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archTIS March 2026 Quarterly Report

ARR Growth of 231% PCP, Major U.S. Department of Defense (DoD) Milestone Delivered, and New Allied Defence Wins Reinforce Strategic Positioning

Q3 FY26 Investor Highlights

- **Improved year-on-year (YOY) Financial Performance:**
 - Annual Recurring Revenues (ARR) of A\$15.1M, +231% PCP
 - Increased Q3 total revenues to A\$3.5M, +143% PCP
 - Strong gross margin at 71%; YTD at 74%
 - Operating expenses of \$4.9M, exclusive of one-time costs, a \$1M improvement
 - A\$8.0M available funds on hand
- **U.S. DoD custom software development fully delivered and production-ready**
- **Broader U.S. Defense procurement timelines extended** by heightened military activity and geopolitical conditions, but our engagement, technical validation and alignment to zero trust and secure collaboration remain strong
- **Key new contract wins**
 - U.S.-European military alliance NC Protect deal (~A\$1.2M)
 - Spirion 60-day sales cycle for global IT provider
- **Balanced renewals across Australian industry and defence, UK aerospace and U.S. State and Local Government, and Education (SLED) markets**

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 March 2026 (the “Quarter”).

archTIS delivered another quarter of YOY growth, with material uplifts in ARR and total revenue, reflecting the scale and durability of the expanded customer base. ARR also stabilised sequentially throughout the quarter, while gross margin remained healthy as the business continues its strategic shift toward higher-value proprietary licensing. The operating cost base declined following continued execution of the Spirion integration plan, with further normalisation expected over the coming quarters as synergies are realised and operating leverage improves.

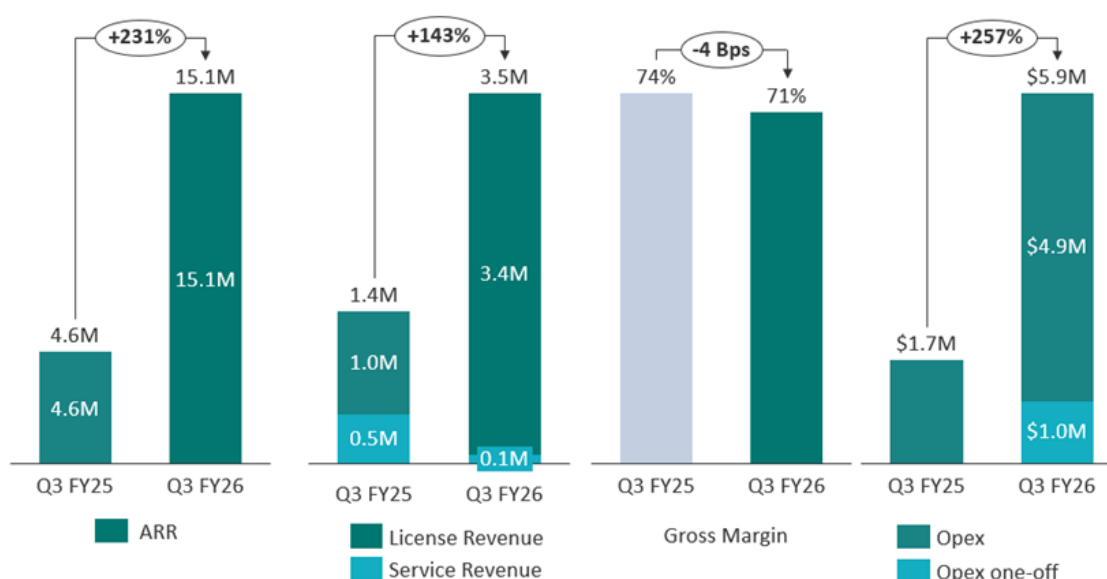
Operationally, the Company achieved a number of strategic milestones, including full delivery of its U.S. DoD custom software development project, a contract win with further annual extension options for a U.S. and European-based military alliance, an accelerated new Spirion customer secured within a 60-day sales cycle, and the extension of NC Protect into AI-driven enterprise search workflows for a global manufacturer. These wins were complemented by strong renewals across Australian defence, UK partner channels, and U.S. SLED markets, reinforcing the mission-critical nature of archTIS’ solutions across highly regulated and security-sensitive environments, supporting confidence in the Company’s medium- to long-term growth trajectory.

Daniel Lai, Chief Executive Officer and Managing Director, said, “The U.S. is the centrepiece of archTIS’ long-term growth strategy, and this quarter’s progress reinforces the strategic alignment of building archTIS’ capabilities to service the U.S. Defense, intelligence and allied

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partners community. The successful delivery of our U.S. DoD custom software project, alongside our expanding footprint across allied military environments, validates archTIS as a trusted provider of zero-trust, attribute-based data security at scale. While procurement timelines have been influenced by heightened military activity and shifting defence priorities, engagement and technical validation continue to advance. We remain confident of a meaningful conversion of existing deployments into larger enterprise rollouts, underpinning significant shareholder value.”

Financial Summary (Unaudited)



For the March quarter, ARR was A\$15.1M, up 231% on the prior corresponding period (PCP) of A\$4.6M. Encouragingly, ARR stabilised sequentially in Q3: month-on-month movement from Jan-26 to Mar-26 was only -0.7% net, with Feb to Mar registering +2.7%. Management remains focused on converting the A\$2.0M cross-sell/upsell pipeline built from combined customer motions across the U.S. federal, U.S. commercial and Asia Pacific markets. Total revenue for Q3 was A\$3.5M, up 143% PCP.

Gross margin for the quarter was a healthy 71%, a 3% decrease from PCP, while remaining at 74% year-to-date, reflecting the Company’s continued transition away from lower-margin services, equipment and third-party software toward proprietary licensing solutions.

Operating expenses for the Quarter were \$4.9M, up from \$1.7M in the March 2025 quarter, exclusive of \$1M in one-off expenses associated with the Spirion acquisition and credit facility expenses. This was a \$1M net improvement from the prior quarter, fully reflecting continued identified synergies through the acquisition of Spirion and across the business. Management continues to expect operating expense levels to decline in the coming quarters to better align with ARR and overall revenue.

Operating cash flow for the quarter was negative \$3.7M; inclusive of \$0.35M in one-off payments, aligned to the Spirion acquisition and credit facility costs. The Company closed the quarter with total available funding of \$8.0M.

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Key Wins and Operational Update

U.S. DoD Award Update

All aspects of the U.S. DoD custom software development project announced in October 2025 have been fully delivered, with the solution production-ready and meeting agreed-upon mission-specific requirements. This includes completion of all core development and integration components, with the final third-party enablement delivered in line with agreed acceptance criteria and timing. These milestones mark the successful conclusion of the project scope and support continued U.S. DoD engagement, positioning archTIS for expanded deployment within secure Microsoft DoD365 environments and progression toward the identified larger-scale enterprise licensing opportunity.

The timing of enterprise award decisions for archTIS continues to be influenced by broader U.S. DoD priorities. While this has extended procurement timelines and introduced short-term delays in contract finalisation, progress is continuing and feedback from the customer provides a high level of confidence that a significant uplift in licences remains their intention.

U.S. and European Military Alliance Licence Contract

archTIS announced a strategically significant contract win with a U.S. and European-based military alliance, reinforcing its growing position in allied defence markets and validating its data-centric security platform. The initial award covers 2,500+ users and is valued at approximately A\$416K for the remainder of CY2026, with a total potential contract value of ~A\$1.22M, including two-year extension options, comprising a balanced mix of recurring licensing and support revenue. The selection of NC Protect, following a successful, funded pilot, highlights the increasing demand for attribute-based access control (ABAC) to enable secure, policy-driven collaboration across complex, multinational security environments where traditional role-based access control (RBAC) models fall short. This deployment across multiple civil-military domains underscores archTIS' ability to address high-assurance, cross-border data-sharing requirements and positions the Company for further expansion within global defence and intelligence ecosystems.

Accelerated New Customer Win for the archTIS Spirion Product

The Company recently secured a new Spirion sale (~\$145k) within a 60-day sales cycle, highlighting continued momentum in efficient enterprise deal conversion and partner-led growth. The customer, a global IT provider headquartered in the U.S. and London, delivers solutions across advanced computing environments, including Internet of (IoT), artificial intelligence (AI), high-performance computing (HPC) and immersive digital platforms. The win reinforces the Spirion product relevance across next-generation data ecosystems and demonstrates archTIS' ability to penetrate sophisticated, innovation-driven organisations where sensitive data discovery, classification, and governance are critical.

NC Protect Enables Secure AI Workflows for Global Manufacturing Customer

archTIS continues to expand its AI-driven data security capabilities, with NC Protect now being integrated with Mindbreeze InSpire, a leading enterprise AI search and knowledge management solution, for an existing 10+ year global manufacturing customer. This integration enables real-time, attribute-based access controls to be enforced directly within

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AI-powered search and knowledge discovery workflows, ensuring sensitive data is dynamically governed as it is surfaced to users and downstream AI models. As organisations accelerate AI adoption across operational and engineering environments, this capability is critical to preventing unauthorised data exposure while maintaining productivity. The deployment highlights archTIS' strategic positioning at the intersection of AI enablement and data security, supporting secure adoption of advanced analytics and intelligent automation across complex, data-rich enterprises.

Key Renewals

The Company achieved balanced renewal performance across key strategic regions and sectors during the quarter, reinforcing the resilience and relevance of its customer base. This included renewals within Australian marine and defence-related agencies and industry, continued partner-driven renewals across Japanese and UK aerospace and defence environments, and sustained retention within U.S. SLED markets. Collectively, these renewals demonstrate the mission-critical nature of archTIS' solutions across highly regulated and security-sensitive environments, while providing a stable foundation of recurring revenue and supporting ongoing expansion opportunities through existing customer and partner channels.

Kurt Mueffelmann, Chief Strategy Officer & U.S. President, stated, "This quarter reflects disciplined execution against our strategic priorities, delivering strong year-on-year growth in both ARR and revenue, while maintaining healthy gross margins through a continued shift toward higher-value, recurring licensing. We are also seeing early signs of stabilisation across our recurring revenue base, providing greater predictability and resilience. Following the Spirion acquisition and U.S. expansion, our cost base is trending in the right direction, with a clear pathway to synergy realisation and improved operating leverage over the coming quarters. Supported by a strengthening pipeline and consistent renewal performance across our global customer base, we are well positioned to convert this momentum into sustained, profitable growth."

-ENDS-

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

For further information, please contact:

Company enquiries

Daniel Lai
CEO and Managing Director, archTIS
E: investors@archtis.com

Irena Mroz
CMO, archTIS
E: irena.mroz@archtis.com

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.

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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 or follow [@arch_tis](https://twitter.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")

March 2026

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	2,811	5,185
1.2 Payments for		
a. research and development	-	-
b. product manufacturing and operating costs	(818)	(2,061)
c. advertising and marketing	(198)	(459)
d. leased assets	(103)	(277)
e. staff costs	(4,139)	(11,419)
f. administration and corporate costs	(1,531)	(3,199)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	81
1.5 Interest and other costs of finance paid	(50)	(147)
1.6 Income taxes paid	6	4
1.7 Government grants and tax incentives	340	2,008
1.8 Other (GST)	-	-
1.9 Net cash from / (used in) operating activities	(3,656)	(10,284)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	a. entities	-	-
	b. businesses	(483)	(14,902)
	c. property, plant and equipment	-	(6)
	d. investments	-	-
	e. intellectual property	(926)	(2,920)
	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	(1,409)	(17,828)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	27,963
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	-	(1,572)
3.5	Proceeds from borrowings	6,000	6,000
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	6,000	32,390

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,488	3,149
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,656)	(10,284)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,409)	(17,828)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,000	32,390
4.5	Effect of movement in exchange rates on cash held	14	10
4.6	Cash and cash equivalents at end of period	7,437	7,437

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	7,437	6,488
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)	7,437	6,488

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	131
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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	8,000	8,000
7.2 Credit standby arrangements	591	70
7.3 Other (please specify)	-	-
7.4 Total financing facilities	8,591	8,070

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** 522

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 \$4M with Commonwealth Bank of Australia. BBSY plus margin of 4.11%. Matures on 30 July 2026.
- Secured fixed and floating Market Rate Loan Facility of \$2M with Commonwealth Bank of Australia BBSY plus margin of 4.11%. Matures on 29 January 2027.
- Secured fixed and floating Market Rate Loan Facility of \$2M with Commonwealth Bank of Australia BBSY plus margin of 4.11%. Matures on 29 January 2027.
- 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)

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,656)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,437
8.3	Unused finance facilities available at quarter end (Item 7.5)	522
8.4	Total available funding (Item 8.2 + Item 8.3)	7,958
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.18

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

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 April 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.