

24 June 2025

Kym Ikeda
Adviser, Listing Compliance (Perth)
Australian Securities Exchange
Level 40, Central Park
152 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au; Kym.Ikeda@asx.com.au

Dear Ms Ikeda,

ARCHTIS LIMITED (ASX:AR9) – RESPONSE TO PRICE QUERY

We refer to your letter dated 18 June 2025 in which you queried the recent trading in archTIS Limited (the “Company”) shares.

In response to your questions outlined in the letter, we provide the following information:

1. Is AR9 aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in the Company’s securities.

However, the Company notes:

- The Company is a provider of data-centric software solutions for the treatment of secure and confidential data. On 16 June 2025 and 18 June 2025 it made two announcements to ASX in relation to the entry into two initial contracts in two material markets for the Company, being the US and UK. Notably, the entry into these contracts follows previous market disclosure in relation to ongoing discussions with those organisations;
- Following consideration of ASX Guidance Note 8, the Company made the determination that those announcements were not price sensitive on the basis of the relatively small contract value of those contracts, in particular given ASX’s published concerns around companies using small value contracts to ‘ramp’ their share price;
- It is not unreasonable for the Company to deduce that investors have recognised the significance of these opportunities and the capacity for broader near-term expansion in these high value markets. Not only are these the largest defence and security markets in the western world, these contracts validate demand for the Company’s unique product offering and prove the Company’s ability to penetrate and service such markets despite rigorous compliance, security, and other high barriers to entry;

- This sentiment was echoed outside of Company channels by independent fund managers and on unsponsored investor forums, with individuals extrapolating the Company's market releases and broadcasting their own views on what future commercial opportunities may be open to the Company in these markets;
- For completeness, we note that social media is not a substitute for the ASX Market Announcements Platform and that we have engaged qualified brokerage firms and media management companies to ensure transparency to the broader investment community regarding the near-term opportunities before us. Please refer to the contact details on the Company's media releases if you would like to be added to their media flows;
- Despite the announcements not being marked as price sensitive, a number of news sources appear to have picked up the news of those contracts, for example:
 - 'archTIS licenses NC Protect software to US DoD in major defence market breakthrough' – Small Caps 16 June 2025 (<https://smallcaps.com.au/archtis-licenses-nc-protect-software-us-dod-defence-market/>);
 - 'archTIS secures breakthrough US defence deal' – Proactive Financial News 17 June 2025 (<https://www.proactiveinvestors.com.au/companies/news/1073075/archtis-secures-breakthrough-us-defence-deal-1073075.html>);
 - 'archTIS (ASX:AR9) Expands Defence Cybersecurity Reach with UK Contract' – Kalkine Media 18 June 2025 (<https://kalkinemedia.com/au/stocks/technology/archtis-asxar9-expands-defence-cybersecurity-reach-with-uk-contract-asx-200-news>).
 - 'archTIS expands global defence reach under UK contract win' – Defence Connect 18 June 2025 (<https://www.defenceconnect.com.au/industry/16254-archtis-expands-global-defence-reach-under-uk-contract-win>);
 - 'archTIS gains global traction with defence contracts' – Sharecafe 20 June 2025 (<https://www.sharecafe.com.au/2025/06/20/archtis-gains-global-traction-with-defence-contracts/>);
 - 'ASX Runners of the Week: Amplia, archTIS and Vanadium Resources' – WA Business News, 20 June 2025;
 - 'archTIS scores contract with US DoD' – Asia Pacific Defence Reporter (<https://asiapacificdefencereporter.com/archtis-scores-contract-with-us-dod/>);
- A review of share movements occurring between 16 June 2025 and 17 June 2025 by the Company following ASX's query has shown that approximately 59% of the volume of shares traded during that period occurred as a result of an existing large shareholder trading shares between two controlled entities of that shareholder; and,
- On the basis of the above, it is the Company's position that these announcements alone, together with a relatively small volume of shares actually being actively traded, would be responsible for the large uptick in the Company's share price.

2. If the answer to question 1 is 'yes':

- a. Is AR9 relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Not applicable.

b. Can an announcement be made immediately?

Not applicable.

c. If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is “no”, is there any other explanation that AR9 may have for the recent trading in its securities?

Noting the responses given to Question 1 above; and consistent with its previously disclosed strategy (including as announced to ASX on 18 November 2024, 1 February 2025, 17 March 2025 and 29 April 2025), the Company has been actively engaging in due diligence on potential strategic growth opportunities over the past 12 months. Some of these have resulted in completed acquisitions (refer to the recent acquisition of Direktiv in March 2025), whilst others have not satisfied the requisite technical, financial, legal and regulatory hurdles required by the Company to proceed.

In this context, the Company confirms that it has been undertaking due diligence on a prospective accretive acquisition of the assets of a complementary, US-based technology business in support of expanding its successful US market entry. As part of this process, the Company made an early submission to ASX in accordance with Guidance Note 12, to understand the regulatory requirements and the application of Chapter 11 to the transaction being contemplated. Whilst ASX on 23 June confirmed that this transaction, should it proceed, would not require the application of ASX Listing Rules 11.1.2 or 11.1.3, the transaction still remains materially uncertain on the basis of outstanding technical, financial and commercial due diligence that is so material to the viability of the prospective transaction, that the parties are yet to determine definitively whether it will proceed and on what terms.

Accordingly, it is the Company’s position that the prospective transaction in its current stage is so uncertain that the recent trading in the Company’s securities is highly unlikely to be caused by a loss of confidentiality of that proposed transaction. Notwithstanding this, the ASX has formed the view that the prospective transaction has lost confidentiality and suspended trading of the Company’s securities on ASX.

Given ASX’s view, and to ensure a fulsome response to ASX’s questions, the Company provides the following update on the proposed transaction on information known to the Company as at the date of this response:

- The Company has been in confidential, non-binding discussions with a US based Data Centric Security company for the acquisition of its technology assets, personnel and customer contracts. Although final determination of the acquisition price is subject to ongoing due diligence and negotiation, the indicative/maximum price being considered would result in an accretive purchase for Company shareholders and would not be more than \$25 million (US\$16 million).
- Under a strict non-disclosure agreement, the Company has commenced, but is yet to complete, the necessary commercial, technical, financial or legal due diligence required to enable the Board to make an informed decision on whether or not to proceed with the transaction, as such the transaction current remains incomplete and uncertain;

- Entry into a binding agreement for this transaction is neither imminent nor certain;
- If ongoing due diligence ultimately supports the Company's preliminary assessment of the assets proposed to be acquired, the accretive transaction is expected to offer the following strategic benefits:
 - Acceleration of the Company's U.S. market penetration, leveraging regulatory-driven demand, and diversifying end-market exposure across enterprise, government and defence sectors,
 - Significant expansion of the Company's annual recurring revenue base through acquisition of a high margin licensing model and existing commercial customer base,
 - Creation of technical synergies and provision of a comprehensive and differentiated end-to-end data security offering with cross sell opportunities to the Company's existing customers,
 - Strengthening financial positioning, unlocking synergies, and enhancing annual recurring revenue potential, and
 - Expansion of enterprise and government customer reach and increasing customer retention through extended offering;
- If the prospective transaction satisfies the necessary commercial, financial and legal criteria, the Company will look to finance the transaction by way of either cash from existing resources, cash injections from material customer contracts, a capital raising, debt financing or a combination of some or all of these options. Given the status of the transaction described above, no final decision on financing has been made;
- Whether the Company needs to raise money for the transaction at all, is highly dependent upon the outcome of due diligence, negotiation of the purchase price and the outcome of several significant, near-term commercial opportunities;
- For the purpose of ASX Listing Rule Chapter 11, the Company made submissions to the ASX that contemplated a capital raising by way of a placement and an underwritten rights issue to existing shareholders. At the time of lodgement of the submission, the Company provided an indicative quantum to ASX which represented the maximum raising the Company would expect to undertake in the circumstances (noting that the agreed value of the asset had not yet been determined at the time of submission). This number was put forward as a 'worst case scenario' to test the application of Chapter 11 on the upper parameters of the proposed accretive acquisition. As at the date of this response, no decision has been made on whether a capital raising will be necessary nor the price at which any such capital raising might take place, however as an indication based on the best available information to the Board today, any prospective capital raising to fund such an acquisition would not likely exceed \$20 to \$25 million (dependent on the final determined value of the assets). Again, the Company notes that there are near-term prospects that have the capacity to materially reduce or remove the need to raise capital to fund such acquisitions and or any combination including debt facilities. Any future decision on any capital raising will be determined on commercial merits and made based on the circumstances known to the Company at that time;
- While the Company is enthusiastic about the commercial potential of the opportunity and is hopeful a transaction will ultimately proceed, as at the date of this response,

no guarantee can be made that the transaction will proceed or that any capital raising will be undertaken; and,

- If the Company does not proceed with this particular transaction, it will continue to pursue acquisition opportunities on a targeted basis in order to achieve scale and strategic global market positioning in line with its previously stated strategy as and when such opportunities arise.

4. Please confirm that AR9 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

5. Please confirm that AR9's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AR9 with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms its responses to the above questions have been authorised and approved by an officer with delegated authority by the Board to respond to ASX on disclosure matters.

Yours sincerely,

A handwritten signature in black ink that reads 'Erlyn Dawson'.

Erlyn Dawson
Company Secretary



18 June 2025

Reference: 110277

Ms Erlyn Dawson
Company Co-Secretary
archTIS Limited
Level 3, archTIS House, 10 National Circuit, Barton, ACT 2600

By email: erlyn@azc.com.au

Dear Ms Dawson

archTIS Limited ('AR9'): Price - Query

ASX refers to the following:

- A. The change in the price of AR9's securities from a low of \$0.068 on 16 June 2025, to an intra-day high of \$0.24 today, 18 June 2025.
- B. The significant increase in the volume of AR9's securities traded from 16 June 2025 to today, 18 June 2025.

Request for information

In light of this, ASX asks AR9 to respond separately to each of the following questions and requests for information:

- 1. Is AR9 aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes".
 - (a) Is AR9 relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in AR9's securities would suggest to ASX that such information may have ceased to be confidential and therefore AR9 may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that AR9 may have for the recent trading in its securities?
- 4. Please confirm that AR9 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
- 5. Please confirm that AR9's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AR9 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:20 PM AWST Wednesday, 18 June 2025**. You should note that if the information

requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AR9's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AR9 to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in AR9's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AR9's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AR9's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AR9's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance