FortifAI Limited (ASX: FTI)

ABN 39 627 145 260

Appendix 4E
Year Ended 30 June 2026

Contents

FortifAI Limited
Appendix 4E
Preliminary final report

Company details

Name of entity:	FortifAI Limited (ASX:FTI)
ABN:	39 627 145 260
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025

Results for announcement to the market

				$
Revenues from ordinary activities	down	56.5%	to	1,883,447
Loss from ordinary activities after tax attributable to the owners of FortifAI Limited	up	343.6%	to	(8,828,817)
Loss for the year attributable to the owners of FortifAI Limited	up	343.6%	to	(8,828,817)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $8,828,817 (30 June 2025: $1,990,482).

Financial and Operational Results

The Group presents its preliminary results for financial year ended 30 June 2026. The results reflect the Group's continuing focus to develop and commercialise its business units efficiently.

During the financial year, the Company acquired the Nol8 Technology via the acquisition of 100% of the issued capital of FastAI Pty Ltd ("FastAI"). The Nol8 Technology is data infrastructure that enables enterprises to trust what AI agents do with their data. Nol8's core innovation is a neural network-based data processing algorithm accelerated by high-performance hardware.

On 28 July 2026 the Nol8 AI Data Plane Version 1.0 was launched as a foundation for live testing and proof-of-concept work. While Version 1.0 is not for commercial use, it enabled partners and potential customers to begin assessment. This early industry engagement is valuable to validate product design and capability ahead of commercial usage.

On 29 July 2026 Nol8 announced it had joined the Megaport AI Exchange, a marketplace that simplifies how Megaport customers will be able to access Nol8. On 2 August 2026 Nol8 announced the results of a multi-continent test across Megaport private connections, demonstrating the combined value of the two companies' offerings.

Early industry engagement will continue with partners and customers leading up to Nol8 Version 2.0, the commercial-ready version, which is anticipated near the end of this calendar year.

During the financial year, the Company focused on the integration and growth of the Nol8 team including expansion in USA with the appointment of Kelly Herrell as CEO and Jamie Pope as CSO. These key executive appointments further validate the market opportunity for Nol8 and bring critical industry and execution skills to the team.

FTI formed a Board of Advisors with the appointment of inaugural members David Walker and Tim Edwards bringing deep industry and commercialisation experience. This was complemented with the appointment of leading global sales executive, Jason Forget and a leading AI product expert, Priya Shivakumar, subsequent to period end.

The MKL Studio continues to undertake business development activity, and the team delivered new and existing contracts during the financial year. The royalty and contract cash receipts were lower than the previous period in an increasingly competitive market. The team continues to pursue new revenue opportunities across work-for-hire development as existing contracts approach completion while also building games internally targeting launch in late 2026.

During the year, the Group reported game revenue of $1.9m, down 56% from the previous year (2025: $4.31m). This game revenue plus other income delivered total income of $2.3m. This total income reflected the Group's diminishing revenues and rebates from the MKL Studio. During the financial year, operational costs increased following the acquisition of the Nol8 Technology and its ongoing development and integration costs.

FTI raised a further $20M to support growing interest in Nol8 Technology and the FTI Group. FTI completed a $5M strategic placement (before costs) at $0.30 per share on 27 February 2026 and a further strategic placement raised $15M (before costs) at $0.715 per share, completing on 7 May 2026. These strategic placements are the result of strong institutional demand and secures funding to accelerate technology, marketing and business development of Nol8 Technology, support business development programs for existing assets, strengthen commercial initiatives and provide general working capital.

Financial

- Revenue of $1.9m representing a 56% decline over the previous financial year for the MKL Studio.
- Total income of $2.3m including other income associated with research and development incentives, Digital Games Tax Offset and other grants for the MKL Studio during the period.
- Employee benefits expense reduced by 42% to $3.5m (2025: $5.9m), reflecting significant operational efficiencies and rightsizing of the business even following the integration of an expanding Nol8 team.
- Total loss after income tax of $8.8m is an increase of 344% compared to the prior year reflecting increased investment in technology development.

Loss After Income Tax

- Total loss after income tax was $8.8m, an increase of 344% compared to the previous financial year.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year.

(a) Consolidation of capital

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

Capital Structure Post 5:1 Consolidation	ASX Code	Securities on Issue
Ordinary Fully Paid Shares	FTI (MKL)	146,687,862
Options Expiring 14-Jun-29 Ex $1.125	FTIAM (MKLAM)	3,000,000
Options Expiring 19-Nov-25 Ex $11.25	FTIAG (MKLAG)	29,797
Options Expiring 14-Jun-29 Ex $1.125	FTIAE (MKLAE)	136,722
Options Expiring 19-Dec-25 Ex $2.625	FTIAH (MKLAH)	160,002
Options Expiring 31-Dec-25 Ex $3.0	FTIAJ (MKLAJ)	96,001
Options Expiring 16-Feb-26 Ex $11.25	FTIAF (MKLAF)	62,394
Options Expiring 19-Aug-2025 Ex $0.30	FTIAK (MKLAK)	200,001
Options Expiring 14-Jun-29 Ex $0.45	FTIAL (MKLAL)	266,668
Options Expiring 19-Aug-29 Ex $0.45	FTIAN (MKLAN)	4,666,667
Options Expiring 27-Jun-30 Ex $0.05	FTIAQ (MKLAQ)	50,000,000
Total options outstanding post-consolidation		**58,618,252**

(b) ASX Code and Name Change

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

(c) Completion of Acquisition of NoI8

On 2 February 2026, the Company completed the acquisition of 100% of the issued share capital of FastAI Pty Ltd, which holds rights to the NoI8 "data infrastructure" technology through its wholly owned Israeli subsidiary, Noleight Ltd (formerly Celerriem Ltd).

Consideration for the acquisition comprised the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights, in accordance with the Share Sale Agreement.

The acquisition has been accounted for as an asset acquisition under Australian Accounting Standards, with substantially all of the consideration allocated to the NoI8 Technology Licence and associated intellectual property acquired through FastAI and Noleight Ltd.

As part of the transaction, Mr Yosef Keret was appointed as a director of the Company and continued in his role as Chief Executive Officer of Noleight Ltd (formerly Celerriem Ltd).

Further details of the acquisition and the accounting treatment adopted are set out in Note 10.

(d) Capital raising

On 27 February 2026, the Company issued 16,666,667 shares following the completion of a strategic placement to raise $5,000,000 (before costs).

On 7 May 2026, the Company issued 20,979,021 shares following the completion of a further strategic placement to raise $15,000,000 (before costs).

(e) Director Changes

- On 2 February 2026 Yosef Keret was appointed as a Non-Executive Director following the completion of the FastAI acquisition.
- On 6 March 2026, Executive Director Andrew (Scott) Cole stepped down as Executive Director.
- On 6 March 2026, Sonu Cheema was appointed as Non-Executive Director.
- On 26 June 2026, Non-Executive Director Duncan Gordan stepped down as Non-Executive Director.

(f) Senior Management Changes

- On 1 June 2026 Kelly Herrell was appointed as Chief Executive Officer.
- On 29 June 2026 Boris Levin was appointed as Vice President of Finance for FTI Group.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Subsequent to the reporting date, on 8 July 2026, 1,400,000 unlisted options with an exercise price of $0.05, expiring 27 June 2030 have been converted into fully paid ordinary shares, raising $70,000 in additional capital.

On 27 July 2026, the Company announced the addition of Jason Forget to its Advisory Board, joining previously announced members David Walker and Tim Edwards, as the Company continues to build out its NoI8 team and product ahead of commercial release.

On 27 July 2026, the Company announced a change to the terms of the engagement between its Director, Yosef Keret, and its wholly owned subsidiary Noleight Ltd. Mr Keret is now engaged in a consulting capacity by Noleight Ltd effective 1 August 2026. The remuneration for services is a monthly cash fee of NIS 40,000 plus Value Added Tax (VAT). The initial term is at least three months or the release of version 2 of the NoI8 platform subject to extension by mutual written agreement. The agreement includes standard market provisions in relation to termination, confidentiality, and non-compete clauses. Mr Keret remains a Director of FTI and Noleight Ltd.

Following shareholder approval at the Company's General meeting held on 7 August 2026, the following were approved:

- 24,632,677 Performance Rights to be issued to Kelly Herrell (or his nominee(s));
- 14,224,803 Performance Rights to be issued to Jamie Pope (or his nominee(s));
- 2,000,000 Performance Rights to be issued to Shannon Robinson (or her nominee(s)); and
- Approval was given to enable the Company to issue Equity Incentives under the employee incentive scheme titled "Equity Incentive Plan".

On 1 July 2026, Rise Games Pty Ltd and Mighty Kingdom IP Pty Ltd were deregistered.

On 16 July 2026, FastAI Pty Ltd incorporated a wholly owned subsidiary in USA, NoI8 USA Inc.

On 24 August 2026, the Company announced the appointment of Priya Shivakumar to the Advisory Board.

Forward Strategy and Outlook

The FTI Group is well positioned for FY27 following the acquisition and integration of the Nol8 Technology. The Group has expanded with the growth of its executive team in USA and technical team in Israel. In addition, an experienced Advisory Board has been appointed to provide the executive team with guidance on customer engagement, technology development, go-to-market strategy, market trends and alignment of company strategy with business objectives as Nol8 moves towards commercial launch.

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

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	5.94	0.61

Control gained over entities

Name of entities (or group of entities)	FastAI Pty Ltd and Noleight Ltd
Date control gained	2 February 2026

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(5,834,095)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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Foreign entities

The foreign subsidiary's financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Audit of accounts

This report is based on the Consolidated Financial Statements and Notes of FortifAI Limited which are in the process of being audited by Grant Thornton Audit Pty Ltd. The audited financial statements and independent auditor's report are expected to be released by 30 September 2026.

Other information requiring disclosure to comply with ASX listing rule 4.3A is contained in and should be read in conjunction with the unaudited preliminary financial report of FortifAI Limited for the year ended 30 June 2026 attached to this report.

This release is approved by the Board of FortifAI Limited.

Signed on behalf of the Board of FortifAI Limited

Shannon Robinson
Chair
Date: 31 August 2026

FortifAI Limited (ASX: FTI)

ABN 39 627 145 260

UNAUDITED PRELIMINARY FINANCIAL REPORT
Year Ended 30 June 2026

FortifAI Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue	1	1,883,447	4,327,710
Other income	2	411,896	1,968,546
Finance income		152,265	23,988
Expenses			
Employee benefits expenses	3	(3,450,804)	(5,958,116)
Share-based payment expense	8	(5,248,119)	(40,000)
Research and development		(339,034)	(630,989)
Depreciation and amortisation		(53,372)	(62,711)
Professional and consultancy fees		(847,267)	(341,965)
Legal fees		(141,955)	(87,523)
Administrative expenses		(1,150,116)	(1,009,664)
Finance expenses		(10,591)	(145,868)
Other expenses		(35,167)	(33,890)
Loss before income tax expense		(8,828,817)	(1,990,482)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of FortifAI Limited		(8,828,817)	(1,990,482)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange gain / (loss) on translation of foreign operations		(93,932)	-
Other comprehensive income for the year, net of tax		(93,932)	-
Total comprehensive income for the year attributable to the owners of FortifAI Limited		(8,922,749)	(1,990,482)
		Cents	**Cents**
Basic earnings per share		(4.02)	(3.77)
Diluted earnings per share		(4.02)	(3.77)

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

FortifAI Limited
Statement of financial position
As at 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Assets			
Current assets			
Cash and cash equivalents	4	20,354,520	3,034,930
Trade and other receivables		1,548,352	2,649,753
Contract assets and liabilities		-	9,607
Prepayments		132,104	77,779
Other		-	454
Total current assets		22,034,976	5,772,523
Non-current assets			
Receivables		119,672	-
Property, plant and equipment		68,095	41,059
Right-of-use assets	5	604,090	-
Intangibles	6,10	61,543,188	-
Total non-current assets		62,335,045	41,059
Total assets		84,370,021	5,813,582
Liabilities			
Current liabilities			
Trade and other payables		1,382,922	981,187
Lease liabilities		197,222	-
Provisions		386,409	288,434
Total current liabilities		1,966,553	1,269,621
Non-current liabilities			
Lease liabilities		407,051	-
Provisions		57,611	45,809
Total non-current liabilities		464,662	45,809
Total liabilities		2,431,215	1,315,430
Net assets		81,938,806	4,498,152
Equity			
Issued capital	7	95,661,870	41,191,341
Reserves	8	37,883,087	6,084,145
Accumulated losses		(51,606,151)	(42,777,334)
Total equity		81,938,806	4,498,152

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

FortifAI Limited
Statement of changes in equity
For the year ended 30 June 2026

Consolidated	**Share capital $**	**Share-based payment reserve $**	**Foreign Currency Translation Reserve $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2024	40,428,489	3,288,194	-	(40,786,852)	2,929,831
Loss after income tax expense for the year	-	-	-	(1,990,482)	(1,990,482)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,990,482)	(1,990,482)
Transactions with owners in their capacity as owners:					
Proceeds from issue of ordinary shares	3,964,415	-	-	-	3,964,415
Transaction costs, net of tax	(405,857)	-	-	-	(405,857)
Share-based payments	(2,795,706)	2,795,706	-	-	-
Option registration fees	-	245	-	-	245
Balance at 30 June 2025	41,191,341	6,084,145	-	(42,777,334)	4,498,152

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

FortifAI Limited
Statement of changes in equity
For the year ended 30 June 2026

Consolidated	Share capital $	Share-based payment reserve $	Foreign Currency Translation Reserve $	Retained profits $	Total equity $
Balance at 1 July 2025	41,191,341	6,084,145	-	(42,777,334)	4,498,152
Loss after income tax expense for the year	-	-	-	(8,828,817)	(8,828,817)
Other comprehensive income for the year, net of tax	-	-	(93,932)	-	(93,932)
Total comprehensive income for the year	-	-	(93,932)	(8,828,817)	(8,922,749)
Transactions with owners in their capacity as owners:					
Proceeds from issue of ordinary shares	56,605,138	-	-	-	56,605,138
Share-based payments (see Note 8)	33,000	31,891,859	-	-	31,924,859
Transaction costs, net of tax	(2,167,609)	-	-	-	(2,167,609)
Option registration fees	-	1,015	-	-	1,015
Balance at 30 June 2026	95,661,870	37,977,019	(93,932)	(51,606,151)	81,938,806

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

FortifAI Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,350,367	3,980,920
Payments to suppliers and employees (inclusive of GST)		(5,821,940)	(9,803,895)
Research and development incentive		802,335	645,485
Other government grant income		702,263	1,514,530
Other expense		(112,962)	-
Interest received		152,265	23,988
Interest and other finance costs paid		(10,992)	(145,868)
Net cash used in operating activities		(1,938,664)	(3,784,840)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		43,090	-
Payments for property, plant and equipment		(33,418)	(4,070)
Payments for other non-current assets		(119,672)	-
Proceeds from disposal of property, plant and equipment		901	-
Net cash used in investing activities		(109,099)	(4,070)
Cash flows from financing activities			
Proceeds from issue of shares	7	19,735,077	3,924,661
Share issue transaction costs		(277,891)	(405,857)
Proceeds from borrowings		-	565,000
Repayment of borrowings		(75,000)	(626,600)
Repayment of lease liabilities		(29,183)	-
Net cash from financing activities		19,353,003	3,457,204
Net increase/(decrease) in cash and cash equivalents		17,305,240	(331,706)
Cash and cash equivalents at the beginning of the financial year		3,034,930	3,366,636
Effects of exchange rate changes on cash and cash equivalents		14,350	-
Cash and cash equivalents at the end of the financial year	4	20,354,520	3,034,930

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

Note 1. Revenue

	Consolidated	
	2026	**2025**
	$	**$**
External IP - Contract Income	1,116,362	2,916,724
External IP - Royalty Income	767,085	1,410,986
Revenue	1,883,447	4,327,710

Note 2. Other income

	Consolidated	
	2026	**2025**
	$	**$**
Government grant income		
- SA video game development grant	71,827	297,914
- Digital games tax offset	189,847	797,375
Research and development incentive	150,222	847,106
Other income	-	26,151
	411,896	1,968,546

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

The Digital Games Tax Offset (DGTO) is a refundable tax offset which allows eligible Australian companies that develop digital games to claim a percentage of their qualifying costs as a tax offset or tax refund.

The Research and Development tax incentive is a government program that aims to stimulate Australian investment in research and development ("R&D"). The tax incentive reduces R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

Note 3. Employee benefits expenses

	Consolidated	
	2026	**2025**
	$	**$**
Wages and salaries	2,810,321	5,638,288
Contributions to defined contribution superannuation funds	198,248	541,385
Annual and long service leave expense	105,925	(452,199)
Payroll tax expense	71,843	224,815
Other employee benefits	264,467	5,827
	3,450,804	5,958,116

Note 4. Cash and cash equivalents

	Consolidated	
	2026	**2025**
	$	**$**
Cash and cash equivalents consist of the following:		
Cash at bank and in hand:		
- Held in Australian Dollars	18,795,763	2,885,043
- Held in United States Dollars	13,184	149,887
- Held in New Israeli Shekels	1,545,573	-
	20,354,520	3,034,930

Note 5. Right-of-use assets

	Consolidated	
	2026	**2025**
	$	**$**
Right-of-use assets - Motor vehicles	133,297	-
Less: Accumulated depreciation	(14,850)	-
	118,447	-
Right-of-use assets - Parking	44,848	-
Less: Accumulated depreciation	(645)	-
	44,203	-
Right-of-use assets - Rental	447,884	-
Less: Accumulated depreciation	(6,444)	-
	441,440	-
	604,090	-

Noleight Ltd leases office premises and motor vehicles under non-cancellable lease agreements. The office premises lease has a term of one to two years, while motor vehicle leases have terms of up to three years. Lease contracts may include extension and termination options, which are considered in determining the lease term where the exercise of such options is reasonably certain.

Note 5. Right-of-use assets (continued)

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

Consolidated	Motor Vehicle $	Rental $	Parking $	Total $
Balance at 1 July 2024	-	-	-	-
Balance at 30 June 2025	-	-	-	-
Additions	133,297	447,884	44,848	626,029
Foreign exchange movement on accumulated depreciation	(527)	(198)	-	(725)
Depreciation expense recognised in profit or loss	(14,323)	(6,246)	(645)	(21,214)
Balance at 30 June 2026	118,447	441,440	44,203	604,090

Note 6. Intangibles

	Consolidated 2026 $	2025 $
Intellectual property - at cost (Note 10)	61,543,188	-

Note 7. Issued capital

	Consolidated 2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	343,103,550	733,437,304	95,661,870	41,191,341

Note 7. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	**1 July 2024**	**3,215,943,034**		**40,428,490**
Issue of securities	21 Aug 2024	25,000,000	$0.003	75,000
Share consolidation (5:1)		(3,024,879,626)	$0.000	-
Issue of Securities (Institutional Entitlement Offer)	15 Apr 2025	51,972,261	$0.005	259,861
Issue of Securities (Placement)	15 Apr 2025	32,408,663	$0.005	162,043
Issue of Securities (Placement)	15 Apr 2025	21,606,220	$0.005	108,031
Issue of Securities (Retail Entitlement Offer & Placement)	06 May 2025	43,003,980	$0.005	215,020
Issue of Securities (Retail Entitlement Offer & Placement Shortfall)	09 May 2025	67,737,983	$0.005	338,690
Issue of Securities (Retail Entitlement Offer & Placement Shortfall)	13 May 2025	53,349,184	$0.005	266,746
Issue of Securities (Joint Lead Manager)	16 Jun 2025	22,204,696	$0.005	111,023
Issue of Securities (Employee)	16 Jun 2025	8,000,000	$0.005	40,000
Issue of Securities (Additional Placement)	27 Jun 2025	209,090,909	$0.011	2,300,000
Issue of Securities (Joint Lead Manager)	27 Jun 2025	8,000,000	$0.011	88,000
Transaction costs				(3,201,563)
Balance	**30 June 2025**	**733,437,304**		**41,191,341**
Issue of Securities (Additional Placement FY25)	01 Jul 2025	-	$0.000	2,638
Share consolidation (5:1)[i]	23 Jul 2025	(586,749,442)	$0.000	-
Issue of Securities (Directors)[ii]	31 Oct 2025	1,320,000	$0.025	33,000
Issue of Securities (Acquisition)[iii]	02 Feb 2026	155,000,000	$0.230	35,650,000
Issue of Securities (Placement)[iv]	27 Feb 2026	17,666,667	$0.300	5,300,000
Issue of Securities (Placement)[v]	07 May 2026	20,979,021	$0.715	15,000,000
Issue of Securities (Exercise of Options)[vi]	29 May 2026	1,450,000	$0.450	652,500
Transaction costs				(2,167,609)
Balance	**30 June 2026**	**343,103,550**		**95,661,870**

Note 7. Issued capital (continued)

(i) On 23 July 2025, the Group completed a 5:1 consolidation where every (5) fully paid ordinary shares were consolidated into (1) fully paid ordinary share. This consolidation was approved by shareholders at the Extraordinary General Meeting held on 20 June 2025.

(ii) On 31 October 2025, the Company issued a total of 1,320,000 ordinary Shares to Directors, following Shareholder approval obtained at the Company's AGM on 30 October 2025.

At the time of Ms Robinson's appointment, it was agreed that Shareholder approval would be sought for a portion of her remuneration for the first 12 months of service to be satisfied by the issue of 800,000 Shares at a deemed issue price of $0.025 per Share.

At the time of Mr Cole's appointment, it was agreed that Shareholder approval would be sought for a portion of his remuneration for the first 12 months of service to be satisfied by the issue of 520,000 Shares at a deemed issue price of $0.025 per Share.

(iii) On 2 February 2026, the Company issued 155,000,000 new fully paid ordinary shares at an issue price of $0.23 following the completion of the acquisition of 100% of the issued capital of FastAI Pty Ltd which holds rights to the NoI8 "data infrastructure" technology through its wholly owned Israeli subsidiary, Celerriem Ltd, now Noleight Ltd. The acquisition was announced on 15 December 2025 and approved by shareholders at the meeting held on 21 January 2026.

(iv) On 27 February 2026, the Company issued 16,666,667 new fully paid ordinary shares at an issue price of $0.30 following the completion of a Strategic Placement to raise $5,000,000 (before costs) announced on 20 February 2026. A further 1,000,000 shares were issued to Joint Lead Manager in lieu of advisor fees.

(v) On 7 May 2026, the Company issued 20,979,021 new fully paid ordinary shares at an issue price of $0.715 following the completion of a Strategic Placement to raise $15,000,000 announced on 28 April 2026.

(vi) On 29 May 2026, the Company issued 1,450,000 new fully paid ordinary shares following the exercise of unlisted options. These options had an expiry date of 19 August 2029 and are exercisable at $0.45 each.

Note 8. Reserves

	Consolidated	
	2026	2025
	$	$
Foreign currency translation reserve	(93,932)	-
Share-based payment reserve	37,977,019	6,084,145
	37,883,087	6,084,145

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 8. Reserves (continued)

Share-based payments reserve
The 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.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	FCTR $	Share-based payments $	Total $
Balance at 1 July 2024	-	3,288,194	3,288,194
Share-based payments expense recognised in Statement of Profit or Loss	-	40,000	40,000
Share based payment expense recognised in equity	-	2,755,706	2,755,706
Option registration fees	-	245	245
Balance at 30 June 2025	-	6,084,145	6,084,145
Foreign currency translation	(93,932)	-	(93,932)
Share-based payments expense recognised in Statement of Profit or Loss	-	5,215,119	5,215,119
Share based payment expense capitalised for Asset Acquisition (note 10)	-	25,875,000	25,875,000
Share based payment expense recognised in equity	-	801,740	801,740
Option registration fees	-	1,015	1,015
Balance at 30 June 2026	(93,932)	37,977,019	37,883,087

Note 9. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 10. Acquisition of FastAI

On 2 February 2026, the Group acquired 100% of the issued share capital of FastAI Pty Ltd ("FastAI") in consideration for the issue of 155,000,000 fully paid ordinary shares and 150,000,000 performance rights. FastAI is the sole shareholder of NoIeight Ltd a company incorporated in Israel, which holds the license to use the technology known as “NoI8 - Next Generation Binary Search Technology” and its associated intellectual property granted by the Technion Research and Development Foundation (TRDF).

The Group has determined that the acquisition of FastAI does not represent a business combination in accordance with AASB 3 *Business Combinations*. As such the acquisition has been accounted for as an asset acquisition and accordingly the cost of acquisition has been allocated to the identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Additionally, no deferred tax will arise due to the initial recognition exemption for deferred tax under AASB 112 Income Taxes.

Note 10. Acquisition of FastAI (continued)

The consideration transferred, including directly attributable acquisition costs, was allocated to the identifiable assets and liabilities acquired as follows:

	Fair value $
Cash and cash equivalents	234,024
Other current assets	53,920
Intellectual property (Note 6)	61,543,188
Other liabilities	(224,757)
Acquisition-date fair value of the total consideration transferred	63,606,375
Representing:	
FortifAI Ltd's shares issued to vendor (share price of $ 0.23 cents on 2 February 2026)	35,650,000
FortifAI Ltd's performance rights issued to vendor *	25,875,000
Acquisition related costs	81,375
	63,606,375

No goodwill was recognised as a result of the transaction because the acquisition was accounted for as an asset acquisition.

*As part of the consideration for the acquisition of FastAI, the Company agreed to issue 150,000,000 Performance Rights to certain vendors of FastAI, comprising:

50,000,000 Class C Performance Rights;
50,000,000 Class D Performance Rights; and
50,000,000 Class E Performance Rights.

The Performance Rights vest upon achievement of the following milestones:

Class C Performance Rights
Independent verification and public demonstration of more than three times data-per-dollar performance relative to industry-standard CPU pattern matching on production-scale streams within nine months of issue.

Class D Performance Rights
Independent verification and delivery of a minimum viable product (MVP) for streaming data validation that outperforms industry-standard CPU solutions within 12 months of issue.

Class E Performance Rights
FTI entering into at least two binding design partnership agreements to advance the technology within 18 months of issue.

The Performance Rights expire if the applicable vesting conditions are not satisfied within the prescribed period, being 12 months, 18 months and 24 months after issue for Classes C, D and E respectively.

Note 10. Acquisition of FastAI (continued)

The Performance Rights were valued by reference to the acquisition-date fair value of the underlying equity instruments. In determining the total fair value of the performance rights, management considered the probability of achieving the relevant performance milestones and the expected number of performance rights expected to vest.

Based on this assessment, a fair value of $ 25,875,000 was attributed to the Performance Rights at the acquisition date.

The assessment of the recoverability of the Group's intangible assets remains ongoing.

Note 11. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

		Ownership interest	
	Principal place of business /	**2026**	**2025**
Name	**Country of incorporation**	**%**	**%**
FastAI Pty Ltd[1]	Australia	100.00%	-
Noleight Ltd[1]	Israel	100.00%	-
Mighty Kingdom Games Pty Ltd	Australia	100.00%	100.00%
Mighty Kingdom Services Pty Ltd	Australia	100.00%	100.00%
Mighty Kingdom IP Pty Ltd[2]	Australia	100.00%	100.00%
Rise Games Pty Ltd[2]	Australia	100.00%	100.00%

[1]Acquired on 2 February 2026
[2]Deregistered on 1 July 2026