24 July 2024

icetana AI June 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 30 June 2024 (Q4 FY24).

Highlights:

- **Annualised recurring revenue ("ARR") of $1.9m as at June 2024, up 16% year on year ("YoY") and 9% quarter on quarter ("QoQ") - the company's strongest QoQ growth rate in three years.**

- **Net ARR retention was 102% QoQ, due to existing contract renewals.**

- **Total quarterly revenue (software + hardware) of $473k, up 12% YoY but down 5% QoQ.**

- **Net operating cash outflow was $336k for the quarter, remaining well capitalised with $1.5m cash at bank.**

- **Brand launch of 'icetana AI' to reflect next generation product capability including:**

  - **Line crossing and occupancy,**

  - **Facial recognition and licence plate recognition,**
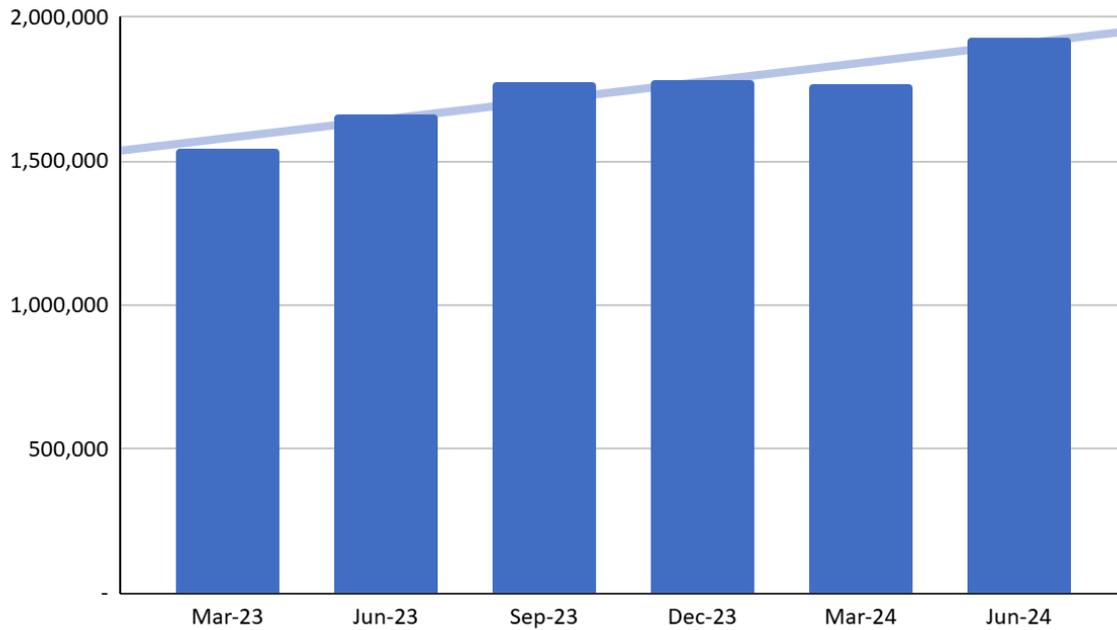
  - **Creation of own GPT.**

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icetana AI Chief Executive Officer Kevin Brown commented:

"We've delivered our strongest quarter of ARR growth in the past three years. Last year we raised funds with a commitment to invest into our sales and marketing function. This investment is now delivering results.

We continue to leverage our reputation as the industry-leading video analytics company using proprietary self-learning AI software to detect abnormal activity and notify security risks in real-time. We have consolidated in the Middle East and Japan, and are now responding to increasing interest from the North American market with the appointment of a local business development resource. There has already been a significant uptick in leads and enquiries, both through our local partners and directly.

The launch of our new icetana AI branding reflects an enhanced offering that is leveraging our self-learning AI software to review and analyse video surveillance data. This allows us to broaden product applications beyond safety and security,

to include for example retail analytics, licence plate and facial recognition. These will increase new customer types, applications and use cases, as well as upsell opportunities to our existing customer base."

Financials

ARR increased 9% QoQ and 16% YoY to $1.9m:

ARR (AUD$)

The quarter saw strong ARR growth as orders received during Q3 of FY24 were deployed and recognised in Q4 of FY24.

ARR (AUD$)

Quarterly revenue through the June quarter was $473k, up 12% YoY but down 5% QoQ, due to the timing of a one-off hardware sale last quarter.

The Company received a total of $1.3m cash from customers during the quarter, up 59% on the June 2023 quarter and 176% on the previous quarter.

Key metric	Q4 FY24	Variance from Q3 FY24	Variance from Q4 FY23
ARR	$1.9m	▲ 9%	▲ 16%
Total revenue	$473k	▼ 5%	▲ 12%
Cash receipts from customers	$1.3m	▲ 176%	▲ 59%

Key metric	Q4 FY24
Gross margin	87.5%
Net ARR retention[1]	102%

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

New orders, renewals and deployments

The Company's sales and marketing initiatives over the past quarter led to new customer orders, deployments of existing orders and contract renewals. Notable activity included:

- Deployment of a previously announced sale to Abu Dhabi Ports[2].

- Continued traction in the Japan through local partner Macnica, including:

    o New sale to a large Japanese communications company[2];

    o New proof-of-value deployment with a significant Japanese industrial company[2];

    o Conversion of a proof-of-value project into a SaaS sale to a Japanese railway company[2].

- Deployment of a new contract with an end user in the defence sector through the Company's distributor in Jordan[2].

- Deployment of icetana AI's first contract with Startologic Technologies, a fast-growing security software distributor in India[2].

Retention and renewals

In addition to new sales, the quarter saw multiple renewals with existing customers across the US, Canada, Brazil, Japan and Singapore.

Growing sales contracts from existing customers remains a focus through icetana AI's customer success efforts. The Company's recently-hired customer experience specialist is successfully working with customers, helping define and meet their safety and security needs. During the quarter, icetana AI deployed over $90,000 worth of expanded ARR.

As a result, Q4 FY24's net ARR retention metric was 102%, with the expansion of sales demonstrating the Company's ability to grow revenue from its existing customer base.

Brand and product

During Q4 FY24, icetana AI proudly launched its comprehensive new product suite to the market. The Company's core product, Safety & Security, is now complemented by additional offerings including Analytics, Forensic Quick Find, Facial Recognition and Licence Plate Recognition. The Company has also created its own generative pre-trained transformer ("GPT"), improving its AI capabilities.

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[2] These agreements are not considered material on a standalone basis

To reflect these advancements, the Company has launched a new brand. This includes adding AI to the icetana name, introducing a new website, and updating the Company's marketing collateral with a more modern design.

Product development

The Company's product had two main areas of development this quarter:

- line crossing and occupancy, and
- facial recognition and licence plate recognition.

Our **line crossing and occupancy** offering gives customers the ability to track the occupancy and flow of traffic through their sites. It enables operators to understand the foot traffic patterns at their site and to make informed decisions, such as raising rent in high-traffic areas or optimising the layout for better accessibility or security. Users can also monitor traffic flow and identify congestion points to enhance security in parking lots, public areas or restricted roadways.

icetana AI has also built its own **facial recognition and licence plate recognition** functions. Customers can add these functions to the Safety & Security solution to easily manage access lists and detect when a person or vehicle of interest enters their site. These are tightly integrated with our current UI, offering a simple, clean and easy-to-use product that is built for scale.

icetana AI can now compete in markets it previously was not able to through these new areas of focus. Facial or licence plate recognition is currently a requirement for many organisations and it bolsters the analytical offering icetana AI has. This is expected to increase the number of camera deployments across existing customers, predominantly in the retail space.

Cashflow

Over the past 12 months the Company's net operating cash outflows (excluding investing/financing activities) have averaged $145,000 per month. At quarter end the Company's cash stood at $1.5m.

Summary of expenditure

The Company's total operating cash expenditure during the quarter was approximately $1.7m, comprising approximately:

- $1.06m staff;

- $512k operating and research and development;

- $44k sales, marketing and partner expansion; and

- $40k administration, corporate and other.

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, 75+ sites, and 16,000+ cameras and 15+ countries.