

28 October 2026

archTIS September 2026 Quarterly Report

Record customer receipts of \$5.3M; receipts exceed operating payments for the first time since the Spirion acquisition; gross margin of 79% and 3x growth in ARR PCP

Highlights

- Record quarterly customer receipts of \$5.3M, up 102% on the June 2026 quarter.
- Net operating cash outflow of \$0.03M (June 2026 quarter: \$3.8M).
- ARR of \$13.3M, 3.2x growth against PCP.
- Revenue of \$3.6M, up 242% on PCP, with gross margin expanding to 79%.
- Operating expenses of \$4.4M, down 17% on the June 2026 quarter and 25% since the December 2025 quarter.
- Post-quarter awarded a \$315,000 U.S. Department of Defense services contract.
- CBA \$4m loan repayment extended from 30 October 2026 to 30 April 2027.

archTIS Limited (ASX:AR9, OTCQB:ARHLF) (“archTIS” or “the Company”), a global provider of data-centric security solutions for the secure collaboration of sensitive information, is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ended 30 September 2026 (Q1 FY27).

The September quarter was a record cash quarter for the Company. Customer receipts reached a record \$5.3M and, for the first time since the acquisition of Spirion in October 2025, exceeded operating payments. Net operating cash outflow fell to \$0.03M from \$3.8M in the June quarter, while gross margin expanded to 79% and operating expenses fell for the third consecutive quarter. Operationally, archTIS received a second U.S. Department of Defense (U.S. DoD) funded development contract for NC Protect, won several key new, repeatable sales, and extended its Trusted Data Integration (TDI) policy engine into secure video collaboration with Pexip.

Daniel Lai, Chief Executive Officer and Managing Director, said: “This quarter shows the operating model we set out to build when we acquired Spirion. Customer receipts were a record \$5.3M and, for the first time, our customers funded our operating costs. We did this by collecting what we billed, renewing our enterprise and government customers, and running a leaner business, with operating payments down 25% since December. With a second U.S. DoD development contract and the enterprise licence negotiations progressing, I remain confident that we will soon be focusing on growth of our annual recurring revenues whilst maintaining our cost management discipline.”

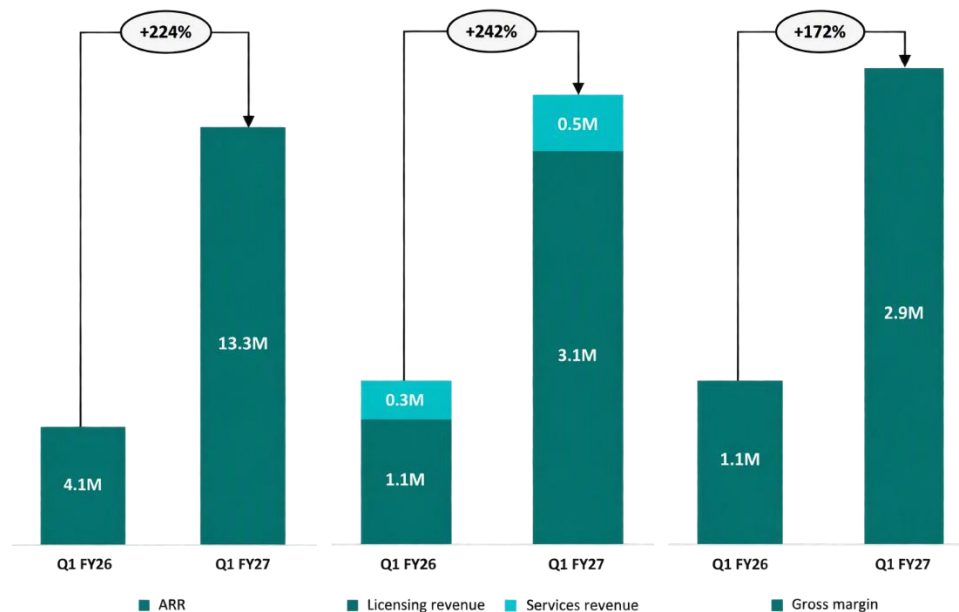
Financial Summary (Unaudited)

Record Cash Receipts

Customer receipts of \$5.3M were a record for the Company, more than double the June 2026 quarter. The September quarter is the first in which receipts exceeded operating payments since the Spirion acquisition, with coverage rising from 22% in the December 2025 quarter to 102%.

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The quality of the receipts is as important as the amount. The quarter's receipts came entirely from customers, with no R&D tax incentive or grant income (December 2025 quarter: \$1.7M). They included \$1.0M for the renewed Australian Department of Defence Kojensi contract and annual renewals across the Spirion, NC Protect and TDI enterprise customer base.



Revenue, Margin and Costs

Revenue for the quarter was \$3.6M, up 242% from PCP of \$1.4M, reflecting Spirion's contribution and a continued shift in revenue mix toward higher-value proprietary licensing and associated services, away from lower-margin third-party products and services. Gross margin expanded to 79% from 75% in Q1FY27.

This growth has been accompanied by continued cost discipline. Operating expenses have declined each quarter since the December 2025 quarter following management's cost-reduction initiatives, and were \$4.4M in Q1 FY27, 17% below Q4 FY26 and 25% below the December 2025 quarter. Staff costs paid fell 46% over the same period, from \$5.7M to \$3.1M.

Annual Recurring Revenue

ARR was \$13.3M as at 30 September 2026, 2.2x multiple of PCP, built on a recurring base of more than 150 enterprise, government and defence customers. The Company is focused on returning ARR to growth through new U.S. defence and federal licensing, including the pending U.S. DoD enterprise licence, and Spirion cross-sell, from a cost base now covered by customer receipts.

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Progress Since the Spirion Acquisition

A\$	Dec 2025 Qtr	Sep 2026 Qtr	Change
Customer receipts	\$1.6M	\$5.3M	+236%
Operating payments	\$7.3M	\$5.2M	-29%
Staff costs paid	\$5.7M	\$3.1M	-46%
Receipts / operating payments	22%	102%	+80 pts
Net operating cash flow (excl. grants)	(\$5.8M)	(\$0.03M)	+\$5.8M
Gross margin	76%	79%	+3 pts
Operating expenses	\$5.9M	\$4.4M	-25%

Cash Position

The Company ended the quarter with cash of \$2.2M and unused facilities of \$0.5M, for total available funding of \$2.8M. Investing outflows of \$0.6M related to capitalised software development. Item 8.5 of the Appendix 4C (101.9 quarters) reflects the quarter's small operating outflow.

Payments to related parties: Payments to related parties and their associates during the quarter totalled \$160,000 and comprised directors' fees.

Operational Update

U.S. DoD – NC Protect Services Contract & Enterprise Licence Update

On 5 October 2026, archTIS announced a \$315,000 fixed-price services contract from the U.S. DoD, contracted through Copper River Technologies. This is the second U.S. DoD-funded development contract for NC Protect, following the \$235,000 contract announced in October 2025 and completed in January 2026. The work accelerates roadmap features required by the U.S. DoD: performance at scale in Azure, policy administration, and expanded reporting. Revenue will be recognised in FY27 as the work is delivered.

Negotiations for an NC Protect enterprise licence across the DoD's classified and unclassified Microsoft 365 environments continue to progress, following NC Protect's completion of all 60 test cases in Warfighter Command production testing (announced 27 May 2026). The timing of any contract execution remains dependent on arrangements between Copper River and the prime systems integrator. The Company will update the market in accordance with its continuous disclosure obligations.

Australian Department of Defence – Kojensi Renewal

The \$3.2M (incl. GST) 12-month renewal of Kojensi Enterprise licensing and related services, announced on 1 July 2026, commenced during the quarter. It comprises \$1.0M of recurring licence revenue and \$2.2M of application development, enhancement and maintenance services, with options to extend for up to two further 12-month periods. \$1.0M was received during the quarter, with a subsequent \$2M in payments due upon delivery of services.

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US/EU Military Alliance – NC Protect Deployment

Deployment of NC Protect continued under the alliance contract announced on 26 February 2026, valued at approximately \$416,000 for calendar 2026, with two option years totalling approximately \$805,000.

NIST FIPS 140-3 Validation

On 9 September 2026, archTIS achieved NIST FIPS 140-3 validation for its cryptographic module (CMVP certificate #5251), completed with Corsec Security. U.S. government procurement rules require FIPS 140-3 validated cryptography for any solution that uses encryption, so validation opens procurement across U.S. federal agencies, defence, government contractors and regulated industries such as healthcare and financial services.

Pexip Partnership – Clearance-Based Access Control for Secure Video

On 14 October 2026, archTIS and Pexip (OSE:PEXIP) announced a strategic partnership integrating archTIS TDI with Pexip Secure Meetings. TDI evaluates each participant's nationality and security clearance from the customer's identity provider, maps national clearance codes to common STANAG 4774 levels, and admits, denies or removes participants in real time against the meeting's classification. The integration is available from both companies, with proof-of-concept engagements underway with several allied government customers.

Industry Recognition

Cyber Business of the Year (27 July 2026): archTIS won the category at the 2026 Australian Defence Industry Awards for the third time, following 2022 and 2023.

Data Security Innovation of the Year (8 October 2026): The Spirion Sensitive Data Platform with AI Guardrails was recognised in the 10th annual CyberSecurity Breakthrough Awards. AI Guardrails detects and labels sensitive data, including PII, PHI, PCI data and credentials, to define what can or cannot be used to train large language models.

Funding and Capital Management

On 27 October 2026, the Commonwealth Bank of Australia (CBA) extended the maturity of the Company's \$4.0M facility from 30 October 2026 to 30 April 2027, for a one-off fee of \$2,000 and material terms remaining unchanged. The remaining CBA facilities comprise two \$2.0M tranches maturing in January 2027.

Annual General Meeting: The AGM will be held virtually at 9:30am (AEDT) on Friday 13 November 2026.

Kurt Mueffelmann, Chief Strategy Officer and U.S. President, said: "With the Spirion acquisition and integration efforts complete, we have a leaner, higher-margin platform built for defence, government and regulated enterprise customers worldwide. Our technology is in use with the U.S. Department of Defense, the Australian Department of Defence, and the US/EU military alliance, to enable the secure sharing of sensitive information across national and classification boundaries in Microsoft applications. Our Trusted Data Integration (TDI) solution extends that capability into more of the collaboration tools coalitions already use, enforcing clearance and nationality policy in real time in the Pexip and Mattermost products.

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Our immediate priority is executing the U.S. DoD enterprise licence. Beyond it, we are building an allied defence sales channel around TDI and NC Protect and extending Spirion across our enterprise customers in North America, Europe and Asia-Pacific.”

-ENDS-

Authorised for issue by order of the Board of Directors.

For further information please contact:

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About archTIS Limited

archTIS Limited (ASX:AR9, OTCQB:ARHLF) is a global provider of data-centric security solutions for the secure collaboration of sensitive information. Trusted by government, defence, enterprise and regulated industries, archTIS' policy-enforced zero trust, attribute-based access and data controls (ABAC) find and protect sensitive data across cloud, on-premises, and hybrid environments. The company's product suite includes Trusted Data Integration, Kojensi, NC Protect, and Spirion. For more information visit [archtis.com](https://www.archtis.com) or follow [@arch_tis](https://twitter.com/arch_tis) on X.

archTIS Investor Centre

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

The archTIS Investor Centre is an online portal for investors to access our latest announcements, reports, and governance information.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

archTIS Limited

ABN

79 123 098 671

Quarter ended ("current quarter")

30 September 2026

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,338	5,338
1.2	Payments for		
	a. research and development	-	-
	b. product manufacturing and operating costs	(633)	(633)
	c. advertising and marketing	(204)	(204)
	d. leased assets	(141)	(141)
	e. staff costs	(3,084)	(3,084)
	f. administration and corporate costs	(1,165)	(1,165)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	6
1.5	Interest and other costs of finance paid	(144)	(144)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST)	-	-
1.9	Net cash from / (used in) operating activities	(27)	(27)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	a. entities	-	-
	b. businesses	-	-
	c. property, plant and equipment	-	-
	d. investments	-	-
	e. intellectual property	(622)	(622)
	f. other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	a. entities	-	-
	b. businesses	-	-
	c. property, plant and equipment	-	-
	d. investments	-	-
	e. intellectual property	-	-
	f. other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Payments to settle liabilities on settlement including transaction costs	-	-
2.6	Net cash from / (used in) investing activities	(622)	(622)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,859	2,859
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27)	(27)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(622)	(622)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	21	21
4.6	Cash and cash equivalents at end of period	2,231	2,231

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,231	2,859
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,231	2,859

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	160
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Amounts included at item 6.1 relate to payments to directors of the Board.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,000	8,000
7.2	Credit standby arrangements	591	70
7.3	Other (please specify)	-	-
7.4	Total financing facilities	8,591	8,070
7.5	Unused financing facilities available at quarter end		521
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. - Secured fixed and floating Market Rate Loan Facility of \$4M with Commonwealth Bank of Australia. BBSY plus margin of 4.11%. Matures on 30 October 2026. <i>Subsequent to quarter-end, maturity date of the loan facility has been extended to 30 April 2027.</i> - Secured fixed and floating Market Rate Loan Facility of \$2M with Commonwealth Bank of Australia BBSY plus margin of 4.11%. Matures on 29 January 2027. - Secured fixed and floating Market Rate Loan Facility of \$2M with Commonwealth Bank of Australia BBSY plus margin of 4.11%. Matures on 31 January 2027. - Unsecured corporate credit card facility of \$50,000 (annual interest rate 17.99%) with Commonwealth Bank. - Unsecured corporate credit card facility of \$280,000 with American Express (3% fee on unpaid balances). - Unsecured corporate card facility of \$178,800 USD with American Express. (late fee equal to the greater of \$39.00 per Cardmember or 2.99% of all amounts not credited for at least one statement billing period)		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(27)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,231
8.3	Unused finance facilities available at quarter end (item 7.5)	521
8.4	Total available funding (item 8.2 + item 8.3)	2,752
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	101.93
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions: 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer: N/A.	

2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer: N/A.	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 1, 2 and 3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2026

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee - e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.