

ASX:AR9



2026 ANNUAL REPORT

TRUSTED TO SAFEGUARD THE WORLD'S MOST SENSITIVE INFORMATION

archTIS' data-centric security products use attribute-based access control (ABAC) to ensure that an organisation's users and authorised third parties can access, share and collaborate on sensitive and classified information, securely using zero trust principles. By enforcing dynamic, policy-driven access, usage and sharing controls that leverage both user and data attributes to control access and apply data protection, archTIS enables secure collaboration across government, defence, and the most heavily-regulated industries.



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CORPORATE DIRECTORY

DIRECTORS

Dr Miles Jakeman AM
Dr Marcus Thompson AM
Daniel Lai

JOINT COMPANY SECRETARIES

Winton Willesee
Robert Andrew Burns

REGISTERED OFFICE

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10 National Circuit
Barton ACT 2600

PRINCIPAL PLACE OF BUSINESS

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10 National Circuit
Barton ACT 2600
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(08) 9324 2099

AUDITOR

RSM Australia Partners
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Adelaide, SA 5001

STOCK EXCHANGE LISTING

archTIS Limited shares are listed on the:
Australian Securities Exchange (ASX: AR9) and the
OTCQB Venture Market (ARHLF)

WEBSITE

www.archtis.com

INVESTOR PORTAL

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

LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

DR. MILES JAKEMAN AM & DANIEL LAI

Dear Shareholders,

FY2026 was a transformative year for archTIS. The acquisition of Spirion changed the scale, the geography and the quality of our revenue. We enter FY2027 as a larger, more recurring, U.S.-weighted business, with a platform proven in some of the most demanding secure environments in the world.

A transformative acquisition

In October 2025, we completed the acquisition of U.S.-based Spirion LLC for \$15.75M, approximately 0.9x Spirion's FY25 annual recurring revenue. The transaction was funded by a \$20.5M capital raising, comprising a \$3.5M placement and a fully underwritten \$17M accelerated entitlement offer, supported by new and existing institutional investors.

Spirion brought more than 150 recurring customers, a U.S.-based team of data security specialists, and sensitive data discovery, classification and data security posture management (DSPM) capability. Combined with our attribute-based access control (ABAC) policy enforcement, archTIS now covers the full data-centric security lifecycle: discovering, classifying, protecting and securely sharing sensitive data.

Our pivot to the world's largest market

The United States is the world's largest market for defense and data security spending. Spirion gives us an established operating presence and customer base there. Our combined recurring customer base now stands at 225 organizations across the United States, Australia, the United Kingdom, Europe and Asia. We have identified a \$2M cross-sell and upsell pipeline across that base, and campaigns are underway.

Record ARR and revenue

ARR closed the year at a record \$14.8M, up 208% on \$4.8M at 30 June 2025. Contracted sales reached a record \$14.1M, up 65% on FY2025, and \$16.6M on a pro forma basis including a full twelve months of Spirion. Full-year revenue was a record \$13.35M, up 119.9%. Third- and fourth-quarter revenue of \$3.5M each were 143% and 92% higher than the prior corresponding periods.

The quality of that revenue matters as much as its growth. Recurring license revenue is now the substantial majority of our revenue base. Gross margin was 74%, broadly in line with 76% in FY2025. Deferred revenue grew 40%, giving us improved visibility of FY2027 revenue.

Synergies and cost discipline

At acquisition, we identified \$4.5M of annualized cost synergies. We realized a portion of these in the second half, and we expect to deliver the balance in FY2027. Quarterly operating expenses declined in each of the final two quarters, including an 11% reduction in the June quarter.

We recorded net operating cash outflows for the year, including one-off acquisition and integration costs. Progressively reducing those outflows, through cost discipline and revenue growth, is our leading financial priority for FY2027.

Validation in the most secure environments

Our technology is tested where the stakes are highest. NC Protect was deployed into the Microsoft DoD365 production environment. In the June quarter, it passed all 60 test cases in final U.S. Department of Defense Warfighter Command production testing, covering U.S. personnel, releasable users and ABAC data-segregation scenarios, with no technical barriers to deployment identified.

License discussions resumed after delays caused by the U.S. Government shutdown. Negotiations have primarily been around phased quantities of licenses, with the potential to scale substantially over time and or an Enterprise License. Progress has been slower than we expected. The timing, scale and outcome of any award remain subject to U.S. Government procurement processes and are not assured.

In Australia, the Department of Defence entered a \$2.3M NC Protect expansion early in the year. After year-end, we secured a \$3.2M, 12-month Kojensi contract, with options to extend for up to two further years. This continues our position as the incumbent provider of policy-enforced information security within Defence's classified ICT environment. In July 2026, archTIS was named Cyber Business of the Year at the Australian Defence Industry Awards for the third time.

LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR (CONT)

DR. MILES JAKEMAN AM & DANIEL LAI

A strong product roadmap

This year we released the next generation of NC Protect for Microsoft 365 and added integrations with Microsoft Teams and ISEC7. We are also integrating NC Protect with Mindbreeze InSpire for a global manufacturing customer, extending ABAC controls into AI-powered enterprise search. This is an early example of what we see as a significant opportunity: securing sensitive data as organizations adopt AI.

Our roadmap builds on the combination of Spirion's discovery and classification with our policy enforcement. We will continue to develop for defense and allied markets, strengthen our technology alliances, and expand global distribution.

Looking ahead

Our FY2027 priorities are clear:

- Grow high-margin, predictable ARR.
- Realize the full value of the Spirion acquisition.
- Maintain disciplined operating expenses to reduce cash outflows.
- Progress the U.S. Department of Defense opportunity.

We thank our shareholders for their continued support, and our customers and partners for their trust. We thank our employees, and especially the Spirion team who joined us this year, for their commitment through a year of significant change.

Yours sincerely,



Dr Miles Jakeman, AM
Chairman of the Board



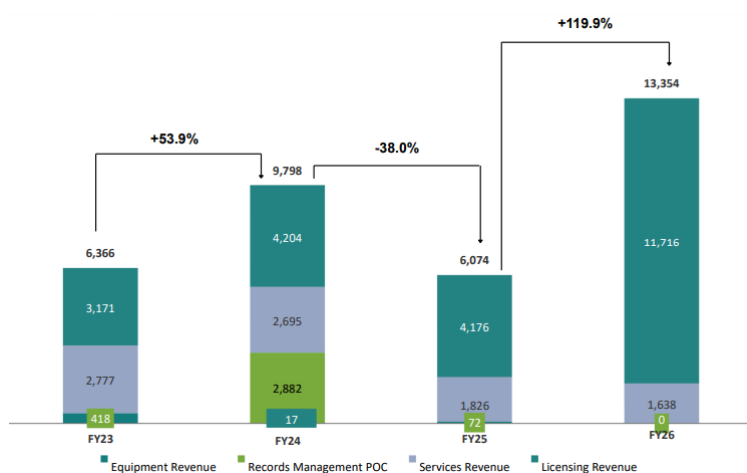

Daniel Lai
Managing Director & CEO



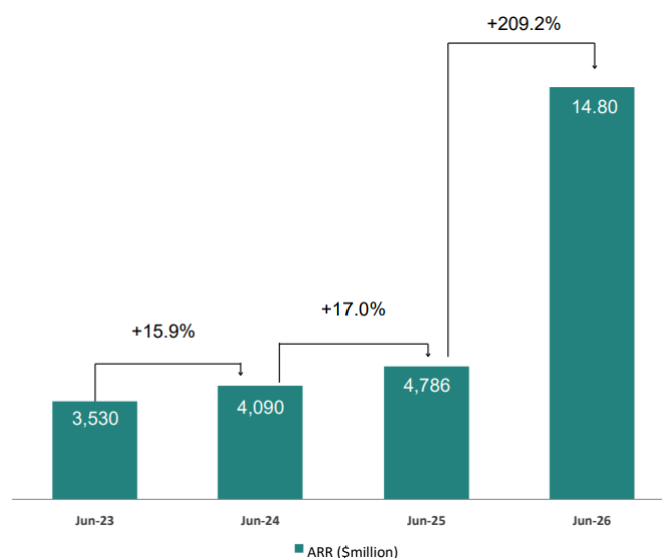
FY2026 HIGHLIGHTS

REVENUE HIGHLIGHTS

Total Revenue



Annual Recurring Revenue (ARR)



EXECUTIVE LEADERSHIP



DANIEL LAI
CEO & Managing Director

Daniel Lai is the CEO and Managing Director of archTIS. He has extensive industry experience in successfully delivering outcomes as part of a senior executive team to both government and commercial organisations. Most importantly Daniel has direct experience in implementing organisational change to address the real challenges businesses confront today in a rapidly evolving environment. Over his career, he has had many successes including leading the Security Enterprise Architecture for the Single Information Environment for the Department of Defence, leading enterprise change as the National Manager for Service Delivery for the Australian Customs and Border Protection Service, and restructuring and implementing enterprise ITIL services for the Australian Customs and Border Protection Service. Daniel is a regular speaker at industry events and has been featured in the Financial Review and CIO magazine.



KURT MUEFFELMANN
Chief Strategy Officer & US President

As Global Chief Strategy Officer and US President of archTIS, Kurt brings over 25 years of technology leadership to the companies. He brings his passion for start-ups, and proven strategies for scaling go to market efforts and achieving hyper revenue growth to the role. Kurt has overseen the growth and sale of four technology companies and earned two Deloitte Fast 500 company awards at previous companies. He has served as CEO of Cryptzone, HiSoftware (acquired by Cryptzone), Create!form International (acquired by Bottomline Technologies), and RealWord (acquired by Microsoft Great Plains). Kurt was Vice President and General Manager of both the Document Output Solutions and Business Process Solutions divisions of Bottomline Technologies where he was responsible for over \$40M in profitable revenue while broadening the product lines and expanding the distribution model. Kurt has served on the advisory boards of numerous companies and professional organisations within the technology industry. He holds a BA degree in economics and political science from Fairfield University.



ROBERT ANDREW BURNS
Chief Financial Officer

Robert Andrew (Andrew) has over 25 years of experience in senior leadership roles and has significant ASX experience. He led the listing process as a consulting CFO for Racing and Sports Limited (ASX:RTH) and Openpay Ltd (ASX:OPY), in 2021, and 2019 respectively, including multiple subsequent capital raises. Andrew was employed the CFO for The Citadel Group Limited (ASX:CGL) for 11 years until 2018, prior to specializing as a Governance and risk Management consultant. Andrew has strong technical competencies in financial management, accounting, risk management and process improvement techniques with a focus in B2B technology and businesses. Andrew holds an Executive MBA in Business from the Australian Graduate School of Management (AGSM) and a Bachelor of Commerce and Accounting from the University of Canberra. He is a member the Chartered Accountants Australia and New Zealand, and the Australian Institute of Company Directors. He is currently a director of Viva Leisure Limited (ASX:VVA).



KEVIN COPPINS
General Manager Americas

Kevin Coppins leads a team of passionate data security professionals driven daily to “Protect What Matters Most” for their customers, colleagues, and communities. A quote often heard from Kevin throughout the organization is, “We don’t just want happy customers; we want successful ones,” which reflects his philosophy of guiding his team to cut through the noise of ineffectual activity and instead focus their efforts on delivering business impact. Kevin is known for getting things done, with a proven track record of growth, leadership, and achievement. Prior to joining archTIS, Kevin held senior executive roles at various enterprise security, networking, and SaaS companies, including Spirion, Alcatel Lucent, EasyVista, Meru Networks, and Novell. Kevin holds a Bachelor of Science in Marketing from Penn State, an MBA from Loyola University New Orleans, and a CPD from The Wharton School of Business.



GERARD FOLEY
General Manager Asia Pacific

Gerard Foley brings over 25 years of experience leading strategic sales initiatives in the defence, high-technology, and national security sectors. He is an accomplished sales and business development C-suite executive with a proven track record in driving revenue growth, influencing strategic procurement, building government relations, and executing high-stakes sales strategies. Gerard built a successful career spanning 25 years at Raytheon Australia, where he held several senior executive positions, including Chief of Growth and Head of Strategy and Business Development. Additionally, he served as the Raytheon International’s Regional Director for South Asia. As a graduate of the Royal Military College, Gerard served in various military roles encompassing command, training, and procurement. Gerard holds a Bachelor of Electrical Engineering (Honours) from the University of New South Wales and a Master of Science in Defence Technology from the Royal Military College of Science in Shrivenham, UK.



RYAN TULLY
Chief Product Officer

Ryan Tully brings over a decade of dedicated experience in the realms of security, compliance, and data governance. Ryan leads the team with an overarching vision, strategic direction, and tactical execution to successfully launch and expand the organization’s products across new and established markets. Ryan’s journey within the technology landscape has been marked by leadership tenures in prominent Product Management roles, spanning multiple innovative SaaS and traditional software enterprises. These include his impactful contributions at Spirion, WireWheel, Stealthbits Technologies, Quest Software, and Metalogix software, where he played pivotal roles in shaping the trajectory of these organizations and driving product excellence to new heights.



IRENA MROZ
Chief Marketing Officer

Irena Mroz is responsible for defining the company’s product marketing, brand development, demand generation, and public relations. An innovative strategist with impeccable attention to detail, Irena leverages more than 25 years of B2B marketing expertise to direct the company’s marketing strategy and communications programs. She served as VP of Marketing at several cybersecurity start-ups, including Nucleus Cyber (acquired by archTIS) and Infocyte, a malware and threat hunting solution. As the SVP of Marketing for Cryptzone’s network and application security solutions and the VP of Marketing for HiSoftware, a provider of compliance and security solutions acquired by Cryptzone, she led the integration of the two global marketing organisations, while managing the development of all strategic marketing programs and communications for the joint entity. Her previous roles include senior marketing positions at Bottomline Technologies and Create!form International. Irena holds a Bachelor of Science in Mass Communications from Boston University’s College of Communication.



MATTHEW RICHARDSON
Chief Information Security and
Technology Officer

Matthew Richardson, the Chief Information Security Officer at archTIS, brings over 19 years of extensive Defence experience managing deployable Information Technology infrastructure in the Australian Army. His diverse career includes 10 years in Special Operations as an Information Systems Manager and Information Systems Supervisor. Matthew excels in software procurement, installations, administration, and information security, emphasising compliance with the Information Security Manual. He guides the company’s technical activities, evaluating internal functions, and collaborating with clients for efficient, secure information-sharing solutions. With a Graduate Diploma in Information Technology and industry certifications, Matthew contributes significantly to archTIS Limited’s mission of secure information sharing for Industry, Government, and Defence.

OVERVIEW OF FY 2026

FOR THE YEAR ENDED 30 JUNE 2026

EXECUTIVE SUMMARY

FY2026 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 74% 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 deepening of 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.

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.

OVERVIEW OF FY 2026

FOR THE YEAR ENDED 30 JUNE 2026

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.

FY2026 CUSTOMER & CONTRACT HIGHLIGHTS

U.S. Department of Defense Production Deployment and Testing Completed

With future licence blocks expected to start at approximately 8,000 users and the potential to scale across a substantially larger user base over time;

NC Protect was deployed into the Microsoft DoD365 production environment, and archTIS fully delivered a custom software development project for the U.S. Department of Defense under a \$250,000 services contract secured through partner Copper River Technologies. In the June 2026 quarter, NC Protect passed all 60 test cases in final U.S. DoD Warfighter Command production testing, covering U.S. personnel, releasable users and ABAC data-segregation scenarios, with no technical barriers to deployment identified. Enterprise licence discussions recommenced following delays associated with the U.S. Government shutdown. Negotiations have primarily been around phased quantities of licenses, with the potential to scale substantially over time and or an Enterprise License. The timing, scale and outcome of any award remain subject to U.S. Government procurement processes.

\$2.3M NC Protect Expansion with the Australian Department of Defence

In the September 2025 quarter, the Australian Department of Defence entered a \$2.3M licensing agreement for new and expanded user licensing of NC Protect; applying zero trust enforcement policies; and for enhanced data-centric controls

across Microsoft 365, SharePoint on-premises and file shares. This agreement was the principal contributor to \$3.8M of contracted sales secured in the first quarter.

Acquisition of Spirion Expands the Customer Base

In October 2025, the Company completed the acquisition of Spirion LLC, which has served a base of blue-chip enterprise and government organisations across the United States and Europe. It added more than 150 recurring customers, lifting the combined recurring customer base to 225 organisations across Australia, the United States, the United Kingdom, Europe and Asia. A \$2M cross-sell and upsell pipeline has been identified across the combined base, with campaigns underway, albeit conversion remains subject to execution over the coming periods.

New Customer Wins and Platform Integrations

During the March 2026 quarter, the Company secured a new NC Protect customer, a global IT provider operating across advanced computing, artificial intelligence, high-performance computing and immersive digital platforms. NC Protect is also being integrated with Mindbreeze InSpire for an existing global manufacturing customer, extending attribute-based access controls into AI-powered enterprise search and knowledge management workflows. This is an early example of the Company's data-centric security capabilities being applied to AI-enabled environments.

\$3.2M Kojensi Contract with the Australian Department of Defence

Subsequent to year-end, the Company secured a \$3.2M, 12-month contract with the Australian Department of Defence commencing 1 July 2026, covering the renewal of Kojensi Enterprise licensing, deployed on-premises across Defence's sensitive information collaboration environment together with application development, enhancement and maintenance services. The contract comprises \$1.0M of annual recurring software licences and \$2.2M of services, with options for Defence to extend for up to two further 12-month periods. The award continues archTIS' position as the

OVERVIEW OF FY 2026

FOR THE YEAR ENDED 30 JUNE 2026

incumbent provider of policy-enforced information security software within Defence's classified ICT environment.

Product Innovation

During the year, the Company continued expanding its product capabilities through releasing the next generation of NC Protect for Microsoft 365 as well as introducing new integrations with Microsoft Teams and ISEC7.

Industry Recognition

In July 2026, archTIS was named the 2026 Australian Defence Industry Awards Cyber Business of the Year, marking the third time the Company has received this honour, having previously won the category in 2022 and 2023. The Company was also a finalist in the Export Business of the Year category. The awards, presented by Defence Connect and Momentum Media, are judged by an independent panel of defence leaders on innovation, leadership, business performance, technical excellence and contribution to Australia's defence sector.

CONTINUED MOMENTUM INTO FY2027

archTIS enters FY2027 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 engagement on the U.S. Department of Defense opportunity following the 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.



ARCHTIS PRODUCTS DELIVER POLICY-ENFORCED ZERO TRUST DATA CENTRIC SECURITY



**POLICY-BASED ENCLAVE
ACCESS FOR SENSITIVE
& CLASSIFIED DATA**



Share and collaborate on sensitive and classified files securely



Accredited secure document collaboration up to TOP SECRET



Ensures sensitive information is only accessible on a need-to-know basis

NCPROTECT™

**DYNAMIC ACCESS &
DATA PROTECTION**



Policy-enforced access, usage and sharing controls for sensitive information



Prevent data loss, misuse and human error with fine-grained controls



Audit and report on sensitive data access and actions for compliance



**DISCOVER & CLASSIFY
SENSITIVE DATA**



Discover structured and unstructured sensitive data - across on-premises, cloud, hybrid and endpoints



Apply dynamic and persistent labeling, tags and visual markers to organize and protect data for compliance



Implement AI Guardrails. Map your enterprise data for use with new AI workloads



**SECURITY POLICY
ORCHESTRATION**



Real-time, attribute-based authorization to existing systems and data



Dynamically enforces authorization using identity, data, and contextual attributes



Extends Zero Trust controls across modern and legacy information stores

MATERIAL BUSINESS RISKS

MATERIAL BUSINESS RISKS

The Company's risk management approach involves the ongoing assessment, monitoring and reporting of risks that could impede the Company's progress in delivering the Company's strategic priorities. As the Company continues to grow and evolve, the material risk profile may change.

Below is a list of material business risks that the Company considers may affect the success of its strategy and financial prospects for future years, including some which are not directly within the Company's control. The Company may face a range of other risks in conducting its business activities in addition to those set out below.

TECHNOLOGY AND COMPETITION RISKS

Technology markets, by their very nature, are a continually evolving marketplace. To succeed, the Company will need to research, develop, design, build and bring to market new enhancements to its existing products as well as to new markets that might not yet exist. The Company may not be able to engage in research or develop its existing (and new) products to meet the changing needs of its markets and the new and emerging technologies. At the same time, products and technologies developed by others may render the Company's products and systems obsolete or non-competitive. If any of these scenarios were to occur, it would adversely impact the operating results and potential of the Company.

ABILITY TO ATTRACT AND RETAIN APPROPRIATELY SKILLED EMPLOYEES

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and key personnel. Company performance also depends on its ability to attract and retain skilled resources with relevant industry and technical expertise. The loss of several key personnel or the inability to attract additional resources may have an adverse impact on the financial and operating performance of the Company.

CYBER AND SECURITY RISKS

A cyber-attack has the potential to disrupt the Company's information technology platform which is integral to the efficient operation of its business. The threat of cyber-attacks on security companies is real. A successful cyber-attack on the Company would cause significant damage to the Company's reputation and brand as well as have a material adverse impact on the financial position and performance of the Company.

CUSTOMER CONCENTRATION AND REVENUE RISK

The Company's revenue base is currently concentrated among a limited number of key customers, particularly the Australian Department of Defence (DoD) and the U.S. DoD. While these relationships underpin significant Annual Recurring Revenue, this reliance presents a material risk should budget priorities, procurement schedules, or policy directions shift in these markets.

The Company's ability to maintain operations and achieve future growth depends on securing additional profitable contracts—both from existing defence customers and new markets. To mitigate this concentration risk, the Group is actively pursuing diversification through a broad pipeline of expanding existing Defence relationships as well as other commercial and international opportunities across adjacent sectors.

However, the timing and conversion of these opportunities into binding contracts are inherently uncertain and may be delayed, cancelled, or reprioritised due to external factors. The Group manages this risk by:

- Setting clear annual performance targets for new business secured and revenue delivered;
- Tying management incentives to commercial outcomes;
- Pursuing varied geographies, customer types, and contract structures;
- Securing contract terms that help offset risks tied to platform availability.

MATERIAL BUSINESS RISKS (CONT)

Despite these efforts, there is no certainty the Group will succeed in securing sufficient new business or fully offsetting the risks associated with customer concentration and delivery dependencies.

REGULATORY RISK

archTIS has been eligible for the federal government R&D tax incentive. If the regulation regarding the R&D tax incentives changed and the Company was no longer eligible, this would impact on archTIS' anticipated costs for development and materially impact on the Company's financial and operating performance.

UNCERTAINTY OF FUTURE PROFITABILITY

The success of the Company's sales and operations relies on the ability to attract more commercial users of the relevant technology and its products. An inability to attract new clients and users in a timely manner will affect the Company's earning ability. While the Company has been successful in attracting clients in the government sector in Australia, this may not necessarily translate into successful utilisation in other verticals and countries. Furthermore, the Company's profitability will be impacted by its ability to successfully execute its commercialisation and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of any future profits is uncertain. Moreover, the level of profitability cannot be predicted.

GEOPOLITICAL AND INTERNATIONAL OPERATING RISKS

The Company is exposed to a number of risks from geopolitical developments.

As the Company engages across multiple jurisdictions and derives significant proportion of its revenue from defence and government customers. As a result, the Group is exposed to geopolitical developments, including armed conflict, terrorism, trade measures such as tariffs or export controls, changes in government policy and strategic priorities, defence spending decisions, and broader national security and military-related events.

Geopolitical developments may impact global market conditions, disrupt supply chains, influence customer procurement processes, or lead to shifts in defence funding and programme priorities. Such events may affect the timing, scope, or continuation of existing and future contracts, which could have a material impact on the Group's financial performance and growth prospects.

Additional risks include challenges in enforcing intellectual property rights, inconsistent product regulations, and localised instability in customer markets. These factors may affect contract execution, customer payments, and overall market access.

The Company mitigates these risks through ongoing monitoring of international developments, direct engagement with defence and government stakeholders, and proactive adjustment of commercial and operational strategies. Nonetheless, the Company acknowledges that not all impacts from geopolitical change can be fully mitigated.



•archTIS

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report, together with the consolidated financial statements, on the consolidated entity consisting of archTIS Limited (referred to hereafter as the 'Company', 'Parent Entity', or 'archTIS') and the entities it controlled (referred to hereafter as the 'Group' or 'Consolidated Entity') at the end of, or during, the year ended 30 June 2026 ('Reporting Period' or 'FY2026').

DIRECTORS

The following persons were directors of archTIS Limited 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

DIRECTORS AND MEETINGS OF DIRECTORS

The qualifications and experience of directors, including current and recent directorships, are detailed below:



DR MILES JAKEMAN AM
Chairman of the Board

Dr Miles Jakeman AM is a specialist in business strategy, leadership, high performance team development, and risk management. As a company director, former CEO and technology business founder, he brings deep domain expertise in these areas and has successfully guided companies across global markets to deliver outstanding year-on-year results. After 35 years of industry experience, with the last 25 years as a director, he has also built an excellent network in the government, enterprise, and healthcare sectors.

Miles co-founded and was the Managing Director of Australian software and technology success story, The Citadel Group Limited ("Citadel"). During his time as Managing Director, he grew Citadel from a start-up to an ASX-listed company with over 300 staff and a market capitalisation of more than \$400 million. The company was subsequently sold to Pacific Equity Partners for \$503 million.

Miles has a Bachelor of Science (Hons), a Graduate Diploma in Asian Studies, a Doctorate of Philosophy (PhD) in Asian Studies and a second PhD in Business Leadership. He is conversant in Bahasa Indonesia, Malay and Tok Pisin. Professionally, Miles is a Fellow of the Australian Institute of Company Directors (AICD) and has successfully completed both the AICD Diploma of International Company Directors and the Mastering the Boardroom Advanced Diploma. Miles was appointed as a Member of the Order of Australia (AM) for significant service to business, national security, and to the community.

Interest in Shares and Options: 2,586,925 ordinary shares and 3,412,969 unlisted options

Former public listed company directorships (last 3 years): GetBusy plc (AIM:GetB) (appointed 3 July 2017)

DIRECTORS' REPORT



DR MARCUS THOMPSON AM
Non-Executive Director

Dr Marcus Thompson AM is a retired Major General who served 34 years in the Australian Army. Graduating from the Royal Military College in 1988, Marcus was allocated to the Royal Australian Corps of Signals. He served in a variety of command, regimental and Special Operations appointments including: Command of the 3rd Combat Signal Regiment; secondment to the Department of the Prime Minister and Cabinet as the Senior Advisor Defence Policy and Operations; Director General Special Operations Capability; Commander 6th Brigade; and deployments to East Timor, Iraq, and Afghanistan. His final appointment was as the inaugural Head of Information Warfare for the Australian Defence Force.

Marcus holds a Bachelor of Electrical Engineering with honours from the University of New South Wales, a Bachelor of Business from the Royal Melbourne Institute of Technology, a Master of Defence Studies from the University of Canberra, a Master of Strategic Studies from Deakin University, and a PhD in Cyber Security from the University of New South Wales. He was appointed a Member of the Order of Australia in the 2014 Queen's Birthday Honours List.

Since leaving the Australian Army, Marcus has founded Cyber Compass Pty Ltd, an independent advisory focused on improving cyber security and developing sovereign Australian capability. He has worked with and supported many Australian entities, including Macquarie Technology Group, ParaFlare, Penten, several major banks and financial institutions, and the Melbourne Business School. He is also a Non-Executive Director of Bank Australia.

Interest in Shares and Options: 3,412,969 unlisted options

Other current public listed company directorships: None

Former public listed company directorships (last 3 years): None

DIRECTORS' REPORT



DANIEL LAI
CEO & Managing Director

Daniel Lai is the CEO and Managing Director of archTIS. He has extensive industry experience in successfully delivering outcomes as part of a senior executive team to both government and commercial organisations. Most importantly, Daniel has direct experience in implementing organisational change to address the real challenges businesses confront today in a rapidly evolving environment.

Over his career, he has had many successes, including leading the Security Enterprise Architecture for the Single Information Environment for the AUS Department of Defence, leading enterprise change as the National Manager for Service Delivery for the

Australian Customs and Border Protection Service, and restructuring and implementing enterprise ITIL services for the Australian Customs and Border Protection Service. Daniel is a regular speaker at industry events and has been featured in the Financial Review and CIO Magazine.

Interest in Shares and Options: 10,737,686 ordinary shares, 964,571 unlisted options and 1,055,219 performance rights

Other current public listed company directorships: None

Former public listed company directorships (last 3 years): None

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Number of Meetings Held	Number Attended
Dr Miles Jakeman AM	13	11
Dr Marcus Thompson AM	13	13
Daniel Lai	13	12

The Directors have determined that the consolidated entity's operations continue not to be of a sufficient magnitude to require the Board Committees outlined in the Corporate Governance Plan. The Board is carrying out the duties that would ordinarily be assigned to each committee under the written terms of reference for that committee.

As at the date of this report, the role of company secretary is held jointly by Winton Willesee, Erlyn Dawson and Robert Andrew Burns.

DIRECTORS' REPORT

COMPANY SECRETARY

As at the date of this report, the role of company secretary is held jointly by Winton Willesee and Robert Andrew Burns and by Erlyn Dawson, up to her resignation date.



WINTON WILLESEE
Joint-Company Secretary

Winton Willesee is an experienced company director and secretary with over 20 years' experience in various roles within the Australian and international capital markets. Winton has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. Winton holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.



ROBERT ANDREW BURNS
Joint-Company Secretary

Andrew Burns has over 25 years of experience in senior leadership roles and has significant ASX experience. He led the listing process as a consulting CFO for Racing and Sports Limited (ASX:RTH) and Openpay Ltd (ASX:OPY), in 2021, and 2019 respectively, including multiple subsequent capital raises. Andrew was employed the CFO for The Citadel Group Limited (ASX:CGL) for 11 years until 2018, prior to specializing as a Governance and risk Management consultant. Andrew has strong technical competencies in financial management, accounting, risk management and process improvement techniques with a focus in B2B technology and businesses. Andrew holds a Bachelor of Commerce, Executive Masters of Business Administration, and is a Member of Chartered Accountants Australia and New Zealand, and a Member of the Australian Institute of Company Directors.



ERLYN DAWSON
Joint-Company Secretary (resigned on 2 December 2025)

Erlyn Dawson is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries. Erlyn holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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

- Sales of a secure information management and collaboration software: Kojensi either in-cloud or on-premise 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.

DIVIDENDS

No dividends were paid during the financial year.

REVIEW OF OPERATIONS

Refer to pages 10-12 of the annual report for an overview of the FY2026 operations, which forms part of this Directors' report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

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.

No further matters or circumstances have arisen since 30 June 2026 which have significantly affected, or may significantly affect:

- a) the Company's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Company's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors believe the market for data-centric security solutions will continue to experience strong growth. The Company's principal activities are well-positioned to capitalise on these opportunities and benefit from the expanding demand for Data Centric Security.

In accordance with section 299(1)(e) of the Corporations Act 2001, information on likely developments in the operations of the Consolidated Entity and the expected results of those operations has not been included in this report, as the Directors are of the opinion that such disclosure would be likely to result in unreasonable

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

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

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Consolidated Entity, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or part of those proceedings.

SHARES UNDER OPTION

Unissued ordinary shares of archTIS Limited under option at the date of this report are as follows:

Class Code	Grant Date	Expiry Date	Exercise Price	Number under Option
AR9016	21 Dec 2023	21 Dec 2026	\$0.0792	378,673
AR9017	21 Dec 2023	21 Dec 2026	\$0.0792	662,217
AR9018	21 Dec 2023	21 Dec 2026	\$0.0792	732,977
AR9019	20 Dec 2024	22 Nov 2027	\$0.0972	6,825,938
AR9020	20 Dec 2024	20 Dec 2028	\$0.0771	2,190,163
AR9021	11 Dec 2025	11 Dec 2029	\$0.2000	169,394
Total options on issue				10,959,362

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of section 300A of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for achieving successful company outcomes.

Overview of remuneration approach and framework

The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The remuneration of Directors and other key management personnel is fixed annually. Incentives are structured to reward outstanding performance against agreed Key Performance Indicators (KPI's), including financial and non-financial metrics.

The Consolidated Entity did not engage a remuneration consultant to provide recommendations in respect of the remuneration of key management personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is distinctly different.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board.

The ASX Listing Rules and the Company's Constitution provide that the aggregate annual non-executive directors' fees paid shall not exceed that determined by shareholders in a general meeting. On 22 November 2024, shareholders approved a maximum annual aggregate remuneration of \$750,000 per annum.

Executive remuneration

The Consolidated Entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and,
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved.

The long-term incentives ('LTI') include long service leave and share-based payments. Securities are awarded to executives which vest over periods of approximately two to three years based on LTI measures.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

During the Reporting Period, the key management personnel of the consolidated entity consisted of the following personnel of archTIS Limited. The following persons were key management personnel of the consolidated entity during the whole of the Reporting Period and up to the date of this report, unless otherwise stated:

2026

Directors

Dr Miles Jakeman AM	Non-executive Chairman
Dr Marcus Thompson AM	Non-executive Director
Daniel Lai	Managing Director & Chief Executive Officer

Key Management Personnel

Kurt Mueffelmann	Chief Strategy Officer & US President
Robert Andrew Burns	Chief Financial Officer

During the prior comparative period, the key management personnel of the Group consisted of the following personnel of archTIS Limited.

2025

Directors

Dr Miles Jakeman AM	Non-executive Chairman
Dr Marcus Thompson AM	Non-executive Director (appointed 11 December 2024)
Daniel Lai	Managing Director & Chief Executive Officer
Leanne Graham	Non-executive Director (ceased 22 November 2024)

Key Management Personnel

Kurt Mueffelmann	Global Chief Operations Officer & US President
Robert Andrew Burns	Chief Financial Officer

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

	Short-term benefits							Total	% of salary assoc. with performance	Share-based payments as a % of total
	Salary & Fees	Cash bonus	Other Monetary Benefits	Share-based payments	Post employment super	Long service leave	Termination Benefits			
	\$	\$	\$	\$	\$	\$		\$	%	%
2026										
Non-Executive Directors										
Dr Miles Jakeman AM	111,477	-	-	35,175	13,377	-	-	160,029	-	22%
Dr Marcus Thompson AM	97,338	-	-	82,725	-	-	-	180,063	-	44%
Executive Directors										
Daniel Lai*	320,064	45,101	14,333	132,216	30,000	12,593	-	554,307	12%	24%
Key Management Personnel										
Kurt Mueffelman**	414,403	46,492	46,375	85,709	-	-	-	592,979	10%	14%
Robert Andrew Burns***	360,000	31,863	78,640	71,242	-	-	-	541,745	6%	13%
2025										
Non-Executive Directors										
Dr Miles Jakeman AM	78,312	-	-	51,900	9,006	-	-	139,218	-	37%
Dr Marcus Thompson AM	38,281	-	-	-	-	-	-	38,281	-	-
Leanne Graham	31,232	-	-	3,263	-	-	-	34,495	-	9%
Executive Directors										
Daniel Lai	322,397	18,774	-	51,382	35,565	6,065	-	434,183	6%	12%
Key Management Personnel										
Kurt Mueffelman****	404,041	14,472	-	59,652	-	-	-	478,165	3%	12%
Robert Andrew Burns***	278,629	9,375	141,371	134,148	-	-	-	478,165	2%	24%

*Other monetary benefits include value of used annual leave during the year

**Estimated AUD remuneration based on USD to AUD 2025/26 average exchange rate of 1.4723; other monetary benefits include value of used annual leave during the year

***Other monetary benefits include contracted fees for roles other than the Chief Financial Officer

****Estimated AUD remuneration based on USD to AUD 2024/25 average exchange rate of 1.5453

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Services Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements with the company or its subsidiaries. Details of these agreements are as follows:

Name: Daniel Lai

Title: Chief Executive Officer

Agreement commenced: 29 June 2018

Term of agreement: No fixed term. Six-month termination period.

Details: The remuneration is \$379,443 per year including statutory superannuation, plus variable compensation of an additional 90% of base salary, comprising of an annual cash bonus and long-term equity incentives, based on financial KPIs set by the Board.

Name: Kurt Mueffelmann

Title: Senior Vice President of Sales, Chief Operating Officer of archTIS and President of US Operations

Agreement commenced: 23 December 2020

Term of agreement: Annual term, renewed automatically unless either party gives notice not to extend at least 30 days prior to the renewal date. In the event of termination without cause or resignation for good reason (unremedied cause), in addition to accrued amounts, Kurt will receive salary and bonus continuation equal to 12 months base salary plus bonus and performance-based securities, and up to 12 months continued insurance benefits.

Details: The remuneration is US\$275,625 per year, plus variable compensation of up to an additional 80% of base salary, comprising of an annual cash bonus and long-term equity incentives, subject to achievement of annual KPIs set by the Board.

Name: Robert Andrew Burns

Title: Chief Financial Officer

Agreement commenced: 1 April 2024

Term of agreement: Continued Engagement through to 30 June 2026

Details: Burns Executive Services Pty Ltd is contracted to provide outsourced corporate services to archTIS Ltd with the second term of the agreement extending to 30 June 2026. The contracted corporate services include the role of Chief Financial Officer of which Andrew Burns is the specified personnel. The contract remuneration covers the Chief Financial Officer (CFO) role, but it is important to note that this is just one of several positions included in the agreement. The total contract value compensates for a team of professionals delivering a range of shared services. These services encompass various essential functions, including: Financial controllership, Financial planning and analysis, Accounts payable, and Payroll management. The contract's remuneration package is comprehensive, covering the costs associated with providing these critical business functions.

- Base rate of \$540,000 excluding GST, effective from 1 July 2025;
- STI of \$99,000 based on the same annual targets and KPIs being achieved as the Executive.
- LTI of \$165,000 based on the same terms as the FY2026 LTI for the Executive team; and,
- Three months' notice by either party is required for termination of the contract.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option	Number Under Option
AR9019 Class						
Non-Executive Directors						
Dr Miles Jakeman AM	22 Nov 24	22 Nov 25	22 Nov 27	\$0.0972	\$0.0293	1,137,656
	22 Nov 24	22 Nov 26	22 Nov 27	\$0.0972	\$0.0293	1,137,656
	22 Nov 24	22 Nov 27	22 Nov 27	\$0.0972	\$0.0293	1,137,657
Dr Marcus Thompson AM	22 Nov 25	22 Nov 25	22 Nov 27	\$0.0972	\$0.0293	1,137,656
	22 Nov 25	22 Nov 26	22 Nov 27	\$0.0972	\$0.0293	1,137,656
	22 Nov 25	22 Nov 27	22 Nov 27	\$0.0972	\$0.0293	1,137,657

* Subject to continued engagement as a director of the Company on the date of vesting.

AR9019 options were granted to the non-executive directors as part of their remuneration packages. The options are exercisable by the holder from the vesting date. If the holder ceases to be a director of the Company, vested options will lapse six months after cessation of engagement. Unvested options will lapse immediately upon cessation of engagement.

There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise. Options granted carry no dividend or voting rights.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation (continued)

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option	Number Under Option
AR9O16, 17, 18, 20, 21						
Executive Directors						
Daniel Lai	23 Nov 23	30 Jun 24	21 Dec 26	\$0.0792	\$0.0385	126,224
	23 Nov 23	30 Jun 25	21 Dec 26	\$0.0792	\$0.0385	126,224
	23 Nov 23	30 Jun 26	21 Dec 26	\$0.0792	\$0.0385	126,225
	20 Dec 24	30 Jun 25	20 Dec 28	\$0.0771	\$0.0366	138,835
	20 Dec 24	30 Jun 26	20 Dec 28	\$0.0771	\$0.0366	138,835
	20 Dec 24	30 Jun 27	20 Dec 28	\$0.0771	\$0.0366	138,834
	20 Dec 24	30 Jun 26	20 Dec 28	\$0.0771	\$0.1165	54,464
	20 Dec 24	30 Jun 27	20 Dec 28	\$0.0771	\$0.1165	54,464
	20 Dec 24	30 Jun 28	20 Dec 28	\$0.0771	\$0.1165	54,464
Key Management Personnel						
Kurt Mueffelman	21 Dec 23	30 Jun 24	21 Dec 26	\$0.0792	\$0.0371	158,653
	21 Dec 23	30 Jun 25	21 Dec 26	\$0.0792	\$0.0371	158,653
	21 Dec 23	30 Jun 26	21 Dec 26	\$0.0792	\$0.0371	158,653
	20 Dec 24	30 Jun 25	20 Dec 28	\$0.0771	\$0.0366	171,240
	20 Dec 24	30 Jun 26	20 Dec 28	\$0.0771	\$0.0366	171,240
	20 Dec 24	30 Jun 27	20 Dec 28	\$0.0771	\$0.0366	171,241
Robert Andrew Burns	20 Dec 24	30 Jun 25	20 Dec 28	\$0.0771	\$0.0366	181,487
	20 Dec 24	30 Jun 26	20 Dec 28	\$0.0771	\$0.0366	181,487
	20 Dec 24	30 Jun 27	20 Dec 28	\$0.0771	\$0.0366	181,488

* Subject to continued employment with the Company on the date of vesting.

Options classes AR9O16, 17, 18, 20, 21 are granted to the executive directors and key management personnel and staff as part of a retention strategy. The options are issued based on the discretion of Non-Executive Directors which is reviewed annually and are not part of the executive directors and key management personnel remuneration packages. The options vest annually on the 30th of June based on continued engagement. The options are exercisable by the holder from the vesting date. If the holder ceases to be engaged by the Company, vested options will lapse six months after cessation of engagement. Unvested options will lapse immediately upon cessation of engagement.

There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise. Options granted carry no dividend or voting rights.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation (continued)

Share holding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance	Received as part of remuneration	Additions	Disposals	Closing Balance
Non-Executive Directors					
Dr Miles Jakeman AM	2,586,925	-	-	-	2,586,925
Dr Marcus Thompson AM	-	-	-	-	-
Executive Directors					
Daniel Lai	10,529,434	208,252	-	-	10,737,686
Key Management Personnel					
Kurt Mueffelman	18,987,447	256,860	166,667	-	19,410,974
Robert Andrew Burns	1,381,440	243,063	-	-	1,624,503

Option & performance rights holding

The number of options and performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening Balance	Granted	Exercised/ Vested	Expired/ Forfeited	Closing Balance
Non-Executive Directors					
Dr Miles Jakeman AM	4,889,159	-	-	(1,476,190)	3,412,969
Dr Marcus Thompson AM	-	3,412,969 ¹	-	-	3,412,969
Executive Directors					
Daniel Lai	3,206,829	1,016,359 ^{2,3}	(208,252)	(1,995,146)	2,019,790
Key Management Personnel					
Kurt Mueffelman	3,926,364	2,451,255 ⁵	(256,860)	(2,422,964)	3,697,795
Robert Andrew Burns	2,975,094	1,964,286 ⁶	(243,063)	(1,944,507)	2,751,810

¹ 3,412,969 options issued adopted at the Company's Annual General Meeting under listing rule 10.11 held on 14 November 2025

² 169,393 options issued adopted at the Company's Annual General Meeting under listing rule 10.11 held on 14 November 2025

³ 846,966 performance Rights were issued to Lai under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting under listing rule 10.14 held on 23 November 2023)

⁴ Adjusted for 43,478 expired options which were erroneously included in prior year's balance due to oversight

⁵ 2,451,255 performance Rights were issued to Mueffelman under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting under listing rule 10.14 held on 23 November 2023)

⁶ 1,964,286 performance Rights were issued to Burns under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting under listing rule 10.14 held on 23 November 2023)

DIRECTORS' REPORT

ADDITIONAL INFORMATION

The earnings of the Group for the five years to 30 June 2026 is summarised below:

	2026	2025	2024	2023	2022
Sales revenue	13,353,724	6,073,234	9,799,517	6,367,123	4,638,696
EBIT*	(16,187,921)	(4,976,493)	(4,562,367)	(8,479,395)	(9,569,421)
EBITDA*	(9,959,583)	(707,123)	263,849	(3,772,603)	4,209,959
Loss after Income Tax	(15,997,010)	(4,759,455)	(4,255,976)	(8,237,955)	(9,445,288)

*EBITDA and EBIT are non-IFRS financial measures, are not defined under Australian Accounting Standards and have not been subject to audit.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026	2025	2024	2023	2022
Share price at financial year end (\$)	0.07	0.23	0.08	0.08	0.14
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(3.56)	(1.66)	(1.49)	(2.99)	(3.58)

Loans from key management personnel and their related parties

There were no loans from key management personnel and their related parties during the financial year.

Other transactions with key management personnel and their related parties

There are no other transactions with related parties except those as previously discussed.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Voting of shareholders at most recent Annual General Meeting

At the 2025 Annual General Meeting of shareholders, 99% of shareholders voted to adopt the 2025 remuneration report. No specific comments were received in relation to the report or the KMP remuneration strategy more broadly.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

AUDITOR

RSM Australia Partners ('RSM' or 'Auditor') continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to RSM for non-audit services provided during the financial year by the auditor are outlined in Note 29 to the consolidated financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on RSM's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the consolidated financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of RSM; and,
- none of the services undermine the general principles relating to auditor independence as issued by the Accounting Professional and Ethical Standards (APES) Board set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing RSM's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Corporate Governance

The Company's 2026 Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at <https://www.archtis.com/archtis-asx-ar9-investor-relations/>.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 73.

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

On behalf of the directors,



Dr Miles Jakeman AM
Chairman

30 September 2026
Canberra, ACT



archTIS

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025
	Note	\$	\$
Revenue	3(a)	13,353,724	6,073,234
Cost of sales	5	(3,395,209)	(1,431,585)
Gross profit		9,958,515	4,641,649
Other income	3(b)	1,631,199	1,632,748
Sales and marketing	5	(5,683,387)	(1,754,717)
General administration	5	(22,094,248)	(9,619,672)
Loss before income tax		(16,187,921)	(5,099,992)
Income tax (expense) / benefit	6	190,911	340,537
Loss after income tax		(15,997,010)	(4,759,455)
Other Comprehensive Income			
Exchange differences on translation of foreign operations		(808,806)	-
Total Other Comprehensive Income		(808,806)	-
Total comprehensive income for the year		(16,805,816)	(4,759,455)
Loss per share		Cents	Cents
Basic loss per share	36	(3.56)	(1.66)
Diluted loss per share	36	(3.56)	(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

		2026	2025
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,859,166	3,148,981
Trade and other receivables	8	2,983,600	578,440
Other current assets	9	2,207,101	1,931,245
Income tax receivable		31,467	32,971
Total current assets		8,081,334	5,691,637
Non-current assets			
Other non-current assets	10	5,873	-
Property, plant and equipment	11	156,947	120,240
Intangible assets	12	27,202,608	10,811,955
Right of use assets	13	489,035	166,221
Total non-current assets		27,854,463	11,098,416
Total assets		35,935,797	16,790,053
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,276,659	550,560
Employee benefits	15	248,779	433,435
Provisions	16	725,637	1,046,270
Other current liabilities	17	405,993	522,564
Contract liabilities	17	7,273,382	4,561,176
Share warrant liability	17	263,178	-
Lease liability	18	365,642	172,418
Borrowings	19	7,999,908	1,999,908
Total current liabilities		18,559,178	9,286,331
Non-current liabilities			
Employee benefits	15	77,128	169,324
Contract liabilities	20	1,262,079	1,738,815
Deferred tax and other	21	-	195,079
Lease liability	18	150,817	-
Total non-current liabilities		1,490,024	2,103,218
Total liabilities		20,049,202	11,389,549
NET ASSETS		15,886,595	5,400,504
EQUITY			
Issued capital	22	70,480,484	43,639,377
Reserves	23	1,801,015	2,159,020
Accumulated losses	25	(56,394,903)	(40,397,893)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS		15,886,595	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 loss after income tax		-	-	(15,997,010)	(15,997,010)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	22	27,962,655	-	-	27,962,655
Vesting of performance rights	22	450,700	(450,700)	-	-
Capital raise and establishment costs	22	(1,572,248)	-	-	(1,572,248)
Foreign exchange reserve	23	-	(808,806)	-	(808,806)
Share-based payments	23	-	901,501	-	901,501
Balance at 30 June 2026	22,23,25	70,480,484	1,801,015	(56,394,903)	15,886,595
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)
<i>Transactions with owners in their capacity as owners:</i>					
Vesting of performance rights	22	231,397	(231,397)	-	-
Foreign exchange reserve	23	-	2,522	-	2,522
Share-based payments	23	-	715,109	-	715,109
Balance at 30 June 2025	22,23,25	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

		2026	2025
	Note	\$	\$
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	35	(15,361,294)	2,957,291
Cash flows from investing activities			
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		(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	7	2,859,166	3,148,981

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated 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 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 \$15,997,010 (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 \$8.08 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 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 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 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 general purpose 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 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 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 financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in note 33.

(e) Principles of consolidation

The consolidated 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

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, its 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

(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, RDTI 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.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Note 1. Material Accounting Policies

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 consolidated 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 set out below:

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's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Note 2: Critical Accounting Judgements, Estimates and Assumptions

The preparation of the 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 24 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 12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

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)	1,518,987	1,571,120
Interest income	112,212	57,736
Other income (ii)	-	3,892
	1,631,199	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: Operating segments

Identification of reportable operating segments

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

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

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

Major customers

During the year ended 30 June 2026, \$2,868,000 (2025: \$2,413,000) of the Consolidated Entity's external revenue was derived from sales to the Australian government representing 21% of the Consolidated Entity's total revenue (2025: 40%).

Geographical information

Segment information by geographical regions is set out below:

Geographical Split- Revenue from contract with customers	Consolidated	
	2026	2025
	\$	\$
Australia	5,067,950	5,352,745
United States of America ('USA')	8,285,774	720,489
	13,353,724	6,073,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 5. Expenses

	Consolidated	
	2026	2025
	\$	\$
The result for the year includes the following specific expenses:		
(a) Employee benefits		
Salaries and wages	11,679,494	4,709,669
Superannuation	392,186	431,706
Other employee benefits	2,963,944	458,299
Share-based payments	901,501	715,109
less: capitalised to software development	(1,991,500)	(2,163,593)
	13,945,625	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	-
Other finance costs	9,264	-
	1,044,108	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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 6. Income tax expense

	Consolidated	
	2026 \$	2025 \$
Income tax expense		
Deferred tax	(195,079)	(383,621)
Foreign exchange movement	4,168	37,911
Current tax	-	5,173
Income tax expense / (income)	(190,911)	(340,537)
Loss before income tax	(16,187,921)	(5,099,992)
Tax at the statutory rate of 25% - Australia	(1,752,685)	(797,099)
Tax at the statutory rate of 21% (22.83% prior year) – USA	(2,026,572)	(383,031)
Tax at the statutory rate of 19% – UK	(2,679)	(265)
Tax at the statutory rate of 15.8% – Germany	(68,106)	(13,626)
Total tax at the statutory rate	(3,850,042)	(1,194,021)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	2,423	4,294
Share-based payments	385,154	178,777
Research & development expenditure	254,067	416,199
Intangible amortisation - internally generated	-	554,282
Income from research & development incentives	(311,239)	(383,630)
Other	1,192	-
Sub-total	331,597	769,922
Current year deferred tax not recognised	3,327,534	83,562
	3,327,534	83,562
Income tax expense / (income)	(190,911)	(340,537)

A net deferred tax asset of \$1,128,172 (\$5,321,519 relating to tax losses) ((2025: 5,378,211) \$5,402,655 relating to tax losses) has not been recognised on the basis it is not probable that taxable profit will be available against which the temporary differences may be utilised while the Company is claiming the refundable research and development tax offset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 7. Cash and cash equivalents

	Consolidated	
	2026	2025
	\$	\$
Cash and cash equivalents		
Cash at bank	415,354	694,425
Cash on deposit	2,443,812	2,454,556
	2,859,166	3,148,981

Note 8. Trade and other receivables

	Consolidated	
	2026	2025
	\$	\$
Trade receivables	2,959,158	571,493
Less: allowance for expected credit losses	-	-
	2,959,158	571,493
Other receivables	24,442	6,947
	2,983,600	578,440

Allowance for expected credit losses

The Consolidated Entity reviewed all material outstanding receivables greater than 90 days as at 30 June 2026, determined that the balances were recoverable, and accordingly no expected credit loss provision was raised nil. The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	2026 Carrying amount \$	2026 Allowance for expected credit losses \$	2025 Carrying amount \$	2025 Allowance for expected credit losses \$
Not yet due	2,009,991	-	471,878	-
0 - 3 months overdue	949,167	-	43,252	-
6+ months overdue	-	-	56,363	-
Balance at 30 June 2026	2,959,158	-	571,493	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 9. Other current assets

	Consolidated	
	2026	2025
	\$	\$
Prepayments & deposits	777,472	200,691
Research & development tax incentive	1,340,017	1,616,361
Capitalised commissions	89,612	114,193
	2,207,101	1,931,245

Note 10. Other non-current assets

	Consolidated	
	2026	2025
	\$	\$
Capitalised commissions	5,873	-
	5,873	-

Note 11. Property, plant & equipment

	Consolidated	
	2026	2025
	\$	\$
Leasehold improvements - at cost	129,227	85,512
less: accumulated depreciation	(66,806)	(26,473)
	62,421	59,039
Computer equipment - at cost	606,793	300,489
less: accumulated depreciation	(560,854)	(252,105)
	45,939	48,384
Office equipment - at cost	142,687	56,670
less: accumulated depreciation	(94,100)	(43,853)
	48,587	12,817
	156,947	120,240

Reconciliations

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

	Leasehold improvements	Computer equipment	Office equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2024	71,255	18,240	17,433	106,928
Additions	-	41,451	-	41,451
Depreciation	(12,216)	(11,307)	(4,616)	(28,139)
Balance at 30 June 2025	59,039	48,384	12,817	120,240
Balance at 1 July 2025	59,039	48,384	12,817	120,240
Additions	22,870	24,238	55,096	102,204
Depreciation	(18,901)	(26,058)	(18,072)	(63,031)
FX	(586)	(626)	(1,254)	(2,466)
Balance at 30 June 2026	62,421	45,939	48,587	156,947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 12. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 12. Intangible assets (continued)

Customer contracts

Customer contracts represent those acquired as part of the acquisition of Nucleus Cyber Inc and the 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 software intangible assets acquired as part of the acquisitions of Nucleus Cyber Inc, the software division of Cipherpoint Limited, Direktiv IO Inc and Spirion LLC, together with internally developed software that has been capitalised. These software intangible assets are amortised over their estimated useful lives of 3 to 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.

	Internally generated software	Development in progress	Customer contracts	Software	Goodwill	Total
2026						
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
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)
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	(2,831,121)	(892,175)	-	-	-	(3,723,296)
Additions	-	(1,156,358)	-	-	-	(1,156,358)
Re-classification	(110,459)	110,459	-	-	-	-
Recognised in income	943,210	-	-	-	-	943,210
Closing balance at 30 June 2026	(1,998,369)	(1,938,074)	-	-	-	(3,936,443)
Net book value	2,879,202	4,177,053	845,368	9,409,818	9,891,166	27,202,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 12. Intangible assets (continued)

	Internally generated software	Development in progress	Customer contracts	Software	Goodwill	Total
2025						
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
Effect of foreign exchange translation	-	-	22,048	81,730	-	103,778
Closing balance at 30 June 2025	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 12. 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. Consistent with Note 4 Operating Segments 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:

- 15.5% 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;
- Annual increase in operating costs and overheads excluding staff costs; and,
- Terminal growth rate of 3%
- Sensitivity analysis indicates that the recoverable amount of the cash-generating unit would continue to exceed its carrying value under a downside scenario incorporating a pre-tax discount rate of 19.5% and a terminal growth rate of 1%.

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 13. 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	166,221	107,661
Additions	451,950	228,135
Lease modifications	234,092	-
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 14. Trade and other payables

	Consolidated	
	2026	2025
	\$	\$
Trade payables	1,008,039	267,179
Other payables	268,620	283,381
	1,276,659	550,560

Note 15. Employee benefits

	Consolidated	
	2026	2025
	\$	\$
Current		
Provision for annual leave	201,879	379,256
Provision for long service leave	46,900	54,179
	248,779	433,435
Non-current		
Provision for long service leave	77,128	169,324
	77,128	169,324
	325,907	602,759

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Consolidated Entity's net obligation in relation to long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is calculated using expected future increases in salaries including related on-costs and expected settlement dates and is discounted to present value at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 16. Provisions

Current

Deferred consideration
Lease make good
Provision for short term incentive

Consolidated	
2026	2025
\$	\$
-	663,203
82,403	81,015
643,234	302,052
725,637	1,046,270
725,637	1,046,270

Recognition and measurement

A provision is recognised when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation. The provision is calculated by discounting the expected future cash flows.

Lease make good

The lease make good provision represents the value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the lease term.

Note 17. Other current liabilities

Accrued expenses
Contract liabilities
Share warrant liability

Consolidated	
2026	2025
\$	\$
405,993	522,564
7,273,382	4,561,176
263,178	-
7,942,553	5,083,740

Contract Liabilities

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 (current and non-current – Note 20)
Payments received in advance
Transferred to revenue
Effects of foreign exchange translation
Balance as at 30 June (current and non-current – Note 20)

Consolidated	
2026	2025
\$	\$
6,299,991	3,047,258
9,337,102	7,836,518
(6,600,915)	(4,583,785)
(500,717)	-
8,535,461	6,299,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 17. Other current liabilities (continued)

Share warrant liability

Reconciliation

Reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	2026 \$	2025 \$
Balance as at 1 July	-	-
Issuance of share warrants	193,324	-
Loss recognised for the year	69,854	-
Balance as at 30 June	263,178	-

Note 18. Lease liabilities

	Consolidated	
	2026 \$	2025 \$
Balance as at 1 July	172,418	166,588
Additions	451,949	-
Lease modifications	234,092	228,134
Interest	9,207	10,126
Payments made	(320,856)	(232,430)
Effects of foreign exchange translation	(30,351)	-
Balance as at 30 June	516,459	172,418
Current	365,642	172,418
Non-current	150,817	-
	516,459	172,418

	< 1 year	1- 5 years	> 5 years	Total undiscounted lease liabilities	Lease Liabilities included in Statement of Financial Position
2026				\$	\$
Lease liabilities	451,480	105,103	-	556,583	516,459
2025					
Lease liabilities	176,930	-	-	-	176,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 19. Borrowings

Bank loan

Consolidated	
2026	2025
\$	\$
7,999,908	1,999,908
7,999,908	1,999,908

Total secured liabilities

The total secured liabilities are as follows:

Current

Bank loan

Consolidated	
2026	2025
\$	\$
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 \$871,544 (2025: \$343,729) held with the bank.

Financing arrangements

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

Total facilities

Bank loan

Consolidated	
2026	2025
\$	\$
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 20. Other non-current liabilities

Contract Liabilities

Consolidated	
2026	2025
\$	\$
1,262,079	1,738,815
1,262,079	1,738,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 21. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Opening balance	Credited / (charged) to profit or loss	Balance recognised on acquisition	Changes in tax rates	Closing balance
	\$	\$	\$	\$	\$
2026					
<i>Deferred tax liability on:</i>					
Intangible assets	(195,079)	195,079	-	-	-
Deferred tax liability	(195,079)	195,079	-	-	-
Net deferred tax asset / (liability)	(195,079)	195,079	-	-	-
2025					
<i>Deferred tax liability on:</i>					
Intangible assets	(578,700)	383,621	-	-	(195,079)
Deferred tax liability	(578,700)	383,621	-	-	(195,079)
Net deferred tax asset / (liability)	(578,700)	383,621	-	-	(195,079)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 22. 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
<i>Movements in ordinary share capital</i>				
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

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Consolidated Entity's objectives are to prudently manage capital to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 23. Reserves

	Consolidated	
	2026	2025
	\$	\$
Share-based payments reserve	2,020,748	1,569,947
Foreign currency reserve	(219,733)	589,073
	1,801,015	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	901,501	-	901,501
Transferred to Issued Capital	(450,700)	-	(450,700)
Arising due to translation of financial statements for foreign subsidiaries	-	(808,806)	(808,806)
Balance at 30 June 2026	2,020,748	(219,733)	1,801,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 24. Share-based payments

Performance rights

Under the long-term incentive plan, performance rights are offered to participants which entitle the holder to ordinary shares in the Company subject to meeting certain financial performance hurdles and the holder remaining in employment with the Company until the nominated vesting date.

The performance hurdles in relation to performance rights granted in the 2026 and 2025 financial years are subject to financial performance conditions which measure growth in revenue, annual recurring revenue, gross margin and cashflow. The performance hurdles are challenging but achievable and focus executives on sales growth consistent with shareholder wealth creation.

The long-term incentive plan runs over a two-year performance period, and the rights will only vest if the performance hurdles are achieved. If the vesting conditions and performance hurdles are achieved, ordinary shares will be issued to the participants at no cost.

If the performance hurdles are not met, then the rights lapse.

For performance rights granted to executives for the 2026 financial year, the vesting proportions based on the performance hurdles outlined in the Notice of Annual General Meeting announced 14 November 2025 are outlined in the table below.

FY2026

Annual recurring revenue for the financial period	Proportion of performance rights to vest if revenue hurdle is met*
Less than 75% of target	0%
Between 75% - 100% of target	Straight line vesting between 15% and 27%
Between 100% - 110% of target	Straight line vesting between 27% and 30%
Greater than 110% of target	Straight line vesting 30%
Operating and investing cashflow	Proportion of performance rights to vest if annual recurring revenue hurdle is met*
Less than 75% of target	0%
Between 75% - 100% of target	Straight line vesting between 15% and 27%
Between 100% - 110% of target	Straight line vesting between 27% and 30%
Greater than 110% of target	Straight line vesting 30%
Consolidated Group Revenue	Proportion of performance rights to vest if operating costs hurdle is met*
Less than 75% of target	0%
Between 75% - 100% of target	Straight line vesting between 10% and 18%
Between 100% - 110% of target	Straight line vesting between 18% and 20%
Greater than 110% of target	Straight line vesting 20%
Gross Margin	Proportion of performance rights to vest if operating costs hurdle is met*
Less than 75% of target	0%
Between 75% - 100% of target	Straight line vesting between 10% and 18%
Between 100% - 110% of target	Straight line vesting between 18% and 20%
Greater than 110% of target	Straight line vesting 20%

Subject to the holder remaining an 'Eligible Participant' under the Company's Employee Incentive Plan as at:

- 15 December 2026, at which point 50% of performance rights that have previously met the relevant performance milestone will vest; and
- 15 June 2027, at which point the balance of the performance rights that have previously met the relevant performance milestone will vest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 24. Share-based payments (continued)

For performance rights granted to executives for the 2025 financial year, the vesting proportions based on the performance hurdles outlined in the Notice of Annual General Meeting announced 22 November 2024 are outlined in the table below.

FY2025

Annual recurring revenue for the financial period	Proportion of performance rights to vest if revenue hurdle is met*
Less than 75% of target Between 75% - 100% of target Between 100% - 110%+ of target	0% Straight line vesting between 15% and 27% Straight line vesting between 27% and 30%
Operating cashflow	Proportion of performance rights to vest if annual recurring revenue hurdle is met*
Less than 75% of target Between 75% - 100% of target Between 100% - 110%+ of target	0% Straight line vesting between 15% and 27% Straight line vesting between 27% and 30%
Consolidated Group Revenue	Proportion of performance rights to vest if operating costs hurdle is met*
Less than 75% of target Between 75% - 100% of target Between 100% - 110%+ of target	0% Straight line vesting between 10% and 18% Straight line vesting between 18% and 20%
Gross Margin	Proportion of performance rights to vest if operating costs hurdle is met*
Less than 75% of target Between 75% - 100% of target Between 100% - 110%+ of target	0% Straight line vesting between 10% and 18% Straight line vesting between 18% and 20%

Subject to the holder remaining an 'Eligible Participant' under the Company's Employee Incentive Plan as at:

- (a) 15 December 2025, at which point 50% of performance rights that have previously met the relevant performance milestone will vest; and
- (b) 15 June 2026, at which point the balance of the performance rights that have previously met the relevant performance milestone will vest.

The Incentive Performance Rights expire two years after the grant date.

Tenure options

Under the long-term incentive plan, tenure options are offered to participants which entitle the holder to purchase ordinary shares in the Company subject to remaining in employment with the Company until the nominated vesting dates.

The long-term incentive plan runs over a three-year performance period. If the vesting conditions are achieved, the employee can exercise the vested options. Outstanding tenure options include:

AR9016,17 and 18 which expire on 21 December 2026 with an exercise price of \$0.0792 per option.

AR9019 which expire on 22 November 2027 with an exercise price of \$0.0972 per option.

AR9020 which expire on 20 December 2028 with an exercise price of \$0.0771 per option.

AR9021 which expire on 11 December 2029 with an exercise price of \$0.20 per option

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 24. Share-based payments (continued)

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, 17,100,540 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 5(a)) in the current financial year for share-based payment transactions was \$901,501 (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
AR9012	24/11/2021	24/11/2025	\$0.316	1,000,000	-	-	(1,000,000)	-
AR9013	23/12/2022	23/12/2025	\$0.200	3,337,102	-	-	(3,337,102)	-
AR9014	13/12/2022	13/12/2025	\$0.200	8,642,851	-	-	(8,642,851)	-
AR9015	6/03/2023	06/03/2026	\$0.143	1,228,355	-	-	(1,228,355)	-
AR9016,17,18	21/12/2023	21/12/2026	\$0.079	2,284,121	-	(113,602)	(396,652)	1,773,867
AR9019	22/11/2024	22/11/2027	\$0.097	3,412,969	3,412,969	-	-	6,825,938
AR9020	20/12/2024	20/12/2028	\$0.077	2,992,918	-	(60,639)	(664,531)	2,267,748
AR9021	11/12/2025	11/12/2029	\$0.200	-	169,393	-	-	169,393
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	17,269,933	(2,084,198)	(32,998,672)	31,796,052
Weighted average exercise price				\$0.07	\$0.02	-	\$0.09	\$0.03

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Note 24. 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
AR9O21	11/12/2025	11/12/2029	\$0.02	\$0.20	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 25. Accumulated losses

	Consolidated	
	2026	2025
	\$	\$
Retained losses at the beginning of the financial year	(40,397,893)	(35,638,438)
Loss after income tax expense for the year	(15,997,010)	(4,759,455)
Retained losses at the end of the financial year	(56,394,903)	(40,397,893)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 26. Dividends

Dividends

No dividends were paid or declared during the year.

Franking Credits

Franking credits available for subsequent financial years based on tax rate of 25%

Consolidated	
2026	2025
\$	\$
71,533	71,533

Note 27. Financial instruments

The Consolidated Entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits.

Market risk

Foreign exchange risk

The Consolidated Entity is not exposed to any significant foreign exchange risk.

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of \$10,000 per annum.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit. The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. There are no guarantees against any receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated Entity has no credit risk exposure as at 30 June 2026. The Consolidated Entity reviewed all material outstanding receivables greater than 90 days as at 30 June 2026, determined that the balances were recoverable, and accordingly no expected credit loss provision was raised.

Liquidity risk

Liquidity risk refers to the risk that the Consolidated Entity maintains sufficient liquid assets to pay debts as and when they become due and payable. The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 27. Financial instruments (continued)

	2026	2025
	\$	\$
Categories of financial instruments		
<i>Financial assets measure at amortised cost</i>		
Cash and cash equivalents	2,859,166	3,148,981
Trade and other receivables	2,983,600	578,439
Research & development tax incentive	1,340,017	1,616,361
Total financial assets at amortised cost	7,182,783	5,343,781
Total financial assets	7,182,783	5,343,781
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables	1,276,659	550,560
Bank loan	7,999,908	1,999,908
Total financial liabilities measured at amortised cost	9,276,567	2,550,468
<i>Financial liabilities measured at fair value</i>		
Share warrant liability	263,178	-
Total financial liabilities measured at fair value	263,178	-
Total financial liabilities	9,539,745	2,550,468

Note 28. Key management personnel disclosures

	Consolidated	
	2026	2025
	\$	\$
Short term employee benefits	1,566,086	1,336,881
Post-employment benefits	43,377	44,571
Long term benefits	12,593	6,065
Share-based payments	407,067	300,346
Termination benefits	-	-
Total	2,029,123	1,687,863

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, and its network firms:

	Consolidated	
	2026	2025
	\$	\$
<i>Audit services</i>		
Audit and review of the financial statements	178,000	89,900
<i>Other services</i>		
Transactional services	97,910	61,800
Research and development tax grant	16,525	42,420
Total	292,435	194,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 30. 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 produce 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.

Details of the acquisition were as follows:

	2026
	\$
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	14,233,735

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 31. Commitments

In the opinion of the Directors, the Company did not have any commitments at 30 June 2026 (2025: Nil).

Note 32. Related party transactions

Parent entity

archTIS Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Associates

There are no associates.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

All transactions and balances between entities within the consolidated group were eliminated on consolidation.

Terms and conditions

All transactions were conducted under standard commercial terms and conditions at prevailing market rates, with related party short-term working facilities provided interest-free.

Note 33. 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	(6,367,166)	(3,188,395)
Total comprehensive income	(6,367,166)	(3,188,395)
Statement of financial position		
Total current assets	4,798,490	5,193,433
Total non-current assets	39,454,440	17,182,540
Total assets	44,252,930	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	31,818,374	11,875,369
Equity		
Issued capital	70,480,484	43,639,377
Reserves	1,411,988	1,942,924
Accumulated losses	(40,074,098)	(33,706,932)
Total equity	31,818,374	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 33. Parent entity information (continued)

Significant 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 34. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
		2026	2025
		%	%
Country of incorporation			
archTIS US Inc.	US	100%	100%
Nucleus Cyber Pty Ltd	Australia	100%	100%
archTIS UK Limited	UK	100%	100%
archTIS EU GmbH	Germany	100%	100%

Note 35. Reconciliation of profit after income tax expense to net cash from operating activities

	Consolidated	
	2026	2025
	\$	\$
Loss after income tax expense for the year	(15,997,010)	(4,759,455)
<i>Adjustments for:</i>		
Depreciation and amortisation	6,037,427	4,269,371
Share-based payments	901,501	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)
<i>Change in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	(1,824,376)	(164,923)
(Increase) / decrease in prepayments	168,216	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2026

Note 36. Loss per share

	2026 \$	2025 \$
Loss after income tax attributable to the owners	(15,997,010)	(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	(3.56)	(1.66)
Diluted loss per share	(3.56)*	(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 37. 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.

No further matters or circumstances have arisen since 30 June 2026 which have significantly affected, or may significantly affect:

- the Consolidated Entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the Consolidated Entity's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

30 JUNE 2026

ArchTIS Limited is the Group's Ultimate Parent Company. ArchTIS Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business Level 3, archTIS House, 10 National Circuit, BARTON ACT 2600.

Entity Name	Entity Type	Country of Incorporation	Ownership Interest	Tax Residency
archTIS US Inc.	Body Corporate	US	100%	US
Nucleus Cyber Pty Ltd	Body Corporate	Australia	100%	Australia
archTIS UK Limited	Body Corporate	UK	100%	UK
archTIS EU GmbH	Body Corporate	Germany	100%	Germany

DIRECTORS DECLARATION

30 JUNE 2026

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- the consolidated entity disclosure statement required by subsection (3A) is true and correct; in accordance with s295 (4) (da) of the *Corporations Act 2001*; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

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

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

On behalf of the directors,



Miles Jakeman AM
Chairman
30 September 2026
Canberra

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of archTIS Limited and its controlled entities for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

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

Michael George
Partner

Adelaide, South Australia
Dated: 30 September 2026

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT**To the Members of archTIS LIMITED****Opinion**

We have audited the financial report of archTIS Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to our audit of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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RSM Australia Partners ABN 36 965 185 036

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of \$15,997,010 and had net cash outflows from operating activities of \$15,361,294 during the year ended 30 June 2026 and, as of that date, the Group's current liabilities exceeded its current assets by \$10,477,844. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Capitalisation of intangible assets, including useful lives, amortisation and impairment	
Refer to Note 12 in the financial statements	
There are a number of areas where judgments significantly impact the carrying value of intangible assets, and their respective amortisation profile. These areas are as follows: - the decision to capitalise or expense costs, as per <i>AASB 138 Intangible Assets</i>; - the annual asset life review and impairment review, as per <i>AASB 136 Impairment of Assets</i>; and - significant changes that have taken place during the year or are expected to take place in the near future, which will impact the extent to which, or manner in which, an asset is used or is expected to be used. Changes in these judgments have a significant impact on the results of the Group. Accordingly, this was considered a key audit matter. The Group has a material balance of goodwill arising from business combinations in the current and previous years. Management performs an annual impairment test by estimating the recoverable amount of each cash-generating unit (CGU) to which goodwill is allocated. This involves significant judgment, particularly in forecasting future cash flows, determining appropriate discount rates, and assessing long-term growth rates. Given the complexity and subjectivity of these estimates, and the potential impact on the financial statements if an impairment were required, we considered this to be a key audit matter. Disclosures relating to the capitalisation and impairment of assets can be found at Notes 1(p), 1(q), 2 and 12.	Our audit procedures included the following: - Evaluated the appropriateness of capitalisation policies, as per AASB 138. - Tested a sample of costs capitalised to determine whether capitalisation was appropriate. - Evaluated the reasonableness of management's assessment of expected future economic benefits that are attributable to the intangible assets. We assessed the application of the Group's annual asset life review. This included the judgments made by the Group on: - the appropriateness of assets lives applied in the calculation of amortisation. Our audit procedures in relation to management's assessment of impairment included: - Evaluating the methodology used to determine the recoverable amount. - Evaluating the reasonableness of key assumptions including the cashflow forecasts, revenue growth rates, discount rates and other inputs used in the impairment model. - Performing sensitivity analyses on key assumptions to evaluate the impact of changes on the recoverable amount. We evaluated the adequacy of disclosures included in Notes 1(p), 1(q), 2 and 12.

Key Audit Matter	How our audit addressed this matter
Company Acquisition Refer to Note 12 and 30 in the financial statements	
During the year, archTIS completed the acquisition of business assets, customer contracts and employees of Spirion LLC. Management determined the transaction constituted a business combination under AASB 3 <i>Business Combinations</i>. The transaction involved cash consideration and required the purchase price to be allocated to the identifiable assets acquired and liabilities assumed based on their respective fair values, with any excess recognised as goodwill. We considered this matter to be significant due to: - the judgement involved in valuing acquired intangible assets; - the complexity associated with the identification and valuation of acquired assets and liabilities; and - the material nature of the arising goodwill.	Our audit procedures included, among others: - obtaining and reviewing the asset purchase agreement and related supporting documentation to assess whether the transaction met the definition of a business combination under AASB 3; - assessing the valuation of consideration transferred, including any contingent consideration, against executed agreements and supporting documentation; - evaluating the identification and measurement of the assets acquired and liabilities assumed at fair value; - reviewing management's valuation of the acquired tangible and intangible assets; - involving valuation specialists to assess the methodologies and key assumptions used in determining fair values; and - assessing the adequacy of the related disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 29 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of archTIS Limited., for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



Michael George
Partner

Adelaide, South Australia
Dated: 30 September 2026

SHAREHOLDER INFORMATION

21 September 2026

The shareholder information set out below was applicable as at 21 September 2026.

Quotation

Listed securities in archTIS Limited are quoted on the Australian Securities Exchange under ASX code: AR9 (Fully Paid Ordinary Shares), and the OTCQB Venture Market under the symbol: ARHLF (Fully Paid Ordinary Shares).

Voting Rights

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

- (a) at a meeting of shareholders or classes of shareholders each shareholder entitled to vote may vote in person or by proxy, attorney or representative, or, if a determination has been made by the Board, by direct vote; and
- (b) on a show of hands, every person present who is a shareholder (or their proxy, attorney or representative) has one vote (even though they may represent more than one member), and
- (c) on a poll, every person present who is a shareholder, or a proxy, attorney or representative of a shareholder (or where a direct vote has been lodged) shall have one vote for each fully paid ordinary share held.

There are no voting rights attached to any Options or Performance Rights on issue.

Restricted Securities

There are no restricted securities listed on the Company's register as at 21 September 2026.

On market buy-back

There is currently no on market buy back in place.

Distribution of shareholders

i) Fully Paid Ordinary Shares

Holdings Range	Holders	Units	%
1 to 1,000	147	54,209	0.01%
1,001 to 5,000	1,104	3,007,574	0.62%
5,001 to 10,000	586	4,562,336	0.94%
10,001 to 100,000	1,418	53,873,570	11.14%
100,001 and over	564	422,288,716	87.29%
	3,819	483,786,405	100.00%

On 21 September 2026, there were 1,532 holders of unmarketable parcels of less than 7,576 ordinary shares (based on a share price of \$0.066).

SHAREHOLDER INFORMATION

21 September 2026

ii) AR9016 Unlisted Employee Options exercisable at \$0.0792 on or before 21 December 2026

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	378,673	100.00%
	1	378,673	100.00%

All securities in this class were issued under an employee incentive scheme.

iii) AR9017 Unlisted Employee Options exercisable at \$0.0792 on or before 21 December 2026

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	1	5,625	1.07%
10,001 to 100,000	3	193,544	36.70%
100,001 and over	3	328,218	62.23%
	7	588,587	100.00%

All securities in this class were issued under an employee incentive scheme.

iv) AR9018 Unlisted Employee Options exercisable at \$0.0792 on or before 21 December 2026

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	1	85,673	11.69%
100,001 and over	2	647,304	88.31%
	3	732,977	100.00%

All securities in this class were issued under an employee incentive scheme.

v) AR9019 Unlisted Options exercisable at \$0.0972 on or before 22 November 2027

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	2	6,825,938 ¹	100.00%
	2	6,825,938	100.00%

¹Holders who hold more than 20% of securities are:

- Mr Miles Gareth Jakeman – 3,412,969 options
- Marvick Investments Pty Ltd – 3,412,969 options

SHAREHOLDER INFORMATION

21 September 2026

vi) AR9020 Unlisted Employee Options exercisable at \$0.0771 on or before 20 December 2028

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	4	259,168	11.83%
100,001 and over	7	1,930,995	88.17%
	11	2,190,163	100.00%

All securities in this class were issued under an employee incentive scheme.

vii) AR9021 Unlisted Employee Options exercisable at \$0.20 on or before 11 December 2029

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	169,394	100.00%
	1	169,394	100.00%

All securities in this class were issued under an employee incentive scheme.

viii) Performance Rights – AR9PR13

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	2,096,728	100.00%
	1	2,096,728	100.00%

All securities in this class were issued under an employee incentive scheme.

ix) Performance Rights – AR9PR14

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	4	2,793,283	100.00%
	4	2,793,283	100.00%

All securities in this class were issued under an employee incentive scheme.

SHAREHOLDER INFORMATION

21 September 2026

x) Performance Rights – AR9PR15

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	1,900,583	100.00%
	1	1,900,583	100.00%

All securities in this class were issued under an employee incentive scheme.

xi) Performance Rights – AR9PR17

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	846,966	100.00%
	1	846,966	100.00%

All securities in this class are held by Daniel Chun Leung Lai.

xii) Restricted Stock Units – AR9PR18

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	15	757,350	16.13%
100,001 and over	9	3,938,204	83.87%
	24	4,695,554	100.00%

All securities in this class were issued under an employee incentive scheme.

xiii) Restricted Stock Units – AR9PR19

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	4	3,959,953	100.00%
	4	3,959,983	100.00%

All securities in this class were issued under an employee incentive scheme.

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xiv) Performance Rights – AR9PR20

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	4	3,628,572	100.00%
	4	3,628,572	100.00%

All securities in this class were issued under an employee incentive scheme.

xv) AR9W01 Warrants exercisable at \$0.019 on or before 23 March 2031

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	5,508,014	100.00%
	1	5,508,014	100.00%

All securities in this class are held by Apex Fund Services Pty Ltd ACF <Regal Tactical Credit Fund>.

Substantial Shareholders

The names of the substantial shareholders as notified to the Company as at 21 September 2026 are:

1. Kurt Mueffelmann

- Holder of: 19,154,113 fully paid ordinary shares
- Notice Received: 21 July 2025
- Interest Held at Date of Notice: 5.65%

2. SG Hiscock & Company Limited

- Holder of: 13,709,182 fully paid ordinary shares
- Notice Received: 3 December 2020
- Interest Held at Date of Notice: 6.67%

Top Security Holders

The twenty largest shareholders of the Company's quoted Shares as at 21 September 2026 are as follows:

		Number held	% of total shares issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,994,456	5.37%
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	25,735,242	5.32%
3	KURT MUEFFELMANN	14,672,598	3.03%

SHAREHOLDER INFORMATION

21 September 2026

4	CITICORP NOMINEES PTY LIMITED	12,441,314	2.57%
5	NEST OPPORTUNITIES PTY LTD	10,000,000	2.07%
5	MR OTTMAR WEISS	10,000,000	2.07%
6	MR PETER ROBERT WOODLAND	8,678,276	1.79%
7	DANIEL CHUN LEUNG LAI	8,432,469	1.74%
8	RJB DIRECTIONS PTY LTD <BADCOCK SUPER FUND A/C>	8,157,365	1.69%
9	BRIO CAPITAL MASTER FUND LTD	7,790,683	1.61%
10	GRAND FORTUNA PTY LTD <GRAND FORTUNA SF A/C>	6,500,000	1.34%
11	GLOBAL COINS & BANK NOTES PTY LTD <MDK LEASING SUPER FUND A/C>	6,386,632	1.32%
12	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	6,161,355	1.27%
13	MR BRUCE ALEXANDER TALBOT & MRS SUZANNE TALBOT <TALBOT FAMILY A/C>	5,516,436	1.14%
14	MR ANTHONY MANUEL WHITFIELD	5,000,000	1.03%
14	MR RHYS DAVID FORD	5,000,000	1.03%
15	ROMAN FIVE PTY LTD	4,651,636	0.96%
16	DEAN TEAM SUPER PTY LTD <DEAN TEAM SF A/C>	4,627,272	0.96%
17	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	4,510,446	0.93%
18	INVIA CUSTODIAN PTY LIMITED <RIPPON INVESTMENT A/C>	4,250,000	0.88%
19	MICHAEL DE FELICE PTY LTD	4,030,000	0.83%
20	SHARESIES AUSTRALIA NOMINEE PTY LIMITED	3,729,685	0.77%
Top 20 Holders of Ordinary Shares		192,265,865	39.74%



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