

## archTIS June 2025 Quarterly Report

*Strategic Global Defence expansion supported by continued  
ARR and Revenue Growth*

archTIS Limited (ASX:AR9, OTCQB:ARHLF, archTIS or the Company), a global provider of data-centric software solutions for the secure collaboration of sensitive information, is pleased to provide an update with its Quarterly Activities Report and Appendix 4C Cash Flow Report for the quarter ended 30 June 2025 (“Quarter”, “Reporting Period” or “Prior Quarter” (PQ) or “Prior Corresponding Period” (PCP)).

### Highlights

- Annual recurring revenue (ARR) of \$4.8M, up 17% on PCP.
- Revenue of \$1.9M, a 24% improvement on PCP, includes:
  - Licensing \$1.3M
  - Services and equipment \$0.6M
- Gross margin increased to 81%, Operating expenses increased to \$1.9M, 11% on PCP.
- Cash from operating activities of \$1.4M with \$4.9M total funding available at quarter-end.
- Subsequent to quarter-end, the Company completed a capital raise of \$7.5M, leaving pro-forma cash and cash equivalents of \$10.24M.
- Customer wins during the Quarter included the U.S. Department of Defense, a U.K. based subsidiary of a global aerospace and defence industry leader, the Company’s first sale in Japan for its newly launched TDI platform, and the renewal of a \$1.3 million subscription with the Australian Department of Defence.

**Daniel Lai, Managing Director and CEO of archTIS, stated,** *“This quarter marked a pivotal turning point, highlighting a period of strong strategic progress and a fundamental shift in the Company’s trajectory toward becoming a global leader in data-centric security. Major milestones were achieved across three key coalition defence markets in the U.S., U.K., and Japan, reinforcing the Company’s growing international presence and trust among allied industries. These recent awards serve as validation of our product capabilities within highly sensitive global defence environments. This validation, combined with the resulting “network selling effect,” is opening critical new pathways to expand our global footprint and become the most trusted global provider of data-centric security solutions to the defence sector.”*

## Quarterly Financial Summary (unaudited)

archTIS continued to grow its high-margin recurring revenue base, with Annual Recurring Revenue (ARR) reaching \$4.8M, up 17% year-over-year. This growth reflects ongoing momentum in new customer acquisition, account expansion, and strong retention supported by low customer churn.

Total revenue for the Quarter was \$1.9M, comprising \$1.3M from licensing and \$0.6M from services and equipment, representing a 24% improvement over the prior corresponding period (PCP). The increase in licensing revenue drove a strong gross margin of 81%, reflecting the Company's strategic shift away from lower-margin services, equipment, and third-party software in favour of its own high-value, proprietary licensing solutions.

Operating expenses increased 11% to \$1.9 million, primarily due to the expansion of headcount and travel to support the Company's international growth. Management expects future operating cost increases to remain closely aligned with revenue-generating opportunities.

The Company delivered \$1.4M in positive operating cash flow and ended the Quarter in a strong financial position with \$4.9M in available funds.

Subsequent to quarter-end, archTIS raised \$7.5M (before costs) through the issuance of 50,000,000 fully paid ordinary shares at \$0.15 per share. The raise was well-supported by both new and existing institutional investors as well as key company executives, bringing pro-forma cash and cash equivalents to \$10.24M.

## Continued Customer Wins and Expansions

### Major Milestone in Sale of NC Protect to U.S. Department of Defense

On [16 June 2025](#), archTIS announced that it had achieved a major milestone with the sale of its NC Protect product to a prime contractor servicing the U.S. Department of Defense (DoD). Following several months of a period for evaluation and validation by a prime contractor serving the U.S. DoD, archTIS was awarded an initial contract for 1,000 user licences of its NC Protect product – a data-centric security product that protects highly sensitive data while facilitating collaboration across Microsoft's 365, SharePoint, and other environments.

The contract was announced at a value of \$38,500 for an initial six-month term with procurement managed by Copper River Technologies, an archTIS partner and federal contract holder. It enables the contractor to begin live production-level deployment across the Microsoft DoD365 cloud environments as part of the U.S. warfighter network. However, the initial engagement is a precursor to the potential deployment across over 150,000 user licences as part of a broader roll-out across the U.S. warfighter network.

## Initial Contract Win with Major U.K. Aerospace and Defence Business

On [18 June 2025](#), archTIS announced that it had entered an initial 3-year contract for its NC Protect product with the U.K. division of a global aerospace and defence conglomerate. The three-year agreement with the multinational defence corporation, also for archTIS' NC Protect product, was announced with an initial contract value of \$263,185 for the first 400 user licences. This initial agreement will assist the customer's global cloud migration to a Microsoft 365 environment. The implementation is expected to serve as a reference model for potential deployment across the client's workforce of over 100,000 users in its broader global business.

## Contract Secured for Trusted Data Integration (TDI) Platform

On [1 April 2025](#), archTIS announced that it had secured the first sale for its archTIS Trusted Data Integration (TDI) platform in Japan. The completed contract with the Japanese multinational IT and electronics corporation was valued at \$390,000 annually, consisting of an annual licence for the organisation to trial the product. The customer will deploy and trial TDI to assess it for broader use in building secure data services for its customers operating in heavily regulated industries, which includes the Japan Ministry of Defence.

The sale represents two key strategic achievements for archTIS: the Company's first commercial transaction involving the recently acquired Direktiv (March 2025), and the Company's initial entry into Japan, a major QUAD alliance partner and a market with significant demand for data security solutions. This transaction was introduced through Microsoft's Defense and Intelligence team, underscoring the strength of our strategic partnerships.

## \$1.3M Annual Subscription Licence with the Australian Department of Defence

On [9 April 2025](#), the Company announced that it had secured a \$1.3 million annual software subscription renewal with Australia's Department of Defence. archTIS announced that it had executed a sole-source contract for the renewal of a subscription for its Kojensi software solution – the Company's government-accredited platform, which uses a multi-level security (MLS) environment for the secure access, sharing, and collaboration on sensitive and classified information. The contract renewal was valued at \$1,312,974. It included a 75% increase in the volume of user licences in the agreement, moving up from the prior period, representing the Australian Government's ongoing confidence in archTIS' products for protecting its national security and defence-related data.

## Strong Customer Retention and Expansion

Overall customer churn remains low on an annual basis, with net revenue retention (NRR) exceeding 115%, underscoring strong future revenue growth driven by effective cross-sell and upsell expansion within the existing customer base.

## Corporate Summary

### Successful Capital Raise

On 1 July 2025, archTIS successfully completed a capital raise of \$7.5 million (before costs). The raise was supported by new and existing institutional and sophisticated investors and is aimed at supporting the growth of international operations, advancing strategic partnerships, and product development.

### Awards

The Company was named a finalist in the 2025 Australian Defence Industry Awards for Cyber Business of the Year.

**Kurt A. Mueffelman, Global COO and US President of archTIS, stated:** *"We closed FY25 with strong momentum across new customer acquisitions, key contract renewals, and product innovation that sets the foundation for accelerated revenue growth as we focus on our expansion. This momentum enables us to scale into international markets, expand our strategic alliances and partnerships, and continue to deliver innovative, zero-trust data-centric solutions. With important wins in Australia, as well as growing traction across the U.S., coalition forces, and defence suppliers, we are well-positioned to capitalise on the demonstrated global demand for secure information sharing."*

### Quarterly Results Investor Webinar

archTIS will host a quarterly results webinar on Wednesday, 31 July 2025 at 11:00 am AEST (Sydney/Melbourne), 9:00 am AWST (Perth), 30 July 2025 at 9:00 pm EDT (New York) to update the market on the quarterly results.

Register at:

[https://janemorganmanagement-au.zoom.us/webinar/register/6417536899275/WN\\_1lxo5pJEQQCZRMDA8J7WjQ](https://janemorganmanagement-au.zoom.us/webinar/register/6417536899275/WN_1lxo5pJEQQCZRMDA8J7WjQ)

Authorised for issue by order of the Board of Directors.

**ENDS**

**For further information please contact:**

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**archTIS Interactive Investor Hub**

<https://investors.archtis.com/>

The archTIS Investor Hub is an online portal for investors to read and interact with our announcements and updates. Investors can ask questions and add comments, which our team will respond to where possible.

**About archTIS Limited**

archTIS Limited (ASX:AR9, OTCQB:ARHLF) is a global provider of innovative software solutions for the secure collaboration of sensitive information. The company's award-winning data-centric information security solutions protect the world's most sensitive content in government, defence, supply chain, enterprises and regulated industries through attribute-based access and control (ABAC) policies. archTIS products include archTIS Trusted Data Integration to simplify the complexity of structured data integration and security at scale; Kojensi, a multi-government certified platform for the secure access, sharing and collaboration of sensitive and classified information; and NC Protect for enhanced information protection for file access and sharing, messaging and emailing of sensitive and classified content across Microsoft 365 apps, SharePoint on-premises, Nutanix Files and Windows file shares. For more information visit [archtis.com](http://archtis.com) or follow @arch\_tis.

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

#### Name of entity

archTIS Limited

#### ABN

79 123 098 671

#### Quarter ended ("current quarter")

June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,657	9,690
1.2 Payments for		
a. research and development	-	-
b. product manufacturing and operating costs	(255)	(1,064)
c. advertising and marketing	(56)	(192)
d. leased assets	(59)	(232)
e. staff costs	(1,479)	(4,975)
f. administration and corporate costs	(350)	(2,273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	58
1.5 Interest and other costs of finance paid	(39)	(113)
1.6 Income taxes paid	(25)	(67)
1.7 Government grants and tax incentives	-	1,893
1.8 Other (GST)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,406</b>	<b>2,725</b>

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<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	a. entities	-	-
	b. businesses	(7)	(485)
	c. property, plant and equipment	(41)	(41)
	d. investments	-	-
	e. intellectual property	(771)	(2,960)
	f. other non-current assets	-	-
2.2	Proceeds from disposal of:		
	a. entities	-	-
	b. businesses	-	-
	c. property, plant and equipment	-	-
	d. investments	-	-
	e. intellectual property	-	-
	f. other non-current assets	-	-
2.3	Cash flows from loans to other entities:	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Payments to settle liabilities on settlement including transaction costs	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(819)</b>	<b>(3,486)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	1,856
3.6	Repayment of borrowings	-	(857)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>999</b>

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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,562	2,916
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,406	2,725
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(819)	(3,486)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	999
4.5	Effect of movement in exchange rates on cash held	-	(5)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,149</b>	<b>3,149</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,149	2,562
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,149</b>	<b>2,562</b>

On July 1, 2025, archTIS completed a raise of \$7.5 million (before costs). The capital raise was supported by new and existing institutional, company executives and sophisticated investors. Proforma cash as of 30 June 2025 inclusive of the capital raise is \$10.24 million.

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	128
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Amounts included at item 6.1 relate to payments to directors of the Board.

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**7. Financing facilities**  
*Note: the term "facility" includes all forms of financing arrangements available to the entity.  
 Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	3,500	2,000
7.2 Credit standby arrangements	330	52
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>3,830</b>	<b>2,052</b>

7.1 Loan facilities  
 7.2 Credit standby arrangements  
 7.3 Other (please specify)  
 7.4 **Total financing facilities**

**7.5 Unused financing facilities available at quarter end** 1,778

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- Secured fixed and floating Market Rate Loan Facility One of \$2M with Commonwealth Bank of Australia. BBSY plus margin of 3.81%. Matures on 1 June 2026.
- Secured fixed and floating Market Rate Loan Facility of \$1.5M with Commonwealth Bank of Australia BBSY plus margin of 4.08%. Matures on 1 Dec 2025.
- Unsecured corporate credit card facility of \$50,000 (annual interest rate 17.99%) with Commonwealth Bank.
- Unsecured corporate credit card facility of \$280,000 with American Express (3% fee on unpaid balances).

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,406
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,149
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,778
8.4	Total available funding (Item 8.2 + Item 8.3)	4,927
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	3.51

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:  
 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2025

Authorised by: Board of Directors  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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