

Deferred Consideration Disclosure in Compliance with ASX Listing Rule 7.3.4 Waiver Condition

archTIS Limited (ASX: archTIS or the Company), provides the following information in compliance with the conditions of the waiver from ASX Listing Rule 7.3.4 (**Waiver**), granted in respect of deferred consideration shares issuable in connection with the Company's acquisition of global information protection business, Nucleus Cyber, Inc. (**NCI**).

As set out in the Notice of Meeting released by the Company on 23 November 2020 (**Notice of Meeting**), subject to satisfaction of certain milestones (detailed below), the Company agreed to issue to NCI shareholders up to that number of fully paid ordinary shares (**Shares**) which when multiplied by the volume weighted average price of Shares in the month of June 2021, equals up to \$2,700,000 (with a maximum of 8,181,819 Shares) (**Deferred Consideration Shares**).

The Waiver was sought and granted to allow the Company to issue the Deferred Consideration Shares on a date later than 3 months following receipt of shareholder approval, by 31 July 2021 and no later than 8 months from the Meeting, and was granted subject to a number of conditions which are set out in full in the Notice of Meeting.

In compliance with a condition of the Waiver, the Company confirms that:

- (a) no Deferred Consideration Shares were issued during the quarterly period ended 31 March 2021 (**Reporting Period**);
- (b) as at the end of the Reporting Period (and the date of this announcement) all of the Deferred Consideration Shares remain to be issued; and
- (c) the issue of the Deferred Consideration Shares is subject to and conditional on the achievement of annual recurring revenues (**ARR**) of NCI of \$1 million as at 30 June 2021 (**Milestone**). The number of Deferred Consideration Shares to be issued will be determined as follows:
 - (i) if the achieved ARR is 100% or more of the \$1 million Milestone, the full number of Deferred Consideration Shares will be issued (and not less than 5,400,000 Shares);
 - (ii) If the achieved ARR is 50% or more of the Milestone, 50% of the Deferred Consideration Shares will be issued;
 - (iii) if the achieved ARR falls between 50% - 100% of the Milestone, then a number of Deferred Consideration Shares equal to that percentage will be issued; and
 - (iv) if the achieved ARR is less than 50% of the Milestone, no Deferred Consideration Shares will be issued.

Correction of Typographical Error

The Company notes that it has detected a minor typographical error to the headings on the table set out on page 6 of its March 2021 Quarterly Results Commentary, which was released earlier today (**Report**). The headings incorrectly provide that the first column relates to FY21, and the last three columns relates to FY20. This should instead show the first three columns relating to FY21, and the last column relating to FY20, as set out in the corrected table below. All other parts of the table are correct.

	FY21			FY20
A\$'000	Q3	Q2	Q1	Q3
Total revenue	1,252.8	681.7	420.1	143.1
% increase on prior quarter	84%	62%		
% increase prior comparative quarter	776%			
License revenue (recurring)	421.6	267.7	191.5	62.6
% increase on prior quarter	57%	40%		
% increase prior comparative quarter	574%			
Gross margin	64%	75%	76%	50%
OPEX (after capitalising development costs)	2,123.4	1,091.5	844.4	
% increase on prior quarter	95%	29%		

ENDS

Authorised for issue by the Board of archTIS Limited.

For further enquiries please contact:

Company enquiries

Daniel Lai
Managing Director
archTIS Limited

Irena Mroz
Chief Marketing Officer
archTIS Limited and Nucleus Cyber

E: investors@archtis.com

E: irena.mroz@nucleuscyber.com

Investor Relations and Media enquiries

Media & Capital Partners/Mojo Media
Archtis@mojomediamedia.com.au

About archTIS Limited

archTIS Limited (ASX:AR9) is a global provider of innovative software solutions for the secure collaboration of sensitive information. The company's award-winning data-centric 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) 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, Dropbox, Nutanix Files and Windows file shares. For more information visit archtis.com or follow [@arch_tis](https://twitter.com/arch_tis).