

Quarterly Activity Report for period ending 30 September 2024

Highlights

- CDFS announces the construction of Australia's first Cyber and Digital Forensics Tactical Training Facility.
- Cost-base reset in prior quarters yielding results.
- Customer receipts increased to \$1.99M.
- Operating costs reduced to \$2.20M for the quarter.
- Net operating cash outflow narrowed to \$211K.
- Settlement of Belgravia's \$1M Convertible Note funding.
- Closing cash increased to \$1.02M.

Excite Technology Services Limited (**Excite** or the **Company**) (ASX:EXT) is pleased to provide the following quarterly activities report and Appendix 4C for the quarter ended 30 September 2024. Excite will change the reporting of its financial results to reflect the Company's strategy and ambition to support a Safe Australia. The Company will now start reporting revenue and operating income based on three operating segments: IT & Managed Services, Cyber Security, and Digital Forensics and Training.

Quarterly Financial Highlights

The results for the Excite Group (the **Group**), include revenues and cash flows from its Cyber and IT services divisions. In the upcoming December 2024 quarter, the Appendix 4C will also consolidate figures and activities from the newly acquired CBIT Pty Ltd Digital Forensics Group (**CDFS**), these have been included in this activities report as part of the update but do not form part of the Appendix 4C report.

The key financial highlights for the quarter were:

- **Customer receipts** were \$1.99M, a significant increase of \$414K compared to the June 2024 quarter. This figure aligns to the Group achieving an annualised target of \$10.0M in receipts by the March 2025 quarter.
- **Operating costs** for the quarter decreased to \$2.20M, continuing the benefits of the cultural and operational transformation program initiated 12 months ago.
- **Net operating cash outflow** for the quarter was \$(211K), a sharp reduction from prior periods due to improved cost controls.
- The Group completed the **\$1M convertible note** investment with Belgravia Group at the start of the quarter, securing funds for the CDFS acquisition.
- **Excite CEO Bryan Saba** provided a \$200K loan facility to meet short-term working capital requirements.
- The Group's **closing cash balance** stood at \$1.02M, supported by available credit facilities.

Excite Executive Director and CFO Mr Steven Bliim added:

"The September 2024 quarter has been crucial for Excite, highlighted by our operational consistency. Resetting the cost base and emphasising recurring revenues are yielding results, evident in the stabilisation of our net operating cash burn and increased customer receipts. The CDFS transaction opens new markets, allowing us to expand into Federal Government clients and introduce CDFS' expertise in digital forensics and incident response to our mid-market customers."

IT & Managed Services

In the September 2024 quarter, Excite moved customers from on-premises services to cloud infrastructure, aiming to improve service and cut equipment upgrade costs over the next year. This shift aligns with the Company's strategy to modernise managed services while staying efficient. The Company also prioritised revenue from ongoing customer contracts.

Cyber Security

During the quarter, the team completed the integration of new technologies to enhance Excite's services and introduce automation. Notably, the Company transitioned to Cribl, boosting the efficiency of data processing, log management, and customer reporting. These changes are expected to lead to considerable cost savings and improved customer outcomes, allowing the Company's Security Operations Centre (**SOC**) staff to focus on more value-added tasks.

This technological shift aligns with Excite's strategy of providing more automated and effective cybersecurity solutions. Furthermore, the team continued to excel through our partner channel, securing a significant win in the food industry worth over \$175K, facilitated by our strategic partnership with Trend Micro. This achievement strengthens the Company's presence in the sector and underscores the importance of its partner ecosystem in driving new business.

Digital Forensics and Training

In the September quarter, CDFS reported unaudited EBITDA of \$498K and operating cashflows of \$1.05M. CDFS won federal tenders totalling \$910K with major government departments like the Australian Taxation Office and Department of Defence. As noted above, the financial performance of CDFS will be consolidated in the next quarterly report following completion of the CDFS acquisition in October 2024.

Construction started on the NANGU Digital Cyber Forensics Training Centre at the end of September 2024. This facility leased by the Group, and funded by a federal grant, will offer immersive digital forensics training, including a cyber-range, a simulated courtroom, and an accredited lab, supporting the growth of DFIR and training with the next generation of experts.

Outlook

As Excite enters the last calendar quarter of 2024, it's set to leverage opportunities in the mid-market cyber, IT consulting, and digital forensics and incident response (DFIR) sector. Despite challenging market conditions and project delays, the Company believes its recurring revenue streams will remain stable in the early part of calendar year 2025.

The incorporation of CDFS in the Group aims to enhance financial performance, boost service delivery and growth, particularly in cyber strategy and digital forensics. For illustrative purposes only, had CDFS been part of the Group at the commencement of the September, quarter, Group customer receipts would have been \$6.29M (unaudited) and net operating cashflows would have been \$841K (unaudited).

Other

The CDFS acquisition was formally completed in the December quarter, with consolidated business performance to be reported in the October to December quarter results. Integration of the CDFS services into the broader Excite Group is on track with the new Canberra-based team set to be instrumental in establishing Excite as a leader in the digital forensics and cybersecurity training sectors.

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 \$137K 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

Executive Director and CFO

Excite Technology Services Limited

Steven.Bliim@excitecyber.com

About Excite Technology Services Limited

Excite, operating as Excite Cyber through its subsidiaries, offers comprehensive cybersecurity services, including threat prevention, managed cloud and IT services, specialist digital forensics, incident response, forensic investigations, and accredited training to ensure a safe Australia.

Appendix 4C

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

Name of entity

Excite Technology Services Ltd

ABN

61 120 658 497

Quarter ended ("current quarter")

30 Sep 2024

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	1,996	3,578
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(674)	(1,302)
(c) advertising and marketing	(5)	(5)
(d) leased assets	(57)	(111)
(e) staff costs	(1,278)	(2,717)
(f) administration and corporate costs	(145)	(353)
(g)		
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(48)	(48)
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	(211)	(958)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	-	-
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)	-	1,000
3.2	Proceeds from issue of convertible debt securities	1,000	1,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(55)
3.5	Proceeds from borrowings	200	300
3.6	Repayment of borrowings	-	(200)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other	(270)	(270)
3.10	Net cash from / (used in) financing activities	930	1,775

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	302	204
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(211)	(958)
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)	930	1,775
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1021	1021

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	1021	302
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)	1021	302

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	137
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	315	300
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	315	300
7.5	Unused financing facilities available at quarter end		15
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 2024 at an interest rate of 15% per annum. Negotiations are currently ongoing to extend the terms under the credit arrangement for a further six months.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(211)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1021
8.3	Unused finance facilities available at quarter end (item 7.5)	15
8.4	Total available funding (item 8.2 + item 8.3)	825
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.91
	<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:	
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:	

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:

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: 28 October 2024

Authorised by: Steven Bliim – Executive Director
(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.