
FTI June Q4 FY25 Activity Report

Highlights

- **Revenue:** Consistent revenue generation from existing projects with pipeline of new projects.
- **Strengthened Balance Sheet:** Closing cash position of \$3.0m as at 30 June 2025 with no debt.
- **AI Lab Progress:** AI Lab targets increasing efficiency and expansion opportunities of existing business, as well as identifying new opportunities utilising AI tools and data analysis as part of business review.
- **Cost Reductions:** Significant cost reductions and efficiencies following business review.
- **Board Strengthened:** Strategic appointments of Shannon Robinson as Chair and Scott Cole as non-executive Director during the quarter.
- **Change of Company Name:** Company renamed FortifAI Limited and new ASX code "FTI" following shareholder approval.
- **Consolidation of Capital:** Share capital consolidation completed subsequent to quarter end.
- **Capital Raise:** Successful entitlement offer and oversubscribed placement raising approximately \$3.63m
- **Financial Snapshot:** Cash receipts from customers of \$0.826m for the quarter. Operating cash outflows were \$1.718m.

FortifAI Limited (formerly Mighty Kingdom Limited) (ASX: FTI) ("FTI" or the "Company") is pleased to provide its Quarterly Activities Statement and Appendix 4C for the June 2025 Quarter ("Q4 FY25").

OPERATIONAL SUMMARY

The Company has reported a net cash outflow of \$892k for the quarter inclusive of approximately \$880k in one-off restructure costs including redundancies incurred during the quarter.

Operating costs have continued to decrease by 30% from Q3 FY25 and there was a 45% reduction in staff costs with further efficiencies anticipated in Q1 FY26. This reflects the impact of ongoing cost optimisation initiatives and improved operational efficiencies.

PROJECT HIGHLIGHTS

The Company continues to work on its existing projects generating consistent revenues. The team size has reduced significantly whilst maintaining capability to deliver projects generating further efficiencies. A new contract for further work with Spin Master is scheduled to commence this quarter.

The Company is utilising its AI Lab targeting further increase of efficiency and expansion opportunities of existing business, as well as identifying new opportunities utilising AI tools and data analysis as part of business review. The Company has engaged consultants to assist with analysis and work with the team.

The Company is focused on creating further efficiencies and expansion of the existing business, whilst identifying and pursuing complementary technology projects.

FINANCIAL RESULTS

The Company's financial results for the quarter reflect a period of disciplined expenditure and ongoing cost reductions as part of business review and generation of efficiencies.

Cash receipts from customers in the quarter amounted to \$0.826m. Net cash outflows from operating activities were \$1.718m representing significant reduction, redundancy payments and creditor payments, with further efficiencies anticipated in Q1 FY26.

CORPORATE

The Company held a cash balance of \$3 million at 30 June 2025 and has no debt.

During the quarter, the Company appointed Shannon Robinson as non-executive Chair and Scott Cole as a non-executive Director. Duncan Gordon remains on the Board as a non-executive Director and both Chris Whiteman and Mark Aubrey retired as non-executive Directors effective 22 May 2025. Refer to ASX Announcements dated 22 May 2025.

In addition, Dylan Miklashek has been appointed as Studio Director to manage the team and operating projects. The Board thanks Dylan for stepping in as Interim CEO and being an integral part of restructuring the team and driving efficiencies alongside strategic consultants.

On 16 April 2025, the Company employed Scott Cole as Finance Director with a salary of \$150k. This role is in addition to his duties as a non-executive Director.

During the quarter the Company completed capital raising initiatives (refer to ASX announcement dated 8 April 2025). The initial raise was completed via an entitlement offer and placements at an issue price of \$0.005 per share to raise approximately \$1.33m (refer to ASX announcement dated 6 May 2025). Following shareholder approval, the Company then completed an oversubscribed additional placement of \$2.30m at an issue price of \$0.011 per share (refer to ASX announcements 24 June 2025 and 27 June 2025).

As required by ASX Listing Rules, FTI notes that the amount of \$148k disclosed in Section 6.1 of the accompanying Appendix 4C relates to payments made during the quarter to related parties and their associates. These payments consist of salaries, wages, and consultant fees paid to members of the Board of Directors.

Following shareholder approval, the Company changed its name to 'FortifAI Limited'. Subsequent to the end of the quarter, the share capital of the Company was consolidated. The ASX Code was then changed from 'MKL' to 'FTI' effective 28 July 2025 (refer to ASX announcements 14 July 2025 and 23 July 2025).

OUTLOOK

FTI is well positioned for FY26 following a period of consolidation, cost reduction and targeted restructure to drive profitability and efficiencies in the business. The Company successfully completed capital raises and reduced payables to strengthen the balance sheet with a strong cash position. It is anticipated that the Company will be funded for CY2026 with ongoing cash preservation initiatives in place.

The team is focused on delivery of existing projects and expanding the pipeline of opportunities. The utilisation of AI capabilities is key to expansion and growth with the identification of complementary technology projects.

– ENDS –

Authorised for release by the Board of Directors of FortifAI Limited

For further information, please contact

Shannon Robinson

Non Executive Chair

FortifAI Limited

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APPENDIX 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FortifAI Limited

ABN

39 627 145 260

Quarter ended ("current quarter")

30 June 2025

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 826 | 3,997 |
| 1.2 | Payments for | | |
| | (a) research and development | 0 | 0 |
| | (b) product manufacturing and operating costs | (166) | (810) |
| | (c) advertising and marketing | (0) | (9) |
| | (d) leased assets | 0 | 0 |
| | (e) staff costs | (998) | (6,801) |
| | (f) administration and corporate costs | (409) | (1,574) |
| 1.3 | Dividends received (see note 3) | 0 | 0 |
| 1.4 | Interest received | 3 | 21 |
| 1.5 | Interest and other costs of finance paid | 0 | (122) |
| 1.6 | Income taxes paid | 0 | 0 |
| 1.7 | Government grants and tax incentives | 4 | 2,040 |
| 1.8 | Other – ATO repayment of outstanding tax liabilities | (150) | (598) |
| 1.9 | Net cash from / (used in) operating activities | (892) | (3,857) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | 0 | 0 |
| | (b) businesses | 0 | 0 |
| | (c) property, plant and equipment | 0 | 0 |
| | (d) investments | 0 | 0 |
| | (e) intellectual property | 0 | 0 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| (f) other non-current assets | 0 | 0 |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | 0 | 0 |
| (b) businesses | 0 | 0 |
| (c) property, plant and equipment | 0 | 6 |
| (d) investments | 0 | 0 |
| (e) intellectual property | 0 | 0 |
| (f) other non-current assets | 0 | 0 |
| 2.3 Cash flows from loans to other entities | 0 | 0 |
| 2.4 Dividends received (see note 3) | 0 | 0 |
| 2.5 Other (provide details if material) | 0 | 0 |
| 2.6 Net cash from / (used in) investing activities | 0 | 6 |

| | | |
|---|--------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | 3,648 | 3,648 |
| 3.2 Proceeds from issue of convertible debt securities | 0 | 525 |
| 3.3 Proceeds from exercise of options | 0 | 0 |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | (17) | (17) |
| 3.5 Proceeds from borrowings | 0 | 0 |
| 3.6 Repayment of borrowings | 0 | (627) |
| 3.7 Transaction costs related to loans and borrowings | 0 | 0 |
| 3.8 Dividends paid | 0 | 0 |
| 3.9 Other (provide details if material) | 0 | 0 |
| 3.10 Net cash from / (used in) financing activities | 3,631 | 3,529 |

| | | |
|---|-------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 297 | 3,367 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (892) | (3,857) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | 0 | 6 |

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| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,631 | 3,529 |
| 4.5 | Effect of movement in exchange rates on cash held | (5) | (14) |
| 4.6 | Cash and cash equivalents at end of period | 3,031 | 3,031 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 3,031 | 297 |
| 5.2 | Call deposits | 0 | 0 |
| 5.3 | Bank overdrafts | 0 | 0 |
| 5.4 | Other (provide details) | 0 | 0 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,031 | 297 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | (148) |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 0 |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| 7.1 Loan facilities | 0 | 0 |
| 7.2 Credit standby arrangements | 0 | 0 |
| 7.3 Other (please specify) – debt facility with converting loan | 0 | 0 |
| 7.4 Total financing facilities | 0 | 0 |
| 7.5 Unused financing facilities available at quarter end | | 0 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (892) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 3,031 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 0 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 3,031 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 3.4 |
| If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 July 2025**

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.