

30 October 2020

icetana September Quarterly Report

Highlights:

- **Sales orders returning to more normal levels with a substantial new opportunity in US Prisons secured just prior to the end of the quarter.**
- **Refocus of sales towards guarding services companies has shown positive early signs with orders from Japan and Singapore based guarding organisations.**
- **Strong cash management resulted in Net cash outflow for the quarter reduced by more than 50% from previous quarter to just \$242,000.**
- **Product development has progressed releasing Redhat OS compatibility and substantive enhancements to our Milestone integration.**

icetana Limited (ASX: ICE) ("**icetana**" or "**the Company**") is pleased to report on its activities for the quarter ended 30 September 2020.

New Orders and Renewals

During the quarter, the Company announced it had received new orders and renewals from existing customers and value added resellers ("**VARs**") which further expanded icetana's geographic and vertical market reach. Typically the Company has used major industry conferences to develop leads and despite this channel being removed we have continued to build our sales pipeline.

New orders

- Our VAR and hardware partner Rasilient placed an order for deployment to two US prison locations with a total value of US\$100,000 over 5 years paid at installation.
- Our largest client Majid al Futtaim (MAF) confirmed a technical services order for a new shopping centre valued at US\$72,000.
- Guarding services client Prosegur (Singapore) confirmed a new order for a shopping centre monitoring valued at SGD\$33,000 per annum over three years.
- Guarding services company Zennikkei confirmed icetana's first client in Japan with an order for a commercial office building in Nagoya.

Renewals

- icetana maintained its record of 100% customer renewals during the period including Siemens commercial office building end-customer renewing for a further 12 month term.

icetana continued to improve its remote installation capability with a range of implementations progressing positively during the quarter. As a general principle icetana only recognises software revenue upon completion of a camera installation.

The Company received a total of A\$483,000 in receipts from customers during the September quarter. As at 30 September 2020 there is approximately A\$242,000 in receivables due.

It is anticipated that cash collections from customers will continue to be robust in the December quarter.

Strong cash management

The Company saw the full impact of COVID-19 savings measures and combined with strong cash collection during the quarter this resulted in a more than 50% reduction in the net cash outflow of the business. The Research and Development rebate was received after the end of the quarter and does not appear in this quarter's cashflow results. Management is very confident of the ability of the Company to manage its cash effectively whilst executing on its sales growth strategy in a measured fashion in line with improving sentiment in the market.

COVID-19 Impact

icetana continues to note that the negative sentiment caused by COVID-19 is affecting customer decision-making processes although there are signs of improved sentiment as coexistence with COVID-19 becomes the "new normal". The new sales focus on verticals less affected by negative sentiment has shown positive early signs with guarding services and prisons clients placing new orders with icetana. Whilst there has been no impact thus far on renewals of existing customers in these verticals, there has been some deferrals of tenders, deployments and implementations caused by the uncertainty within customers' own business operations.

During the previous quarter, the Company implemented a range of cost savings measures to help preserve the Company's strong cash position. These measures have resulted in a substantial reduction in the cash payments from operating activities during the quarter and the Company will continue to review and reduce its expenditure where appropriate.

Product Development

During the quarter significant product enhancements were progressed, including:

- Released a version of icetana that operates with the popular Redhat Server Operating System
- Launched an enhanced integration with the Milestone video management system to support icetana's Playback Wall functionality and also to support the most recent versions of Milestone
- A backwards looking Genetec review product was tested in house for the first time with promising results

Future product releases are planned to focus on:

- A batch processed daily review product for sites that may not require real-time response capabilities
- Continuing to improve the filtering and fidelity of our anomaly detection algorithms
- Leveraging of the latest developments in computer vision such as the nVidia DeepStream product.

icetana remains highly focused on building a product that solves real customer problems and the product team is performing extremely well.

Strategy and Market

icetana has achieved early traction in offerings to manpower guarding services companies by proposing a return on investment model that goes beyond icetana's traditional risk reduction offering. Further focus on this market and expansion of the prisons opportunities recently secured will form a basis for short term sales opportunities.

The United States prisons market is one of the largest in the world and the Rasient end-customer who has placed orders for icetana operates over 40 prisons with an average camera count of more than 250 cameras. There is the potential for scale and scope opportunities that will come from this implementation when icetana performs as it has in other locations globally.

Matt Macfarlane, CEO of icetana commented:

"Our focus following the onset of the COVID-19 pandemic was on cash conservation and positioning the company for a stabilisation in the market. We have continued to close new customers whilst managing our cash in a responsible manner. I look forward to stronger revenue growth on the back of improving sentiment in our target sectors. The team is highly motivated to perform and our customers remain strong advocates for icetana's offering."

Summary of expenditure

The Company's total expenditure during the quarter was approximately \$907,000, of which approximately:

- \$254,000 was spent on sales, marketing and partner expansion costs;
- \$295,000 was spent on research and development costs;
- \$277,000 was spent on corporate and financial costs; and
- \$81,000 was spent on general administration costs and working capital.

Payments totalling approximately \$63,000 (included in the above) were made to related parties of the Company, comprising gross salaries, superannuation and fees to executive and non-executive directors.

Listing Rule 4.7C.2 Disclosure

In accordance with Listing Rule 4.7C.2, the Company has attached a comparison of actual expenditure against the estimated expenditure on the individual items in the "Use of Proceeds" statement in the Company's Prospectus since the date of its admission to the official list.

– ENDS –

Authorised for release by the Board of icetana Limited.

For further information contact:

Matt Macfarlane Chief Executive Officer +61 400 605 960 ceo@icetana.com	Shane Cranswick CFO and Company Secretary +61 401 671 897 shane@icetana.com.au
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About icetana

icetana Limited is a global software company providing video analytics solutions designed to automatically identify anomalous actions in real-time for large scale surveillance networks. Our software integrates with customers' existing video management systems and IP cameras.

Using artificial intelligence and machine learning techniques, the icetana solution learns and filters out routine motion, showing only anomalous or unusual behaviour allowing operators to focus on events that matter and respond in real-time to both precursor activities and incidents. icetana has a broad range of use cases across a growing number of industry verticals. It has been implemented at over 45 sites on four continents, helping clients harness the rich data streams from their existing security networks and turning that data into improved situational awareness and deeper operational insights.