

Quarterly Activity Report for period ending 30 September 2023

Highlights

- Delivery of major project for Keyton (formerly Lendlease Retirement Living) to 80 sites completed – project has transitioned to an ongoing managed services arrangement
- Rebranding to Excite Cyber largely completed – rebranding included the name change of the ASX-listed company to Excite Technology Services Limited, ASX code EXT
- Partnerships Channel focus;
 - Trend Micro - partnership tools and processes are production-ready and the first customer was onboarded, with more expected to follow in coming quarters
 - Vocus - expanded agreement entered into under which Vocus will on-sell Excite Cyber Managed Detection and Response (MDR) services to Vocus customers
- Experienced IT sector executive Neil Sinclair joined the Board as a Non-executive Director and will help drive the Company's people and culture strategy
- The Company's cyber security services business Virtual Information Technology Pty Ltd successfully achieved its 2023 earn-out revenue hurdle
- Customer receipts for the quarter were \$2.31m – this does not include outstanding accounts receivable totalling around \$800k

Excite Technology Services Limited (**Excite** or the **Company**) (ASX:EXT) is pleased to provide the following quarterly activities report and business update and Appendix 4C for the quarter ended 30 September 2023.

Quarterly Financial Highlights

The results for the Excite Technology Services group (the **Group**), include revenues and cashflows from its Brace168 (**Brace**), ExciteIT (**Excite**) and VIT Cyber Security (**VIT**) services divisions. This is the third full quarter including the Excite cashflows following its acquisition in November 2022.

The key financial highlights for the quarter were:

- This quarter saw the Company complete delivery of the major project for Keyton (formerly Lendlease Retirement Living). Other sales and service delivery have continued as normal with good prospects moving forward.
- Customer receipts were \$2.31M, while this was a reduction from the June quarter receipts of \$2.58m the \$227K difference from last quarter was driven by timing of payments associated with a large project and the timing on payments from customers. The September quarter saw higher margin and ongoing managed services increase to 45% of total revenue, up from 26% in the June quarter (55% in the month of September). This represents good progress towards the Company's objective of 60% managed services revenue.
- Accounts payables dropped to \$201k as opposed to \$485k in the previous quarter and \$1,006 two quarters prior reflecting the lower proportion of third-party products and services required for managed services vs projects.

- The Group continued efforts to redirect cost savings from administration and corporate cost to operating and income generating costs, reflecting management's ongoing efforts to streamline overhead costs.
- The Group held \$731K in cash as of 30 September 2023.

Excite Non-Executive Chairman Mr Steven Bliim added:

"It is great to be operating under the Excite Cyber brand, and for the Company's name change to Excite Technology Services to come into effect - these changes usher in an exciting new era. This quarter has seen the Company bed-down the gains from previous quarters and begin investing in our channels to drive further growth. Our strategy to package cyber and IT services together and deliver great service outcomes that bring value to our customers is gaining traction with our direct channel, and we are seeing significant new opportunities for cyber services through our channel partners."

Sales and Marketing

During the quarter the Company completed the delivery phase of the Keyton (formerly Lendlease Retirement Living) contract. This was a major contract and scope of work which included 80 separate sites and was completed on-time. The Company has now transitioned into an ongoing managed services arrangement in respect of this contract. Further details on the contract with Keyton are provided in ASX announcement of 11 May 2023.

The Company also largely completed its rebranding as Excite Cyber during the quarter. This included the name change for the ASX-listed company to Excite Technology Services Limited under the ASX code EXT – replacing the previous company name, Cipherpoint (ASX: CPT)) (ASX announcement, 6 September 2023). The rebranding is designed to highlight the vision of the merged entity and emphasise the Company's business model of utilising its cyber capability to enable customers to operate and innovate without fear from cyber threats.

Across the Company's cyber and IT business units, a solid mix of returning and new business was achieved during the quarter, as it continued to execute its strategy to sell services directly and also through strategic channel partnerships.

Partnerships Channel

A core focus during the quarter was the consolidation and expansion of its partnerships channel. Under its partnership with major cyber security software company **Trend Micro** (ASX announcement 31 May 2023), partnership tools and processes were made production-ready and the first customer was onboarded, with more customers in the pipeline over the coming quarters.

The Company continued to work with leading specialist fibre and network solutions provider **Vocus** and, subsequent to the quarter, it entered into an expanded agreement which will allow Vocus to on-sell Excite Cyber Managed Detection and Response (MDR) services to Vocus customers (ASX announcement 11 October 2023). Services are expected to be in the market

in the current quarter, and the Company is currently focused on enabling the Vocus sales teams and building the opportunity pipeline.

This new agreement extends the existing master services agreement between the companies (ASX announcement 27 October 2021).

Delivery and Operations

The Company continued to execute on a program of cost management and rebalancing of resources into areas directly supporting delivery of customer services and revenue. The Board, with guidance from new director Neil Sinclair, continued to focus on people and culture, and will commit new resources to help foster excellence in service and delivery as well as building a corporate culture, to help differentiate the Company from competitors in an already very active market.

Mr Sinclair joined the Board as a Non-executive Director during the quarter (ASX announcement, 25 July 2023). He has previously held senior positions with Dell, Microsoft and Pacific National, and will take a lead role in developing a strategy for people and culture. Coinciding with the appointment of Mr Sinclair, Non-executive Director Ken Benson stepped down from the Company's Board.

During the quarter, EXT also reported that its cyber security services business Virtual Information Technology Pty Limited (VIT) had successfully achieved its 2023 earn-out revenue hurdle. Pursuant to the acquisition terms, the Company have issued 50 million ordinary shares in EXT to the vendors of VIT. Further details of the acquisition terms are provided in ASX announcement of 13 October 2021.

Outlook

Progress in the first half of 2023 has seen the Company further consolidate its capabilities, grow the scope of its services, retain key customers, win new customers and successfully deliver major projects. The Company is seeing positive early results from its new channel partnerships that have confirmed their potential to provide access to new markets more rapidly than via a direct channel.

Initiatives to scale and optimise sales and service delivery are aimed at driving further growth and to improve margin without compromising customer service. The market for cyber services is very competitive and skilled resources are in short supply, therefore the Company will look for ways to develop staff to ensure that standards of service delivery remain at their highest in order to retain and win new customers.

Other

For the purposes of ASX Listing Rule 4.7C.3, the Company notes that payments to related parties and their associates in the quarter were \$102K comprised of normal director and employment entitlements (and statutory superannuation payments).

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This announcement has been authorised by the Board

Further information please visit

excitecyber.com

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About Excite Technology Services Limited

Excite, through its wholly owned subsidiaries and trading as Excite Cyber, provides focused managed cyber security, cloud and IT services. Our best of breed security operations centre and highly trained operations teams monitor customer environments to allow quick and effective response to cyber security incidents.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Excite Technology Service Ltd

ABN

61 120 658 497

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,308	4,886
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,157)	(2,286)
(c) advertising and marketing	(3)	(3)
(d) leased assets	(58)	(213)
(e) staff costs	(1,173)	(2,380)
(f) administration and corporate costs	(268)	(520)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(3)	(7)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(355)	(522)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities		

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings	1	1
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1	1

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,086	1,252
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(355)	(522)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	1
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	731	731

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	731	1,086
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	731	1,086

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	102
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	165	0
7.5 Unused financing facilities available at quarter end		165
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Other financing facilities include an unsecured Director loan with a maturity date of 30 November 2023 at an interest rate of 8% per annum.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(355)
8.2 Cash and cash equivalents at quarter end (item 4.6)	731
8.3 Unused finance facilities available at quarter end (item 7.5)	165
8.4 Total available funding (item 8.2 + item 8.3)	896
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.