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archTIS Announces \$3.5M Strategic Financial Package for Kojensi US Expansion
Comprehensive capital finance program to support Company's continued FY23 strong revenue growth outlook and drive toward positive cash flow

Highlights:

- **Proceeds to expand the Kojensi platform into the US markets -**
 - **Service the Export Control and International Traffic in Arms Regulation (ITAR) markets as well as traditional secure collaboration for sensitive and classified information for US Government and the Defence Industrial supplier market.**
 - **Leverage the strong relationship with existing Defence Primes in Australia that are existing Kojensi customers that supported 100%+ Australian sales growth in FY2022**
 - **Enable continued US accreditation and go-to-market launch**
- **Successful \$1.5M share placement via a targeted raise among key US and Australian long-term institutional investors coupled with a combined 12.5% participation from all senior executives and Directors of the Company (subject to Shareholder approval to be sought)**
- **Existing shareholders will be invited to participate in an additional \$500,000 Share Purchase Plan (SPP) on the same terms as the Placement**
- **Per share price at \$0.105 with Placement and SPP participants receiving one free-attaching unlisted option exercisable at \$0.20, expiring three years from the date of issue for every two Shares received under the Placement or SPP**
- **\$1.5M Market Rate Facility through the Commonwealth Bank of Australia.**

archTIS Limited (ASX:AR9, OTCQB: ARHLF) (archTIS or the Company), a global provider of innovative software solutions for the secure collaboration of sensitive information, is pleased to announce it has finalised a \$3.5M capital finance program which comprises of:

- a) the commitment of a share placement through the support of key US and Australian long-term institutional investors, new domestic and international institutions as well as sophisticated investors and participation by key Company executives and all Board Members (subject to shareholder approval for their participation, to be sought in early 2023);
- b) a Share Purchase Plan (SPP) to existing Shareholders; and
- c) a market rate facility through Commonwealth Bank of Australia (CBA).

Conscience of the challenging market conditions the Company believes it has undertaken a pragmatic approach to balancing equity and debt. Combined, the total funding allows the Company to continue expansion of Kojensi into international markets, execute and focus on scalable revenue growth through the support of near-term and further account expansion into Australian Department of Defence and the KPMG DefenceOne Data Program Initiative and create a repeatable NC Protect sales model for ITAR and US Cybersecurity Maturity Model Certification (CMMC) accounts through the Microsoft Co-Sell relationship. The Company reaffirms its stated revenue growth objectives of 60% year over year and \$9.5M of cash receipts for FY23 while aiming to ensure that these additional resources meet or exceed the goal of achieving positive cash flow by CY2023.

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Daniel Lai, Managing Director and CEO of archTIS, stated, “We appreciate the confidence and support that our key institutional investors, shareholders and new investors have provided to archTIS through this very targeted raise. Their support is a true testament to our underlying growth story. Following the expense reduction and optimisation of the business announced a few weeks ago, we remain focused on ways to position ourselves for opportunistic growth; including the expansion of Kojensi into new markets, while pursuing our stated goal of becoming cash flow positive during a very volatile and challenging market.”

The main use of proceeds will be to expand the market for Kojensi, the Company’s multi-level security platform for classified file sharing and document collaboration into the US and international markets. Kojensi provides a secure collaboration solution for companies that must meet strict Export Control and International Traffic in Arms Regulation (ITAR) information handling requirements, as well as providing secure sensitive and classified information sharing for the Government, Defence and the Defence Industrial Supply Chain collaboration. Leveraging the strong relationship with existing Kojensi Defence primes in Australia, funds will support US accreditation, marketing and sales. Kojensi and Kojensi SaaS achieved 100%+ sales growth during FY22 in the Australian markets and carry a strong customer base including SAP, Thales, Northrop and a number of key Australian government agencies including the Department of Defence.

The share placement was anchored by Brio Capital Management, a loyal and long-term US-based institutional shareholder. Shaye Hirsch, Managing Director stated, “After meeting with company executives in New York, we remain not only committed to our investment in archTIS, but wanted to further participate in the overall revenue growth story around data-centric security. archTIS management continues to execute on their underlying strategy of balancing growth and cash burn during difficult economic times. Brio’s additional investment will ensure archTIS is properly funded to take full advantage of opportunistic growth when the timing is appropriate while being insulated against potential longer-term macro-economic challenges.”

Placement & SPP

The Company has received firm commitments for a placement of 14,285,714 fully paid ordinary shares in the Company (Shares) and 7,142,857 options to both domestic and international institutions and sophisticated investors to raise a total of approximately \$1.5 million (before costs), at an issue price of \$0.105 per Share (Placement).

The Company will also offer all eligible shareholders in Australia and New Zealand the opportunity to participate in a SPP to raise an additional \$500,000 on the same terms as the Placement (with the right to accept oversubscriptions of up to an additional \$500,000). Eligible Shareholders are those holders of Shares with an address in Australia or New Zealand on the Company’s share register on the Record Date, being 7:00pm (AEST) on Thursday 1 December 2022. The closing date for acceptance of offers under the SPP is intended to be 16 December 2022 (subject to extension by the Company). Further information regarding the SPP will be set out in the SPP prospectus to be lodged shortly.

Participants in the Placement and SPP will also be entitled to receive one option to acquire a Share (exercisable at \$0.20, expiring three years from the date of issue) for every two Shares received under the Placement or SPP.

The Placement Shares, Placement Options, and SPP Options will be issued out of the Company’s available placement capacity under ASX Listing Rules 7.1 and 7.1A. 1,428,571 Placement Shares (and

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714,286 Placement Options are being subscribed for by Board members, with their issue being subject to shareholder approval, which will be sought in early 2023. The balance of the Placement Shares and Placement Options are expected to be issued on 9 December 2022. The SPP Shares will be issued under the exception in ASX Listing Rule 7.2, Exception 5.

The issue price for the Placement and SPP of \$0.105 per share represents a 16% discount to the last closing price on the ASX on 29 November 2022.

The Placement was managed by PAC Partners (Australia) and Viriathus Capital (US). They will receive a capital raising fee of 6% on all funds raised under the Placement (plus GST), as well as 1,500,000 options exercisable at \$0.20, and expiring three years from the date of issue, to be issued out of the Company's placement capacity under ASX Listing Rule 7.1.

CBA Market Rate Facility

The Company has secured a \$1.5M Market Rate Facility through the Commonwealth Bank of Australia for a term of 12 months, at standard commercial rates. There is a fixed and floating charge over the assets of the Company in relation to this facility.

-ENDS-

Authorised for issue by order of the Board of Directors.

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archTIS Interactive Investor Hub

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

Our investor hub is a place to interact with our announcements and updates. You can ask questions and add comments, which our team can respond to where possible.

About archTIS Limited

archTIS Limited (ASX:AR9, OTCQB:ARHLF) 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

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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. Follow us on twitter @arch_tis.