

## Quarterly Activity Report and Appendix 4C

### Quarter ended 30 June 2022

#### About Intelligent Monitoring Group Limited (ASX: IMB)

Intelligent Monitoring Group 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"**.

Intelligent Monitoring Group Limited ("Intelligent Monitoring" or "the Company") (ASX: IMB) is pleased to provide its **Quarterly Market Activity Update**.

#### HIGHLIGHTS FOR THE QUARTER

The June 2022 Quarter includes material costs associated with the significant platform improvement. This spending is in line with the plan put forward in September 2021 and is tracking to budget. It is expected that the platform improvement will drive further cost and operational improvements in the business, and it is on track to be implemented in the first quarter of FY2023.

#### During the Quarter the Company:

- Commenced implementation of a significant investment in improving the Company's existing monitoring platform
  - The platform enhancements were in place at the end of Q4 FY2022 and are being rolled out in Q1 FY2023
  - In addition, the platform enhancements are expected to realise a range of efficiencies which are anticipated to be material to FY2023 profit
  - The platform enhancements will also allow the Company:
    - to continue to drive further operational efficiencies throughout the business;
    - to expand its monitoring services through next generation product;
    - the ability to leverage Artificial Intelligence within its operations and further enhance its monitoring capabilities; and
    - to further integrate the front and back office of the business creating a more seamless experience for customers.
- Completed the institutional and retail components of the acceleration non-renounceable entitlement offer to raise \$8 million.
- Acquisition of **Advanced Inland Security Pty Ltd (AIS)** settled on 30 June 2022, with immediate line growth and expanding of monitoring footprint into inland NSW. This will contribute to profitability and cashflow in FY2023.
- Continued to develop its strategic diversification and growth in order to position the business for long term growth. The Company was very pleased

to announce the settlement of the acquisition of **Mammoth Technology Group** on 4 July 2022 and is focused on integrating and growing this business in FY2023.

#### Operating Result

- Operating cash inflow of \$5.8 million, which was within \$0.4 million of prior quarter
- Negative operating cashflows of \$0.8 million resulting from change in working capital, and was \$1.2 million better than prior quarter
- The Company had \$7,036,000 of cash on hand as at 30 June 2022. As at 25 July 2022 the cash balance was \$6,868,140

#### Listing Rule 4.7C.3

<b>Cashflows from operating activities</b>	<b>\$A,000</b>
Receipts from customers	5,788
Operating costs	(3,097)
Advertising and marketing	(42)
Staff costs	(2,486)
Admin and corporate costs	(429)
Interest received	-
Interest and other costs of finance paid	(554)
Government grants and tax incentives	-
Business acquisition & integration costs	30
<b>Net cash from operating activities</b>	<b>(790)</b>

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$185,000 for salaries, allowances, fees and superannuation to executive and non-executive directors and key management personnel. In addition, a total of \$350,000 was paid to Black Crane, a related party of the Company by virtue of it being controlled by Director Peter Kennan, in relation to Black Crane's underwriting commitment for the recent capital raise.

#### Comments on full year cashflow

This year included a major recapitalisation and significant balance sheet repair as we sought to move our payment terms to industry and above industry levels. If this short-term, one-off change is excluded from the 12 months Cash from Operations the business effectively would have generated \$1.9 million of operating cashflow after interest. We see this as being more reflective of the underlying strength of the group moving forward, and this will be further enhanced by the addition of AIS into the FY2023 accounts.

Further to this, the unaudited EBITDA for FY2022 has come in at \$3.5 million which is marginally ahead of the \$3.4 million forecast at the time of the May 2022 capital raising. In FY23 we expect (as detailed in the Investor Presentation released to the ASX on 20 May 2022) to see the significant benefits of the recent acquisitions of AIS and Mammoth Technology Group combined with further savings from the implementation of the Patriot platform lift EBITDA to a pro forma rate of \$5.9 million.

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Intelligent Monitoring Group Limited (Formerly Threat Protect Australia Limited)

**ABN**

36 060 774 227

**Quarter ended ("current quarter")**

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,788	25,567
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,097)	(12,235)
(c) advertising and marketing	(42)	(66)
(d) leased assets	-	-
(e) staff costs	(2,486)	(11,021)
(f) administration and corporate costs	(429)	(1,706)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(554)	(2,441)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	30	(109)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(790)</b>	<b>(2,008)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(31)	(139)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (intangible assets)	(5,244)	(6,344)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	17
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(13)	(15)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,288)</b>	<b>(6,481)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,429	40,477
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(624)	(3,849)
3.5	Proceeds from borrowings	(300)	(300)
3.6	Repayment of borrowings	(53)	(22,637)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Repayment of lease liabilities	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7,452</b>	<b>13,691</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,662	1,834
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(790)	(2,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,288)	(6,481)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,452	13,691
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,036</b>	<b>7,036</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,036	5,009
5.2	Call deposits	-	653
5.3	Bank overdrafts	-	-
5.4	Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,036</b>	<b>5,662</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

185

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

- 6.1 Includes payments to directors for salaries and wages and directors' fees.

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1. 27,278 2. 176	1. 27,278 2. 27
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	27,454	27,305
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

1. Secured Notes issued by Soliton Capital Partners Pty Ltd, maturing 30 September 2023. Current interest rate 10.78% pa.
2. Equipment finance.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,008)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,036
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,036
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	14.0
8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not Applicable	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not Applicable	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Not Applicable	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: By The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.