

30 October 2024

icetana announces convertible notes agreements with major shareholders

Highlights:

- icetana AI has conditionally agreed to issue convertible notes to existing substantial shareholders to raise \$720,000.
- The investors are two of the Company's three largest shareholders: strategic partner Macnica Inc. and Skiptan Pty Ltd as trustee for the P&M Meurs Family Trust.
- The funds to be raised will be used to fund sales and other activities until a larger capital raise, which is expected to occur in the third quarter of the 2025 financial year.
- Following issue of the convertible notes, Macnica Inc. is to be offered a board seat and extended exclusive distribution rights in certain territories, further strengthening the strategic relationship between the two companies.
- Shareholder approval of the convertible notes is to be sought at the AGM.

icetana Limited (ASX: ICE) ("icetana AI" or "the Company"), a leading provider of AI-based video analytics solutions, announces that it has entered into convertible note subscription agreements with major shareholders, Macnica, Inc. ("**Macnica**") and Skiptan Pty Ltd as trustee for the P & M Meurs Family Trust ("**Skiptan**") for the issue of unsecured convertible notes to raise \$720,000 (before costs) ("**Convertible Notes**").

The support from these two major shareholders, which includes Macnica, a Japanese exchange-listed global technology company with a market capitalisation of over A\$1.8 billion, will help fund new sales opportunities following the Company's recently relaunched brand and extended product offering.

Convertible Notes

The Company has entered into binding, conditional agreements for the issue of the Convertible Notes to two of its three largest shareholders as follows:

- Macnica, a subsidiary of Macnica Holdings, Inc. (TYO: 3132) (a > \$A1.8bn market cap global technology company), investing \$500,000; and
- Skiptan, the family office of Mr Peter Meurs, investing \$220,000.

icetana AI shareholder approval is required (including under the ASX Listing Rules), and receipt of such shareholder approval by 31 January 2025 is a condition precedent to the issue of the Convertible Notes. The Company intends to amend the Notice of Meeting for the Company's Annual General Meeting to be held on 29 November 2024¹ to seek the requisite shareholder approvals.

A summary of the key terms and conditions of the Convertible Notes is set out in the Appendix to this announcement. Customary additional terms also apply, such as warranties. Given the floor price, the maximum number of shares in the Company that may be issued upon conversion of all the Convertible Notes is 43,623,529 shares (plus any potential issues of shares pursuant to the Dilution Fee detailed in the Appendix, if applicable).

In relation to Macnica only (as also detailed in the Appendix), following the issue of its Convertible Notes and provided Macnica continues to hold at least 10% voting power in icetana AI:

- Macnica may nominate a non-executive director to the board of the Company;
- and it is proposed for Macnica and the Company to agree for, subject to any applicable conditions precedent (including any icetana AI shareholder approval needed), Macnica to have 3 year exclusive distribution rights in relation to the icetana AI product offerings in Japan, Brazil, Argentina and Chile.

Indicative use of funds

Following the Company's relaunched brand and extended product offering in Q4 FY24, including line crossing and occupancy, facial recognition and licence plate recognition, the September quarter saw strong traction in the market with several substantial deals at proof of concept stages. Subject to the Board's discretion to determine the ultimate use of funds, the funds to be raised from the Convertible Notes are proposed to be used to fund sales and other on-going

¹ Which was announced by the Company on October 29th 2024.

activities until a larger capital raise proposal which is expected to be sought in the third quarter of the 2025 financial year.

Chief Executive Officer Kevin Brown commented: "We're delighted that two of our largest shareholders have reaffirmed their financial commitment to the Company. It is a strong endorsement of our strategic direction that these large shareholders have agreed to support this capital raise. These shareholders share our long term perspective, and we are pleased to see them build their respective stakes in icetana without having ever sold any shares. In addition, the Board looks forward to welcoming a representative of Macnica as a new member in due course."

"Our new icetana AI product suite is resonating well in key markets, with a very strong pipeline of leads being generated in the Middle East and increasing engagement in North America. Our enhanced offering has opened up new sale and upsell opportunities across analytics, licence plate and facial recognition, and we look forward to executing on these opportunities with a strengthened balance sheet."

- 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.

Forward-looking statements

This announcement contains forward-looking statements. Those forward-looking statements reflect views held only as at the date of this announcement. Any such statement is subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement, and such deviations are both normal and to be expected. Recipients must make their own assessment about the likelihood of a matter, about which a forward looking statement is made, occurring. The Company makes no representation about the likelihood of a matter, about which a forward-looking statement is made, occurring.

The Company and its directors, employees, agents, advisers and consultants: give no representation or warranty to a recipient of this announcement as to the accuracy or completeness of the statements contained in this announcement or in relation to any other matter; and to the fullest extent permitted by law, disclaim responsibility for and have no liability to a recipient of this announcement for any error or omission in or for any statement in this announcement.

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Appendix – Key Terms of the Convertible Notes

<p>Subscription Amount and number of Convertible Notes</p>	<p>The amount to be paid to the Company ("Subscription Amount") respectively by Macnica and Skiptan (each, a "Noteholder") as consideration for the issue of their respective Convertible Notes (subject to the passing of the relevant resolution of shareholders of the Company approving the relevant Convertible Notes issue, by 5.00pm on the 31 January 2025) is as follows:</p> <p>(a) Skiptan is to pay \$220,000 to the Company in consideration for the issue of 220,000 Convertible Notes; and</p> <p>(b) Macnica is to pay \$500,000 to the Company in consideration for the issue of 500,000 Convertible Notes.</p>
<p>Face Value</p>	<p>Each Convertible Note has a face value of \$1.03 (which is comprises of \$1.00 being part of the Subscription Amount and \$0.03 being an uplift amount) ("Outstanding Principal").</p>
<p>Maturity Date</p>	<p>The later to occur of:</p> <p>(a) the date which is 12 months after the date of issue of the Convertible Notes; or</p> <p>(b) the date which is 24 months after the date of issue of the Convertible Notes, if at least ten business days prior to the date which is 12 months after the date of issue of the Convertible Notes the Noteholder gives notice to the Company that the maturity date of the Convertible Notes is extended,</p> <p>("Maturity Date").</p>

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Conversion Events	<p>Convertible Notes convert into fully paid ordinary shares in the Company ("Shares") on the earlier to occur of the following (to the extent they are not already converted or redeemed):</p> <ul style="list-style-type: none">(a) following the Maturity Date, the Outstanding Principal per Convertible Note will automatically convert in its entirety into Shares ("Maturity Date Conversion");(b) following the completion of the first capital raising by the Company after 1 January 2025 by way of placement and/or pro rata issue (as defined in the ASX Listing Rules) of Shares of at least \$1,000,000 (before costs) ("Capital Raising"), the Outstanding Principal per Convertible Note will automatically convert in its entirety into Shares ("Capital Raising Conversion"); or(c) each Noteholder may, at its sole discretion, after the date that is six months after the issue of the Convertible Notes and prior to a week before the Maturity Date, elect to convert the Outstanding Principal for some or all of their Convertible Notes into Shares by issuing the Company a conversion notice ("Voluntary Conversion"), <p>(each a "Conversion Event").</p>
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Conversion Price

The number of Shares to be issued to the Noteholder on conversion of a Convertible Note is calculated as follows:

where:

- A equals the number of Shares to be issued;
- B equals the Face Value; and
- C equals the Conversion Price.

In relation to Capital Raising Conversion, the Conversion Price will be the higher of:

- (a) the Floor Price; and
- (b) 90% of the issue price per Share which was issued pursuant to the Capital Raising.

In relation to Voluntary Conversion, the Conversion Price will be the higher of:

- (a) the Floor Price; and
- (b) the volume weighted average price of Shares calculated over any ten consecutive trading days (as determined by the Noteholder, or failing its determination as determined by the Company's Board) during the twenty trading day period immediately preceding the Voluntary Conversion date.

In relation to Maturity Date Conversion, the Conversion Price will be the higher of:

- (a) the Floor Price; and
- (b) the volume weighted average price of Shares calculated over any ten consecutive trading days (as determined by the Noteholder, or failing its determination as determined by the Company's Board) during the twenty trading day period immediately preceding the Maturity Date.

The "**Floor Price**" is \$0.017.

The issue of Shares on the occurrence of a Conversion Event is subject to the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the *Corporations Act 2001* (Cth) ("**Corporations Act**"), concerning Australian takeovers law compliance. The Company may, but is not required to, seek the approval of its shareholders for the

	<p>purposes of Item 7 of section 611 of the Corporations Act to permit the issue of any Shares on the occurrence of a Conversion Event.</p> <p>To the extent relevant Convertible Notes cannot be converted without breaching the law, the Noteholder may declare the Outstanding Principal in respect of those relevant Convertible Notes to be due and payable, and the Company must redeem those Convertible Notes (see the "Redemption" item below).</p>
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Dilution Fee	<p>If the Convertible Notes are converted into Shares pursuant to a Capital Raising Conversion but the issue price per Share which was issued pursuant to the Capital Raising was lower than the Floor Price, then, within forty business days after the issue of the Shares, the Company will either (at the Board's discretion):</p> <ul style="list-style-type: none"> (a) pay to the Noteholder in immediately available funds the amount (in Australian currency) equal to the product which results from multiplying the number of Additional Capital Raising Shares by the issue price per Share which was issued pursuant to the Capital Raising; or (b) in lieu of making that payment (but subject to and conditional upon the passing of a shareholder resolution, by the holders of Shares at a general meeting of the Company, approving the issue of the Additional Capital Raising Shares to the Noteholder for the purposes of the ASX Listing Rules and for all other purposes (including, if required, the Corporations Act)) issue the Additional Capital Raising Shares to the Noteholder. <p>"Additional Capital Raising Shares" means the number of Shares remaining after subtracting the number of Shares issuable pursuant to a conversion of the Convertible Notes pursuant to a Capital Raising Conversion from the number of Shares issuable pursuant to a conversion of the Convertible Notes pursuant to a Capital Raising Conversion as if there were no Floor Price.</p> <p>If the Convertible Notes are converted into Shares pursuant to a Maturity Date Conversion but the volume weighted average price of Shares calculated over the relevant ten consecutive trading days (as determined above) during the twenty trading day period immediately preceding the Maturity Date was lower than the Floor Price, then, within forty business days after the issue of the Shares, the Company will either (at the Board's discretion):</p> <ul style="list-style-type: none"> (c) pay to the Noteholder in immediately available funds the amount (in Australian currency) equal to the product which results from multiplying the number of Additional Maturity Shares by the volume weighted average price of Shares calculated over the relevant ten consecutive trading days (as determined above) during the twenty trading day period immediately preceding the Maturity Date; or
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	<p>(d) in lieu of making that payment (but subject to and conditional upon the passing of a shareholder resolution, by the holders of Shares at a general meeting of the Company, approving the issue of the Additional Maturity Shares to the Noteholder for the purposes of the ASX Listing Rules and for all other purposes (including, if required, the Corporations Act)) issue the Additional Maturity Shares to the Noteholder.</p> <p>"Additional Maturity Shares" means the number of Shares remaining after subtracting the number of Shares issuable pursuant to a conversion of the Convertible Notes pursuant to a Maturity Date Conversion from the number of Shares issuable pursuant to a conversion of the Convertible Notes pursuant to a Maturity Date Conversion as if there were no Floor Price.</p>
Security	The Convertible Notes are unsecured.
Interest	The Convertible Notes are interest-free.
Share rank on conversion	Shares issued on conversion of the Convertible Notes (and any Additional Capital Raising Shares and any Additional Maturity Shares) rank equally with other Shares on issue in the capital of the Company as at their date of issue.
Condition Precedent	Each of Macnica's and Skiptan's obligations to subscribe for, and the Company's obligation to issue, the Convertible Notes are subject to and are conditional upon the passing of a shareholder resolution, by the holders of the Company's Shares at a general meeting of the Company, approving the issue of the Convertible Notes to Macnica and Skiptan (as applicable) for the purposes of the ASX Listing Rules and for all other purposes (including, if required, the Corporations Act) by 5.00pm on the 31 January 2025.

<p>Events of Default</p>	<p>If an Event of Default occurs prior to conversion or redemption (as applicable) of the Convertible Notes, the Noteholder may at any time after the Event of Default, by notice to the Company, take either of the following actions (in its absolute discretion):</p> <ul style="list-style-type: none"> (a) to the extent the Convertible Notes have not already been converted or redeemed, declare the Outstanding Principal per Convertible Note (if any) to be due and payable, and the Company must redeem the Convertible Notes if required; or (b) waive the Event of Default. <p>An Event of Default occurs where:</p> <ul style="list-style-type: none"> (a) the Capital Raising does not occur by 30 June 2025; (b) the Company fails to pay an amount due and payable to the Noteholder under the convertible note deed and does not pay such amount in full within twenty business days of receipt of a notice from the Noteholder stating that such amount is due and payable; (c) the Company breaches a material provision of, or fails to perform any of its material obligations under, the convertible note deed, and does not remedy the breach within ten business days of receipt of a notice from the Noteholder requesting that such breach be remedied; (d) a warranty, representation or statement made by the Company in the convertible note deed or convertible notes subscription agreement is wilfully untrue or misleading in any material respect on the date on which it was made; or (e) the occurrence of an insolvency event.
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Redemption	If Convertible Notes are to be redeemed as at a particular date (" Redemption Date "), the Company must redeem the Convertible Notes held by the Noteholder by paying the Outstanding Principal per Convertible Note as at the Redemption Date to the Noteholder in immediately available funds within sixty days after the Redemption Date (unless the Convertible Notes have already been converted or are to be converted in which case no Outstanding Principal is payable and the redemption will not occur).
Voting Rights	A Convertible Note does not carry any right to vote at meeting of shareholders of the Company, but the Company must permit the Noteholder to attend such shareholder meetings.
Dividends	A Convertible Note does not carry any right to any dividends declared or paid by the Company.
Reconstruction	If, at any time before the Convertible Notes are converted or redeemed, there occurs any reorganisation of the Company's issued capital, then subject to the Corporations Act, the Company's constitution and the ASX Listing Rules, the basis and formulae for converting the Convertible Notes into Shares (and the resulting number of Shares) must be reconstructed (as determined by the Company's Board) in a manner which will not result in any benefit being conferred on the Noteholder which is not conferred on holders of Shares or any detriment being suffered by the Noteholder which is not suffered by holders of Shares but in all other respects, the terms of the Convertible Notes will remain unchanged.
Non-Transferable	The Convertible Notes cannot be sold, assigned or transferred.
New Issues	A Convertible Note does not carry any entitlement to participate in new issues of securities in the Company during the currency of the Convertible Notes.
Additional terms applicable to Macnica only:	

Board Representation	After the issue of the Convertible Notes, Macnica will be entitled to nominate a representative to the Board of the Company (and nominate a replacement of that representative) for as long as Macnica holds voting power in the Company of 10% or more.
Exclusive Distribution Rights	Provided that Macnica holds voting power in the Company of 10% or more, then after the issue of the Convertible Notes Macnica and the Company agree to negotiate in good faith to (subject to such conditions precedent as are to be determined by those parties (including any approval of shareholders of the Company, to the extent required by the ASX Listing Rules, the Company's constitution, the Corporations Act or other laws)) provide Macnica with exclusive distribution rights over 3 years in Japan, Brazil, Argentina and Chile, subject to minimum performance targets per region.