



FORTIFAI LIMITED (ASX: **FTI**) ABN 39 627 145 260

APPENDIX 4D AND FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2025

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Company Details

| | |
|---|--|
| Name of entity: | FortifAI Limited ("FortifAI" or "the Company") |
| ABN: | 39 627 145 260 |
| Reporting period: | For the half year ended 31 December 2025 ("H1 FY26") |
| Previous comparative period (PCP): | For the half year ended 31 December 2024 ("H1 FY25") |

Results for announcement to the market

| | | % change on PCP | | \$'000 |
|---|------|--------------------|----|--------|
| Revenue from ordinary activities | down | 51% | to | 1,227 |
| Loss from ordinary activities after tax attributable to members | down | 70% | to | (517) |
| Loss for the reporting period attributable to members | down | 70% | to | (517) |

| 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 |

Overview of operating results

Refer to the review and results of operations included within the Directors' Report for further commentary on the results of FortifAI Limited.

Net tangible assets

| | Dec 2025 | June 2025 |
|--|-----------------|------------------|
| Net tangible assets per ordinary security (cents per share) ⁽ⁱ⁾ | 3.01¢ | 3.07¢ |

(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. December 2025 has been calculated on this basis. The comparative period has been restated accordingly.

Details of gain or loss of control over entities

Not Applicable

Details of dividend reinvestment plan

Not Applicable

Details of associates and joint venture entities

Not Applicable

Details of foreign entities

Not Applicable

Independent auditor's review

The financial statements were subject to an independent auditor's review by Grant Thornton Audit Pty Ltd. The independent auditor's review report is attached as part of the Interim Report.

This report should be read in conjunction with any public announcements made by FortifAI Limited and its controlled entities during the half year ended 31 December 2025 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX listing rules.

DIRECTORS' REPORT

The Directors of FortifAI Limited present their report together with the consolidated interim financial statements of FortifAI Limited (the "Company" or "FortifAI") and its controlled entities (the "Group") for the half year ended 31 December 2025.

Directors

The following persons were Directors of FortifAI Limited during the half year ended 31 December 2025 and up to the date of this report.

| Name | Role | Type | |
|------------------|--------------------------|-----------------|----------------------------|
| Shannon Robinson | Chair (Non-Executive) | Independent | |
| Duncan Gordon | Director (Non-Executive) | Independent | |
| Andrew Cole | Finance Director | Not Independent | |
| Yosef Keret | Director | Not Independent | Appointed 2 February 2026. |

Company Secretary

| Name |
|------------------|
| Ms Katelyn Adams |

Review and results of operations

Financial highlights

- Game revenue for the half-year ended 31 Dec 2025 was \$1,227k down 51% (HY24: \$2,540k).
- Other income was \$311k (HY24: \$834k).
- Employee benefits expense reduced by 73% to \$1,043k (HY24: \$3,896k), reflecting significant operational efficiencies and rightsizing of the business.
- The Group reported a loss from operations of \$517k, down 70% vs a \$1,701k loss in HY24.
- Net loss after tax was \$517k, improving from \$1,695k loss in HY24.
- The Group maintained a strong net asset position of \$4,451k and a solid cash balance of \$2,893k at period end.

Operational highlights

- Reductions in revenue were accompanied by greater reductions in operational costs, resulting in a material improvement in financial performance, reflecting the rightsizing of the business and ongoing efficiency initiatives.
- The second half of the 2025 calendar year saw the Mighty Kingdom Games Studio continue work with several long-standing key partners including Google, Spin Master and East Side Games Group ("ESG").
- The Mighty Kingdom Games Studio completed and delivered two additional projects for Google on the Fitbit Ace LTE platform, while also achieving key support milestones and progressing further development work.
- Work with Spin Master included the completion of a mini-project delivering improvements and enhancements to Gabby's Dollhouse.
- In collaboration with ESG, Mighty Kingdom Games Studio continued feature development and live operations support for Power Rangers: Mighty Force, including delivery of the Power Pass, Zords and additional Power Rangers content.

- The Mighty Kingdom Games Studio also continued ongoing content production and live-ops support for both Power Rangers: Mighty Force and Star Trek Lower Decks: The Badger Directive.
- The Company entered into agreements to acquire FastAI Pty Ltd and its agentic AI data plane technology, Nol8. The Company completed the acquisition subsequent to the period end.

Significant changes in the state of affairs

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

(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.

(b) ASX Code and Name Change

On 28 July 2025, the Company changed its name to FortifAI Limited and its ASX code to FTI, following shareholder approval at the General Meeting held on 20 June 2025.

Events arising since the end of the reporting period

(a) Completion of Acquisition of Nol8

On 15 December 2025, the Company announced entering into a binding agreement to acquire 100% of the issued share capital of FastAI Pty Ltd, which holds rights to the Nol8 “data-in-motion” technology through its wholly owned Israeli subsidiary, Celerriem Ltd.

Under the terms of the agreement, consideration is to be satisfied through the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights, subject to the satisfaction of conditions precedent including completion of due diligence, execution of a formal licence agreement, receipt of regulatory and shareholder approvals, and satisfaction of Israeli legal and taxation requirements.

The Company completed the transaction effective 2 February 2026 and issued the consideration securities. Mr Yosef Keret was appointed as a director of the Company and continued in his role as CEO of Celerriem Ltd.

As at 31 December 2025, the transaction had not completed, no control had been obtained, and accordingly no assets, liabilities, income or expenses relating to the proposed acquisition have been recognised in the financial statements.

(b) Strategic Placement

- The Company announced a strategic placement raising \$5 million by issue of 16,666,667 fully paid ordinary shares at an issue price of \$0.30 per share (“Placement”) on 20 February 2026. The Placement is scheduled to complete on 26 February 2026, subsequent to the period end.

Looking Forward

The changes over the past year including the management structure, cost reductions and improved efficiencies, the Group has a firm foundation for delivering a sustainable business model.

The FortifAI group is well positioned to integrate the Nol8 Technology and the Mighty Kingdom Games Studio business units. FortifAI will have complementary business units with teams in both Australia and Israel.

The Mighty Kingdom Games Studio will continue to focus on progressing its pipeline of new business opportunities and expanding existing client relationships, while maintaining disciplined cost management to support continued improvement in operating cash flows.

FortifAI is positioned to pursue the commercialisation of the Nol8 “Data-in-Motion” technology. This is an ultra-low latency data processing engine designed to process and classify data in real time.

The Company intends to focus on integrating the Nol8 team and accelerating the technical development roadmap, with a view to securing design partnerships and progressing toward revenue-generating commercial deployments. FortifAI will continue to evaluate funding and strategic options to support the planned development and commercialisation activities, while maintaining a disciplined approach to cost management.


The Company considers the acquisition to be a significant step in its evolution toward an IP-rich technology platform and believes the Nol8 technology presents a substantial growth opportunity, subject to successful execution of the commercialisation strategy and broader market adoption.

There were no other matters or circumstances that have arisen since 31 December 2025 that have significantly affected, or may significantly affect the consolidated entity’s operations, the results of those operations, or the consolidated entity’s state of affairs in future financial years.

Auditor’s independence declaration

A copy of the Auditor’s Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 8 of this financial report and forms part of this Directors’ Report.

Signed on behalf of the Board of FortifAI Limited



Shannon Robinson

Chair

25 February 2026

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Auditor's Independence Declaration

To the Directors of FortifAI Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of FortifAI Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 25 February 2026

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

| | Notes | Dec 2025 | Dec 2024 |
|---|-----------|------------------|--------------------|
| | | \$ | \$ |
| Revenue | 3 | 1,226,693 | 2,540,093 |
| Other income | 4 | 311,203 | 833,502 |
| Employee benefits expense | 5 | (1,043,211) | (3,896,301) |
| Product development support service fees | | (160,263) | (265,383) |
| Share Based Payment Expense | 13 | (480,137) | - |
| Administrative expenses | | (192,143) | (633,872) |
| Professional and consultancy fees | | (202,483) | (216,380) |
| Depreciation and amortisation | | (14,650) | (34,068) |
| Other expenses | | - | (29,174) |
| Loss from operations | | (554,991) | (1,701,583) |
| Finance expenses | | (1,595) | (9,232) |
| Finance income | | 39,511 | 16,002 |
| Loss before income tax | | (517,075) | (1,694,813) |
| Income tax benefit | | - | - |
| Loss after income tax | | (517,075) | (1,694,813) |
| Other comprehensive income / (loss) for the year, net of income tax | | - | - |
| Total comprehensive loss for the period | | (517,075) | (1,694,813) |
| | | | |
| Loss per share - basic and diluted (cents)⁽ⁱ⁾ | 11 | (0.35) | (3.92) |

(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. December 2025 has been calculated on this basis. The comparative period has been restated accordingly,

This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

| | Notes | Dec 2025 \$ | Jun 2025 \$ |
|--------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 2,893,352 | 3,034,930 |
| Trade and other receivables | 7 | 2,602,557 | 2,649,753 |
| Prepayments | | 51,190 | 77,779 |
| Contract assets | | - | 9,607 |
| Other current assets | | 2,750 | 454 |
| Total current assets | | 5,549,849 | 5,772,523 |
| Non-current assets | | | |
| Property, plant and equipment | | 25,815 | 41,059 |
| Total non-current assets | | 25,815 | 41,059 |
| Total assets | | 5,575,664 | 5,813,582 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 529,508 | 981,197 |
| Contract liabilities | | 208,037 | - |
| Employee benefits | 9 | 314,255 | 288,424 |
| Total current liabilities | | 1,051,800 | 1,269,621 |
| Non-current liabilities | | | |
| Employee benefits | 9 | 72,820 | 45,809 |
| Total non-current liabilities | | 72,820 | 45,809 |
| Total liabilities | | 1,124,620 | 1,315,430 |
| Net assets | | 4,451,044 | 4,498,152 |
| Equity | | | |
| Share capital | 10 | 41,214,056 | 41,191,341 |
| Share-based payment reserves | | 6,531,397 | 6,084,145 |
| Retained losses | | (43,294,409) | (42,777,334) |
| Total equity | | 4,451,044 | 4,498,152 |

This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

| | Share capital \$ | Share-based payment reserve \$ | Retained losses \$ | Total \$ |
|--|------------------------|---|--------------------------|--------------------|
| Balance at 1 July 2024 | 40,428,489 | 3,288,194 | (40,786,852) | 2,929,831 |
| Loss for the year | - | - | (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 | 3,964,415 | - | - | 3,694,415 |
| - Transaction costs | (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 |
| Loss for the period | - | - | (517,075) | (517,075) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | (517,075) | (517,075) |
| Transactions with owners in their capacity as owners: | | | | |
| - Transaction costs | (10,285) | - | - | (10,285) |
| - Share based payments | 33,000 | 447,137 | - | 480,137 |
| - Option registration fees | - | 115 | - | 115 |
| Balance at 31 December 2025 | 41,214,056 | 6,531,397 | (43,294,409) | 4,451,044 |

This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

| | Dec 2025 \$ | Dec 2024 \$ |
|--|------------------|--------------------|
| Operating activities | | |
| Receipts from customers | 1,733,564 | 2,232,903 |
| Payments to suppliers and employees | (1,903,318) | (5,508,615) |
| Interest received | 39,511 | 16,002 |
| Interest paid | (1,595) | (9,232) |
| Net cash (used in) operating activities | (131,838) | (3,268,942) |
| Investing activities | | |
| Purchase of property, plant and equipment | - | (3,272) |
| Proceeds from sale of property, plant and equipment | 545 | 1,726 |
| Net cash provided by / (used in) investing activities | 545 | (1,546) |
| Financing activities | | |
| Costs incurred from the issue of shares | (10,285) | (1,185) |
| Proceeds from borrowings | - | 180,900 |
| Net cash provided by financing activities | (10,285) | 179,715 |
| Net change in cash and cash equivalents held | (141,578) | (3,090,773) |
| Cash and cash equivalents at beginning of the period | 3,034,930 | 3,366,636 |
| Cash and cash equivalents at end of period | 2,893,352 | 275,863 |

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

1.1 General Information

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

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

2.1 Summary of material accounting policies

(a) Basis of preparation of the financial report

The Interim Financial Statements are for the six months ended 31 December 2025 and have been prepared in accordance with AASB 134 'Interim Financial Reporting'. They do not include all the information required in annual financial statements in accordance with AASB and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2025.

This financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Interim Financial Statements have been approved for issue by the Board of Directors on 25 February 2026.

(b) Critical Accounting Estimates and Judgements

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

Critical accounting estimates and judgements have been made consistently with those applied at 30 June 2025.

(c) Segmental Reporting

The Group reports its business activities in one area: development revenue, which is reported in a manner consistent with the internal reporting to the Board of Directors. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

2.2 Going concern

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

As disclosed in the financial statements, for the half year ended 31 December 2025, the Group reported net assets of \$4.45million, incurred a loss after tax of \$517k, and had net cash outflows from operating activities of \$132k. At 31 December 2025, the Group held cash and cash equivalents of \$2.89 million. Additionally, the company is expecting receipt of approximately \$1.8 million in Government rebates and tax incentives over the coming months.

Subsequent to the period end, the Company announced a strategic Placement to raise \$5.0 million on 20 February 2026. The Placement is scheduled to complete on 26 February 2026.

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

- Successfully executing on-going projects with existing key clients.
- The Group to continue to implement cost control measures including maximising the utilisation of developer resources on revenue generating projects.
- The company being able to raise capital as required to fund operations and progress development of the Nol8 technology platform.

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

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

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

2.3 New accounting standards and interpretations adopted during the half year

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no impact to the Group during the period. There are no new Accounting Standards and Interpretations issued by the AASB that have become effective in the current accounting period and that are applicable to the Group.

2.4 Standards issued but not yet effective

The Group has not applied any Australian Accounting Standards or interpretations that have been issued as at balance date but are not yet operative (“the inoperative standards”). The Group only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

3 Revenue

| | Dec 2025 | Dec 2024 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| External IP - contract income | 808,827 | 1,637,947 |
| External IP - royalty income | 417,856 | 902,146 |
| | 1,226,693 | 2,540,093 |
| Recognised over time | 1,226,693 | 2,540,093 |

4 Other income

| | Dec 2025 | Dec 2024 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Government grant income | | |
| - SA video game development grant ⁽ⁱ⁾ | 57,321 | 137,834 |
| - Digital games tax offset ⁽ⁱⁱ⁾ | 151,783 | 454,054 |
| Research and development tax incentive ⁽ⁱⁱⁱ⁾ | 102,099 | 199,666 |
| Other income | - | 41,948 |
| | 311,203 | 833,502 |

(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 with South Australian staff. 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 federal government incentive that allows qualifying businesses to receive a 30% tax offset on qualifying expenditure.

(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 company R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

5 Employee benefit expenses

| | Dec 2025 | Dec 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| Wages and salaries | 847,808 | 3,427,741 |
| Contributions to defined contribution superannuation funds | 100,168 | 365,947 |
| Annual and long service leave expense | 52,832 | (52,399) |
| Payroll tax expense | 39,490 | 145,098 |
| Other employee benefits | 2,913 | 9,914 |
| | 1,043,211 | 3,896,301 |

6 Cash and cash equivalents

| | Dec 2025 | Jun 2025 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents consist of the following | | |
| Cash at bank and in hand: | | |
| - Held in Australian Dollars | 2,892,411 | 2,885,043 |
| - Held in United States Dollars | 941 | 149,887 |
| | 2,893,352 | 3,034,930 |

7 Trade and other receivables

| | Dec 2025 | Jun 2025 |
|---|------------------|------------------|
| | \$ | \$ |
| Trade receivables | 142,092 | 421,038 |
| Other receivables | 193,330 | 250,627 |
| GST receivable | 16,253 | 38,460 |
| Research and development incentive receivable | 944,864 | 842,714 |
| SA video game development rebate receivable | 356,860 | 299,539 |
| Digital games tax offset receivable | 949,158 | 797,375 |
| | 2,602,557 | 2,649,753 |

8 Trade and other payables

| | Dec 2025 | Jun 2025 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 29,081 | 298,920 |
| Accrued expenses | 233,984 | 267,184 |
| GST / PAYG payable | 12,054 | - |
| Payroll liabilities | 254,389 | 269,474 |
| Other payable | - | 145,609 |
| | 529,508 | 981,187 |

9 Employee Benefits

| | Dec 2025 \$ | Jun 2025 \$ |
|----------------------------------|----------------|----------------|
| Current | | |
| Provision for annual leave | 141,251 | 119,803 |
| Provision for long service leave | 173,004 | 168,621 |
| | 314,255 | 288,424 |
| Non-current | | |
| Provision for long service leave | 72,820 | 45,809 |

10 Share capital

| | Notes | Dec 2025 Shares | Jun 2025 Shares | Dec 2025 \$ | Jun 2025 \$ |
|------------------------------|-------|--------------------|--------------------|----------------|----------------|
| Ordinary shares - fully paid | (a) | 148,007,862 | 733,437,304 | 41,214,056 | 41,191,341 |

(a) Movements in ordinary share capital

| | Note | Number of Shares | Total \$ |
|---|------|---------------------|-------------------|
| Balance at beginning of the year | | 733,437,304 | 41,191,341 |
| Share Consolidation ⁽ⁱ⁾ | | (586,749,442) | - |
| 23 July 2025 Balance Post Consolidation | | 146,687,862 | 41,191,341 |
| Shares Issued ⁽ⁱⁱ⁾ | | 1,320,000 | 33,000 |
| Transaction costs | | - | (10,285) |
| Balance at end of the period | | 148,007,862 | 41,214,056 |

(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.

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 Group by the weighted average number of ordinary shares in issue during the year.

| | Dec 2025 | Dec 2024 |
|---|-----------------|-----------------|
| Net loss attributable to equity holders of the Company (\$) | (517,075) | (1,694,813) |
| Weighted average number of ordinary shares ⁽ⁱ⁾ | 147,125,069 | 43,212,681 |
| Basic loss per share (cents) | (0.35) | (3.92) |

(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. December 2025 has been calculated on this basis. The comparative period has been restated accordingly,

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 Company, directly or indirectly, including any Director (whether executive or otherwise) of the entity, is considered key management personnel.

(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:

13 Share Based Payments

(a) Corporate Advisor Options

During the period, the Company issued 11,500,000 unlisted options to its corporate adviser, 708 Capital Pty Ltd, as consideration for the provision of corporate advisory services to FortifAI Limited.

The summary of options issued are as follows and they have been valued using the Black-Scholes option pricing model.

| | Number granted | Grant date | Vesting date | Expiry Date | Value per option at grant date (\$) | Exercise price (\$) |
|-------------------|----------------|-----------------|-----------------|----------------|-------------------------------------|---------------------|
| Corporate Advisor | 6,900,000 | 15 August 2025 | 15 August 2025 | 29 August 2028 | 0.0961 | 0.15 |
| Corporate Advisor | 4,600,000 | 30 October 2025 | 30 October 2025 | 29 August 2028 | 0.0936 | 0.15 |

| | Options Issued to 708 Capital | Options Issued to 708 Capital |
|--|-------------------------------|-------------------------------|
| Grant Date | 15 August 2025 | 30 October 2025 |
| Vesting Date | 15 August 2025 | 30 October 2025 |
| Expiry Date | 29 August 2028 | 29 August 2028 |
| Share price at grant date (\$) | \$0.15 | \$0.15 |
| Exercise Price | \$0.15 | \$0.15 |
| Risk Free (annual compounding) | 4.28% | 4.28% |
| Dividend Yield (annual compounding) | 0.00% | 0.00% |
| Volatility (%) | 100% | 100% |
| Time to expiration (years) | 3.04 | 2.83 |
| Number of units | 6,900,000 | 4,600,000 |
| Valuation (per option) | \$0.0961 | \$0.0936 |
| Total valuation (\$) | \$662,901 | \$430,357 |

(b) Director Share Issue in Lieu of Fees

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.

(c) Director Performance Rights

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.

| | Number granted | Grant date | Vesting date | Value per right at grant date (\$) | Total Value |
|------------------|----------------|-----------------|------------------|------------------------------------|-------------|
| Shannon Robinson | 500,000 | 30 October 2025 | 21 May 2026 | 0.15 | \$75,000 |
| Shannon Robinson | 500,000 | 30 October 2025 | 31 December 2026 | 0.15 | \$75,000 |

14 Shares in controlled entities

| | Equity Interest Held | |
|---|----------------------|---------------|
| | Dec 2025 % | Jun 2025 % |
| 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 |

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

15 Subsequent events

a) Completion of Acquisition of Nol8

On 15 December 2025, the Company announced entering into a binding agreement to acquire 100% of the issued share capital of FastAI Pty Ltd, which holds rights to the Nol8 "data-in-motion" technology through its wholly owned Israeli subsidiary, Celerriem Ltd.

Under the terms of the agreement, consideration is to be satisfied through the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights, subject to the satisfaction of conditions precedent including completion of due diligence, execution of a formal licence agreement, receipt of regulatory and shareholder approvals, and satisfaction of Israeli legal and taxation requirements.

The Company completed the transaction effective 2 February 2026 and issued the consideration securities. Mr Yosef Keret was appointed as a director of the Company and continued in his role as CEO of Celerriem Ltd.

As at 31 December 2025, the transaction had not completed, no control had been obtained, and accordingly no assets, liabilities, income or expenses relating to the proposed acquisition have been recognised in the financial statements.

(b) *Strategic Placement*

- The Company announced a strategic placement raising \$5 million by issue of 16,666,667 fully paid ordinary shares at an issue price of \$0.30 per share (“Placement”) on 20 February 2026. The Placement is scheduled to complete on 26 February 2026, subsequent to the period end.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. The financial statements and notes, as set out on pages 9 to 21,
 - (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2025 and of the performance for the year ended on that date of the Company and consolidated Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Shannon Robinson

Chair

25 February 2026

Independent Auditor's Review Report

To the Members of FortifAI Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of FortifAI Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and 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 half-year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of FortifAI Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2.2 in the financial report, which indicates that the Group incurred a net loss of \$517,075 and had cash outflows from operating activities of \$131,838 during the half-year ended 31 December 2025. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 25 February 2026