icetana June Quarterly Report

Highlights:

- **The Company experienced significant growth in cash collections during the June quarter ~A$611,000 from installations and client renewals of annual subscriptions**

- **In response to COVID-19, substantial cost savings were implemented to preserve strong cash position in response to COVID-19. Operating cash expenditure reduced by 23% from previous quarter**

- **Net cash outflow for the quarter reduced by more than 50% from previous quarter**

- **Key university client extends subscription for 4 year period and a new order received from Queensland cultural precinct**

- **Sales and product development efforts have been realigned towards industry verticals less impacted by COVID-19 restrictions**

- **Implementations progressing across the globe using remote access, with minimal impact to our team from COVID-19 travel constraints**

- **Significant product enhancements were delivered, with icetana delivering more updates to the code in the past quarter than the previous 9 months, even with the product team working lower hours**

- **As a result of acceleration in cash receipts and implementing cost savings, the Company is well funded with $2.64m cash at bank as at 30 June 2020. The Company is expected to receive an R&D tax refund in the September quarter**

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icetana Limited (ASX: ICE) ("**icetana**" or "**the Company**") is pleased to release its June Quarterly Report and Appendix 4C for the period ending 30 June 2020.

New Orders and Renewals

During the quarter, the Company received new orders and renewals from existing customers and value added resellers (VAR's) in new verticals despite macroeconomic uncertainty caused by COVID-19. These included:

- Mount Royal University has renewed its subscription with icetana for a four year-term through icetana VAR, Delco Security ("Delco"). Under the arrangement with Delco, the Calgary-based Mount Royal University, which has already been using icetana software for more than a year, will use the icetana system to continue to monitor over 200 cameras and provide real-time notifications to campus staff about motion anomalies and unusual events.

- A new client order for the South Bank cultural, social, educational and recreational precinct located on the Brisbane River. The implementation will cover up to 100 cameras in the first 12 months across a range of dining facilities, playgrounds, walkways, bike paths and parklands.

- Multiple renewed clients including an Australian casino precinct, three universities (North America and Australia) and a retail shopping mall in Australia.

The implementation of the icetana product during the quarter continued remotely across the globe, with minimal impact to our team from COVID-19 travel restrictions.

The Company received a total of A$611,000 in receipts from customers during the June quarter. This brings the total cash received from customers for the financial year to approximately A$1.638m. As at 30 June 2020 there is approximately A$450,000 in receivables due from implementations undertaken during the quarter and in the 2020 financial year. $210,000 of this amount was received in cash within 2 days of the financial year end.

It is anticipated that cash collections from customers will continue to be robust in the September quarter with several new implementations due to be completed and the Research and Development Tax claim to be submitted.

Product Development

During the quarter significant product enhancements were released, including:

- A working integration with the Genetec Video Management System
- Significant enhancements to the security layers on the icetana application
- A working release that supports nVidia Turing based video cards which provide additional processing capability and camera count for our customers
- Data analytics to review and report on icetana performance in a timely and targeted manner

Future product releases are planned to focus on:

- Expediting the customer Proof-of-Concept process

- Improving the customer experience to increase the filtering and fidelity of our anomaly detection algorithms
- Support for the popular Redhat Server Operating System
- Deeper integration with the two most popular global video management systems – Milestone and Genetec.

icetana has shipped more updates to the code in the past quarter than the previous 9 months and the product team is performing extremely well despite reduced working hours.

Strategy and Market

icetana has increased its focus on solving the challenge of reduced guarding staff demands in a post-COVID world and marketing efforts are now targeted towards a strong return on investment (ROI) based offering that shows a clear relationship between the number of surveillance cameras actively monitored by icetana and the commensurate savings in manpower guarding services that this can create.

The risks to the public and to guarding staff have been heightened by the challenges of COVID and this new ROI based messaging is playing well for icetana.

COVID-19 Impact and Response

As previously announced to the ASX, customer decision making processes continue to be affected by COVID-19. This has typically manifested as delays and deferrals to deals the Company had been planning to close in the near term, rather than lost opportunities. Some of icetana's key vertical markets, including retail malls, casinos and universities have been directly impacted by COVID-19 restrictions. Whilst there has been no impact thus far on renewals of existing customers in these verticals, there have been some deferrals of tenders, deployments and implementations caused by the uncertainty within customers' own business operations.

Effective 1 May 2020, the Company implemented the following cost savings measures to help preserve our strong cash position:

- The Board of Directors reduced remuneration by 25%
- The Company's CEO and executive team reduced salaries by 20%
- All full-time employees have reduced their working hours to 80% with a commensurate reduction in salary

These savings and other cost reduction measures implemented have resulted in a substantial reduction in the cash payments from operating activities during the quarter. This represents a 23% drop in cash expenditure in comparison to the previous quarter and the Company will continue to review and reduce its expenditure where appropriate.

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 the Prospectus dated 15 November 2019.

Matt Macfarlane, CEO of icetana commented:

"Whilst our fourth quarter growth has been impacted by COVID I am very proud of the way the team has rallied around our cost savings measures and sustained a backlog of customer implementations with only remote access. We have also rolled out some significant product enhancements and pivoted our marketing towards a clearer cost-savings opportunity.

Our deal pipeline remains positive and as corporate sentiment improves we expect revenues to grow in a more predictable manner."

Executive Change

The Company notes the recent departure of Chief Revenue Officer, Damon Watkins, to focus on personal business interests. The Board thanks Damon for his efforts and contribution to the Company and wishes him well.

Summary of expenditure

The Company's total expenditure during the quarter was approximately $1,239,000, of which approximately:

- $423,000 was spent on sales, marketing and partner expansion costs;
- $488,000 was spent on research and development costs;
- $271,000 was spent on corporate and financial costs; and
- $57,000 was spent on general administration costs and working capital.

Payments totalling approximately $73,000 (included in the above) were made to related parties of the Company, comprising gross salaries, superannuation and fees to executive and non-executive directors.

Listing Rule 4.7C.2 Disclosure

In accordance with Listing Rule 4.7C.2, the Company has attached a comparison of actual expenditure against the estimated expenditure on the individual items in the "Use of Proceeds" statement in the Company's Prospectus since the date of its admission to the official list.

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Authorised for release by the Board of icetana Limited.

For further information contact:

icetana Limited Matt Macfarlane Chief Executive Officer +61 400 605 960 ceo@icetana.com	Shane Cranswick CFO and Company Secretary +61 401 671 897 shane@icetana.com.au

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.