



Intelligent Monitoring Group Limited

ABN 36 060 774 227

Appendix 4E and Preliminary Financial Report

30 June 2022



1. Company details

Name of entity:	Intelligent Monitoring Group Limited
ABN:	36 060 774 227
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			\$000's
Revenues from ordinary activities	decreased by	(9.3%) to	23,088
Loss from ordinary activities after tax attributable to the owners of Intelligent Monitoring Group Limited	decreased by	73.3% to	(4,177)
Loss for the year attributable to the owners of Intelligent Monitoring Group Limited	decreased by	73.3% to	(4,177)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$4,177,000 (30 June 2021: \$15,658,000).

For further details refer to 'FY22 Results Commentary and Update' that follows this Appendix 4E.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(23.18)</u>	<u>(25.33)</u>

Right-of-use assets have not been treated as intangible assets for the purposes of the tangible asset calculation.

4. Control gained over entities

Name of entities (or group of entities)	Advanced Inland Security Pty Ltd
Date control gained	30 June 2022

Refer to note 8 for further details.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.



7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued. The auditor's report will contain a paragraph addressing material uncertainty related to going concern.

10. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Intelligent Monitoring Group Limited for the year ended 30 June 2022 is attached.

11. Signed

As authorised by the Board of Directors

Signed  _____

Date: 31 August 2022

Dennison Hambling
Managing Director



31 August 2022

FY2022 Results Commentary and Update

About Intelligent Monitoring Group Limited (ASX: IMB)

Intelligent Monitoring Group provides “monitored care” or security and IOT solutions that ensure the safety and protection of Australian businesses, homes, and individuals, young and old, 24 hours a day, 365 days a year.

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

Growth Strategy

With an:

- Ageing demographic,
- Increasing threats (both real and online) and
- Increasingly sophisticated but economic technology solutions

The “monitored care” space is set to expand considerably over coming years.

Further with a fragmented industry starting point and a significantly fixed cost nature, we see scope for industry consolidation to further propel scale, and returns, where and when it makes sense.

Intelligent Monitoring Group Limited (“IMG” or the “Company”) (ASX: IMB) is pleased to provide the following commentary to accompany the Appendix 4E lodged today.

COMMENTARY FOR FY2022

- FY2022 saw the birth of Intelligent Monitoring Group and implementation of a platform (technology, brand, and product) which is expected to lead to significant growth in the coming years.
- A renewed executive team with significant industry experience and energy has been put in place which is positioned to capitalise on the significant investment made during FY2022.
- During the year, the Company recapitalised its balance sheet, acquired Advanced Inland Security (AIS) and agreed to acquire Mammoth Technology Group (MTG).* The Company also implemented the new “Patriot” operating platform which will allow it to offer an enhanced customer experience in FY2023 and access new growth opportunities.
- The Company delivered an underlying EBITDA of \$3.5 million slightly (4%) ahead of the number forecast at the time of the capital raise in May 2022.
- The company now expects to deliver a reported underlying EBITDA of +\$5.9m for FY2023. This is ahead of the expected proforma underlying EBITDA of \$5.9 million (delivered from the pre-existing business, MTG, AIS and expected savings resulting from the implementation of Patriot during FY23) which was announced as part of the May 2022 capital raising. We will update the market on progress towards this number at the Annual General Meeting to be held in November.

Intelligent Monitoring Group Limited’s Managing Director, Dennison Hambling, said:

“FY2022 was a year of significant change for IMG. We believe the Company now has the foundations to become a business of significance in its key markets of care. It also has a unique business model, which will allow it to differentiate itself from its peer group as its products and services become apparent to its customers over FY2023. The feedback and enthusiasm for what we can and will offer has been very positive and encouraging.

In the two months since the acquisition of MTG and AIS, we have worked hard to understand our customers, begin to rebuild, and renew our customer relationships. As a result, our confidence in what we can achieve by becoming the partner of choice for all our customers, has exceeded what we initially thought possible.

We look forward to updating the market on both our product and service range and our financial progress through FY2023, as we seek to build our profile across Australia. We will also work towards refinancing our debt that we feel is now achievable.

With the noise of FY2022 now behind us, FY2023 is a year of focus and delivery. We have made significant strides towards being a culture of “honesty and humility” and with a focus on being a “care” and “can do” business.

I’d like to thank all that have been on the journey with IMG this year. Whilst [it has been a challenging period], we believe FY2022 will be remembered as a pivotal year, during which the foundations were built for what is now to come.”

For further information contact:

Dennison Hambling
Managing Director
dhambling@theimg.com.au

Investor Relations, Media & PR:

Rod North
Managing Director
Bourse Communications Pty Ltd
Email: rod@boursecommunications.com.au
+61 408 670 706

* Mammoth Technology Group (MTG) acquisition settled on 4 July 2022.

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Contents
30 June 2022



Consolidated statement of profit or loss and other comprehensive income	1
Consolidated statement of financial position	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Notes to the consolidated financial statements	5

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022



	Note	Consolidated 2022 \$'000	2021 \$'000
Revenue			
Revenue from contracts with customers		23,088	25,465
Cost of sales - operations		(13,708)	(14,911)
Cost of sales - depreciation and amortisation		(432)	(444)
Total cost of sales		(14,140)	(15,355)
Gross profit		8,948	10,110
Other income	2	4,729	242
Expenses			
Administration		(4,813)	(4,460)
Compliance and regulatory costs		(639)	(545)
Marketing and business development expenses		(69)	(139)
Marketing and business development - depreciation and amortisation		(5,810)	(7,598)
Marketing and business development - impairment of assets		-	(2,586)
Business acquisition and integration		(189)	(2,735)
Impairment of receivables		(310)	(93)
Share-based payments		(234)	-
Finance costs		(5,790)	(7,854)
Loss before income tax expense		(4,177)	(15,658)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Intelligent Monitoring Group Limited		(4,177)	(15,658)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Intelligent Monitoring Group Limited		(4,177)	(15,658)
		Cents	Cents
Basic earnings per share	9	(8.15)	(649.83)
Diluted earnings per share	9	(8.15)	(649.83)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of financial position
As at 30 June 2022



	Note	Consolidated 2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		7,036	1,834
Trade and other receivables	3	2,879	1,974
Contract assets		190	680
Finished goods		59	106
Other		267	252
Total current assets		<u>10,431</u>	<u>4,846</u>
Non-current assets			
Property, plant and equipment		793	931
Right-of-use assets		453	335
Intangibles	4	28,942	28,807
Other		124	142
Total non-current assets		<u>30,312</u>	<u>30,215</u>
Total assets		<u>40,743</u>	<u>35,061</u>
Liabilities			
Current liabilities			
Trade and other payables	5	6,786	10,780
Contract liabilities		769	848
Borrowings	6	30,496	47,093
Lease liabilities		104	301
Income tax payable		62	-
Provisions		1,606	1,486
Total current liabilities		<u>39,823</u>	<u>60,508</u>
Non-current liabilities			
Borrowings	6	-	6,572
Lease liabilities		363	142
Provisions		109	75
Total non-current liabilities		<u>472</u>	<u>6,789</u>
Total liabilities		<u>40,295</u>	<u>67,297</u>
Net assets/(liabilities)		<u>448</u>	<u>(32,236)</u>
Equity			
Issued capital	7	76,006	39,379
Reserves		625	391
Accumulated losses		(76,183)	(72,006)
Total equity/(deficiency)		<u>448</u>	<u>(32,236)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of changes in equity
For the year ended 30 June 2022



Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 July 2020	39,379	1,874	(57,831)	(16,578)
Loss after income tax expense for the year	-	-	(15,658)	(15,658)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(15,658)	(15,658)
<i>Transactions with owners in their capacity as owners:</i>				
Share options expired during the year	-	(1,483)	1,483	-
Balance at 30 June 2021	<u>39,379</u>	<u>391</u>	<u>(72,006)</u>	<u>(32,236)</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	39,379	391	(72,006)	(32,236)
Loss after income tax expense for the year	-	-	(4,177)	(4,177)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,177)	(4,177)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	36,627	-	-	36,627
Share-based payments	-	234	-	234
Balance at 30 June 2022	<u>76,006</u>	<u>625</u>	<u>(76,183)</u>	<u>448</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Intelligent Monitoring Group Limited
(Formerly known as Threat Protect Australia Limited)
Consolidated statement of cash flows
For the year ended 30 June 2022



Note	Consolidated 2022 \$'000	2021 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	25,567	28,073
Payments to suppliers and employees (inclusive of GST)	<u>(25,160)</u>	<u>(23,032)</u>
	407	5,041
Interest received	3	2
Interest and other finance costs paid	(2,441)	(2,709)
Government grants received	<u>-</u>	<u>160</u>
Net cash from/(used in) operating activities	<u>(2,031)</u>	<u>2,494</u>
Cash flows from investing activities		
Payment for asset acquisition, net of cash acquired	(4,862)	-
Payments for financial assets	(15)	(180)
Payments for property, plant and equipment	(139)	(289)
Payments for intangibles	(1,482)	(2,201)
Proceeds from disposal of financial assets	-	128
Proceeds from disposal of property, plant and equipment	<u>17</u>	<u>-</u>
Net cash used in investing activities	<u>(6,481)</u>	<u>(2,542)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	7 36,650	-
Proceeds from borrowings	-	287
Repayment of borrowings	(22,635)	(2,269)
Repayment of lease liabilities	<u>(301)</u>	<u>(270)</u>
Net cash from/(used in) financing activities	<u>13,714</u>	<u>(2,252)</u>
Net increase/(decrease) in cash and cash equivalents	5,202	(2,300)
Cash and cash equivalents at the beginning of the financial year	<u>1,834</u>	<u>4,134</u>
Cash and cash equivalents at the end of the financial year	<u><u>7,036</u></u>	<u><u>1,834</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes



Note 1. General information

The financial statements cover Intelligent Monitoring Group Limited ('Company' or 'parent entity') as a Group ('The Group' or 'Group') consisting of Intelligent Monitoring Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Intelligent Monitoring Group Limited's functional and presentation currency.

Intelligent Monitoring Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 672 Murray Street
 West Perth WA 6005

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Other income

	Consolidated	
	2022	2021
	\$'000	\$'000
Net gain on disposal of property, plant and equipment	11	-
Net gain on disposal of investments	-	33
Net gain on settlement of contingent consideration	91	28
Government grants	-	160
Debt forgiveness from First Samuel Limited (note 6)	3,856	-
Reversal of contingent consideration	765	-
Other income	6	21
	<u>4,729</u>	<u>242</u>
Other income	<u>4,729</u>	<u>242</u>

Government grants

During the year the Group received payments from the Australian Government amounting to \$nil (2021: \$160,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Group will comply with any conditions attached.

Reversal of contingent consideration

A claim for contingent consideration and counter claims by the vendors of Onwatch, estimated at \$892,000 at 30 June 2021, was settled without requiring payment other than costs. This resulted in \$765,000 being released to the profit or loss account.

Note 3. Trade and other receivables

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	3,059	2,227
Less: Allowance for expected credit losses	(636)	(475)
	<u>2,423</u>	<u>1,752</u>
Other receivables	456	222
	<u>2,879</u>	<u>1,974</u>



Note 3. Trade and other receivables (continued)

Allowance for expected credit losses

The Group has recognised a net loss of \$310,000 (2021: \$93,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Note 4. Intangibles

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	34,598	34,598
Less: Accumulated impairment	(25,432)	(25,432)
	<u>9,166</u>	<u>9,166</u>
Development assets - at cost	6,361	6,272
Less: Accumulated amortisation	(4,094)	(3,957)
Less: Impairment	(1,702)	(1,702)
	<u>65</u>	<u>613</u>
Intellectual property - at cost	23	23
Less: Accumulated amortisation	(11)	(9)
	<u>12</u>	<u>14</u>
Customer contracts - at cost	47,208	41,545
Less: Accumulated amortisation	(27,181)	(21,703)
Less: Accumulated impairment	(828)	(828)
	<u>19,199</u>	<u>19,014</u>
	<u><u>28,942</u></u>	<u><u>28,807</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill	Development	Intellectual	Customer	Total
	\$'000	assets	property	contracts	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	11,610	944	16	23,589	36,159
Additions	-	722	-	1,780	2,502
Impairment of assets	(2,444)	-	-	-	(2,444)
Amortisation expense	-	(1,053)	(2)	(6,355)	(7,410)
	<u>9,166</u>	<u>613</u>	<u>14</u>	<u>19,014</u>	<u>28,807</u>
Balance at 30 June 2021	9,166	613	14	19,014	28,807
Additions	-	89	-	583	672
Additions through acquisitions (note 8)	-	-	-	5,080	5,080
Amortisation expense	-	(137)	(2)	(5,478)	(5,617)
	<u>9,166</u>	<u>565</u>	<u>12</u>	<u>19,199</u>	<u>28,942</u>
Balance at 30 June 2022	<u><u>9,166</u></u>	<u><u>565</u></u>	<u><u>12</u></u>	<u><u>19,199</u></u>	<u><u>28,942</u></u>



Note 5. Trade and other payables

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Trade payables	462	1,416
Contingent consideration	-	1,211
Accrued expenses	853	1,005
Payable to ATO	4,723	5,701
Other payables	748	1,447
	6,786	10,780
	6,786	10,780

Note 6. Borrowings

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Unsecured note - First Samuel Limited	-	9,400
Other short-term borrowings	123	95
Borrowings - Ares SSG Capital Management (formerly known as Soliton Capital Partners)	27,278	34,572
Accrued redemption premium net of capitalised borrowing costs - Ares SSG Capital Management	3,095	2,986
Hire purchase	-	40
	30,496	47,093
	30,496	47,093
<i>Non-current liabilities</i>		
Borrowings - Black Crane	-	6,974
Capitalised borrowing costs - Black Crane	-	(402)
	-	6,572
	-	6,572

Total secured liabilities

Following an equity raising of \$32,047,000, the Company subsequently restructured its debt obligations as outlined below:

Unsecured note - First Samuel Limited

During the current year, \$5,700,000 of the unsecured note was repaid and the balance of the loan and accrued interest remaining amounting to \$3,856,000 was forgiven and recognised as a gain in other income.

Borrowings - Ares SSG Capital Management

The covenants were redefined with the financiers during the capital raise and subsequent debt restructure in the first half of the year.

\$7,735,958 was repaid to Ares SSG Capital Management and a 15% repayment premium amounting to \$1,160,394 was paid in accordance with the terms of the agreement. The maturity date of the loan was extended to 30 September 2023.

Interest charged on the loan is 10.618% and a further 15% repayment premium is payable on payment of the principal loan balance. Borrowings to Ares SSG Capital Management are secured over the general property of the Group.

During the year, the Company breached covenants relating to its facility agreement with Ares SSG Capital Management resulting in the need to obtain a waiver for this breach subsequent to year end. AASB 101.74 requires the entire amount of the loan to be classified as current at 30 June 2022. As at the date of this report only \$3,000,000 is due and payable in the next twelve months.



Note 6. Borrowings (continued)

Borrowings - Black Crane

In October 2021, the Black Crane debt of \$7,075,268 was converted to equity by way of issuing ordinary shares as part of the capital raising.

The Group has fully utilised its borrowings facilities at reporting date.

Note 7. Issued capital

	2022 Shares	Consolidated 2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares - fully paid	122,700,295	240,956,278	76,006	39,379

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	240,956,278		39,379
Balance	30 June 2021	240,956,278		39,379
Shares issued	27 September 2021	36,143,441	\$0.005	181
Shares issued	1 October 2021	3,002,833,701	\$0.005	15,014
Shares issued	28 October 2021	3,370,459,836	\$0.005	16,852
Share consolidation at 100:1	3 December 2021	(6,583,889,089)		-
Shares issued	31 May 2022	33,463,155	\$0.150	4,848
Shares issued	22 June 2022	22,732,973	\$0.150	2,959
Transaction costs				(3,227)
Balance	30 June 2022	122,700,295		76,006

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 8. Asset acquisition

Advanced Inland Security Pty Ltd ('AIS')

On 30 June 2022, Intelligent Monitoring Group Limited ('IMG') acquired 100% of the ordinary shares of Advanced Inland Security Pty Ltd ('AIS') for the consideration \$5,000,000.



Note 8. Asset acquisition (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Current assets:	
Cash and cash equivalents	138
Trade and other receivables	570
Inventories	17
Non-current assets:	
Plant and equipment	144
Customer contracts	5,080
Current liabilities:	
Trade and other payables	(461)
Borrowings	(60)
Provision for income tax	(62)
Employee benefits	(366)
Acquisition-date fair value of the total consideration transferred	<u>5,000</u>
Representing:	
Cash paid or payable to vendor	<u>5,000</u>
Cash used to acquire asset, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,000
Less: cash and cash equivalents	(138)
Net cash used	<u>4,862</u>

Note 9. Earnings per share

	Consolidated	
	2022 \$'000	2021 \$'000
Loss after income tax attributable to the owners of Intelligent Monitoring Group Limited	<u>(4,177)</u>	<u>(15,658)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>51,262,134</u>	<u>2,409,563</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>51,262,134</u>	<u>2,409,563</u>
	Cents	Cents
Basic earnings per share	(8.15)	(649.83)
Diluted earnings per share	(8.15)	(649.83)

Options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares for 2021 has been restated for the effect of the 100:1 consolidation completed in December 2021 in accordance with AASB 133 'Earnings per share'.



Note 9. Earnings per share (continued)

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	240,956,278
Adjustment required by AASB 133 'Earnings per share'	<u>(238,546,715)</u>
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	<u><u>2,409,563</u></u>

On 4 July 2022, the Group issued 8,000,000 shares as part of the consideration for the acquisition of Mammoth Technology Group Pty Ltd. These shares could potentially dilute basic earnings per share.