29 August 2024

icetana AI FY24 full year results

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 full year statutory accounts and Appendix 4E, for the twelve months ended 30 June 2024 (**"FY24"**).

FY24 Highlights:

- **Annualised recurring revenue ("ARR") of $1.9 million as at June 2024, up 16% year on year ("YoY") - our strongest YoY growth rate in 3 years.**
- **$3.6m cash received from customers, up 87% YoY.**
- **Net ARR retention was 96% over the full year, with multiple expansion sales of our new generation product offset by the loss of some legacy version 1 customers.**
- **Revenue of $3.7 million, up 112% YoY.**
- **Net operating cash outflow of $1.54m for the year, an increase of $148k from FY23.**
- **Well capitalised with $1.5 million cash at bank, up $0.5m on 30 June 2023.**
- **Refreshed brand 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:

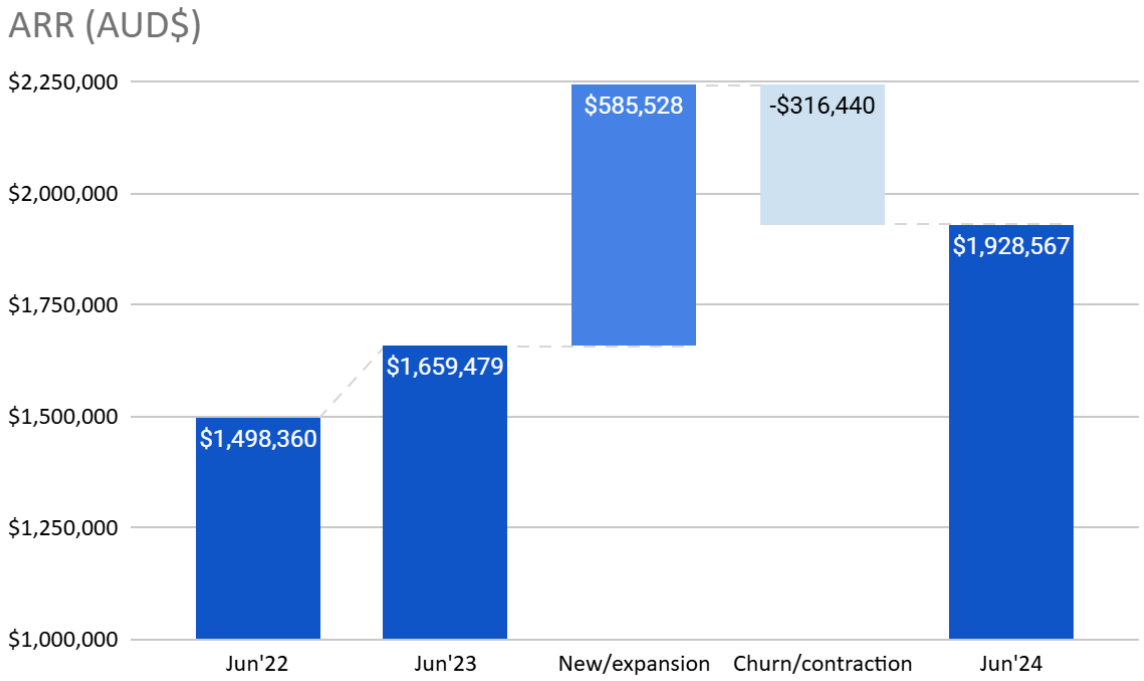
"FY24 marks our most successful year financially and operationally, underpinned by record ARR growth, a testament to our focus on innovative product development and customer engagement. We've significantly strengthened our market position across key regions with a substantial increase in new orders, strategic renewals, and major deployments.

"Major milestones included the upgrade of most of our customers to our second generation software, substantial hardware sales, renewal of significant contracts and expansion into new markets. Our advancements in machine learning and algorithm accuracy not only enhanced our product offerings but also opened new opportunities in analytics and security management.

"As we launched our new product suite, including Analytics, Forensic Quick Find, Facial Recognition, and License Plate Recognition, we also developed our own GPT to enhance AI capabilities. To reflect these advancements, we rebranded to 'icetana AI,' introducing a new website, and updated our marketing collateral as we embark on our next stage of growth."

Financials

ARR increased 16% YoY to $1.9 million in FY24 as orders received during year were deployed and recognised.



icetana AI generated revenue of $3.7 million, an increase of 112% on the prior corresponding period. This strong growth was driven by an increase in recurring revenue, combined with a $1.5m sale of AI hardware to the Company's main customer. This hardware was required to service the customer's 16 shopping malls throughout the Middle East. This significant hardware sale negatively impacted the Company's gross margin, as the high software margins were offset by a lower hardware margin.

The Company generated an operating cash outflow of $1.54 million in FY24, an increase from the $1.39 million in FY23. The rise was primarily due to increased expenditure, especially in the sales and marketing function.

Key metric	FY24	FY23	% Change
ARR	**$1.9m**	**$1.7m**	▲ **16%**
FY24 Revenue	**$3.7m**	**$1.7m**	▲ **112%**
Cash from customers	**$3.6m**	**$1.9m**	▲ **87%**
Gross margin	**58%**	**87%**	▼ **29%**

Operational overview

New orders, renewals and deployments

icetana AI's strategic decision to invest in sales and marketing initiatives over the past year has generated new customer orders, deployments of existing orders and contract renewals. Notable activity over FY24 included:

- Upgrade of hardware and software across 17 shopping malls in the Middle East, with the Company's largest customer Majid al Futtaim Properties. The successful installation of the hardware unlocked the recognition of the $1.5 million hardware sale value, as well as the renewal of $0.5m ARR.
- Renewal of a three-year, $1 million contract with Prosegur Singapore, including an upgrade to icetana AI's latest software.
- A three-year expansion sale to Abu Dhabi Ports adding over $40k to ARR.
- $250,000 hardware and expansion deal through Canadian reseller Delco Security, for a five-year contract, adding over $30k to ARR.
- Continued Japanese market expansion including proof-of-value sales to a public sports stadium, shopping mall operator, railway company, property manager, and a large communications company, with some converting to SaaS sales.
- First sales in new markets including partnerships with GSI in Jordan (defence sector, adding over $45k ARR in Q3, deployment in Q4) and Startologic Technologies in India (adding over $30k to ARR).

Retention and renewals

Throughout the year, icetana AI focused on retaining and expanding sales with existing customers across various regions, demonstrating its ability to grow revenue from its current customer base. This approach has been a key driver of the improved ARR in FY24.

The Company achieved multiple renewals in Q1 with Australian casino operators Crown Melbourne and Crown Sydney, and Mitsubishi Estate in Japan. An additional expansion sale to a globally renowned integrated resort operator in Singapore, marked the second expansion sale to this client, and helped secure renewal of the three-year contract.

Notable renewals during Q2 included a 12-month contract with a US-based currency printer and an expansion sale to Tamdeen.

Q3 saw a $500k purchase order from Majid Al Futtaim for the annual renewal of their contract.

During Q4 significant renewals were secured in the US, Canada, Brazil, Japan, and Singapore, highlighting the effectiveness of the customer success efforts.

Over the year net ARR retention was 96%, with the multiple expansion sales of our new generation product offset by the loss of a small number of legacy version 1 customers - in particular the loss of a legacy contract in the aircraft industry, which no longer aligned with icetana Ai’s new offerings.

A recently-hired customer experience specialist played a key role in defining and meeting customer safety and security needs, contributing to a net ARR retention metric of 102% in Q4.

Channel-first approach

Over the past year, our strategic focus on a channel-first approach across the Gulf Cooperation Council (GCC) and emerging markets has delivered significant results. We have forged 11 new strategic partnerships in key emerging markets, including Jordan, Iraq, Turkey, Egypt, and India, strengthening our pipeline and enabling accelerated growth. In Q4 alone, these partnerships have generated 20,000 Sales Qualified Leads, highlighting our ability to rapidly scale customer acquisition across diverse geographies.

Our success in the Middle East has been particularly noteworthy. We expanded our partner network from 10 to 27 partners, representing a 170% increase in this critical region. This growth underscores our commitment to deepening our presence and expanding our influence in high-opportunity markets.

A standout success has been our partnership with Startologic in India. This collaboration has sparked substantial market interest, resulting in 70,000 Marketing Qualified Leads, all connected to Startologic and currently in the

process of qualification. These leads represent a vast opportunity for future growth.

The GCC region remains central to our growth strategy. We have secured seven new partnerships in the region, with key agreements with Memar, Energy International and Safe in Saudi Arabia. These partnerships are propelling us toward the conclusion of significant deals, including opportunities for the deployment of thousands of cameras across the region. This momentum further solidifies our position in this high-potential market.

Brand and product development

icetana AI has made significant advancements in product development and engineering, enhancing existing features and introducing new capabilities to meet customer needs and expand into new markets.

Key engineering and machine learning efforts focused on improving algorithm event quality to reduce false positives, with enhancements in tracking and frame rate paving the way for expanded analytics, including loitering, dwell time, and retail analytics, as well as improved people and car counting accuracy.

Notable product developments include:

- **User interface improvements**: New health screen, camera details page, camera offline notifications, incident page and Livewall ticker.
- **Algorithm enhancements**: Effective loitering detection and animated bounding boxes for transparency and quicker internal debugging.
- **Event day functionality**: Supports larger camera deployments, improving service for current customers and expanding into new markets such as stadiums.
- **Integrations**: With Milestone, Genetec and NX Witness, for unified user and camera management.
- **Heatmaps and context learning**: Detailed activity and dwell analysis and enabling of Operator input to better meet specific needs and increase engagement.
- **Improved GPU support**: Leveraging modern NVIDIA Ada GPUs for enhanced processing capabilities.
- **New features**: Occupancy count, full video recording, forensic quick find of a person, facial recognition, licence plate recognition and a GPT function.

These new product offerings allow for rapid identification of persons of interest, comprehensive event reviews and enhanced security and access management whilst leveraging the latest technologies.

Outlook

CEO Kevin Brown commented:

“Building on our record revenue growth and operational advancements in FY24, we are well-positioned to expand into new and existing markets. Our strategic focus will remain on expanding our reach in key regions, driving new orders, and strengthening renewals and deployments.

“The launch of our comprehensive new product suite, along with the development of our own GPT, has laid the foundation for expanding our product capabilities.

“We anticipate that our advancements in machine learning, algorithm accuracy, and user experience will continue to open new opportunities in analytics and security management. With a strong pipeline of new and existing customer engagements, we are confident in our ability to deliver a strong start to FY25."

– 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.