

29 April 2022

icetana March 2022 Quarterly Report

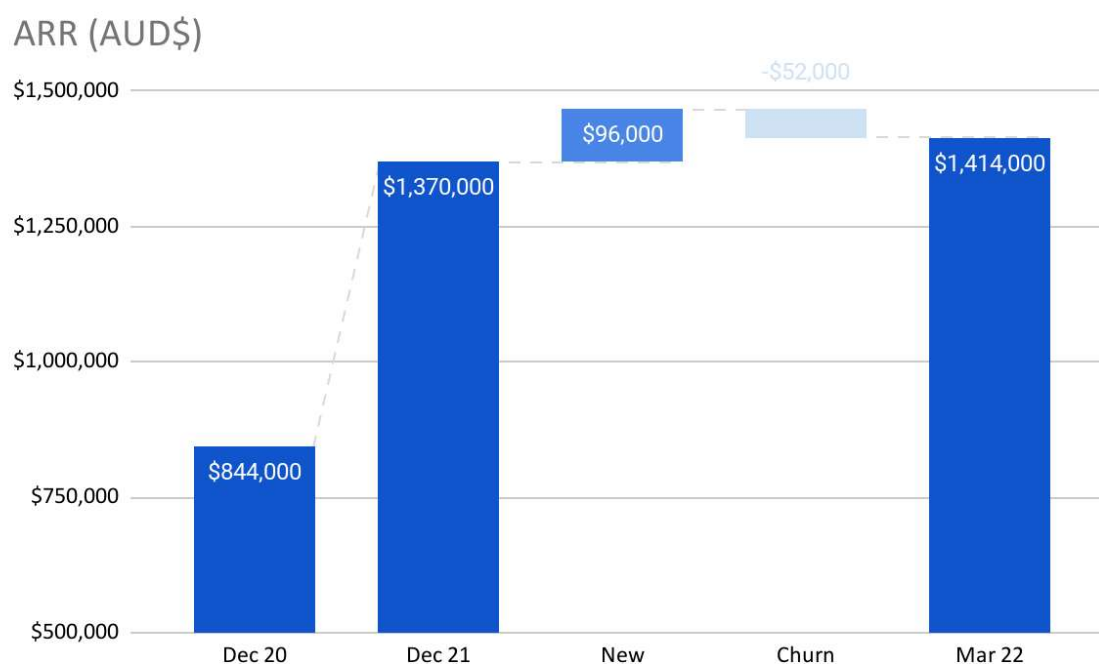
icetana Limited (ASX: ICE) (“icetana” or “the Company” or “we”), a global software company providing artificial intelligence solutions to detect real-time anomalous events is pleased to release its activities report and Appendix 4C for the quarter ended 31 March 2022 (Q3 FY22).

Highlights:

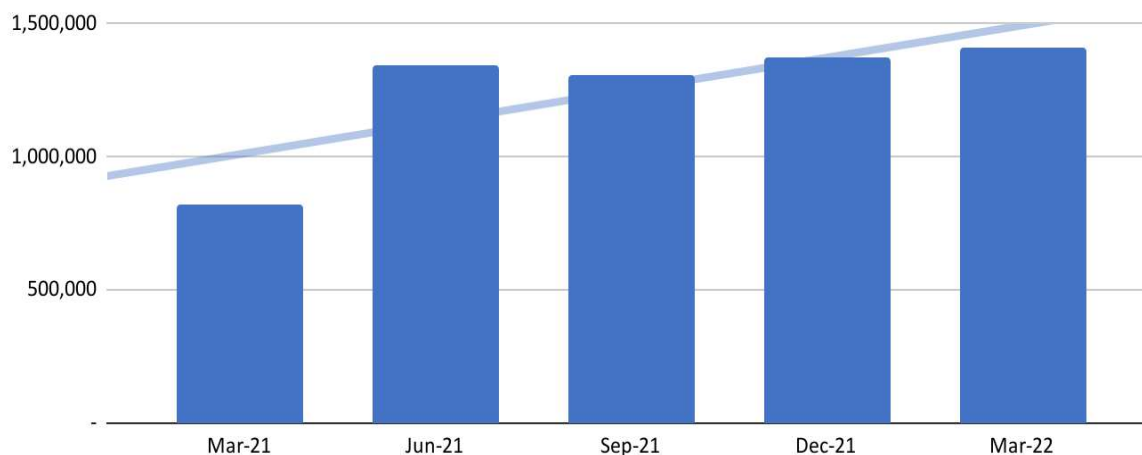
- **Annualised recurring revenue of \$1.4m as at March 2022, up 72% year on year from March 2021.**
- **Contract extended with largest customer, highlighting the mission critical nature of the icetana solution.**
- **First customers of next generation product will be added during the June quarter, following completion of additional features and cloud deployment in March quarter.**
- **Quarterly revenue of \$545k, up 45% year on year.**
- **Total cash receipts of \$297k during the quarter, up 63% year on year and with a further \$869k in accounts receivable.**

Financials

Annualised recurring revenue (ARR) increased 72% YoY to \$1.4m, with the Company’s largest customer extending its software licence in March.



ARR (AUD\$)



Quarterly revenue through the March quarter was \$545k, up 45% year on year and 41% quarter on quarter.

Key metric	March 22 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.4m	▲ 3%	▲ 72%
Revenue	\$545k	▲ 41%	▲ 45%
Cash from operations	\$297k	▼ 4%	▲ 63%

Key metric	March 22 quarter
Gross margin	82%
Net ARR retention ¹	96%
Product features added	5

The Company received a total of \$297,000 cash during the quarter, down 4% on the previous quarter but up 63% on the March 2021 quarter.

¹ Revenue expansion from existing customers less loss or contraction from existing customers

Customers are typically paying promptly, with accounts receivable at \$869,000 on 31 March following a large renewal at the end of March.

Matt Macfarlane, CEO of icetana commented:

"The quarter has focused on the completion of our next generation product release which is cloud-capable and built on a contemporary technology stack allowing far greater feature flexibility in future. Our first customers on this product will be added during the June quarter. We were also very pleased to complete the negotiation of a contract extension with our largest customer account with MAF Property in Dubai."

New orders, renewals and deployments

Traction, new orders and expansion

- Received first order from a South American client with security partner NEC Argentina.
- Received an order from existing Middle Eastern customer Tamdeen Shopping Centre, for new shopping centre 360 Mall².
- Leads have grown with a relaunched website and the commencement of regular sales webinars.

Retention and renewals

- Maintained excellent customer retention record with 96% net ARR retention over the quarter.
- Received a purchase order confirming annual renewal of largest Middle East shopping mall contract, at US\$350k per annum in recurring license fee.

Deployments

- Deployment of another US state prison, the third of six prisons to be implemented over the course of this year through local partner Rasilient.
- Deployment of new customer du, one of the largest telecommunications operators in the United Arab Emirates.

Product progress

Next generation icetana has been rebuilt from the ground up, taking the best features of the first generation and supercharging them with enhanced performance and cloud deployment (with instantaneous hardware availability) or on premise.

The cloud deployment is enabled using the Company's Secure Reliable Transport restreaming client which provides secure and stable cctv streaming to any AWS or Azure cloud-hosted infrastructure.

² This agreement is not considered material on a standalone basis..

Next generation icetana also supports H.265, the latest video compression technology.

The combination of these technologies has decreased the purchase-to-live lead time from between four to 18 months to less than 24 hours (for cloud).

The next generation icetana algorithm is built on a more stable and performant nVidia Optical Flow which allows customers to enable more cameras with less hardware.

The secondary (moving object) filter significantly reduces the false positive rate for customers, delivering a meaningful improvement in customer satisfaction.

Next generation modelling also reduces the core algorithm learning period from 14 days to 24 hours, materially speeding up the time to protect customers' assets and people.

To better serve a post COVID world, remote and centralised monitoring is now supported through icetana's aggregated LiveWall functionality. This also adds architectural scale for customers, who can bring multiple sites and hardware together to provide a solution for large scale installations.

Custom event reporting on the Company's patented Highlights view was developed during the quarter, providing excellent flexibility for customers to choose their reporting incidents easily from stored icetana abnormal events.

Outlook

The commencement of webinars and early demonstrations of our next generation product have resulted in strong engagement from both existing and new customer prospects. Marketing efforts have resulted in substantially more registered leads than in prior quarters, and the outlook for the balance of this calendar year is particularly positive.

Cashflow

Over the past 12 months the Company's net cash outflows (excluding financing activities) have averaged circa \$150,000 per month, however the average has increased to \$360,000 per month since December's capital raise, as increased investment in our new product release and in sales and marketing has coincided with lower cash from sales. At quarter end the Company's cash stood at 2.3m, along with accounts receivable of \$869k following a large renewal at the end of the quarter.

We expect cash inflows to increase significantly from the current March quarter to the June and September quarters, including a \$0.5m receipt from the customer renewal mentioned above (purchase order already received), and a similar amount from the R&D tax incentive.

Summary of expenditure

The Company's total expenditure during the quarter was approximately \$1.4m, comprising approximately:

- \$111k research and development;
- \$295k operating;
- \$143k sales, marketing and partner expansion;
- \$810k staff; and
- \$40k general administration and corporate.

Payments totalling approximately \$95,000 (included in the above) were made to related parties of the Company, comprising gross salaries, superannuation and fees to executive and non-executive directors.

– 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 50 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.