

30 April 2020

Quarterly Activities Report 31 March 2020

- **icetana continues to grow customer base, including new verticals and geographies**
- **Implementation of substantial cost savings in response to COVID-19 to preserve strong cash position; all staff remote working with minimal impact**
- **19.5% quarter-on-quarter growth in Annualised Recurring Revenue (ARR)**
- **~A\$873,000 in receivables as at 31 March 2020, with cash collections expected to be significantly higher in the June quarter**
- **Key integrations complete with market leading video management systems (VMS)**
- **Transition to Non-Executive Director role for Geoff Pritchard**

icetana Limited (ASX: ICE) ("**icetana**" or "**the Company**") is pleased to report on its activities for the quarter ended 31 March 2020.

New Orders

During the quarter, the Company announced orders received from value added resellers (VAR's) in new verticals and geographies despite macroeconomic uncertainty caused by COVID-19:

- A new client order was confirmed for the European financial services market with TKH Security B.V. (TKH) to supply icetana's video analytics solution to a Netherlands based global bank. The contract followed on from an extensive trial conducted with the client and represents icetana's first financial services end user.
- Orders from Access Group Solutions cover surveillance requirements at five shopping centres across the Northern Territory, Victoria and New South Wales. These retail centres house a number of essential service outlets including supermarkets, pharmacies and health service providers.
- Chubb Electronic Security is deploying icetana for enhanced surveillance capabilities within prison environments. The order is the result of a successful trial conducted with the client earlier this year and represents

icetana's first commercial end user in the prison surveillance market. It strongly demonstrates the customer value of icetana's AI-based solution.

- Solutions Managed is deploying icetana at a state-based police force to monitor community behaviour and enable more targeted law enforcement decisions. Such activities are likely to remain a high priority with policing resources stretched at present.

The implementation of the icetana product has commenced remotely at these locations, with no impact to our team from COVID-19 travel restrictions.

The Company received a total of A\$176,000 in receipts from customers during the March quarter. This brings the total cash received from customers for the nine months to over A\$1.027m, with approximately A\$873,000 as at 31 March 2020 in receivables due from implementations undertaken during the quarter and in the financial year to date. It is anticipated that cash collections from customers will be significantly higher in the June quarter.

An increase in Annualised Recurring Revenue (ARR) of 19.5% was achieved on a quarter by quarter basis from December 2019.

COVID-19 Impact and Response

As announced to the ASX earlier this month, icetana has noted that the negative sentiment caused by COVID-19 is affecting customer decision-making processes. Generally this has manifested as delays and deferrals to deals the Company had been planning to close in the near term. Some of icetana's key vertical markets, including retail malls, casinos and universities have been directly impacted by COVID-19 restrictions. While we have seen few cancellations of procurement, there have been substantial deferrals to tenders, deployments and implementations caused by the uncertainty within customers' own business operations.

Given the current market situation, uncertainty and short-term impact to key customer verticals, the Company has deemed it prudent to implement the following cost savings measures from May 2020:

- The Board of Directors will take a 25 per cent reduction to their remuneration
- The Company's CEO and executive team will take a 20 per cent salary reduction
- All full-time employees have agreed to reduce their working hours to 80 per cent with a commensurate reduction in salary

These savings and other cost reduction measures implemented provide a substantial reduction in the monthly cash spend to maintain the Company's strong cash position. Given these arrangements the Company does not have any short-

term requirements for additional capital and remains confident that revenue generation and cash reserves will be sufficient under this new operating expense regime to meet the cash funding expectations contained in our Prospectus dated 15 November 2019.

The company has also implemented a new long-term incentive structure for key personnel as announced on 17 April 2020. The incentive scheme will also assist the Company to retain those key personnel while ensuring our cash position remains strong.

From a safety perspective, the Company implemented mandatory work from home arrangements on 16 March 2020 in response to COVID-19 and staff have been operating remotely for more than six weeks.

Product Development

During the quarter significant product enhancements were released, including; :

- Support for new nVidia Turing architecture graphics cards
- Support and comprehensive integration for Genetec video management systems (VMS), a market leading solution in security and surveillance.
- Configuration and licencing enhancements allowing for the deployment of icetana on virtual machines (VMs) and/or as containerized deployment packages (removing the dependency on server/hardware provisioning) .

Future product releases are planned focussed on; superior customer experience and increased filtering and fidelity of anomaly detection to reduce noise and emphasize the events that matter to customers.

Strategy and Market

Our long-term strategy and the market opportunity for our solutions remains the same, even with the delays to deals and tender processes. The current pandemic has also highlighted new shorter-term opportunities and use cases for our solutions.

Asset protection has become more important in relatively empty facilities where the general public was formerly relied upon to report suspicious or illegal behaviour. New opportunities have been identified from these changed circumstances in vertical markets that have not faced significant cash impacts from the pandemic.

During the quarter, icetana completed a minor brand refresh with an updated and modernised logo plus a company naming adjustment to remove the upper-case letter C from the brand. The company name "icetana" is now written in lowercase for all communications and the roll-out of the branding will be done

progressively over the coming weeks, to manage the costs and transition to the new branding with extremely tight cost control over the process.

Board Change

Effective 1 May 2020, Geoff Pritchard will step back from his role as an Executive Director to a Non-Executive Director role. Mr Pritchard has assisted the Company in a sales and lead generation capacity since his appointment to the Board in April 2017. The Board wishes to acknowledge the significant contribution Mr Pritchard has made to the Company in this executive capacity over the past three years and wishes him well in future executive endeavours.

Matt Macfarlane, CEO of icetana commented:

"While it has been a challenging quarter for the market generally, icetana has continued its success in achieving new orders to supply icetana's video analytics solution via its VAR strategy. The new orders are testament to icetana's concerted focus on core industry sectors and growing the recurring revenue base for the company.

The potential for anti-social behaviours to increase as a result of economic fallout from the COVID-19 pandemic represent an opportunity for the security industry to step up and support policy-makers in the achievement of positive law and order outcomes. icetana is well positioned to support efforts to protect against increased risk of theft and aggression towards staff or the public caused by economic and social conditions"

- ENDS -

Authorised for release by the Board of icetana Limited.

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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 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 35 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.