



ANNUAL REPORT 2025

CODEIFAI LIMITED
YEAR ENDING 31 DECEMBER 2025

ACN 108 649 421

**Built at the intersection
of AI, security and data**



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EXECUTIVE CHAIRMAN'S REPORT TO SHAREHOLDERS

Dear fellow shareholders,

It is with pleasure that I present Codeifai Limited's Annual Report for the 2025 financial year a transformative period that has positioned our Company for an exciting and strategically robust future.

2025 marked a pivotal year in Codeifai's evolution as we executed a comprehensive strategic transformation across our business. The completion of the QuantumAI Secure platform acquisition in February 2026 represents an important strategic milestone for the Company, opening new markets and significantly strengthening our AI capabilities. The acquisition of this platform, formerly known as Antenna Transfer, from Canadian-listed Credissential Inc. positions us at the forefront of quantum-secure communications, payments, and file transfer technologies, a market sector poised for exponential growth as quantum computing threats become increasingly relevant.

Our strategic pivot to self-service SaaS platforms through ConnectQR has proven prescient. Launched in 2024, ConnectQR marked our decisive shift from legacy physical anti-counterfeit solutions to a Digital & Engagement First model, delivering greater market opportunity, proven demand, and pronounced scalability. This pivot has created a powerful platform ecosystem that now encompasses ConnectQR, ProtectCode, Brand Reporter, and the newly acquired QuantumAI Secure.

Despite reduced R&D expenditure, our technical team delivered outstanding achievements throughout 2025. We released best-in-class new products and features according to an ambitious product roadmap, with new generations of ProtectCode and BrandReporter generating increased market interest. The business pipelines for both products have expanded considerably, with potential valuable wins anticipated in 2026.

The QuantumAI Secure platform represents a technological leap forward. Unlike legacy security systems vulnerable to quantum decryption (RSA or ECC-based), QuantumAI Secure employs quantum-resistant algorithms including lattice-based cryptography and hash-based signature schemes technologies recommended by NIST's post-quantum standardisation project. The platform's AI-driven anomaly detection identifies threats in real-time, learning and adapting to potential quantum-assisted attack patterns.

This first-mover advantage in combining Post-Quantum Cryptography (PQC) with AI and real-time quantum threat monitoring provides significant competitive positioning.

The QuantumAI Secure acquisition creates powerful synergies with our existing business. Both platforms share a core technological foundation QR codes while targeting complementary domains: AI-driven analysis, security and compliance (our existing platform) combined with quantum-secured communications and transactions (QuantumAI Secure). This convergence enables us to enhance the security layer of our traceability and engagement solutions while cross-selling premium quantum-secure capabilities to our existing customer base.

Furthermore, this acquisition enables us to broaden our AI capabilities into adjacent high-value sectors including mining exploration and robotics, where quantum security is becoming essential for processing datasets, accelerating decision-making, and improving resource targeting. By focusing on the intelligence, quantum security, and data orchestration layers, Codeifai is positioning itself to participate in the rapidly growing ecosystem surrounding autonomous machines and AI-enabled industrial automation.

In 2025, we assembled an exceptional Strategic Advisory Panel featuring four distinguished industry experts from some of the world's most transformative technology companies.

This panel brings decades of collective experience across fintech, AI research, blockchain innovation, quantum computing, and global-scale messaging systems and will be in place until early 2026. Their decision to join our panel represents a strong endorsement of both the significant market opportunity and the urgency for secure, quantum-resilient solutions.

Looking forward, marketing activities, which were necessarily constrained in 2025 due to capital management, will resume in 2026 following our successful post-year-end capital raise.

We are determinedly focused on creating shareholder value through execution excellence and strategic market positioning.

The ongoing strategic review of our Material Science division continues, and we remain committed to optimising our portfolio for maximum shareholder returns.

On behalf of the Board, I extend sincere thanks to our team for their dedication and innovation during this transformative year. To our shareholders, I am grateful for your continued support and confidence in our strategic vision. We are excited about the opportunities ahead and remain committed to delivering sustainable value creation.



John Houston

**Executive Chairman
and CEO**

DIRECTORS' REPORT

YEAR ENDING 31 DECEMBER 2025

All \$ amounts are Australian Dollars unless stated otherwise.



DIRECTORS' REPORT

The directors present their report and the financial statements of Codeifai Limited (the "Company", "CDE") and its controlled entities (the "Consolidated Entity", the "Group") for the financial year ended 31 December 2025.

1. DIRECTORS AND COMPANY SECRETARY

The following persons were directors of the Company since the start of the financial year to the date of this report unless otherwise stated.

John Houston	Executive Chairman
Su (George) Su	Non-executive Director
Colin Turner	Non-executive Director
Guy Robertson	Company Secretary (appointed 18 August 2025)
Lucy Rowe	Company Secretary (resigned 18 August 2025)
Shelby Coleman	Company Secretary (resigned 18 August 2025)

Particulars of each director's experience and qualifications are set out later in this report.

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was as a sales, marketing, developer and self-service SaaS solution provider of anti-counterfeiting, product authentication and QR code-based consumer engagement solutions to brand owners globally.

3. REVIEW OF OPERATIONS

Please refer to the Executive Chairman and CEO's report on page 3 of this Annual Report.

4. FINANCIAL RESULTS

The reported net loss increased 162% to \$6,586,984 (2024: \$2,514,767). This result included an impairment of intangible assets of \$862,639 (2024: \$685,696) and a non-cash charge for share based payments of \$2,722,117 (2024: \$649,795). The reported loss is \$366,846 higher than disclosed in the Preliminary Final report with an additional impairment in intangible assets and a reduction in share based payments explained in Note 33. The adjusted EBITDA loss of \$2,606,746 for 2025 was 11% higher than that of 2024 (\$2,353,603). Net cash used in operating activities of \$2,718,164 (2024: \$2,100,904) was 29% higher than the previous year.

Revenue decreased by 26% to \$598,497 (2024: \$810,297).

The patent licence rights of \$3,787,144 represents the historical value of the MotifMicro acquisition less an accumulated impairment charge of \$5,220,682, of which \$862,639 was recognised in 2025.



The impairment assessment in 2025 was performed internally via a Value in Use ('VIU') valuation of the patent licence rights of MotifMicro. The impairment testing indicated that the recoverable amount of the patent licence rights was less than the carrying amount and therefore an impairment loss of \$862,639 was recognised during the financial year 2025 (2024: \$685,696). Key assumptions utilised are further detailed in Note 16 to the financial statements.

The impairment loss recognised can be reversed in future accounting periods to the extent that future recoverable amounts support a higher carrying value.

During 2025, a total of \$2,473,063 (2024: \$703,075) was raised via new equity placements to fund the ongoing operations of the Group. The net current liabilities of Codeifai were \$2,987,459 as at 31 December 2025 (2024: \$2,753,188). Cash at balance date was \$995,752 (2024: \$385,901).

5. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the information set out in the CEO's report and activities section of this annual report, there are no significant changes in the state of affairs of the Group.

6. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

See Executive Chairman's and CEO's Report on page 3.

7. DIVIDENDS PAID

No dividends have been paid or have been recommended for payment in respect of the financial year ended 31 December 2025.

8. EVENTS SUBSEQUENT TO BALANCE DATE

The Company completed the acquisition of AntennaTransfer.io (to be rebranded QuantumAI Secure) on 16 February 2026.

A capital raising of \$1.1 million, before costs, was completed on 23 January 2026, with the placement of 144,736,842 shares at \$0.0076 per share, together with one free attaching option exercisable at \$0.02 and expiry date 3 years from date of issue. The options are subject to shareholder approval at a shareholder meeting to be held on 7 April 2026.

Other than as outlined above, no other matter or circumstance has arisen since 31 December 2025 that has 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.

9. INFORMATION ON CURRENT DIRECTORS AND COMPANY SECRETARY



John Houston

Founder, Chairman and CEO

John Houston has over 40 years of international business experience in countries including Australia, New Zealand, Sri Lanka, Singapore, Thailand and Switzerland. John privately funded CDE (formerly YPB) initially and listed the Company on the ASX in 2014. John has extensive international experience including building a USD \$2 billion "Greenfield" mobile phone operation in Thailand, running a USD \$350m EBITDA mobile Company in Switzerland, and selling an international Broadband Company for a 70x multiple of EBITDA in a cash sale to NTT DoCoMo of Japan.

Other current public company directorships: Nil



Su (George) Su

Non-Executive Director

Mr Su is the CEO and Managing Director of Richlink Capital Pty Ltd which is a Chinese financial services group with offices in Sydney and major Chinese cities. He was born and educated in Beijing before continuing his education in the USA. He holds a Bachelor of Arts Degree in Business Administration from Hamline University, St Paul, Minnesota.

Previously, Mr Su headed CITIC Securities Australian operation between 2009 and 2013 with special focus on cross border transactions between Australia and China. Mr Su has lived and worked in China, Hong Kong, Singapore and Australia and now resides in Sydney. He held senior positions in a Chinese government-controlled investment company, was the managing director of a Singapore based venture group and was an independent director of Macquarie Bank's China property fund between 2006 and 2014.

Over the years, Mr Su served as non-executive director of several ASX listed companies and is currently non-executive director of Lithium Plus Minerals Limited (ASX: LPM). He is currently Chairman of Greentech Minerals Limited, a public non-listed company developing a high purity quartz project in Queensland.

He has no other public company directorships within the last 3 years.



Colin Turner
Non-Executive Director

Colin Turner was a previous chief financial officer of the company and is now serving as the Public Officer.

He is an accountant with extensive experience in financial management from roles in media advertising, sales, marketing and the real estate industry both overseas and in Australia.

Colin Turner has served as an executive director of both private and ASX listed entities and served as the Chairman of the audit committee of an ASX listed entity. He currently runs his own practice and provides financial services to a boutique set of clients.

Other current public company directorships: Nil.



Guy Robertson
Company Secretary
(appointed 18 August 2025)

Guy Robertson (B.Com (Hons) CA) has over 30 years' experience as a Company Director, Company Secretary and CFO for both public and private companies in Hong Kong and Australia.

Guy is currently the Company Secretary for a number of ASX listed companies and is a director of Hastings Technology Metals Ltd (ASX:HAS) and Metal Bank Limited (ASX:MBK).

10. MATERIAL RISKS TO THE COMPANY

Identifying and mitigating key business risks that may affect the Group's strategy and performance plays a significant role as part of the Group's corporate governance. The following outlines key risks identified in the governance process which can be read in addition to other risks outlined in this report.

Intellectual property: To market and protect our market position, it is important for the Company to protect the intellectual property in its brand and the technology. However there may be situations where it cannot be protected or is subject to changed conditions, unauthorised disclosure, infringement, or challenge by a third party.

Reliance on key personnel: The Company relies on the experience and knowledge of its senior management team, in particular the CEO and the Company is dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left the Company and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

Increased competition: The anti-counterfeit, brand protection consumer engagement and self-service SaaS QR code markets are highly competitive. This competition has intensified as a result of improvements in technology. If the Company's technology proves to be less successful or more costly than its competitors products, the business of the Company could be adversely affected.

Growth prospects and Company expansion plans: The Company's growth prospects are dependent upon a number of factors, including, customer take up, execution of new product development and “go to market” of new products. There is a risk that the Company may encounter potential issues arising from operating in foreign jurisdictions, including marketing restrictions, regulations regarding anti-counterfeit and consumer engagement.

Technology Research & Development (R&D): In the short term, the Company has halted the technical development of MotifMicro while it performs a strategic analysis of the Material Science division. The Company believes that favourable developments in these areas would likely have a positive effect on the Company's financial performance and conversely if the Company fails to successfully accomplish these developments then its financial performance is likely to be negatively affected.

Reliance on key supplier relationships: The Company relies on various key supplier relationships for certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on the Company's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less attractive to the Company.

Delivery risk: Due to the nature of the Company's key products being manufactured in the PRC, the potential exists for delays or cancellations in the delivery of products without any practical recourse being available to the Company to recover lost earnings.

Funding: While the Company believes it will have sufficient funds after completion of capital and/or debt placement (outlined elsewhere in this report) to meet all of its growth and capital requirements for the near term, the Company may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such debt or capital on favourable terms or at all.

Potential for dilution: The issue of the Shares and Options pursuant to Offers made to the Capital markets will result in dilution to the Shareholders, and any exercise of Options into Shares will result in Shareholders being diluted through the issue of new Shares.

Other: Other more general risks which are relevant to the Company include litigation, regulatory and Government risk, reliance on access to the internet and AWS (Amazon Web Services) cloud services which house our Connect platform and cybersecurity vulnerability. The Company actively manages both visibility and resolution of risks that arise in the course of business.

11. MEETINGS OF DIRECTORS

During the financial year, 7 formal board meetings of directors were held. During the year the full Board dealt with all relevant matters and no separate meetings of either the Remuneration or Audit Committees of the Board were held. Attendance by each director during the year was as follows:

Director	Board Meetings	
	Number eligible to attend	Number attended
John Houston	5	5
Su (George) Su	5	5
Colin Turner	5	5



12. REMUNERATION REPORT (AUDITED)

This section presents the nature and amount of remuneration for persons who were classified as Key Management Personnel (KMP) of the Group during the 2025 financial year.

Remuneration Policy

The remuneration policy of the Group has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and a variable (at risk) component. The Board of the Company believes the remuneration policy is appropriate for the current stage of development of the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive an agreed mix of fixed salary (which is based on factors such as experience and level of responsibilities), superannuation, fringe benefits and an annual cash performance incentive. The Group's Remuneration Committee will review and make recommendations to the Board in respect of executive packages on an annual basis. Reference will be made to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed annually with each executive. Performance criteria include factors relating to the responsibilities of each position as well as company-wide factors such as the forecast growth of the Group's profits. All bonuses are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and can recommend changes to the committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The executive directors and executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Where non-executive directors provide additional services to the Group, this must be approved in advance by the remuneration committee chair.

Performance Based Remuneration

As part of each executive director and executive's remuneration package there is a performance-based component, which is paid on achievement of key performance indicators ("KPIs"). The program seeks to align goals of directors and executives with that of the Company and its shareholders. The KPIs are reviewed annually by the Board in consultation with executives.



The measures are tailored to the areas each executive has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

Details of Remuneration for the Year Ended 31 December 2025

The remuneration for key management personnel is set out in the table below.

In \$	Short-term Benefits		Post-employment		Total
	Salary and fees	Short-term Incentive	Superannuation benefits	Share-based payments	
Executive Chairman					
John Houston ¹	540,336	-	-	-	540,336
Non-executive Directors					
Su (George) Su ²	40,000	-	-	-	40,000
Colin Turner ³	90,000	-	-	-	90,000
Executives					
Martin Ross (COO)	190,000	-	-	-	190,000
	860,336	-	-	-	860,336

¹ A portion (\$309,830) of the salary of the CEO of \$540,336 for the period from January 2025 to December 2025 has been accrued. The salary is expected to be settled by cash settlement or the issue of shares in lieu of cash.

² The director fee of \$40,000 for the period from January 2025 to December 2025 is expected to be settled by issuance of shares in lieu of cash settlement.

³ A portion (\$40,000) of the director fee \$90,000 for the period from January 2025 to December 2025 is expected to be settled by issuance of Shares with Shareholder approval in lieu of cash settlement.

The formatting and classification of amounts in the remuneration report has been updated to reflect the presentation of the remuneration report for the year ended 31 December 2025.



Details of Remuneration for the Year Ended 31 December 2024

The remuneration for key management personnel is set out in the table below.

In \$	Short-term Benefits		Post-employment		Total
	Salary and fees	Short-term Incentive	Superannuation benefits	Share-based payments	
Executive Chairman					
John Houston ¹	642,339	-	-	-	642,339
Non-executive Directors					
Su (George) Su ²	40,000	-	-	-	40,000
Gerard Eakin ³	61,884	-	-	-	61,884
Colin Turner	5,500	-	-	-	5,500
Executives					
Martin Ross (COO)	190,000	-	-	-	190,000
	939,723	-	-	-	939,723

¹ A portion of the salary of the CEO of \$642,339 for the period from January 2024 to December 2024 has been accrued. The salary is expected to be settled by cash settlement or the issue of shares in lieu of cash.

² The director fee of \$40,000 for the period from January 2024 to December 2024 is expected to be settled by issuance of shares in lieu of cash settlement.

³ The director fee of \$31,889 for the period from January 2024 to October 2024 is expected to be settled by issuance of Shares with Shareholder approval in lieu of cash settlement.

The formatting and classification of amounts in the remuneration report has been updated to reflect the presentation of the remuneration report for the year ended 31 December 2024.



Additional disclosures relating to key management personnel

Shareholdings

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

Group KMP	Balance at the start of the year	Share Consolidation ¹	Received as remuneration	Purchases	Disposals	Balance at the end of the year
John Houston	1,644,032,101	(1,479,628,891)	-	-	-	164,403,210
Su Su	1,912,233	(1,721,010)	-	-	-	191,223
Gerard Eakin ²	1,844,416	(1,659,974)	5,995,066	-	-	6,179,508
Colin Turner	12,000	(10,800)	-	-	-	1,200
Martin Ross	33,134,462	(29,821,016)	-	17,265,193	(10,573,885)	10,004,754
	1,680,935,212	(1,512,841,691)	5,995,066	17,265,193	(10,573,885)	180,779,895

¹Adjustment on 10:1 share consolidation

²Balance as at date of resignation

Options and performance rights

There were performance rights over ordinary shares in the Company that were granted as compensation to key management persons during the year ended 31 December 2025.

Options and performance rights over equity instruments

The movement during the year, by the number of rights and options over ordinary shares in Codeifai Limited held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	Held at 1 Jan-25	Granted	Exercised	Consolidated 10:1	Held at 31 Dec-25	Vested and exercisable
Options						
John Houston	700,000,000	750,000,000	-	(1,305,000,000)	145,000,000	145,000,000
Performance rights						
Martin Ross	30,000,000	-	(20,000,000)	(9,000,000)	1,000,000	1,000,000

Employment Contracts of Directors and Senior Executives

The terms of employment for all directors and senior executives are formalised in contracts of employment. The key terms of the contracts with Directors and specified executives except the Executive Chairman are:

- no fixed term;
- resignation period or termination by the Group is between one- and six-months' notice; and
- termination or redundancy payments by the Group are not specifically provided for in the contracts, however, will be payable in accordance with relevant Federal or State legislation.



The services of the Executive Chairman are provided pursuant to a Contract with a Service Company.

The contract has an expiry date of 31 July 2026.

- Resignation period or termination by the Group is twelve months' notice;
- Termination or redundancy payments by the Group are not specifically provided for in the contracts, however, will be payable in accordance with the relevant Federal or state legislation; and
- No termination payments are payable in respect of resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Group can terminate employment at any time.

Other transactions with key management personnel

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. See Note 26 to the financial statements for related parties' disclosures.

13. INDEMNITY AND INSURANCE OF OFFICERS

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

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

14. INDEMNITY AND INSURANCE OF AUDITOR

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

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

15. NON-AUDIT SERVICES

There were no non-audit services provided by the external auditor during the financial year (2024: \$NIL).

16. AUDITOR'S INDEPENDENCE DECLARATION

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



17. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

18. ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollars.

19. TOTAL OPTIONS ON ISSUE

At the date of this report, there are options over unissued shares in Codeifai Group Ltd as set out below:

Grant Date	Number	Exercise price	Expiry date
Dec 12, 2021	64,000	\$112.50	Dec 12, 2026
Dec 12, 2021	64,000	\$137.50	Dec 12, 2026
Dec 12, 2021	64,000	\$162.50	Dec 12, 2026
Dec 12, 2021	64,000	\$87.50	Dec 12, 2026
Jun 28, 2024	50,000,000	\$0.03	Jun 30, 2027
Dec 30, 2025	800,000	\$0.15	Jul 3, 2026
Dec 30, 2025	800,000	\$0.20	Jul 3, 2026
Dec 30, 2025	800,000	\$0.25	Jul 3, 2026
Dec 30, 2025	800,000	\$0.30	Jul 3, 2026
Jun 6, 2025	75,000,000	\$0.03	Jun 6, 2028
Dec 30, 2025	150,000	\$0.03	Jun 30, 2028
Jun 28, 2024	20,000,000	\$0.05	Jan 16, 2026
Jun 27, 2025	30,089,396	\$0.01	Jul 27, 2028
Aug 8, 2025	24,417,316	\$0.03	Feb 8, 2028
Dec 30, 2025	58,675,000	\$0.04	Dec 30, 2028
Dec 30, 2025	58,825,000	\$0.04	Dec 30, 2028
	320,612,712		

Signed in accordance with a resolution of the Board of Directors



John Houston

Executive Chairman and CEO

Dated this 31st day of March 2026



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CODEIFAI LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2025, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Codeifai Limited and the entities it controlled during the year.



PKF BRISBANE AUDIT



TIM FOLLETT
PARTNER

BRISBANE
31 MARCH 2026

FINANCIAL REPORT

YEAR ENDING 31 DECEMBER 2025

All \$ amounts are Australian Dollars unless stated otherwise.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

		CONSOLIDATED	
	NOTE	2025 (\$)	2024 (\$)
Revenue	9	598,497	810,297
Expenses			
Production costs		(64,524)	(79,900)
Consulting fees		(422,098)	(250,509)
Depreciation and amortisation expense		(6,923)	(8,039)
Directors' fees		(200,000)	(71,889)
Employee benefits expense		(862,381)	(748,639)
Finance costs		(297,815)	(156,937)
Rental expenses		(89,401)	(116,707)
Research and development		(448,959)	(798,552)
Marketing expense		(108,833)	(327,183)
Investor relations		(116,900)	(44,390)
Travelling expense		(29,977)	(26,836)
Share-based payments	10	(2,722,117)	(649,795)
Loss on extinguishment of financial liabilities via equity settlement		(50,000)	-
Regulatory expenses		(148,491)	(86,288)
Professional fees		(275,477)	(285,711)
Other expenses		(438,202)	(327,296)
Exchange(loss)/gain		(40,744)	1,339,303
Impairment of intangible assets	16	(862,639)	(685,696)
Loss before income tax	10	(6,586,984)	(2,514,767)
Income tax (expense)/benefit	11	-	-
Net loss after tax for the year attributable to the owners of Codeifai Limited		(6,586,984)	(2,514,767)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(74,867)	(734,295)
Other comprehensive income/(loss) for the year, net of tax		(74,867)	(734,295)
Total comprehensive loss for the year attributable to owners of Codeifai Limited		(6,661,851)	(3,249,062)
		Cents	Cents
Basic earnings/(loss) per share	31	(1.40)	(0.14)
Diluted earnings/(loss) per share	31	(1.40)	(0.14)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2025

ASSETS	NOTE	CONSOLIDATED	
		2025 (\$)	2024 (\$)
Current assets			
Cash and cash equivalents	12	995,752	385,901
Trade and other receivables	13	413,447	632,195
Other assets	14	87,053	106,803
Inventories	15	140,914	137,503
Total current assets		1,637,166	1,262,402
Non-current assets			
Plant and equipment		8,597	12,886
Intangible assets	16	3,787,144	5,005,796
Total non-current assets		3,795,741	5,018,682
Total assets		5,432,907	6,281,084
Liabilities			
Current liabilities			
Trade and other payables	17	3,513,839	3,268,400
Financial liabilities	18	1,110,786	747,190
Total current liabilities		4,624,625	4,015,590
Total liabilities		4,624,625	4,015,590
Net assets		808,282	2,265,494
Equity			
Issued capital	19	92,875,477	88,660,044
Reserves	20	2,903,736	1,989,397
Accumulated losses		(94,970,931)	(88,383,947)
Total equity		808,282	2,265,494

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

CONSOLIDATED	ISSUED CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	ISSUED OPTIONS	PERFORMANCE RIGHTS RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2025	88,660,044	982,868	857,262	149,267	(88,383,947)	2,265,494
Loss after income tax for the year	-	-	-	-	(6,586,984)	(6,586,984)
Other comprehensive income for the year, net of tax	-	(74,867)	-	-	-	(74,867)
Total comprehensive income/(loss) for the year	-	(74,867)	-	-	(6,586,984)	(6,661,851)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	4,155,433	-	-	-	-	4,155,433
Conversion of performance rights	60,000	-	-	(60,000)	-	-
Options granted during the year	-	-	1,049,206	-	-	1,049,206
Balance at 31 December 2025	92,875,477	908,001	1,906,468	89,267	(94,970,931)	808,282
Balance at 1 January 2024	85,426,969	1,717,162	567,467	149,267	(86,079,180)	1,781,685
Loss after income tax for the year	-	-	-	-	(2,514,767)	(2,514,767)
Other comprehensive income for the year, net of tax	-	(734,294)	-	-	-	(734,294)
Total comprehensive income/(loss) for the year	-	(734,294)	-	-	(2,514,767)	(3,249,061)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	3,233,075	-	-	-	-	3,233,075
Options granted during the year	-	-	499,795	-	-	499,795
Options lapsed during the year	-	-	(210,000)	-	210,000	-
Balance at 31 December 2024	88,660,044	982,868	857,262	149,267	(88,383,947)	2,265,494

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025 (\$)	2024 (\$)
Cash flows from operating activities			
Receipts from customers		725,858	464,551
Payments to suppliers and employees		(3,183,498)	(2,428,384)
Interest received		13,853	2,360
Finance costs		(274,377)	(139,431)
Net cash used in operating activities	29	(2,718,164)	(2,100,904)
Cash flows from investing activities			
Payments for plant and equipment		-	(4,396)
Proceeds from disposal of plant and equipment		1,706	495
Net cash from/(used in) investing activities		1,706	(3,901)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		2,473,063	703,075
Proceeds from borrowings		785,000	875,000
Net cash inflows from financing activities		3,258,063	1,578,075
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		385,901	567,572
Effect of movements in exchange rates on cash held		68,246	345,059
Cash and cash equivalents at the end of the financial year	12	995,752	385,901

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 1. REPORTING ENTITY

Codeifai Limited (the "Company") is domiciled in Australia.

The Company's registered office is at Level 5, 50 Clarence Street, Sydney NSW 2000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated Entity").

The separate financial statements of the parent entity, Codeifai Limited, have not been presented within the financial report as permitted by the Corporations Act 2001. Parent company financial information is disclosed in Note 27.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

NOTE 2. BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Board of Directors on 31 March 2026.

The Group's accounting policies have been consistently applied unless stated otherwise, and are disclosed in Note 6 Material Accounting Policy information.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

i. Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

The Group incurred an operating loss after income tax of \$6,746,984 and had a deficiency of operating cash flows of \$2,718,164 for the year ended 31 December 2025. As at 31 December 2025, the Group has cash and cash equivalents of \$995,752 and a deficiency in net current assets of \$2,987,459.

Notwithstanding the historical losses to date the directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The Group has the ability to make further reductions in expense if necessary.
- The Group has a loan facility agreement to provide up to \$2 million (subject to shareholder approval) to assist working capital;
- The Group is able to raise additional funding if required. The Group has demonstrated its ability to successfully raise capital in current and prior periods, and there is no evidence to suggest that the Group would not be able to raise necessary capital required to continue to fund its operations and obligations; and

- The Company raised \$1.1 million subsequent to year end and has an executed mandate with a broker to raise further capital.

Should the Group be unsuccessful with the initiatives detailed above then, there is a material uncertainty that may cast significant doubt as to whether the Group may in the future be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

NOTE 3. FUNCTIONAL AND PRESENTATIONAL CURRENCY

These consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

NOTE 4. ROUNDING OF AMOUNTS

Amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar.

NOTE 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 16 Intangibles
- Note 20 Reserves – Share-based payment

NOTE 6. MATERIAL ACCOUNTING POLICY INFORMATION

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

A. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Codeifai Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 28.



The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary YPB Limited (HK) (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Codeifai Limited (formerly, YPB Company Limited and AUV Enterprises Limited) (the acquiree for accounting purposes).

B. Revenue and other income

The Group considers the following for revenue recognition:

- whether a contract exists;
- performance obligations identified within the contract;
- determine transaction price;
- allocate the transaction price to the performance obligations; and
- recognise revenue when performance obligations are satisfied. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the performance obligations are satisfied.

Revenue recognition relating to the provision of services is determined with reference to the completion of the performance obligations identified in the contract.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue generated by the Group is categorised as a bundled “complete solution offering” which encompasses a range of products and services which are available to customers, including:

- Digital engagement platform;
- Covert forensic products;
- Brand protection labelling solutions.

Digital engagement platform

The Group provides a cloud-based customer digital engagement and analytics platform that enables brands to form a unique relationship with customers. Revenue is recognised at the time when the performance obligation of providing the reports from the customer engagement platform are completed.

Covert forensic products

The Group manufactures and sell covert forensic products. Revenue is recognised at the time when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customer.



Brand protection labelling solutions

The Group purchases and sells brand protection labelling products. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customer.

All revenue is stated net of the amount of goods and services tax.
Interest revenue is recognised using the effective interest method.

C. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge and except where net investment policy applies. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

iii. Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars in which the settlement of the monetary items is neither planned nor likely to occur in the foreseeable future are included as a net investment in the foreign operations.



D. Employee benefits

i. Share-based payment arrangements

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares, options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

E. Finance income and finance costs

The Group's finance income and finance costs include:

- Interest expense; and
- foreign currency gain or loss on financial assets and liabilities

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

F. Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.



Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

G. Tax consolidation

The Company and its wholly owned Australian subsidiaries have formed a tax-consolidated group with effect from 6 April 2004 and are therefore taxed as a single entity from that date. The head entity of the tax-consolidated group is Codeifai Limited. Codeifai Limited is responsible for recognising the current and deferred tax assets and liabilities for the consolidated group. The tax-consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion into their contribution to the taxable profit of the tax-consolidated group.

H. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

I. Intangible assets and goodwill

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	<p>Expenditure on research activities is recognised in profit or loss as incurred.</p> <p>Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.</p>
Intellectual property and patent licence rights	Intellectual property and patent licence rights that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.



ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives when the asset is in its intended use, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Intellectual property 5 – 20 years
- Patent licence rights 15 years

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

J. Financial instruments

i. Initial Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially recognised at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

K. Share Capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 132.

L. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Australian dollar that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion. The equity component is initially recognised at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

M. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

N. Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

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



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

O. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

NOTE 7. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 8. OPERATING SEGMENTS

Identification of reportable operating segments

Management determines operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

Types of products and services

For the year ended 31 December 2025, management considers the Group to offer its client base a complete end-to-end service and product offering, hence considering its main operations to be represented by one business segment apart from a minor specialised anti-counterfeit material operation.

The bundled "complete solution offering" encompasses a range of products and services which are available to customers, including:

- Digital engagement platform that provides brand protection and consumer engagement and track 'n' trace solutions for product provenance and ESG compliance;
- Covert forensic products which are invisible particles ('tracers') fused into a product or packaging during or after the manufacturing process and are detectable using Codeifai's proprietary scanner, OEM devices or using an app on a smartphone device;
- Self Service SaaS solutions focussed around QR codes:



- Self Service SaaS solutions focussed around QR codes:

(a) Geographical information

2025		REPORTABLE SEGMENTS				
<i>In \$</i>	Australia	People's Republic of China	Thailand	United States of America	Total	
External revenue	99,183	485,194	-	-	584,377	
Interest income	13,768	-	85	-	13,853	
Other income	-	267	-	-	267	
Total revenue	112,951	485,461	85	-	598,497	

2024		REPORTABLE SEGMENTS				
<i>In \$</i>	Australia	People's Republic of China	Thailand	United States of America	Total	
External revenue	143,098	464,370	-	-	607,468	
Interest income	2,300	-	60	-	2,360	
Other income	469	-	-	200,000	200,469	
Total revenue	145,867	464,370	60	200,000	810,297	

(b) Assets

2025		REPORTABLE SEGMENTS				
<i>In \$</i>	Australia	People's Republic of China	Thailand	United States of America	Total	
Current assets	1,077,039	338,144	138,417	83,566	1,637,166	
Non-current assets	461	7,872	264	3,787,144	3,795,741	
Total assets	1,077,500	346,016	138,681	3,870,710	5,432,907	

2024		REPORTABLE SEGMENTS				
<i>In \$</i>	Australia	People's Republic of China	Thailand	United States of America	Total	
Current assets	557,788	385,836	235,111	83,667	1,262,402	
Non-current assets	2,045	9,388	1,453	5,005,796	5,018,682	
Total assets	559,833	395,224	236,564	5,089,463	6,281,084	



NOTE 9. REVENUE

	Consolidated	
	2025 (\$)	2024 (\$)
Revenue		
Sale of goods and services		
- Digital engagement platform	220,357	105,292
- Covert forensic products	364,020	502,176
	584,377	607,468
Other revenue		
Interest	13,853	2,360
Other income	267	200,469
	598,497	810,297

NOTE 10. LOSS FOR THE PERIOD

The loss for the period includes the following expenses:

	Consolidated	
	2025 (\$)	2024 (\$)
Finance costs	297,815	156,937
Research and development costs	448,959	798,552
Depreciation and amortisation	6,923	8,039
Impairment of intangible assets	862,639	685,696
Rental expense on operating leases – minimum lease payments	89,401	116,707
	1,705,737	1,765,931
Share based payment expense		
- Share based payments, consulting fees	1,369,797	150,000
- Share based payment expense, borrowing costs	1,352,320	499,795
	2,722,117	649,795



NOTE 11. INCOME TAX BENEFIT

	Consolidated	
	2025 (\$)	2024 (\$)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax	(6,586,984)	(2,514,767)
Tax at the statutory tax rate 25% (2024: 25%)	(1,646,746)	(628,692)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
• Non-deductible expenses	235,988	(241,479)
• Tax effect of Share-based payments	680,529	162,449
• Tax losses not recognised	722,401	618,713
	(7,828)	(89,009)
Difference in overseas tax rates	7,828	89,009
Research and development tax incentive	-	-
Income tax (expense)/benefit	-	-
Deferred tax assets have not been recognised in respect of the following items:		
• Deductible temporary differences	506,420	370,708
• Tax losses	14,483,312	14,244,083
	14,989,732	14,614,791

NOTE 12. CASH AND CASH EQUIVALENTS

	Consolidated	
	2025 (\$)	2024 (\$)
Cash on hand	2,893	1,721
Cash at bank	992,859	384,180
	995,752	385,901



NOTE 13. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2025 (\$)	2024 (\$)
Trade receivables	212,749	299,138
Less: Allowance for doubtful debts	(74,065)	(78,955)
	138,684	220,183
GST/VAT receivables	103,330	158,523
Collateral shares	83,115	164,965
Other receivables	88,318	88,524
	413,447	632,195

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2025 is determined as follows; the expected credit losses incorporating forward-looking information.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
2025					
Expected loss rate	-	-	-	53.10%	
Gross carrying amount	48,058	7,253	17,832	139,606	212,749
Loss allowance provision	-	-	-	(74,065)	(74,065)
2024					
Expected loss rate	-	-	-	59.50%	
Gross carrying amount	138,469	22,915	5,110	132,644	299,138
Loss allowance provision	-	-	-	(78,955)	(78,955)



NOTE 14. OTHER ASSETS

	Consolidated	
	2025 (\$)	2024 (\$)
Rental deposits	28,119	35,550
Prepaid rent	6,650	4,408
Prepayments	52,284	66,845
	87,053	106,803

NOTE 15. INVENTORIES

	Consolidated	
	2025 (\$)	2024 (\$)
Finished goods – at cost	140,914	137,503
Less: Allowance for slow-moving inventories	-	-
	140,914	137,503

NOTE 16. INTANGIBLE ASSETS

	Consolidated	
	2025 (\$)	2024 (\$)
Goodwill – at cost	3,089,466	3,089,466
Less: Accumulated impairment losses	(3,089,466)	(3,089,466)
	-	-
Intellectual property – at cost	16,250,550	16,250,550
Less: Accumulated amortisation	(4,942,153)	(4,942,153)
Less: Accumulated impairment losses	(11,308,397)	(11,308,397)
	-	-
Customer relationship – at cost	206,000	206,000
Less: Accumulated amortisation	(28,000)	(28,000)
Less: Accumulated impairment losses	(178,000)	(178,000)
	-	-
Patent licence rights – at cost	8,904,826	9,586,618
Less: Accumulated impairment losses	(5,117,682)	(4,580,822)
	3,787,144	5,005,796
Licence agreement – at cost	350,000	350,000
Less: Accumulated amortisation	(18,676)	(18,676)
Less: Accumulated impairment losses	(331,324)	(331,324)
	-	-

Reconciliations

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

Consolidated	Patent licence rights \$	Total \$
Balance at 1 January 2024	5,173,093	5,173,093
Effect of movement in exchange rates	518,399	518,399
Impairment loss	(685,696)	(685,696)
Balance at 31 December 2024	5,005,796	5,005,796
Balance at 1 January 2025	5,005,796	5,005,796
Effect of movement in exchange rates	(356,013)	(356,013)
Impairment loss	(862,639)	(862,639)
Balance at 31 December 2025	3,787,144	3,787,144

Patent Licence Rights

MotifMicro development and commercial trials persist during the year ended 31 December 2025, the patent licence rights have not commenced amortisation, however impairment adjustments have been recorded to reflect its assessed carrying amount. MotifMicro's development in 2023/24 advanced through a number of technological achievements together with customers that signed first-adopter agreements to expedite its commercialisation in the market. However, China's restrictions on the export of rare earth materials which commenced in late 2024 (of which MotifMicro is classified) will necessitate a change in strategy moving forward by concentrating development and sales efforts in China which is reflected in this analysis.

The Group is pursuing further opportunities to commercially sell MotifMicro in the future in China by focussing on industry licenses, targeting FMCG, Tobacco, Alcohol to name a few chosen industries.

Impairment testing indicated that the recoverable amount of the patent licence rights was lower than the carrying amount and therefore an impairment adjustment was considered necessary as at 31 December 2025. The valuation methodology ('value in use' or 'VIU') model reflects updated forecasts and progress made on the MotifMicro technology.

The following key assumptions and results arising from the VIU methodology applied are as follows:

- Revenue growth from conversion of forecast sales pipeline for FY2026 with an annual long-term growth rate of 12.5% until 2030 that follows the industry growth rate with a long-term annual growth rate of 2% thereafter;
- Discounted cash flow modelling to 2037 with no terminal value;
- A WACC of 25% (post-tax) assuming a long-term debt/equity ratio of nil; and
- The group securing sufficient funding in future periods to continue as a going concern.



NOTE 17. TRADE AND OTHER PAYABLES

	Consolidated	
	2025 (\$)	2024 (\$)
Trade payables	1,438,078	1,528,160
Other payables and accruals	2,075,761	1,740,240
	3,513,839	3,268,400

NOTE 18. FINANCIAL LIABILITIES

	Consolidated	
	2025 (\$)	2024 (\$)
Convertible note – (i)	175,000	175,000
Interest on convertible note (i)	68,973	25,223
Related party convertible note – (ii)	70,000	70,000
Interest on related party convertible note (ii)	28,534	11,034
Related party loans - (iii)	768,279	465,933
	1,110,786	747,190

(i): The convertible notes for \$150,000 and \$25,000 dated 29 May and 27 June 2024 respectively with Flannery Foundation Pty Limited, each have a maturity date of 1 November 2025 and have an interest rate of 25% payable on maturity. The notes have a face value of \$1.00 per note and are convertible subject to shareholder approval at \$0.0015 per share. The maturity date has now been extended to 31 March 2026 and the conversion rate has been amended to \$0.01, subject to shareholder approval on 7 April 2026.

(ii) The convertible notes for \$70,000 are with Jf Houston Holdings Pty Ltd <The Houston Family A/C> and The Bimm Corporation Pty Ltd <The FJ Fund A/C> each have a maturity date of 1 November 2025 and have an interest rate of 25% payable on maturity. The notes have a face value of \$1.00 per note and are convertible subject to shareholder approval at \$0.0015 per share. The maturity date has now been extended to 31 March 2026.

(iii): The short-term borrowings from a related party as at 31 December 2025 is \$750,000 (31 December 2024: \$380,000) at an interest rate of 27.61% per annum (31 December 2024: 27.61%) (or part thereof) for a total of \$750,000 as at balance date. 75,000 options were issued as a facility fee at the AGM on 8 May 2025.



NOTE 19. EQUITY – ISSUED CAPITAL

	Consolidated			
	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares – fully paid	695,211,509	3,150,314,015	92,875,477	88,660,044

Movements in ordinary share capital

DETAILS	DATE	SHARES	\$
Balance	Jan 1, 2024	790,461,469	85,426,969
Share issued to ATM subscription	May 1, 2024	17,500,000	33,075
Share placements	Jun 28, 2024	1,500,000,000	2,250,000
Share placements	Aug 9, 2024	333,333,333	500,000
Share issued to ATM subscription	Nov 19, 2024	130,000,000	130,000
Share placements	Nov 26, 2024	121,115,538	121,116
Share placements	Dec 10, 2024	107,903,675	99,271
Issuance as payment to service provider	Dec 20, 2024	150,000,000	150,000
Less: Transaction costs on shares issued			(50,387)
Balance	Dec 31, 2024	3,150,314,015	88,660,044
Balance	Jan 1, 2025	3,150,314,015	88,660,044
Conversion of performance rights	Feb 18, 2025	20,000,000	60,000
Issuance as payment for the fee establishment to the lenders	May 7, 2025	90,000,000	250,000
Less: Transaction costs on shares issued		-	(15,000)
Consolidation 10:1	May 21, 2025	326,031,401	88,955,044
Share placement	Jun 6, 2025	98,411,602	570,000
Issued to service provider	Jun 27, 2025	5,995,066	71,899
Issued to service provider	Jun 27, 2025	12,500,000	125,015
Issuance as payment for the fee to the lenders	Jun 27, 2025	6,416,199	37,214
Issue to service provider	Jul 2, 2025	19,634,032	97,086
Loan establishment fees	Jul 11, 2025	2,912,294	32,000
Shares issued on conversion of loans	Aug 7, 2025	117,350,000	2,347,000
Share placement	Aug 8, 2025	26,210,651	180,969
Capital raising fee	Aug 8, 2025	14,706,250	55,015
Conversion shares issued to lenders	Aug 13, 2025	8,785,723	250,000
Adjusted share price loan conversion	Dec 31, 2025	2,624,021	12,333
Issue to broker and service providers	Dec 31, 2025	53,634,270	429,074
Less: Transaction costs on shares issued		-	(287,172)
		695,211,509	92,875,477

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 20. RESERVES

		Consolidated	
	NOTE	2025 (\$)	2024 (\$)
Issued options reserve	(a)	1,906,468	857,262
Share-based payment reserve	(b)	89,267	149,267
Foreign currency translation reserve	(c)	908,001	982,867
		2,903,736	1,989,396

(a) Issued options reserve

The option reserve records items recognised as expenses on valuation of share options issued.

DETAILS	DATE	OPTIONS	\$
Balance	Jan 1, 2024	657,875,316	567,467
Options issued to related parties for loan establishment fee	Jun 28, 2024	500,000,000	499,795
Options lapsed	Jun 30, 2024	(315,315,316)	-
Options lapsed	Jul 5, 2024	(70,000,000)	-
Options lapsed	Jul 5, 2024	(70,000,000)	(210,000)
Balance	Dec 31, 2024	702,560,000	857,262
Consolidation 10:1	Jan 1, 2025	70,256,000	857,262
Options issued as partial settlement of the JH loans	Jun 6, 2025	75,000,000	707,436
Options issued as broker fees	Jun 27, 2025	30,089,396	192,454
Free attaching options to share placement	Aug 8, 2025	24,417,316	-
Free attaching options to share placement	Dec 30, 2025	58,675,000	-
Issued to broker for services rendered	Dec 30, 2025	58,825,000	148,730
Lead manager fees	Dec 31, 2025	150,000	586
Advisory board services	Dec 31, 2025	3,200,000	-
Balance	Dec 31, 2025	320,612,712	1,906,468

Options issued during the year were valued based on the following assumptions:

Weighted average terms (years) at 31 December 2025	3.005
Weighted average remaining life at 31 December 2024 (years)	2.466

The details relating to the options outstanding at balance date are;

DETAILS	SERIES 1	SERIES 2	SERIES 3	SERIES 4	SERIES 5
Share price at date of issue	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Risk free rate	3.38%	3.41%	4.14%	4.14%	4.00%
Grant date	6/6/2025	27/06/2025	30/12/2025	31/12/2025	30/12/2025
Expiry date	6/6/2028	27/07/2028	30/12/2028	30/06/2028	3/7/2026
Exercise price	\$0.01	\$0.01	\$0.04	\$0.03	\$0.15 to \$0.30
Number on issue	75,000,000	30,089,396	58,825,000	150,000	3,200,000
Volatility	100%	100%	100%	100%	100%
Value per option	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00

The option reserve records items recognised as expenses on valuation of share options issued.

(b) Performance rights reserve

The performance rights reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services rendered.

DETAILS	DATE	\$
Balance	1 January 2025	149,267
Conversion of performance rights	18 February 2025	(60,000)
Balance	Dec 31, 2025	89,267

(c) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Exchange differences arising from monetary items that forms part of the Group's net investment in foreign operations are recognised as foreign currency translation reserve in equity.



NOTE 21. CAPITAL MANAGEMENT

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, convertible loan notes and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

		Consolidated	
	NOTE	2025 (\$)	2024 (\$)
Total borrowings	18	1,110,786	747,190
Less: Cash and cash equivalents	12	(995,752)	(385,901)
Net debt		115,034	361,289
Total equity		648,242	2,265,494
Debt-to-Equity ratio		17.75%	15.95%

NOTE 22. FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk Management framework

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

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represents the maximum credit exposure.



Trade receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month. In monitoring credit risk, customers are grouped according to their risk characteristics, including their industry, trading history with the Group and existence of previous financial difficulties.

At 31 December 2025 and 2024, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount	
	2025 (\$)	2024 (\$)
Australia	34,414	35,727
People's Republic of China	121,606	202,088
United States of America	56,729	61,323
	212,749	299,138

Refer to Note 13 on Expected Credit Loss assessment for trade receivables.

Cash and cash equivalents

As at 31 December 2025, the Group held cash and cash equivalents of \$995,752 (2024: \$385,901). The cash and cash equivalents are held with bank, which are AA1- to AA+, based on S&P ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparty.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Obtaining funding from a variety of sources;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.



Consolidated – 2025 (\$)	Carrying amount	1 year or less	Between 1 and 5 years
Trade and other payables	3,513,839	3,513,839	-
Financial liabilities	1,110,786	1,110,786	-
	4,624,625	4,624,625	-

Consolidated – 2024 (\$)	Carrying amount	1 year or less	Between 1 and 5 years
Trade and other payables	3,268,400	3,268,400	-
Financial liabilities	747,190	747,190	-
	4,015,590	4,015,590	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Chinese Yuan (RMB), Thai Baht (THB), and US Dollar (USD). The currencies in which these transactions are primarily denominated are RMB, THB, and USD.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risks as reported to the management of the Group is as follows:

Consolidated - 2025	RMB (\$)	THB (\$)	USD (\$)
Cash and cash equivalents	227,060	684,289	7,370
Trade and other receivables	568,836	-	38,125
Trade and other payables	(162,824)	(1,289,041)	(12,824)
	633,073	(604,752)	32,671
Consolidated - 2024	RMB (\$)	THB (\$)	USD (\$)
Cash and cash equivalents	100,244	2,625,761	2,522
Trade and other receivables	916,932	-	38,125
Trade and other payables	(591,887)	(2,748,650)	(60,802)
	425,289	(122,889)	(20,155)



Sensitivity Analysis

Based on the financial instruments held at 31 December 2025, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the period would have been \$5,000 lower/higher (2024: \$3,000 lower/higher).

Had the Australian dollar weakened/strengthened by 10% against the Chinese Yuan with all other variables held constant, the Group's post-tax profit for the period would have been \$14,000 higher/lower (2024: \$9,000 higher/lower).

Had the Australian dollar weakened/strengthened by 10% against the Thai Baht with all other variables held constant, the Group's post-tax profit for the period would have been \$3,000 higher/lower (2024: \$600 higher/lower).

i. Fair value of financial instruments

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

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Codeifai Limited during the financial year ended 31 December 2025:

- John Houston (Executive Chairman)
- Su (George) Su
- Colin Turner

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year ended 31 December 2025:

- Martin Ross (Chief Operating Officer)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the years ended 31 December 2025 and 2024.



Compensation

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

	Consolidated	
	2025 (\$)	2024 (\$)
Short-term employee benefits	860,336	939,723
Post-employment benefits	-	-
Share-based payments	-	-
	860,336	939,723

Short-term employee benefits

These amounts include fees and benefits paid to executive and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to other KMP.

Share-based payments

These amounts represent the expense related to participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the years ended 31 December 2025 and 2024.

NOTE 24. REMUNERATION OF AUDITOR

During the financial year, the following fees were paid or payable for services provided by the auditors of the Company and unrelated firms:

	Consolidated	
	2025 (\$)	2024 (\$)
<i>Audit services – PKF Brisbane Audit</i>		
• Audit or review of the financial report	89,500	84,400
<i>Component auditors – Non-PKF</i>		
• Audit or review of the financial report	8,848	10,322

NOTE 25. OPERATING LEASES

	Consolidated	
	2025 (\$)	2024 (\$)
Within one year	72,988	69,783
Later than one year but not later than five years	113,478	342,315
	186,466	412,098

NOTE 26. RELATED PARTIES' TRANSACTIONS

Parent entity

Codeifai Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 28.

Key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

Some of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

Transaction	Transaction values for year ended 31 December		Balance outstanding as at 31 December	
	2025 (\$)	2024 (\$)	2025 (\$)	2024 (\$)
<i>Manifest Capital Management Pty Ltd (related entity of Gerard Eakin)</i>				
Investor relations	-	29,995	-	26,662
<i>J F Houston Holdings Pty Ltd (related entity of John Houston)</i>				
Short-term borrowings to Codeifai Limited	370,000	380,000	750,000	380,000
Interest on short-term borrowings	195,600	186,725	17,587	85,933
Facility fee on short-term borrowings	-	509,795	-	10,000
	565,600	1,076,520	767,587	475,933



NOTE 27. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 31 December 2025, the parent entity of the Group was Codeifai Limited.

	Parent	
	2025 (\$)	2024 (\$)
Result of the parent entity		
Loss for the year	(4,589,742)	(3,298,054)
Total comprehensive income for the period	(4,589,742)	(3,298,054)
Financial position of the parent entity at year end		
Current assets	1,076,496	557,788
Non-current assets	4,359,698	10,921,604
Total assets	5,436,194	11,479,392
Current liabilities	4,627,952	3,160,499
Non-current liabilities	-	-
Total liabilities	4,627,952	3,160,499
Net assets	808,242	8,318,893
Total equity of the parent entity comprising of:		
Issued capital	97,697,526	93,697,093
Reserves	877,555	857,262
Accumulated losses	(98,415,081)	(86,235,462)
Total equity	808,242	8,318,893

Parent entity guarantees in respect of the debts of its subsidiaries

There have been no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Parent entity contingent liabilities

There were no contingent liabilities as at 31 December 2025 (2024: Nil).

Contractual commitments

There were no contractual commitments as at 31 December 2025 which is related to the parent entity (2024: Nil).



NOTE 28. INTEREST IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 6:

Name	Principal Place of Business / Country of Incorporation	Ownership Interest	
		2025 (%)	2024 (%)
YPB Limited	Hong Kong	100	100
YPB Technology (Beijing) Ltd	People's Republic of China	100	100
Product ID & Quality Systems (Beijing) Ltd	People's Republic of China	100	100
YPB Group (USA) Inc.	USA	100	100
YPB Intellectual Product Protection Inc.	USA	100	100
YPB Group International Co., Ltd	Thailand	100	100
YPB Group Co., Ltd	Thailand	100	100
nTouch Pty Ltd	Australia	100	100
YPB Product Development Pty Ltd	Australia	100	100

NOTE 29. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2025 (\$)	2024 (\$)
Loss after income tax for the year	(6,586,984)	(2,514,767)
Adjustments for:		
Foreign exchange differences	-	(1,162,827)
Depreciation and amortisation expense	6,923	8,039
Impairment of intangible assets	862,639	685,696
Non-cash finance costs	1,512,320	492,635
Equity-settled transactions	1,209,797	150,000
Other non-cash income	(203,385)	(200,000)
Change in operating assets and liabilities; net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and other receivables	218,748	(273,872)
Decrease/(increase) in other assets	19,750	(9,309)
(Increase)/decrease in inventories	(3,411)	37,759
Increase in trade and other payables	245,439	685,742
Net cash used in operating activities	(2,718,164)	(2,100,904)



NOTE 30. SUBSEQUENT EVENTS

The Company completed the acquisition of AntennaTransfer.io (to be rebranded QuantumAI Secure) on 16 February 2026.

A capital raising of \$1.1 million, before costs, was completed on 23 January 2026, with the placement of 144,736,842 shares at \$0.0076 per share, together with one free attaching option exercisable at \$0.02 and expiry date 3 years from date of issue. The options are subject to shareholder approval at a shareholder meeting to be held on 7 April 2026.

Other than as outlined above, no matter or circumstance has arisen since 31 December 2025 that has 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.

NOTE 31. EARNINGS PER SHARE

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax attributable to the owners of Codeifai Limited	(6,586,984)	(2,514,767)
	Number	Number
Weighted average number of ordinary shares used in calculating basic/diluted earnings per share	469,189,328	1,732,770,270
	Cents	Cents
Basic earnings/(loss) per share	(1.40)	(0.14)

There are 320,612,712 share options issued but not included in diluted earnings per share as these would have an antidilutive effect on earnings per share. These potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share.

NOTE 32. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

On 13 April 2023, The Carroll Circuit Court of Virginia issued a sealed judgement in favour of Codeifai Limited in the case against a former employee Mr Tim Merchant for breach of the Virginia Trade Practices Act and awarded damages of \$566,577 including \$37,628 legal fees. Recovery is being sought through the Commonwealth of Virginia. Negotiations are ongoing with Merchant and recovery is being pursued. The Group cannot reliably determine the probability of recovery of these damages as at the date of this report. As at the 31st December 2025, CDE had an outstanding legal dispute with a third party which was unresolved at the balance date, The potential liability was assessed at \$55,000 by our legal advisors as at that date.

Other than the above, the Group are not aware of any other contingent assets or liabilities as at 31 December 2025 (2024: Nil).



NOTE 33. RECONCILIATION TO PRELIMINARY FINAL REPORT

	2025
	\$
Loss after income tax for the year, per preliminary final report	(6,220,138)
Additional impairment of intangible assets ¹	(526,846)
Reduction in share based payment finance charges	(160,000)
Loss after income tax for the year	(6,586,984)

¹Given ongoing delays in the development of the MotifMicro product the Company has undertaken a further internal impairment assessment of this intangible asset recording a further impairment of \$526,846.

NOTE 34. COMPANY DETAILS

The registered office of the Company is:

Codeifai Limited
Level 5, 50 Clarence Street
Sydney NSW 2000
Australia

The principal places of business are:

101 True Digital Park, Griffin Building
5 Floor, Unit 502
Sukhumvit Road, Bangchak
Phrakhanong, Bangkok 10260
Thailand

1st floor, Building A2-3
No.14 Jiuxianqiao Road
Chaoyang District
Beijing
China



CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

Entity Name	Type of entity	% of Share Capital	Country of Incorporation	Australian resident or foreign resident	Countries of residence for tax purpose
Parent entity					
Codeifai Limited	Body corporate	N/A	Australia	Australia	Australia
Controlled Entities					
YPB Limited	Body corporate	100	Hong Kong	Foreign	Hong Kong
YPB Technology (Beijing) Ltd	Body corporate	100	People's Republic of China	Foreign	People's Republic of China
Product ID & Quality Systems (Beijing) Ltd	Body corporate	100	People's Republic of China	Foreign	People's Republic of China
YPB Group (USA) Inc.	Body corporate	100	USA	Foreign	USA
YPB Intellectual Product Protection Inc.	Body corporate	100	USA	Foreign	USA
YPB Group International Co., Ltd	Body corporate	100	Thailand	Foreign	Thailand
YPB Group Co., Ltd	Body corporate	100	Thailand	Foreign	Thailand
nTouch Pty Ltd	Body corporate	100	Australia	Australia	Australia
YPB Product Development Pty Ltd	Body corporate	100	Australia	Australia	Australia

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A) (vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency: The consolidated entity has applied current legislation and judicial precedent in the determination of foreign tax residency.



DIRECTORS' DECLARATION

1. In the opinion of the directors of Codeifai Limited (the "Company"):

a. the consolidated financial statements and notes that are set out on pages 19 to 52 are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer for the financial year ended 31 December 2025.

3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

4. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors:



John Houston

Director

Dated this 31st day of March 2026



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODEIFAI LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Codeifai Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Codeifai Limited is in accordance 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 year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities 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(i) in the financial report, which indicates that the Company incurred a net loss of \$6,586,984 during the year ended 31 December 2025 and, as of that date, the Company's current liabilities exceeded its current assets by \$2,987,459. As stated in Note 2(i), these events or conditions, along with other matters as set forth in Note 2(i), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Note in addition to the 'MURGC' raised above, for the matter below, our description of how our audit addressed the matter is provided in that context.

Impairment testing of intangible assets – Patent Licence Rights

Why significant

As at 31 December 2025 the carrying value of intangible assets - patent licence rights was \$3,787,144 (2024: \$5,005,796), as disclosed in Note 16. This represents 70% (2024: 80%) of total assets of the consolidated entity. The consolidated entity's accounting policy in respect of intangible assets is outlined in Note 6(l).

An annual assessment for impairment indicators for intangible assets is required under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. The development and commercialisation of the underlying technology (Motif Micro) is ongoing, which has increased the uncertainty of forecasted cash flows and delayed the crystallisation of revenue pipelines.

Management performed a valuation of the carrying value of the patent licence rights as at 31 December 2025. As a result, an impairment of the patent licence rights of \$862,639 was expensed in 2025 (2024: \$685,696).

The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining the key assumptions, which include:

- the period of cash flow forecasts included;
- terminal value growth factor; and
- discount rate.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- reviewing and challenging the business plan and budget management prepared for forecast cash inflows and outflows to be generated by Motif Micro from FY26 to FY30;
- assessing and challenging the growth rates used in the forecast models, including comparing the growth rate in the industry;
- testing, on a sample basis, the mathematical accuracy of the cash flow models;
- agreeing inputs in the cash flow models in the valuation report to relevant data including approved budgets and latest forecasts; and
- assessing the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 16(l).

Why significant

The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of intangible assets is an area of significant estimation and judgement.

How our audit addressed the key audit matter

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.]

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2025. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Codeifai Limited for the year ended 31 December 2025 complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the PKF firm, consisting of the letters "PKF" in a cursive, flowing script.

PKF BRISBANE AUDIT

A handwritten signature of Tim Follett, appearing as a series of sharp, angular strokes.

TIM FOLLETT
PARTNER

BRISBANE
31 March 2026

SHAREHOLDER INFORMATION

Distribution of holders

The number of holders and number of holdings by a range of holding sizes of the ordinary shares and options as at 20 March 2026 are detailed below:

HOLDING SIZE	Shares	
	NO. OF HOLDERS	NO. OF SHARES HELD
1 to 1,000	701	352,660
1,001 to 5,000	869	2,028,589
5,001 to 10,000	194	1,443,694
10,001 to 100,000	626	27,358,062
100,001 and over	515	939,738,645
	2,905	970,921,650

Number of holding less than a marketable parcel is 2,145.

Codeifai securities were consolidated on a 10:1 basis on 22 May 2025.

Substantial shareholders

The names of substantial shareholders listed in the Company's register as at 20 March 2026 are:

	NO. OF SHARES HELD	% HELD
J F Houston Holdings Pty Ltd	139,279,555	14.34
Credissential Inc	81,526,060	8.39
Oakley Capital Partners Pty Ltd	59,338,292	6.11

Voting rights

The voting rights attached to each class of equity security are as follows:

- Each ordinary share holder is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.



Options

Options as at 20 March 2026 are as follows:

	NUMBER	EXERCISE PRICE	EXPIRY DATE
	64,000	\$112.50	Dec 12, 2026
On-market buy back	64,000	\$137.50	Dec 12, 2026
	64,000	\$162.50	Dec 12, 2026
There is currently no on-market buy back.	64,000	\$87.50	Dec 12, 2026
	50,000,000	\$0.03	Jun 30, 2027
	800,000	\$0.15	Jul 3, 2026
	800,000	\$0.20	Jul 3, 2026
	800,000	\$0.25	Jul 3, 2026
	800,000	\$0.30	Jul 3, 2026
	75,000,000	\$0.03	Jun 6, 2028
	150,000	\$0.03	Jun 30, 2028
	20,000,000	\$0.05	Jan 16, 2026
	30,089,396	\$0.01	Jul 27, 2028
	24,417,316	\$0.03	8/2/2028
	58,675,000	\$0.04	30/12/2028
	58,825,000	\$0.04	30/12/2028
	320,612,712		

Top 20 Ordinary Shareholders as at 20 March 2026

	HOLDER NAME	SHARES HELD	% HELD
1	J F HOUSTON HOLDINGS PTY LTD	139,279,555	14.35
2	CREDISSENTIAL INC	81,526,060	8.4
3	OAKLEY CAPITAL PARTNERS PTY LIMITED	59,338,292	6.11
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	48,426,413	4.99
5	TROPICAL INVESTMENTS WA PTY LTD	32,555,555	3.35
6	PHILLIP STREET HOLDINGS PTY LTD <PHILLIP STREET A/C>	28,059,210	2.89
7	PACIFIC CONTINENTAL HOLDINGS PTY LTD <THE PACIFIC CONTINENTAL A/C>	28,059,210	2.89
8	PHEAKES PTY LTD <SENATE A/C>	26,315,790	2.71
9	THE BIMM CORPORATION PTY LTD	25,123,656	2.59
10	RIYA INVESTMENTS PTY LTD	16,000,000	1.65
11	CITICORP NOMINEES PTY LIMITE	14,589,009	1.5
12	FIRST INVESTMENT PARTNERS PTY LTD	14,000,000	1.44
13	MR PETER CHRISTOPHER WALL & MRS TANYA-LEE WALL <WALL FAMILY SUPER A/C>	13,157,895	1.36
14	JAINDI INVESTMENTS PTY LTD	13,157,895	1.36
15	DOLPHIN CORPORATE INVESTMENTS PTY LTD	13,000,000	1.34
16	MR MARTIN ROSS	9,404,754	0.97
17	N K C PTY LTD	9,030,946	0.93
18	MS KATHLEEN HAN	9,000,000	0.93
19	SCINTILLA STRATEGIC INVESTMENTS LIMITED	8,328,376	0.86
20	MASAWA INTERNATIONAL PTY LTD	7,250,000	0.75
		595,602,616	61.34
		970,921,650	100



CORPORATE INFORMATION

DIRECTORS

John Houston
Su (George) Su
Colin Turner

Executive Chairman
Non-Executive Independent Director
Non-Executive Independent Director

COMPANY SECRETARY

Guy Robertson

REGISTERED OFFICE

Suite 506
50 Clarence Street
Sydney NSW 2000

ABN 68 108 649 421
Telephone +66 21148173

SHARE REGISTRY

Boardroom Pty Limited
Level 8, 210 George Street
Sydney, NSW 2000

Telephone 1300 737 760
Facsimile 1300 653 459
Email enquiries@boardroomlimited.com.au
Website www.boardroomlimited.com.au

AUDITORS

PKF Brisbane
Level 2, 66 Eagle Street
Brisbane, QLD 4000

Telephone +61 (7) 3839 9733
Facsimile +61 (7) 3832 1407

STOCK EXCHANGE LISTING

The shares of Codeifai Limited are listed on the Australia Stock Exchange.

ASX Code: CDE
Website www.asx.com.au



