



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

ASX APPENDIX 4E

YEAR ENDED 30 JUNE 2025

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CONTENTS

Results for Announcement	3
Financial & Operational Results	3
Forward Strategy & Outlook	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14

COMPANY DETAILS

Name of entity:	FortifAI Limited ("FortifAI", "Mighty Kingdom" or "the Group")
ABN:	39 627 145 260
Reporting period:	For the year ended 30 June 2025 ("FY25")
Previous period:	For the year ended 30 June 2024 ("FY24")

RESULTS FOR ANNOUNCEMENT TO THE MARKET

					\$'000
Revenue from ordinary activities	down	15%	to		4,327
Loss from ordinary activities after tax attributable to the owners of FortifAI Limited	down	72%	to		(1,991)
Loss for the year attributable to the owners of FortifAI Limited	down	72%	to		(1,991)
Loss before Income tax	down	72%	to		(1,991)

Dividends (distributions)	Amount per share	Franked amount per share
Final Dividend	Nil ¢	Nil ¢
Interim Dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢
Record date for determining entitlements to the dividends	N/A	N/A

Net tangible assets

	June 2025	June 2024
Net tangible assets per ordinary security	0.61 ¢	0.12 ¢

FINANCIAL AND OPERATIONAL RESULTS

Review of results

The Group presents its preliminary results for FY25. The results reflect the Group's continuing focus on effective financial and operational management.

During FY25, the Group reported game revenue of \$4.3m down 15% from the previous year (FY24: \$5.1m). This game revenue plus other income delivered total income of \$6.3m. This total income reflected the Group's on-going development of projects with key existing partners.

Whilst revenue was down operational costs were also down, declining 43% year-on-year with the on-going focus on improved operational efficiency and streamlining activities.

The second half of the year delivered transformative outcomes with key additions to the Board backed by combined raises of \$3.6m in capital, net of cash-based transaction costs. This capital positions the Group well to achieve its strategic goals. The Group maintains on-going cost management protocols and efficient utilisation of developer resources on revenue generating projects.

Revenue & Expenses

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

Operations

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

Loss After Income Tax

- Total loss from operations was \$1.87m, a reduction of 73% compared to the prior year.
- Total loss after income tax was \$1.99m, a reduction of 72% compared to the prior year.
- The table below reflects a normalised loss for the Group after adding back non-recurring items incurred. The normalised loss after income tax would have been \$793k representing an 84% decrease compared to the prior period normalised loss of \$5.4m.

The Group presents its normalised loss after tax as below:

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

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

Significant changes in the state of affairs

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

(a) Senior Management Changes

- i. On 21 November 2024, David Yin resigned as the Group's Managing Director.
- ii. On 22 January 2025, Dylan Miklashek was appointed to the role of Interim Chief Executive Officer and later was re-titled as non-executive Studio Director.
- iii. On 16 April 2025, Andrew Scott Cole was appointed to the role of Finance Director.

(b) Director Changes

- i. On 30 November 2024, Chair David Butorac stepped down.
- ii. On 30 November 2024, Non-Executive Director Ian Hogg stepped down.
- iii. On 21 November 2024, Non-Executive Director David Yin stepped down.
- iv. On 22 January 2025, Duncan Gordan was appointed to the role of Chair and on 22 May 2025 he transitioned to the role of Non-Executive Director.
- v. On 22 May 2025 Mark Aubrey and Chris Whiteman stepped down as Non-Executive Directors.
- vi. On 22 May 2025, Shannon Robinson was appointed to the role of Non-Executive Chair.
- vii. On 22 May 2025, Andrew Scott Cole was appointed to the role of Director.

(c) Capital raising

On 08 April 2025, the Group announced a series of initiatives to raise \$3.35 million in capital to strengthen the Group's balance sheet and fund its growth initiatives as follows:

- i. One-for-one (1-for-1) accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately \$1.08 million;
- ii. Placement within the Group's 25% placement capacity to raise \$270,000; and
- iii. Additional Placement to raise up to \$2.0 million, subject to shareholder approval at an extra ordinary general meeting ("EGM").

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

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

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

(d) Strategic Review

The Group continued its Strategic Review process to right-size the business as of 30 June 2025.

(e) Consolidation of fifteen-to-one

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

proportion to the consolidation ratio. The consolidation process was completed on 30 August 2024.

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

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

(f) Secured Loan

On 24 December 2024, FortifAI entered into a secured convertible note arrangement with sophisticated and professional investors to raise up to \$1,200,000. The terms of the notes provided that the notes cannot be converted to fully paid ordinary shares unless shareholder approval is received. Accordingly, the notes were treated as a secured loan until such shareholder approval was received. The notes totalling \$678,000 were secured against the Group's Digital Games Tax Offset ("DGTO"). This secured convertible note was repaid to holders in accordance with the conditions of issue.

On 18 August 2025, FortifAI refunded \$82,500 to a previous convertible note holder following redemption by the Group.

(g) Events after the reporting period

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

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

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

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

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

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

(h) Other transactions with Directors and key management personnel

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

On 05 February 2025, Chris Whiteman was paid \$5,000 in interest on a convertible note.

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

Forward Strategy & Outlook

The Group is well positioned for FY26 following a period of consolidation, cost reduction and targeted restructure to drive profitability and efficiencies in the business. The Group successfully completed capital raises and reduced payables to strengthen the balance sheet with a strong cash position.

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

Audit of accounts

This report is based on the Consolidated Financial Statements and Notes of FortifAI Limited which are in the process of being audited by Grant Thornton Audit Pty Ltd.

Other information requiring disclosure to comply with ASX listing rule 4.3A is contained in and should be read in conjunction with the unaudited preliminary financial report of FortifAI Limited for the year ended 30 June 2025 attached to this report.

This release is approved by the Board of FortifAI Limited.

Signed on behalf of the Board of FortifAI Limited



Shannon Robinson
Chair
28 August 2025



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

UNAUDITED PRELIMINARY FINANCIAL REPORT

YEAR ENDED 30 JUNE 2025

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

	Notes	2025 \$	2024 \$
Revenue	1	4,327,710	5,102,224
Other income	2	1,968,546	2,380,909
Employee benefits expenses		(5,958,116)	(10,216,566)
Share-based payment expenses	10	(40,000)	(100,160)
Product development support service fees		(630,989)	(723,985)
Administrative expenses		(1,009,664)	(1,771,727)
Professional and consultancy fees		(341,965)	(392,361)
Legal fees		(87,523)	(316,406)
Depreciation and amortisation		(62,711)	(469,545)
Bad debt expense		-	(337,694)
Other expenses		(33,890)	(1,446)
Loss from operations		(1,868,602)	(6,846,757)
Finance expenses		(145,868)	(187,796)
Finance income		23,988	42,692
Loss before income tax		(1,990,482)	(6,991,861)
Income tax (expense) / benefit		-	-
Loss after income tax		(1,990,482)	(6,991,861)
Other comprehensive income / (loss) for the year, net of income tax		-	-
Total comprehensive loss for the year		(1,990,482)	(6,991,861)
Loss per share - basic and diluted	11	(0.01)	(0.12)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	3	3,034,930	3,366,636
Trade and other receivables	4	2,649,753	2,539,045
Prepayments		77,779	427,379
Contract assets	8	9,607	86,183
Other current assets		454	454
Total current assets		5,772,523	6,419,697
Non-current assets			
Property, plant and equipment	5	41,059	139,803
Total non-current assets		41,059	139,803
Total assets		5,813,582	6,559,500
Liabilities			
Current liabilities			
Trade and other payables	7	981,187	2,722,047
Contract liabilities	8	-	121,180
Employee benefits		288,434	589,160
Total current liabilities		1,269,621	3,432,387
Non-current liabilities			
Employee benefits		45,809	197,282
Total non-current liabilities		45,809	197,282
Total liabilities		1,315,430	3,629,669
Net assets		4,498,152	2,929,831
Equity			
Share capital	9	41,191,341	40,428,489
Share-based payment reserves	10	6,084,145	3,288,194
Retained losses		(42,777,334)	(40,786,852)
Total equity		4,498,152	2,929,831

The accompanying notes form part of these financial statements.

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

	Share capital	Share- based payment reserve	Retained losses	Total
Notes	\$	\$	\$	\$
Balance at 1 July 2023	35,211,572	1,837,087	(33,794,991)	3,253,668
Loss for the year	-	-	(6,991,861)	(6,991,861)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(6,991,861)	(6,991,861)
Transactions with owners in their capacity as owners:				
- Proceeds from issue of ordinary shares	9,340,529	-	-	9,340,529
- Transaction costs	(2,035,612)	-	-	(2,035,612)
- Share based payments	-	1,462,589	-	1,462,589
- Forfeiture of options	-	(11,482)	-	(11,482)
- Share buy-back	(2,088,000)	-	-	(2,088,000)
Balance at 30 June 2024	40,428,489	3,288,194	(40,786,852)	2,929,831
Loss for the period	-	-	(1,990,482)	(1,990,482)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,990,482)	(1,990,482)
Transactions with owners in their capacity as owners:				
- Proceeds from issue of ordinary shares	9	3,964,415	-	3,964,415
- Transaction costs, net of tax	-	(405,857)	-	(405,857)
- Share based payments – Capital raising (Brokers & Advisors)	9,10	(2,795,706)	2,795,706	-
- Option registration fees	-	-	245	245
Balance at 30 June 2025	41,191,341	6,084,145	(42,777,334)	4,498,152

The accompanying notes form part of these financial statements.

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

	Notes	2025 \$	2024 \$
Operating activities			
Receipts from customers		3,980,920	5,246,853
Payments to suppliers and employees		(7,047,943)	(14,077,844)
Research and development incentive		645,485	1,892,011
Other government grant income		1,514,530	1,467,004
Interest received		23,988	42,692
Interest paid		(145,868)	(174,696)
Net cash (used in) operating activities		(1,028,888)	(5,603,980)
Investing activities			
Purchase of property, plant and equipment		(4,070)	(13,120)
Proceeds from sale of property, plant and equipment		-	106,019
Net cash (used in) / provided by investing activities		(4,070)	92,899
Financing activities			
Proceeds from issue of shares		1,168,709	9,340,529
Transaction costs related to the shares issued		(405,857)	(630,655)
Net proceeds from / repayment of borrowings		(61,600)	131,000
Principal elements of lease payments		-	(264,942)
Net cash provided by financing activities		701,252	8,575,932
Net change in cash and cash equivalents held		(331,706)	3,064,851
Cash and cash equivalents at beginning of the year		3,366,636	301,785
Cash and cash equivalents at end of year	3	3,034,930	3,366,636

The accompanying notes form part of these financial statements.

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

1 Revenue

	2025 \$	2024 \$
External IP – Contract Income	2,916,724	3,861,091
External IP – Royalty Income	1,410,986	1,241,133
	4,327,710	5,102,224
Recognised over time	4,327,710	5,102,224
Point in time	-	-
	2025 \$	2024 \$
Co-development and License ^(a)	1,313,848	1,886,370
Work for hire ^(b)	3,013,862	3,215,854
	4,327,710	5,102,224

(a) Co-development and Licensed projects

The Group shares the development costs with game publishers and other game developers in Co-development projects. Co-development between studios is how developers expand their business, create compelling products, add expertise, workforce, and resources while keeping a realistic focus on return on investment. The Group develops games by obtaining a license from licensor with a right to access the client's intellectual property, and the revenue is generated from In-app purchase, advertising or other monetisation methods.

(b) Work for Hire

Work for hire projects are projects delivered under work for hire agreements which include contractual obligation agreed upon on with the clients. The agreements also include a timeline for project, a detailed work schedule, project milestones and terms of payment. The agreement may also be used to ensure that the contractor doesn't retain any rights over the product or the work created.

2 Other income

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

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

- (ii) The Digital Games Tax Offset (DGTO) is a refundable tax offset which allows eligible Australian companies that develop digital games to claim a percentage of their qualifying costs as a tax offset or tax refund.
- (iii) The Research and Development tax incentive is a government program that aims to stimulate Australian investment in research and development (“R&D”). The tax incentive reduces R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

3 Cash and cash equivalents

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

For the purposes of the consolidated statement of cash flow, the consolidated cash and cash equivalents comprise the following:

Cash and bank balances	3,034,930	3,366,636
Cash and cash equivalents per consolidated statement of cash flow	3,034,930	3,366,636

4 Trade and other receivables

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

	2025 \$	2024 \$
Trade receivables	421,038	131,170
Other receivables	550,166	483,501
GST receivable	38,460	119,481
Digital games tax offset receivable	797,375	1,163,800
Research and development incentive receivable	842,714	641,093
	2,649,753	2,539,045

5 Property, plant and equipment

	Office Equipment \$	Leasehold Improvements \$	Total \$
Gross carrying amount			
Balance at 1 July 2024	672,737	286,597	959,333
Additions during the year	4,060	-	4,060
Disposals during the year	(542,033)	(286,597)	(828,630)
Balance at 30 June 2025	134,764	-	134,763
Depreciation and impairment			
Balance at 1 July 2024	(532,933)	(286,597)	(819,530)
Depreciation during the year	(62,711)	-	(62,711)
Disposals during the year	501,940	286,597	788,537
Balance at 30 June 2025	(93,704)	-	(819,530)
Carrying amount at 30 June 2025	41,059	-	41,059
Gross carrying amount			
Balance at 1 July 2023	861,235	286,597	1,147,832
Additions during the year	13,120	-	13,120
Disposals during the year	(201,619)	-	(201,619)
Balance at 30 June 2024	861,235	286,597	959,333
Depreciation and impairment			
Balance at 1 July 2023	(400,916)	(193,144)	(594,060)
Depreciation during the year	(132,017)	(93,453)	(225,470)
Disposals during the year	-	-	-
Balance at 30 June 2024	(532,933)	(286,597)	(819,530)
Carrying amount at 30 June 2024	139,803	-	139,803

6 Shares in controlled entities

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

- (i) The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group.
- (ii) Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.

7 Trade and other payables

	2025 \$	2024 \$
Current		
Trade payables	216,420	675,769
Accrued expenses	267,184	545,553
Redeemed convertible notes refundable ⁽ⁱⁱⁱ⁾	82,500	-
PAYG payable ⁽ⁱ⁾	-	696,276
Payroll liabilities	269,474	660,349
Other payables ⁽ⁱ⁾	145,609	144,100
	981,187	2,722,047

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

Conditions of the Payment Plan:

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

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

- (ii) Amounts refundable to a previous convertible note loan holder following redemption by the Group during the prior period. The amount was returned by the Group on 18 August 2025.

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8 Contract assets and liabilities

Contract assets

	2025 \$	2024 \$
Contract assets ⁽ⁱ⁾	9,607	86,183

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

Contract liabilities

	2025 \$	2024 \$
Deferred service income ⁽ⁱⁱ⁾	-	121,180

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

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

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

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$121,180 as at 30 June 2024 (\$638,216 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

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

9 Share capital

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

(a) Movements in ordinary share capital

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

- (i) On 21 August 2024, the Company issues 25,000,000 new fully paid ordinary shares at an issue price of \$0.003 per share to 708 Capital in lieu of fees pursuant to a resolution approved by shareholders at the EGM on 16 August 2024. The shares were issued on a pre-consolidation basis and subject to 12-month escrow.
- (ii) On 30 August 2024, the Company completed a Consolidation of Capital on the basis that every fifteen (15) fully paid ordinary shares be consolidated into one (1) ordinary share. The consolidation was announced on 17 July 2024 and approved at the EGM on 16 August 2024.
- (iii) On 15 April 2025, the Company issued 51,972,261 new fully paid ordinary shares at an issue price of \$0.005 under the accelerated non-renounceable rights issue "Institutional Entitlement Offer" announced on 8 April 2025.
- (iv) On 15 April 2025, the Company issued 32,408,663 new fully paid ordinary shares at an issue price of \$0.005 pursuant to the additional placement announced on 08 April 2025.
- (v) On 15 April 2025, the Company issued 21,606,220 new fully paid ordinary shares at an issue price of \$0.005 pursuant to the additional placement announced on 08 April 2025.

- (vi) On 06 May 2025, the Company issued 43,003,980 new fully paid ordinary shares at an issue price of \$0.005 under the “Retail Entitlement Offer and Placement” announced on 08 April 2025.
- (vii) On 09 May 2025, the Company issued 67,737,983 new fully paid ordinary shares at an issue price of \$0.005 under the “Retail Entitlement Offer and Placement (Shortfall)” announced on 06 May 2025.
- (viii) On 13 May 2025, the Company issued 53,349,184 new fully paid ordinary shares at an issue price of \$0.005 under the “Retail Entitlement Offer and Placement (Shortfall)” announced on 06 May 2025.
- (ix) On 16 June 2025, the Company issued 22,204,696 new fully paid ordinary shares to the Joint Lead Managers at an issue price of \$0.005 in lieu of fees in accordance with the terms of the capital raising mandate announced on 08 April 2025
- (x) On 16 June 2025, the Company issued 8,000,000 new fully paid ordinary shares to Dylan Miklashek at an issue price of \$0.005 pursuant to the terms of an employment agreement.
- (xi) On 27 June 2025, the Company issued 209,090,909 new fully paid shares at \$0.011 through the Additional Placement as outlined in the Company’s EGM Notice of Meeting dated 21 May 2025 and announced on 24 June 2025.
- (xii) On 27 June 2025, the Company issued 8,000,000 new fully paid shares at \$0.011 to the Joint Lead Managers (JLMs) as a portion of the capital raising fees. The shares issued to the JLMs were issued under the Company’s available Listing Rule 7.1 placement capacity.

10 Share-based payments

Employee share payments

During FY25, the Company issued 8,000,000 shares at a deemed price of \$0.005 to Interim CEO then Studio Director, Dylan Miklashek as a portion of his remuneration package. The total fair value of the shares issued was \$40,000.

Advisor Share Options

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

Joint Lead Manager Options

During FY25, the Company granted 190,000,000 share options to the joint lead managers (JLMs), 708 Capital and Sandton Capital upon successful completion of the accelerated renounceable rights issue and subsequent additional placements. These options formed part of the remuneration for the services that were provided by the JLMs. Each option issued entitles the holder to one ordinary share in the Company. The total fair value of the options issued was \$2,124,737.

The summary of share options are as follows:

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

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

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

Details of options granted during the period:

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

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

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

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

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

Other	Number of options	
	2025	2024
Balance at beginning of the year	574,999,995	-
Balance Post 15:1 Consolidation	38,333,333	-
Granted during the period	250,000,000	574,999,995
Exercised during the period	0	0
Balance at end of the year	288,333,333	574,999,995

11 Loss per share

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

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

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

12 Related party transactions

The Group's related parties are as follows:

(a) Key management personnel of the Group

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

	2025 \$	2024 \$
Key management personnel		
Key management personnel compensation:		
Short-term employee benefits	761,188	1,155,000
Post-employment benefits	66,394	123,383
Long-term employment benefits	-	17,377
Share-based payments	40,000	-
Termination benefits	50,000	-
	923,582	1,295,760

(b) Other related parties of the Group

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

(c) Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e., at arm's length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

In addition to the remuneration above the following related party transactions occurred during the year:

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

The total compensation paid by the Group to Cerberus Advisory for the period 22 January 2025 to 30 June 2025 was \$764,719 (\$93,750 cash plus \$670,969 in value of options - refer Note 10).

On 05 February 2025, Chris Whiteman was paid \$5,000 in interest on a convertible note in relation to convertible note funds provided to the Company.

13 Contingent liabilities

There are no contingent liabilities as at reporting date.

Signed in accordance with a resolution of the Directors



Shannon Robinson
Chair
28 August 2025

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