ASX ANNOUNCEMENT
28 June 2024

Excite Announces Binding Term Sheet for Acquisition of Digital Forensics Group CDFS

Excite Technology Services Limited (Excite or the Company) is pleased to announce that it has signed a binding term sheet to acquire 100% of the issued capital of CBIT Pty Limited and related entities, known together as CBIT Digital Forensic Services (**CDFS**). The acquisition will be subject to completion of successful due diligence along with ASX and shareholder approvals. Further details in relation to CDFS are set out below.

This strategic acquisition will position Excite as a leading authority in Incident Response and Digital Forensics. Inclusion of CDFS into the Excite Group will immediately expand capabilities and market presence in the managed cyber security, deep digital forensics, accredited training and IT services sectors.

CDFS has unaudited revenues of $14 million for the year to 30 June 2024, with a normalised EBITDA of approximately $954,000, after adjusting for related party expenses and one off payments. It is anticipated that the transaction will be immediately accretive to the Group.

A summary of the transaction details are as follows:

Completion Consideration: At settlement, Excite will pay the vendors of CDFS $750,000 cash and issue 100,000,000 fully paid ordinary shares in the capital of the Company.

Deferred Consideration: On or before 1 July 2025, Excite will pay the vendors a further $750,000 in cash, provided the vendors have not resigned their positions with the Excite Group.

Performance Consideration: Up to a further $2.4 million in consideration is payable based on the audited EBITDA of CDFS achieving $1.8 million for the 12 month period ending 30 June 2025. The performance consideration will be payable on a pro-rata basis provided that the CDFS business achieves audited EDITDA of not less than $1 million for the 12 month period ending 30 June 2025. By way of example, if EBITDA of the CDFS business for the relevant period is $1.2 million (being 66% of the $1.8 million target) the vendors would receive 66% of the performance consideration. The performance consideration is payable 50% in shares and 50% in cash.

Outperformance consideration: Up to a further $800,000 in consideration is payable if audited EBITDA for the period ending 30 June 2025 exceeds $1.8 million. The outperformance consideration would be payable on the basis of $1 for every $1 that the EBITDA exceeds $1.8 million capped at $800,000. The outperformance consideration is payable 50% in shares and 50% in cash.

The issue price of the consideration shares (including the outperformance consideration shares) will be calculated and issued with reference to a base price being the higher of $0.015 per share or the 5-day Volume Weighted Average Price (VWAP) of the shares in EXT on the five trading days prior to 30 June 2025.

The CDFS transaction remains subject to conditions which include due diligence and the execution of formal agreements.

As part of the transaction, Excite will enter into a commercial, 10 year lease agreement for a state-of-the-art digital forensics lab and training facility with a related party of the vendors of CDFS. The facility is due to be completed in July 2025, at which time the lease will commence. The lease will be on commercial terms at $400 per sqm, per year for 1,445 sqm ($578,000) and is expected to commence from July 2025. The new facility has vested interest from the Australian government and forms part of CDFS' growth strategy that will deepen the Group's relationship with Australian Intelligence and Law Enforcement agencies.

The new facility has the potential to provide revenue growth which is additional to the existing business.

Excite will also enter into formal employment agreements to the vendors of CDFS which will include market-based salaries, short-term incentives and performance rights.

Formal due diligence will commence immediately and is forecasted to take 4 weeks. As part of Excite's Annual General Meeting, resolutions will be proposed that will facilitate the settlement of the transaction. This meeting is anticipated to be held in early August 2024, with the transaction closing shortly thereafter. The notice of annual general meeting is expected to be circulated with shareholders in early July 2024.

About CDFS

CDFS is Australia's premier digital forensic services, tools, and industry-embedded training and certification provider for law enforcement, government, and corporate enterprises. CDFS supports law enforcement agencies and government departments with its unique solutions and high-level advice related to digital forensic evidence. As a vital partner to law enforcement and government agencies, CDFS digital forensic examiners have provided assistance and expertise in activities such as search warrant executions to expert witness testimony in the Courts of law.

CDFS CEO Zoran Iliev stated "We look forward to joining forces with Excite. This acquisition will significantly augment our capabilities, enabling us to deploy the results of our R&D efforts and provide AI-driven advanced cyber security defence strategies and incident response. The acquisition will unlock the value of providing our clients and partners with a more comprehensive and robust support framework. By deploying a rigorous digital forensic scientific approach, we will continue to ensure their digital assets and infrastructures are secure and resilient against emerging threats."

Excite CEO, Bryan Saba said "We are thrilled to welcome CDFS into the Excite Group. This acquisition will enhance our service offerings and position the Company as a leader in incident response, with capability that has uniquely been only a feature of Government Agencies. I look forward to working with Zoran and CDFS us to better serve our clients and drive growth. We look forward to working with the talented team at CBIT to achieve our shared goals."

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This announcement has been authorised by the Board

Further information please visit
https://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.