



TRUSTED TO SAFEGUARD THE WORLD'S MOST
SENSITIVE INFORMATION

Q2 FY22 December 2021

QUARTERLY UPDATE

Authorised for release by the Board of archTIS Limited

Disclaimer

No Warranties

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Quarterly Highlights

Data-centric security technology to prevent malicious and accidental loss of information



Daniel Lai
Managing Director
& CEO



Kurt Mueffelman
Global COO
& US President



**Driving Licensing
Revenue / ARR and
Gross Margins**



**Delivering Innovation
across 2 Product
Lines**



**Significant Customer
Wins and Renewals**



**International Capital
Raise & US-OTCQB**

Expanded Licensing and ARR

Focused Growth Strategy

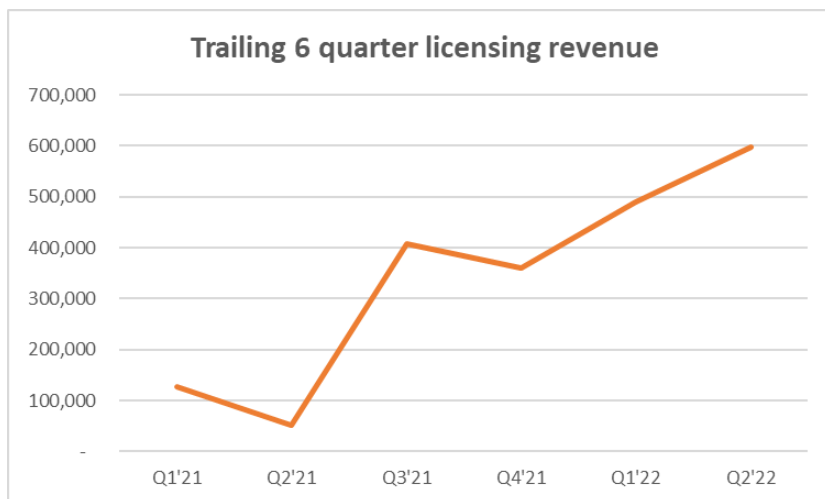
***Q2 FY22 Highlights Relative Prior Comparative Period (PCP)**

Licensing revenue up 1,163% on PCP*	Annual recurring revenue up 104% on PCP* and 15% from prior quarter	Gross margins for quarter at 69%
International capital raise of \$6.9M with closing cash balance of \$12.5M	Commenced quotation on the US-based OTCQB market	Launched Kojensi V2.0 & NC Protect Data Connector for Azure Sentinel

Q2 Overview – Tactical Execution

	FY22	FY21
A\$'000	Q2	Q2
Licencing revenue	645.2	51.1
Services revenue	153.1	640.6
Total revenue	798.3	691.7
% increase prior comparative period	15%	
Annual Recurring Revenue	2,018	990.1
% increase prior comparative period	104%	
Gross margin	69%	75%
OPEX (after capitalising development costs)	2,866	949.1
% increase on prior comparative period	202%	

*Unaudited results



• Key Customer Wins & Renewals

- Contract Win with Australian National Intelligence and Law Enforcement agency
- New Microsoft Co-sell Customer and Extension of Pipeline
- Expansion of Licensing Footprint to Existing Customers
- Renewed All Major Customer Contracts

• Product Innovation Releases

• Corporate

- Capital Placement & SPP
- Commenced Trading on US-OTCQB
- Research & Development Claim Receipt
- Completion of Cipherpoint integration, Subsidiary Expansion & Staff Investments

Our Customers

Driving ARR with strong renewals and minimal churn

Americas

- **Microsoft IP Co-sell** for global entertainment company
- Multinational firm for **ITARs** compliance in Office 365
- An integrated community health organization to deliver **encrypted documents through cp.Protect**

Europe Middle East & Africa

- An **enterprise application software company** to communicate with national defence agencies across the globe with Kojensi SaaS
- **Global European bank** to provide secure collaboration to an initial division.

Asia Pacific

- An Australian National Intelligence and Law enforcement agency for the deployment of **structured data security** through Okera partnership
- Major defence contractor deployed **both Kojensi and NC Protect** to secure protected and sensitive information
- Singapore procurement agency for encrypting documents with cp.Protect

BalladHealth™

Gallagher

DARPA

ECCLESIASTICAL
INSURANCE YOU CAN BELIEVE IN

STATE STREET

NIH
Center for
Scientific Review



CareFirst

CORNING

Cogentrix



First State
Investments

BGW
Berufsgenossenschaft
für Gesundheitsdienst
und Wohlfahrtspflege

Deutsche Post
DHL

wyzetalk



K.A.CARE

SINGAPORE
POWER

Australian Government
Attorney-General's Department

Raytheon

toteboard
Giving Hope. Improving Lives.

Australian Government
Department of Defence

NORTHROP
GRUMMAN

THE UNIVERSITY
OF ADELAIDE
AUSTRALIA

Australian Government
Office of the Australian
Information Commissioner

BAE SYSTEMS

Customer Success Story

NC Protect Manages Controlled Unclassified Information (CUI) for this Defense Supply Chain Manufacturer

Organization

Global manufacturer of lighting systems for military and aerospace applications

Industry

Manufacturing / Defense Supply Chain

Challenge

How to automate the management of Controlled Unclassified Information (CUI) to comply with numerous regulations for its safeguarding and dissemination controls.

Solution

NC Protect

Results

- Ensures compliance with CUI information handling requirements.
- Scans and identifies files with CUI and classifies them according to the CUI Level.
- Restricts who in the organization can access documents containing CUI by classification and geolocation.
- Controls the type of access allowed: full or read-only.
- Applies a secure digital watermark with the current date, current user and CUI Level.



Scaling Sales Processes

- Scale core sales infrastructure– leverage partners in region
 - Microsoft
 - Field sales & Customer support managers
 - Technical architects & Blackbelts (Azure / O365 / Modern Workplace / Security)
 - Thales / Raytheon / Other DIBs
 - 35 Reselling Partners
 - 170 NTT DACH
- Partners building pipeline & funnel
 - \$5M added in Q2
- Customer acquisition
 - Trusted advisor sale
 - Shorten sales cycle
 - Established referenceable customers
 - Shortened procurement cycles (partner is current vendor)

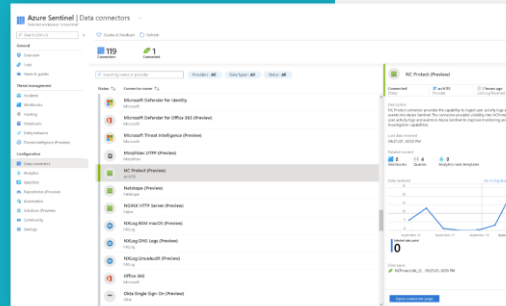


Product Innovation

NC PROTECT™

NC Protect Data Connector for Azure Sentinel

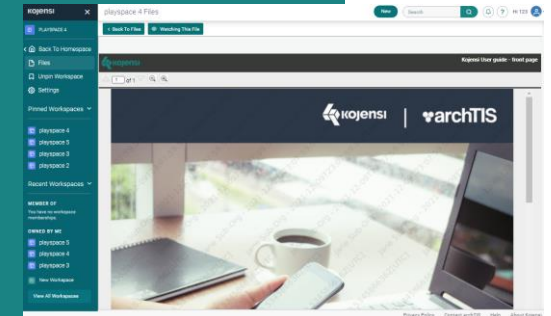
- Available in the Microsoft Azure Marketplace
- Installed and configured from within the Azure Sentinel portal.
- Built-in Sentinel workbooks.
- Create custom reports and visualizations to analyze user activity and behavior tracked by NC Protect.
- Get advanced auditing capability by aggregating NC Protect access data with existing SIEM processes.
- Trigger real-time alerts and workflows on suspicious user activity.



Kojensi

Kojensi Enterprise v2.0

- An in-app Secure Document Viewer that enforces read-only viewing of sensitive information for multiple file formats.
- Expanded search and classification controls to assist with granular management of content.
- Improved UI for the management of notifications and process management.
- Simplified deployment for on-premises environments.
- Enhanced integration points for future technology inclusions.
- Active synchronisation of attributes and content across instances to assist with bandwidth and local policy constraints.



Market Tail Winds



- **Remote Work (Microsoft Teams)**
 - 80% of companies see data leakage as the greatest potential threat from remote work.
 - Despite this, 86% of companies are likely to support remote work in the future.¹



- **Zero Trust (US Executive Order for Cybersecurity)**
 - Spending on zero trust network access (ZTNA) solutions will grow from \$820 million this year to \$1.674 billion in 2025, attaining a 26% CAGR.²
 - 92% return on investment (ROI) on zero trust solutions within three-years with a payback period of fewer than six months.³



- **Digital Transformation (Hybrid)**
 - In 2021, around 86% of Microsoft SharePoint users utilized cloud-based SharePoint servers rather than on-premises servers.
 - In 2018 only around 67% used the cloud-based server.⁴



- **Data-centric Audit and Protection (DCAP)**
 - The global DCAP market is expected to reach USD 5,825.4 million by 2022, growing at a CAGR of 23.1%.
 - North America, followed by Europe, will be the major markets accounting for more than 30-35% of the total DCAP market.⁵

Strategic Confirmation



Close US Fed & Defence Opportunities

Leverage Australian prior successes in key government agencies and Defence industrial entities



Leverage Key Partnerships

Continue to drive key pipeline opportunities with Microsoft, Thales, Raytheon and global reseller channel



Continuous Product Innovation

Embrace Zero-trust security architecture across ABAC technologies for data-centric offerings

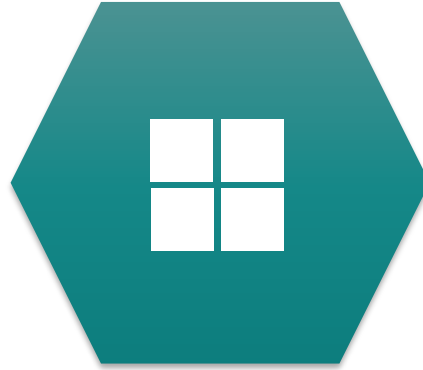
5 Reasons to Invest Now



Low priced EV of
A\$41.5M with
\$12.5M on balance
sheet



ARR growth
supported by higher
margins and low
customer churn



Microsoft IP Co-sell
relationship with
established pipeline
and marquee
customers including
AUS Defence



Global market
tailwinds with 26%
CAGR for data-
centric security
across zero-trust
architecture



Built-out global
sales infrastructure
US / APAC / EMEA



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