30 June 2025, post consolidation was as follow:

Capital Structure Post 5:1 Consolidation	ASX Code	Securities on Issue
Ordinary Fully Paid Shares	FTI (MKL)	146,687,862
Options Expiring 14-Jun-29 Ex $1.125	FTIAM (MKLAM)	3,000,000
Options Expiring 19-Nov-25 Ex $11.25	FTIAG (MKLAG)	29,797
Options Expiring 14-Jun-29 Ex $1.125	FTIAE (MKLAE)	136,722
Options Expiring 19-Dec-25 Ex $2.625	FTIAH (MKLAH)	160,002
Options Expiring 31-Dec-25 Ex $3.0	FTIAJ (MKLAJ)	96,001
Options Expiring 16-Feb-26 Ex $11.25	FTIAF (MKLAF)	62,394
Options Expiring 19-Aug-2025 Ex $0.30	FTIAK (MKLAK)	200,001
Options Expiring 14-Jun-29 Ex $0.45	FTIAL (MKLAL)	266,668
Options Expiring 19-Aug-29 Ex $0.45	FTIAN (MKLAN)	4,666,667
Options Expiring 27-Jun-30 Ex $0.05	FTIAQ (MKLAQ)	50,000,000
Total options outstanding post-consolidation		**58,618,252**

(b) ASX Code and Name Change
On 28 July 2025, the Company changed its name from Mighty Kingdom Limited to FortifAI Limited and its ASX code from MKL to FTI, following shareholder approval at the General Meeting held on 20 June 2025.

(c) Completion of Acquisition of NOL8
On 2 February 2026, the Company completed the acquisition of 100% of the issued share capital of FastAI Pty Ltd, which holds rights to the NOL8 “data infrastructure” technology through its wholly owned Israeli subsidiary, Noleight Ltd (formerly Celerriem Ltd).

For personal use only

Consideration for the acquisition comprised the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights, in accordance with the Share Sale Agreement.

The acquisition has been accounted for as an asset acquisition under Australian Accounting Standards, with substantially all of the consideration allocated to the NOL8 Technology Licence and associated intellectual property acquired through FastAI and Noleight Ltd.

As part of the transaction, Mr Yosef Keret was appointed as a director of the Company and continued in his role as Chief Executive Officer of Noleight Ltd (formerly Celerriem Ltd).

Further details of the acquisition and the accounting treatment adopted are set out in Note 16.

(d) Capital raising
On 27 February 2026, the Company issued 16,666,667 shares following the completion of a strategic placement to raise $5,000,000 (before costs).

On 7 May 2026, the Company issued 20,979,021 shares following the completion of a further strategic placement to raise $15,000,000 (before costs).

(e) Director Changes
- On 2 February 2026 Yosef Keret was appointed as a Non-Executive Director following the completion of the FastAI acquisition.
- On 6 March 2026, Executive Director Andrew (Scott) Cole stepped down as Executive Director.
- On 6 March 2026, Sonu Cheema was appointed as Non-Executive Director.
- On 26 June 2026, Non-Executive Director Duncan Gordon stepped down as Non-Executive Director.

(f) Senior Management Changes
- On 1 June 2026 Kelly Herrell, appointed as Chief Executive Officer.
- On 29 June 2026 Boris Levin appointed as Vice President of Finance for FTI Group.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 8 July 2026, 1,400,000 unlisted options with an exercise price of $0.05, expiring 27 June 2030 have been converted into fully paid ordinary shares, raising $70,000 in additional capital.

On 27 July 2026, the Company announced the addition of Jason Forget to its Advisory Board, joining previously announced members David Walker and Tim Edwards, as the Company continues to build out its NOL8 team and product ahead of commercial release.

On 27 July 2026, the Company announced a change to the terms of the engagement between its Director, Yosef Keret, and its wholly owned subsidiary Noleight Ltd. Mr Keret is now engaged in a consulting capacity by Noleight Ltd effective 1 August 2026. The remuneration for services is a monthly cash fee of NIS 40,000 plus Value Added Tax (VAT). The initial term is at least three months or the release of version 2 of the NOL8 platform subject to extension by mutual written agreement. The agreement includes standard market provisions in relation to termination, confidentiality, and non-compete clauses. Mr Keret remains a Director of FTI and Noleight Ltd.

On 1 July 2026, Rise Games Pty Ltd and Mighty Kingdom IP Pty Ltd were deregistered.

On 16 July 2026, FastAI Pty Ltd incorporated a wholly owned subsidiary in USA, NOL8 USA Inc.

On 24 August 2026, the Company announced the appointment of Priya Shivakumar to the Advisory Board.

For personal use only

On 11 September 2026, the Company announced the MKL Studio was subject to a ransomware incident. The Group has taken steps to respond to the incident and do not anticipate it to a have a material operational and/or financial impact.

On 11 September 2026, the Company issued the following securities:

- 42,857,480 Performance Rights pursuant to the FTI Incentive Plan
- 6,208,547 Performance Rights issued pursuant to investor relation and advisory services rendered
- 239,000 Shares issued pursuant to a consulting services agreement
- 218,968 Shares issued pursuant to executive search services rendered
- 1,500,000 Shares issued pursuant exercise of unlisted options

On 29 September 2026, the Company announced the NOL8 AI Data Plane is available through Equinix Fabric®. The NOL8 AI Data Plane complements the Equinix Distributed AI Hub approach by helping enterprises inspect and enforce policies on data moving into and out of distributed AI environments. Joint proof-of-concept engagements are now open to select customers, with general availability planned later in 2026

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Shannon Robinson	13	13	1	1	-	-
Duncan Gordon[1]	13	13	1	1	-	-
Yosef Keret[2]	8	8	1	1	-	-
Andrew Scott Cole[3]	7	7	1	1	-	-
Sonu Cheema[4]	6	6	-	-	-	-

1. Resigned on 26 June 2026
2. Appointed on 2 February 2026
3. Resigned on 6 March 2026
4. Appointed on 6 March 2026

For personal use only

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee, or if not constituted, the Board, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Non-executive directors remuneration

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.

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.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

For personal use only

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee, or if not constituted, the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include product development, market testing and customer engagement, stakeholder engagement, leadership contribution and product management.

The long-term incentives ('LTI') include share-based payments and long service leave, as applicable. Shares are awarded to executives over a period of three or four years based on long-term incentive measures. These include a mixture of time based service and commercial product development milestones. The Board regularly reviews the long-term equity-linked performance incentives specifically for executives during the year in accordance with the Nomination and Remuneration Committee Charter.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee, or if not constituted, the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

During the financial year ended 30 June 2026, the Company did not engage any remuneration consultants.

Voting and comments made at the Company's Annual General Meeting ('AGM')
At the 30 October 2025 AGM, 99.90% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of FortifAI Limited:

Director	Position	Term
Shannon Robinson	Non-Executive Chair	Appointed 22 May 2025
Duncan Gordan	Non-Executive Director	Appointed 22 January 2025 - Resigned 26 June 2026
Yosef Keret	Non-Executive Director	Appointed 2 February 2026
Andrew Scott Cole	Executive Director	Appointed 16 April 2025 - Resigned 6 March 2026
Sonu Cheema	Non-Executive Director	Appointed 6 March 2026

For personal use only

The key management personnel of the Group consisted of the directors of FortifAI Limited and the following person:

Director	Position	Term
Kelly Herrell	Chief Executive Officer	Appointed 1 June 2026

	Short-term benefits			Post-employment benefits[7]	Share-based payments			
2026	Base salary and fees $	Annual Leave $	Other[1] $	Super-annuation $	Equity-settled[2] $	Term-ination $	Total $	Performance Related %
Non-Executive Directors:								
Andrew Scott Cole[3]	128,077	-	-	17,489	76,545	34,615	256,726	-
Executive Directors:								
Shannon Robinson	66,613	-	-	9,600	231,069	-	307,281	57%
Duncan Gordon[4]	39,992	-	-	-	-	-	39,992	-
Yosef Keret[5]	147,904	11,359	10,605	30,905	-	-	200,773	-
Sonu Cheema[6]	15,860	-	-	-	-	-	15,860	-
Other Key Management Personnel:								
Kelly Herrell	41,826	-	-	-	1,466,527	-	1,508,353	97%
	440,272	11,359	10,605	57,994	1,774,141	34,615	2,328,986	

(1) Represent non-monetary motor vehicle entitlements
(2) Represents the value of vested and unvested equity expensed during the period and salary settled by issue of shares.
(3) A Cole ceased to be a director on 6 March 2026
(4) D Gordon ceased to be a director on 26 June 2026
(5) Y Keret was appointed as a director on 2 February 2026
(6) S Cheema was appointed as a director on 6 March 2026
(7) Long service leave balance for the 2026 and 2025 financial years for all KMP were $nil

For personal use only

	Short-term benefits			Post-employment benefits	Share-based payments			
2025	**Base salary and fees $**	**Cash bonus $**	**Other $**	**Super-annuation $**	**Equity-settled $**	**Term-ination $**	**Total $**	**Performance Related %**
Non-Executive Directors:								
Andrew Scott Cole	32,293	-	-	838	-	-	33,131	-
David Yin	148,579	-	-	14,596	(3,518)	-	159,657	-
Executive Directors:								
Shannon Robinson	6,612	-	-	760	-	-	7,372	-
Duncan Gordon	6,667	-	-	-	-	-	6,667	-
David Butorac	77,505	-	-	-	-	-	77,505	-
Ian Hogg	25,000	-	-	-	-	-	25,000	-
Chris Whiteman	32,774	-	-	-	-	-	32,774	-
Mark Aubre	32,774	-	-	-	-	-	32,774	-
Other Key Management Personnel:								
Simon Rabbitt	110,844	70,000	-	25,078	(3,148)	50,000	252,774	27%
Grant Osborne	74,985	-	-	8,217	-	-	83,202	-
Dylan Miklashek	146,538	-	2,617	16,851	40,000	-	206,006	-
	694,571	70,000	2,617	66,340	33,334	50,000	916,862	

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Andrew Scott Cole
Title:	Finance Director
Agreement commenced:	16 April 2025
Term of agreement:	Indefinite, until terminated by the Company or Mr Cole by giving between 4 to 8 weeks written notice of termination.
Details:	Base salary of $150,000 per annum plus superannuation. This role was in addition to his duties as a Director.

For personal use only

Name:	Kelly Herrell
Title:	Chief Executive Officer
Agreement commenced:	1 June 2026
Term of agreement:	Indefinite, until terminated by the Company or Mr Herrell, no minimum notice is required.
Details:	Base salary of USD $350,000 plus superannuation.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Director	Position	Remuneration $ / pa[1]
Shannon Robinson	Non-Executive Chair	120,000
Duncan Gordon[2]	Non-Executive Director	40,000
Yosef Keret[3]	Non-Executive Director	30,000
Andrew Scott Cole[4]	Executive Director	40,000
Sonu Cheema[5]	Non-Executive Director	50,000

[1] Remuneration disclosed is exclusive of superannuation

[2] Ceased to be a director on 26 June 2026.

[3] On 2 February 2026, Yosef Keret was appointed Non-Executive Director following the completion of the FastAI Pty Ltd acquisition.

[4] Ceased to be a direct of 6 March 2026.

[5] Appointed as Non-Executive Director on 6 March 2026.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Date	Shares	Issue price	$
Shannon Robinson	30 October 2025	800,000	$0.15	120,000
Andrew Scott Cole	30 October 2025	520,000	$0.15	78,000

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2026.

Performance Rights
The below performance rights were issued to key management personnel as part of compensation during the year ended 30 June 2026.

For personal use only

Name	Grant Date	Expiry Date	Issue Price	No. Rights Issued	Vesting Conditions
Shannon Robinson	30 Oct 2025	31 Oct 2028	$0.15	500,000	Continued service with the Company to 21 May 2026
Shannon Robinson	30 Oct 2025	31 Oct 2028	$0.15	500,000	Continued service with the Company to 31 December 2026

See note 23 for further details.

Additional information

The earnings of the Group for the five years to 30 June 2026 are summarised below:

	2026 $	2025 $	2024 $	2023 $	2022 $
Revenue and other income	2,447,608	6,320,244	7,525,825	8,130,176	6,178,102
Loss after income tax	(28,953,753)	(1,990,482)	(6,991,861)	(10,861,988)	(7,145,601)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026	2025	2024	2023*	2022*
Share price at financial year end ($)	1.16	0.08	0.23	0.52	1.05
Basic earnings per share (cents per share)	(13.15)	(3.77)	(0.12)	(0.03)	(0.07)
Diluted earnings per share (cents per share)	(13.15)	(3.77)	(0.12)	(0.03)	(0.07)

* For the financial years ended 2022 and 2023, basic and diluted earnings per share have been presented based on the pre-consolidation share capital and have not been adjusted to reflect the subsequent share consolidation.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at 1 July 2025	Acquired / (disposed) prior to Consolidation	Post Consolidation Balance[1]	Acquired / (Disposed) during the year	Balance at 30 June 2026
Shannon Robinson	1,366,670	-	273,335	800,000	1,073,335
Duncan Gordon[2]	2,444,445	-	488,889	(488,889)	-
Andrew Scott Cole[3]	-	-	-	520,000	520,000
Yosef Keret	-	-	-	11,991,315	11,991,315
Sonu Cheema	-	-	-	-	-
	3,811,115	-	762,224	12,822,426	13,584,650

For personal use only

[1] On 20 June 2025, shareholders approved a consolidation of the issued capital of FortifAI Limited 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 post–consolidation values.

[2] Balance held on date of cessation as Director on 26 June 2026.

[3] Balance held on date of cessation as Director on 6 March 2026.

Option holding

	Balance at 1 July 2025	Granted/ (exercised/ expired) prior to Consolidation	Post Consolidation Balance	Granted	Expired / forfeited / other movements	Balance at 30 June 2026
Shannon Robinson	-	-	-	-	-	-
Duncan Gordon	30,333,333	-	6,066,667	-	-	6,066,667
Andrew Scott Cole	-	-	-	-	-	-
Yosef Keret	-	-	-	-	-	-
Sonu Cheema	-	-	-	-	-	-
	30,333,333	-	6,066,667	-	-	6,066,667

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at 1 July 2025	Granted / (exercised / expired) prior to Consolidation	Post Consolidation Balance	Granted	Expired / forfeited / other movements	Balance at 30 June 2026
Shannon Robinson	-	-	-	1,000,000	-	1,000,000
Duncan Gordon	-	-	-	-	-	-
Andrew Scott Cole	-	-	-	-	-	-
Yosef Keret	-	-	-	17,463,750	-	17,463,750
Sonu Cheema	-	-	-	-	-	-
	-	-	-	18,463,750	-	18,463,750

This concludes the remuneration report, which has been audited.

For personal use only

Unissued ordinary shares of FortifAI Limited under option at the date of this report are as follows:

Issue Date	Options	Expiry Date	Exercise Price $	Options Outstanding
14 Mar 2024	FTIAN	19 Aug 2029	0.45	3,216,667
14 Jun 2024	FTIAL	14 Jun 2029	0.45	266,668
20 Jun 2025	FTIAQ	27 Jun 2030	0.05	50,000,000
15 Aug 2025	FTIAA	29 Aug 2028	0.15	6,900,000
30 Oct 2025	FTIAA	29 Aug 2028	0.15	4,600,000
21 Jan 2026	FTIAC	23 Jan 2028	0.15	3,000,000
21 Jan 2026	FTIAD	23 Jan 2028	0.20	3,000,000
21 Jan 2026	FTIAI	23 Jan 2028	0.25	3,000,000
07 May 2026	FTIAO	07 May 2029	1.07	2,097,902
				76,081,237

On 21 May 2025 the Group announced a consolidation of the issued share capital of FortifAI Limited on the basis that every five (5) fully paid ordinary share be consolidated into one (1) fully paid ordinary share. Similarly, every five (5) 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 23 July 2025. Options outstanding are listed post-consolidation from that date.

Shares issued on the exercise of options

The following ordinary shares of FortifAI Limited were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of options granted:

Date shares issued	Exercise price	Number of shares issued
29 May 2026: FTIAN: Options expiring 19 August 2029 exercisable at $0.45	$0.450	1,450,000
08 Jul 2026: FTIAQ: Options expiring 27 June 2030 exercisable at $0.05	$0.050	1,400,000
11 Sep 2026: FTIAQ: Options expiring 27 June 2030 exercisable at $0.05	$0.050	1,500,000

For personal use only

Shares under performance rights

Unissued ordinary shares of FortifAI Limited under performance rights at the date of this report are as follows:

Performance Rights	Expiry Date	Performance Rights Outstanding
FTIAB	31-Oct-28	1,000,000
FTIAB	2-Feb-27	52,516,667
FTIAB	2-Aug-27	52,516,667
FTIAB	2-Feb-28	53,063,775
FTIAB	31-May-29	4,270,669
FTIAB	31-May-30	4,270,669
FTIAB	31-May-31	4,270,669
FTIAB	10-Sep-31	4,270,669
FTIAB	20-Oct-28	2,735,539
FTIAB	20-Apr-29	2,735,539
FTIAB	20-Apr-30	2,735,539
FTIAB	20-Apr-31	2,735,539
FTIAB	31-Aug-28	547,108
FTIAB	30-Dec-28	547,108
FTIAB	31-Mar-29	547,108
FTIAB	30-Jun-29	547,108
FTIAB	31-Dec-29	547,107
FTIAB	5-Aug-28	208,547
FTIAB	30-Sep-28	8,000,000
FTIAB	29-Jul-29	500,000
FTIAB	29-Jul-30	500,000
FTIAB	29-Jul-31	500,000
FTIAB	29-Jul-32	500,000
		200,066,027

Refer to Note 23 for further details.

Shares issued on the conversion of performance rights

There were no ordinary shares of FortifAI Limited issued on the conversion of performance rights during the financial year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

For personal use only

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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 proceeding.

The Company was on 20 June 2025 served with a claim filed in the Magistrates Court of South Australia by KitCat Co Pty Ltd, its directors Dr Damien Rompopas, and Mr Justin Daley (collectively 'KitCatCo') in respect of a dispute arising under a 2018 services and revenue sharing agreement. The Company denied all the claims. On 7 April 2026 a settlement was reached with KitCatCo and the matter is settled, with proceedings discontinued by consent with no order as to costs. The settlement deed binds KitCatCo Pty Ltd, Dr Rompopas personally, and Mr Daley personally.

Non-audit services

No non-audit services were provided to the Group by the auditor during the financial year.

Officers of the Company who are former partners of Grant Thornton Audit Pty Limited

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Limited.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Limited continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



_____

Shannon Robinson
Chair

30 September 2026

For personal use only

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

For personal use only

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 2026, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 30 September 2026

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

FortifAI Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue	4	1,883,447	4,327,710
Other income	5	411,896	1,968,546
Finance income		152,265	23,988
Expenses			
Employee benefits expenses	6	(3,618,977)	(5,958,116)
Share-based payment expense	23	(5,365,970)	(40,000)
Research and development		(339,034)	(630,989)
Depreciation and amortisation		(53,372)	(62,711)
Professional and consultancy fees		(847,267)	(341,965)
Legal fees		(141,955)	(87,523)
Administrative expenses		(1,150,116)	(1,009,664)
Excess consideration above fair value acquired, recognised as an expense	16	(19,844,834)	-
Finance expenses		(10,591)	(145,868)
Other expenses		(29,245)	(33,890)
Loss before income tax expense		(28,953,753)	(1,990,482)
Income tax expense	7	-	-
Loss after income tax expense for the year		(28,953,753)	(1,990,482)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange gain / (loss) on translation of foreign operations		(185,885)	-
Other comprehensive income for the year, net of tax		(185,885)	-
Total comprehensive income for the year		(29,139,638)	(1,990,482)
		Cents	**Cents**
Basic loss per share	33	(13.15)	(3.77)
Diluted loss per share	33	(13.15)	(3.77)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

For personal use only

FortifAI Limited
Statement of financial position
As at 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Assets			
Current assets			
Cash and cash equivalents	8	20,354,520	3,034,930
Trade and other receivables	10	1,548,352	2,649,753
Contract assets and liabilities	11	-	9,607
Prepayments		132,104	77,779
Other		-	454
Total current assets		22,034,976	5,772,523
Non-current assets			
Receivables	12	119,672	-
Property, plant and equipment	13	68,095	41,059
Right-of-use assets	14	604,090	-
Intangibles	15	50,323,354	-
Total non-current assets		51,115,211	41,059
Total assets		73,150,187	5,813,582
Liabilities			
Current liabilities			
Trade and other payables	17	1,472,126	981,187
Lease liabilities	18	197,222	-
Provisions	19	386,409	288,434
Total current liabilities		2,055,757	1,269,621
Non-current liabilities			
Lease liabilities	18	407,051	-
Provisions	19	57,611	45,809
Total non-current liabilities		464,662	45,809
Total liabilities		2,520,419	1,315,430
Net assets		70,629,768	4,498,152
Equity			
Issued capital	20	95,826,870	41,191,341
Reserves	21	46,533,985	6,084,145
Accumulated losses		(71,731,087)	(42,777,334)
Total equity		70,629,768	4,498,152

The above statement of financial position should be read in conjunction with the accompanying notes

For personal use only

FortifAI Limited
Statement of changes in equity
For the year ended 30 June 2026

Consolidated	Share capital $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2024	40,428,489	3,288,194	-	(40,786,852)	2,929,831
Balance at 1 July 2024	40,428,489	3,288,194	-	(40,786,852)	2,929,831
Loss after income tax expense for the year	-	-	-	(1,990,482)	(1,990,482)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,990,482)	(1,990,482)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares	3,964,415	-	-	-	3,964,415
Transaction costs, net of tax	(405,857)	-	-	-	(405,857)
Share-based payments	(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

For personal use only

The above statement of changes in equity should be read in conjunction with the accompanying notes

FortifAI Limited
Statement of changes in equity
For the year ended 30 June 2026

Consolidated	Share capital $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2025	41,191,341	6,084,145	-	(42,777,334)	4,498,152
Loss after income tax expense for the year	-	-	-	(28,953,753)	(28,953,753)
Other comprehensive income for the year, net of tax	-	-	(185,885)	-	(185,885)
Total comprehensive income for the year	-	-	(185,885)	(28,953,753)	(29,139,638)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares (note 20)	56,605,138	-	-	-	56,605,138
Transaction costs, net of tax	(2,167,609)	-	-	-	(2,167,609)
Share-based payments (note 23)	198,000	40,634,710	-	-	40,832,710
Option registration fees	-	1,015	-	-	1,015
Balance at 30 June 2026	95,826,870	46,719,870	(185,885)	(71,731,087)	70,629,768

For personal use only

The above statement of changes in equity should be read in conjunction with the accompanying notes

FortifAI Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,350,367	3,980,920
Payments to suppliers and employees (inclusive of GST)		(5,940,824)	(9,803,895)
Research and development incentive		802,335	645,485
Other government grant income		702,263	1,514,530
Interest received		152,265	23,988
Interest and other finance costs paid		(5,070)	(145,868)
Net cash used in operating activities	9	(1,938,664)	(3,784,840)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	16	43,090	-
Payments for property, plant and equipment	13	(33,418)	(4,070)
Payments for other non-current assets		(119,672)	-
Proceeds from disposal of property, plant and equipment		901	-
Net cash used in investing activities		(109,099)	(4,070)
Cash flows from financing activities			
Proceeds from issue of shares	20	19,735,077	3,924,661
Share issue transaction costs		(277,891)	(405,857)
Proceeds from borrowings		-	565,000
Repayment of borrowings		(75,000)	(626,600)
Repayment of lease liabilities		(29,183)	-
Net cash from financing activities		19,353,003	3,457,204
Net increase/(decrease) in cash and cash equivalents		17,305,240	(331,706)
Cash and cash equivalents at the beginning of the financial year		3,034,930	3,366,636
Effects of exchange rate changes on cash and cash equivalents		14,350	-
Cash and cash equivalents at the end of the financial year	8	20,354,520	3,034,930

For personal use only

The above statement of cash flows should be read in conjunction with the accompanying notes

FortifAI Limited
Notes to the financial statements
30 June 2026

Note 1. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Going Concern basis of preparation

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 2026, the Group had net assets of $70,629,768 (2025: $4,498,152) incurred a loss of $28,953,753 (2025: $1,990,482) and had net cash outflows from operating activities of $1,938,664 (2025: $3,784,840).

The Directors have approved a cash flow forecast for approximately 12 months from the date of this report, including related assumptions, which indicates that the Group has the ability to continue as a going concern. The forecast incorporates the Group's ongoing operating activities and continued investment in the development of the NOL8 platform.

The Group's broader strategic plans contemplate increased expenditure on personnel, technology development, go-to-market activities, customer engagement and commercialisation of the NOL8 platform. Additional funding may be sought to support and accelerate these activities and the Group's broader growth strategy. The timing and extent of this expenditure may be managed having regard to the Group's available financial resources and the level of additional funding secured.

In forming their view that the going concern basis is appropriate, the Directors have considered:

- the Group's existing cash resources and forecast expenditure;
- the continued management of expenditure and implementation of cost-control measures;
- the execution of existing contracts and pursuit of new revenue opportunities; and
- the Group's ability to manage the timing and scale of planned investment in the development and commercialisation of the NOL8 platform and existing assets having regard to available funding.

While additional funding would support the Group's planned acceleration of the development and commercialisation of NOL8, the Directors do not consider the successful raising of additional funding to be necessary for the Group to continue as a going concern over the forecast period. Rather, the level of additional funding available will influence the timing and extent to which the Group is able to execute its broader growth and commercialisation plans.

Accordingly, the Directors believe that the Group 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 Group not continue as a going concern.

For personal use only

Note 1. Material accounting policy information (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of FortifAI Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. FortifAI Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated from the date control is obtained and cease to be consolidated from the date control is lost. The Group assesses acquisitions to determine whether the acquired set constitutes a business in accordance with AASB 3 Business Combinations. Where an acquired set does not meet the definition of a business, the transaction is accounted for as an asset acquisition rather than a business combination.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

For personal use only

Note 1. Material accounting policy information (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is FortifAI Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue arises mainly from the development of the interactive entertainment software products, online game service, and licensing services.

The Group recognises revenue as follows:

Revenue from contracts with customers

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

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

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.

For personal use only

Note 1. Material accounting policy information (continued)

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.

Work for hire revenue
Work for hire contracts are assessed using the five-step method above. Under the contract, the Group 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.

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.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

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.

For personal use only

Note 1. Material accounting policy information (continued)

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 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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

FortifAI Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary 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.

For personal use only

Note 1. Material accounting policy information (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value and transaction costs are included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

For personal use only

Note 1. Material accounting policy information (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	5 years
Motor vehicle	4 years
Leasehold improvements	Term of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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

For personal use only

Note 1. Material accounting policy information (continued)

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

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

Intangible assets

Intangible assets acquired as part of an asset acquisition are recognised in accordance with the applicable Australian Accounting Standards. Acquired intellectual property is recognised where it is identifiable, the Group controls the asset and future economic benefits are expected to flow to the Group. The accounting for asset acquisitions settled through equity instruments is set out above.

Intangible assets acquired separately are initially recognised at cost. Intangible assets with indefinite useful lives are not amortised and are subsequently measured at cost less accumulated impairment losses. Intangible assets with finite useful lives are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation commences when the asset is available for use.

Gains or losses arising from derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss. The amortisation method and useful lives of finite-life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively as changes in accounting estimates.

Research and development

Research expenditure is recognised as an expense in profit or loss as incurred.

Development expenditure is capitalised as an intangible asset only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention and ability to complete and use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development; and its ability to reliably measure the expenditure attributable to the asset during its development.

Development expenditure that does not satisfy these recognition criteria is recognised as an expense in profit or loss as incurred. Expenditure previously recognised as an expense is not subsequently recognised as part of the cost of an intangible asset.

Capitalised development expenditure comprises costs directly attributable to the development of the asset from the date the recognition criteria are first satisfied. Capitalised development costs are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation commences when the asset is available for use.

Asset acquisitions settled through equity instruments

Where the Group acquires assets that do not constitute a business, the transaction is accounted for as an asset acquisition. The identifiable assets acquired and liabilities assumed are recognised in accordance with the applicable Australian Accounting Standards.

For personal use only

Note 1. Material accounting policy information (continued)

Where equity instruments are issued as consideration, the Group assesses whether the fair value of the identifiable goods or services received can be estimated reliably. If the fair value of the identifiable goods or services received is less than the fair value of the equity instruments issued, the Group considers whether the difference represents other goods or services received as part of the transaction.

Where those additional goods or services cannot be separately identified and do not satisfy the recognition criteria for an asset, the difference is recognised as an expense when the goods or services are received, applying the principles of AASB 2 *Share-based Payment*.

Impairment of non-financial assets

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested annually for impairment, and whenever there is an indication that the asset may be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of the estimated future cash flows expected to be derived from the asset or cash-generating unit. Where an asset does not generate cash inflows that are largely independent of those from other assets, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's recoverable amount can be estimated individually.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

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

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

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

For personal use only

Note 1. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees, consultants and directors.

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

The cost of equity-settled transactions are measured at fair value on grant date.

The cost of equity-settled transactions are 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.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

For personal use only

Note 1. Material accounting policy information (continued)

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

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

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

Issued capital

Ordinary shares 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.

Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit attributable to the owners of FortifAI Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

For personal use only

Note 1. Material accounting policy information (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of acquired intellectual property
The Group recognised intellectual property acquired as part of the FastAI asset acquisition at a cost of $50.3 million. The amount attributed to the intellectual property was supported by a replacement cost analysis using market participant assumptions. Determining the amount attributable to the intellectual property required management to apply significant judgement and make assumptions regarding inputs that were not directly observable in the market.

Key assumptions included the estimated specialist resources and time required to recreate the technology, market participant labour costs, overheads, financing assumptions, entrepreneurial profit and the assessment of functional, technological and economic obsolescence.

The replacement cost analysis incorporated significant unobservable inputs. Many of the assumptions applied are inherently subjective and involve management judgement regarding the effort, cost and economic returns that a market participant would require to develop an asset of comparable utility and service capacity.

For personal use only

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Changes in these assumptions, including assumptions relating to development costs, development period, required rates of return, entrepreneurial profit margins, technological performance or obsolescence, could result in a material change in the amount attributed to the intellectual property and may impact future amortisation and impairment assessments.

Management considers the assumptions adopted to be reasonable based on the information available at the acquisition date; however, actual outcomes may differ from those estimates and such differences may be material.

Judgement applied
Significant judgement was required in determining that the acquired technology represents identifiable intellectual property and in selecting the valuation methodology and assumptions that best reflect those of a market participant in accordance with AASB 13 *Fair Value Measurement*.

Share-based payment transactions
The Group has granted performance rights to employees, executives and directors under its equity incentive plans and as part of the acquisition of FastAI Pty Ltd to its shareholders. The vesting of these performance rights is subject to non-market vesting conditions, including continued service and the achievement of specified operational and strategic milestones. These milestones may include the successful development and commercialisation of technology products, achievement of customer acquisition targets, completion of product development milestones, or other business performance measures.

In accordance with AASB 2 *Share-based Payment*, non-market vesting conditions are not taken into account when determining the grant date fair value of the performance rights. Instead, they are considered when estimating the number of performance rights expected to vest.

Management applies judgement in assessing the likelihood of achieving the relevant performance milestones and estimating the number of performance rights that are expected to vest. These assessments are reviewed at each reporting date and revised where necessary. Any revision to the estimated number of performance rights expected to vest is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share-based payment reserve.

The assumptions and estimates used in assessing the expected vesting of performance rights may have a significant impact on the share-based payment expense recognised in the consolidated statement of profit or loss and other comprehensive income and on equity. While these estimates do not directly impact the carrying amounts of assets and liabilities at the reporting date, changes in these estimates may result in material adjustments to share-based payment expenses in future reporting periods.

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

For personal use only

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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.

Note 3. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: Video Games Development and AI Infrastructure. The AI Infrastructure segment was established during the financial year following the acquisition of FastAI Pty Ltd and the NOL8 Technology. These operating segments are based on the internal reports regularly reviewed by the Board of Directors, which has been identified as the Chief Operating Decision Maker (CODM), for the purposes of assessing performance and allocating resources.

Each operating segment is managed separately as the activities require different strategies, technologies and resources. There has been no aggregation of operating segments in determining the Group's reportable segments.

The CODM reviews segment performance based on EBITDA. The accounting policies adopted for internal segment reporting are consistent with those adopted in the financial statements. Segment information is reported to the CODM on a monthly basis.

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

For personal use only

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2026	Video Games Development $	AI Infrastructure $	Unallocated $	Total $
Revenue				
Sales to external customers	1,883,447	-	-	1,883,447
Other revenue	71,827	-	340,069	411,896
Total revenue	1,955,274	-	340,069	2,295,343
EBITDA	(323,539)	(25,840,603)	(2,725,648)	(28,889,790)
Depreciation and amortisation	(27,057)	(26,315)	-	(53,372)
Finance costs	(8,757)	-	(1,834)	(10,591)
Loss before income tax expense	(359,353)	(25,866,918)	(2,727,482)	(28,953,753)
Income tax expense				-
Loss after income tax expense				(28,953,753)
Assets				
Segment assets	1,316,651	53,155,649	18,677,887	73,150,187
Total assets				73,150,187
Liabilities				
Segment liabilities	(772,891)	(1,311,147)	(436,382)	(2,520,420)
Total liabilities				(2,520,420)

Note 4. Revenue

	Consolidated 2026 $	Consolidated 2025 $
External IP - Contract Income	1,116,362	2,916,724
External IP - Royalty Income	767,085	1,410,986
Revenue	1,883,447	4,327,710

For personal use only

Note 4. Revenue (continued)

	Consolidated 2026 $	Consolidated 2025 $
Major product lines		
Co-development and licence	767,085	1,313,848
Work for hire	1,116,362	3,013,862
	1,883,447	4,327,710
Timing of revenue recognition		
Recognised over time	1,883,447	4,327,710

Note 5. Other income

	Consolidated 2026 $	Consolidated 2025 $
Government grant income		
- SA video game development grant	71,827	297,914
- Digital games tax offset	189,847	797,375
Research and development incentive	150,222	847,106
Other income	-	26,151
	411,896	1,968,546

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.

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.

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.

For personal use only

Note 6. Employee benefits expenses

	Consolidated 2026 $	Consolidated 2025 $
Wages and salaries	2,978,494	5,638,288
Contributions to defined contribution superannuation funds	198,248	541,385
Annual and long service leave expense	105,925	(452,199)
Payroll tax expense	71,843	224,815
Other employee benefits	264,467	5,827
	3,618,977	5,958,116

Note 7. Income tax expense

	Consolidated 2026 $	Consolidated 2025 $
The Component of Income tax expense comprise:		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(28,953,753)	(1,990,482)
Tax at the statutory tax rate of 25%	(7,238,438)	(497,620)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Income not subject to taxation	(85,017)	(485,599)
Expenses not deductible for taxation	6,452,081	498,644
Tax losses and deductible temporary differences not recognised	1,424,582	484,575
Effect of temporary differences that would be recognised directly in equity Legal expenses	(541,902)	-
Initial recognition of (potential) DTAs on Leases & ROU assets	(46)	-
Adjustments recognised in the current year in relation to the current tax of previous years	28,010	-
Adjustments for tax-rate differences in foreign jurisdictions	(39,270)	-
Income tax expense	-	-

The Group did not recognise deferred income tax assets in respect of tax losses of $35,723,119 as at 30 June 2026 (2025: $31,920,691) 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.

For personal use only

Note 8. Cash and cash equivalents

	Consolidated 2026 $	Consolidated 2025 $
Cash and cash equivalents consist of the following:		
Cash at bank and in hand:		
- Held in Australian Dollars	18,795,763	2,885,043
- Held in United States Dollars	13,184	149,887
- Held in New Israeli Shekels	1,545,573	-
	20,354,520	3,034,930

Note 9. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2026 $	Consolidated 2025 $
Loss after income tax expense for the year	(28,953,754)	(1,990,482)
Adjustments for:		
Depreciation and amortisation	32,158	62,711
Depreciation and interest expense on right-of-use assets	29,365	-
Net loss on disposal of property, plant and equipment	-	40,091
Share-based payments	5,497,967	40,000
Excess consideration above fair value acquired, recognised as an expense	19,844,834	-
Consultancy costs classified as investing activities	(81,375)	-
Interest and other finance costs	1,840	-
Foreign exchange differences	90,625	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,288,000	4,338
Decrease in contract assets and liabilities	9,607	-
Increase/(decrease) in prepayments and other current assets	(56,621)	349,600
Increase/(decrease) in trade and other payables	331,360	(1,717,720)
Decrease in contract liabilities	-	(121,179)
Decrease in employee benefits	(82,448)	(452,199)
Increase in other provisions	109,777	-
Net cash used in operating activities	(1,938,664)	(3,784,840)

For personal use only

Note 10. Trade and other receivables

	Consolidated 2026 $	Consolidated 2025 $
Trade receivables	393,585	421,038
Royalty receivable	145,775	250,627
GST Receivable	125,104	38,460
SA video game development rebate receivable	111,279	299,539
Digital games tax offset receivable	284,961	797,375
Research and development incentive receivable	190,601	842,714
Other assets	282,175	-
Other receivables	14,872	-
	1,548,352	2,649,753

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

Note 11. Contract assets and liabilities

	Consolidated 2026 $	Consolidated 2025 $
Contract assets	-	9,607

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.

Note 12. Receivables

	Consolidated 2026 $	Consolidated 2025 $
Other financial assets	119,672	-

For personal use only

Note 13. Property, plant and equipment

	Consolidated 2026 $	Consolidated 2025 $
Office equipment	186,749	134,763
Less: Accumulated depreciation	(123,509)	(93,704)
	63,240	41,059
Leasehold improvements	4,855	-
Less: Accumulated depreciation	-	-
	4,855	-
	68,095	41,059

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office equipment $	Leasehold improvements $	Total $
Balance at 1 July 2024	139,803	-	139,803
Additions	4,060	-	4,060
Disposals	(40,093)	-	(40,093)
Depreciation expense	(62,711)	-	(62,711)
Balance at 30 June 2025	41,059	-	41,059
Additions	56,933	4,855	61,788
Disposals	(813)	-	(813)
Foreign exchange movement on accumulated depreciation	(1,781)	-	(1,781)
Depreciation expense recognised in profit or loss	(32,158)	-	(32,158)
Balance at 30 June 2026	63,240	4,855	68,095

For personal use only

Note 14. Right-of-use assets

	Consolidated 2026 $	Consolidated 2025 $
Right-of-use assets - Motor vehicles	133,297	-
Less: Accumulated depreciation	(14,850)	-
	118,447	-
Right-of-use assets - Parking	44,848	-
Less: Accumulated depreciation	(645)	-
	44,203	-
Right-of-use assets - Rental	447,884	-
Less: Accumulated depreciation	(6,444)	-
	441,440	-
	604,090	-

Noleight Ltd leases office premises and motor vehicles under non-cancellable lease agreements. The office premises lease, which includes parking, has a term of one to two years, while motor vehicle leases have terms of up to three years. Lease contracts may include extension and termination options, which are considered in determining the lease term where the exercise of such options is reasonably certain.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Motor Vehicle $	Rental $	Parking $	Total $
Balance at 1 July 2024	-	-	-	-
Balance at 30 June 2025	-	-	-	-
Additions	133,297	447,884	44,848	626,029
Foreign exchange movement on accumulated depreciation	(527)	(198)	-	(725)
Depreciation expense recognised in profit or loss	(14,323)	(6,246)	(645)	(21,214)
Balance at 30 June 2026	118,447	441,440	44,203	604,090

For personal use only

Note 15. Intangibles

	Consolidated 2026 $	Consolidated 2025 $
Intellectual property - at cost (Note 16)	50,323,354	-

	2026 $	2025 $
NOL8 Technology Licence and associated intellectual property, at cost	50,323,354	–
Accumulated amortisation	–	–
Accumulated impairment losses	–	–
Net carrying amount	50,323,354	–

Reconciliation of carrying amount:

	NOL8 Technology Licence and associated IP $
Balance at 1 July 2025	–
Acquired through the acquisition of FastAI Pty Ltd (Note 16)	50,241,979
Directly attributable acquisition costs	81,375
Amortisation	–
Impairment	–
Balance at 30 June 2026	50,323,354

NOL8 Technology Licence and associated intellectual property

On 2 February 2026, the Group acquired the NOL8 Technology Licence and associated intellectual property through the acquisition of FastAI Pty Ltd. The acquisition was determined not to constitute a business combination and was accounted for as an asset acquisition. Further details of the acquisition and the determination of the cost attributed to the identifiable intellectual property acquired are set out in Note 16.

At 30 June 2026, the NOL8 Technology Licence and associated intellectual property was not yet available for its intended commercial use. Accordingly, no amortisation was recognised during the financial year. Amortisation will commence when the asset is available for use.

During the period from acquisition to 30 June 2026, the Group incurred approximately $1.3 million of employee salaries and related development expenditure in continuing the development of the NOL8 platform. This expenditure was assessed against the recognition criteria for internally generated intangible assets under AASB 138. The relevant criteria for capitalisation had not been demonstrated during the period and, accordingly, the expenditure was recognised in profit or loss as incurred and has not been included in the carrying amount of the NOL8 Technology Licence and associated intellectual property.

For personal use only

Note 15. Intangibles (continued)

Impairment assessment

As the NOL8 Technology Licence and associated intellectual property was not yet available for use at 30 June 2026, the Group performed an impairment assessment at the reporting date in accordance with AASB 136 Impairment of Assets.

The recoverable amount was assessed by reference to fair value less costs of disposal using a replacement cost approach, which estimates the current cost that a market participant would incur to recreate an asset of comparable service capacity. The fair value measurement was categorised within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs**.**

The key assumptions and the basis on which they were determined included:

- Reconstruction period: based on the research and development chronology, development phases and management's assessment of the critical path an efficient market participant would require to recreate technology of comparable service capacity. This was one of the assumptions to which the valuation was most sensitive.
- Entrepreneurial profit: determined having regard to the risk profile of a greenfield reconstruction programme and selected at the midpoint of the range management considered reasonable for a programme of this nature. This was also one of the assumptions to which the valuation was most sensitive.
- Specialist resources and compensation: the required resource profile reflected the specialist technical skills considered necessary to recreate the technology, with compensation based on benchmarked market rates for the relevant specialist profiles.
- Overheads and opportunity cost of capital: determined having regard to the supporting benchmark range for overheads and relevant lending conditions together with the return a market participant would require on a concentrated, illiquid and non-income-producing commitment of capital over a multi-year period.
- Obsolescence: management considered physical, functional, technological and economic obsolescence, including the condition and functionality of the technology, development progress, technological and market developments and commercially available alternatives. No obsolescence deduction was considered necessary at 30 June 2026.

Management reassessed the assumptions at 30 June 2026 and concluded that no material changes to the underlying assumptions were required.

Note 16. Acquisition of FastAI

On 2 February 2026, the Group acquired 100% of the issued share capital of FastAI Pty Ltd ("FastAI") in consideration for the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights. FastAI is the sole shareholder of Noleight Limited a company incorporated in Israel, which holds the license to use the technology known as "NoI8 - Next Generation Binary Search Technology" and its associated intellectual property granted by the Technion Research and Development Foundation (TRDF).

The Group has determined that the acquisition of FastAI does not represent a business combination in accordance with AASB 3 *Business Combinations*. As such, the acquisition has been accounted for as an asset acquisition. The identifiable assets acquired and liabilities assumed were recognised based on their respective fair values at the acquisition date. Any excess of the fair value of the consideration transferred over amounts attributable to identifiable net assets acquired that did not qualify for recognition as an asset was recognised as an expense in profit or loss.

For personal use only

Note 16. Acquisition of FastAI (continued)

The fair value of the consideration transferred, together with directly attributable acquisition costs, and the amounts recognised in respect of the identifiable assets and liabilities acquired were as follows:

	Fair value $
Acquisition-date fair value of the total consideration transferred	70,231,375
Representing:	
FortifAI Ltd's shares issued to vendor (share price of $0.23 cents on 2 February 2026)	35,650,000
FortifAI Ltd's performance rights issued to vendor *	34,500,000
Acquisition related costs	81,375
	70,231,375
Net assets acquired	
Cash and cash equivalents	234,024
Intellectual property (Note 15) (i)	50,323,354
Other current assets	53,920
Other liabilities	(224,757)
	50,386,541
Excess consideration above fair value acquired, recognised as an expense(ii)	19,844,834

No goodwill was recognised as a result of the transaction because the acquisition was accounted for as an asset acquisition.

(i) The amount attributed to the NOL8 Technology Licence and associated intellectual property was determined using a replacement cost approach, reflecting an estimate of the cost that a market participant would incur to recreate technology of comparable utility and service capacity at the acquisition date. The assessment incorporated assumptions concerning the nature and level of specialist technical resources required, market participant compensation, directly attributable costs and appropriate adjustments for obsolescence. The resulting value attributed to the identifiable intellectual property was approximately $50.24 million, before directly attributable acquisition costs.

(ii) The fair value attributed to the equity instruments issued as consideration exceeded the amount attributable to identifiable assets acquired and liabilities assumed. As the fair value of the identifiable assets acquired could be reliably measured, those assets were recognised based on their fair values. The excess of the fair value of the consideration transferred over the identifiable net assets acquired did not represent an additional identifiable asset that qualified for recognition. Accordingly, the excess amount of $19,844,834 was recognised as an expense in profit or loss at the acquisition date, applying the principles of AASB 2 Share-based Payment.

The recognised intellectual property was separately assessed for impairment at 30 June 2026 in accordance with AASB 136, as disclosed in Note 15, and no impairment loss was recognised.

For personal use only

Note 16. Acquisition of FastAI (continued)

* As part of the consideration for the acquisition of FastAI, the Company agreed to issue 150,000,000 Performance Rights to certain vendors of FastAI, comprising:

50,000,000 Class C Performance Rights;
50,000,000 Class D Performance Rights; and
50,000,000 Class E Performance Rights.

The Performance Rights vest upon achievement of the following milestones:

Class C Performance Rights
Independent verification and public demonstration of more than three times data-per-dollar performance relative to industry-standard CPU pattern matching on production-scale streams within 9 months of issue.

Class D Performance Rights
Independent verification and delivery of a minimum viable product (MVP) for streaming data validation that outperforms industry-standard CPU solutions within 12 months of issue.

Class E Performance Rights
FastAI Technologies International ("FTI") entering into at least two binding design partnership agreements to advance the technology within 18 months of issue.

The Performance Rights expire if the applicable vesting conditions are not satisfied within the prescribed period, being 12 months, 18 months and 24 months after issue for Classes C, D and E respectively.

The Performance Rights were valued by reference to the acquisition-date fair value of the underlying equity instruments. In determining the total fair value of the performance rights, management considered the probability of achieving the relevant performance milestones and the expected number of performance rights expected to vest. Refer Note 23.

Based on this assessment, a fair value of $34,500,000 was attributed to the Performance Rights at the acquisition date.

Note 17. Trade and other payables

	Consolidated	
	2026	2025
	$	$
Trade payables	296,688	298,920
Accrued expenses	597,157	267,184
Payroll liabilities	425,887	269,474
PAYG withholding	152,394	-
Other payables	-	145,609
	1,472,126	981,187

Refer to note 24 for further information on financial instruments.

For personal use only

Note 18. Lease liabilities

	Consolidated 2026 $	Consolidated 2025 $
Lease liability	197,222	-

	Consolidated 2026 $	Consolidated 2025 $
Amounts recognised in the statement of financial position		
Lease liability recognised at 1 July	-	-
Add: Lease liability recognised during the year	626,029	-
Add: Interest	8,151	-
Add/(Less): Foreign exchange movements	(724)	-
Less: Payments	(29,183)	-
	604,273	-
Current	197,222	-
Non-current	407,051	-
Amounts recognised in the consolidated statement of profit or loss		
Interest expense on lease liabilities	8,151	-

Refer to note 24 for further information on financial instruments.

Note 19. Provisions

	Consolidated 2026 $	Consolidated 2025 $
Current		
Provision for annual leave	228,761	119,803
Provision for long service leave	157,648	168,631
	386,409	288,434
Non-current		
Provision for long service leave	57,611	45,809
	444,020	334,243

Note 20. Issued capital

	Consolidated 2026 Shares	Consolidated 2025 Shares	Consolidated 2026 $	Consolidated 2025 $
Ordinary shares - fully paid	343,103,550	733,437,304	95,826,870	41,191,341

For personal use only

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	**1 July 2024**	**3,215,943,034**		**40,428,490**
Issue of securities	21 Aug 2024	25,000,000	$0.003	75,000
Share consolidation (5:1)		(3,024,879,626)	$0.000	-
Issue of Securities (Institutional Entitlement Offer)	15 Apr 2025	51,972,261	$0.005	259,861
Issue of Securities (Placement)	15 Apr 2025	32,408,663	$0.005	162,043
Issue of Securities (Placement)	15 Apr 2025	21,606,220	$0.005	108,031
Issue of Securities (Retail Entitlement Offer & Placement)	06 May 2025	43,003,980	$0.005	215,020
Issue of Securities (Retail Entitlement Offer & Placement Shortfall)	09 May 2025	67,737,983	$0.005	338,690
Issue of Securities (Retail Entitlement Offer & Placement Shortfall)	13 May 2025	53,349,184	$0.005	266,746
Issue of Securities (Joint Lead Manager)	16 Jun 2025	22,204,696	$0.005	111,023
Issue of Securities (Employee)	16 Jun 2025	8,000,000	$0.005	40,000
Issue of Securities (Additional Placement)	27 Jun 2025	209,090,909	$0.011	2,300,000
Issue of Securities (Joint Lead Manager)	27 Jun 2025	8,000,000	$0.011	88,000
Transaction costs				(3,201,563)
Balance	**30 June 2025**	**733,437,304**		**41,191,341**
Issue of Securities (Additional Placement FY25)	01 Jul 2025	-	$0.000	2,638
Share consolidation (5:1)[i]	23 Jul 2025	(586,749,442)	$0.000	-
Issue of Securities (Directors)[ii]	31 Oct 2025	1,320,000	$0.150	198,000
Issue of Securities (Acquisition)[iii]	02 Feb 2026	155,000,000	$0.230	35,650,000
Issue of Securities (Placement)[iv]	27 Feb 2026	17,666,667	$0.300	5,300,000
Issue of Securities (Placement)[v]	07 May 2026	20,979,021	$0.715	15,000,000
Issue of Securities (Exercise of Options)[vi]	29 May 2026	1,450,000	$0.450	652,500
Transaction costs				(2,167,609)
Balance	**30 June 2026**	**343,103,550**		**95,826,870**

(i) On 23 July 2025, the group completed a 5:1 consolidation where every (5) fully paid ordinary shares were consolidated into (1) fully paid ordinary share. This consolidation was approved by shareholders at the Extraordinary General Meeting held on 20 June 2025.

(ii) On 31 October 2025, the Company issued a total of 1,320,000 ordinary Shares to Directors, following Shareholder approval obtained at the Company's AGM on 30 October 2025.

At the time of Ms Robinson's appointment, it was agreed that Shareholder approval would be sought for a portion of her remuneration for the first 12 months of service to be satisfied by the issue of 800,000 Shares at a deemed issue price of $0.025 per Share.

At the time of Mr Cole's appointment, it was agreed that Shareholder approval would be sought for a portion of his remuneration for the first 12 months of service to be satisfied by the issue of 520,000 Shares at a deemed issue price of $0.025 per Share.

In accordance with AASB 2, these shares have been accounted for at fair value being the share price of $0.15 at date of issue of 30 October 2025.

For personal use only

Note 20. Issued capital (continued)

(iii) On 2 February 2026, the Company issued 155,000,000 new fully paid ordinary shares at an issue price of $0.23 following the completion of the acquisition of 100% of the issued capital of FastAI Pty Ltd which holds rights to the NOL8 "data infrastructure" technology through its wholly owned Israeli subsidiary, Noleight Ltd (formerly Celerriem Ltd). The acquisition was announced on 15 December 2025 and approved by shareholders at the meeting held on 21 January 2026.

(iv) On 27 February 2026, the Company issued 16,666,667 new fully paid ordinary shares at an issue price of $0.30 following the completion of a Strategic Placement to raise $5,000,000 (before costs) announced on 20 February 2026. A further 1,000,000 shares were issued to Joint Lead Manager in lieu of advisor fees.

(v) On 7 May 2026, the Company issued 20,979,021 new fully paid ordinary shares at an issue price of $0.715 following the completion of a Strategic Placement to raise $15,000,000 announced on 28 April 2026.

(vi) On 29 May 2026, the Company issued 1,450,000 new fully paid ordinary shares following the exercise of unlisted options. These options had an expiry date of 19 August 2029 and are exercisable at $0.45 each.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 21. Reserves

	Consolidated	
	2026	2025
	$	$
Foreign currency translation reserve	(185,885)	-
Share-based payment reserve	46,719,870	6,084,145
	46,533,985	6,084,145

For personal use only

Note 21. Reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
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 and acquisition of FastAI Pty Ltd.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	FCTR $	Share-based payments $	Total $
Balance at 1 July 2024	**-**	**3,288,194**	**3,288,194**
Share-based payments expense recognised in Statement of Profit or Loss	-	40,000	40,000
Share based payment expense recognised in equity (note 24)	-	2,755,706	2,755,706
Option registration fees	-	245	245
Balance at 30 June 2025	**-**	**6,084,145**	**6,084,145**
Foreign currency translation	(185,885)	-	(185,885)
Share-based payments expense recognised in Statement of Profit or Loss	-	5,332,970	5,332,970
Share based payment expense capitalised (note 24)	-	34,500,000	34,500,000
Share based payment expense recognised in equity (note 24)	-	801,740	801,740
Option registration fees	-	1,015	1,015
Balance at 30 June 2026	**(185,885)**	**46,719,870**	**46,533,985**

Note 22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Share-based Payments

The share based payment reserve is used to record the value of options and performance rights issued to Directors', employees and consultants.

An Employee Securities Option Plan (ESOP) has been established by the Company and approved by shareholders at a general meeting, whereby the Company may grant securities in the Company to certain employees of the Company . The securities may be issued for nil consideration and are granted in accordance with performance guidelines established by the Board and the ESOP.

For personal use only

Note 23. Share-based Payments (continued)

Options

Movements in options over ordinary shares on issue

	Consolidated 2026	Consolidated 2025
Number of Options:		
Balance at beginning of year	293,091,230	43,091,230
Consolidation 5:1	(234,472,978)	-
Granted during the year	22,597,902	250,000,000
Forfeited/Lapsed during the year	(3,684,917)	-
Exercised during the year	(1,450,000)	-
Balance at end of the year	76,081,237	293,091,230

	2026 Number	Weighted Average Price $	2025 Number	Weighted Average Price $
On issue at the beginning of the year	58,618,252	0.09	43,091,230	0.36
Options issued	22,597,902	0.26	250,000,000	0.05
Options expired	(3,684,917	0.24	-	-
Options exercised	(1,450,000)	0.45	-	-
Balance at end of the year	76,081,237	0.13	293,091,230	0.10

The weighted average remaining contractual life of options as at 30 June 2026 is 3.4 years (2025: 3.9 years).

The options issued during the financial year were valued using the Black Scholes valuation model, the inputs used are summarised below.

For personal use only

Note 23. Share-based Payments (continued)

Details	Options / PRs Issued	Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Risk-Free Rate	Fair Value at Grant Date
	No.			$	$	%	%	$
Broker Options[1]	3,216,667	14-Mar-24	19-Aug-29	$0.004	$0.45	139.54%	3.75%	$0.0029
Director Options[1]	266,668	24-Mar-24	14-Jun-29	$0.003	$0.45	139.54%	3.71%	$0.0000
Financial Advisory Options[1]	38,000,000	20-Jun-25	27-Jun-30	$0.014	$0.05	100.00%	3.54%	$0.0112
Joint Lead Manager Options[1]	12,000,000	20-Jun-25	27-Jun-30	$0.014	$0.05	100.00%	3.54%	$0.0112
Corporate Advisor Options[2]	6,900,000	15-Aug-25	29-Aug-28	$0.150	$0.15	100.00%	4.28%	$0.0961
Corporate Advisor Options[2]	4,600,000	30-Oct-25	29-Aug-28	$0.150	$0.15	100.00%	4.28%	$0.0936
Advisor Options[4]	3,000,000	21-Jan-26	23-Jan-28	$0.265	$0.15	100.00%	4.07%	$0.1820
Advisor Options[4]	3,000,000	21-Jan-26	23-Jan-28	$0.265	$0.20	100.00%	4.07%	$0.1650
Advisor Options[4]	3,000,000	21-Jan-26	23-Jan-28	$0.265	$0.25	100.00%	4.07%	$0,1510
Advisor Options[6]	2,097,902	07-May-26	07-May-29	$0.690	$1.07	100.00%	4.60%	$0.3822
	76,081,237							

As at 30 June for each given year the Company had the following unlisted options:

	Consolidated	
	2026	2025
FTIAF: Options expiring 16 February 2026 exercisable at $11.25	-	311,968
FTIAE: Options expiring 14 June 2029 exercisable at $11.25	-	683,608
FTIAH: Options expiring 19 Dec-25 exercisable at $2.625	-	800,001
FTIAM: Options expiring 14 Jun-29 exercisable at $11.25	-	15,000,000
FTIAG: Options expiring 19 November 2025 exercisable at $11.25	-	148,984
FTIAJ: Options expiring 31 December 2025 exercisable at $3.0	-	480,001
FTIAK: Options expiring 19 August 2025 exercisable at $0.30	-	1,000,001
FTIAN: Options expiring 19 August 2029 exercisable at $0.45	3,216,667	23,333,333
FTIAL: Options expiring 14 June 2029 exercisable at $0.45	266,668	1,333,334
FTIAQ: Options expiring 27 June 2030 exercisable at $0.05	50,000,000	250,000,000
FTIAA: Options expiring 29 August 2028 exercisable at $0.15	11,500,000	-
FTIAC: Options expiring 23 January 2028 exercisable at $0.15	3,000,000	-
FTIAD: Options expiring 23 January 2028 exercisable at $0.20	3,000,000	-
FTIAI: Options expiring 23 January 2028 exercisable at $0.25	3,000,000	-
FTIAO: Options expiring 07 May 2029 exercisable at $1.0725	2,097,902	-
	76,081,237	293,091,230

For personal use only

Note 23. Share-based Payments (continued)

Performance rights

Movements in performance rights over ordinary shares on issue

	Consolidated 2026	2025
Number of Performance Rights:		
Balance at beginning of the year	-	-
Granted during the year[1]	189,857,480	-
Balance at end of the year	189,857,480	-

[1]On 11 September 2026, 38,857,480 performance rights were issued to employees pursuant to the FTI Incentive Plan. A further 6,208,547 performance rights were issued pursuant to investor relation and advisory services rendered.

Performance rights granted during the financial year ended 30 June 2026.

Details	Options / PRs Issued	Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Risk-Free Rate	Fair Value at Grant Date
	No.			$	$	%	%	$
Director Performance Rights[3]	500,000	30-Oct-25	31-Oct-28	$0.150	$0.00	-	-	$0.1500
Director Performance Rights[3]	500,000	30-Oct-25	31-Oct-28	$0.150	$0.00	-	-	$0.1500
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Feb-27	$0.230	$0.00	-	-	$0.2300
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Aug-27	$0.230	$0.00	-	-	$0.2300
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Feb-28	$0.230	$0.00	-	-	$0.2300
Employee Performance Rights T1[7]	4,270,669	01-Jun-26	31-May-29	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T2[7]	4,270,669	01-Jun-26	31-May-30	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T3[7]	4,270,669	01-Jun-26	31-May-31	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T4[7]	4,270,669	01-Jun-26	10-Sep-31	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T5[7]	2,516,667	01-Jun-26	02-Feb-27	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T6[7]	2,516,667	01-Jun-26	02-Aug-27	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T7[7]	2,516,667	01-Jun-26	02-Feb-28	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T1[8]	2,735,539	21-Apr-26	20-Oct-28	$0.730	$0.00	-	-	$0.7300

For personal use only

Note 23. Share-based Payments (continued)

Details	Options / PRs Issued	Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Risk-Free Rate	Fair Value at Grant Date
	No.			$	$	%	%	$
Employee Performance Rights T2[8]	2,735,539	21-Apr-26	20-Apr-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T3[8]	2,735,539	21-Apr-26	20-Apr-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T4[8]	2,735,539	21-Apr-26	20-Apr-31	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T5[8]	547,108	21-Apr-26	02-Feb-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T6[8]	547,108	21-Apr-26	31-Aug-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T7[8]	547,108	21-Apr-26	30-Dec-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T8[8]	547,108	21-Apr-26	31-Mar-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T9[8]	547,108	21-Apr-26	30-Jun-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T10[8]	547,107	21-Apr-26	31-Dec-29	$0.730	$0.00	-	-	$0.7300
	189,857,480							

As a 30 June 2026 Company had the following performance rights:

FTIAB: Performance Rights expiring 31 October 2028	1,000,000
FTIAB: Performance Rights expiring 02 February 2027	52,516,667
FTIAB: Performance Rights expiring 02 August 2027	52,516,667
FTIAB: Performance Rights expiring 02 February 2028	53,063,775
FTIAB: Performance Rights expiring 31 May 2029	4,270,669
FTIAB: Performance Rights expiring 31 May 2030	4,270,669
FTIAB: Performance Rights expiring 31 May 2031	4,270,669
FTIAB: Performance Rights expiring 10 September 2031	4,270,669
FTIAB: Performance Rights expiring 20 October 2028	2,735,539
FTIAB: Performance Rights expiring 20 April 2029	2,735,539
FTIAB: Performance Rights expiring 20 April 2030	2,735,539
FTIAB: Performance Rights expiring 20 April 2031	2,735,539
FTIAB: Performance Rights expiring 31 August 2028	547,108
FTIAB: Performance Rights expiring 30 December 2028	547,108
FTIAB: Performance Rights expiring 31 March 2029	547,108
FTIAB: Performance Rights expiring 30 June 2029	547,108
FTIAB: Performance Rights expiring 31 December 2029	547,107
	189,857,480

For personal use only

Note 23. Share-based Payments (continued)

Performance rights and options granted during the year have been valued using Black Scholes model. The number of securities granted and valuation inputs are outlined below.

Details	Options / PRs Issued	Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Risk-Free Rate	Fair Value at Grant Date
	No.			$	$	%	%	$
Broker Options[1]	3,216,667	14-Mar-24	19-Aug-29	$0.004	$0.45	139.54%	3.75%	$0.0029
Director Options[1]	266,668	24-Mar-24	11-Jun-29	$0.003	$0.45	139.54%	3.71%	$0.0000
Financial Advisory Options[1]	38,000,000	20-Jun-25	27-Jun-30	$0.014	$0.05	100.00%	3.54%	$0.0112
Joint Lead Manager Options[1]	12,000,000	20-Jun-25	27-Jun-30	$0.014	$0.05	100.00%	3.54%	$0.0112
Corporate Advisor Options[2]	6,900,000	15-Aug-25	29-Aug-25	$0.150	$0.15	100.00%	4.28%	$0.0961
Corporate Advisor Options[2]	4,600,000	30-Oct-25	29-Aug-25	$0.150	$0.15	100.00%	4.28%	$0.0936
Director Performance Rights[3]	500,000	30-Oct-25	31-Oct-28	$0.150	$0.00	-	-	$0.1500
Director Performance Rights[3]	500,000	30-Oct-25	31-Oct-28	$0.150	$0.00	-	-	$0.1500
Advisor Options[4]	3,000,000	21-Jan-25	23-Jan-28	$0.265	$0.15	100.00%	4.07%	$0.1820
Advisor Options[4]	3,000,000	21-Jan-25	23-Jan-28	$0.265	$0.20	100.00%	4.07%	$0.1650
Advisor Options[4]	3,000,000	21-Jan-25	23-Jan-28	$0.265	$0.25	100.00%	4.07%	$0,1510
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Feb-27	$0.230	$0.00	-	-	$0.2300
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Aug-27	$0.230	$0.00	-	-	$0.2300
Major Shareholder Performance Rights[5]	50,000,000	02-Feb-26	02-Feb-28	$0.230	$0.00	-	-	$0.2300
Advisor Options[6]	2,097,902	07-May-26	07-May-29	$0.690	$1.07	100.00%	4.60%	$0.3822
Employee Performance Rights T1[7]	4,270,669	01-Jun-26	31-May-29	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T2[7]	4,270,669	01-Jun-26	31-May-30	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T3[7]	4,270,669	01-Jun-26	31-May-31	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T4[7]	4,270,669	01-Jun-26	10-Sep-31	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T5[7]	2,516,667	01-Jun-26	02-Feb-27	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T6[7]	2,516,667	01-Jun-26	02-Aug-27	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T7[7]	2,516,667	01-Jun-26	02-Feb-28	$0.860	$0.00	-	-	$0.8600
Employee Performance Rights T1[8]	2,735,539	21-Apr-26	20-Oct-28	$0.730	$0.00	-	-	$0.7300

For personal use only

Note 23. Share-based Payments (continued)

Details	Options / PRs Issued	Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Risk-Free Rate	Fair Value at Grant Date
	No.			$	$	%	%	$
Employee Performance Rights T2[8]	2,735,539	21-Apr-26	20-Apr-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T3[8]	2,735,539	21-Apr-26	20-Apr-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T4[8]	2,735,539	21-Apr-26	20-Apr-31	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T5[8]	547,108	21-Apr-26	02-Feb-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T6[8]	547,108	21-Apr-26	31-Aug-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T7[8]	547,108	21-Apr-26	30-Dec-28	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T8[8]	547,108	21-Apr-26	31-Mar-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T9[8]	547,108	21-Apr-26	30-Jun-29	$0.730	$0.00	-	-	$0.7300
Employee Performance Rights T9[8]	547,107	21-Apr-26	31-Dec-29	$0.730	$0.00	-	-	$0.7300
	265,938,171							

(1) 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) shares be consolidated into one (1) fully paid ordinary share and similarly the number of options be consolidated on the same basis with an exercise price of the options amended in inverse proportion to the consolidation ratio. The consolidation process was completed on 23 July 2025. The numbers above are post-consolidation values.

(2) During the year, the Company issued 11,500,000 unlisted options to its corporate adviser as consideration for the provision of corporate advisory services to FortifAI Limited.

(3) On 31 October 2025, the Company issued a total of 1,000,000 performance rights to Shannon Robinson, following Shareholder approval obtained at the Company's AGM on 30 October 2025. The performance rights have a total valuation of $150,000. The performance rights have an expiry of 31 October 2028 and were issued in two (2) tranches and are subject to vesting conditions:
- Tranche 1: Continued service to 21 May 2026;
- Tranche 2: Continued service to 31 December 2026.

For personal use only

Note 23. Share-based Payments (continued)

(4) On 21 January 2026, the Company issued a total of 9,000,000 unlisted options to an advisor, following Shareholder approval obtained at the Company's EGM held 21 January 2026. The options were issued in three (3) tranches and are subject to vesting conditions:
- Tranche 1: 3,000,000 options each with an exercise price of $0.15 and an expiry date of 23 January 2028, vesting immediately;
- Tranche 2: 3,000,000 options each with an exercise price of $0.20 and an expiry date of 23 January 2028. These options vest on the formal introduction of FTI to a relevant industry customer to the satisfaction of FTI as determined by its Board of Directors;
- Tranche 3: 3,000,000 options each with an exercise price of $0.25 and an expiry date of 23 January 2028. These options vest on the formal introduction of FTI to and the execution of a collaboration or commercial agreement between FTI and a relevant industry customer to the satisfaction of FTI as determined by its Board of Directors.

(5) On 2 February 2026 as part of the Acquisition, the Company agreed to issues 150,000,000 performance rights to certain vendors of FastAI, comprising of the following classes:
- Class C: 50,000,000 performance rights with an expiry date of 2 February 2027. These rights vest upon independent verification and public demonstration of more than three times data-per-dollar performance relative to industry-standard CPU pattern matching on production-scale streams within 9 months of issue;
- Class D: 50,000,000 performance rights with an expiry date of 2 August 2027. These rights vest upon independent verification and delivery of an MVP for streaming data validation that outperforms industry-standard CPU solutions within 12 months of issue;
- Class E: 50,000,000 performance rights with an expiry date of 2 February 2028. These rights vest upon the Company entering into at least two binding design partnership agreements to advance the technology within 18 months of issue.

(6) As part of the $15,000,000 strategic placement completed on 7 May 2026, a corporate advisor was issued 2,097,902 unlisted options. These options have an exercise price of $1.07 and expire on 7 May 2029.

(7) On 1 June 2026, the Company announced the appointment of Mr Kelly Herrell as Chief Executive Officer of the Company and its AI infrastructure subsidiary, NOL8. At the meeting held on 7 August 2026, shareholders approved the issuance of 24,632,677 performance rights. The Group recognised share-based payment expense during the year ended 30 June 2026 in respect of services received from Mr Herrell prior to grant date. The performance rights are subject to the following expiry dates and vesting conditions:
- Tranche 1: 4,270,669 rights expiring 31 May 2029 and with a vesting condition of 12 months continuous service with the Company;
- Tranche 2: 4,270,669 rights expiring 31 May 2030 and with a vesting condition of 24 months continuous service with the Company;
- Tranche 3: 4,270,669 rights expiring 31 May 2031 and with a vesting condition of 36 months continuous service with the Company;
- Tranche 4: 4,270,669 rights expiring 5 years from date of issue and with a vesting condition of 48 months continuous service with the Company;
- Tranche 5: 2,516,667 rights expiring 2 February 2027 and with a vesting condition as per existing Class C vesting conditions (refer point 5);
- Tranche 6: 2,516,667 rights expiring 2 August 2027 and with a vesting condition as per existing Class D vesting conditions (refer point 5);
- Tranche 7: 2,516,667 rights expiring 2 February 2028 and with a vesting condition as per existing Class E vesting conditions (refer point 5);

For personal use only

Note 23. Share-based Payments (continued)

(8) On 21 April 2026, the Company appointed Mr Jamie Pope as Chief Solutions Officer. At the meeting held on 7 August 2026, shareholders approved the issuance of 14,224,803 performance rights. The Group recognised share-based payment expense during the year ended 30 June 2026 in respect of the services received from Mr Pope prior to grant date. The performance rights are subject to the following expiry dates and vesting conditions:
- Tranche 1: 2,735,539 rights expiring 20 October 2028 and with a vesting condition of 6 months continuous service with the Company;
- Tranche 2: 2,735,539 rights expiring 20 April 2029 and with a vesting condition of 12 months continuous service with the Company;
- Tranche 3: 2,735,539 rights expiring 20 April 2029 and with a vesting condition of 24 months continuous service with the Company;
- Tranche 4: 2,735,539 rights expiring 20 April 2031 and with a vesting condition of 36 months continuous service with the Company;
- Tranche 5: 547,108 rights expiring 2 February 2028 and with a vesting condition as per existing Class E vesting conditions (refer point 5);
- Tranche 6: 547,108 rights expiring 31 August 2028 and vesting upon the Sales Team formally launching 3 product use-cases by 31 August 2026;
- Tranche 7: 547,108 rights expiring 30 December 2028 and vesting upon the Company announced to ASIX it (or a subsidiary) has executed an enterprise-level formal commercial agreement by30 December 2026;
- Tranche 8: 547,108 rights expiring 31 March 2029 and vesting upon the Company announced to ASIX it (or a subsidiary) has executed an enterprise-level formal commercial agreement with revenue commitments by 31 March 2027;
- Tranche 9: 547,108 rights expiring 30 June 2029 and vesting upon NOL8 achieving cumulative bookings of $1m by 30 June 2027; and
- Tranche 10: 547,107 rights expiring 31 December 2029 and vesting upon NOL8 achieving cumulative bookings of $3m by 31 December 2027.

Note 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

For personal use only

Note 24. Financial instruments (continued)

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currencies and is exposed to foreign currency risk arising from fluctuations in exchange rates. Foreign currency risk primarily arises from recognised assets and liabilities, including trade receivables, trade payables, cash balances and intercompany balances denominated in currencies other than the functional currency of the relevant entity.

The Group is also exposed to foreign currency translation risk through its investment in foreign subsidiaries whose functional currencies differ from the Group's presentation currency. On consolidation, the assets and liabilities of these foreign operations are translated at exchange rates prevailing at the reporting date, while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation are recognised in the foreign currency translation reserve within equity.

Management monitors foreign currency exposures on an ongoing basis and assesses the impact of exchange rate movements on the Group's financial position and performance.

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

	Assets		Liabilities	
	2026	2025	2026	2025
Consolidated	**$**	**$**	**$**	**$**
US dollars	114,849	570,925	(89,527)	(11,510)

At 30 June 2026, had the Australian dollar moved, with all other variables held constant, pre-tax loss would have been affected as follows:

	AUD strengthened			AUD weakened		
Consolidated - 2026	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Net Financial Assets	5%	(1,206)	(1,206)	5%	2,539	2,539

	AUD strengthened			AUD weakened		
Consolidated - 2025	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Net Financial Assets	5%	(26,639)	(26,639)	5%	29,443	29,443

For personal use only

Note 24. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026	2025	2026	2025	2026	2025
Consolidated	**%**	**%**	**$**	**$**	**$**	**$**
Not overdue	-	-	92,966	421,038	-	-
0 to 3 months overdue	-	-	300,619	-	-	-
			393,585	421,038	-	-

No expected credit losses were recognised as at 30 June 2026 (2025 : Nil)

Liquidity risk

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

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

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2026	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,472,126	-	-	-	1,472,126
Interest-bearing - variable						
Lease liability	14.20%	280,538	280,538	237,629	-	798,705
Total non-derivatives		1,752,664	280,538	237,629	-	2,270,831

For personal use only

Note 24. Financial instruments (continued)

Consolidated - 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	835,578	-	-	-	835,578
Other payables	-	145,609	-	-	-	145,609
Total non-derivatives		981,187	-	-	-	981,187

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2026 $	Consolidated 2025 $
Short-term employee benefits	462,236	767,188
Post-employment benefits	57,994	66,394
Long-term benefits	-	-
Termination benefits	34,615	50,000
Share-based payments	1,774,141	33,334
	2,328,986	916,916

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Limited, the auditor of the Company, and unrelated firms:

	Consolidated 2026 $	Consolidated 2025 $
Audit services - Grant Thornton Audit Pty Limited		
Audit or review of the financial statements	131,465	97,500
Audit services - unrelated firms (BDO)		
Audit or review of the financial statements	53,058	-

For personal use only

Note 27. Contingent liabilities

As part of the acquisition and licence arrangements with The Research Development Foundation (TRDF), the Group has obtained an exclusive, irrevocable, worldwide licence to use NOL8 technology for the development and commercialisation of products incorporating or derived from that technology.

Under the terms of the licence agreement, the Group has the following future payment obligations:

- A royalty of 2.5% of net sales generated from licensed products sold by the Group, its affiliates or sublicensees.
- A 15% sublicensing fee on any sublicensing revenue received by the Group or its affiliates.
- An annual licence fee of US$20,000, commencing on the second anniversary of the grant of the licence, which is offset against royalty and sublicensing amounts payable.

As these obligations are dependent upon future product sales, sublicensing activities and other uncertain future events, no liability has been recognised at the reporting date, except where amounts have been incurred and are payable. The Group will recognise the related expenses as the underlying sales or sublicensing revenues arise.

Note 28. Commitments

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

Note 29. Related party transactions

Parent entity
FortifAI Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2026	**2025**
	$	**$**
Other transactions:		
Corporate advisory services paid *	-	87,083
Interest paid **	-	5,000

* 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 due to 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. From 01 May 2025, Mr Gordon was 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 23).

For personal use only

Note 29. Related party transactions (continued)

**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.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties as at 30 June 2026 and 30 June 2025.

Loans to/from related parties
There were no loans to or from related parties as at 30 June 2026 and 30 June 2025.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2026	**2025**
	$	**$**
Loss after income tax	(20,665,202)	(2,054,253)
Total comprehensive income	(20,665,202)	(2,054,253)

Statement of financial position

	Parent	
	2026	**2025**
	$	**$**
Total current assets	18,649,015	3,308,179
Total assets	70,951,355	4,792,884
Total current liabilities	321,588	294,705
Total liabilities	321,588	294,705
Equity		
Issued capital	95,826,793	48,955,406
Share-based payment reserve	41,612,581	1,687,178
Accumulated losses	(66,809,607)	(46,144,405)
Total equity	70,629,767	4,498,179

For personal use only

Note 30. Parent entity information (continued)

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

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

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

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2026 %**	**2025 %**
FastAI Pty Ltd[1]	Australia	100.00%	-
Noleight Ltd[1]	Israel	100.00%	-
Mighty Kingdom Games Pty Ltd	Australia	100.00%	100.00%
Mighty Kingdom Services Pty Ltd	Australia	100.00%	100.00%
Mighty Kingdom IP Pty Ltd[2]	Australia	100.00%	100.00%
Rise Games Pty Ltd[2]	Australia	100.00%	100.00%

[1]Acquired on 2 February 2026
[2]Deregistered on 1 July 2026

Note 32. Events after the reporting period

On 8 July 2026, 1,400,000 unlisted options with an exercise price of $0.05, expiring 27 June 2030 have been converted into fully paid ordinary shares, raising $70,000 in additional capital.

On 27 July 2026, the Company announced the addition of Jason Forget to its Advisory Board, joining previously announced members David Walker and Tim Edwards, as the Company continues to build out its NOL8 team and product ahead of commercial release.

On 27 July 2026, the Company announced a change to the terms of the engagement between its Director, Yosef Keret, and its wholly owned subsidiary Noleight Ltd. Mr Keret is now engaged in a consulting capacity by Noleight Ltd effective 1 August 2026. The remuneration for services is a monthly cash fee of NIS 40,000 plus Value Added Tax (VAT). The initial term is at least three months or the release of version 2 of the NOL8 platform subject to extension by mutual written agreement. The agreement includes standard market provisions in relation to termination, confidentiality, and non-compete clauses. Mr Keret remains a Director of FTI and Noleight Ltd.

For personal use only

Note 32. Events after the reporting period (continued)

On 1 July 2026, Rise Games Pty Ltd and Mighty Kingdom IP Pty Ltd were deregistered.

On 16 July 2026, FastAI Pty Ltd incorporated a wholly owned subsidiary in USA, NOL8 USA Inc.

On 24 August 2026, the Company announced the appointment of Priya Shivakumar to the Advisory Board.

On 11 September 2026, the Company announced the MKL Studio was subject to a ransomware incident. The Group has taken steps to respond to the incident and do not anticipate it to a have a material operational and/or financial impact.

On 11 September 2026, the Company issued the following securities:

- 42,857,480 Performance Rights pursuant to the FTI Incentive Plan
- 6,208,547 Performance Rights issued pursuant to investor relation and advisory services rendered
- 239,000 Shares issued pursuant to a consulting services agreement
- 218,968 Shares issued pursuant to executive search services rendered
- 1,500,000 Shares issued pursuant exercise of unlisted options

On 29 September 2026, the Company announced the NOL8 AI Data Plane is available through Equinix Fabric®. The NOL8 AI Data Plane complements the Equinix Distributed AI Hub approach by helping enterprises inspect and enforce policies on data moving into and out of distributed AI environments. Joint proof-of-concept engagements are now open to select customers, with general availability planned later in 2026.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 33. Earnings per share

	Consolidated	
	2026	**2025**
	$	**$**
Loss after income tax attributable to the owners of FortifAI Limited	(28,953,753)	(1,990,482)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	220,134,774	52,854,769
Weighted average number of ordinary shares used in calculating diluted earnings per share	220,134,774	52,854,769
	Cents	**Cents**
Basic loss per share	(13.15)	(3.77)
Diluted loss per share	(13.15)	(3.77)

On 23 July 2025, the Group completed 5:1 share consolidation whereby every five (5) fully paid ordinary share were consolidated into one (1) fully paid 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.

For personal use only

FortifAI Limited
Consolidated entity disclosure statement
As at 30 June 2026

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
FortifAI Ltd	Body Corporate	Australia	-	Australia
FastAI Pty Ltd	Body Corporate	Australia	100.00%	Australia
Noleight Limited	Body Corporate	Israel	100.00%	Israel
Mighty Kingdom Games Pty Ltd	Body Corporate	Australia	100.00%	Australia
Mighty Kingdom Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Mighty Kingdom IP Pty Ltd	Body Corporate	Australia	100.00%	Australia
Rise Games Pty Ltd	Body Corporate	Australia	100.00%	Australia

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.

For personal use only

FortifAI Limited
Directors' declaration
30 June 2026

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



_____
Shannon Robinson
Chair

30 September 2026

For personal use only

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

For personal use only

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 2026, 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 2026 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

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.

Key audit matter	How our audit addressed the key audit matter
Other income and receivables **Note 1, Note 5 and Note 10**	
As at 30 June 2026, the Group held receivables of $190,601 in respect of the research and development (R&D) incentive, $284,961 in respect of the digital games tax offset, and $111,279 in respect of the SA video game development rebate. Other income of $411,896 was recognised during the year ended 30 June 2026 in respect of these programmes. The recognition of the income and associated receivables required management to assess the eligibility of activities undertaken and expenditure incurred against the relevant legislation governing each scheme. This involved significant judgement in interpreting and applying the legislative criteria to the Group's activities and expenditures. This is a key audit matter due to the significance of the income and receivables recognised to the Group's financial performance and position, and the auditor judgement required to evaluate management's assessment of the eligibility of activities and expenditure claimed under the programmes.	Our procedures included: • obtaining an understanding of management's process for identifying eligible activities and expenditure under the Research and Development Tax Incentive, SA video game development rebate and Digital Games Tax Offset schemes and for calculating the related claims; • assessing the methodology applied by management in calculating the income and receivables recognised; • with the assistance of our internal specialists for the research and development incentive: – evaluating the nature of costs included in the claims against the relevant legislative criteria; – reconciling expenditure included in the calculations to the underlying accounting records; – for a sample of items of expenditure, assessing the eligibility with reference to supporting documentation; and – testing the mathematical accuracy of the calculations; • comparing prior year claims to the amounts subsequently received to assess the accuracy of management's historical application of the eligibility criteria; • evaluating the competence, capabilities and objectivity of management's expert engaged to assist in determining the incentive claims, and assessing the key judgements applied in the preparation of the calculations; and • evaluating the disclosures against the requirements of Australian Accounting Standards.

For personal use only

Acquisition of the NOL8 Intellectual property
Note 15 and Note 16

During the year, the Group acquired 100% of the issued share capital of FastAI Pty Ltd. The Group accounted for the transaction as an asset acquisition in accordance with AASB 3 *Business Combinations* and recognised the fair value of NOL8 - Next Generation Binary Search Technology as an intellectual property intangible asset.

Determining the fair value attributed to the acquired intellectual property required significant management judgement due to the early-stage nature of the technology, the absence of observable market inputs and the reliance on assumptions regarding the future commercialisation and expected economic benefits of the technology. This included evaluating the time, resources and costs required to recreate the technology's service potential and functionality, and assessing whether developments in technology or other factors affecting the technology's service potential indicated that adjustments to the technical obsolescence or economic depreciation factors applied in the valuation were required

This is a key audit matter due to the significance of the intellectual property to the Group's financial position and the significant auditor judgement involved in assessing management’s determination of the appropriate accounting treatment for the transaction and the fair value of the acquired intellectual property on acquisition.

Our procedures included:

- reading the acquisition agreements, licensing arrangements and other supporting documentation to understand the commercial substance of the transaction and the rights acquired by the Group;
- assessing management's conclusion that the transaction represented an asset acquisition by evaluating the nature of the acquired activities, assets and processes against the requirements of AASB 3;
- evaluating the identification and recognition of the acquired intellectual property by assessing whether the assets recognised reflected the rights and benefits obtained through the acquisition;
- with the assistance of our valuation specialists, assessing whether the replacement cost methodology applied by management was appropriate in the circumstances and consistent with the requirements of the relevant Australian Accounting Standards, and evaluating the reasonableness of key assumptions used in estimating the replacement cost of the technology, including the nature and extent of development activities required, the expected time and resources necessary to recreate the intellectual property, and whether any adjustments for technical obsolescence and economic depreciation are required;
- assessing the accuracy of the excess consideration above fair value acquired recognised as an expense in the profit or loss associated with the acquisition of the intellectual property at acquisition date;
- evaluating the competence, capabilities and objectivity of management’s expert engaged to assist in determining the fair value of acquired intellectual property; and
- evaluating the disclosures against the requirements of Australian Accounting Standards.

For personal use only

Recoverable amount of the Intangible Asset
Note 15

The Group holds an intellectual property intangible asset relating to the "NoI8 – Next Generation Binary Search Technology", which is not yet available for use and is therefore required to be tested annually for impairment in accordance with AASB 136 *Impairment of Assets*.

Management assessed the recoverable amount of the intellectual property intangible asset using a replacement cost methodology and compared to its carrying amount.

Determining the recoverable amount under the depreciated replacement cost approach required significant management judgement in assessing the continued appropriateness of the assumptions used in the acquisition-date valuation.

Given the specialised nature of the technology and the limited availability of directly comparable market evidence, there is a high degree of estimation uncertainty associated with these assumptions.

This is a key audit matter due to the significance of the intellectual property asset to the Group's financial position and the auditor effort required to assess management's determination of the recoverable amount of the intellectual property.

Our procedures included:

- obtaining an understanding of management's process for determining the recoverable amount of the intellectual property asset, including the valuation methodology adopted and the involvement of management's valuation specialist;
- evaluating the ongoing reasonableness of key assumptions used in estimating the replacement cost of the technology, including the nature and extent of development activities required, the expected time and resources necessary to recreate the intellectual property, and the adjustments for technical obsolescence and economic depreciation;
- evaluating the competence, capabilities and objectivity of management's expert engaged to assist in performing the recoverable amount assessment;
- testing the underlying information used in the valuation model, including agreeing relevant inputs to supporting documentation and assessing the completeness and accuracy of the data utilised; and
- evaluating the disclosures against the requirements of Australian Accounting Standards.

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 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

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 pages 13 to 19 of the Directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of FortifAI Limited, for the year ended 30 June 2026 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

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 30 September 2026

For personal use only

FortifAI Limited
Shareholder information
30 June 2026

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 22 September 2026.

Securities

Quotation has been granted for 346,461,538 ordinary shares of the Company on the Australian Stock Exchange.

ASX Code	Number of Holders	Security Description	Total Securities
FTI	1,723	Listed ordinary shares	346,461,538

ASX Code	Number of Holders	Security Description	Total Securities
None	29	Unlisted options	73,181,237
None	16	Performance rights	200,006,027

Distribution of shareholders

Analysis of number of equitable security holders by size of holding:

Category of Holding	Number of Holders	Number of Shares	% of Capital
1 - 1,000	701	201,718	0.06
1,001 - 5,000	292	715,964	0.21
5,001 - 10,000	122	960,425	0.28
10,001 - 100,000	399	15,255,762	4.40
100,001 Over	209	329,327,669	95.05
Total	**1,723**	**346,461,538**	**100.00**

Holdings Less than a Marketable Parcel

There are 573 holdings representing 0.029% of issued capital with less than a marketable parcel based on the closing price ($0.845) of shares traded on ASX on 22 September 2026.

	Number of Holders	Minimum Parcel Size	Number of Shares
	573	592	101,087.00

For personal use only

FortifAI Limited
Shareholder information
30 June 2026

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

Rank	Name	Number of Shares	% of Capital
1	CITICORP NOMINEES PTY LIMITED	39,412,426	11.38
2	IBI TRUST MANAGEMENT <ARIEL MALIK A/C>	36,718,224	10.60
3	SHIMONY GROSS & CO <TECHNION R&D FDN LTD A/C>	31,600,000	9.12
4	ALFRED ROAD HOLDINGS PTY LTD <LIBERTINE A/C>	18,706,658	5.40
5	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	18,417,874	5.32
6	SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	18,252,113	5.27
7	IBI TRUST MANAGEMENT <ALON RASHELBACH A/C>	14,914,680	4.30
8	UBS NOMINEES PTY LTD	11,864,426	3.42
9	IBI TRUST MANAGEMENT <YOSEF KERET A/C>	11,811,315	3.41
10	IBI TRUST MANAGEMENT <MARK SILBERSTEIN A/C>	6,811,021	1.97
11	MR JASON BRUSHE	5,189,998	1.50
12	BENGAL CAPITAL PTY LTD <BENGAL CAPITAL FAMILY A/C>	4,637,473	1.34
13	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,674,862	1.06
14	BNP PARIBAS NOMS PTY LTD	3,547,893	1.02
15	SANDTON CAPITAL PTY LTD	3,255,000	0.94
16	ACN 161 604 315 PTY LTD	3,092,729	0.89
16	PUNTERO PTY LTD	2,875,000	0.83
18	MR KOBI BEN SHABATH	2,874,399	0.83
19	MR JOHN GERARD HUGHAN <WADE A/C>	2,599,373	0.75
20	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,517,035	0.73
		242,772,499	**70.08**

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

As at 22 September 2026, the following were substantial shareholders in the Company.

Rank	Name	Number of Shares	% of Capital
1	Regal Partners Funds Management Pty Limited and its associates	37,306,022	10.77
2	Ariel Malik	36,718,224	10.60
3	Technion Research and Development Foundation Ltd	31,600,000	9.12
4	Sandton Capital Pty Ltd	21,507,113	6.21
5	Alfred Road Holdings Pty Ltd, Libertine Investments Pty Ltd, Propel Holdings Pty Ltd, Ananda Kathiravelu	20,636,895	5.96

Restricted Securities

No restricted securities

For personal use only

FortifAI Limited
Shareholder information
30 June 2026

Unrestricted Securities

All securities are unrestricted.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and performance rights
No voting rights.

On Market Buy Back

There is no current on-market buy back

Securities subject to voluntary escrow

As at 22 September 2026, 1,320,000 Ordinary Fully Paid Shares were subject to voluntary escrow and due to be released from escrow on 2 November 2026.

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.

For personal use only