

26 January 2023

icetana December 2022 Quarterly Report

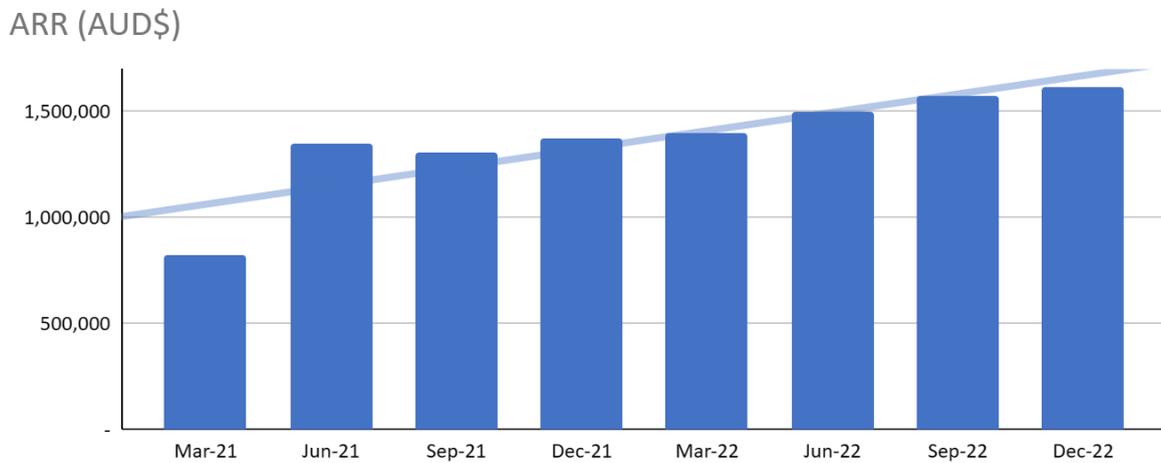
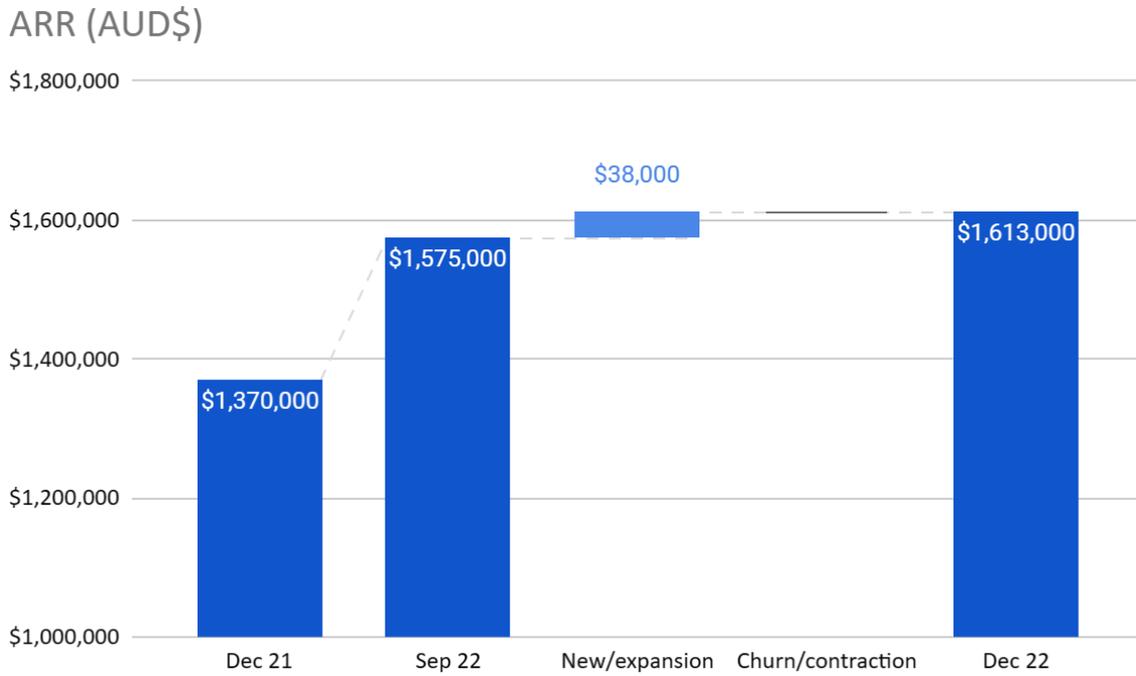
icetana Limited (ASX: ICE) (“**icetana**” or “**the Company**” or “**we**”), a global software company providing artificial intelligence solutions to detect real-time anomalous events on video surveillance systems, is pleased to release its activities report and Appendix 4C for the quarter ended 31 December 2022 (Q2 FY23).

Highlights:

- **Annualised recurring revenue of \$1.6m as at December 2022, up 18% year on year and 2% quarter on quarter.**
 - **Quarterly revenue through the December quarter was \$426k, up 10% year on year and 9% quarter on quarter.**
 - **Net customer retention of 102% over the quarter, demonstrating the Company’s ability to grow through expansion orders.**
 - **Successfully achieved first sales of the next generation software as planned, with positive customer feedback following early deployments.**
 - **Net operating cash outflow of \$560k for the quarter, remaining well capitalised with \$2.0m cash at bank.**
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Financials

Annualised recurring revenue (ARR) increased 2% QoQ and 18% YoY to \$1.6m:



Quarterly revenue through the December quarter was \$426k, up 10% year on year and 9% quarter on quarter.

Key metric	December 22 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.6m	▲ 2%	▲ 18%
Quarterly Revenue	\$426k	▲ 9%	▲ 10%
Cash from customers	\$425k	▲ 53%	▲ 37%

Key metric	December 22 quarter
Gross margin	83%
Net ARR retention ¹	102%

The Company received a total of \$425,000 cash from customers during the quarter, up 53% on the previous quarter and 37% on the December 2021 quarter.

Matt Macfarlane, CEO of icetana commented:

"The December quarter provided order growth in our campus security offering with expansion of the Curtin University relationship and a new 3 year contract with Monash University. The team has been working on the scaling of our latest generation product so that we can increase the number of cameras per server. The coming quarter brings a range of growth opportunities particularly in the Middle East and Japanese markets."

Customers: new orders, renewals and deployments

icetana is now able to provide a live demo to customers during sales calls to any region in the world which has substantially enhanced our early engagement.

Current buying signals in the next generation product have come from guarding services, campus security, shopping mall and integrated entertainment companies.

Expansion from existing customers remains a focus through our customer success efforts.

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

Traction, new orders and expansion this quarter included:

- Expansion order from long-standing customer Curtin University, for 150 additional cameras deploying our next generation product².
- New order from Monash University with a three-year, A\$260,000 contract.
- New proof-of-concept orders received through Japanese strategic partner Macnica².

Current next generation trial customers will be approached for expansion potential and month to month offerings migrated to annual plans.

Large renewals and sales expansion opportunities in the Middle East are expected during Q3, whilst cash collection is typically lower during this period.

Retention and renewals

- Continued strong customer retention and expansion, with 102% net ARR retention over the quarter, with customer expansions through US partner Rasilient.
- 100% renewal of existing customers including a global banknote provider² and a Singapore retail shopping group².

Deployments

- Deployment of another three US state prisons, taking the company to a total of nine prisons implemented through US partner Rasilient over the past 15 months (contributing over \$100k ARR), with more expected in the next 12 months.

Product progress

The product team has been focused on improving scalability, performance, endurance and explainability.

The user interface can now handle aggregated servers, which can individually service hundreds of camera streams, unlocking massive surveillance network capabilities.

Redhat is now supported as well as the UBUNTU operating system, increasing our deployable footprint.

Multiple GPU capabilities are now supported, enabling hundreds of cameras on a single server.

The incident reporting feature has been redefined to support machine learning data labeling, which will allow the system to optimize and learn on its own in

² These agreements are not considered material on a standalone basis

future. Highlight reels and incident reports can be easily shared with clients and or management, further reducing the need for manual work and reporting.

A proof of concept video management system (VMS) integration was spun up for NX Witness (a large global VMS supplier), validating the extensibility of the product API.

Increasing the sample frame rate from 0.5 FPS to 4FPS unlocked the first production trip-and-fall algorithm which continues to improve in the lab.

Explainability (helping our customer understand the events we detect) has been enhanced by displaying the specific event reason, type and bounding box location on the LiveWall display and in the Highlight reels.

Corporate

The Company completed the placement of 28.5m shares to global technology company and strategic partner Macnica, for US\$500k. As part of the agreement, Macnica receives enhanced distribution rights for Japan, Brazil and Europe, and remains deeply engaged in icetana's product and commercialisation journey.

Cashflow

Over the past 12 months the Company's net operating cash outflows (excluding investing/financing activities) have averaged \$188,000 per month. At quarter end the Company's cash stood at \$2.0m.

Summary of expenditure

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

- \$679k staff;
- \$266k operating;
- \$36k sales, marketing and partner expansion; and
- \$50k administration, corporate and other.

Payments totalling approximately \$97,000 (included in the above) were made to related parties of the Company, comprising gross salaries, superannuation and fees to executive and non-executive directors.

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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.