

31 January 2024

Quarterly Activity Report and Appendix 4C Quarter ended 31 December 2023

ASX: IMB

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

COMMENTS ON THE QUARTER

- The Company has begun to settle into more “normal” trading post the acquisition of “ADT”. With the first complete quarter of ADT ownership Revenue reached \$39.2 million and EBITDA reached \$7.2 million for the quarter (EBITDA \$5.9 million in Q1).
- Operating cash flow before interest, acquisition, and integration costs for the quarter was \$4.2 million. This was detrimentally affected by working capital movements during the transition period. These movements are expected to unwind over the coming quarter. Net operating cash flow for IMG for the quarter was \$1.26 million.
- At EBITDA level, IMG remains on track to achieve the guidance level of annualised \$31m for the year, after adjusting for only 11 months of ADT ownership.
- Revenue across the businesses was ahead of expectations for the quarter. The progress that has been made in the commercial business was detailed to the market in the ASX release of 18 December 2023. The board remains confident in the forward direction of underlying revenue and profit as it rebuilds the commercial business in Australia.
- Capex for the period was \$5.9m and is largely attributable to the inherited backlog of subsidised ADT retail installations and ‘3G to 4G’ conversions. Post IMG ownership, the subsidies were terminated which will reduce capital expenditure significantly going forward.
- The previously announced acquisition of the Securely (NZ) business was delayed in the quarter (a deposit of NZ\$250,000 has however been paid). We are pleased to note that this acquisition has completed today, and ADT NZ welcomes the Securely NZ security customers to the ADT family. This lift in RMR will assist the NZ business in the next quarter.
- Looking forward IMG is focused on its three key strategies of:
 - Rebuilding its Commercial market position,
 - Driving Residential security service penetration (through DIY security offers), and
 - Simplifying its business.

We are currently on track with each of these strategies, and look forward to providing an update when the Half Yearly Result is released towards the end of February.

Operating Result

- Operating cash inflow of \$33.4 million, an increase of \$8.1 million over the prior quarter.

INTELLIGENT MONITORING GROUP LIMITED

ABN 36 060 774 227

1 Tully Road, East Perth WA 6004

Website:

www.theimg.com.au

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- The Company had \$8.9 million of cash on hand as at 31 December 2023. This is considered to be a low point, with Cash of \$11.3 million recorded on January 26.

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Cashflows from operating activities	\$A,000
Receipts from customers	39,238
Operating costs	(16,673)
Advertising and marketing	(163)
Staff costs	(12,208)
Admin and corporate costs	(5,989)
Interest received	3
Interest and other costs of finance paid	(2,103)
Business acquisition & integration costs	(845)
Net cash from operating activities	<u>1,260</u>

Listing Rule 4.7C.3

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$478,861 for salaries, redundancies, allowances, fees, and superannuation to executive and non-executive directors and key management personnel.

Comments on cashflow

We are very happy to see above expectations underlying revenue growth within IMG, and excited by the potential across the business to profitability improve this growth rate further.

The journey to simplify the ADT business and refocus it is well underway, and the company has finished refreshing its management teams and is focused on moving forward.

The board remains cognisant of delivering good profitability in the business today, against the opportunity set of significant growth in these markets over the next few years. We are excited to look forward past this year, when we will have a full, new refreshed team, with a refreshed and leading product set, delivered through one of the only truly globally known security brands operating in Australasia.

- ENDS -

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

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About Intelligent Monitoring Group Limited

Intelligent Monitoring Group provides monitored security, fire 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 three monitoring centres in Australia and one in NZ.

GROWTH STRATEGY

Security services are increasingly in demand, with technology providing more and cheaper ways to provide better solutions for customers.

As the largest Australian-owned and operated monitoring partner, IMG is well positioned to be a partner of choice to those looking for professional-grade solutions (be they independent security companies, needing monitoring services [via IMS], or enterprise customers looking for complex security solutions [via ADT]).

As a fragmented industry, with no clear industry leader IMG is in a good position to partner and lead consolidation with commercial organisations looking for long-term solutions for their businesses.

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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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	39,238	65,318
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(16,673)	(28,568)
(c) advertising and marketing	(163)	(575)
(d) leased assets	-	-
(e) staff costs	(12,208)	(19,871)
(f) administration and corporate costs	(5,989)	(10,249)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	10
1.5 Interest and other costs of finance paid	(2,104)	(6,815)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	(540)	(2,970)
- Acquisition and integration staff costs	(305)	(535)
1.9 Net cash from / (used in) operating activities	1,259	(4,255)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5,898)	(9,301)
(d) investments	-	(42,652)
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(85)	(105)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	2	12
(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)	-	-
2.6 Net cash from / (used in) investing activities	(5,981)	(52,046)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,523
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	-	(781)
3.5 Proceeds from borrowings	350	80,350
3.6 Repayment of borrowings	(125)	(29,471)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – Repayment of payment plans	(465)	(940)
3.10 Net cash from / (used in) financing activities	(240)	57,681

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,840	7,498
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,259	(4,255)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,981)	(52,046)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(240)	57,681
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,878	8,878

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	8,878	8,878
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,878	8,878

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
479
-

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 and key management personnel salaries.

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1. 81,709 2. 180	1. 81,709 3. 180
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	81,889	81,889
7.5 Unused financing facilities available at quarter end		-

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 Tor Asia Credit Master Fund LP, maturing 31 July 2026.
Current interest rate 15.00% pa.
2. Insurance funding.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,259
8.2 Cash and cash equivalents at quarter end (Item 4.6)	8,878
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	8,878
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7.0

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: 31 January 2024

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.