



24 May 2022

## Successful Completion of Institutional Entitlement Offer and entry into partial underwriting agreement

### Highlights

- Successful completion of the institutional component of the accelerated non-renounceable entitlement offer originally announced on 20 May 2022, raising approximately \$5.0 million
- Bell Potter Securities Limited and Morgans Corporate Limited have committed to underwrite the Institutional Entitlement Offer, and \$2.7 million of the retail component of the Entitlement Offer
- IMG substantial shareholder Black Crane has committed to take up to \$7.0 million of the Entitlement Offer via subscribing for entitlements of approximately \$4.7 million, and a commitment to subscribe for up to approximately \$2.3 million of shares in any retail entitlement offer shortfall
- Proceeds raised from the Entitlement Offer will be used to fund the cash component of the acquisition of Mammoth and the previously announced acquisition of Advanced Inland Security ("AIS"), reduce the Company's existing leverage and provide additional financial flexibility, together with transaction costs and working capital

**Intelligent Monitoring Group Limited (ASX: IMB) (IMG or the Company)** is pleased to announce that it has successfully completed the institutional component of the accelerated non-renounceable entitlement offer (**Institutional Entitlement Offer**) originally announced on 20 May 2022, raising approximately \$5.0 million at a price of \$0.15 per share.

The retail component of the entitlement offer (**Retail Entitlement Offer**) will open on 27 May 2022. A maximum of approximately \$5.0 million may be raised under the Retail Entitlement Offer.

### Institutional Entitlement Offer

The Institutional Entitlement Offer was strongly supported by existing shareholder Black Crane Asia Pacific Opportunities Fund (**Black Crane**), an entity controlled by the Company's chairman Mr Peter Kennan, which subscribed for approximately \$4.7 million under the Institutional Entitlement Offer. The Company has agreed to pay Black Crane a fee of 5.0% on its total \$7 million commitment.

Shares issued under the Institutional Entitlement Offer will be issued at the same price as the Retail Entitlement Offer (\$0.15 per share) and are expected to be allotted on 31 May 2022.

### Intelligent Monitoring Group Limited's Vice Chairman & Managing Director, Dennison Hambling, said:

"Since recapitalisation the Company has been focused on putting in place its new core operating platform, assessing strategic acquisitions and looking at how to enhance its growth profile further. Whilst we are disappointed to be raising at the current share price levels, we feel that the addition of



Mammoth to the business should improve the growth profile of the business over our three-year plan period and ultimately its value is such that it still made sense to proceed.

Today IMG has a business with a very strong (>95%) recurring revenue base and will look to use the momentum from the AIS and Mammoth acquisitions to continue to drive towards becoming Australia's leading security and connected camera company".

### **Partially underwritten Retail Offer**

In conjunction with the successful completion of the \$5.0 million Institutional offer, Bell Potter Securities Limited and Morgans Corporate Limited (together, the **JLMs**) have agreed to underwrite \$2.7 million of the Retail Entitlement Offer on the terms and conditions pursuant to an underwriting agreement with the Company (**Underwriting Agreement**). Accordingly, this means that the Company has, subject to the terms of the Underwriting Agreement, certainty of raising at least approximately \$7.7 million from the Entitlement Offer.

In the execution of the JLMs' obligations, they are entitled to engage with sub-underwriters on their own terms and expense. The JLMs have entered into a sub-underwriting agreement (**Black Crane Agreement**) with Black Crane, pursuant to which Black Crane has agreed to sub-underwrite approximately \$2.3 million of any shortfall in the Retail Entitlement Offer.

Under the Underwriting Agreement, the JLMs will be entitled to receive:

- a management fee of 2% (plus GST) of the proceeds of the Entitlement Offer;
- a selling/underwriting fee of 4% (plus GST) on the amount of the Entitlement Offer that is underwritten (excluding amounts received from Black Crane).

The JLMs' obligations under the Underwriting Agreement, including to partially underwrite and manage the Entitlement Offer, are conditional on certain matters, including lodgement of certain ASX materials in accordance with the agreed timetable, and the timely delivery of certain due diligence materials, sign-offs, opinions and certificates by the Company.

If certain conditions are not satisfied, or certain events occur, some of which are beyond the control of the Company, the JLMs may terminate their obligations under the Underwriting Agreement without cost or liability, at any time before settlement of the Retail Entitlement Offer.

Termination of Underwriting Agreement and/or the Black Crane Agreement may have an adverse impact on the ability of the Company to proceed with the Retail Entitlement Offer and the quantum of funds raised. If the Underwriting Agreement and/or the Black Crane Agreement are terminated, there is no guarantee that the Retail Entitlement Offer will proceed in its current form or at all.

The JLMs may terminate the underwriting obligations upon the occurrence of certain termination events. Further details of these termination events are set out in Appendix 1. The Black Crane Agreement can only be terminated if the Underwriting Agreement is terminated.

### **Retail Entitlement Offer**

Eligible shareholders may participate in the Retail Entitlement Offer at the same price (\$0.15 per share) and offer ratio (1 new share for every 1 share held) as the Institutional Entitlement Offer.



Eligible retail shareholders with a registered address on the Company's share register in Australia and New Zealand as at the record date for the Entitlement Offer (7.00pm AEST on 24 May 2022) are entitled to participate in the Retail Entitlement Offer.

Further details in relation to the Retail Entitlement Offer will be provided in the retail offer booklet, to be despatched to eligible shareholders on 27 May 2022. The offer closes at 5.00pm AEST on 15 June 2022.

Eligible retail shareholders will also have the ability to subscribe for additional new shares in excess for their entitlements, to be allocated in a retail shortfall facility.

Please note that retail shareholders with a registered address outside of Australia and New Zealand on the record date are ineligible to participate in the Retail Entitlement Offer. The Company has applied to the Australian Securities and Investments Commission (**ASIC**) to appoint Morgans Financial Limited as foreign sale nominee to sell the shares which would otherwise have been issued to ineligible shareholders, with the net proceeds (if any) distributed to ineligible shareholders, in order for Black Crane to rely on the rights issue exception in item 10 of section 611 of the Corporations Act in the event its voting power increases as a result of the Entitlement Offer, without breaching section 606 of the Corporations Act. As at the date of this announcement, ASIC's decision is pending.

IMB shares are expected to resume trading on the ASX from market open on Tuesday, 24 May 2022.

**-ENDS-**

**Authorisation:** This announcement is authorised for release by the Board of Directors of Intelligent Monitoring Group Limited.

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## About Intelligent Monitoring Group Limited

Intelligent Monitoring Group (ASX: IMB) provides monitored security and IOT solutions that ensure the safety and protection of Australian businesses, homes and individuals 24 hours a day, 365 days a year.

The Company operates with the highest security accreditation from its two-significant monitoring centres.

### GROWTH STRATEGY

The Australian security industry remains highly fragmented, with no clear market leader.

Given its stable revenue streams and fixed infrastructure cost model, the industry remains conducive to selective consolidation at attractive returns.

### TECHNOLOGY A KEY DRIVER FOR CHANGE

Technology change (IOT & Ai) has created substantial opportunities to profitably extend the Company's existing skills into new complementary market areas and customer opportunities.

The use of Smart, High Resolution cameras, with Monitoring capability will create substantial opportunities for growth in many industries over the coming decade. **'Cameras as alarms'**.

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## Appendix 1 – Summary of termination events in respect of underwriting agreement

The events which may trigger termination of the Underwriting Agreement include the following:

- a material statement contained in the materials issued to the market and institutional investors in connection with the Entitlement Offer (including ASX announcements, ASX forms, cleansing statements, the investor presentation, the retail offer booklet or confirmation letters) (together, the **Offer Materials**) is or becomes misleading or deceptive or likely to mislead or deceive or a matter required to be included is omitted from the Offer Materials;
- the report or any information supplied by or on behalf of the Company to the JLMs for the purposes of due diligence in respect of the Entitlement Offer or the Offer Materials is false, misleading or deceptive in a material respect;
- the cleansing statement issued under Entitlement Offer is defective, or a corrective statement is required to be issued under the Corporations Act (other than as a result of a new circumstance arising);
- any material adverse change, or development (including but not limited to any regulatory change) or event involving a prospective change occurs, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of the Company, Mammoth or AIS;
- the S&P/ASX 300 Index closes at any one point, prior to the settlement date of the retail entitlement offer at a level that is 7.5% or more below its level as at the close of trading on 19 May 2022;
- ASIC commences certain actions, investigations or hearings in relation to the Offer or Offer Materials;
- any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in any Offer Materials is or becomes incapable of being met or, in the reasonable opinion of the JLMs, unlikely to be met in the projected timeframe;
- the Company is or will be prevented from conducting or completing the Offer by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise are or will become unable or unwilling to do any of these things or a third party applies to a court of competent jurisdiction seeking orders to prevent, or which will have the effect of preventing any of these things;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the JLMs to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- there is an application to a governmental agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it), except in circumstances where the existence of the application has not become public and it has been withdrawn within a specified period;
- any circumstance arises that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares under the Entitlement Offer and be repaid their application moneys;



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- the Company ceases to be admitted to the official list of ASX or the Company's shares (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on the ASX;
- ASX makes any official statement to any person, or indicates to the Company or the JLMs that they will not grant permission for the official quotation of the new shares;
- the Company engages in conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the making of the Offer;
- the Company withdraws or indicates that it does not intend to proceed with the Offer or any part of the Offer or withdraws a document forming part of the Offer Materials;
- any certificate to be delivered to the JLMs under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;
- the timetable is delayed by one business day or more, without the prior written consent of the JLMs, other than events within the control of the JLMs;
- the Company or its subsidiaries disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Offer Materials; ceases or threatens to cease to carry on business; alters its capital structure in a prohibited manner; or amends its constitution or other constituent document of an subsidiary;
- there is a change in chief executive officer, chairman, executive director or chief financial officer of the Issuer, or a prospective change is announced, other than one which has already been disclosed to ASX or in any public information or disclosed to the JLMs before the date of the Underwriting Agreement;
- a director or senior member of management of the Company engages in any fraudulent conduct or activity, or is charged with an indictable offence;
- any government agency commences any public proceedings against the Company or any director in their capacity as a director of the Issuer, or announces that it intends to take such action; or
- any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- a person encumbers or agrees to encumber, the whole or a substantial part of the business or property of the Company or its subsidiaries;
- ASX withdraws, revokes or amends any waivers granted to the Company;
- ASIC withdraws, revokes or amends any waivers granted to the Company;
- the trading halt ends before the expiry of the relevant period referred to in the timetable without the prior written consent of the JLMs;
- an insolvency event occurs to the Company or one of its subsidiaries or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of them; and
- any party to the Mammoth acquisition agreement or AIS acquisition agreement (**Acquisition Agreements**) does, or becomes entitled to, or threatens to, terminate, rescind, withdraw or revoke that document;
  
- the Acquisition Agreements do not, become incapable of, or will not, complete in accordance with their terms; or
- there is a breach of a representation or warranty or other obligation under an Acquisition Agreement, which has or is likely to have in the opinion of the JLMs (acting reasonably) a material adverse effect on the Company or the relevant acquisition.

In addition, the JLMs may terminate the Underwriting Agreement if any of the following events occur, provided that in the reasonable opinion of the JLMs, the event has had or is likely to have, individually

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or in the aggregate, a material adverse effect on the financial condition, financial position or financial prospects of the Company, Mammoth, AIS or the market price of the Company's shares; or the event has had or is likely to have, individually or in the aggregate, a material adverse effect on the success or outcome of the Offer, or the ability of the JLMs to market or promote or settle the Offer; or the JLMs will or is likely to contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event:

- an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known which, if known at the time of issue of this Presentation or the cleansing statements would have been required to be included in those documents;
- there is introduced into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Presentation), any of which does or in the reasonable opinion of the JLMs is likely to prohibit or adversely affect or regulate the Offer, capital issues or stock markets or the JLMs' ability to promote or market the Offer or enforce contracts to issue or allot the New Shares or adversely affect the taxation treatment of the New Shares;
- any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or its subsidiaries;
- any contract, deed or other agreement, which is material to the making of an informed investment decision in relation to the Offer Securities is terminated, rescinded, altered or amended without the prior written consent of the JLMs (such consent not to be unreasonably withheld), or found to be void or voidable;
- a general moratorium on commercial banking activities in Australia, New Zealand, the United States of America, Canada, Singapore, Japan, the People's Republic of China, a member state of the European Union, the United Kingdom or Hong Kong is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the Toronto Stock Exchange, the Hong Kong Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, Euronext, the Shenzhen Stock Exchange, the Shanghai Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New

Zealand, the United States of America, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan, a member state of the European Union or Hong Kong or any change or development involving a prospective adverse change in any of those conditions or markets;

- there is an outbreak of hostilities not presently existing or a major escalation in existing hostilities occurs (in each case, whether or not a war or a national emergency has been declared), a declaration is made of a national emergency or war, a terrorist act is perpetrated, or a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, including an escalation resulting in a material shut-down of business, involving any one or more of Australia, New Zealand, the United States of America, any member state of the European Union, any member of NATO, the People's Republic of China, Hong Kong or



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Singapore or the United Kingdom or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;

- a representation and warranty contained in the Underwriting Agreement on the part of the Company is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- one of the events set out in sections 652C(1) or (2) of the Corporations Act in respect of the Company occurs during the Offer period, subject to certain exceptions;
- a contravention by the Company or its subsidiaries of the Corporations Act, the Constitution (or equivalent applicable documents), the Listing Rules, any applicable laws, or a requirement, order or request made by or on behalf of the ASIC, ASX or any other government agency or any agreement entered into by it occurs; or
- any Offer Materials or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, the ASX waivers or any other applicable law or regulation.

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