

8 December 2020

ASX Announcement: AR9

archTIS acquisition Nucleus Cyber Expands Partner Channel in Asia Pacific and European Markets

Highlights:

- archTIS announced on 23rd November 2020 that it has entered into a Merger Agreement to acquire 100% of global information protection business, Nucleus Cyber (NC), with completion of the acquisition subject to a number of conditions, including approval by ordinary resolution of the shareholders at the archTIS AGM on 23 December 2020.
- Nucleus Cyber has announced on 7th December 2020 its expansion into the Asia-Pacific and European cybersecurity markets with three new channel partnerships to resell the company's NC Protect™ solution for data discovery, protection and compliance for the leading content services and collaboration platforms.
- SABASAI (Australia), iSecurity (Taiwan) and SPOO Datascience (Germany) have all joined the Nucleus Cyber Global Channel Partner Program.
- The expansion of Nucleus Cyber's reseller channel demonstrates the strong global market for policy enforcement products for Microsoft products and the potential revenue growth for Nucleus Cyber's Protect product.
- archTIS views this as a very positive development and looks forward to sharing the vision for the combined business with shareholders at the upcoming AGM.

Nucleus Cyber Channel Partner Expansion

Nucleus Cyber's Channel Partner Program offers value added resellers an innovative data-centric security platform to help their clients proactively protect against insider breaches, sensitive data misuse and unauthorized file access in Microsoft 365 (SharePoint, Teams, OneDrive, Exchange and Yammer), Dropbox, Nutanix Files and Windows file shares. The company's NC Protect solution leverages existing technology investments to provide a simpler, faster and cheaper solution to tailor information protection for file sharing, messaging and chat across content services and collaboration tools. It enables resellers to offer a value-added solution to fill security gaps leveraging a client's existing IT investments to create new opportunities and revenue streams.

Sean Ofir, CEO and Managing Director of [SABASAI](#), an Australian consultancy that specializes in all aspects of insider threat management and business risk for companies such as NAB and Macquarie bank, said, "SABASAI focuses on the human risk element to provide undisputable visibility into operational, human error and insider risks, so we were searching for a true DLP that will help prevent data breaches in the first place. We came across NC Protect which focuses on the problem from a user angle to prevent users from accessing and sharing what they should not and enable them to do what they should securely."

Julian Su, President and CEO at [iSecurity Inc.](#), a provider of the forward-looking world-class information security solutions and consulting services in Taiwan, said, "iSecurity has been providing DLP solutions to the biggest enterprises in Taiwan Since 2006. We see Nucleus

Cyber's data-driven security technology as one of the most fitting solutions in this fast-changing cyber landscape.”

Helmut Hubmann, Sales Director at [SPOO Datascience](#), a specialist firm in data and its security based in Germany, said, “Our customers are looking for solutions to help them with data discovery, secure collaboration, SharePoint and Microsoft Teams security. Our partnership with Nucleus Cyber allows us to expand our security solutions portfolio to include intelligent data-centric security that can help discover and classify sensitive data, as well as protect against inside threats including cyberespionage, overprivileged users and human error.”

Kurt Mueffelman, CEO of Nucleus Cyber, commented, “Data security and compliance are more important than ever with new global regulations and the risk of insider threats increasingly keeping information security professionals up at night. We are excited to welcome our new partners to our global channel program. Their domain expertise paired with our innovative technology will allow their customers to proactively protect their most sensitive and confidential information from internal threats, including cyberespionage, misuse by overprivileged users and human error, that can lead to breaches and subsequent fines.”

Acquisition Details

archTIS has entered into a merger agreement to acquire a 100% interest in Nucleus Cyber in exchange for:

- Initial consideration of A\$6.25 million, payable in archTIS shares (subject to standard closing adjustments); plus
- Up to A\$3.5 million deferred consideration payable in archTIS shares upon reaching certain defined revenue and corporate milestones

The acquisition is highly strategic and transformational for archTIS. Through this acquisition archTIS gains an immediate presence in the key North American market, as well as access to the Microsoft business product suite. This transaction represents a key step in archTIS’ strategy of being the world’s premier provider of policy enforced access control platforms for securing and sharing digital information.

This also enables archTIS to instantly access new commercial opportunities via Nucleus Cyber’s Microsoft co-sell agreement. This agreement means Microsoft will actively promote and sell Nucleus Cyber’s Protect product throughout the Microsoft channel Resellers. This agreement has just commenced in the United States and is intended to expand globally through the Microsoft Start-up program.

Nucleus Cyber generates revenue from its high-margin annual subscription-based software platform, with high quality enterprise clients that have a historically strong customer retention. archTIS expects significant growth in this revenue stream in 2021.

The Nucleus Cyber business and team are well known to archTIS due to previous partnering agreements, and represent a close cultural fit for our business. All key senior executives from Nucleus Cyber have agreed to join archTIS’ senior management team, significantly enhancing our North American and Microsoft product suite expertise.

archTIS recently completed its first Nuclear Cyber licence sale to 12th Level; demonstrating the benefit the acquisition will provide to accelerate cross sales and is working on a number of other identified opportunities Nucleus Cyber opportunities.

Daniel Lai, archTIS CEO, said:

"archTIS is excited to see Nucleus Cyber expand its Channel Partner Program and we believe that this reinforces the strong rationale for the acquisition of Nucleus Cyber to create a global company providing policy enforced access control platforms for securing and sharing digital information."

Authorised for release by order of the Board of Directors

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About archTIS Limited

archTIS Limited (ASX:AR9) is an award winning, global technology company focused on protecting sensitive information. Leveraging its strong pedigree with Government and Defence, the company has developed industry-leading information security platforms for sharing and collaborating on sensitive or classified information.