

archTIS FY2024 Full Year Results Report

Positive Operating Cash Flow Driven by Revenue Growth of 54% and a 21% Decrease in Operating Expenses Fuels Landmark Year

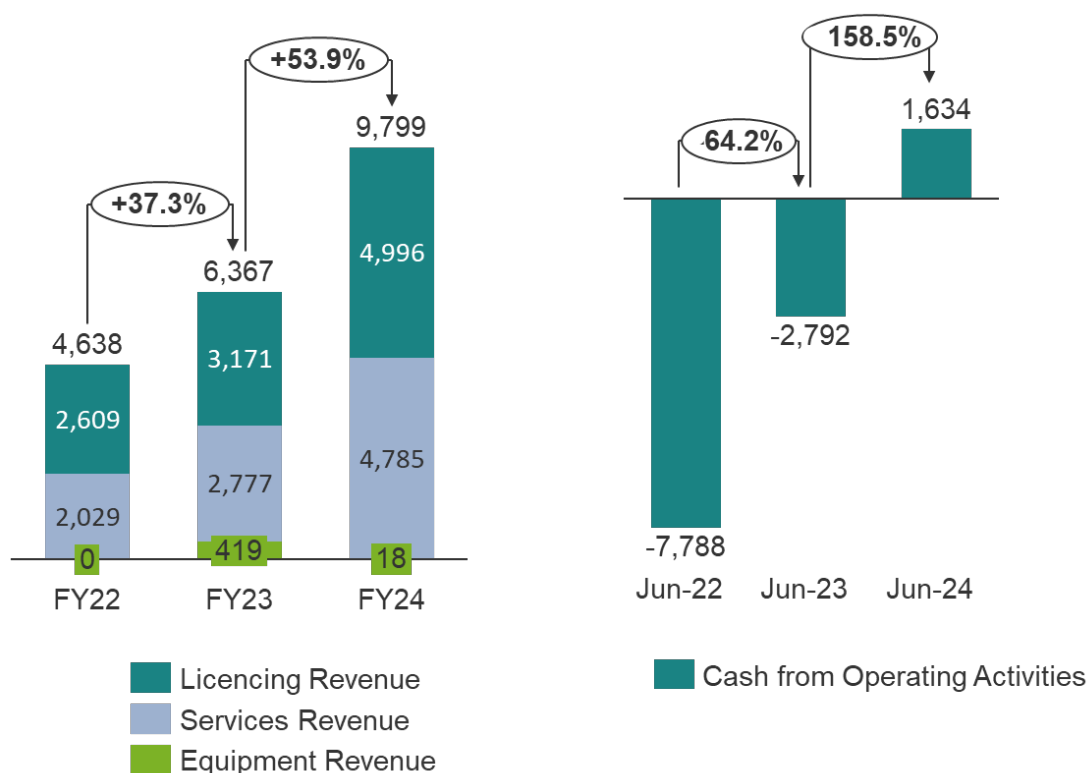
archTIS Limited (ASX:AR9, OTCQB:ARHLF, archTIS or the Company), a global provider of data-centric software solutions for the secure collaboration of sensitive information, is pleased to provide its FY2024 Annual Report for the annual period ending 30 June 2024 (**Reporting Period or FY24**).

FY24 Highlights

- Annual Financial Performance
 - Positive annual cash from operating activities of \$1.6M generated through record cash receipts which was an improvement of 159% or \$4.4M from FY23
 - Strong annual revenue growth of 54%, with a 58% increase in licensing revenue vs FY23
 - Increased gross margin percentages to 60% with a 79% expansion in gross margin dollars
 - Decrease in annual operating expenses by 21%
- Annual Recurring Revenue (ARR) surpasses \$4M
- Continued growth in target markets, achieving wins with the Australia Department of Defence and key global defence suppliers
- Successful retention and expansion of the existing customer base across all geographical regions leading to net annual revenue growth of 104%
- Continuous technology investment and innovations led to two CyberSecurity Excellence Award wins

Daniel Lai, Managing Director and CEO, stated, “Our financial results for FY24 have been strong, with record revenue growth, positive operating cash flow and most other key metrics meeting our expectations. Throughout the year, consistent market tailwinds have assisted us in making strides in enhancing our product offering and expanding our market presence. Our expanded client base, including several high-profile government and enterprise clients, underscores the trust and confidence that the market has in our capabilities. We are confident in our strategic direction and our ability to capitalise on the growing demand for our advanced data-centric solutions as we head into a new financial year.”

Annual Key Metrics \$'000 (unaudited)



Annual Financial Overview

Year to date revenue for FY24 was up 54%, driven by a \$1.8M / 58% increase in licence revenue and a \$2M / 72% increase in services. Over the last three financial years, revenue has demonstrated a compounded annual growth rate (CAGR) of 45.4%.

Gross margin for the year was 60% or \$5.85M, up 79% on a dollar basis over FY23. The higher gross margins are derived from increased licence revenues and strong executional delivery on the services contracts.

archTIS now has over \$4M of annual recurring revenue (ARR). The Company also successfully retained and expanded its existing customer base across all geographical regions leading to net annual revenue growth of 104%.

FY24 cash from operating activities was \$1.6M driven by continued revenue growth, increased margins and lower operating expenses. archTIS had record-breaking customer receipts of over \$12M. The strategic objective of positive operating cash flow is reflected in the continued focus on the management of operating expenditure (Opex), resulting in a reduction of 21% for the year.

Over the prior three years, cash from operating activities has improved \$9.4M from an outflow of \$7.8M FY22 to a positive operating cashflow of \$1.6M FY24. The Company finished the year with \$3.99M of available funding.

Continued Customer Wins and Expansions

archTIS continues to grow and expand its customer portfolio. The successful wins and deployments across the Australian Department of Defence, NATO, Penten, BAE, DHL Bank of Finland and KMPG demonstrate the relevance, robustness and reliability of our solutions.

Partnership Alliances

Microsoft and archTIS have a long-term strategic partnership centred around securing sensitive information in highly regulated industries, such as defence and government sectors. archTIS is a Microsoft Co-sell Partner with numerous products available across the Azure and Azure Government Marketplaces. Through a tight technical alignment supported by membership in MISA (Microsoft Intelligent Security Association), archTIS has integrated its secure information-sharing and access control platforms with Microsoft's cloud infrastructure, including Microsoft 365 and Azure. This synergy allows customers to enhance data security by leveraging archTIS' unique attribute-based access control (ABAC) technologies alongside Microsoft's widely adopted productivity and cloud services. Microsoft has recognised archTIS' solutions by naming it a Microsoft Security Excellence Awards 2024 Compliance & Privacy Trailblazer Finalist.

Corporate Announcements

Andrew Burns was appointed Chief Financial Officer (CFO) and Company Co-Secretary in April. He oversees the company's financial planning and analysis, accounting and controllership, taxation, audit and compliance, corporate governance, and enterprise risk management functions.

Kurt Mueffelmann, COO and US President, said, "Thank you to our shareholders, customers, partners and most importantly, valued employees as we close out a record-breaking FY24. We look forward to FY25 as we continue to innovate and enhance our product offerings to meet the evolving needs within the market while continuing to expand our global market presence. A strong pipeline and defined opportunities across the global defence and defence manufacturing markets and proven capital spending discipline will allow us to solidify our position in securing the world's most sensitive information."

Investor Updates

archTIS will host an annual results webinar on 29 August 2024 at 11:00am AEST (Sydney/Melbourne), 9:00am WST (Perth), 28 August 2024 at 9pm EDT (New York) to update the market on the quarterly results.

Register at:

https://us02web.zoom.us/webinar/register/WN_uqG6z854TZWRbeAGwu_c7A

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Authorised for issue by order of the Board of Directors.

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archTIS Interactive Investor Hub

<https://investors.archtis.com/>

The archTIS Investor Hub is an online portal for investors to read and interact with announcements and updates. Investors can ask questions and add comments, which our team will respond to where possible.

About archTIS Limited

archTIS Limited (ASX:AR9, OTCQB:ARHLF) is a global provider of data-centric software solutions for the secure collaboration of sensitive information. The company's award-winning information security solutions protect the world's most sensitive content in government, defence, supply chain, enterprises and regulated industries through attribute-based access and control (ABAC) and data protection policies. archTIS products include Kojensi, a multi-government certified platform for the secure access, sharing and collaboration of sensitive and classified information; and NC Protect for enhanced information protection for file access and sharing, messaging and emailing of sensitive and classified content across Microsoft 365 apps, SharePoint on-premises, NetApp ONTAP, Nutanix Files and Windows file shares. For more information visit archtis.com or follow @arch_tis on X.