

21 April 2022

Issue of Employee Options and Cancellation of General Meeting

On 1 April, 2022 icetana Limited (ASX: ICE) ("icetana" or "the Company") released a notice of meeting scheduled for 9am (Perth time) on 2 May 2022 (**Meeting**). The purpose of the Meeting was to seek shareholder approval for the issue of options to employees and directors.

Following consultation with shareholders, the board of icetana (Board) advises that it will defer the issue of options to directors and instead issue employee options under the Company's Employee Securities Incentive Plan. It has therefore resolved to cancel the Meeting.

The Board believes that equity incentives are important to attract and retain the best talent while the Company is in an exciting phase of its growth journey. To further enhance alignment of both shareholder value and remuneration, the Company has added performance criteria to the options to be issued to Matt Macfarlane (Chief Executive Officer & Managing Director), Kevin Brown (Chief Operating Officer) and Rafael Kimberley-Bowen (Chief Financial Officer). Options will now be issued to these Senior Executives subject to a mix of revenue-based performance hurdles, as well as time-based vesting conditions.

In summary, operating revenue must increase by a factor of approximately 2x to \$1.5m in a half-year period and 3x to \$2.5m in a half-year period respectively from icetana's most recently reported revenue for the majority of the Senior Executives vesting to occur.

As a result of the review:

- 20,575,000 options will be issued to employees (excluding directors) pursuant to the Company's Employee Securities Incentive Plan and ASX Listing Rule 7.2 (Exception 13(a)).
- 10,000,000 options will be issued to the Chief Executive Officer & Managing Director subject to and conditional on the receipt of prior shareholder approval, to be sought at the next general or annual general meeting.

All options remain subject to an exercise price of \$0.15 per option, a substantial premium to the current trading range.

The credentials of the Senior Executives include:

- **Matt Macfarlane** (Chief Executive Officer & Managing Director): Founding CEO of icetana. Entrepreneur and investor with 9 years venture capital management experience. Successful technology and software development commercialisation leader.
- **Kevin Brown** (Chief Operating Officer): Led the tech team that drove Virtual Gaming World's (VGW) from \$300/day to \$1.4m/day. Leading role in creating two of WA's three software unicorns (Nearmap and VGW).
- **Rafael Kimberley-Bowen** (Chief Financial Officer): Experienced SaaS CFO with 15+ years leading finance functions. Previously CFO at APE Mobile (acquired by Damstra) and M&A at Elmo Software (ASX: ELO). Qualified accountant with MBA and fellow of CIMA, 40under40.

The terms and conditions of the options to be issued to employees and the Chief Executive Officer & Managing Director are included in the schedule to this announcement.

The quantum and terms of issue of any options to the non-executive directors will be reconsidered and put to shareholders at the next general or annual general meeting.

- ENDS -

Authorised for release by the Board of icetana Limited.

For further information contact:

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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 motion intelligence 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 five 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.

Schedule: Terms and Conditions of Employee Options

The Employee Options will be issued on the following terms and conditions:

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

2. Plan

The Options will be issued under the Company's employee securities incentive plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

3. Exercise Price and Expiry Date

The Options have an exercise price of \$0.15 per Option (**Exercise Price**) and will expire on the earlier to occur of:

- (a) 5:00pm (WST) on the date that is 4 years from the date of issue; and
- (b) the Options lapsing and being forfeited under the Plan or these terms and conditions,

(**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Vesting Conditions

(a) Vesting Conditions applicable to Senior Executives

This paragraph 4(a) applies to the Options issued to the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (together, **Senior Executives**) or their respective nominees.

Options will vest subject to the relevant participant in the Plan remaining employed or otherwise engaged by the Company at all times during the relevant period (Classes A and B) or quarter (Class C), and on the following basis:

Class	Percentage of Options	Vesting Condition
Class A	30%	\$1.5m Revenue in any six-month period ending 31 December or 30 June prior to 31 December 2024 (as reported in the Company's reviewed half-yearly or audited annual accounts).
Class B	30%	\$2.25m Revenue in any six-month period ending 31 December or 30 June prior to 31 December 2025 (as reported in the

Class	Percentage of Options	Vesting Condition
		Company's reviewed half-yearly or audited annual accounts).
Class C	40%	These Options will vest on a quarterly basis over the three-year period after the date of issue of the Options.

For the purposes of the Vesting Conditions, **Revenue** means revenue in accordance with the Company's accounting policy and the Australian Accounting Standards, as noted below and in accordance with AASB 15.

The Company recognises revenue as follows:

- (i) *Sale of goods*: Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.
- (ii) *Software service revenue*: Revenue from the provision of software sales is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.
- (iii) *Other revenue*: Other revenue is recognised when it is received or when the right to receive payment is established; and excluding any one-off revenue received outside the ordinary course of business and more specifically excluding:
 - (A) the Research and Development Grant returns of the Company; and
 - (B) any inorganic revenue that may be recognised as a result of, for example, merger and acquisition opportunities.

(b) **Other employees**

This paragraph 4(b) applies to the Options issued to employees other than the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (together, **Other Employees**) or their respective nominees.

The Options granted will vest on a quarterly basis over the three-year period following the date of issue, subject to the relevant participant in the Plan remaining employed or otherwise engaged by the Company at all times during the relevant quarter. An additional condition of vesting is that the relevant participant has been employed or otherwise engaged by the Company for a period of twelve months before any vesting can occur. For the avoidance of doubt, the twelve month period is calculated from the start of their employment or engagement with the Company, not from the date of issue.

5. Exercise Period

Each vested Option is exercisable at any time and from time to time on or prior to the Expiry Date.

6. Quotation of the Options

The Options will be unquoted.

7. Transferability of the Options

The Options are not transferable unless they have vested and only with the prior written approval of the Company and subject to compliance with the Corporations Act.

8. Notice of Exercise

The Options may be exercised by notice in writing to the Company in multiples of 10,000 Options per notice in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (acting reasonably). Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

9. Lodgement instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry.

10. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

11. Quotation of Shares on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

12. Timing of issue of Shares

Within 5 business days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (a) issue the Shares pursuant to the exercise of the Options;
- (b) issue a substitute certificate for any remaining unexercised Options held by the holder; and

- (c) if required, and subject to paragraph 13, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.

If admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options within 10 Business Days of the end of the quarter in which the conversion occurred.

13. Restrictions on transfer of Shares

If the Company is required but unable to give ASX a notice under paragraph 12(c), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

14. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

15. Entitlement to dividends

The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.

16. Entitlement to capital return

The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.

17. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

18. Adjustment for entitlements issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 17 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

19. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

20. Voting rights

The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.

21. Leaver

You will become a "Leaver" when you cease employment, engagement or office with the Company or any of its subsidiaries. Where you become a Leaver, all unvested Options will automatically be forfeited by you, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

22. Change in control

If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Options will be dealt with, including, without limitation, in a manner that allows the holder of the Options to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.