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## archTIS December 2025 Quarterly Report

*Continued U.S. DoD momentum, 308% ARR Growth, Strategic U.S. Expansion and Cost Synergy Milestones with Spirion Achieved*

### Highlights

- Successful deployment of NC Protect into a live Microsoft DoD365 (DoD365) production environment and renewal of 1,000 production licences with the U.S. Department of Defense (U.S. DoD).
- Ongoing execution of contracted development services for the U.S. DoD to deliver mission-critical feature enhancements within secure DoD365 environments.
- Annual Recurring Revenue (ARR) of \$16.3M, a 308% increase against prior comparison periods (PCP).
- Completion of the Spirion acquisition and advancement of integration activities, with cross-sell execution underway and annualised cost synergies of approximately A\$4.5M being achieved.
- Launch of NC Protect for Microsoft 365 Version 9, architected to support large-scale global defence and regulated industry deployments.
- Signed a term sheet for a non-dilutive A\$8M senior secured debt facility to support U.S. market expansion and Spirion integration.
- Continued strategic focus on defence, government, and regulated industries, aligned with zero trust and data-centric security mandates.

archTIS Limited (ASX:AR9, OTCQB:ARHLF) (“archTIS” or the “Company”), a global provider of data-centric security solutions for the secure collaboration of sensitive information, is pleased to provide its Quarterly Activities Report and Appendix 4C Cash Flow Report for the quarter ended 31 December 2025 (the “Quarter”).

The Quarter represented a period of expanded operational execution for archTIS, with continued momentum in the United States (U.S.) defence market and meaningful progress across product, customer deployment, and corporate integration initiatives supporting the Spirion acquisition. Activities were focused on expanding engagement with key U.S. defence customers, including the U.S. DoD, while advancing integration and cross-sell initiatives following the successful completion of the Spirion acquisition in October 2025.

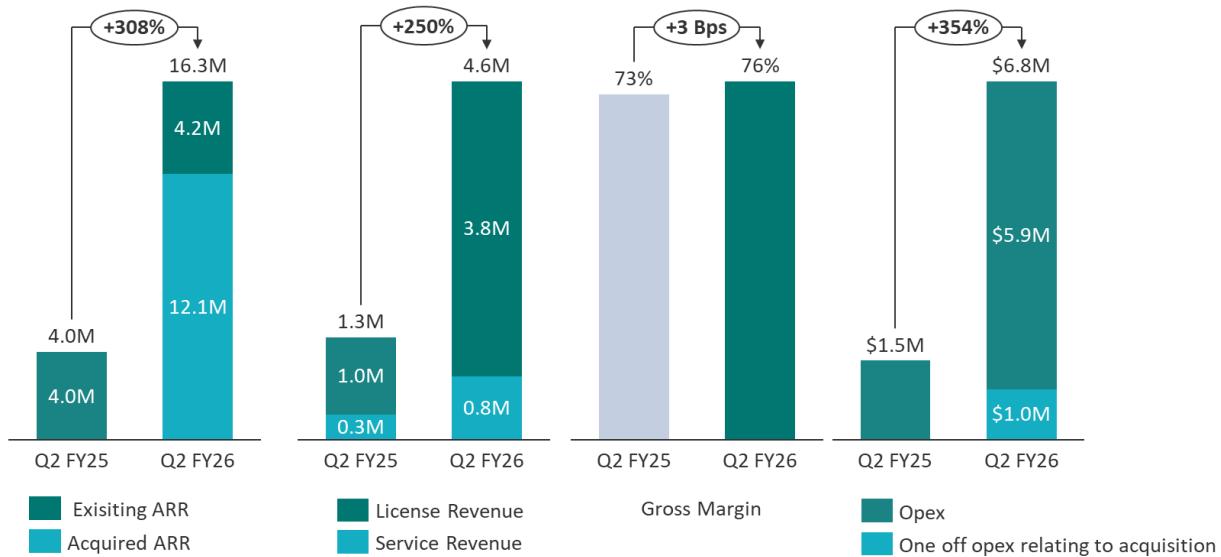
During the Quarter, archTIS continued to progress the anticipated U.S. DoD enterprise licensing opportunity, embedded its NC Protect platform into live DoD production environments supporting active mission operations, delivered contracted development services requested by the DoD, and executed the initial phase of the Spirion integration plan with significant synergistic savings of \$4.5M annualised.

Daniel Lai, Chief Executive Officer and Managing Director, said, “The December quarter demonstrated continued momentum for archTIS in the U.S. defence market. The deployment of NC Protect into a live DoD365 production environment and the renewal of production licences reinforce the growing importance of data-centric security and support the U.S. DoD’s Zero Trust mandate targets for 2027. We are also pleased with the progress of the Spirion integration, which is tracking to plan, delivering meaningful cost synergies and creating new cross-sell opportunities across U.S. government and regulated enterprise

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customers. These developments position archTIS strongly as zero trust evolves from architecture to operational execution.”

## Financial Summary (Unaudited)



Following completion of the Spirion acquisition on 1 October 2025, the Company’s Annual Recurring Revenue (ARR) as of 31 December 2025 was \$16.3M, a 308% increase against prior comparison periods (PCP).

Total revenue for the Quarter was \$4.6M, comprising \$1.5M from Australian operations (in line with the prior corresponding period) and \$3.1M from U.S. operations, including archTIS US and Spirion. Software licencing revenue was \$3.8M and revenue from services and equipment was \$0.8M ).

Gross margin for the Quarter was 76%, an improvement on 73% in the prior corresponding period, reflecting the Company’s continued transition away from lower-margin services, equipment, and third-party software toward proprietary licensing solutions and higher-value supporting services.

Operating expenses for the Quarter, excluding one-off transactions and integration costs, increased to \$5.9M from \$1.5M in the December 2024 quarter. This increase was anticipated and reflects expanded headcount and operating capability aligned with U.S. market expansion. One-off costs of approximately \$1.0M were incurred, including the Spirion acquisition transaction and integration costs.

At the end of the quarter, and as part of the Spirion integration plan, the Company implemented a global workforce and cost-synergy realignment initiative, which is expected to deliver approximately \$4.5M in annualised cost efficiencies.

Operating cash flow for the quarter was negative \$4.1M, reflecting a temporarily elevated cost base aligned to the Spirion acquisition, further U.S. market expansion, and timing delays in U.S. government-related contracts, including impacts from the U.S. federal

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government shutdown. The Company closed the quarter with a cash balance of \$6.5M and total available funds of \$7.02M, excluding the new Regal debt facility.

As noted on 22 December 2025, archTIS signed a term sheet for a non-dilutive senior secured debt facility of up to A\$8M with Regal Tactical Credit Fund. The facility is being finalised and will provide the Company with flexibility whilst awaiting U.S. DoD decision cycles or to support ongoing U.S. market penetration activities.

## Operational Update

### U.S. Department of Defense – NC Protect Deployment, Licensing & Services

On 22 December 2025, archTIS announced the successful deployment of NC Protect into the U.S. DoD Microsoft DoD365 live production environment. This milestone validates NC Protect's ability to protect live production data and enforce real-time, attribute-based access control (ABAC) policies within authorised U.S. DoD cloud environments.

During the Quarter, the DoD systems integrator renewed 1,000 NC Protect licenses for a six-month production period, advancing the platform from pre-production evaluation into sustained operational use and reinforcing continued DoD investment in the technology. Enterprise licensing discussions, which had been temporarily delayed due to the U.S. Government shutdown, recommenced following the resumption of federal agency activity. Subsequent licensing is expected to commence in blocks of approximately 8,000 users, with potential to scale materially over time, subject to procurement processes and approvals. In parallel, archTIS continued execution on a A\$250,000 customised development and integration services contract, announced on 17 October 2025 and procured via Copper River Technologies. This engagement supports the delivery of mission-specific capabilities required for specialised DoD365 environments and further embeds NC Protect into operational DoD workflows, supporting the transition from initial deployment toward broader enterprise-level adoption.

Collectively, these activities demonstrate tangible progress across production deployment, recurring licensing, and services execution, while positioning NC Protect for expanded enterprise adoption within the U.S. DoD.

### Product Innovation – NC Protect Version 9

On 3 November 2025, archTIS announced the release of NC Protect for Microsoft 365 Version 9 (V9), architected to support hardened, large-scale environments aligned with U.S. DoD and defence-industry requirements.

Key enhancements include a re-architected scalable platform, a visual ABAC policy builder, deeper integration with Microsoft Purview, Entra ID, and Defender, and expanded deployment options for highly secure environments. Selected V9 capabilities have also been integrated with the Spirion product suite, enabling unified discovery, classification, access control, and protection of sensitive data across Microsoft-centric environments.

### Spirion Acquisition – Integration Progress

Following the successful completion of the Spirion acquisition on 1 October 2025, archTIS progressed through the initial 90-day integration phase during the Quarter, achieving all internal milestones on schedule. A global restructuring was completed, delivering annualised cost synergies of approximately A\$4.5M.

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Initial U.S. cross-sell initiatives have commenced, leveraging Spirion's established customer base alongside archTIS' data-centric security platform to deliver a broader end-to-end solution for defence, government, and regulated enterprise customers. Remaining integration activities will continue into the March 2026 quarter.

Kurt Mueffelmann, Chief Strategy Officer & U.S. President, stated, "The December quarter marked an inflection point for archTIS as execution began translating into scalable commercial outcomes. The move into live DoD365 production and U.S. DoD licence renewals materially de-risk the platform and validate its role in operational Zero Trust. With our first quarter of Spirion integrated and cost synergies delivered, we are now positioned to focus on larger U.S. enterprise licensing, deeper Microsoft-aligned go-to-market execution, and improved operating leverage in a rapidly maturing data-centric security market."

-ENDS-

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

For further information, please contact:

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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 Integration, Kojensi, NC Protect, and Spirion. For more information visit [archtis.com](http://archtis.com) or follow [@arch\\_tis](https://www.x.com/@arch_tis) on X.

## 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")

December 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	1,589	2,375
1.2 Payments for		
a. research and development	-	-
b. product manufacturing and operating costs	(994)	(1,243)
c. advertising and marketing	(196)	(261)
d. leased assets	(114)	(173)
e. staff costs	(5,714)	(7,280)
f. administration and corporate costs	(322)	(1,667)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	53
1.5 Interest and other costs of finance paid	(50)	(98)
1.6 Income taxes paid	-	(2)
1.7 Government grants and tax incentives	1,668	1,668
1.8 Other (GST)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,114)</b>	<b>(6,628)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
a. entities		
b. businesses	(428)	(14,419)
c. property, plant and equipment	(6)	(6)
d. investments	-	-
e. intellectual property	(964)	(1,994)
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 Net cash from / (used in) investing activities</b>	<b>(1,397)</b>	<b>(16,419)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>26,390</b>

<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	11,997	3,149
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,114)	(6,628)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,397)	(16,419)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	26,390
4.5	Effect of movement in exchange rates on cash held	2	(4)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,488</b>	<b>6,488</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	6,488	11,997
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>6,488</b>	<b>11,997</b>

<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	156
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.

**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.*

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

<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
2,000	2,000
597	62
-	-
<b>2,597</b>	<b>2,062</b>

**7.5 Unused financing facilities available at quarter end**

- 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).
- Unsecured corporate card facility of \$178,800 USD with American Express. (late fee equal to the greater of \$39.00 per Cardmember or 2.99% of all amounts not credited for at least one statement billing period)

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,114)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,488
8.3 Unused finance facilities available at quarter end (Item 7.5)	535
8.4 Total available funding (Item 8.2 + Item 8.3)	7,023
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>1.71</b>

- 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: Operating cash flows are currently being impacted by several factors, including a temporarily elevated cost base aligned to the Spirion acquisition and restructuring, further U.S. market expansion, and timing delays in U.S. government-related contracts. These factors continue to adversely impact net operating cash inflows, particularly where costs are incurred ahead of corresponding revenue generation. Notwithstanding this variability, management expects that these factors are transitional in nature and that operating cash flows will strengthen over the medium term as growth initiatives mature and revenue streams become more predictable. The entity continues to actively monitor cash flow performance.

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: As announced on December 22, 2025 archTIS has signed a term sheet with Regal Tactical Credit Fund for a standby drawdown facility in the form of a senior secured delayed draw debt facility of up to A\$8M. The facility is being finalised and will provide the Company with flexibility whilst awaiting U.S. DoD decision cycles or to support ongoing U.S. market penetration activities.

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: Yes. Despite the temporary slowdown in federal procurement activity, archTIS continues to make strong operational progress in the United States. The Company is actively delivering contracted custom development and integration services supporting the DoD365 environment, working alongside Copper River, GDIT, and DoD engineering teams, originally announced 17 October 2025.

## 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: 30 January 2026

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.