# Appendix 4E

# Unaudited Preliminary Final Report

**For the Year Ended 30 June 2026**

**Given to the ASX under Listing Rule 4.3A**

**archTIS Limited**

**AR9**

Current period: 1 July 2025 to 30 June 2026

Prior corresponding period: 1 July 2024 to 30 June 2025

# RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Key Information | 2026 $ | 2025 $ | Change % |
|---|---|---|---|
| Sales revenue | 13,353,724 | 6,073,234 | Up by 120% |
| Loss from ordinary activities after tax attributable to the owners of archTIS Limited | (16,327,865) | (4,759,455) | Up by 243% |
| Loss for the year attributable to the owners of archTIS Limited | (16,327,865) | (4,759,455) | Up by 243% |

| Dividends | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend | Nil | Nil |
| Interim dividend | Nil | Nil |
| Record date for determining entitlements to dividend | | Not applicable |

| Profit per share attributable to the ordinary equity holders of the Company | 2026 cents | 2025 cents |
|---|---|---|
| Basic loss per share | (3.64) | (1.66) |
| Diluted loss per share | (3.64) | (1.66) |

| Net tangible asset backing per share | 2026 cents | 2025 cents |
|---|---|---|
| Net tangible asset backing per share | (2.31) | (1.87) |

| Entities over which control has been gained or lost during the period |
|---|

On 1 October 2025, archTIS Limited acquired the business assets, customer contracts and employees of Spirion LLC for a total consideration of $13,446,885. Full details of the transaction are discussed in Note 12 of the Consolidated Preliminary Financial Statements. No entity has been disposed of during the period.

# DIRECTORS' REPORT

The directors submit the financial report for the financial year ended 30 June 2026.

## Directors

The following persons were directors of archTIS during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Dr Miles Jakeman, AM
- Dr Marcus Thompson, AM
- Daniel Lai

## Key Financial Highlights

| Summary Income Statement | 2026 $ | 2025 $ |
|---|---|---|
| Sales revenue | 13,353,724 | 6,073,234 |
| Cost of sales | (3,395,209) | (1,431,585) |
| Gross profit | 9,958,515 | 4,641,649 |
| Gross margin (in %) | 75% | 76% |
| EBITDA | (10,160,829) | (707,123) |
| Loss for the year | (16,327,865) | (4,759,455) |

| Other Key Metrics | 2026 $ | 2025 $ |
|---|---|---|
| Cash balance | 2,859,166 | 3,148,981 |
| Market capitalisation | 33,806,428 | 66,529,107 |

## Principal Activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Sales of secure information management and collaboration software: Kojensi, either in-cloud or on-premises, and NC Protect for users of the Microsoft software suite;
- Consulting and solutions services for secure information sharing and inter-organisational collaboration related to the above software sales;
- Continued innovations in Data-Centric Security focus on protecting data at its source, enhancing privacy and compliance by securing data throughout its lifecycle; and increasingly leverage Data Orchestration and Automation to streamline policy enforcement, accelerate threat response, and ensure consistent security controls across complex, distributed environments; and,
- Evolving Attribute-Based Access Controls (ABAC) as the primary mechanism for innovation of dynamically managed access based on user and environment attributes, providing granular and adaptive data protection.

## Review of Operations

FY 2026 was a year of significant change and measurable progress for archTIS. The Company completed its largest corporate transaction to date: the acquisition of US-based Spirion LLC, funded by a $20.5M capital raising, materially expanding its recurring revenue base, customer footprint and operating presence in the United States.

Annual recurring revenue (ARR) closed the year at $14.8M, up 208% on the prior year. Contracted sales reached $14.1M, up 65% on FY2025, and the strong gross margin of 75% remained broadly in line with the prior year, reflecting the continued focus on proprietary licensing.

Operationally, the year was marked by continued progress in the United States defence market, albeit slower than expected. NC Protect was deployed into the Microsoft DoD365 production environment and completed final U.S. Department of Defense production testing, passing all 60 test cases. The Company continued to deepen the long-standing customer relationship, with a $2.3M NC Protect expansion secured with the Australian Department of Defence early in the year and a $3.2M Kojensi contract secured subsequent to year-end.

The Company continued to invest ahead of revenue and recorded net operating cash outflows during the year, including one-off acquisition and integration costs. A focus on post-integration synergies resulted in reduced quarterly operating expenses across H2, and this remains a key priority for FY2027.

## Review of Financial Performance

**Growth in Annual Recurring Revenue (ARR)**

The Company's ARR growth was driven primarily by the acquisition of Spirion, which contributed an established base of recurring licence revenue coupled with organic expansion and renewals. Recurring licence revenue now makes up the substantial majority of the Company's revenue base, consistent with the strategy of building predictable, higher-quality revenue streams.

**Record Contracted Sales**

Whilst contracted sales for FY2026 were $14.1M, on a pro forma basis, including a full twelve-month contribution from Spirion, contracted sales were $16.6M. Fourth-quarter revenue of $3.5M was 92% higher than the prior corresponding period, and third-quarter revenue of $3.5M was 143% higher, reflecting the enlarged client and revenue base following the acquisition.

**Gross Margins Maintained at High Levels**

Gross margin for the full year was broadly in line with the 76% achieved in FY2025. As noted, this margin profile reflects the continued weighting of revenue toward proprietary licence sales, with licensing representing approximately 83% of revenue in the December 2025 quarter following the completion of the acquisition. The Company also continues to be selective in its services engagements, prioritising margin-accretive work that supports licence deployments.

**Deferred Revenue and Revenue Visibility**

Deferred revenue grew 40% year-on-year, reflecting multi-year renewals and expansion within existing accounts. This provides improved visibility of the Company's FY2027 revenue objectives.

**Operating Expenses and Cash Flow**

Operating expenses increased over the prior year because of the enlarged group following the Spirion acquisition and included one-off acquisition and integration costs. Encouragingly, quarterly operating expenses declined in each of the final two quarters of the year, including an 11% reduction in the June quarter, as the $4.5M of annualised cost synergies identified at acquisition were progressively realised. The Company recorded net operating cash outflows for the year, and management remains focused on progressively reducing these outflows through continued cost discipline and revenue growth.

**Capital Management**

The Company completed two capital raisings during the year: a $7.5M placement in August 2025 to support its international growth strategy, and a $20.5M raising in October 2025, comprising a $3.5M placement and a fully underwritten $17M 1-for-3 accelerated entitlement offer, both at $0.15 per share, to fund the Spirion acquisition. Both raisings were supported by new and existing institutional investors as well as a key Company executive.

## FY 2027 Outlook

archTIS enters FY 2027 with a larger recurring revenue base and a clear set of priorities. The Company will continue advancing its position as a trusted platform for secure information sharing across Government, Defence, and the Defence Industry. This includes the continued commercial negotiations regarding the U.S. Department of Defense opportunity following successful completion of production testing and deployment.

Financial priorities are centred on growing high-margin, predictable ARR, realising value from the Spirion integration, and maintaining disciplined operating expenses with the objective of progressively reducing operating cash outflows. Innovation also remains a core differentiator, with ongoing development of products for defence and allied markets, the maintenance of strategic technology alliances, and the development of global distribution channels. These initiatives are directed at building a sustainable position in the data-centric security and DSPM markets in FY2027 and beyond, noting that the timing of large defence procurement outcomes remains outside the Company's control.

## Audit

The report is based on accounts which are in the process of being audited by RSM Australia Partners. As the results presented herein are preliminary whilst the audit is ongoing, the final audited financial statements may differ from the information presented in this Appendix 4E.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

| | Note | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| Revenue | 3(a) | 13,353,724 | 6,073,234 |
| Cost of sales | 4 | (3,395,209) | (1,431,585) |
| **Gross profit** | | **9,958,515** | **4,641,649** |
| Other income | 3(b) | 1,357,167 | 1,632,748 |
| Sales and marketing | 4 | (5,683,387) | (1,754,717) |
| General administration | 4 | (22,151,071) | (9,619,672) |
| **Loss before income tax** | | **(16,518,776)** | **(5,099,992)** |
| Income tax (expense) / benefit | | 190,911 | 340,537 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **(16,327,865)** | **(4,759,455)** |
| **Loss per share** | | **Cents** | **Cents** |
| Basic loss per share | 15 | (3.64) | (1.66) |
| Diluted loss per share | 15 | (3.64) | (1.66) |

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

| | Note | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 2,859,166 | 3,148,981 |
| Trade and other receivables | | 2,983,600 | 578,440 |
| Other current assets | | 2,365,146 | 1,931,245 |
| Income tax receivable | | 31,467 | 32,971 |
| **Total current assets** | | **8,239,379** | **5,691,637** |
| **Non-current assets** | | | |
| Other non-current assets | | 5,873 | - |
| Property, plant and equipment | | 156,947 | 120,240 |
| Intangible assets | 5 | 26,760,530 | 10,811,955 |
| Right of use asset | 6 | 489,035 | 166,221 |
| **Total non-current assets** | | **27,412,385** | **11,098,416** |
| **Total assets** | | **35,651,764** | **16,790,053** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 1,276,659 | 550,560 |
| Employee benefits | | 248,779 | 433,435 |
| Provisions | | 725,637 | 1,046,270 |
| Other current liabilities | | 405,993 | 522,564 |
| Contract liabilities | 7 | 7,273,382 | 4,561,176 |
| Share warrant liability | | 263,178 | - |
| Lease liability | | 365,642 | 172,418 |
| Borrowings | 8 | 7,999,908 | 1,999,908 |
| **Total current liabilities** | | **18,559,178** | **9,286,331** |
| **Non-current liabilities** | | | |
| Employee benefits | | 77,128 | 169,324 |
| Contract liabilities | 7 | 1,262,079 | 1,738,815 |
| Deferred tax and other | | - | 195,079 |
| Lease liability | | 150,817 | - |
| **Total non-current liabilities** | | **1,490,024** | **2,103,218** |
| **Total liabilities** | | **20,049,202** | **11,389,549** |
| **NET ASSETS** | | **15,602,562** | **5,400,504** |
| **EQUITY** | | | |
| Issued capital | 9 | 70,480,484 | 43,639,377 |
| Reserves | 10 | 1,847,836 | 2,159,020 |
| Accumulated losses | | (56,725,758) | (40,397,893) |
| **TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS** | | **15,602,562** | **5,400,504** |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

| Consolidated | Note | Issued capital | Reserves | Accumulated losses | Total equity |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| Balance at 1 July 2025 | | 43,639,377 | 2,159,020 | (40,397,893) | 5,400,504 |
| Total comprehensive income for the year | | - | - | (16,327,865) | (16,327,865) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Issue of share capital | 9 | 27,962,655 | - | - | 27,962,655 |
| Exercise of options | 9 | - | - | - | - |
| Vesting of performance rights | 9 | 450,700 | (450,700) | - | - |
| Capital raise and establishment costs | 9 | (1,572,248) | - | - | (1,572,248) |
| Foreign exchange reserve | 10 | - | (808,807) | - | (808,807) |
| Share-based payments | 10,11 | - | 948,323 | - | 948,323 |
| **Balance at 30 June 2026** | 9,10 | **70,480,484** | **1,847,836** | **(56,725,758)** | **15,602,562** |
| | | | | | |
| Balance at 1 July 2024 | | 43,407,980 | 1,672,786 | (35,638,438) | 9,442,328 |
| Total comprehensive income for the year | | - | - | (4,759,455) | (4,759,455) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Issue of share capital | 9 | - | - | - | - |
| Exercise of options | 9 | - | - | - | - |
| Vesting of performance rights | 9 | 231,397 | (231,397) | - | - |
| Capital raise and establishment costs | 9 | - | - | - | - |
| Foreign exchange reserve | 10 | - | 2,522 | - | 2,522 |
| Share-based payments | 10,11 | - | 715,109 | - | 715,109 |
| **Balance at 30 June 2025** | 9,10 | **43,639,377** | **2,159,020** | **(40,397,893)** | **5,400,504** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

| | Note | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 7,763,234 | 9,690,494 |
| Payments to suppliers and employees | | (24,938,798) | (8,503,436) |
| Receipts from R&D tax incentive | | 2,008,479 | 1,856,092 |
| Government grants & incentives | | - | 36,600 |
| Interest received | | 112,211 | 57,736 |
| Interest paid (lease) | | (9,207) | (10,126) |
| Interest paid (other) | | (302,105) | (103,247) |
| Income tax refunded / (paid) | | 4,892 | (66,822) |
| **Net cash (used in) / provided by operating activities** | 14 | **(15,361,294)** | **2,957,291** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | - | - |
| Purchase of property, plant and equipment | | (6,171) | (41,451) |
| Purchase of intangibles | | (2,109,683) | (2,960,239) |
| Payment for purchase of business, net of cash acquired | 12 | (14,892,079) | (484,574) |
| **Net cash used in investing activities** | | **(17,007,933)** | **(3,486,264)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds of borrowings | | 6,000,000 | 998,908 |
| Proceeds from issue of shares | | 27,962,654 | - |
| Costs of capital raise | | (1,572,248) | - |
| Repayments under leases | | (320,856) | (232,430) |
| **Net cash provided by financing activities** | | **32,069,550** | **766,478** |
| | | | |
| Net (decrease) / increase in cash held | | (299,677) | 237,505 |
| Cash and cash equivalents at beginning of period | | 3,148,981 | 2,916,097 |
| Effects of exchange rate changes on cash and cash equivalents | | 9,862 | (4,621) |
| **Cash and cash equivalents at end of period** | | **2,859,166** | **3,148,981** |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Note 1. Material Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated preliminary financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Going concern

The consolidated preliminary financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the year ended 30 June 2026, the Consolidated Entity incurred a loss after tax of $16,327,865 (2025: $4,759,455) and had net operating cash outflows of $15,361,294 (2025 inflow: $2,957,291). At 30 June 2026, the Consolidated Entity had cash and cash equivalents of $2.86 million, current assets of $8.24 million and current liabilities of $18.56 million, including borrowings of $8.00 million and contract liabilities of $7.27 million.

Contract liabilities principally represent amounts received in advance from customers and are recognised as revenue as the Consolidated Entity satisfies its contractual performance obligations. These balances do not ordinarily require cash repayment, although the Consolidated Entity will incur costs in satisfying the associated performance obligations.

Subsequent to year end, the Consolidated Entity was awarded a $3.2 million (including GST) renewal contract with the Australian Department of Defence. On 15 July 2026, the Company also obtained an extension of its $4.0 million Commonwealth Bank of Australia lending facility from 30 July 2026 to 30 October 2026.

Management has prepared cash-flow forecasts covering at least twelve months from the reporting date. In assessing those forecasts, the Directors have considered the Consolidated Entity's cash position, existing contracted and recurring revenue, anticipated customer receipts, planned operating-cost reductions and synergies, the terms and availability of its financing arrangements, and other available funding options.

Based on those forecasts and the assumptions underlying them, the Directors consider that it is appropriate to prepare the consolidated preliminary financial statements on a going concern basis.

However, the Consolidated Entity's ability to continue as a going concern is dependent upon successful extension or refinancing of its borrowing facilities, achievement of forecast operating cash flows and/or obtaining additional funding as required. These events and conditions give rise to a material uncertainty that may cast significant doubt upon the Consolidated Entity's ability to continue as a going concern. The consolidated preliminary financial statements do not include any adjustments that may be necessary should the Consolidated Entity be unable to continue as a going concern.

### (b) New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (c) Basis of preparation

These preliminary financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The consolidated preliminary financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the consolidated preliminary financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### (d) Parent company information

In accordance with the *Corporations Act 2001*, these consolidated preliminary financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in note 13.

### (e) Principles of consolidation

The consolidated preliminary financial statements incorporate the assets and liabilities of all subsidiaries of archTIS Limited ('Company' or 'Parent Entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. archTIS Limited and its subsidiaries together are referred to in these financial statements the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest,

## Note 1. Material Accounting Policies

without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### (f) Foreign currency translation

The consolidated preliminary financial statements are presented in Australian dollars, which is archTIS Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### (g) Revenue recognition

The Consolidated Entity recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### (h) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### (i) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint

## Note 1. Material Accounting Policies

ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

archTIS Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

### (j) Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the Consolidated Entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### (k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

### (l) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### (m) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

*Impairment of financial assets*

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss

## Note 1. Material Accounting Policies

recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

**(n) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | Term of lease |
| Office furniture & equipment | 2-5 years |
| Computer equipment | 2-4 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**(o) Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**(p) Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired; and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

*Research and development tax incentive*

The Research and Development Tax Incentive (RDTI) is a refundable tax offset that is calculated as 43.5% of the eligible research and development expenditure that has been incurred by the consolidated entity. The Directors consider any payment arising from the RDTI to be a form of government assistance and are of the view that it is appropriate to recognise RDTI receipts as Government Grants in accordance with AASB120 Accounting for Government Grants and Disclosure of Government Assistance.

As such, RTDI refunds are recognised when there is a sufficient degree of certainty that the consolidated entity will comply with the conditions attaching to RDTI and that the payment will be received. Such refunds are recognised in the consolidated statement of profit and loss and other comprehensive income on a systematic basis over the periods in which the Consolidated Entity recognises the related costs for which the assistance is intended to compensate. The proportion of the refund that relates to capitalised development is deducted against the carrying amount of the related non-current assets.

*Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

*Customer contracts*

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 3 to 5 years.

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 3 to 5 years.

## Note 1. Material Accounting Policies

### (q) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit (CGU) to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

### (r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### (s) Share warrant liability

The Company has issued share warrants that are classified as financial liabilities because the warrants do not meet the criteria for classification as equity instruments, as it results in a variable number of Company shares being issued upon exercise.

Share warrant liability is initially recognised at fair value on the date of issuance. Transaction costs directly attributable to the issuance of the warrants are recognised in profit or loss as incurred.

Subsequent to initial recognition, the share warrant liabilities are measured at fair value at each reporting date, with changes in fair value recognised immediately in profit or loss.

The fair value of the warrants is determined using the binomial pricing model.

Upon exercise of the warrants, the carrying amount of the warrant liability is derecognised and included as part of the consideration attributed to issued share capital. Warrants that expire unexercised are derecognised, with any remaining carrying amount recognised in profit or loss.

### (t) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### (u) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### (v) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### (w) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### (x) Employee benefits

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are

## Note 1. Material Accounting Policies

provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### (y) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### (z) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (aa) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### (bb) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for

## Note 1. Material Accounting Policies

appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

### (cc) Earnings per share

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of archTIS Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (dd) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidate statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### (ee) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2026. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations

### (ff) Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## Note 2: Critical Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated preliminary financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*
The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 11 for further information.

*Estimation of useful lives of assets*
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other indefinite life intangible assets*
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 5 for further information.

*Income tax*
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## Note 3. Revenue

| | Consolidated | |
|---|---|---|
| | 2026 | 2025 |
| | $ | $ |
| (a) Revenue from contracts with customers | | |
| Licensing | 11,715,749 | 4,175,949 |
| Services | 1,637,975 | 1,825,588 |
| Equipment | - | 71,697 |
| | **13,353,724** | **6,073,234** |
| (b) Other income | | |
| Government grants (i) | 1,244,955 | 1,571,120 |
| Interest income | 112,212 | 57,736 |
| Other income (ii) | - | 3,892 |
| | **1,357,167** | **1,632,748** |

(i) Government grants mainly comprise research & development tax incentives and also include an amount for export market development grant.
(ii) Other income relates to a sublease arrangement (year ending 30 June 2025).

***Licensing***
Licensing revenue represents recurring revenue from archTIS solutions developed, customised and maintained for customers including Kojensi, NC Protect and TDI delivered to Australian and international customers. Licensing revenue is recognised on straight-line basis over the licensing period.

***Services***
Services revenue includes archTIS services relating to systems integration and security consulting.

## Note 4. Expenses

| | Consolidated 2026 $ | Consolidated 2025 $ |
|---|---|---|
| The result for the year includes the following specific expenses: | | |
| **(a) Employee benefits** | | |
| Salaries and wages | 11,689,494 | 4,709,669 |
| Superannuation | 392,186 | 431,706 |
| Other employee benefits | 2,963,944 | 458,299 |
| Share-based payments | 948,323 | 715,109 |
| less: capitalised to software development | (1,991,500) | (2,163,593) |
| | **14,002,447** | **4,151,190** |
| **(b) Depreciation and amortisation** | | |
| Depreciation - property, plant and equipment | 63,031 | 28,139 |
| Depreciation – right of use asset | 337,092 | 169,575 |
| Amortisation - intangibles | 5,637,304 | 4,071,656 |
| | **6,037,427** | **4,269,370** |
| **(c) Finance costs** | | |
| Interest and finance charges paid | 320,520 | 123,499 |
| Loan facility establishment fee | 521,000 | - |
| Loan facility termination fee | 193,324 | - |
| | **1,034,844** | **123,499** |
| **(d) Contractors** | | |
| Payments to contractors | 3,470,561 | 1,712,085 |
| less: capitalised to software development | (1,408,820) | (796,645) |
| | **2,061,741** | **915,440** |
| **(e) Hosting charges** | | |
| Hosting charges | 1,594,341 | 480,429 |
| | **1,594,341** | **480,429** |
| **(f) Foreign exchange** | | |
| Foreign exchange (gains) or losses | 16,007 | 17,217 |
| | **16,007** | **17,217** |
| **(g) Revaluation of share warranty liability** | | |
| Revaluation of share warranty liability (gain) or loss | 69,854 | - |
| | **69,854** | **-** |

## Note 5. Intangible assets

The proportion of product design and development expenses, less any tax incentive applicable, that create a benefit in future years, and meet certain requirements are capitalised as an intangible asset. These capitalised costs (intangibles) are then amortised to the Profit and Loss Statement over the estimated life of the asset created. The carrying value of intangibles is reviewed for impairment whenever events indicate that the carrying value may not be recoverable.

**Intangible assets recognised**

The main intangible assets recognised during the financial period were for internally generated computer software and technology/ in-progress development.

*Internally-generated software*

Internally-generated software development costs qualify for capitalisation when the Consolidated Entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- that the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset can be reliably measured during development.

Internally-generated software development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The internally-generated software development assets have a useful life of five years and are amortised on a straight-line basis commencing from the time the assets are held ready for use. Costs are incurred after the general release of internally generated software or costs which are incurred to enhance existing products are expensed in the period in which they are incurred and included within research and development expense in the financial statements.

*Development in progress*

Research and development expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. The Consolidated Entity assesses the eligibility of development costs for capitalisation on a project-by-project basis.

Development costs capitalised are assessed annually for impairment. Costs capitalised to a project that is unlikely to deliver future economic benefits are recognised as an expense at the date of impairment.

## Note 5. Intangible assets (continued)

*Customer contracts*

Customer contracts represent those acquired as part of the acquisition of Nucleus Cyber Inc, software division of Cipherpoint Limited in prior periods and Spirion acquisition in the current period. Customer contracts are amortised over 3-5 years.

*Software*

Software acquired represents those acquired as part of the acquisition of Nucleus Cyber Inc and the software division of Cipherpoint Limited. Software also includes the acquisition of Direktiv in 2025 and Spirion during the year. Software is amortised over the useful lives of 3-5 years.

*Goodwill*

Goodwill on acquisition is derived as the difference between the fair value of the purchase consideration and the fair value of the net assets acquired. This amount is not amortised but rather is subject to an annual impairment test.

| 2026 | Internally generated software | Development in progress | Customer contracts | Software | Goodwill | Total |
|---|---|---|---|---|---|---|
| **Cost** | **$** | **$** | **$** | **$** | **$** | **$** |
| Opening balance at 1 July 2025 | 16,881,841 | 2,960,239 | 2,141,493 | 9,635,835 | 3,221,315 | 34,840,723 |
| Commercialisation of development to software | 366,503 | (366,503) | - | - | - | - |
| Additions | - | 3,521,391 | 1,067,814 | 11,058,532 | 6,845,242 | **22,492,979** |
| Impairment | - | - | - | - | - | **-** |
| Effect of foreign exchange translation | - | - | (119,015) | (339,756) | (175,391) | **(634,162)** |
| Closing balance at 30 June 2026 | **17,248,344** | **6,115,127** | **3,090,292** | **20,354,611** | **9,891,166** | **56,699,540** |
| **Accumulated amortisation** | | | | | | |
| Opening balance at 1 July 2025 | (10,136,711) | - | (1,944,135) | (8,224,626) | - | **(20,305,472)** |
| Amortisation | (2,234,062) | - | (399,237) | (3,004,005) | - | **(5,637,304)** |
| Impairment | - | - | - | - | - | **-** |
| Effect of foreign exchange translation | - | - | 98,448 | 283,838 | - | **382,286** |
| Closing balance at 30 June 2026 | **(12,370,773)** | **-** | **(2,244,924)** | **(10,944,793)** | **-** | **(25,560,490)** |
| **Deferred research & development tax incentive** | | | | | | |
| Opening balance at 1 July 2025 | (2,831,120) | (892,175) | - | - | - | **(3,723,295)** |
| Additions | - | (1,598,435) | - | - | - | **(1,598,435)** |
| Re-classification | (110,459) | 110,459 | - | - | - | **-** |
| Recognised in income | 943,210 | - | - | - | - | **943,210** |
| Closing balance at 30 June 2026 | **(1,998,369)** | **(2,380,151)** | **-** | **-** | **-** | **(4,378,520)** |
| **Net book value** | **2,879,202** | **3,734,976** | **845,368** | **9,409,818** | **9,891,166** | **26,760,530** |

**Note 5. Intangible assets (continued)**

| 2025 | Internally generated software | Development in progress | Customer contracts | Software | Goodwill | Total |
|---|---|---|---|---|---|---|
| **Cost** | $ | $ | $ | $ | $ | $ |
| Opening balance at 1 July 2024 | 11,841,701 | 5,040,140 | 2,119,445 | 8,789,535 | 2,789,524 | 30,580,345 |
| Commercialisation of development to software | 5,040,140 | (5,040,140) | - | - | - | - |
| Additions | - | 2,960,239 | - | 764,570 | 431,791 | 4,156,600 |
| Impairment | - | - | - | - | - | - |
| Effect of foreign exchange translation | - | - | 22,048 | 81,730 | - | 103,778 |
| Closing balance at 30 June 2024 | **16,881,841** | **2,960,239** | **2,141,493** | **9,635,835** | **3,221,315** | **34,840,723** |
| **Accumulated amortisation** | | | | | | |
| Opening balance at 1 July 2024 | (8,176,279) | - | (1,519,991) | (6,489,669) | - | (16,185,939) |
| Amortisation | (1,960,432) | - | (413,972) | (1,697,253) | - | (4,071,657) |
| Impairment | - | - | - | - | - | - |
| Effect of foreign exchange translation | - | - | (10,171) | (37,705) | - | (47,876) |
| Closing balance at 30 June 2025 | **(10,136,711)** | **-** | **(1,944,134)** | **(8,224,627)** | **-** | **(20,305,472)** |
| **Deferred research & development tax incentive** | | | | | | |
| Opening balance at 1 July 2024 | (1,586,174) | (2,075,395) | - | - | - | (3,661,569) |
| Additions | - | (894,781) | - | - | - | (894,781) |
| Re-classification | (2,078,001) | 2,078,001 | - | - | - | - |
| Recognised in income | 833,054 | - | - | - | - | 833,054 |
| Closing balance at 30 June 2025 | **(2,831,121)** | **(892,175)** | **-** | **-** | **-** | **(3,723,296)** |
| **Net book value** | **3,914,009** | **2,068,064** | **197,359** | **1,411,208** | **3,221,315** | **10,811,955** |

### Note 5. Intangible assets (continued)

For impairment assessment purposes, assets are grouped at the lowest level at which independent cash inflows are generated, referred to as CGUs. It has been determined that archTIS LTD operates as a single CGU. This conclusion is based on the Company's centralized management structure, and product development processes, the business operates a geographically dispersed sales model which is not consider an independent CGU.

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% pre-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;
- Management has performed a thorough line-by-line review of the current sales pipeline to estimate of sales, projected sales through current and new reseller partners, and estimated increase in users with existing customers;
- Annual retention (renewals) rate of 100% for named strategic licence accounts over the 5-year term. Churn rates for other accounts range from 5% to 50% based on management's assessment of the product and market maturity.
- Implementation services revenue is estimated based on 15% of enterprise licence revenue;
- Staffing costs are projected to increase in line with revenue growth;
- 19-34% per annum increase in operating costs and overheads excluding staff costs; and,
- Terminal growth 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 as the discounted recoverable amount for the CGU exceeds the carrying value of the intangibles.

### Note 6. Right-of-use asset

| | Consolidated | |
|---|---|---|
| | 2026 | 2025 |
| | $ | $ |
| Right of Use Asset – at cost | 1,615,894 | 941,433 |
| Less: Accumulated Depreciation | (1,126,859) | (775,212) |
| | **489,035** | **166,221** |

| | | |
|---|---|---|
| Balance as at 1 July | 166,220 | 107,661 |
| Additions | 451,949 | 228,135 |
| Lease modifications | 234,094 | - |
| Depreciation | (337,092) | (169,575) |
| Effect of foreign exchange translation | (26,136) | - |
| Balance as at 30 June | **489,035** | **166,221** |

The right-of-use asset represents the leases of the Canberra head office which has a remaining lease term of 9 months and the Tampa, Florida, USA office which has a remaining lease term of 21 months.

### Note 7. Contract liabilities

| | Consolidated 2026 $ | Consolidated 2025 $ |
|---|---|---|
| Current | 7,273,382 | 4,561,176 |
| Non-current | 1,262,079 | 1,738,815 |
| | **8,535,461** | **6,299,991** |

| *Contract Liabilities* | Consolidated 2026 $ | Consolidated 2025 $ |
|---|---|---|
| *Reconciliation* | | |
| Reconciliation of the values at the beginning and end of the current and previous financial year are set out below: | | |
| Balance as at 1 July | 6,299,991 | 3,047,258 |
| Payments received in advance | 9,337,102 | 7,836,518 |
| Transferred to revenue | (6,600,915) | (4,583,785) |
| Effects of foreign exchange translation | (500,717) | |
| Balance as at 30 June | **8,535,461** | **6,299,991** |

### Note 8. Borrowings

| | Consolidated 2026 $ | Consolidated 2025 $ |
|---|---|---|
| Bank loan | 7,999,908 | 1,999,908 |
| | **7,999,908** | **1,999,908** |

*Assets pledged as security*

The bank loan is secured by a term deposit of $924,770 (2025: $343,729) held with the bank.

*Financing arrangements*

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

| | Consolidated 2026 $ | Consolidated 2025 $ |
|---|---|---|
| Total facilities | | |
| Bank loan | 8,000,000 | 3,500,000 |
| | **8,000,000** | **3,500,000** |
| Used at reporting date | | |
| Bank loan | 7,999,908 | 1,999,908 |
| | **7,999,908** | **1,999,908** |
| Unused at reporting date | | |
| Bank loan | 92 | 1,500,092 |
| | **92** | **1,500,092** |

## Note 9. Issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2026 Shares | 2025 Shares | 2026 $ | 2025 $ |
| Ordinary shares - fully paid | **482,948,968** | **289,256,987** | **70,480,484** | **43,639,377** |

*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 |
| Establishment costs, net of tax | 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 |
| Vesting of performance rights | 22-Dec-25 | 6,160,191 | - | 377,472 |
| Vesting of performance rights | 28-Jan-26 | 65,728 | | 6,561 |
| Vesting of performance rights | 13-Feb-26 | 1,048,364 | | 66,667 |
| Share issue transaction costs | | - | - | (1,572,248) |
| **Balance** | **30-Jun-26** | **482,948,968** | | **70,480,484** |

## Note 10. Reserves

| | Consolidated | |
|---|---|---|
| | 2026 | 2025 |
| | $ | $ |
| Share-based payments reserve | 2,067,570 | 1,569,947 |
| Foreign currency reserve | (219,734) | 589,073 |
| | **1,847,836** | **2,159,020** |

*Share-based payments reserve*

This reserve is used to recognise equity-settled share-based payments to certain suppliers, directors and employees. Under AASB 2, options and performance rights granted are measured at fair value at the date of the grant, using a Binomial valuation. The valuation of each tranche of options and performance rights granted is expensed on a straight-line basis over the vesting period, subject to performance conditions being met if applicable.

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

| | Consolidated | | |
|---|---|---|---|
| | Share-based payments | Foreign currency | Total |
| | $ | $ | $ |
| Balance at 1 July 2024 | 1,086,235 | 586,551 | 1,672,786 |
| Share-based payments | 715,109 | - | 715,109 |
| Transferred to Issued Capital | (231,397) | - | (231,397) |
| Arising due to translation of financial statements for foreign subsidiaries | - | 2,522 | 2,522 |
| **Balance at 30 June 2025** | **1,569,947** | **589,073** | **2,159,020** |
| | | | |
| Balance at 1 July 2025 | 1,569,947 | 589,073 | 2,159,020 |
| Share-based payments | 948,323 | - | 948,323 |
| Transferred to Issued Capital | (450,700) | - | (450,700) |
| Arising due to translation of financial statements for foreign subsidiaries | - | (808,807) | (808,807) |
| **Balance at 30 June 2026** | **2,067,570** | **(219,734)** | **1,847,836** |

## Note 11. Share-based payments

***Recognition and measurement***

The grant date fair value of performance rights granted to employees is recognised as an employee benefits expense, with a corresponding increase in equity (share-based payment reserve), over the specified two-year period that the performance rights vest. The amount recognised as an expense is adjusted to reflect the actual number of performance rights for which the related service and performance hurdles are met, such that the amount ultimately recognised as an expense is based on the number of performance rights that meet the related service and performance conditions at the vesting date.

The grant date fair value of tenure options granted to employees is recognised as an employee benefits expense, with a corresponding increase in equity (share-based payment reserve), over the specified three-year period that the tenure options vest. The amount recognised as an expense is adjusted to reflect the actual number of tenure options for which the related employment service conditions are met, such that the amount ultimately recognised as an expense is based on the number of tenure options that meet the related service conditions at the vesting date.

***Fair value***

During the year, 14,622,340 performance rights were granted to employees under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting on 24 November 2021) (2025: 28,000,378) at a weighted average fair value of $0.341 (2025: $0.074). During the year, 169,393 options were granted to employees under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting on 24 November 2021) (2025: 6,460,333) at a weighted average fair value of $0.200 (2025: $0.033).

The amount recognised as employee benefits (Note 4(a)) in the current financial year for share-based payment transactions was $948,323 (2025: $715,109).

***Number of options / performance rights***

| 2026 | Grant date | Expiry date | Exercise price | Balance at beginning of the year | Granted during the year | Vested/ exercised during the year | Forfeited during the year | Balance at end of the year |
|---|---|---|---|---|---|---|---|---|
| AR9O12 | 24/11/2021 | 24/11/2025 | $0.316 | 1,000,000 | - | - | (1,000,000) | - |
| AR9O13 | 23/12/2022 | 23/12/2025 | $0.200 | 3,337,102 | - | - | (3,337,102) | - |
| AR9O14 | 13/12/2022 | 13/12/2025 | $0.200 | 8,642,851 | - | - | (8,642,851) | - |
| AR9O15 | 6/03/2023 | 06/03/2026 | $0.143 | 1,228,355 | - | - | (1,228,355) | - |
| AR9O16,17,18 | 21/12/2023 | 21/12/2026 | $0.079 | 2,284,121 | - | (113,602) | (396,652) | 1,773,867 |
| AR9O19 | 22/11/2024 | 22/11/2028 | $0.097 | 3,412,969 | 3,412,969 | - | - | 6,825,938 |
| AR9O20 | 20/12/2024 | 20/12/2028 | $0.077 | 2,992,918 | - | (60,639) | (664,531) | 2,267,748 |
| AR9O21 | 11/12/2025 | 11/12/2029 | $0.200 | - | 169,394 | - | - | 169,394 |
| AR9PR10,11 | 20/12/2024 | 20/12/2026 | $0.000 | 9,167,219 | - | (861,593) | (7,468,189) | 837,437 |
| AR9PR13 | 15/01/2025 | 31/01/2028 | $0.000 | 3,145,092 | - | (1,048,364) | - | 2,096,728 |
| AR9PR14 | 16/06/2025 | 31/12/2026 | $0.000 | 10,597,196 | - | - | (7,803,913) | 2,793,283 |
| AR9PR15 | 16/06/2025 | 31/12/2027 | $0.000 | 3,801,166 | - | - | (1,900,583) | 1,900,583 |
| AR9PR17 | 11/12/2025 | 11/12/2027 | $0.000 | - | 846,966 | - | - | 846,966 |
| AR9PR18 | 25/02/2026 | 30/06/2028 | $0.000 | - | 4,847,024 | - | (151,470) | 4,695,554 |
| AR9PR19 | 25/02/2026 | 25/02/2028 | $0.000 | - | 3,959,983 | - | - | 3,959,983 |
| AR9PR20 | 25/02/2026 | 25/02/2028 | $0.000 | - | 4,033,598 | - | (405,026) | 3,628,572 |
| | | | | **49,608,989** | **17,269,934** | **(2,084,198)** | **(32,998,672)** | **31,796,053** |
| Weighted average exercise price | | | | $0.07 | $0.02 | - | $0.09 | $0.03 |

## Note 11. Share-based payments (continued)

| 2025 | Grant date | Expiry date | Exercise price | Balance at beginning of the year | Granted during the year | Vested/ exercised during the year | Forfeited during the year | Balance at end of the year |
|---|---|---|---|---|---|---|---|---|
| AR9O12 | 24/11/2021 | 24/11/2025 | $0.316 | 1,750,000 | - | - | (750,000) | 1,000,000 |
| AR9O13 | 23/12/2022 | 23/12/2025 | $0.200 | 3,337,102 | - | - | - | 3,337,102 |
| AR9O14 | 13/12/2022 | 13/12/2025 | $0.200 | 8,642,851 | - | - | - | 8,642,851 |
| AR9O15 | 6/03/2023 | 06/03/2026 | $0.143 | 1,492,977 | - | - | (264,622) | 1,228,355 |
| AR9PR7,8,9 | 21/12/2023 | 21/12/2026 | $0.000 | 6,980,012 | - | (1,342,984) | (5,637,028) | - |
| AR9O16,17,18 | 21/12/2023 | 21/12/2026 | $0.079 | 2,559,710 | - | - | (275,589) | 2,284,121 |
| AR9O19 | 22/11/2024 | 22/11/2028 | $0.097 | - | 3,412,969 | - | - | 3,412,969 |
| AR9O20 | 20/12/2024 | 20/12/2028 | $0.077 | - | 3,047,364 | - | (54,446) | 2,992,918 |
| AR9PR10,11 | 20/12/2024 | 20/12/2026 | $0.000 | - | 9,167,219 | - | - | 9,167,219 |
| AR9PR12 | 20/12/2024 | 20/12/2025 | $0.000 | - | 1,289,705 | (1,289,705) | - | - |
| AR9PR13 | 15/01/2025 | 31/01/2028 | $0.000 | - | 3,145,092 | - | - | 3,145,092 |
| AR9PR14 | 16/06/2025 | 31/12/2026 | $0.000 | - | 10,597,196 | - | - | 10,597,196 |
| AR9PR15 | 16/06/2025 | 31/12/2027 | $0.000 | - | 3,801,166 | - | - | 3,801,166 |
| | | | | **24,762,652** | **34,460,711** | **(2,632,689)** | **(6,981,685)** | **49,608,989** |
| Weighted average exercise price | | | | $0.14 | $0.02 | - | $0.04 | $0.07 |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

| Options | Grant Date | Expiry Date | Share Price at grant date | Exercise Price | Expected Volatility | Dividend Yield | Risk-Free Interest Rate | Fair Value at Grant Date |
|---|---|---|---|---|---|---|---|---|
| AR9O19 | 22/11/2025 | 22/11/2027 | $0.07 | $0.097 | 70% | - | 4.35% | $0.029 |
| AR9O21 | 20/12/2024 | 20/12/2028 | $0.02 | $0.077 | 94% | - | 3.26% | $0.117 |

For the options granted during the previous financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

| Options | Grant Date | Expiry Date | Share Price at grant date | Exercise Price | Expected Volatility | Dividend Yield | Risk-Free Interest Rate | Fair Value at Grant Date |
|---|---|---|---|---|---|---|---|---|
| AR9O19 | 22/11/2024 | 22/11/2028 | $0.07 | $0.097 | 70% | - | 4.35% | $0.029 |
| AR9O20 | 20/12/2024 | 20/12/2028 | $0.08 | $0.077 | 70% | - | 4.35% | $0.037 |

## Note 12. 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 full-year preliminary 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 were as follows:

| | 2026<br>$ |
|---|---|
| Trade receivables | 580,785 |
| Intangible assets: | |
| - Software | 11,349,329 |
| - Customer contracts | 1,067,814 |
| Prepayments | 744,997 |
| Fixed assets | 96,070 |
| Right of use asset | 451,949 |
| Trade payable | (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 | **14,223,735** |

During the year, deferred consideration for the acquisition of Direktiv IO, Inc. (acquired on 4 March 2025) was paid amounting to $668,344 bringing the total payments for purchase of business to $14,892,079 as presented in the Consolidated Statement of Cash Flows.

**Note 13. Parent entity information**
Set out below is the supplementary information about the Parent Entity.

| | Parent | |
|---|---|---|
| | 2026 | 2025 |
| ***Statement of profit or loss and other comprehensive income*** | $ | $ |
| Loss after income tax | (6,423,988) | (3,188,395) |
| **Total comprehensive income** | **(6,423,988)** | **(3,188,395)** |
| | | |
| ***Statement of financial position*** | | |
| Total current assets | 4,788,490 | 5,193,433 |
| Total non-current assets | 39,454,440 | 17,182,540 |
| **Total assets** | **44,242,930** | **22,375,973** |
| | | |
| Total current liabilities | 11,228,159 | 8,592,837 |
| Total non-current liabilities | 1,206,397 | 1,907,767 |
| **Total liabilities** | **12,434,556** | **10,500,604** |
| | | |
| **Net assets** | **31,808,374** | **11,875,369** |
| | | |
| Equity | | |
| Issued capital | 70,480,484 | 43,639,377 |
| Reserves | 1,458,810 | 1,942,924 |
| Accumulated losses | (40,130,920) | (33,706,932) |
| **Total equity** | **31,808,374** | **11,875,369** |

The Parent Entity and its subsidiaries are not party to any deeds of cross guarantee under which each company guarantees the debts of the others.

*Contingent liabilities*
The Parent Entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

*Capital commitments*
The Parent Entity had no capital commitments as at 30 June 2026 and 30 June 2025.

*Material accounting policies*
The accounting policies of the Parent Entity are consistent with those of the consolidated entity, as disclosed in note 1, except for investments in subsidiaries which are accounted for at cost, less any impairment, in the Parent Entity.

## Note 14. Reconciliation of profit after income tax expense to net cash from operating activities

| | Consolidated | |
|---|---|---|
| | 2026 | 2025 |
| | $ | $ |
| Loss after income tax expense for the year | (16,327,865) | (4,759,455) |
| *Adjustments for:* | | |
| Depreciation and amortisation | 6,037,427 | 4,269,371 |
| Share-based payments | 948,323 | 715,109 |
| Interest on lease liabilities | 9,207 | 10,126 |
| Loan facility termination fee | 193,324 | - |
| Revaluation of share warranty liability loss | 69,854 | - |
| Other non-cash items | 655,224 | (33,569) |
| Foreign exchange differences | (758,538) | (2,049) |
| *Change in operating assets and liabilities:* | | |
| (Increase) / decrease in trade and other receivables | (1,824,376) | (164,923) |
| (Increase) / decrease in prepayments | 178,216 | 113,289 |
| (Increase) / decrease in other assets | 18,708 | 17,928 |
| (Increase) / decrease in R&D tax incentive receivable | 108,300 | 259,846 |
| (Increase) / decrease in deferred tax assets | - | - |
| Increase / (decrease) in trade and other payables | 511,211 | (251,745) |
| Increase / (decrease) in accrued expenses | (116,571) | 60,580 |
| Increase / (decrease) in income taxes payable | 1,504 | (16,797) |
| Increase / (decrease) in employee benefits | (276,851) | 168,051 |
| Increase / (decrease) in provisions | (983,836) | (297,583) |
| Increase / (decrease) in deferred revenue | (3,609,476) | 3,252,733 |
| Increase / (decrease) in deferred tax liabilities | (195,079) | (383,621) |
| **Net cash (used in) / provided by operating activities** | **(15,361,294)** | **2,957,291** |

## Note 15. Loss per share

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Loss after income tax attributable to the owners | (16,327,865) | (4,759,455) |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 448,789,903 | 287,347,309 |

| | Cents | Cents |
|---|---|---|
| Basic loss per share | (3.64) | (1.66) |
| Diluted loss per share | (3.64)* | (1.66)* |

*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.

### Note 16. Matters subsequent to the end of the financial year

- On 1 July 2026, archTIS was awarded $3.2M Australian Department of Defence (‘Defence’) representing renewal of Kojensi Enterprise license, deployed on-premises across Defence's sensitive information collaboration environment. The award is valued at $3.2M, including GST, anchored by $1.0M in annual recurring software licences plus $2.2M in application development and maintenance services.
- On 15 July 2026, the Company has successfully negotiated an extension of $4.0M lending facility from the Commonwealth Bank of Australia to 30 October 2026 from its original due date of 30 July 2026. The extension provides continued access to non-dilutive working capital funding to the Company.

## COMPLIANCE

1) This report is based on accounts which are in the process of being audited. As the results presented herein are preliminary whilst the audit is ongoing, the final audited financial statements may differ from the information presented in this Appendix 4E.

2) Given the size of the Board, the Group has not formally constituted an Audit and Risk Committee.

Miles Jakeman AM
Chairman
31 August 2026