

Quarterly Activity Report for period ending 31 March 2024

Highlights

- Company made solid progress in the March quarter which is seasonally the slowest quarter of the year due to the Christmas/NY holiday period.
- Renewal and in-contract growth was very strong, including the extension of major contract for support services with Tasmanian government.
- Channel partnerships with Trend, Schneider and Vocus continued with significant progress.
- Potential for new strategic investors via a convertible note option.
- Customer receipts for the quarter were \$1.89m, marginally higher than last quarter.

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 31 March 2024.

Quarterly Financial Highlights

The results for the Excite group (the **Group**), include revenues and cashflows from its Brace168 (**Brace**), Excite IT (**Excite**) and VIT Cyber Security (**VIT**) services divisions.

The key financial highlights for the quarter were:

- The Company continued to see growth in its partnership channel, driven by key partners Trend Micro and Schneider Electric, and in its project-based work with extensions via existing customers along with new customers.
- Customer receipts were \$1.89M, which did not include a further \$1.04M in accounts receivable outstanding at the end of the reporting period.
- The Group maintained its focus on managing costs and redirecting cost savings from administration and corporate costs to operating and income generating activities, consistent with the objective of streamlining overhead costs throughout the business.
- The Group held \$204K in cash as of 31 March 2024.
- Post balance date, the Group raised a further \$1 million via a placement with Belgravia Group and other sophisticated investors.

The quarter also saw the Company agree to an option for Belgravia Group to invest up to \$2 million in Excite by way of convertible note at a 25% premium to the closing price of the Company at the time of the option (ASX Announcement 25 March 2024). Subsequent to the quarter end, the Company completed a capital raise via a placement with new sophisticated investors including the Belgravia Group (ASX Announcement 4 April 2024). The placement and option (if exercised) provide the ability for the Company's funding options to pursue its strategy for organic growth and growth by acquisition.

Excite Non-Executive Chairman Mr Steven Bliim added:

“The March quarter was one of further progress across the business, as we continued to bed-down our strategy to package cyber security and IT services together, underpinned by first-class customer service. We are beginning to see the benefits of this strategy from the level of recurring and repeat business as well as the calibre of customer the Company has had the opportunity to secure during this phase.”

The Company’s success in bringing on a new base of strategically oriented investors is a significant milestone. This validates the progress over recent years and speaks to our strategy of curating our register to support the next stage in the Company’s growth strategy.”

Sales and Marketing

Our marketing focus has now moved from the branding work undertaken last calendar year to more specific activity generating sales opportunities. This has been aligned with a refreshed sales capability which has driven an increased focus on retention and growth in existing customers plus acquisition of new customers. Across the Group’s cyber security and IT business units, a strong mix of new and returning business was delivered during the quarter, with a combination of direct-to-customer sales and also via strategic channel partnerships.

Renewals and in-contract growth were a highlight in the March 2024 quarter for direct sales, in what is typically a slow sales quarter. The renewal of the support agreement with the Tasmanian Government with a three-year value of up to \$778K (announced to the market on 13 March 2023) was a good demonstration of the value derived from our engagement and good customer service. The Company also saw extensions and new projects with a large proportion of its current customer base, demonstrating the ability of Excite to generate in-contract growth with existing customers.

The expansion of the Company’s partnership channel remains a core focus. This utilises tier-1 Cyber Security, IT and related groups to market and sell the Company’s cyber security and IT offerings to its target market comprising mid-market corporates and is a key pillar of the Company’s sales model. During the quarter, further strong progress was achieved.

Trend Micro

Under Excite’s partnership with major cyber security software company Trend Micro (announced in May 2023), Excite continues to provide its security operations services to support Trend Micro’s managed cyber detection and response (MDR) service to Trend’s Australian client base under the banner of Security Operations Centre as a Service (SOCaaS).

During the March 2024 quarter, Trend provided another new customer contract, that is now being on-boarded, bringing the total number of on-boarded clients under the Trend partnership to four. These customer contracts are expected to deliver strong recurring revenues to Excite.

As the partnership with Trend continues in being bedded down the Company has begun to see a growing pipeline of new customer opportunities across Trend's existing customer base of over 700 managed enterprise clients and customers.

Schneider Electric

Excite, via its 100%-owned managed security services business Brace168, entered into a partnership with multi-national, digital automation and energy management group Schneider Electric in April 2023. The partnership is designed to help Schneider Electric's Australian operational technology (OT) customers minimise their cyber risk exposure and meet compliance requirements. Under the partnership, Schneider Electric is able to offer its customers a range of services, including; managed detection and response, Chief Information Security Officer (CISO) as a Service, ISO gap assessments, third party risk assessment and incident response and operational and board IR reviews.

The Company has executed a further contract for cyber security services with a Schneider Electric customer plus seeing the overall pipeline further develop for both advisory and managed services.

Vocus

During the quarter, the Company made substantial progress enabling the Vocus sales team by building the opportunity pipeline and closing early opportunities under our partnership. Vocus, a leading specialist fibre and network solutions provider, will on-sell Excite Cyber's MDR services to existing Vocus customers (refer to ASX announcement 11 October 2023). The quarter has seen the Vocus deal pipeline increase substantially in terms of volumes and value.

Delivery and Operations

The Company continues to execute on its strategy to excel in service delivery whilst maintaining focus on cost management and the allocation of resources into areas directly supporting the delivery of customer services and revenue. This disciplined approach will continue to be a core focus in the year ahead as the Company seeks to achieve cashflow breakeven.

As part of this strategy, the quarter saw the Company re-organise to further align its structure and resourcing in execution this strategy, as well as delivering strong sales and service outcomes. The coming quarter will see this work continue with a focus on goal alignment with employee engagement.

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 \$114K comprised of director and employment entitlements (including statutory superannuation payments).

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This announcement has been authorised by the Board.

Further information please visit

<https://excitecyber.com>

Excite Technology Services investor relations contacts:

Steven Bliim

Non-Executive Director and Chairman

Excite Technology Services Limited

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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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,890	8,647
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(646)	(3,391)
(c) advertising and marketing	(0)	(20)
(d) leased assets	(44)	(298)
(e) staff costs	(1,241)	(4,862)
(f) administration and corporate costs	(125)	(986)
1.3 Dividends received (see note 3)		
1.4 Interest received		3
1.5 Interest and other costs of finance paid		(7)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	14	14
1.9 Net cash from / (used in) operating activities	(153)	(901)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property		
(f) other non-current assets		
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
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (ATO payments)		(147)
3.10 Net cash from / (used in) financing activities		(147)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	357	1,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(153)	(901)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		(147)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	204	204

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	204	357
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)	204	357

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	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

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.

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	165	
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)	(153)
8.2 Cash and cash equivalents at quarter end (item 4.6)	204
8.3 Unused finance facilities available at quarter end (item 7.5)	165
8.4 Total available funding (item 8.2 + item 8.3)	369
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.41
<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

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.

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: 30 April 2024

Authorised by: Steven Bliim
(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.