

1. Company details

Name of entity: archTIS Limited
ABN: 79 123 098 671
Reporting period: for the half year ended 31 December 2025
Previous period: for the half year ended 31 December 2024

2. Results for announcement to the market

		\$
Revenues from ordinary activities	up 120% to	6,085,350
Profit / (loss) from ordinary activities after tax attributable to the owners of archTIS Limited	up 191% to	(7,199,095)
Profit / (loss) for the half-year attributable to the owners of archTIS Limited	up 191% to	(7,199,095)

Dividends

No dividends were paid or payable during the half year ended 31 December 2025. - -

Comments

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' report and the consolidated financial statements for the half year ended 31 December 2025.

3. Net tangible assets

	Reporting period	Previous period
Net tangible assets per ordinary security	(\$0.011)	(\$0.011)

4. Control gained over entities

There were no entities over which the reporting entity gained control during the period.

5. Loss of control over entities

There were no entities over which the reporting entity lost control during the period.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements for the half year ended 31 December 2025 were subject to a review by the auditors and the review report is attached.

7. Attachments

Details of attachments (if any):

8. Signed

Signed in accordance with a resolution of the directors.

On behalf of the Directors:



Dr Miles Jakeman AM
Chairman
27 February 2026
Canberra, ACT



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MOST SENSITIVE INFORMATION

FINANCIAL REPORT FOR
THE HALF YEAR ENDED
31 DECEMBER 2025

Corporate Directory

Directors	Dr Miles Jakeman AM Mr Daniel Lai Dr Marcus Thompson AM
Joint Company Secretaries	Ms Eryn Dawson (resigned 2 December 2025) Mr Winton Willesee Mr Robert Burns
Registered Office	Level 3, archTIS House 10 National Circuit Barton ACT 2600
Principal Place of Business	Level 3, archTIS House 10 National Circuit Barton ACT 2600
Share Register	Automatic Level 5, 191 St Georges Terrace Perth, WA 6000
Auditor	RSM Australia Partners Equinox Building 4, Level 2 70 Kent Street Deakin, ACT 2600
Stock Exchange Listing	archTIS Limited shares are listed on the: <ul style="list-style-type: none">• Australian Securities Exchange (ASX: AR9)• U.S. OTCQB Market (OTCQB: ARHLF)
Website	www.archtis.com
Investor Portal	https://www.archtis.com/archtis-asx-ar9-investor-relations/

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DIRECTORS' REPORT

The directors present their report, together with the interim financial statements, on the Group (referred to hereafter as the 'Group') consisting of archTIS Limited (referred to hereafter as the 'Company' or 'Entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2025 ('Reporting Period').

Directors

The following persons were directors of archTIS Limited during the Reporting Period and up to the date of this report, unless otherwise stated:

- Dr Miles Jakeman AM;
- Dr Marcus Thompson AM; and
- Mr Daniel Lai.

Company Secretary

During the Reporting Period and, as at the date of this report, the role of company secretary is jointly held by Winton Willesee and Robert Burns; Erlyn Dawson (resigned 2 December 2025).

Principal Activities

During the Reporting Period, the principal continuing activities of the Group consisted of the development, sale and support of data-centric software platforms designed to integrate, secure and govern sensitive and classified structured data from multiple sources at scale and with agility, including Kojensi (cloud and on-premises), NC Protect for Microsoft environments, Spirion data discovery and classification solutions, and Trusted Data Integration (TDI)..

The Group also provides associated consulting, integration and managed services to support secure information sharing, data protection, governance and compliance requirements for government, defence and regulated enterprise customers.

Dividends

No dividends were declared or paid during the half year period.

Review of Operations

The financial results for the Reporting Period reflect the acquisition of Spirion during the second quarter, which materially increased the Group's revenue base and operating scale.

Revenue increased to \$6.09 million, compared to \$2.77 million in the prior corresponding period. Licensing revenue of \$4.95 million was driven by expansion of the Group's underlying Annual Recurring Revenue (ARR) together with the inclusion of Spirion's recurring software revenues from the acquisition date. Services revenue totalled \$1.14 million, reflecting implementation, integration and customer support services across the expanded product portfolio.

Gross profit increased to \$4.63 million, with gross margin remaining strong at approximately 76%, consistent with the Group's software-led, recurring revenue model.

DIRECTORS' REPORT

Operating expenses increased during the period reflecting:

- The inclusion of Spirion's operating cost base following acquisition;
- Increased employee costs associated with expanded global headcount across product, engineering, sales and support functions;
- Higher sales and marketing expenditure to support the enlarged customer base and cross-sell initiatives;
- Increased hosting costs aligned with higher customer usage and Spirion's cloud infrastructure; and,
- Employee benefits increased to \$6.59 million (net of capitalised development costs), contractor expenses to \$1.14 million, and hosting costs to \$0.64 million, primarily reflecting the enlarged Group structure.

As a result, the Group recorded a loss before income tax of \$7.39 million, reflecting the increased operating scale, integration activities and non-cash charges associated with the Spirion acquisition.

Reconciliation of Underlying Profit

During the period, the Company incurred costs directly associated with the acquisition of Spirion and its subsequent integration. These expenses are considered non-recurring in nature and have therefore been excluded in the reconciliation to underlying profit.

The Company also recognised expenses relating to the accounting for share-based payments under the Employee Share Option Plan. These expenses are non-cash in nature and are not directly reflective of the operating performance of the period.

Reconciliation of Underlying Profit	Dec-25	Dec-24
Loss after income tax expense for the year	(7,199,095)	(2,474,065)
Share-based payments	675,060	355,213
Non-Recurring Transactional Expenses		
Due diligence & contract drafting	555,667	
Deal closing and integrations	794,390	
Synergy realisation cost	233,256	
Employee retention consideration	623,279	
Underlying Profit /(Loss)	<u>(4,317,443)</u>	<u>(2,118,852)</u>

DIRECTORS' REPORT

Operational results for the Reporting Period

Over the past six months archTIS delivered a series of operational and strategic milestones that strengthened its U.S. growth strategy, expanded its product capabilities, and improved its financial and operating position. Execution during the period focused on advancing U.S. Department of Defence adoption, completing a transformational acquisition of select assets of Spirion, strengthening North American leadership and infrastructure, and delivering product innovation aligned to large-scale defence and regulated enterprise environments.

U.S. DoD – Production Deployment and Expansion Path

NC Protect was successfully deployed into the live Microsoft DoD365 production environment, marking a critical validation of the platform's ability to protect operational data within mission environments. During the period, a DoD systems integrator renewed 1,000 production licenses for a six-month term, transitioning the program from evaluation into sustained operational and live production use, completing another step in the procurement path to Enterprise licensing discussions. In parallel, archTIS secured and executed customised development and integration services engagements through its partner, Copper River Technologies, further embedding NC Protect into specialised DoD workflows and strengthening the foundation for broader enterprise adoption.

Partner, Product Innovation and Industry Award Achievements

Product development during the period focused on strengthening the platform for hardened, large-scale deployments aligned to U.S. Defense and national security requirements. The release of NC Protect Version 9 introduced 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 capabilities have also been aligned with the Spirion product suite, enabling customers to discover, classify, and apply policy-based protection to sensitive data within a unified Microsoft-centric architecture.

Corporate Update

U.S. Growth Investment and Capability Expansion To support expanding demand in the U.S. defence market, the Company completed a A\$7.5M capital raise during the period. Proceeds were directed toward strengthening U.S. sales, delivery, and support infrastructure, expanding strategic partnerships, and accelerating product innovation aligned to defence and government requirements. As part of this investment, archTIS appointed two senior U.S.-based leaders with deep experience in defence, cybersecurity, and intelligence from Microsoft's North America Defense and Intelligence organization. These hires represent the initial deployment of capital and reinforce the Company's commitment to building a scaled, execution-focused presence in its primary growth market.

Spirion Acquisition – Scale, Synergy and Market Expansion

During the half year archTIS completed the acquisition of certain business assets of Spirion in a A\$15.7M transaction funded through a A\$20.5M capital raise. The acquisition added a global customer base of more than 150 enterprise and regulated organizations, a complementary data discovery and classification platform, and an established U.S. workforce and operating structure. Completed at approximately 1.25x ARR, the transaction represented compelling value relative to market benchmarks. Integration progressed through the initial 90-day phase on schedule, including a global restructuring that delivered approximately A\$4.5M in

DIRECTORS' REPORT

annualised cost synergies. Early cross-sell initiatives were launched, combining Spirion's discovery and classification capabilities with archTIS' policy-based access and protection to deliver a broader end-to-end data-centric security solution.

Business Risk

The Company's risk management approach involves the ongoing assessment, monitoring and reporting of risks that could impede the Company's progress in delivering its strategic priorities.

The Company maintains a risk register, which is monitored by the Managing Director and Chief Executive Officer, Daniel Lai.

Business risks are identified through best practice methodology using industry and professional expertise. All material business risks have an appropriate mitigation strategy to reduce the risk to an acceptable level for the Company and its investors. The archTIS Board of Directors meets monthly to review strategy, performance, and business risk. Examples of such risks include:

- General economic risk – e.g., local or worldwide pandemics and market sentiment;
- Financial viability risk – e.g., the ability of the Company in its current growth phase to generate sufficient revenue to cover its expenses and debt obligations over the short-to-medium term;
- Competitive risk – e.g., actions of a competitor impact the Company's strategic direction;
- Counterparty risk – e.g., a third party may not fulfil their contractual obligations, impacting the Company;
- Market risk – target market fails to adopt product and service offerings impacting revenues;
- Commercial delivery risk – e.g., actions that impact the Company's ability to successfully fulfil won customer contracts, such as supply chain delays, staffing availability or product failure; and,
- Takeover target risk – e.g., where the terms of the transaction are not agreeable or in the shareholders' best interests.

An assessment was undertaken of all business-specific risks and the associated mitigating actions as at the half year, including but not limited to, resilience to cope with change, stresses and shocks, cyber security threats, competitors preventing the Company's success and availability of suitable labour resources to deliver critical projects. It was determined that the key current risks were macroeconomic conditions and cashflow management. There were no risks that required further disclosure in this report.

Significant changes in the state of affairs

The acquisition of Spirion materially expands the Group's global reach, customer base and operational scale, strengthening its presence in the United States and broadening its data-centric security portfolio.

Matters subsequent to the end of the period

On 25 February 2026, the Company executed a revised loan facility agreement with the Commonwealth Bank of Australia. Under the revised agreement, the existing Market Rate Loan facilities were increased from \$2.0 million to a total of \$8.0 million.

The total facility comprises:

- \$4.0 million maturing on 31 July 2026; and,
- \$4.0 million maturing on 31 January 2027.

DIRECTORS' REPORT

Other than the matter noted above, no other event or circumstance has arisen since the reporting date that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations, other than as provided elsewhere in the report or previously to the ASX, have not been included because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is included in this interim report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors,



Dr Miles Jakeman AM

Chairman

27 February 2026

Canberra, ACT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Dec 2025 \$	Dec 2024 \$
Revenue	5(a)	6,085,350	2,769,834
Cost of sales		(1,459,194)	(708,324)
Gross profit		4,626,156	2,061,510
Other income	5(b)	821,828	874,009
Sales and marketing		(1,940,716)	(859,208)
General administration		(10,897,274)	(4,639,082)
Loss before income tax		(7,390,006)	(2,562,771)
Income tax (expense) / benefit		190,911	88,706
Other comprehensive income		-	-
Total comprehensive loss for the year		(7,199,095)	(2,474,065)
		Cents	Cents
Basic earnings per share	13	(1.63)	(0.86)
Diluted earnings per share	13	(1.63)	(0.86)

The accompanying notes form part of these consolidated financial statements for the period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Dec 2025 \$	Jun 2025 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,488,262	3,148,981
Trade and other receivables		1,942,995	578,439
Other current assets		1,925,853	1,931,245
Current tax assets		32,267	32,971
Total current assets		10,389,377	5,691,637
Non-current assets			
Property, plant and equipment		196,343	120,240
Intangible assets	8	29,705,853	10,811,955
Right of use asset	9	464,474	166,221
Total non-current assets		30,366,670	11,098,416
Total assets		40,756,046	16,790,053
LIABILITIES			
Current liabilities			
Trade and other payables		1,859,629	550,560
Employee benefits		297,445	433,435
Provisions		1,164,988	1,046,270
Other current liabilities		339,180	522,564
Contract liabilities		8,262,821	4,561,176
Lease liability		499,460	172,418
Borrowings	10	1,999,908	1,999,908
Total current liabilities		14,423,431	9,286,331
Non-current liabilities			
Employee benefits		67,760	169,324
Contract liabilities		1,347,657	1,738,815
Deferred tax liabilities		-	195,079
Total non-current liabilities		1,415,417	2,103,218
Total liabilities		15,838,848	11,389,549
NET ASSETS		24,917,199	5,400,504
EQUITY			
Issued capital	11	70,407,256	43,639,377
Reserves		2,106,931	2,159,020
Retained profits / (accumulated losses)		(47,596,988)	(40,397,894)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF ARCHTIS LIMITED		24,917,199	5,400,504

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Consolidated	Issued capital	Reserves	Retained profits	Total equity
	\$	\$	\$	\$
Balance 1 July 2025	43,639,377	2,159,020	(40,397,894)	5,400,504
Total comprehensive income for the half-year	-	-	(7,199,095)	(7,199,095)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	27,962,655	-	-	27,962,655
Vesting of performance rights	377,472	(377,472)	-	-
Foreign exchange reserve	-	(349,677)	-	(349,677)
Capital Raise costs	(1,572,248)	-	-	(1,572,248)
Share-based payments	-	675,060	-	675,060
Balance 31 December 2025	70,407,256	2,106,931	(47,596,989)	24,917,199
Balance 1 July 2024	43,407,981	1,672,786	(35,638,438)	9,442,329
Total comprehensive income for the half-year	-	-	(2,474,065)	(2,474,065)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting of performance rights	103,503	(103,503)	-	-
Foreign exchange reserve	-	18,133	-	18,133
Share-based payments	-	355,213	-	355,213
Balance 31 December 2024	43,511,484	1,942,629	(38,112,503)	7,341,610

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

		Consolidated	
	Note	Dec 2025 \$	Dec 2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,475,219	4,858,949
Payments to suppliers and employees (inclusive of GST)		(10,372,803)	(4,714,801)
Receipts from R&D tax incentive		1,668,346	1,856,092
Government grants & incentives		-	36,600
Interest received		53,081	34,726
Interest paid		(97,835)	(51,841)
Income tax paid		-	(38,397)
Net cash provided by / (used in) operating activities	12	(6,273,992)	1,981,328
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,172)	(1,817)
Purchase of intangibles		(1,994,774)	(1,587,443)
Payment for purchase of business, net of cash acquired		(14,616,868)	-
Net cash provided by / (used in) investing activities		(16,617,814)	(1,589,260)
Cash flows from financing activities			
Repayment of borrowings		-	(856,825)
Proceeds from issue of shares		27,962,655	-
Costs of capital raise		(1,572,248)	-
Repayments under leases		(162,913)	(114,627)
Net cash provided by / (used in) financing activities		26,227,494	(971,452)
Net increase / (decrease) in cash held		3,335,688	(579,384)
Cash and cash equivalents at beginning of period		3,148,981	2,916,097
Effects of exchange rate changes on cash and cash equivalents		3,593	(5,396)
Cash and cash equivalents at end of period		6,488,262	2,331,317

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

1. Statement of compliance

The consolidated interim financial report for the half-year reporting period ended 31 December 2025 has been prepared in accordance with *Australian Accounting Standard AASB 134 'Interim Financial Reporting'* and the *Corporations Act 2001*. The consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the group as at and for the year ended 30 June 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

2. Going concern

The Group incurred a loss after tax of \$7,199,095 (31 December 2024: \$2,474,065) and had net operating cash outflows of \$6,273,992 (31 December 2024 inflow: \$1,981,328). A cash flow forecast has been prepared which indicates that the group has sufficient cash to meet its debts as and when they fall due and payable.

The directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group is actively pursuing sales opportunities with existing and prospective customers across both Government and private sectors;
- The cash balance of the Group as at 31 December 2025 was \$6.5 million;
- Subsequent to 31 December 2025, the Company concluded negotiations in relation to its debt facilities. As a result, total available debt facilities increased to \$8.0 million, of which \$6.0 million remained undrawn as at 27 February 2026;
- If necessary, the Company will consider additional capital raising activities through the issue of new share capital; and,
- Included in current liabilities is \$8,262,821 relating to licence and services revenue received in advance. This amount represents contract liabilities arising from customer prepayments and does not constitute an obligation requiring future cash outflow. The balance will be recognised as revenue over the next 12 months as the entity satisfies its performance obligations. No material refunds are expected in respect of this balance.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated annual report as at and for the year ended 30 June 2025.

4. Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The resulting accounting judgements and estimates may differ from the actual results. In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial report as at and for the year ended 30 June 2025.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

5. Revenue

	Consolidated	
	Dec 2025	Dec 2024
	\$	\$
(a) Revenue from contracts with customers		
Licensing	4,949,981	1,948,351
Services	1,135,369	821,483
	<u>6,085,350</u>	<u>2,769,834</u>
(b) Other income		
R&D Tax Incentive	768,747	839,283
Interest income	53,081	34,726
	<u>821,828</u>	<u>874,009</u>

Licensing

Licensing revenue represents recurring revenue generated from archTIS' software solutions developed, customised and maintained for customers, including Kojensi SaaS and NC Protect delivered to Australian and international customers throughout the full six-month period, together with revenue from the acquired Data Security Posture Management (DSPM) products of Spirion from 1 October 2025 following completion of the acquisition.

Services

Services revenue includes archTIS and Spirion services relating to systems integration, support and consulting.

6. Operating segments

Identification of reportable operating segments

The consolidated entity operates under a single operating segment selling software and services relating to information management, sharing and collaboration. The internal report for the segment is reviewed and used by the Executive (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major Customers

No single customer made up more than 10% of total revenue.

Geographical information

Revenue by Geographical Region is set out below:

Geographical Split	Dec-25	Dec-24
Australia	2,774,660	2,428,937
USA	3,310,690	340,897
	<u>6,085,350</u>	<u>2,769,834</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Expenses

	Consolidated	
	Dec 2025	Dec 2024
	\$	\$
(a) Employee benefits		
Salaries and wages	6,003,139	2,240,840
Superannuation	224,245	214,065
Other employee benefits	1,012,270	262,738
Share-based payments	675,060	355,213
less: capitalised to software development	(1,325,744)	(919,614)
	6,588,970	2,153,242
(b) Depreciation and amortisation		
Depreciation - property, plant and equipment	179,835	85,657
Amortisation - intangibles	2,156,212	1,924,854
	2,336,047	2,010,511
(c) Finance costs		
Interest and finance charges paid/payable	102,407	56,270
	102,407	56,270
(d) Contractors		
Payments to contractors	1,813,501	1,035,866
less: capitalised to software development	(669,000)	(617,676)
	1,144,501	418,190
(e) Hosting charges		
Hosting charges	640,555	265,863
	640,555	265,863
(f) Foreign exchange		
Foreign exchange (gains) or losses	6,313	15,879
	6,313	15,879

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

8. Intangible assets

	Consolidated	
	Dec 2025	Jun 2025
	\$	\$
Internally generated software – at cost	17,248,344	16,881,841
less: deferred research & development tax incentive	(2,474,577)	(2,831,120)
less: accumulated amortisation	(11,238,471)	(10,136,711)
	3,535,296	3,914,009
Development in progress – at cost	5,372,385	3,744,144
less: impairment	(783,905)	(783,905)
less: deferred research & development tax incentive	(1,453,812)	(892,175)
	3,134,668	2,068,064
Customer contracts – at cost	3,167,140	2,141,493
less: accumulated amortisation	(2,099,327)	(1,944,135)
	1,067,814	197,359
Software – at cost	20,828,854	9,635,834
less: accumulated amortisation	(8,927,336)	(8,224,626)
	11,901,518	1,411,208
Goodwill	10,066,557	3,221,315
	29,705,853	10,811,955

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

8. Intangible assets (continued)

Reconciliations

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

	Internally generated software \$	Developme nt in progress \$	Customer contracts \$	Software \$	Goodwill \$	Total \$
<i>Cost</i>						
Balance 1 July 2025	16,881,841	2,960,239	2,141,493	9,635,834	3,221,315	34,840,723
Additions	-	1,994,744	1,067,814	11,349,329	6,845,242	21,257,129
Commercialisation of development to internally generated software	366,503	(366,503)	-	-	-	-
Effect of foreign exchange translation	-	-	(42,167)	(156,309)	-	(198,477)
Balance 31 December 2025	17,248,344	4,588,480	3,167,140	20,828,854	10,066,557	55,899,375
<i>Accumulated amortisation</i>						
Balance 1 July 2025	(10,136,711)	-	(1,944,135)	(8,224,626)	-	(20,305,472)
Amortisation	(1,101,760)	-	(196,950)	(857,502)	-	(2,156,212)
Effect of foreign exchange translation	-	-	41,758	154,792	-	196,550
Balance 31 December 2025	(11,238,471)	-	(2,099,327)	(8,927,336)	-	(22,265,134)
<i>Deferred research & development tax incentive</i>						
Balance 1 July 2025	(2,831,120)	(892,175)	-	-	-	(3,723,295)
Additions	-	(672,096)	-	-	-	(672,096)
Re-classification	(110,459)	110,459	-	-	-	-
Recognised in income	467,003	-	-	-	-	467,003
Balance 31 December 2025	(2,474,576)	(1,453,812)	-	-	-	(3,928,389)
Net book value 31 December 2025	3,535,296	3,134,668	1,067,814	11,901,518	10,066,557	29,705,853

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

8. Intangible assets (continued)

For impairment assessment purposes, assets are grouped at the lowest level at which independent cash inflows are generated (Cash Generating Units or CGUs). The Directors have determined that archTIS Ltd operates as a single CGU for the purposes of AASB 136. This assessment reflects the Group's centralised global management structure and consolidated financial planning and reporting processes, with pricing, contracting, treasury, business development and customer success functions managed on a global basis. The Chief Operating Decision Maker (CODM) reviews financial performance and allocates resources on a consolidated Group basis. The recoverable amount of the consolidated entity's Intangible Assets has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period approved by management. The key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive.

The following key judgements and assumptions were used in the discounted cash flow model for the new products:

- 9.54% post-tax discount rate. This discount rate reflects management's estimate of the time value of money and the entity's weighted average cost of capital adjusted for the product, the risk-free rate and the volatility of the share price relative to market movements;
- Projected revenue growth rate based on current sales pipeline, projected sales through current reseller partners, sales through new partnerships with resellers and increased users with existing customers;
- Net Renewal Rates (renewals) rate of 90% for accounts over the 5-year term,;
- Services revenue is expected to remain proportional to the Licence revenue over the 5 year term.
- Staffing and contractor costs are projected to increase by 9.1% and 7.5% compound annual growth rate respectively over the next 5-year term;
- Marketing and Commissions and Incentives are proportionally aligned with revenue growth;
- 5-10% per annum increase in operating costs and overheads; and,
- Terminal rate of 3%.

These assumptions were applied consistently to the consolidated group, which has been determined to be the lowest level of CGU.

Based on the above, no impairment charge has been applied to the internally generated software and development in progress or the Nucleus Cyber Inc CGU as the discounted recoverable amount for the CGU exceeds the carrying value of the intangibles.

9. Right of use asset

	Consolidated	
	Dec 2025	Jun 2025
	\$	\$
Land and buildings – right of use	1,393,381	941,433
less: accumulated depreciation	(928,907)	(775,212)
	464,474	166,221

The right of use asset represents the lease of the Canberra head office, which has a remaining lease term of 4 months with an option to extend after this period and the lease of an office in the US which has a remaining lease term of 26 months

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

10. Borrowings

	Consolidated	
	Dec 2025	Jun 2025
	\$	\$
Bank loan	1,999,908	1,999,908
	1,999,908	1,999,908

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	Dec 2025	Jun 2025
	\$	\$
Current		
Bank Loan	1,999,908	1,999,908
Non-current		
Bank loan	-	-
	1,999,908	1,999,908

Assets pledged as security

The bank loan is secured by a term deposit of \$240,504 held with the bank.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	Dec 2025	Jun 2025
	\$	\$
Total facilities		
Bank loan	2,000,000	3,500,000
	2,000,000	3,500,000
Used at reporting date		
Bank loan	1,999,908	1,999,908
	1,999,908	1,999,908
Unused at reporting date		
Bank loan	92	1,500,092
	92	1,500,092

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

11. Issued capital

	31 Dec 2025	Consolidated		30 Jun 2025
	Shares	30 Jun 2025 Shares	31 Dec 2025 \$	30 Jun 2025 \$
Ordinary shares - fully paid	<u>481,834,876</u>	<u>289,256,987</u>	<u>70,407,256</u>	<u>43,639,377</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30-Jun-24	286,624,298		43,407,981
Vesting of performance rights	15-Dec-24	698,001	-	55,298
Vesting of performance rights	31-Dec-24	644,852	-	62,500
Vesting of performance rights	15-Jun-25	644,983	-	51,098
Vesting of performance rights	30-Jun-25	644,853	-	62,500
Balance	30-Jun-25	289,256,987		43,639,377
Issue of shares	8-Jul-25	50,000,000	\$0.15	7,500,000
Issue of shares	3-Sep-25	58,225,615	\$0.15	8,733,843
Issue of shares	18-Sep-25	78,192,083	\$0.15	11,728,812
Share issue transaction costs		-	-	(1,572,248)
Vesting of performance rights	22-Dec-25	6,160,191	-	377,472
Balance	31-Dec-25	481,834,876		70,407,256

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

12. Reconciliation of profit or loss after income tax expense to net cash from operating activities

	Consolidated	
	Dec 2025	Dec 2024
	\$	\$
Loss after income tax expense for the half-year	(7,199,095)	(2,474,065)
<i>Adjustments for:</i>		
Depreciation and amortisation	2,336,047	2,010,511
Share-based payments	675,060	355,213
Interest on lease liabilities	4,572	4,429
Other non-cash items	205,094	16,202
Foreign exchange differences	(362,986)	11,449
<i>Change in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	(1,353,698)	167,320
(Increase) / decrease in accrued revenue	-	(345,000)
(Increase) / decrease in prepayments	30,970	128,109
(Increase) / decrease in other assets	24,595	66,231
(Increase) / decrease in R&D tax incentive receivable	694,506	959,971
Increase / (decrease) in trade and other payables	1,301,454	(653,342)
Increase / (decrease) in accrued expenses	(183,383)	(63,234)
Increase / (decrease) in income taxes payable	-	77,868
Increase / (decrease) in employee benefits	(234,715)	75,059
Increase / (decrease) in provisions	501,917	(204,888)
Increase / (decrease) in deferred revenue	(2,523,419)	2,055,582
Increase / (decrease) in deferred tax liabilities	(190,911)	(206,087)
Net cash provided by / (used in) operating activities	(6,273,992)	1,981,328

13. Earnings per share

	Dec 2025	Dec 2024
	\$	\$
Loss after income tax attributable to the owners	(7,199,095)	(2,474,065)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	440,797,441	286,684,994
	Cents	Cents
Basic earnings per share	(1.63)	(0.86)
	Number	Number
Weighted average number of ordinary shares used in calculating diluted earnings per share	440,797,441	286,684,994
	Cents	Cents
Diluted earnings per share	(1.63)	(0.86)

*Antidilutive Effect: If basic EPS is negative, adding more shares to the denominator would decrease the loss per share, making the EPS less negative. AASB 133(43) requires the disclosure of diluted EPS to be the same as basic EPS.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

14. Business Combinations

On 1 October 2025 archtis Limited acquired the business assets, customer contracts and employees of Spirion LLC for the total consideration of \$13,446,885. The acquisition will expand archTIS' U.S. footprint and enhance its software portfolio with new DSPM offerings that are complementary to archTIS' products, enriching its foundational access control and data protection capabilities with Spirion's advanced data discovery and classification capabilities. The combined strengths of both product portfolios will lead to an enhanced suite of solutions for managing data security governance within Microsoft 365 and SharePoint on-premises environments, as well as other file sharing and collaboration tools. The goodwill of \$6,845,242 represents the synergies and enhancements to the group's software portfolio from the integration of the two businesses.

Due to the integration of the Spirion business into the group, it is impracticable to disclose the revenue and profit or loss of the acquiree since the acquisition date, or the revenue and profit or loss of the combined entity as if the acquisition had occurred at the beginning of the financial year.

The following purchase price allocation is provisional as at the date of this interim financial report. The purchase price allocation may be adjusted if new information is obtained about the facts and circumstances that existed at acquisition date.

Details of the acquisition are as follows:

	\$
Trade receivables	580,785
Intangibles	
- Software	11,349,329
- Customer Contracts	1,067,814
Prepayments	744,997
Fixed Assets	96,070
Right of Use Asset	451,949
Trade Payables	(1,358,971)
Lease Liabilities	(485,384)
Deferred Revenue	(5,844,946)
Net assets acquired	6,601,643
Goodwill	6,845,242
Acquisition-date fair value of the total consideration transferred	13,446,885
Representing:	
Cash paid	13,446,885
	13,446,885
Acquisition costs expensed to profit or loss	-
Cash used to acquire Spirion LLC, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	13,446,885
Net cash used 1 October 2025	13,446,885
Net cash flows attributable to assumed assets and liabilities (1 October – 31 December 2025)	786,850
Net cash flows	14,233,735

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2025

15. Matters subsequent to the end of the reporting period

On 25 February 2026, the Company executed a revised loan facility agreement with the Commonwealth Bank of Australia. Under the revised agreement, the existing Market Rate Loan facilities were increased from \$2.0 million to a total of \$8.0 million.

The total facility comprises:

- \$4.0 million maturing on 31 July 2026; and
- \$4.0 million maturing on 31 January 2027.

Other than the matter noted above, no other event or circumstance has arisen since the reporting date that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS DECLARATION

31 DECEMBER 2025

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and,
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Dr Miles Jakeman AM

Chairman

27 February 2026

Canberra

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of archTIS Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "M George".

Michael George
Partner

Adelaide, South Australia
Dated: 27 February 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of ARCHTIS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of archTIS Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of archTIS Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of archTIS Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors of archTIS Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



Michael George
Partner

Adelaide, South Australia
Dated: 27 February 2026