
FTI September Q1 FY26 Activity Report

Highlights

- **Business Development:** growing pipeline of potential sales contracts and expansion of existing contracts
- **Federal and State Rebates and Tax Incentives:** Claims filed for approximately \$1.9m for FY25 period
- **Corporate:** further cost reduction initiatives implemented and ongoing consideration of complimentary technology projects, including identification of AI strategies, to increase business efficiency
- **Consistent Revenue:** consistent revenue generation from existing projects
- **Strong Balance Sheet:** Closing cash position of \$2.6m as at 30 September 2025 with no debt
- **Financial Snapshot:** Cash receipts from customers of \$821k for the quarter. Net operating cash outflows were \$262k, reflecting disciplined cash management

FortifAI Limited (ASX: FTI) ("FTI" or the "Company") provides its Quarterly Activities Statement and Appendix 4C for the September 2025 Quarter ("Q1 FY26").

OPERATIONAL SUMMARY

The Company continues to strengthen its market position by expanding contracts with its current customers and securing new business.

During the quarter, the Company successfully delivered a further two games for Google's Fitbit program and signed a contract for a new project with Google Fitbit. This is in addition to the contract for further work with Spin Master for the "Gabby's Dollhouse" project commenced in the quarter.

In collaboration with East Side Games, the Company has co-developed two major titles: "Power Rangers: Mighty Force" and "Star Trek: Lower Decks". Both games are generating revenue and have shown encouraging positive trends in recent performance. It was the anniversary for the release of "Power Rangers: Mighty Force" this quarter with a new season pass feature released in August 2025.

The Company continues to explore capabilities to implement AI tools and data analysis targeting new opportunities and efficiencies in the business.

FINANCIAL RESULTS

Cash receipts from customers in Q1 FY26 totalled \$821k. This result aligns with expectations and reflects the business's revenue generated from ongoing projects.

Net cash outflows from operating activities were \$262k for the quarter, representing a further 36% reduction in operating expenditures compared to Q4 2025. The Company's operational improvements are translating into clear, measurable progress in cost management.

Throughout the quarter, the Company maintained a disciplined approach to expenditure, reflecting its commitment to generating efficiencies and reducing costs. The continued focus on cost optimisation is delivering improved operational efficiency across the business.

CORPORATE

The Company held a cash balance of \$2.6m as at 30 September 2025 and has no debt. During the quarter, the Company filed applications for State and Federal rebates and tax incentives totalling 1.9m. These funds are anticipated to be received in Q2 FY26.

As required by ASX Listing Rules, FTI notes that the amount of \$57k 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.

OUTLOOK

FTI enters FY26 in a strong position, having undergone a period of consolidation, cost reduction, and targeted restructuring. These actions have been implemented to drive profitability and operational efficiencies across the business. The team remains committed to delivering on existing projects and business development activities to expand the pipeline of new opportunities.

The Company recognises the critical role of artificial intelligence (AI) in driving expansion and growth. By identifying and pursuing complementary technology projects, FTI aims to harness AI capabilities to enhance its offering, improve efficiency, and unlock new avenues for innovation.

Authorised for release by the Board of Directors of FortifAI Limited

- ENDS -

For further information, please contact

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Non Executive Chair

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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 September 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	821	821
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(76)	(76)
	(c) advertising and marketing	(0)	(0)
	(d) leased assets	0	0
	(e) staff costs	(571)	(571)
	(f) administration and corporate costs	(332)	(332)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	17	17
1.5	Interest and other costs of finance paid	(8)	(8)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other – ATO repayment of outstanding tax liabilities	(113)	(113)
1.9	Net cash from / (used in) operating activities	(262)	(262)
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	0
(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	0

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3	3
3.2 Proceeds from issue of convertible debt securities	0	0
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(97)	(97)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	(75)	(75)
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	(170)	(170)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,031	3,031
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(262)	(262)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	0	0

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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)	(170)	(170)
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
4.6	Cash and cash equivalents at end of period	2,596	2,596

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	2,594	3,031
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)	2,596	3,031

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	57
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.

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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)	(262)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,596
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,596
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.9
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>	

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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: **17 October 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.