

ASX Announcement

27 August 2025

APPENDIX 4E: FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

The following sets out the requirements of Appendix 4E with the stipulated information:

1. Reporting Period

Report for the financial year ended : 30 June 2025
Previous corresponding period is the financial year ended : 30 June 2024

2. Results for announcement to the market (Item 2)

					\$
Revenues from ordinary activities	down	38.0%	to		6,073,234
Loss from ordinary activities after tax attributable to members	up	11.8%	to		(4,759,455)
Net loss for the period attributable to members	up	11.8%	to		(4,759,455)
Dividends					n/a
Record date for determining entitlements to a dividend					n/a

Brief explanation of any of the figures reported above necessary to enable the figures to be understood (Item 2.6)

Refer to the audited financial statements in the attached 2025 Annual Report.

3. Statement of Comprehensive Income (Item 3)

Refer to page 35.

4. Statement of Financial Position (Item 4)

Refer to page 36.

5. Statement of Cash Flows (Item 5)

Refer to page 38.

6. Statement of Changes in Equity (Item 6)

Refer to page 37.

7. Dividends (Item 7)

No dividends were paid or declared during the year.

8. Dividend Reinvestment Plan (Item 8)

There was no dividend reinvestment plan in operation which occurred during the financial year.

9. Net Tangible Assets per Security (Item 9)

	2025	2024
Net tangible asset backing per ordinary security	-\$0.019	-\$0.005

10. Details of Entities over which Control has been Gained or Lost during the Period (Item 10)

<i>Name of entities for which AR9 gained control</i>	<i>Date of gain of control</i>
none	
<i>Name of entities for which AR9 lost control</i>	<i>Date of loss of control</i>
archTIS EU s.r.o	18 June 2025

11. Details of Associates and Joint Venture Entities (Item 11)

Not applicable

12. Details of Significant Information Relating to the Entity's Financial Performance and Financial Position (Item 12)

Refer to the audited financial statements in the attached 2025 Annual Report.

13. For Foreign Entities, which set of Accounting Standards is Used in Compiling the Report (Item 13)

Not applicable

14. Commentary on Results for the Period (Item 14)

Refer to the audited 2025 Annual Report attached for further information.

15. Audit of the Financial Report (Items 15 to 17)

The attached 2025 Annual Report has been audited.

Refer to pages 75 – 78.

All documents comprise the information required by listing rule 4.3A.

ASX:AR9



2025 ANNUAL REPORT

ARCHTIS LIMITED | AR9 | ACN 123 098 671

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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 (appointed 11 December 2024)
Daniel Lai
Leanne Graham (finished 22 November 2024)

JOINT COMPANY SECRETARIES

Erlyn Dawson
Winton Willesee
Robert Andrew Burns

REGISTERED OFFICE

Level 3, archTIS House
10 National Circuit
Barton ACT 2600

PRINCIPAL PLACE OF BUSINESS

Level 3, archTIS House
10 National Circuit
Barton ACT 2600
(02) 6162 2783

SHARE REGISTRIES

Automic
Level 5, 191 St Georges Terrace
Perth, WA 6000
(08) 9324 2099

AUDITOR

RSM Australia Partners
Equinox Building 4, Level 2
70 Kent Street
Deakin, ACT 2600

STOCK EXCHANGE LISTING

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

WEBSITE

www.archtis.com

INVESTOR PORTAL

investors.archtis.com

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LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

DR. MILES JAKEMAN AM & DANIEL LAI

Dear Shareholders,

FY2025 was a year of momentum and measurable success for archTIS, reflecting the strength of our strategy, our consistently disciplined financial execution, and the focused dedication of our team. Our mission to deliver world-class, data-centric security solutions has never been more relevant in today's market. This past year's results demonstrate our ability to capture market opportunities in a rapidly evolving cybersecurity landscape while delivering positive financial momentum.

POSITIVE FINANCIAL AND SHAREHOLDER MOMENTUM

This financial year, archTIS gained momentum across a number of key financial metrics in our effort to drive recurring revenue across high gross margin licensing, while reducing operating expenses. Most importantly, these efforts have led to achieving another year of positive and sustainable operating cash flow, increasing year-on-year.

Growth in Annual Recurring Revenue (ARR)

ARR reached \$4.8M, marking a 17% increase year-on-year. This represents the successful execution of the Company's recurring revenue strategy of new customer acquisition and low customer churn rates, providing for long-term shareholder value.

Improved Gross Margins

Gross margins improved by 16 percentage points, rising to 76% (up from 60% in FY2024). This enhancement is directly attributable to the focus on high-margin core licence sales and more selective, margin-accretive service engagements.

Transition to Core Licensing Revenue

Licence revenue (excluding third-party licences) remained steady at \$4.2M, consistent with FY2024 levels, demonstrating the resilience and stickiness of the company's core offerings. In contrast, Services revenue declined purposefully by 62% due to the Company's move away from lower-margin consulting engagements and services in support of third party licences.

Continued Reduction in Operating Expenses

Total annual operating expenses decreased by 6%, from \$7.6M in FY2024 to \$7.1M this financial year. Notably, underlying operating expenses (excluding Share-Based Payments), reduced by 13%, highlighting strong cost discipline and operational efficiency.

Achievement of Positive Operating Cash Flow and Stronger Cash Position

The Company generated positive operating cash flow of \$3.0M, which represents an 88% increase over FY2024 \$1.6M. Total cash outflows for operating and investing activities were (\$0.5M), which represents a 52% improvement compared to FY2024. Investing cash outflows included the \$0.5M acquisition of Direktiv, whereas FY2024 did not include any business combinations.

Subsequent to the end of Q4 of FY2025, archTIS raised \$7.5M (before costs) as part of its plans to expand in international markets through the issuance of 50,000,000 fully paid ordinary shares at \$0.15 per share. The raise was well-supported by both new and existing institutional investors as well as key Company executives, bringing pro-forma cash and cash equivalents to \$10.24M. This investment in archTIS' broader strategy is designed to scale our overseas operations, leverage some of our most important partnerships with technology leaders and innovate to further differentiate our products' capabilities within the world's largest defence market.

Between 30 June 2024 and 30 June 2025, archTIS experienced exceptional market momentum and performance, with its share price rising from A\$0.075 to A\$0.230, representing a 207% year-over-year increase. This surge drove market capitalisation from A\$21.5M to A\$66.2M – an improvement for shareholders of A\$44.7M. The growth reflects strong investor and market confidence, underpinned by record-high gross margin and ARR, disciplined expense management, positive operating cash flow, and global expansion in securing high-profile government and enterprise clients throughout FY2025.

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LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR (CONT)

DR. MILES JAKEMAN AM & DANIEL LAI

BUILDING GLOBAL CUSTOMER AND TECHNOLOGY MOMENTUM

Our market strategy in FY2025 focused on expanding geographical reach and deepening relationships with important existing accounts, whilst establishing archTIS with new strategic customers around the globe.

Opening up Global Account Opportunities

We extended our presence in overseas markets alongside key early-stage wins, such as achieving a major milestone in the sale of NC Protect to the U.S. Department of Defense, an initial contract win with a U.K. subsidiary of a global aerospace and defence business, and a secured contract into Japan for the Company's newly released Trusted Data Integration (TDI) Platform.

Existing Account Retention & Growth

Overall customer churn remains low on an annual basis, with net revenue retention (NRR) exceeding 115%, underscoring strong future revenue growth that is driven by effective cross-sell and upsell expansion within the existing customer base. This was led by a \$1.3M annual software subscription upsell and renewal with the Australian Department of Defence, which included a 75% increase in the volume of user licences.

Innovation First

In March, we acquired the assets of Direktiv, adding cloud-agnostic, event-driven orchestration and attribute-based access control (ABAC) capabilities to our portfolio, ultimately strengthening our policy-based data governance and zero trust architecture solutions. The acquisition brings Direktiv's development teams across Europe and Australia, including its founders, bolstering technical expertise and accelerating product innovation. This positions archTIS with a readiness to reduce time-to-market, expand cross-sell opportunities, and drive global growth across Australia, the U.S., and other key markets.

Yours sincerely,



Dr Miles Jakeman, AM
Chairman of the Board



As we move into FY2026, the momentum is real, and our opportunities are significant. Our focus remains clear:

- **Continued Global Expansion** that leverages our early wins and the natural "network growth effect" among significant players in key markets to build repeatable and predictable sales opportunities; taking advantage of referenceability and account management expansion.
- **Innovate relentlessly** to meet the evolving cybersecurity challenges of customers among even the most high-risk compliance-driven industries and use cases.
- **Empower our customers** to achieve their security goals, strengthening long-term partnerships.
- **Operate sustainably**, creating lasting value for shareholders, employees, and the communities we serve.

The global environment and the challenges of secure data collaboration are only becoming increasingly more complex. Our products and expertise are built to address that complexity, and our strategy aims to lead in this critical domain.

A WORD OF THANKS

Our progress is the direct result of the passion and determination of the archTIS team. To our shareholders, thank you for your unwavering support and belief in our vision. Together, we are poised to build on this year's achievements and seize the opportunities ahead.

We look forward to transitioning from a year of positive momentum to one focused on accelerating growth and driving leading innovation, as we continue to deliver trusted security for the world's most sensitive information.



Daniel Lai
Managing Director & CEO

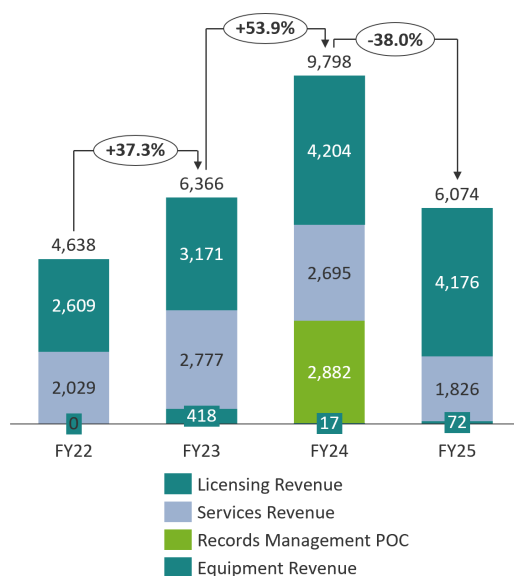


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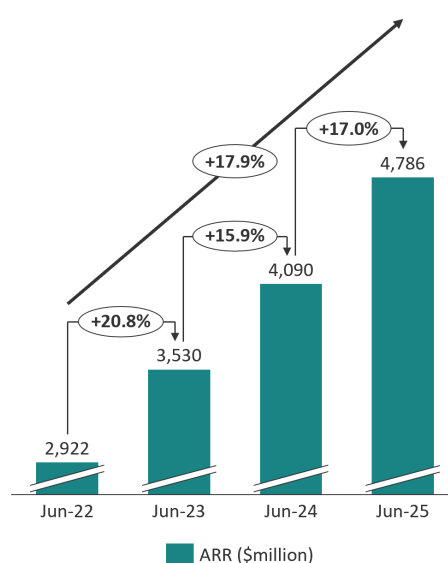
FY2025 HIGHLIGHTS

ROBUST FINANCIAL RESULTS (FY2025 VS. FY2024)

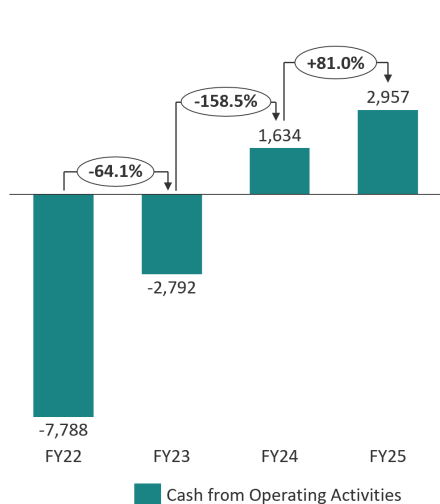
Total Revenue



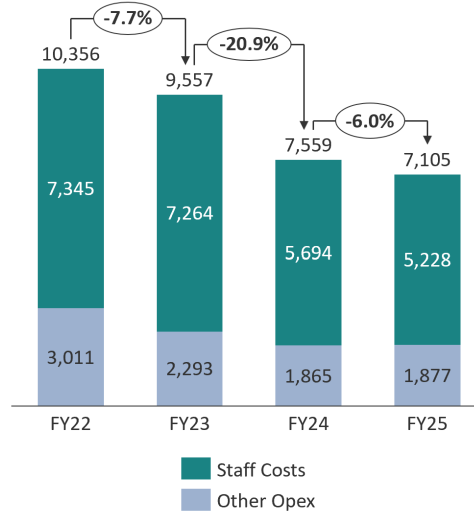
Annual Recurring Revenue (ARR)



Cash from Operating Activities



Operating Expenses



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FY2025 HIGHLIGHTS

CUSTOMER HIGHLIGHTS

STRONG CUSTOMER RETENTION AND EXPANSION

Overall customer churn remains low on an annual basis, with net revenue retention (NRR) exceeding 115%, underscoring strong future revenue growth driven by effective cross-sell and upsell expansion within the existing customer base.

- A U.S.-based multinational company in the materials science sector renewed NC Protect to safeguard sensitive research data across their SharePoint SE environments.
- An Australian public research university adopted Kojensi SaaS to enable secure collaboration on protected information between Defence and academic researchers.
- A major South Korean defence and aerospace company licensed Kojensi SaaS for three years, to enable secure cross-industry collaboration.
- A prominent U.S.-based law firm received a follow-on license for NC Protect to apply dynamic watermarking to sensitive legal documents, helping deter unauthorized distribution and enhance regulatory compliance.
- Accenture engaged with archTIS on a \$704,000 services contract, including GST, to trial NC Protect through June 30, 2025 for existing and potential clients who face data-centric challenges in securing sensitive information stored and collaborated across M365.
- BAE purchased additional services of \$440k inclusive of GST to trial archTIS software for document sharing between Navy Shipbuilding and Sustainment Group and industry.
- A UK-based global defence firm that manages and operates extensive testing and evaluation capabilities for air, land, sea and target systems selected Kojensi SaaS for collaboration associated with AUKUS.
- A global munitions company selected Kojensi SaaS for their protected communications and collaboration with government.
- A European reseller partner chose NC Encrypt for encryption key management for their Microsoft 365 applications and SharePoint on-premises customer environments to maintain digital sovereignty and add data-centric protection to combat insider threats.
- An Austrian global supplier of communication and information systems selected Kojensi SaaS to share official sensitive information with other defence suppliers across Australia.
- A U.S.-based Indian Community renewed its NC Protect for SharePoint on-premises license for the tenth consecutive year to secure sensitive information. This established customer relationship demonstrates the long-term product value and stickiness.
- SAP extended its licences of Kojensi SaaS through 2028.
- The Australian Department of Defence (AUS Defence) Command and Control division signed a \$2.3M for new and expanded user licensing of NC Protect to dynamically secure information by applying zero trust enforcement policies to data-centric controls across Microsoft 365 (M365), SharePoint on-premises and file shares.
- Australian Defence renewed their licensing and managed services contract for Kojensi Enterprise for a further 12-month period to share classified information.
- BGW Germany, through archTIS reseller Softlanding, doubled their annual subscription to NC Protect to secure and restrict employee, management and industry volunteer access.
- An Australian research university expanded its use of Kojensi SaaS to securely collaborate with industry and defence partners.
- A European bank selected NC Encrypt to provide policy-based encryption for information stored in M365.
- BAE procured additional services to build a collaboration environment to facilitate sharing between industry and Defence.

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FY2025 HIGHLIGHTS

**Major Milestone in Sale of NC Protect to U.S. Department of Defense**

On 16 June 2025, archTIS announced a major milestone with the sale of its NC Protect product to a prime contractor servicing the U.S. Department of Defense (DoD). Following an evaluation and validation by the prime, archTIS was awarded an initial contract for 1,000 user licences of its NC Protect product. The contract was announced at a value of **\$38,500 for an initial six-month term** with procurement managed by Copper River Technologies, an archTIS partner and federal contract holder. It enables the contractor to begin live production-level deployment across the Microsoft DoD365 cloud environments as part of the U.S. warfighter network. However, the initial engagement is a precursor to the potential deployment across over 150,000 user licences as part of a broader roll-out across the U.S. warfighter network.

Initial Contract Win with Major U.K. Aerospace and Defence Business

On 18 June 2025, archTIS announced that it had entered an initial 3-year contract for its NC Protect product with the U.K. division of a global aerospace and defence conglomerate. The three-year agreement with the multinational defence corporation has an initial contract value of **\$263,185 for the first 400 user licences**. This initial agreement will assist the customer's global cloud migration to a Microsoft 365 environment. The implementation is expected to serve as a reference model for potential deployment across the client's workforce of over 100,000 users in its broader global business.

**Contract Secured for Trusted Data Integration (TDI) Platform**

On 1 April 2025, archTIS announced it had secured the first sale for its archTIS Trusted Data Integration (TDI) platform to a Japanese multinational IT and electronics corporation. The **contract was valued at \$390,000 annually** for an annual licence to trial the product and assess it for broader use in building secure data services for its customers operating in heavily regulated industries, which includes the Japan Ministry of Defense. The sale represents two key strategic achievements for archTIS: the first commercial transaction involving the recently acquired Direktiv (March 2025), and entry into Japan, a major QUAD alliance partner and a market with significant demand for data security solutions. Facilitated by Microsoft's Defense and Intelligence team, the sale underscores the strength of our strategic partnerships.

\$1.3M Annual Subscription Licence with the Australian Department of Defence

On 9 April 2025, the Company announced that it had secured a \$1.3M annual software subscription renewal with Australia's Department of Defence. The sole-source contract for the renewal of a subscription for its Kojensi software solution. The **contract renewal was valued at \$1,312,974. It included a 75% increase in the volume of user licences** in the agreement, representing the Australian Government's ongoing confidence in archTIS' products for protecting its national security and defence-related data.



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
Global COO & US President

As Global Chief Operating Officer (COO) 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).



GERARD FOLEY
Vice President Government & National Security & 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 across Australia, the UK, the U.S., the EU, and Southeast Asia. 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 Regional Director for South Asia at Raytheon International's Reston, VA office. Prior to that, as a graduate of the Royal Military College, Gerard served in various military roles encompassing command, training, and procurement, focusing on aviation engineering, leadership training, and major capital equipment acquisition. 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.

EXECUTIVE LEADERSHIP



IRENA MROZ
Chief Marketing Officer

Irena Mroz is the CMO of archTIS and 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 20 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 data-centric security company 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 Officer

Matthew Richardson, the Chief Information Security Officer (CISO) 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. Currently, he is the second in technical command to the archTIS Chief Technology Officer (CTO), guiding 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.



WILHELM WONEGKEIT
Chief Architect

Wilhelm Wonigkeit is the Chief Architect at archTIS, a global leader in data-centric security software. He joined the company following the acquisition of Direktiv in March 2025, a company he co-founded and led as CEO. At Direktiv, Wilhelm reimagined how IT services are orchestrated, building the modern, event-driven platform, Direktiv, based on Kubernetes and containers. Wilhelm brings over two decades of technology experience spanning large enterprises, startup ventures, and professional services, including Dimension Data as Global Chief Architect and senior technology roles at EMC and Datacenteric. Early in his career, he helped build a consultancy from the ground up. This hands-on foundation shaped his pragmatic approach to leadership, product innovation, and team-building. Driven by the belief that every solution can be made better, Wilhelm thrives on solving complex problems, challenging conventional thinking, and empowering brilliant teams to deliver exceptional results. Wilhelm holds a Master's in Business Leadership from the University of South Africa and a Bachelor of Engineering (Electronic) from the University of Pretoria.



SEAN BELGROVE
Interim Chief Technology Officer

Sean Belgrove brings over 25 years of experience leading strategic technology and delivery initiatives in the defence and Whole-of-Australian-Government (WoAG), high-technology, cyber and security sectors. He is an accomplished enterprise architect and technical executive with a proven track record in transforming complex technical requirements into strategic business solutions that drive measurable outcomes. Throughout his career, Sean has successfully delivered enterprise ICT solutions and strategic roadmaps for high-stakes government and commercial environments. His expertise in secure networks, information security gateways, and C4ISREW has enabled organisations to enhance operational agility while reducing risk in complex and contested environments. Sean's executive leadership encompasses technology strategy formulation, transformational architecture design, and innovation strategic roadmapping that enables organisations to anticipate emerging security challenges while driving competitive advantage and operational excellence.

OVERVIEW OF FY2025

FOR THE YEAR ENDED 30 JUNE 2025

INTRODUCTION

archTIS was established to resolve a critical global problem – the need to share information securely. FY2025 was a year of accelerating momentum for archTIS' mission to be the company that the world trusts to safeguard its most sensitive information. Most importantly, the year was marked by stronger financial performance across several key metrics, expanding global market opportunity, and continued innovation across our product portfolio.

We delivered growth in high-margin recurring revenues, improved gross margins, reduced operating expenses, and achieved a substantial increase in positive operating cash flow; reinforcing the strength and scalability of our business model. At the same time, we expanded our addressable market through deeper penetration of defence, government, and critical infrastructure sectors, strengthened our global partner ecosystem, and advanced our technology leadership with significant enhancements to Kojensi, NC Protect, the TDI Platform, and new automation capabilities through the Direktiv acquisition.

These achievements not only reflect disciplined execution in the face of a dynamic global security landscape, but also position archTIS to capitalise on the growing multi-billion-dollar data-centric security and Data Security Posture Management (DSPM) markets, setting a strong foundation for accelerated growth and impact in FY2026 and beyond.

FINANCIAL MOMENTUM

This financial year, archTIS delivered strong financial momentum, underpinned by disciplined execution of its recurring revenue growth strategy and a continued focus on high-margin licensing.

Annual Recurring Revenue (ARR) rose 17% year-on-year to \$4.8M, which was driven by new customer acquisition and exceptionally low churn; reinforcing the long-term value and resilience of our customer base. Gross margins expanded by 16 percentage points to 76%, reflecting the strategic emphasis on high-margin core licence sales and selective, margin-accretive service engagements. Consistent with this strategy, core licence revenue held steady at \$4.2M, while services revenue declined by 33% as the Company intentionally moved away from lower-margin consulting work that is unrelated to the licence opportunities that we are increasingly focused on pursuing.

Operating expenses fell 6% to \$7.1M, with underlying expenses (excluding Share-Based Payments) down 13%, demonstrating strong cost discipline. These improvements supported an 81% increase in positive operating cash flow to \$3.0M, alongside

a 52% reduction in total operating and investing cash outflows to (\$0.5M) – even after funding the \$0.5M acquisition of Direktiv. Together, these results position archTIS with a stronger balance sheet, a more profitable revenue mix, and a clear trajectory for sustainable growth.

EXPANDING MOMENTUM ACROSS MARKETS AND PRODUCTS

The market for data-centric security and Data Security Posture Management (DSPM) is set for rapid expansion through 2026 and beyond, driven by escalating cyber threats, evolving compliance requirements, and the complexity of securing hybrid and multi-cloud environments. Traditional perimeter-based defences are no longer sufficient, creating a significant shift toward solutions that secure the data itself, through discovery, classification, enforcement, encryption, and policy-enforced access, and governance, regardless of location.

The global data-centric security market, valued at approximately USD 5.3 billion in 2022, is forecast to reach USD 36.9 billion by 2032 (CAGR ~21.4%).¹ Within this, the defence cybersecurity segment, where such capabilities are mission-critical, was worth USD 16.45 billion in 2023 and is projected to exceed USD 63.3 billion by 2032.² These growth drivers align directly with archTIS' core strengths in secure collaboration for defence, government, and regulated industries, where data sovereignty, interoperability, and trust are paramount.

The DSPM market, valued at USD 650 million in 2023, is expected to exceed USD 5 billion by 2028, growing at a CAGR 23.3% as both public and private sectors seek continuous visibility into sensitive data risks.³

archTIS is uniquely positioned to capitalise on this trajectory by leveraging its proven platforms in Kojensi, NC Protect and Trusted Data Integration (TDI) to deliver integrated DSPM capabilities that combine automated data discovery, classification, and risk assessment with Attribute-Based Access Control (ABAC) and policy-enforced encryption. By extending these solutions across cloud, on-premises, and coalition networks, archTIS can address the most demanding compliance frameworks, including ITAR, CMMC, and national security directives. Furthermore, strengthening partnerships with technology leaders such as Microsoft, Thales, Nutanix and Oracle, expanding distribution channels, and targeting high-growth defence-industrial and critical infrastructure markets will allow archTIS to capture a disproportionate share of the multi-billion-dollar growth opportunity in data-centric security and DSPM.

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archTIS delivers a unified suite of mission-ready solutions that protect the world's most sensitive information across defence, government, and regulated industries. At the core of every archTIS product is Attribute-Based Access Control (ABAC), providing consistent, fine-grained policy enforcement across our platforms to ensure that only the right people have access to the right information—every time.

- Kojensi delivers secure, accredited collaboration for classified and sensitive data;
- NC Protect provides dynamic data loss prevention and adaptive policy controls across Microsoft and hybrid environments; and,
- The TDI Platform enables high-assurance cross-domain data sharing; and the Direktiv orchestration engine automates policy enforcement and compliance workflows.

Together, these technologies form an end-to-end, ABAC-driven data-centric security framework that discovers, classifies, protects, and enables the secure sharing of sensitive data across any environment, network, or classification level—helping customers meet the most stringent global compliance and data sovereignty standards.

CORPORATE

Immediately post-year-end close, archTIS successfully raised \$7.5M (before costs) to accelerate its international growth strategy through the issuance of 50,000,000 fully paid ordinary shares at \$0.15 per share. The raise was strongly supported by both new and existing institutional investors, as well as key company executives, reflecting confidence in the Company's vision and execution.

Pro-forma cash and cash equivalents stand at \$10.24M, providing a solid foundation to fund the next phase of expansion. Proceeds will be directed toward scaling operations and market penetration in the United States, extending and deepening strategic alliances and partnerships with leading technology and defence industry partners, and driving continued investment in product innovation across the Kojensi, NC Protect, and TDI platforms, as well as automation capabilities gained through the Direktiv acquisition. These investments will position archTIS to capture a greater share of the rapidly growing global data-centric security and DSPM markets.

During the year, archTIS strengthened its leadership and governance capabilities with the appointment of Major General (Ret'd) Dr Marcus Thompson AM, PhD, to the Board and experienced defence-industry executive Gerard (Ged) Foley to the senior leadership team. Marcus brings over three decades of military service, including as the inaugural Head of Information Warfare for the Australian Defence Force, providing deep expertise in cyber operations, strategy, and national security. Ged Foley, appointed Executive Vice President for Government and National Security (GNS), brings extensive experience leading defence programs and business development across Australia and allied markets. Together, their appointments enhance archTIS' strategic depth, industry networks, and ability to execute growth opportunities within the global defence and national security sectors.

CONTINUED MOMENTUM INTO FY2026

Building on the achievements of FY2025, archTIS enters FY2026 with clear momentum and a strategic roadmap to accelerate growth and market leadership. The Company will continue advancing its position as the preferred platform for secure information sharing across Government, Defence, and the Defence Industry, while strengthening its role as a premium provider of Policy Enforced Access Management and Encryption solutions to the global defence market. Financial priorities remain centred on sustaining positive operating cash flow, driving strong revenue growth with an increased focus on high-margin licensing and predictable annual recurring revenue (ARR), and maintaining disciplined operating expenses to protect margins. Innovation will remain a core differentiator, with the ongoing development of high-quality, mission-ready products for defence and allied markets, the expansion of strategic technology alliances with partners, and the growth of global distribution channels to unlock new geographic and vertical opportunities. These initiatives position archTIS to capture a greater share of the multi-billion-dollar data-centric security and DSPM markets in FY2026 and beyond.

¹ Spherical Insights, Global Data-centric Security Market Size, Share, Forecast-2032

² Fortune Business Insights, Defense Cyber Security Market Size, Share Growth [2032]

³ Verified Market Reports, Data Security Posture Management (DSPM) Tool Market Size, Research, Market Share & Forecast 2033

ARCHTIS PRODUCTS ENFORCE ZERO TRUST WITH ATTRIBUTE-BASED ACCESS CONTROL (ABAC)

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POLICY-BASED ENCLAVE
ACCESS FOR SENSITIVE &
CLASSIFIED DATA



Share and collaborate on sensitive and classified files securely

Accredited secure document collaboration up to PROTECTED

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

NCPROTECT™

DYNAMIC ACCESS &
DATA PROTECTION FOR
MICROSOFT 365, SHAREPOINT
& FILE SHARES



Discover, classify and secure sensitive information

Prevent data loss, misuse and human error

Audit and report for compliance



STRUCTURED DATA
INTEGRATION, SECURITY &
ORCHESTRATION



Simplify structured data integration and security

Orchestrate and secure data in real time from multiple sources and formats

Accelerate security, governance and decision-making outcomes

CUSTOMER SUCCESS STORIES

SAP SE

Industry: Enterprise Resource Planning and Business Intelligence Software

Challenges: SAP required a secure document management environment that was accredited for the storage and collaboration of Government sensitive and classified material to support the delivery of the company's solutions.

Solution: Kojensi SaaS

Results:

- Provides an Australian Government-accredited multi-level security classified information sharing and document collaboration platform.
- As a SaaS cloud platform Kojensi was quickly deployed and is scalable to easily add new users and global SAP entities.
- Ensures SAP can securely collaborate internally and with global Government, public sector and regulated industry customers on sensitive data to meet domestic and international Government security requirements.

"Kojensi is very appealing because of its low start-up time. It is easy to use and functionally rich. However, compliance is a living program and often requires changes. It easily accommodates any user access and process updates as our requirements change."

—Ilze Lamberton

Portfolio Operations Lead,
Secrecy and Critical Infrastructure,
Government Security & Secrecy
(GS2), SAP Australia Pty Ltd

AUSTRALIAN DEPARTMENT OF DEFENCE

Industry: Military / Defence

Challenges: Australian Defence needed a more effective way to secure the collaboration and sharing of files and prevent accidental data loss while maintaining need to know principles and controlling the releasability of files in SharePoint.

Solution: NC Protect for SharePoint

Results:

- Dynamically controls access to classified information with ABAC policies.
- Enforces 'need-to-know principles' for classified data.
- Reduces the level of IT effort required for multicoalition information sharing.
- Creates a repeatable solution for managing information access and security across the DIE.

"With NC Protect we can increase our collaboration by automatically controlling access to classified information. Before NC Protect, we had to lock everything down so very few users could access content to the extent that it inhibited our ability to collaborate with our coalition partners in theatre."

—Brigadier General Warren Gould

Director General Systems and
Integration, Australian Department
of Defence

GLOBAL DEFENCE PRIME

Industry: Navy Ship Building

Challenges: A Global Defence Prime has been on a multi-year journey to digitalise its shipbuilding capability and supply chain. This includes delivering NICE, a flexible, secure information collaboration environment for customers, partners and the supply chain.

Solution: archTIS Trusted Data Integration

Results:

- Provides data orchestration with embedded data-centric security (DCS) and governance controls.
- Delivers warfighting-ready capability within the time frames set out with ASCA and DSR objectives.
- Provides need to know access control to meet export control requirements and protect intellectual property (IP).

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 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.

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 Annual Recurring Revenue of approximately \$2.7 million, 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.

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.

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.

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.

MATERIAL BUSINESS RISKS (CONT)

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 risks arising from geopolitical developments, including armed conflict, terrorism, and shifting diplomatic or security policies. These can influence global market stability, disrupt supply chains, and alter procurement timelines—particularly in the defence and national security sectors where the Company operates.

As the Company engages across multiple jurisdictions, it is subject to increased exposure from political transitions, regulatory divergence, and trade measures such as tariffs or export controls. In 2024 and early 2025, signals from countries including the United States suggest a heightened risk of such measures, which may impact input costs and pricing competitiveness.

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.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity consisting of archTIS Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025 ('Reporting Period' or 'FY2025').

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 (appointed 11 December 2024)
- Daniel Lai
- Leanne Graham (finished 22 November 2024)

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 4,889,159 unlisted options

Other current public listed company directorships: GetBusy plc (AIM:GetB) (appointed 3 July 2017)

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

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: The Company has agreed to seek shareholder approval at the 2025 AGM for the issue of 3,412,969 Options to Dr Thompson. The Options shall have an exercise price of \$0.0972, an expiry date of 22 November 2027 and shall vest in equal instalments over three years, subject to continued engagement as a director of the Company.

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: 10,529,435 ordinary shares, 1,124,308 unlisted options and 2,082,521 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 2024, and the number of meetings attended by each director were:

	Number of Meetings Held	Number Attended
Dr Miles Jakeman AM	14	13
Dr Marcus Thompson AM	8	8
Daniel Lai	14	14
Leanne Graham	5	4

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.

DIRECTORS' REPORT

COMPANY SECRETARY

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



ERLYN DAWSON
Joint-Company Secretary

Eryn 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. Eryn 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.



WINTON WILLESEE
Joint-Company Secretary

Winton 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 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.

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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 12-13 of the annual report for an overview of the FY2025 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 2025, archTIS successfully completed a capital raise of \$7.5 million (before costs). The raise was supported by new and existing institutional and sophisticated investors and is aimed at supporting the growth of international operations, advancing strategic partnerships, and product development.

No further matters or circumstances have arisen since 30 June 2025 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 prejudice to the consolidated entity.

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
AR9O19	20 Dec 2024	22 Nov 2027	\$0.0972	3,412,969
AR9O20	20 Dec 2024	20 Dec 2028	\$0.0771	2,992,918
AR9O16	21 Dec 2023	21 Dec 2026	\$0.0792	378,673
AR9O17	21 Dec 2023	21 Dec 2026	\$0.0792	1,172,471
AR9O18	21 Dec 2023	21 Dec 2026	\$0.0792	732,977
AR9O12	24 Nov 2021	24 Nov 2025	\$0.316	1,000,000
AR9O13	23 Dec 2022	23 Dec 2025	\$0.200	3,337,102
AR9O14	13 DEC 2022	13 DEC 2025	\$0.2000	8,642,851
AR9O15	6 MAR 2023	6 MAR 2026	\$0.1428	1,228,355
Total options on issue				22,898,316

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 planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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:

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 Mueffelman	Global Chief Operations Officer
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.

2024

Directors

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

Key Management Personnel

Kurt Mueffelman	Global Chief Operations Officer
Kylie Sheather	Chief Financial Officer (ceased 12 April 2024)
Robert Andrew Burns	Chief Financial Officer (commenced 1 April 2024)

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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	Share-based payments	Post employment super	Long service leave	Termination Benefits			
	\$	\$	\$	\$	\$	\$		\$	%	%
2025										
Non-Executive Directors										
Dr Miles Jakeman AM	78,312	-	-	51,900	9,006	-	-	139,216	-	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 Mueffelmann*	404,041	14,472	-	59,652	-	-	-	478,165	3%	12%
Robert Andrew Burns****	278,629	9,375	141,371	134,148	-	-	-	563,523	2%	24%
2024										
Non-Executive Directors										
Dr Miles Jakeman AM	76,314	-	-	17,327	8,395	-	-	102,036	-	17%
Leanne Graham	55,341	-	-	12,996	-	-	-	68,336	-	19%
Executive Directors										
Daniel Lai	300,000	21,953	-	34,533	30,140	5,000	-	391,626	7%	9%
Key Management Personnel										
Kurt Mueffelmann**	380,373	20,464	-	41,577	-	-	-	442,414	5%	9%
Kylie Sheather***	224,222	-	37,035	3,046	28,708	(9,829)	64,615	347,797	0%	1%
Robert Andrew Burns	132,300	-	-	25,000	-	-	-	157,300	-	16%

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

** Estimated AUD remuneration based on USD to AUD 2023/24 average exchange rate of 1.5215

***Ceased 12 April 2024

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

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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 \$351,225 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\$262,500 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
AR9012, 19 Class						
Non-Executive Directors						
Dr Miles Jakeman AM	24 Nov 21	24 Nov 22	24 Nov 25	\$0.316	\$0.097	333,333
	24 Nov 21	24 Nov 23	24 Nov 25	\$0.316	\$0.097	333,333
	24 Nov 21	24 Nov 24	24 Nov 25	\$0.316	\$0.097	333,334
	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

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

AR9012, 19 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.

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation (continued)

	Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option	Number Under Option
AR9O15, 16, 18, 20						
Executive Directors						
Daniel Lai	6 Mar 23	30 Jun 23	6 Mar 26	\$0.1428	\$0.0385	70,028
	6 Mar 23	30 Jun 24	6 Mar 26	\$0.1428	\$0.0385	70,028
	6 Mar 23	30 Jun 25	6 Mar 26	\$0.1428	\$0.0385	70,028
	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
Key Management Personnel						
Kurt Mueffelman	21 Apr 23	30 Jun 23	6 Mar 26	\$0.1428	\$0.0385	83,011
	21 Apr 23	30 Jun 24	6 Mar 26	\$0.1428	\$0.0385	83,011
	21 Apr 23	30 Jun 25	6 Mar 26	\$0.1428	\$0.0385	83,011
	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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation (continued)

Options classes AR9O15, 16, 17, 18, 20 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.

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	-	-	-	-	-
Leanne Graham (ceased 22 Nov 24)	1,011,569	-	-	-	1,011,569
Executive Directors					
Daniel Lai	10,150,762	378,672	-	-	10,529,434
Key Management Personnel					
Kurt Mueffelman	18,511,488	475,959	-	-	18,987,447
Robert Andrew Burns	91,735	1,289,705	-	-	1,381,440

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based compensation (continued)

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	1,476,190	3,412,969	-	-	4,889,159
Dr Marcus Thompson AM	-	-	-	-	-
Leanne Graham	875,659	-	-	(875,659)	-
Executive Directors					
Daniel Lai	2,601,168	2,499,025 ^{1,2}	(378,672)	(1,514,692)	3,206,829
Key Management Personnel					
Kurt Mueffelman	3,267,311	3,082,3252	(475,959)	(1,903,835)	3,969,842
Robert Andrew Burns	1,289,705	2,975,0952	(1,289,705)	-	2,975,095

¹2,082,521 Performance Rights and 416,504 Tenure Options 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).

²A summary of the vesting conditions attached to these securities is set out in Note 24.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

AUDITOR

RSM Australia Partners ("RSM") 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 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 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 2016/191*, 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 2025 Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at <https://investors.archtis.com/governance>.

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 75.

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

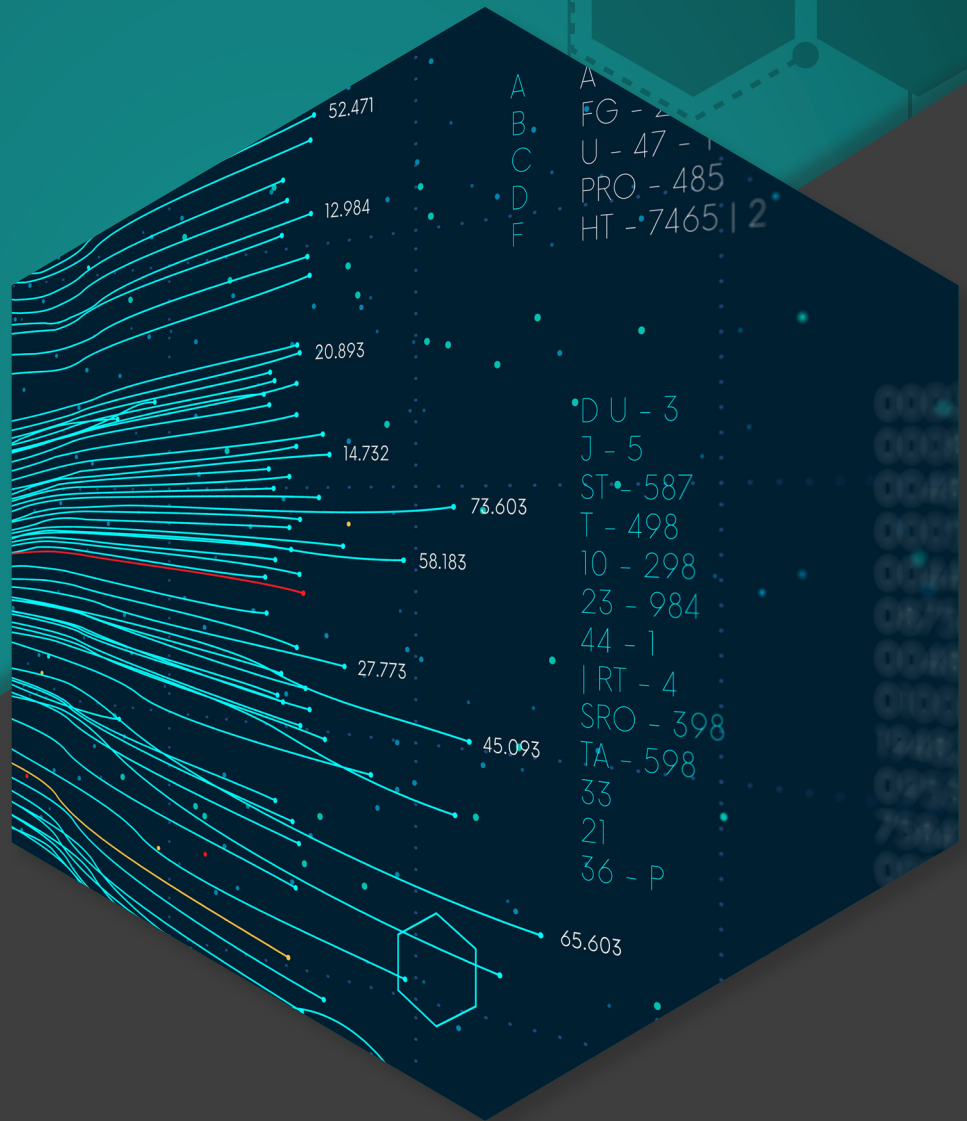
On behalf of the directors,



Dr Miles Jakeman AM
Chairman

27 August 2025
Canberra, ACT

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
	Note	\$	\$
Revenue	3(a)	6,073,234	9,799,517
Cost of sales		(1,431,585)	(3,951,346)
Gross Profit		4,641,649	5,848,171
Other income	3(b)	1,632,748	1,928,702
Sales and marketing	5	(1,754,717)	(1,629,781)
General administration	5	(9,619,672)	(10,755,986)
Loss before income tax		(5,099,992)	(4,608,894)
Income tax (expense) / benefit	6	340,537	352,918
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(4,759,455)	(4,255,976)
Earnings per share		Cents	Cents
Basic earnings per share	36	(1.66)	(1.49)
Diluted earnings per share	36	(1.66)	(1.49)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		2025	2024
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	3,148,981	2,916,097
Trade and other receivables	8	578,440	413,516
Other current assets	9	1,931,245	2,285,337
Income Tax Receivable		32,971	16,174
Total current assets		5,691,637	5,631,124
Non-current assets			
Other non-current assets	10	-	36,971
Property, plant and equipment	11	120,240	106,929
Intangible assets	12	10,811,955	10,732,837
Right of use asset	13	166,221	107,661
Total non-current assets		11,098,416	10,984,398
Total assets		16,790,053	16,615,522
LIABILITIES			
Current liabilities			
Trade and other payables	14	550,560	802,305
Employee benefits	15	433,435	301,377
Provisions	16	1,046,270	680,651
Other current liabilities	17	522,564	461,984
Contract liabilities	17	4,561,176	2,517,719
Lease liability	18	172,418	166,588
Borrowings	19	1,999,908	1,000
Total current liabilities		9,286,331	4,931,624
Non-current liabilities			
Employee benefits	15	169,324	133,331
Provisions	16	-	-
Contract liabilities	20	1,738,815	529,539
Deferred tax and other	21	195,079	578,700
Lease liability	18	-	-
Borrowings	19	-	1,000,000
Total non-current liabilities		2,103,218	2,241,570
Total liabilities		11,389,549	7,173,194
NET ASSETS		5,400,504	9,442,328
EQUITY			
Issued capital	22	43,639,377	43,407,980
Reserves	23	2,159,020	1,672,786
Retained profits (accumulated losses)	25	(40,397,893)	(35,638,438)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS		5,400,504	9,442,328

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 2025

Consolidated	Note	Issued capital	Reserves	Retained profits	Total equity
		\$	\$	\$	\$
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>					
Issue of share capital	22	-	-	-	-
Exercise of options	22	-	-	-	-
Vesting of performance rights	22	231,397	(231,397)	-	-
Capital raise and establishment costs	22	-	-	-	-
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
Balance at 1 July 2023		43,276,195	1,542,027	(31,382,462)	13,435,760
Total comprehensive income for the year		-	-	(4,255,976)	(4,255,976)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	22	-	-	-	-
Exercise of options	22	-	-	-	-
Vesting of performance rights	22	134,009	(134,009)	-	-
Capital raise and establishment costs	22	(2,224)	-	-	(2,224)
Foreign exchange reserve	23	-	20,599	-	20,599
Share-based payments	23	-	244,169	-	244,169
Balance at 30 June 2024	22,23,25	43,407,980	1,672,786	(35,638,438)	9,442,328

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
		\$	\$
Cash flows from operating activities			
Receipts from customers		9,690,494	12,081,835
Payments to suppliers and employees		(8,503,436)	(12,619,575)
Receipts from R&D tax incentive		1,856,092	2,117,769
Government grants & incentives		36,600	36,600
Interest received		57,736	92,594
Interest paid Lease		(10,126)	(37,848)
Interest Paid Other		(103,247)	(8,679)
Income tax paid		(66,822)	(26,324)
Net cash provided by / (used in) operating activities	35	2,957,291	1,636,372
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(41,451)	-
Purchase of intangibles	12	(2,960,239)	(2,739,360)
Payment for purchase of business, net of cash acquired	30	(484,574)	-
Net cash provided by / (used in) investing activities		(3,486,264)	(2,739,360)
Cash flows from financing activities			
Proceeds / (repayment) of borrowings		998,908	1,000,000
Proceeds from issue of shares		-	-
Costs of capital raise		-	(2,224)
Repayments under leases		(232,430)	(224,416)
Net cash provided by / (used in) financing activities		766,478	773,360
Net increase / (decrease) in cash held		237,505	(329,628)
Cash and cash equivalents at beginning of period		2,916,097	3,245,108
Effects of exchange rate changes on cash and cash equivalents		(4,621)	617
Cash and cash equivalents at end of period	7	3,148,981	2,916,097

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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

(a) Going concern

The 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.

The consolidated entity incurred a loss after tax of (\$4,759,455) (2024 (\$4,255,976)) and had net movement in cash of \$237,505, compared to (2024: (\$329,628)). The entity has an excess of current liabilities over current assets of \$3,594,694 as at 30 June 2025. The entity has prepared a cash flow forecast which indicates that the entity has sufficient cash to meet its debts as and when they fall due and payable.

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

- On 8 July 2025, archTIS successfully completed a capital raise of \$7.5 million (before costs). The raise was supported by new and existing institutional and sophisticated investors and is aimed at supporting the growth of international operations, advancing strategic partnerships, and product development.
- Included in current liabilities is licence and services revenue received in advance amounting to \$4,561,176 which is not expected to be paid by the entity, but released to revenue as the entity fulfills its obligations over the next 12 months.
- The Company is currently exploring sales opportunities with various potential customers across the Government and Private sectors;
- The Company has \$1,500,000 in unused bank loan facilities.
- The Company has the ability to issue additional equity securities to raise further working capital by way of capital raising
- The Company has the ability to further curtail administrative, marketing and overhead cash outflows if required

(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 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 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 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 2025 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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 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 statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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 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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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.

(x) 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.

(y) 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.

(z) Dividends

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

(aa) 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 acquirer's previously held equity interest in the acquirer.

(bb) 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Significant Accounting Policies

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.

Corporations Instrument to the nearest dollar.

(cc) 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 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.

(dd) 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 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations

(ee) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 FINANCIAL STATEMENTS

30 JUNE 2025

Note 3. Revenue

	Consolidated	
	2025	2024
	\$	\$
(a) Revenue from contracts with customers		
Licensing	4,175,949	4,996,167
Services	1,825,588	4,785,375
Equipment	71,697	17,975
	6,073,234	9,799,517
(b) Other income		
Government grants (i)	1,571,120	1,822,271
Interest income	57,736	92,594
Other income (ii)	3,892	13,837
	1,632,748	1,928,702

(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) and reimbursed travel expenses (year ending 30 June 2024).

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 2025 approximately \$2,413,000 (2024: \$5,297,000) of the consolidated entity's external revenue was derived from sales to the Australian government.

Geographical information

Segment information by geographical regions is not available, and the cost to develop this information would be excessive.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 5. Expenses

	Consolidated	
	2025	2024
	\$	\$
(a) Employee benefits		
Salaries and wages	4,709,669	5,361,957
Superannuation	431,706	490,043
Other employee benefits	458,299	992,487
Share-based payments	715,109	244,169
less: capitalised to software development	(2,163,593)	(2,107,656)
	4,151,190	4,981,000
(b) Depreciation and amortisation		
Depreciation - property, plant and equipment	28,139	45,845
Depreciation – right of use asset	169,575	180,812
Amortisation - intangibles	4,071,656	4,599,559
	4,269,370	4,826,216
(c) Finance costs		
Interest and finance charges paid	123,499	46,527
	123,499	46,527
(d) Contractors		
Payments to contractors	1,712,085	1,344,806
less: capitalised to software development	(796,645)	(631,704)
	915,440	713,102
(e) Hosting charges		
Hosting charges	480,429	319,411
	480,429	319,411
(f) Foreign exchange		
Foreign exchange (gains) or losses	17,217	13,359
	17,217	13,359

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 6. Income tax expense

	Note	Consolidated	
		2025 \$	2024 \$
Income tax expense			
Deferred tax		(383,621)	(384,927)
Foreign exchange movement		37,911	32,009
Current tax		5,173	-
Income tax expense / (income)		(340,537)	(352,918)
Loss before income tax		(5,099,992)	(4,608,894)
Tax at the statutory rate of 25% - Australia		(797,099)	(830,324)
Tax at the statutory rate of 21% (22.83% prior year) – USA		(383,031)	(265,131)
Tax at the statutory rate of 19% – UK		(265)	(2,878)
Tax at the statutory rate of 15.8% – Germany		(13,626)	(1,568)
Total tax at the statutory rate		(1,194,021)	(1,099,901)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment expenses		4,294	2,074
Share-based payments		178,777	60,622
Research & development expenditure		416,199	460,719
Intangible amortisation - internally generated		554,282	543,244
Income from research & development incentives		(383,630)	(455,418)
Other			420
Sub-total		769,922	611,661
Current year deferred tax not recognised		83,562	135,322
Deferred tax asset derecognised		-	-
		83,562	135,322
Income tax expense / (income)		(340,537)	(352,918)

A net deferred tax asset of \$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.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 7. Cash and cash equivalents

Cash and cash equivalents

Cash at bank

Cash on deposit

Consolidated	
2025	2024
\$	\$
694,425	1,718,535
2,454,556	1,197,562
3,148,981	2,916,097

Note 8. Trade and other receivables

Trade receivables

less: Allowance for expected credit losses

Other receivables

Consolidated	
2025	2024
\$	\$
571,493	406,569
-	-
571,493	406,569
6,947	6,947
578,440	413,516

Allowance for expected credit losses

The consolidated entity has no credit risk exposure as at 30 June 2025. The consolidated entity reviewed all material outstanding receivables greater than 90 days as at 30 June 2025, determined that the balances were recoverable, and accordingly no expected credit loss provision was raised (2024: Nil).

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	2025 Carrying amount \$	2025 Allowance for expected credit losses \$
Not yet due	471,878	-
0 - 3 months overdue	43,252	-
3 - 6 months overdue	-	-
6+ months overdue	56,363	-
	571,493	-

Note 9. Other current assets

Prepayments & deposits

Accrued income

Research & development tax incentive

Capitalised commissions

Consolidated	
2025	2024
\$	\$
200,691	313,980
-	-
1,616,361	1,876,207
114,193	95,150
1,931,245	2,285,337

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 10. Other non-current assets

	Consolidated	
	2025 \$	2024 \$
Capitalised commissions	-	36,971
	-	36,971

Note 11. Property, plant & equipment

	Consolidated	
	2025 \$	2024 \$
Leasehold improvements - at cost	85,512	85,512
less: accumulated depreciation	(26,474)	(14,258)
	59,039	71,255
Computer equipment - at cost	300,489	259,037
less: accumulated depreciation	(252,104)	(240,797)
	48,384	18,241
Office equipment - at cost	56,670	56,670
less: accumulated depreciation	(43,853)	(39,237)
	12,817	17,433
	120,240	106,929

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 2023	83,471	47,002	22,300	152,773
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(12,216)	(28,762)	(4,867)	(45,843)
Balance at 30 June 2024	71,255	18,240	17,433	106,929
Balance at 1 July 2024	71,255	18,240	17,433	106,929
Additions	-	41,451	-	41,451
Disposals	-	-	-	-
Depreciation	(12,216)	(11,307)	(4,616)	(28,139)
Balance at 30 June 2025	59,039	48,384	12,817	120,240

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NOTES TO THE 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.

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NOTES TO THE FINANCIAL STATEMENTS

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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. Customer contracts are amortised over 3-5 years.

Software

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

Goodwill

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

	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
Impairment	-	-	-	-	-	-
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)	-	(4,071,656)
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 FINANCIAL STATEMENTS

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Note 12. Intangible assets (continued)

	Internally generated software	Development in progress	Customer contracts	Software	Goodwill	Total
2024						
Cost	\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2023	10,460,101	3,682,380	2,117,679	8,782,988	2,789,524	27,832,672
Commercialisation of development to software	1,381,601	(1,381,601)	-	-	-	-
Additions	-	2,739,360	-	-	-	2,739,360
Impairment	-	-	-	-	-	-
Effect of foreign exchange translation	-	-	1,766	6,547	-	8,313
Closing balance at 30 June 2024	11,841,701	5,040,140	2,119,445	8,789,535	2,789,524	30,580,345
Accumulated amortisation						
Opening balance at 1 July 2023	(6,003,302)	-	(1,072,832)	(4,521,107)	-	(11,597,240)
Amortisation	(2,172,978)	-	(449,467)	(1,977,115)	-	(4,599,559)
Impairment	-	-	-	-	-	-
Effect of foreign exchange translation	-	-	2,307	8,553	-	10,860
Closing balance at 30 June 2024	(8,176,279)	-	(1,519,991)	(6,489,669)	-	(16,185,939)
Deferred research & development tax incentive						
Opening balance at 1 July 2023	(1,932,152)	(1,601,837)	-	-	-	(3,533,989)
Additions	-	(1,074,555)	-	-	-	(1,074,555)
Re-classification	(600,997)	600,997	-	-	-	-
Recognised in income	946,975	-	-	-	-	946,975
Closing balance at 30 June 2024	(1,586,174)	(2,075,395)	-	-	-	(3,661,569)
Net book value	2,079,248	2,964,745	599,454	2,299,866	2,789,524	10,732,837

NOTES TO THE FINANCIAL STATEMENTS

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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:

- 9.54% pre-tax discount rate. This discount rate reflects management's estimate of the time value of money and the entity's weighted average cost of capital adjusted for the product, the risk-free rate and the volatility of the share price relative to market movements;
- Projected revenue growth rate based on current sales pipeline, projected sales through current reseller partners, sales through new partnerships with resellers and increased users with existing customers;
- Management has performed a thorough line-by-line review of the current sales pipeline to estimate of sales, projected sales through current and new reseller partners, and estimated increase in users with existing customers;
- Annual retention (renewals) rate of 100% for named strategic licence accounts over the 5 year term. Churn rates for other accounts range from 5% to 50% based on managements assessment of the product and market maturity.
- Implementation services revenue is estimated based on 15% of enterprise licence revenue;
- Staffing costs are projected to increase in line with revenue growth;
- 19-34% per annum increase in operating costs and overheads excluding staff costs; and,
- Terminal growth rate of 3%

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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Note 13. Right-of-use asset

	Consolidated	
	2025	2024
	\$	\$
Right of Use Asset – at cost	941,433	713,298
Less: Accumulated Depreciation	(775,212)	(605,637)
	166,221	107,661
Balance as at 1 July	107,661	714,675
Additions	228,135	-
Lease modifications	-	(426,202)
Depreciation	(169,575)	(180,812)
Balance as at 30 June	166,221	107,661

The right-of-use asset represents the lease of the Canberra head office which has a remaining lease term of 9 months.

Note 14. Trade and other payables

	Consolidated	
	2025	2024
	\$	\$
Trade payables	267,179	677,148
Other payables	283,381	125,157
	550,560	802,305

Note 15. Employee benefits

	Consolidated	
	2025	2024
	\$	\$
Current		
Provision for annual leave	379,256	258,347
Provision for long service leave	54,179	43,030
	433,435	301,377
Non-current		
Provision for long service leave	169,324	133,331
	169,324	133,331
	602,759	434,708

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.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 16. Provisions

Current

Deferred Consideration (Note 30)
Lease make good
Provision for Short term incentive

Non-current

Lease make good

Consolidated	
2025	2024
\$	\$
663,203	-
81,015	79,651
302,052	601,000
1,046,270	680,651
-	-
-	-
1,046,270	680,651

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

Consolidated	
2025	2024
\$	\$
522,564	461,984
4,561,176	2,517,719
5,083,740	2,979,703

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

Balance as at 30 June (current and non-current – Note 20)

Consolidated	
2025	2024
\$	\$
3,047,258	5,846,759
7,836,518	4,288,329
(4,583,785)	(7,087,830)
6,299,991	3,047,258

NOTES TO THE FINANCIAL STATEMENTS

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Note 18. Lease liabilities

	Consolidated	
	2025	2024
	\$	\$
Balance as at 1 July	166,588	779,358
Lease modifications	228,134	(426,202)
Interest	10,126	37,848
Payments made	(232,430)	(224,416)
Balance as at 30 June	172,418	166,588
Current	172,418	166,588
Non-current	-	-
	172,418	166,588

The expected gross cash outflows for the lease over the next 12 months is \$176,903, noting the lease expires at the end of March 2026. The short-term lease expense for FY25 amounts to \$20,251 (FY24 \$47,055).

Note 19. Borrowings

	Consolidated	
	2025	2024
	\$	\$
Bank loan	1,999,908	1,001,000
	1,999,908	1,001,000

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2024	2024
	\$	\$
Current		
Bank loan	1,999,908	1,000
Non-current		
Bank loan	-	1,000,000
	1,999,908	1,001,000

Assets pledged as security

The bank loan is secured by a term deposit of \$343,729 (2024: \$240,504) held with the bank.

Financing arrangements

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

	Consolidated	
	2025	2024
	\$	\$
Total facilities		
Bank loan	3,500,000	2,000,000
	3,500,000	2,000,000
Used at reporting date		
Bank loan	1,999,908	1,001,000
	1,999,908	1,001,000
Unused at reporting date		
Bank loan	1,500,092	999,000
	1,500,092	999,000

NOTES TO THE FINANCIAL STATEMENTS

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Note 20. Other non-current liabilities

	Consolidated	
	2025	2024
	\$	\$
Contract Liabilities	1,738,815	529,539
	1,738,815	529,539

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
	\$	\$	\$	\$	\$
2025					
<i>Deferred tax asset</i>					
<i>on:</i>					
Accrued income & prepayments	-	-	-	-	-
Property, plant & equipment	-	-	-	-	-
Provisions	-	-	-	-	-
Costs of raising equity	-	-	-	-	-
Accrued expenditure	-	-	-	-	-
Lease incentives	-	-	-	-	-
Tax losses	-	-	-	-	-
Deferred tax asset	-	-	-	-	-
<i>Deferred tax liability</i>					
<i>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 FINANCIAL STATEMENTS

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Note 21. Deferred tax assets and liabilities (continued)

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
	\$	\$	\$	\$	\$
2024					
<i>Deferred tax asset</i>					
<i>on:</i>					
Accrued income & prepayments	-	-	-	-	-
Property, plant & equipment	-	-	-	-	-
Provisions	-	-	-	-	-
Costs of raising equity	-	-	-	-	-
Accrued expenditure	-	-	-	-	-
Lease incentives	-	-	-	-	-
Tax losses	-	-	-	-	-
Deferred tax asset	-	-	-	-	-
<i>Deferred tax liability</i>					
<i>on:</i>					
Intangible assets	(963,627)	384,927	-	-	(578,700)
Deferred tax liability	(963,627)	384,927	-	-	(578,700)
Net deferred tax asset / (liability)	(963,627)	384,927	-	-	(578,700)

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NOTES TO THE FINANCIAL STATEMENTS

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Note 22. Issued capital

	Consolidated			
	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	289,256,987	286,624,298	43,639,377	43,407,980

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30-Jun-23	285,580,331		43,276,195
Vesting of performance rights	21-Nov-23	106,592	-	22,917
Vesting of performance rights	21-Dec-23	570,693	-	56,142
Vesting of performance rights	15-Jun-24	366,682	-	54,951
Establishment costs, net of tax		-	-	(2,224)
Balance	30-Jun-24	286,624,298		43,407,981
Vesting of performance rights	15-Dec-24	698,001	-	55,298
Vesting of performance rights	31-Dec-24	644,852	-	62,500
Vesting of performance rights	15-Jun-25	644,983	-	51,098
Vesting of performance rights	30-Jun-25	644,853	-	62,500
Balance	30-Jun-25	289,256,987		43,639,377

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 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.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 23. Reserves

Share-based payments reserve

Foreign currency reserve

Consolidated	
2025	2024
\$	\$
1,569,947	1,086,235
589,073	586,551
2,159,020	1,672,786

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 2023	976,075	565,952	1,542,027
Share-based payments	244,169	-	244,169
Transferred to Issued Capital	(134,009)		(134,009)
Arising due to translation of financial statements for foreign subsidiaries	-	20,599	20,599
Balance at 30 June 2024	1,086,235	586,551	1,672,786
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

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NOTES TO THE 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 2025 financial year 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 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	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%
Operating 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%
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%
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%

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

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

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FY2024

Financial performance conditions for the financial period	Proportion of performance rights to vest if target is met or exceeded
Positive Cashflow	30%
Annual recurring revenue	30%
Consolidated Group Revenue	20%
Gross Margin	20%

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

- 15 December 2025, at which point 50% of performance rights that have previously met the relevant performance milestone will vest; and
- 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.

Note 24. Share-based payments (continued)

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:

AR9015 which expire on 6 March 2026 with an exercise price of \$0.1428 per option.

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

AR9019 which expire on 20 December 2028 with an exercise price of \$0.0972 per option.

AR90 20 which expire on 20 December 2028 with an exercise price of \$0.0771 per option.

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 28,000,378 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) (2024: 8,269,717) at a weighted average fair value of \$0.0735 (2024: \$0.082). During the year 6,460,333 options were granted to employees under the Company's Employee Incentive Plan (adopted at the Company's Annual General Meeting on 24 November 2021) (2024: 3,834,433) at a weighted average fair value of \$0.033 (2024: \$0.038).

The amount recognised as employee benefits (Note 5(a)) in the current financial year for share-based payment transactions was \$715,109 (2024: \$244,169).

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Note 24. Share-based payments (continued)

Number of options / performance rights

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

2024	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
AR9O listed options	23/12/2021	23/12/2023	\$0.35	10,044,257	-	-	(10,044,257)	-
AR9O3	22/05/2018	01/07/2023	\$0.20	800,000	-	-	(800,000)	-
AR9O7	20/11/2019	01/07/2023	\$0.20	250,000	-	-	(250,000)	-
AR9O9	30/06/2020	01/07/2023	\$0.10	500,000	-	-	(500,000)	-
AR9O12	24/11/2021	24/11/2025	\$0.316	1,750,000	-	-	-	1,750,000
AR9O13	23/12/2022	23/12/2025	\$0.20	3,337,102	-	-	-	3,337,102
AR9O14	13/12/2022	13/12/2025	\$0.20	8,642,851	-	-	-	8,642,851
Performance rights FY22	24/11/2021	24/11/2023	-	106,592	-	(106,592)	-	-
Performance rights FY23	6/03/2023	06/03/2025	-	5,983,333	-	(937,375)	(5,045,958)	-
AR9O15	6/03/2023	06/03/2026	\$0.1428	2,089,402	-	-	(596,425)	1,492,977
AR9PR7,8,9	21/12/2023	21/12/2026	\$0.000	-	10,658,255	-	(3,678,243)	6,980,012
AR9O16,17,18	21/12/2023	21/12/2026	\$0.079	-	3,834,433	-	(1,274,723)	2,559,710
				33,503,537	14,492,688	(1,043,967)	(22,189,606)	24,762,652
Weighted average exercise price				\$0.26	\$0.02	-	\$0.23	\$0.14

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

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
AR9019	22/11/2024	22/11/2028	\$0.07	\$0.097	70%	-	4.35%	\$0.029
AR9020	20/12/2024	20/12/2028	\$0.08	\$0.077	70%	-	4.35%	\$0.037

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
AR901 6,17,18	21/12/2023	21/12/2026	\$0.14	\$0.079	70%	-	4.00%	\$0.038

Note 25. Retained profits / (accumulated losses)

	Consolidated	
	2025	2024
	\$	\$
Retained losses at the beginning of the financial year	(35,638,438)	(31,382,462)
Loss after income tax expense for the year	(4,759,455)	(4,255,976)
Retained losses at the end of the financial year	(40,397,893)	(35,638,438)

Note 26. Dividends

Dividends

No dividends were paid or declared during the year.

Franking Credits

	Consolidated	
	2025	2024
	\$	\$
Franking credits available for subsequent financial years based on tax rate of 25%	71,533	71,533

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

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 2025. The consolidated entity reviewed all material outstanding receivables greater than 90 days as at 30 June 2025, 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.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 27. Financial instruments (continued)

	2025	2024
	\$	\$
Categories of financial instruments		
Financial assets measure at amortised cost		
Cash and cash equivalents	3,148,981	2,916,097
Trade and Receivables	578,439	413,516
Research & development tax incentive	1,616,361	1,876,207
Total financial assets at amortised cost	5,343,781	5,205,820
Total financial assets	5,343,781	5,205,820
Financial liabilities measured at amortised cost		
Trade Creditors	550,560	802,305
Bank Loan	1,999,908	1,001,000
Total financial liabilities measured at amortised cost	2,550,468	1,803,305
Total financial liabilities	2,550,468	1,803,305

Note 28. Key management personnel disclosures

	Consolidated	
	2025	2024
	\$	\$
Short term employee benefits	1,336,881	1,248,001
Post-employment benefits	44,571	67,242
Long term benefits	6,065	(4,829)
Share-based payments	300,346	134,478
Termination Benefits	-	64,615
	1,687,863	1,509,507

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	
	2025	2024
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	89,900	116,585
<i>Other services</i>		
Transactional Services	61,800	-
Research and development tax grant	42,420	75,200
	194,120	191,785

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 30. Business Combinations

On 4 March 2025, archTIS Limited, acquired 100% the business assets of Direktiv. IO Inc. From 4 March 2025, the results of Direktiv. IO Inc have been fully integrated into the operations of the Group. ArchTIS has acquired Direktiv to enhance our world-class developers with expertise in attribute-based access control and event-driven orchestration. The goodwill of \$431,792 represents the synergies from the integration of event-driven orchestration into our technology stack, enhancing zero trust capabilities across data, infrastructure and applications globally. Due to the integration, 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:

	\$
Intangible assets:	
-software	764,570
Employee benefits	(48,585)
Net assets acquired	715,985
Goodwill	431,792
Acquisition-date fair value of the total consideration transferred	1,147,777
Representing:	
Cash paid	484,574
Deferred consideration (included in Provisions)	663,203
	1,147,777
Acquisition costs expensed to profit or loss	10,883

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 31. Commitments

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities:

	2025	2024
	\$	\$
Within one year	10,954	20,252
One to five years	-	10,954
	10,954	31,206

Operating lease commitments includes contracted amounts for office and computer equipment under non-cancellable operating leases expiring within one to five years.

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

The following transactions occurred with related parties:

<i>Transactions with subsidiaries</i>	Opening Balance	2025 Movement	Balance at 30 June 2025
Loan to archTIS US Inc.	977,048	297,052	1,274,100
Loan from Nucleus Cyber Pty Ltd	(83,202)	-	(83,202)
Loan to archTIS UK Limited	839,424	84,665	924,089
Loan to archTIS EU GmbH	58,560	74,625	133,185
	1,791,830	456,342	2,248,172
	Opening Balance	2024 Movement	Balance at 30 June 2024
Loan to archTIS US Inc.	1,521,871	(544,823)	977,048
Loan from Nucleus Cyber Pty Ltd	(88,115)	4,913	(83,202)
Loan to archTIS UK Limited	808,805	30,619	839,424
Loan to archTIS EU GmbH	57,686	874	58,560
	2,300,247	(508,417)	1,791,830

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.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2025	2024
	\$	\$
Statement of profit or loss and other comprehensive income		
Loss after income tax	(3,188,395)	(3,074,609)
Total comprehensive income	(3,188,395)	(3,074,609)
Statement of financial position		
Total current assets	5,193,433	5,322,065
Total non-current assets	17,182,540	14,785,413
Total assets	22,375,973	20,107,478
Total current liabilities	8,592,837	5,321,428
Total non-current liabilities	1,907,767	536,363
Total liabilities	10,500,604	5,857,791
Net assets	11,875,369	14,249,687
Equity		
Issued capital	43,639,377	43,407,981
Reserves	1,942,924	1,360,243
Retained profits / (accumulated losses)	(33,706,932)	(30,518,537)
Total equity	11,875,369	14,249,687

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 2025 and 30 June 2024.

Capital commitments

The parent entity had no capital commitments as at 30 June 2025 and 30 June 2024.

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:

Effective 18 June 2025 archTIS EU s.r.o was liquidated as it was a non-operating entity.

		Ownership interest	
		2025	2024
Country of incorporation		%	%
archTIS EU s.r.o*	Czech Republic	0%	100%
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%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

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

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax expense for the year	(4,759,455)	(4,255,976)
<i>Adjustments for:</i>		
Depreciation and amortisation	4,269,371	4,826,216
Share-based payments	715,109	244,169
Interest on lease liabilities	10,126	37,848
Other non-cash items	(33,569)	107,649
Foreign exchange differences	(2,049)	15,054
<i>Change in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	(164,923)	3,875,712
(Increase) / decrease in accrued revenue	-	302,075
(Increase) / decrease in prepayments	113,289	873,324
(Increase) / decrease in other assets	17,928	53,592
(Increase) / decrease in R&D tax incentive receivable	259,846	204,518
(Increase) / decrease in deferred tax assets	-	-
Increase / (decrease) in trade and other payables	(251,745)	(1,462,576)
Increase / (decrease) in accrued expenses	60,580	(180,916)
Increase / (decrease) in income taxes payable	(16,797)	6,529
Increase / (decrease) in employee benefits	168,051	(88,013)
Increase / (decrease) in provisions	(297,583)	263,027
Increase / (decrease) in deferred revenue	3,252,733	(2,800,061)
Increase / (decrease) in deferred tax liabilities	(383,621)	(385,800)
Net cash from operating activities	2,957,291	1,636,371

Note 36. Earnings per share

	2025	2024
	\$	\$
Loss after income tax attributable to the owners	(4,759,455)	(4,255,976)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	287,347,309	285,959,393
	Cents	Cents
Basic earnings per share	(1.66)	(1.49)
Diluted earnings per share	(1.66)*	(1.49)*

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

Note 37. Matters subsequent to the end of the financial year

On 8 July 2025, archTIS successfully completed a capital raise of \$7.5 million (before costs). The raise was supported by new and existing institutional and sophisticated investors and is aimed at supporting the growth of international operations, advancing strategic partnerships, and product development.

Note 38. Consolidated Entity Disclosure Statement as at 30 June 2025

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

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DIRECTORS DECLARATION

30 JUNE 2025

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 2025 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

27 August 2025

Canberra

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RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600

GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

www.rsm.com.au

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 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

C J HUME
Partner

Canberra, Australian Capital Territory
Dated: 27 August 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of archTIS LIMITED

Report on the audit of the financial report

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 2025, the consolidated statement of 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 2025 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 Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of 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.

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.

Capitalisation of 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 period 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.	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:



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 past acquisitions. 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.	- 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.
---	--

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 2025, 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/admin/file/content102/c3/ar1_2020.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 25 to 32 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of archTIS Limited., for the year ended 30 June 2025, 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



Partner

C J HUME

Canberra, Australian Capital Territory
Dated: 27 August 2025

SHAREHOLDER INFORMATION

4 August 2025

The shareholder information set out below was applicable as at 4 August 2025.

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 4 August 2025.

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	142	61,184	0.02%
1,001 to 5,000	1,263	3,427,214	1.01%
5,001 to 10,000	598	4,671,944	1.38%
10,001 to 100,000	1,343	49,359,664	14.55%
100,001 and over	423	281,736,981	83.04%
	3,769	339,256,987	100.00%

On 4 August 2025, there were 990 holders of unmarketable parcels of less than 1,761,219 Shares (based on a share price of \$0.16).

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SHAREHOLDER INFORMATION

4 August 2025

ii) AR9012 Unlisted Options exercisable at \$0.316 on or before 24 November 2025

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	1,000,000	100%
	1	1,000,000	100%

Dr Miles Jakeman holds 100% of the securities in this class.

iii) AR9013 Unlisted Options exercisable at \$0.20 on or before 23 December 2025

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	27	128,785	3.86%
5,001 to 10,000	-	-	-
10,001 to 100,000	48	1,541,652	46.20%
100,001 and over	11	1,666,665	49.94%
	86	3,337,102	100%

There are no holders who hold more than 20% of the securities in this class.

iv) AR9014 Unlisted Options exercisable at \$0.20 on or before 13 December 2025

Holdings Range	Holders	Units	%
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	11	601,181	6.96%
100,001 and over	14	8,041,670	93.04%
	25	8,642,851	100%

Holders who hold more than 20% of the securities in this class are:

- Brio Capital Master Fund Ltd – 3,571,428 options

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v) AR9015 Unlisted Employee Options exercisable at \$0.1428 on or before 6 March 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	1,228,355	100%
	1	1,228,355	100%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

i) 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 and are held in a custodian account on behalf of each employee.

ii) 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	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	1,172,471	100.00%
	1	1,172,471	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

iii) 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	-	-	-
100,001 and over	1	732,977	100.00%
	1	732,977	100.00%

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All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

iv) *AR9019 Unlisted Employee 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	1	3,412,969	100.00%
	1	3,412,969	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

v) *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	-	-	-
100,001 and over	1	2,992,918	100.00%
	1	2,992,918	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

vi) *Performance Rights – AR9PR10*

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	6,070,217	100.00%
	1	6,070,217	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

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vii) Performance Rights – AR9PR11

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	3,097,002	100.00%
	1	3,097,002	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

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	3,145,092	100.00%
	1	3,145,092	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

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	1	10,597,196	100.00%
	1	10,597,196	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

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	3,801,166	100.00%
	1	3,801,166	100.00%

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All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

xi) Performance Rights – AR9PR16

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	934,776	100.00%
	1	934,776	100.00%

All securities in this class were issued under an employee incentive scheme and are held in a custodian account on behalf of each employee.

Substantial Shareholders

The names of the substantial shareholders as notified to the Company as at 4 August 2025 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 4 August 2025 are as follows:

		Number held	% of total shares issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,002,332	5.90%
2	CITICORP NOMINEES PTY LIMITED	19,638,739	5.79%
3	KURT MUEFFELMANN	13,312,820	3.92%
4	MR PETER ROBERT WOODLAND	8,619,943	2.54%
5	DANIEL CHUN LEUNG LAI	8,015,964	2.36%
6	BRIO CAPITAL MASTER FUND LTD	7,790,683	2.30%
7	MR BRUCE ALEXANDER TALBOT & MRS SUZANNE TALBOT <TALBOT FAMILY A/C>	6,866,436	2.02%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,990,554	1.77%
9	MR OTTMAR WEISS	5,000,000	1.47%

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10	MR RHYS DAVID FORD	4,468,655	1.32%
11	POSSUM HILL PTY LTD	4,429,469	1.31%
12	MICHAEL DE FELICE PTY LTD	3,510,000	1.03%
13	GRAND FORTUNA PTY LTD <GRAND FORTUNA SF A/C>	3,500,000	1.03%
14	ROMAN FIVE PTY LTD	3,350,000	0.99%
15	MR ANTHONY MANUEL WHITFIELD	3,250,000	0.96%
16	UBS NOMINEES PTY LTD	3,157,643	0.93%
17	PHILLIP JONATHAN DEAN & ROBYN CLAIRE DEAN <DEAN TEAM SUPER FUND>	3,000,000	0.88%
18	INVIA CUSTODIAN PTY LIMITED <RIPPON INVESTMENT A/C>	3,000,000	0.88%
19	MR DAVID WOOD	2,816,811	0.83%
19	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,816,471	0.83%
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	2,753,691	0.81%
Top 20 Holders of Ordinary Shares		135,290,211	39.88%
Total Remaining Holders Balance		203,966,776	60.12%

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