

26 April 2023

icetana March 2023 Quarterly Report

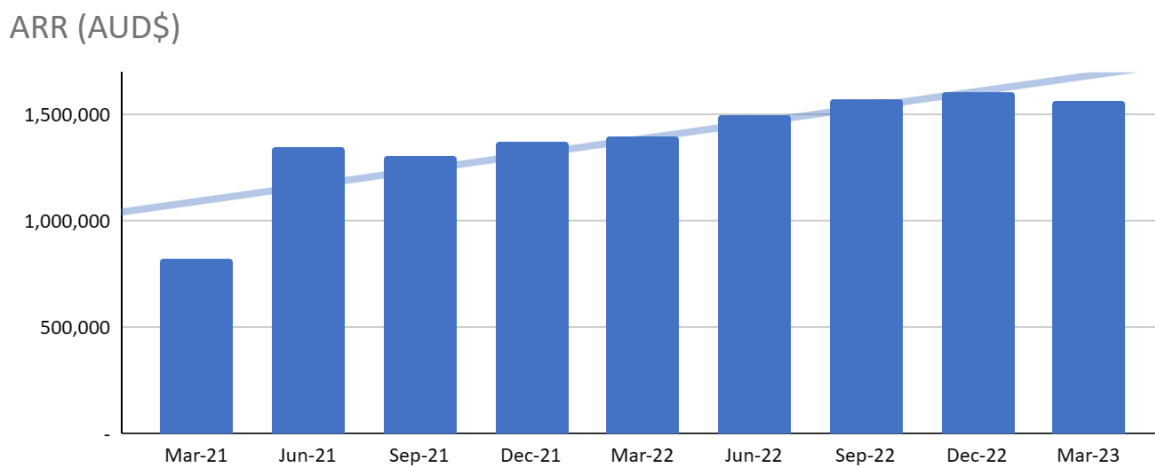
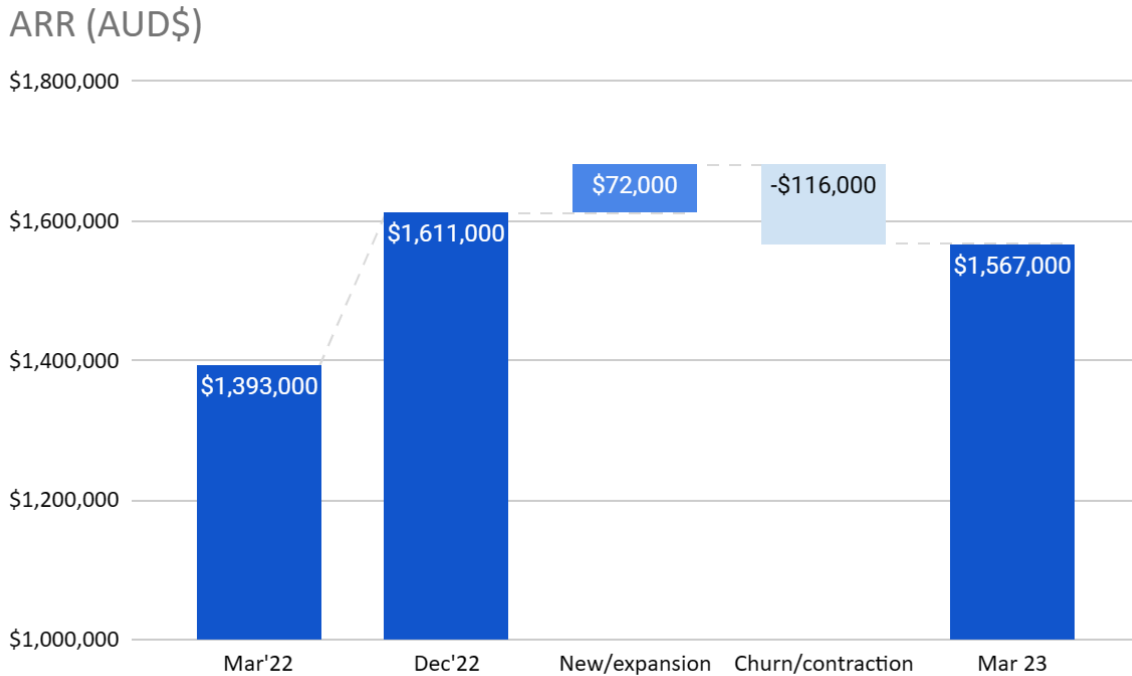
icetana Limited (ASX: ICE) (“icetana” or “the Company” or “we”), a global software company providing artificial intelligence solutions to detect real-time anomalous events on video surveillance systems, is pleased to release its activities report and Appendix 4C for the quarter ended 31 March 2023 (Q3 FY23).

Highlights:

- **Annualised recurring revenue of \$1.6m as at March 2023, up 12% year on year and down 3% quarter on quarter.**
- **Continued strong sales pipeline and execution of V2 product sales including contract wins with Toyota Motor and the key guarding services vertical in the US.**
- **The slight quarterly drop in ARR follows the loss of one customer and the delay in renewal of another, however net ARR retention was 96% over the quarter.**
- **The shopping mall segment continues to perform well, with a three year renewed commitment from our largest customer, Majid Al Futtaim in Dubai, and significant expansion of Kuwait-based Tamdeen. Both are migrating to the next generation software.**
- **Quarterly revenue through the March quarter was \$422k, down 22% year on year following a substantial one-off revenue item in Q3 FY22, and 1% quarter on quarter.**
- **Net operating cash outflow of \$605k for the quarter, remaining well capitalised with \$1.4m cash at bank.**

Financials

Annualised recurring revenue (ARR) decreased 3% QoQ and increased 12% YoY to \$1.6m:



Quarterly revenue through the March quarter was \$422k, down 22% year on year and 1% quarter on quarter.

Key metric	March 23 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.6m	▽3%	▲ 12%
Quarterly Revenue	\$422k	▽ 1%	▽ 22%
Cash from customers	\$406k	▽ 4%	▲ 37%

Key metric	March 23 quarter
Gross margin	82%
Net ARR retention ¹	96%

The Company received a total of \$406,000 cash from customers during the quarter, down 4% on the previous quarter but up 37% on the March 2022 quarter.

Matt Macfarlane, CEO of icetana commented:

"The March quarter was challenging with the loss of one US-based customer hitting our revenue growth. This was not a competitive loss as the customer chose to tactically pursue headcount growth over the savings icetana could deliver. Our next generation product is showing great promise and over the next six months we anticipate that the majority of our camera count will be migrated. This opens new expansion possibilities with existing customers as well as shortening our lead time to closing new sales leads. We anticipate a substantially stronger Q4 on the revenue front."

Customers: new orders, renewals and deployments

Traction, new orders and expansion this quarter included:

- The first order for icetana V2 in Japan, from NTT East².
- The first V2 sale to a US-based guarding services operator - a key target vertical for icetana. The three month pilot was secured only four days after the pitch².
- Three new orders from the Japanese market, including NTT Urban and a small trial with Toyota Motor, all likely to lead to eventual expansion of camera numbers upon renewal².

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

² These agreements are not considered material on a standalone basis

- A new order from the City of Ipswich in Queensland.

icetana attended a key industry event ISC West in Las Vegas in March, co-hosting an exhibit with strategic partner Macnica. Macnica is a > A\$1.8bn market cap global technology company that took a strategic stake in icetana in 2022. The security trade event attracted many security operators and prospective icetana customers, including many of our value added resellers. This provided an opportunity for the executive team to demo the latest version of icetana's AI software. The event generated dozens of high quality leads, with many progressing through the pipeline to proposal stage.

Retention and renewals

The quarter saw multiple renewals, including US hospital Memorial Sloan Kettering and Australian school Ivanhoe Grammar.

As well as new sales, expansion from existing customers remains a focus through our customer success efforts.

This quarter's net ARR retention metric (96%) was impacted by the loss of one US-based customer due to poor adoption of the solution, and a delay to another customer's renewal which is currently in active discussions for an expanded contract value.

The anticipated large renewals and sales expansion opportunities in the Middle East were announced in the first week of Q4, and material cash inflows are expected during the June quarter which is seasonally a strong cash quarter for icetana.

Product progress

In anticipation of the MAF renewal (almost 8,000 cameras) the core focus of the product team has been on preparing for scale deployments for all our large current/target customers. The largest MAF site has 1,400 cameras and the next generation product was tested for this scale of performance with several important technical architecture adjustments required.

The team also completed the following functional additions:

- Version of fire and smoke detection;
- Additional capability to detect unusual direction variations and unusual object speed events;
- Added people and car counting functionality, including histogram data over time, key for retail customers;
- Ability for customers to set up different LiveWall configurations for different monitors.

All of the new capabilities were completed whilst retaining icetana's market-leading camera-per-server ratio - we currently support 200 cameras on a single rack mounted server. Most competitors are reaching a maximum of 50-100 cameras on a similar configuration.

Cashflow

Over the past 12 months the Company's net operating cash outflows (excluding investing/financing activities) have averaged \$137,000 per month. At quarter end the Company's cash stood at \$1.4m.

Summary of expenditure

The Company's total operating cash expenditure during the quarter was approximately \$1.0m, comprising approximately:

- \$690k staff;
- \$193k operating;
- \$106k sales, marketing and partner expansion;
- \$25k research and development; and
- \$21k administration, corporate and other.

Payments totalling approximately \$91,000 (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 solution learns and filters out routine motion, showing only unusual and interesting 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 60 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.