

31 October 2025

archTIS September 2025 Quarterly Report

Strategic U.S. acquisition, expanded U.S. DoD contract and strengthened balance sheet provide a solid foundation for continued 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

- Transformational asset acquisition of U.S.-based Spirion LLC:
 - Combined total of ~A\$19M in Annual Recurring Revenue (ARR)
 - Value-priced purchase consideration of A\$15.75M, a 0.9x of FY25 ARR
 - Diversified vertical customer base via 150+ blue-chip enterprise and government customers, and a team of U.S.-based data security specialists.
- A\$20.5M Equity Raise Completed: Placement and fully underwritten entitlement offer to fund Spirion acquisition and U.S. Department of Defense (DoD) expansion.
- Secured additional U.S. DoD contract, reinforcing momentum and complementing ongoing large-scale enterprise licensing opportunities.
- Continued transition to a higher-margin business model, with licensing revenue comprising 78% of total revenue and delivering a strong 75% gross margin.
- Solid cash position of A\$13.8M total funds available at quarter-end, providing support for U.S. expansion, product innovation, and ongoing operational execution.

Chief Executive Officer and Managing Director, Daniel Lai, commented:

“The September quarter marked the most transformative period in the Company’s history, one defined by disciplined execution and the strategic expansion of our footprint in the United States through a significant asset acquisition and continued momentum on a key U.S. DoD license. The completion of the Spirion acquisition has not only added significant scale in ARR and customer reach but also brought complementary technologies and U.S. vertical market depth to our company.”

This transaction and subsequent U.S. DoD order cement archTIS as a leader in data-centric security solutions, combining discovery, classification, and policy-based enforcement into a unified offering. Our strengthened balance sheet, scalable revenue and global partner ecosystem position us to capture the growing demand for secure collaboration and zero trust solutions across defence, government, and enterprise markets.”

Quarterly Summary

The September Quarter marked a significant period of both U.S. and global operational focus for archTIS, as the Company developed its international expansion strategy and delivered on key U.S.-based initiatives designed to expand a growing presence in the

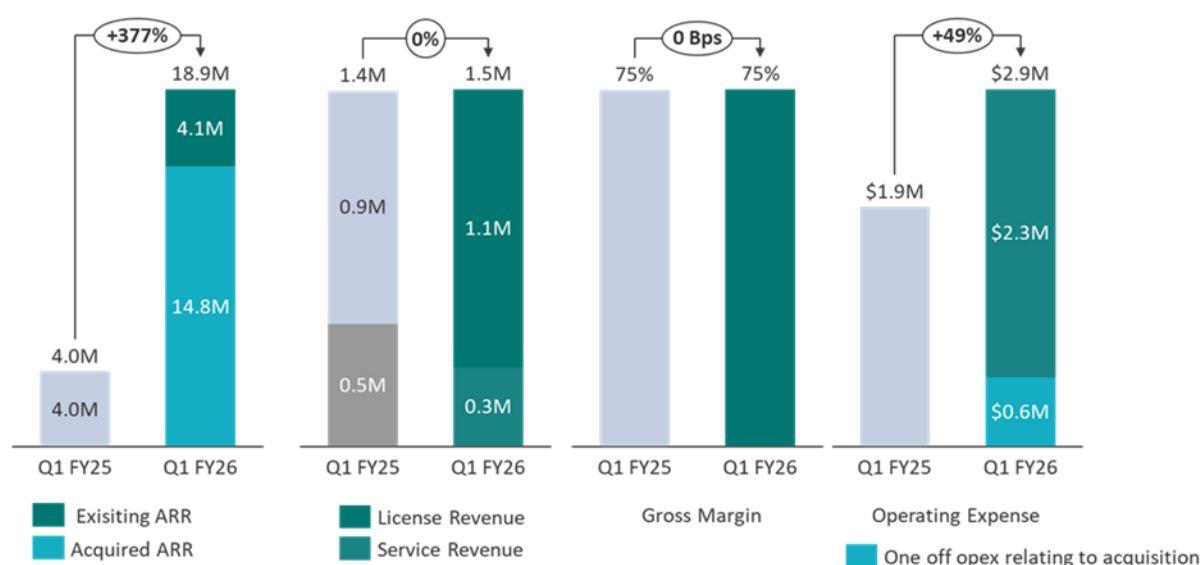
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region. These efforts are part of the Company’s goal to further establish itself as a global leader in data-centric security solutions.

Each effort throughout the Quarter has been intended to lay the groundwork for archTIS’ growing operational capacity across North America, with the Period ultimately culminating in the announcement, supporting equity raise, and successful completion (post-Reporting Period) of the acquisition of U.S.-based Spirion LLC (the “Acquisition”; “Spirion”) – leaders in data security posture management offering software solutions for data discovery, classification, and remediation.

In light of the recent U.S. government shutdown, the overall procurement environment has been notably impacted, with contract awards, task order modifications and solicitations now experiencing delays. While the underlying market, especially in the U.S. defence and zero-trust data-security sectors, remains robust, near-term deal velocity within the U.S. DoD and its industrial base is temporarily stalled as funding and procurement approvals await resolution, and the opening of the government.

Quarterly Financial Summary (unaudited)



Following the completion of the Spirion acquisition on 1 October 2025, the Company’s ARR increased to A\$18.9M, with underlying archTIS ARR remaining steady at A\$4.1M, which reflects a 377% increase from the prior corresponding period (PCP).

On a pro forma basis, including in-quarter Spirion revenue, the combined entity would have recognised approximately A\$5M in total revenue. For reporting purposes within archTIS, the stand-alone revenue was A\$1.5M, representing a slight increase from PCP. Notably, licensing revenue accounted for 78% of total revenue, up from 64% in PCP. The high proportion of licensing revenue contributed to a continued strong gross margin of 75%, highlighting the Company’s continued strategic transition away from lower-margin services, equipment, and third-party software toward high-value, proprietary licensing solutions and supporting services.

Operating expenses (excluding one-off transaction costs) rose 20% to A\$2.3M, reflecting increased headcount and associated costs tied to the Company’s U.S. market expansion

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and strategic U.S. DoD employee-focused and partnership activities. The increase also includes the expansion of the product development team following the acquisition of Direktiv in April 2025.

Operating cash flow for the quarter was negative A\$2.5M, primarily due to cyclical delays in government-related spending. Despite this, archTIS ended the quarter with A\$13.8M in total available funds.

Additional U.S. DoD Purchase and Capital Raise to Accelerate U.S. Growth

After quarter end, the Company secured a services contract valued at A\$250,000 for the U.S. DoD through Copper River Technologies. The engagement focuses on new development work for the NC Protect platform, adding features specifically designed for deployment within the U.S. Microsoft DoD365 environment. This purchase further validates the U.S. DoD's adoption of archTIS technology and complements the Company's ongoing progress toward a larger enterprise licensing agreement, as outlined in the ASX Announcement dated 16 June 2025.

The Company also announced it had secured firm commitments to raise A\$7.5M through a placement of 50 million new shares at A\$0.15 per share—a 17.4% discount to the 7-day VWAP—reflecting strong support from institutional, sophisticated, and management investors. The funds were earmarked to accelerate U.S. expansion, focusing on strengthening sales and support infrastructure around the recent U.S. DoD license award, cultivating strategic partnerships with industry and technology leaders, and advancing innovation across its zero trust data-centric security portfolio.

Acquisition of Spirion LLC

On 27 August 2025, archTIS announced it had entered into an Asset Purchase Agreement to acquire certain business assets of Spirion LLC, a U.S.-based global leader in sensitive data discovery, classification, and remediation, in a A\$15.7M transaction that included Spirion's U.S. workforce, intellectual property, product portfolio, and blue-chip customer base of more than 150 enterprise, education, healthcare, and financial services clients. Valued at 0.9x FY25 ARR, the acquisition purchase price represented compelling shareholder value compared to market benchmarks. The transaction was funded through a successful A\$20.5M capital raise comprising of an A\$3.5M institutional placement and a fully underwritten A\$17M entitlement offer, providing the capital foundation for both the acquisition and the Company's expanded U.S. growth strategy.

Following the end of the reporting period, archTIS announced on 1 October 2025 the successful completion of the Spirion acquisition, finalising the transfer of all customer contracts, intellectual property, and employees, with integration efforts now well underway to drive cross-sell opportunities, realise revenue and cost synergies, and enhance the combined product portfolio by uniting Spirion's data discovery and remediation strengths with archTIS' secure data access and collaboration capabilities. As part of the transaction, Spirion CEO Kevin Coppins joined archTIS as Executive Vice President of Commercial Enterprise Solutions and General Manager of the Americas, alongside Chief Product Officer Ryan Tully, assuming the same role, ensuring leadership continuity and driving ongoing product innovation and customer success.

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Appointment of U.S.-based Defence & Cybersecurity Expertise

On 21 July 2025, archTIS announced the appointments of Erik Hanson as Director, Strategic Programs, and Darroll Walsh as Director, Technical Programs—two senior U.S.-based leaders with deep expertise in defence, cybersecurity, cloud modernisation, and intelligence. Formerly from Microsoft North American Defense and Intelligence team, these strategic hires mark the first capital deployment from the July 2025 Placement and reinforce archTIS' commitment to building a strong U.S. and defence presence. The appointments strengthen the Company's expanding North American operations and are key to advancing its growing pipeline of defence and government opportunities across critical national security markets.

Global Chief Strategy Officer and US President, Kurt Mueffelmann, commented:

"With the completion of the Spirion transaction, we significantly expanded our U.S. presence, more than doubled our customer base and strengthened our recurring revenue foundation. As the U.S. DoD and allied governments continue to modernize secure collaboration and data protection initiatives, archTIS is uniquely positioned to deliver trusted, zero-trust solutions across both defence and enterprise markets. We continue through FY26 with a stronger portfolio, deeper customer relationships, a clear focus on operational discipline and accelerating growth in the United States, the largest and most strategic market for our business."

-ENDS-

This announcement has been authorised for issue by order of the Board of Directors.

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archTIS Investor Centre

<https://www.archtis.com/archtis-asx-ar9-investor-relations/>

The archTIS Investor Centre is an online portal for investors to access our latest announcements, reports, and governance information.

About archTIS Limited

archTIS Limited (ASX:AR9, OTCQB:ARHLF) is a global provider of data-centric security solutions for the secure collaboration of sensitive information. Trusted by government, defence, enterprise and regulated industries, archTIS' policy-enforced zero trust, attribute-based access and data controls (ABAC) find and protect sensitive data across cloud, on-premises, and hybrid environments. The company's product suite includes Trusted Data

ASX Announcement – Price Sensitive



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Integration, Kojensi, NC Protect, and Spirion. For more information visit archtis.com or follow [@arch_tis](https://twitter.com/arch_tis) on X.

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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")

September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	786	786
1.2 Payments for		
a. research and development	-	-
b. product manufacturing and operating costs	(249)	(249)
c. advertising and marketing	(65)	(65)
d. leased assets	(59)	(59)
e. staff costs	(1,566)	(1,566)
f. administration and corporate costs	(1,347)	(1,347)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
1.5 Interest and other costs of finance paid	(47)	(47)
1.6 Income taxes paid	(2)	(2)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	-	-
1.9 Net cash from / (used in) operating activities	(2,515)	(2,515)

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2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	a. entities	-	-
	b. businesses	(13,992)	(13,992)
	c. property, plant and equipment	-	-
	d. investments	-	-
	e. intellectual property	(1,030)	(1,030)
	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	-	-
2.6	Net cash from / (used in) investing activities	(15,022)	(15,022)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	27,550	27,550
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	(1,160)	(1,160)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	26,390	26,390

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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,149	3,149
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,515)	(2,515)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15,022)	(15,022)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	26,390	26,390
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	11,997	11,997

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,997	3,149
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,997	3,149

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	3,500	2,000
7.2 Credit standby arrangements	330	7
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,830	2,007

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** 1,823

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 of \$2M with Commonwealth Bank of Australia. BBSY plus margin of 3.81%. Matures on 1 July 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).

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,515)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	11,997
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,823
8.4	Total available funding (Item 8.2 + Item 8.3)	13,820
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.50

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 October 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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