For personal use only

31 October 2022

Quarterly Activity Report and Appendix 4C
Quarter ended 30 September 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.**

COMMENTS ON THE QUARTER

- The company finished implementation of a significant investment in "Patriot" the Company's new monitoring platform.
    - The focus moves now to optimising the platform for the benefits of customers and the business.
    - In particular the merging of the three databases (from the three rooms) which is expected by the end of December will allow the business to become "one control room in three locations" and drive improvements and consistency in service.
    - Customers will benefit with new services and ways to interact with the business, going forward. Trial customers are currently being identified for several value-added projects.
    - The focus now moves to connecting every camera possible to our control rooms, so we can video verify events, real time, and save clients time and money. We have started this journey with several customer wins. This lifts our financial return, but also does a better job (at a cheaper all-in price) for the end customer.
- Additionally, during the quarter, a significant investment was made in sales staff, with 6 new sales focused executives joining the business during August with various areas of specialty.
- During the quarter the business implemented a significant price rise across its monitoring services (with effect from October). This was undertaken so as to be able to continue to invest in services and products for clients, which we expect will add value to them in coming quarters. IMG must deliver solid financial results for it to be a strong partner to our +700 wholesale customers long term.
- The Group completed the acquisition of **Mammoth Technology Group Pty Ltd (MTG)** on 4 July 2022 with the issue of 8 million shares [$2 million] on that date and cash settlement of $2 million on 1 September 2022.
    - Mammoth is expected to open its first **Mammoth Security Lab** on Chapel Street in Melbourne by end of November. This is a trial format that we expect will drive national scale conversations with large

For personal use only

customers for the group and be potentially usable for our customers and partners in their own locations (under licence). We would encourage any shareholder who is in Melbourne to stop by and see the solutions that IMG can offer all its customers.

- In September 2022 the company recorded its first **net customer growth month** in over a year. Given the level of disruption the business has regrettably had to put on its customers, in the past 12 months, this is a heartening result, and shows that the lift in service, proposition and attitude being brought to this business will pay dividends as it moves into more stable operating conditions.

- This quarter includes the addition of **Advanced Inland Security (AIS)** for the first time. The AIS business has performed to expectation, since acquisition and has undertaken work for several existing IMG clients using its incumbent understanding of the Patriot monitoring platform. Paul Jones (MD AIS) has since been promoted to Chief Operating Officer (COO) of IMG Group.

Operating Result

- Operating cash inflow of $7.7 million, which is an increase of $1.9 million over the prior quarter

- Negative operating cashflows of $1.0 million resulting from change in working capital, and was $0.4 million more than prior quarter as expected with the acquisition of MTG. This quarter of cashflow continues to be impacted by many non-recurring charges, including Patriot implementation costs, staff redundancies (incl CEO, CFO), recruitment costs, capital raising costs et al.

- On an unaudited basis, the company delivered an underlying EBITDA which was around plan and remains committed to delivering an FY23 EBITDA of +$5.9m (upgraded previously from a “pro forma” EBITDA of $5.9m at the time of the Mammoth acquisition).

- The Company had $2,699,000 of cash on hand as at 30 September 2022. This is sufficient cash to fund the business and its growth plans and there is no expectation of further cash being required for the business.

Listing Rule 4.7C.3

Cashflows from operating activities	**$A,000**
Receipts from customers	7,766
Operating costs	(3,492)
Advertising and marketing	(94)
Staff costs	(3,639)
Admin and corporate costs	(855)
Interest received	8
Interest and other costs of finance paid	(679)
Government grants and tax incentives	-
Business acquisition & integration costs	-
Net cash from operating activities	**(985)**

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of $252,000 for salaries, redundancies, allowances, fees

For personal use only

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 financial and capital advisory services being utilised for FY23.

Comments on full year cashflow

This quarter was the first quarter of the group shape coming together (post AIS and Mammoth). We have seen positive tangible signs across the business that the strategy is set to deliver sustainable growth for IMG in coming months and years.

In the short term, the focus remains on driving the efficiencies inherent in our business and continuing to improve our service and approach to our customers. We have come from a weak and disruptive place, in preceding times, and it is very encouraging to see the customer numbers stabilise and a number of our key growth focuses (Video Verification, PERS devices and national contracts) begin to deliver and excite them.

We are also focused on refinancing our debt. We have had the benefit of a strong positive working relationship with ARES (our current provider) but as the term of the debt moves closer, so does our focus on finding the right medium-term result. As we have moved through the heavy investment stage for the business, we look forward to seeing free cashflow begin to lift and the financial strength of the business emerge. We are confident this will allow us to refinance the debt, well before it is due, and will look forward to keeping shareholders updated.

IMG has a full agenda ahead for the run into December and look forward to providing updates as things progress, through this time.

Please note that the company is offering any shareholder or "friend of the firm" currently being monitored by a competitor a $100 cash payment, should they bring their monitoring and security needs to IMG prior to Christmas 2022. To take us up on this offer please call Mammoth Security on 1300847328 and head to customer service.

For further information contact:
Dennison Hambling
Managing Director
Intelligent Monitoring Group Limited
+61 418 174 232

Appendix 4C

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

For personal use only

Name of entity

Intelligent Monitoring Group Limited (Formerly Threat Protect Australia Limited)

ABN	**Quarter ended ("current quarter")**
36 060 774 227	30 September 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	7,766	7,766
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,492)	(3,492)
	(c) advertising and marketing	(94)	(94)
	(d) leased assets	-	-
	(e) staff costs	(3,639)	(3,639)
	(f) administration and corporate costs	(855)	(855)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	8
1.5	Interest and other costs of finance paid	(679)	(679)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives received	-	-
1.8	Other		
	- Business acquisition & integration costs	-	-
1.9	**Net cash from / (used in) operating activities**	**(985)**	**(985)**

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(34)	(34)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (intangible assets)	(4,295)	(4,295)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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)	(57)	(57)
2.6	**Net cash from / (used in) investing activities**	**(4,386)**	**(4,386)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	2,000
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	(162)	(126)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(804)	(804)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Repayment of lease liabilities	-	-
3.10	**Net cash from / (used in) financing activities**	**1,034**	**1,034**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	**7,036**	**7,036**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	**(985)**	**(985)**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	**(4,386)**	**(4,386)**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	**1,034**	**1,034**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,699**	**2,699**

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	2,699	7,036
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Held by Morgans Corporate Limited on behalf of the Company	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,699**	**7,036**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	252
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

For personal use only

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. 26,803 2. 176	1. 26,803 2. 23
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	26,979	26,826
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 Soliton Capital Partners Pty Ltd, maturing 30 September 2023. Current interest rate 10.78% pa.
2. Equipment finance.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(985)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,699
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,699
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	2.7

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

For personal use only

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 October 2022

Authorised by: Board of Directors
(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.

For personal use only