

23 January 2025

icetana AI December 2024 Quarterly Report

icetana Limited (ASX: ICE) ("**icetana AI**" or "**the Company**"), a company building artificial intelligence video analytics software to help security and IT teams manage large scale surveillance networks, releases its activities report and Appendix 4C for the quarter ended 31 December 2024 (Q2 FY25).

Summary:

- **Launch of \$2.65m rights issue, fully underwritten by second largest shareholder Lance East Holdings Pty Ltd.**
 - **Over \$500,000 of purchase orders received from new customers during the quarter.**
 - **Annualised recurring revenue ("ARR") of \$1.7m as at December 2024, down 4% year on year ("YoY") and 2% quarter on quarter ("QoQ") as an existing customer exited their contract.**
 - **Net ARR retention was 98% QoQ, with churn of a single customer offsetting expansion sales from existing customers.**
 - **Total quarterly revenue of \$440k down 6% QoQ and down 80% YoY. The annual decline was principally due to a large hardware sale which boosted revenue in the comparative period.**
 - **Net operating cash outflow was \$1.2m for the quarter.**
 - **Increased focus on cost control during Q1 and Q2 FY25.**
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icetana AI Chief Executive Officer Kevin Brown commented:

"The market continues to show strong interest in our enhanced offerings across analytics, licence plate recognition and facial recognition.

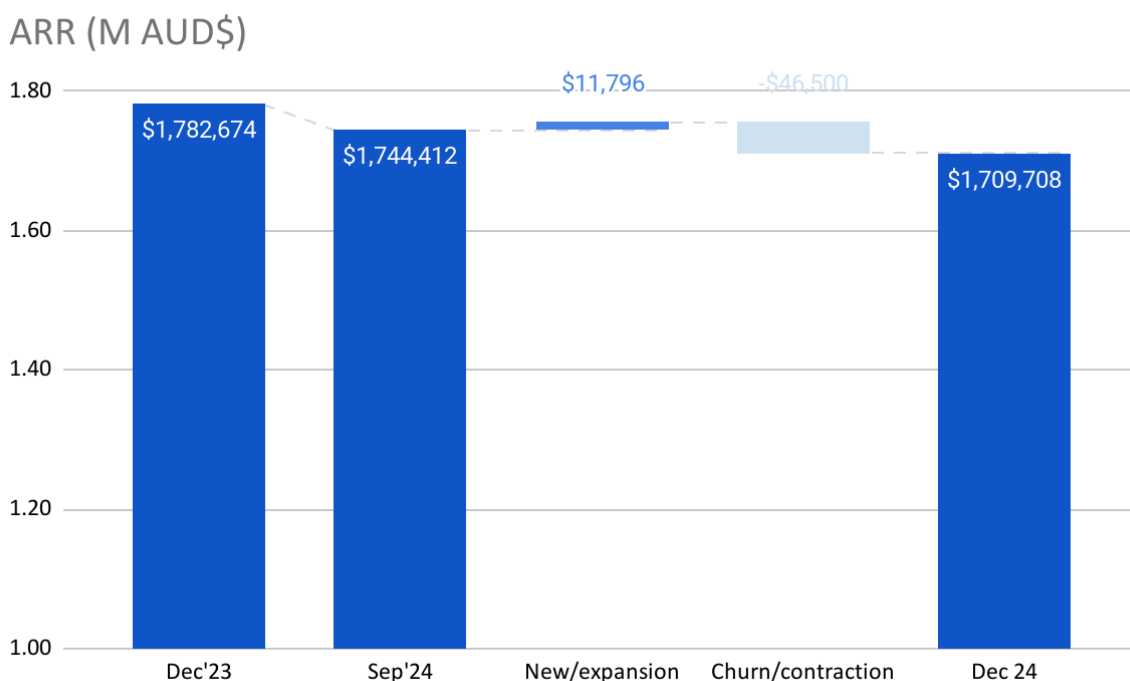
Our pipeline in the Middle East remains strong, with significant progress made across multiple areas. We've also secured several important deals in Asia Pacific, including a landmark agreement with the largest shopping mall in Malaysia.

In what would be our largest deal to date, a Safe City project in Iraq is in the final stages of its proof-of-concept. We have been working very closely with our local partners in the region to secure this deal which would be worth up to US\$1.1m (~A\$1.77m) to icetana AI¹.

During the quarter we finalised a convertible note agreement with Skiptan and Macnica, which has provided funding to sustain operations until our current \$2.65 million underwritten rights issue is completed. The rights issue is fully underwritten by our second largest shareholder, Lance East Office¹. We extend our gratitude to our major shareholders for their continued strong support."

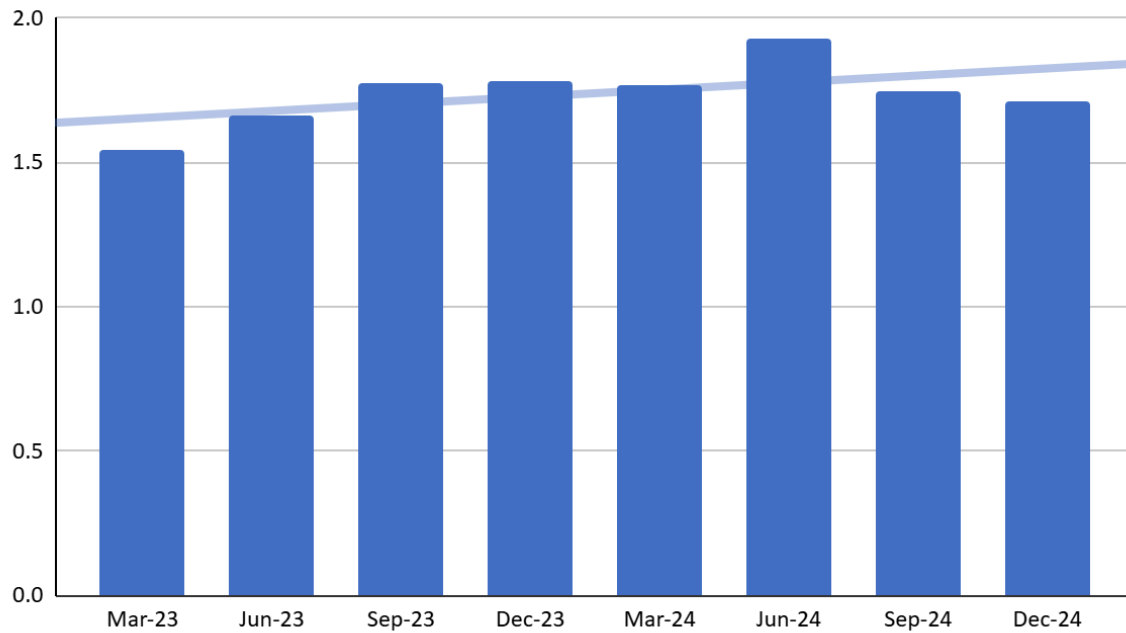
Financials

ARR decreased 2% QoQ and 4% YoY to \$1.7m as an existing customer exited their contract:



¹ See accompanying disclosure in Entitlements Offer announcement dated 23 January 2025.

ARR (M AUD\$)



Quarterly revenue in Q2 FY25 was \$440k, down 6% QoQ and 80% YoY as a result of a large hardware sale in the comparative period.

The large hardware sale also impacted the comparative periods with respect to cash received from customers. In Q2 FY25 icetana AI received \$203k cash from customers, down 14% QoQ and 87% YoY.

Key metric	Q2 FY25	Variance from Q1 FY25	Variance from Q2 FY24
ARR	\$1.7m	▼ 4%	▼ 2%
Total revenue	\$440k	▼ 6%	▼ 80%
Cash receipts from customers	\$203k	▼ 14%	▼ 87%

Key metric	Q2 FY25
Gross margin	84%
Net ARR retention ²	98%

² Revenue expansion from existing customers less loss or contraction from existing customers

New orders, renewals and deployments

The Company's sales and marketing initiatives in Q2 FY25 resulted in new customer orders, deployments of existing orders and contract renewals. Notable activity included:

- Purchase order received from Malaysia-based partner AE Security System for \$465,000 on an initial contract lasting 36 months. The end user is 1 Utama, the largest shopping mall in Malaysia³.
- Purchase order received from Singapore-based Henderson Technology for \$100,000 on an initial contract lasting 36 months⁴.
- Deployment of an expansion sale to an existing North American financial security customer⁴.
- Ongoing progress and traction in the Japanese market through local partner Macnica, including:
 - o Renewal of an existing contract with a Japanese property operator⁴.
 - o Proof of value sale with a Japanese property company⁴.

Retention and renewals

In addition to new sales, there were multiple renewals with existing customers across the US, Asia Pacific and the Middle East in Q2 FY25.

Seeking to grow sales contracts from existing customers remains a focus through icetana AI's customer success efforts.

Q2 FY25's net ARR retention metric increased to 98%, with the loss of a single customer offsetting expansion sales ARR from existing customers.

Sales and marketing

During Q2 FY25, the Company attended five key tradeshows in the Middle East and the USA, launched multiple digital awareness campaigns and hosted two successful webinars, generating more than 65,000 (camera count) sales qualified leads.

Furthermore, the Company has strengthened its strategic partnership with leading video management software Milestone Systems, securing the exclusive sponsorship for the esteemed Intersec Dinner on January 15, 2025. This high-profile event hosted over 80 partners and end users, further enhancing icetana AI's presence and influence in the security sector.

³ This was announced to the ASX on December 16th 2024

⁴ These agreements are not considered material on a standalone basis

Product development

The Company's primary product focus in Q2 FY25 was the enhancement of icetana AI's Safety and Security capabilities. This included improving fire and smoke as well as "left luggage" algorithms. Notable improvements have been achieved in both accuracy and detection within these areas.

Improvements continue to be made to icetana AI's facial recognition and licence plate recognition technology, allowing vehicle searches in scenes, logging of all people and vehicles with images, and displaying watchlist images for quick identification in Livewall and Highlights.

Frequently requested customer items have been made available, including various shapes for occupancy and the addition of a time function for monitoring occupancy and perimeter breaches.

Cashflow

In the 12 months ending 31 December 2024, the Company's net operating cash outflows (excluding investing/financing activities) averaged \$217,000 per month. At quarter end the Company's cash stood at \$698k, with \$2.65m of new capital committed and expected in February subject to successful completion of an underwritten rights issue. Additionally, there is continued focus on cost control, including on-going headcount reductions.

Summary of expenditure

The Company's total operating cash expenditure for the quarter was approximately \$1.4m, including:

- \$936k staff;
- \$288k operating and research and development;
- \$74k sales, marketing and partner expansion; and
- \$79k administration and corporate costs.

Payments totalling approximately \$38,000 (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.

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About icetana AI

icetana AI 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 AI 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 AI'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 AI has a global footprint, with its AI solution used across 30+ clients, 70+ sites, and 16,000+ cameras and 15+ countries.

Forward-looking statements

This announcement may contain forward-looking statements. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may", "intends", "guidance", "project", "forecast", "target", "likely", "continue", "objectives" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, certain plans, strategies and objectives of the Board and other matters. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of icetana and its officers, employees, agents, associates and advisers. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied in such statements. Except as required by law or regulation (including the ASX Listing Rules), icetana undertakes no obligation to update these forward-looking statements or to provide any other additional or updated information whether as a result of new information, future events or results or otherwise.

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The forward-looking statements are based on information available to icetana as at the date of this announcement.