

19 October 2022

icetana September 2022 Quarterly Report

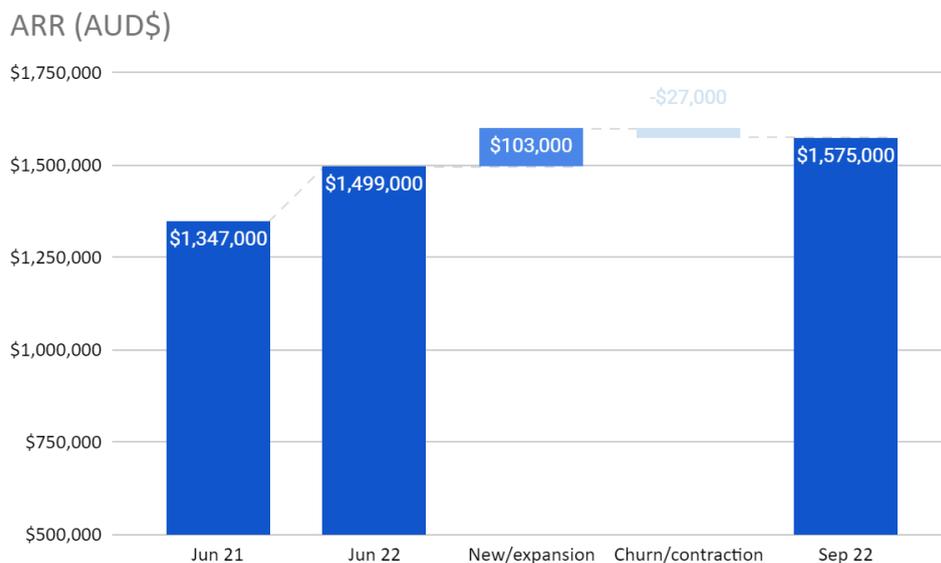
icetana Limited (ASX: ICE) (“icetana” or “the Company” or “we”), a global software company providing artificial intelligence solutions to detect real-time anomalous events on video surveillance systems, is pleased to release its activities report and Appendix 4C for the quarter ended 30 September 2022 (Q1 FY23).

Highlights:

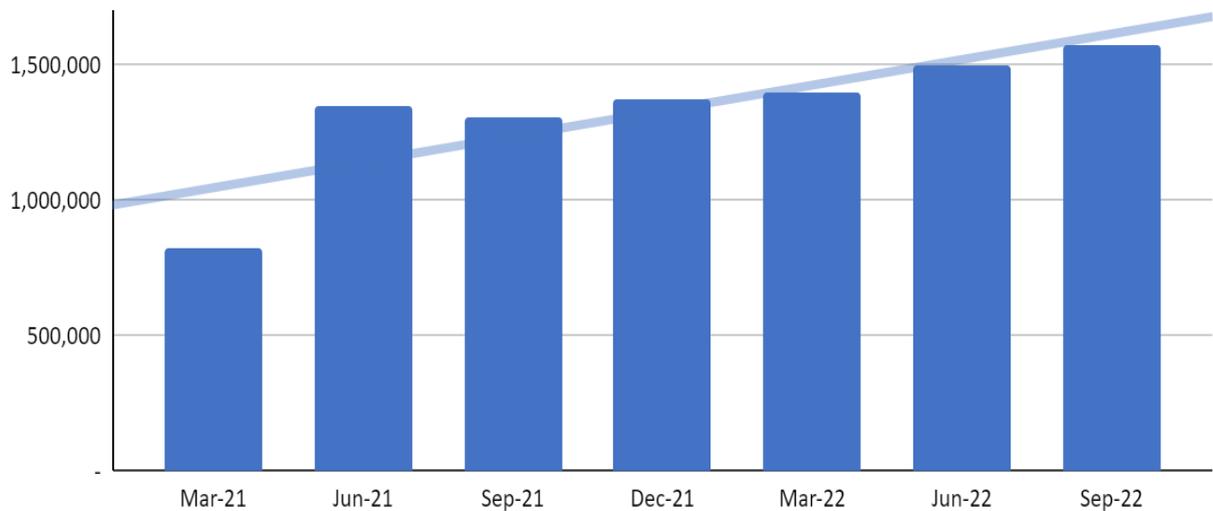
- **Annualised recurring revenue of \$1.6m as at September 2022, up 20% year on year and 5% quarter on quarter.**
- **Net customer retention of 101% over the quarter, demonstrating the Company’s ability to grow through expansion orders.**
- **Net cash outflow of \$88k for the quarter and well capitalised with \$1.9m cash at bank.**
- **A rebuild of the cap table through attracting longer term cornerstone investors, including increased commitment from our largest shareholder - the Meurs Family Office. As well as the addition of two new substantial shareholders with Lance East Office (off-market transfer) and Macnica (US\$500k placement in mid October).**

Financials

Annualised recurring revenue (ARR) increased 5% QoQ and 20% YoY to \$1.6m:



ARR (AUD\$)



Quarterly revenue through the September quarter was \$390k, up 3% year on year and 6% quarter on quarter.

Key metric	September 22 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.6m	▲ 5%	▲ 20%
Quarterly Revenue	\$390k	▲ 6%	▲ 3%
Cash from customers	\$278k	▼ 70%	▼ 48%

Key metric	September 22 quarter
Gross margin	86%
Net ARR retention ¹	101%

The Company received a total of \$278,000 cash from customers during the quarter, down 48% on the previous quarter and 70% on the September 2021 quarter (both the comparison quarters included large one-off enterprise sales).

Matt Macfarlane, CEO of icetana commented:

"Our enhanced product took a leap forward this quarter, with the initial launch of Version 2 (next generation) and early feedback from early trial customers has

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

been very promising. I am pleased with the changes to our shareholdings that has resulted in investors who:

- a) take a long term perspective on investing; and*
- b) have additional cash available to invest as the business grows*

Previous value-adding venture fund investors were unable to deploy additional capital due to the life cycle of their fund. The December quarter will be very important for our enhanced product as we progress many deals that have been initiated on the back of targeted marketing activities."

New orders, renewals and deployments

Traction, new orders and expansion

- Expansion of Crown Melbourne with an increase in cameras under licence².
- Proof-of-concepts initiated with City of Ipswich and AMP Capital in Queensland and with several customer opportunities through Macnica in Japan².
- New orders and deployments through Japanese strategic partner Macnica, with Mitsubishi Estate and Mitsubishi Jisho².

Retention and renewals

- Continued strong customer retention and expansion with 101% net ARR retention over the quarter, with customer expansions including Crown Melbourne and Access Group².
- Return of a previous trial customer in Japan, NTT East².

Deployments

- Deployment of another US state prison, the fifth of six prisons expected to be implemented over the course of this calendar year through US partner Rasilient.

Product progress

icetana's next generation product is launch-ready across cloud, on premise or offline (file based) and in early adopters' hands.

The new product remains self-learning with no predefined rules required, delivering on our promise to help security professionals manage large scale surveillance networks.

Next generation icetana has been rebuilt from the ground up using the latest technology in computer vision and machine learning.

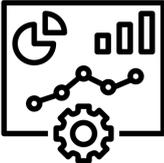
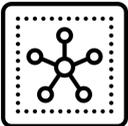
² These agreements are not considered material on a standalone basis

icetana can now be deployed globally, easily and securely within hours on Amazon Web Services (AWS) - for those customers choosing the cloud deployment option.

Prospective customers can gain an understanding of “what icetana would find” to protect their people and property quickly and easily, by sharing stored footage and using our new file-based Proof of Concept capabilities.

Next generation icetana understands each unique camera's visual context within 24 hours, compared to the 14 day learning period of the classic product.

Some examples of enhancements implemented:

	Original	New icetana
Deployment	 <p>On premise, thick client tools, weeks to deploy</p>	<p>On-premise/cloud, browser based, hours to deploy</p>
Detection approach	 <p>Optical flow (pixels only), high event rate</p>	<p>AI Object detection, removes environment issues</p>
Incident reporting	 <p>Separate web system , excel reports, quarterly performance reports (manual)</p>	<p>Fully integrated, web based and learning loop ready, real-time performance monitoring</p>
Scale	 <p>Master, slave co-located (same server rack)</p>	<p>Distributed hub-and-spoke encrypted aggregation over the web</p>

Customers

We have shipped the new product to several resellers for evaluation and have initial indications of interest from a number of customers who have seen early product demonstrations during the quarter.

We also completed our first file-based Proof-of-concept where we analysed file based footage on behalf of a Melbourne-based guarding services company.

The client has asked for a wider rollout and quotation on the back of the file based results, and the team is working at scaling up this type of customer engagement model for new sales.

Next

Our focus this quarter will be on shipping our enhanced product to a meaningful number of new customers with relatively small camera counts, to prove our capability in a range of real-world environments. The development team is firmly focused on two core activities:

- a) scaling our offering to increase camera count with new customers and growing our existing customer accounts; and
- b) improving the breadth and quality of our algorithms for the automated detection of interesting events.

Cashflow

Over the past 12 months the Company's net cash outflows (excluding financing activities) have averaged \$179,000 per month. At quarter end the Company's cash stood at \$1.9m. This excludes the placement to Macnica in October.

This quarter we received the annual R&D tax incentive payment of around \$660,000.

Summary of expenditure

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

- \$701k staff;
- \$140k operating;
- \$9k research and development;
- \$54k sales, marketing and partner expansion; and
- \$92k general administration and corporate.

Payments totalling approximately \$101,000 (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 motion intelligence 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 50 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.