

23 January 2024

icetana December 2023 Quarterly Report

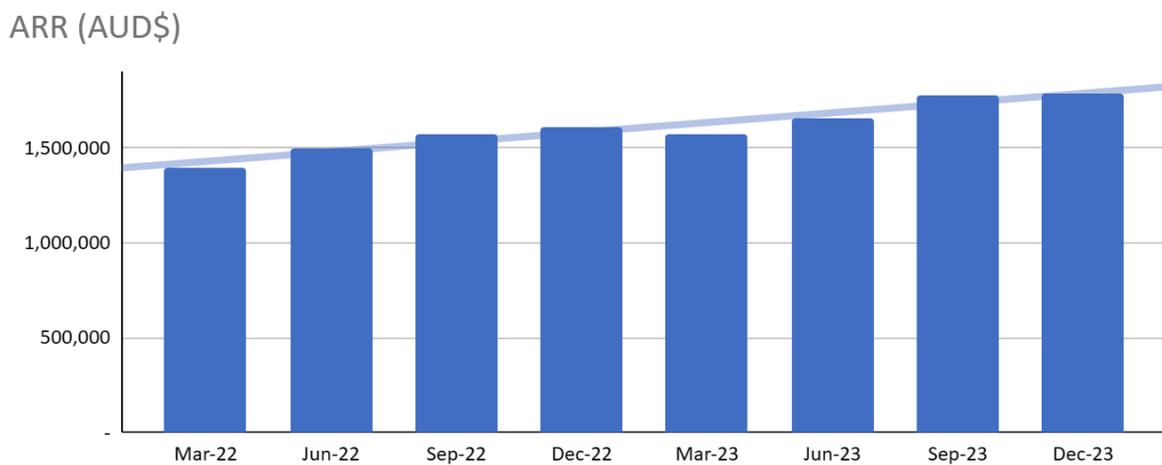
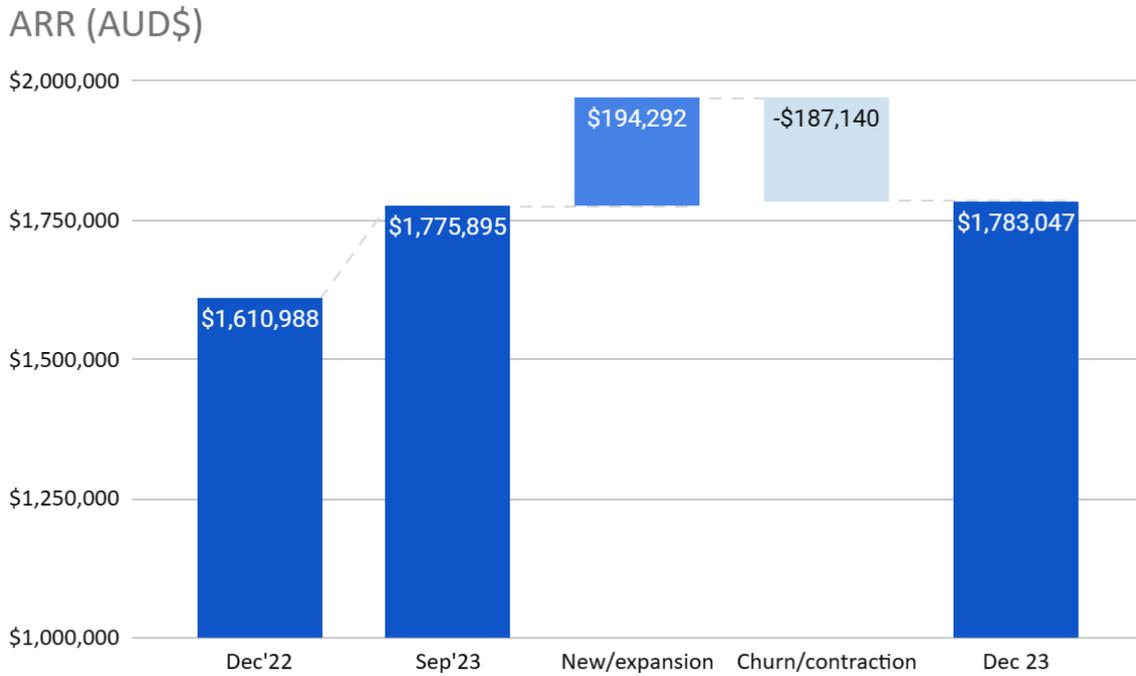
icetana Limited (ASX: ICE) (“icetana” or “the Company” or “we”), a company building artificial intelligence video analytics software to help security and IT teams manage large scale surveillance networks, is pleased to release its activities report and Appendix 4C for the quarter ended 31 December 2023 (Q2 FY24).

Highlights:

- **Annualised recurring revenue of \$1.8m as at December 2023, up 11% year on year and up 0.5% quarter on quarter.**
 - **Quarterly revenue in the December quarter was \$2.2m, up 425% year on year and 392% quarter on quarter, largely as a result of the successful installation of a \$1.5m hardware contract.**
 - **Net ARR retention was 97% over the quarter, with the loss of a legacy customer offsetting expansion sales.**
 - **Successful completion of tranche 2 of the \$2m placement.**
 - **Net operating cash outflow of \$286k for the quarter, remaining well capitalised with \$2.6m cash at bank.**
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Financials

Annualised recurring revenue (ARR) increased 0.5% QoQ and increased 11% YoY to \$1.8m:



Quarterly revenue through the December quarter was \$2.2m, up 425% year on year and 392% quarter on quarter.

Key metric	December 23 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.8m	▲ 0.5%	▲ 11%
Quarterly Revenue	\$2.2m	▲ 392%	▲ 425%
Cash from customers	\$1.6m	▲ 513%	▲ 271%

Key metric	December 23 quarter
Gross margin	51%
Net ARR retention ¹	97%

The Company received a total of \$1.6m cash from customers during the quarter, up 513% on the previous quarter and 271% on the December 2022 quarter, largely as a result of a large hardware sale (which also adversely impacted the gross margin for the quarter).

Kevin Brown, CEO of icetana commented:

"This quarter we focused on the deployment of our next generation AI software across the 17 shopping malls of our largest customer. The team has done a fantastic job managing a challenging project covering multiple countries, and I'm pleased that we closed the end of 2023 on target having completed 13 of the 17 deployments.

During the quarter we also continued to build traction in the market and invest in our sales and marketing functions. We look forward to reaping the rewards from these efforts in the coming quarters, in particular with a strong pipeline for the June'24 quarter.

We are also progressing well with strategic partnership talks with video management system providers, which could unlock a significant shift in scale for icetana."

Investment in sales function

Following its recent placement the Company continues to deploy funds into an expanded sales and marketing function, with the recruitment of new territory managers in the Middle East, a region that has proved to be the source of strong growth opportunities.

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

Customers: new orders, renewals and deployments

Traction, new orders and expansion this quarter included:

- A sale to global security company Certis, with a 12 month contract at a secure site in Singapore².
- Continued orders from the Japanese market, including a proof-of-value sale to a Japanese property manager and a six month subscription to a Tokyo office tower².
- Upgrade of hardware and software across 17 shopping malls in the Middle East, with our largest customer Majid al Futtaim Properties³. The successful installation of the hardware unlocked the recognition of the \$1.5m sale value, reflected in our quarterly revenue of \$2.2m and cash inflows.
- Deployment of two expansion orders with our Kuwait-based long term customer Tamdeen⁴.
- Deployment of a new order with Dubai Duty Free².

Retention and renewals

The quarter's renewals included a 12 month renewal of an existing contract with a US-based currency printer.

In addition to renewals, expansion sales from existing customers remain a focus through our customer success efforts.

This quarter's net ARR retention metric was 97%, as the expansion sale to Tamdeen was offset by the loss of a legacy contract in the aircraft industry originally signed four years ago, however the customer's requirements were no longer aligned to icetana's new product offering².

Product progress

We are pleased to share notable progress in product development, focusing on user experience and technical enhancements.

User interface improvements: Introduced a new health screen, camera details page, incident page, and a LiveWall ticker, all receiving positive feedback. Notably, the LiveWall ticker has been featured in significant venues, including the Sydney Opera House and our largest customers in the Middle East.

² These agreements are not considered material on a standalone basis

³ Previously announced on 2 April 2023

⁴ Previously announced on 2 April and 4 April 2023

Algorithm development: The new loitering detection algorithm is performing well, enhancing our security capabilities.

Event day functionality: A new feature to support larger camera deployments during events has been deployed. This has improved service for current customers and offers potential in new markets like stadiums and conference facilities.

Algorithm transparency: The addition of animated bounding boxes helps clarify how our algorithms work and assists in quicker internal debugging.

Overall, this quarter has been productive, with improvements bolstering both our product's functionality and user experience.

Cashflow

Over the past 12 months the Company's net operating cash outflows (excluding investing/financing activities) have averaged \$135,000 per month. At quarter end the Company's cash stood at \$2.6m, providing an extended runway and the ability to continue to invest in our sales and marketing capabilities.

Summary of expenditure

The Company's total operating cash expenditure during the quarter was approximately \$1.9m, comprising approximately:

- \$838k staff;
- \$987k operating and research and development;
- \$36k sales, marketing and partner expansion; and
- \$20k administration, corporate and other.

Payments totalling approximately \$55,000 (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 produces AI video analytics software to help Security and IT teams manage large scale surveillance networks.

Security Operators often have thousands of cameras to monitor and IT teams need to configure these camera streams. icetana offers a practical solution.

Its AI technology learns what's normal for each camera, identifying and reporting any unusual or potentially dangerous events in real time.

Designed to handle large scale surveillance networks, icetana's technology eliminates the need for individual camera stream configurations or rule-setting.

The company provides AI video analytics software, hardware, and cloud solutions, serving diverse industries including guarding services, retail, hospitality, public safety, transportation, education, and large enterprise.

icetana has a global footprint, with its AI solution used across 30+ clients, 70+ sites, and 15,000+ cameras at 15+ countries.