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INTELLIGENT
MONITORING GROUP

ASX:IMB

All Australian Security Solution.

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STRATEGIC ACQUISITION, DEBT REFINANCE & EQUITY RAISE

Acquisition of ANZ's largest security monitoring group to de-lever balance sheet

Acquisition of market leading security monitoring group

- IMG has entered into a binding agreement to acquire all of the shares in Tyco Australia Group Pty Limited (**Tyco**) for \$45m
- Tyco is a leading security monitoring provider across Australia and New Zealand trading under the "ADT" brand.
- Revenue of c. \$95m with \$65m of recurring revenue.

Balance sheet refinanced

- \$80 million debt funding commitment from Tor Investment Management, to fund acquisition and refinance existing debt
- Debt maturity profile pushed out by 3 years through to July 2026

Strong shareholder support

- IMG intends to undertake a \$15m equity raising by way of entitlement offer
- Major shareholder Black Crane has committed to sub-underwrite the entire offer (with Morgans Corporate Limited intended to be appointed as underwriter)

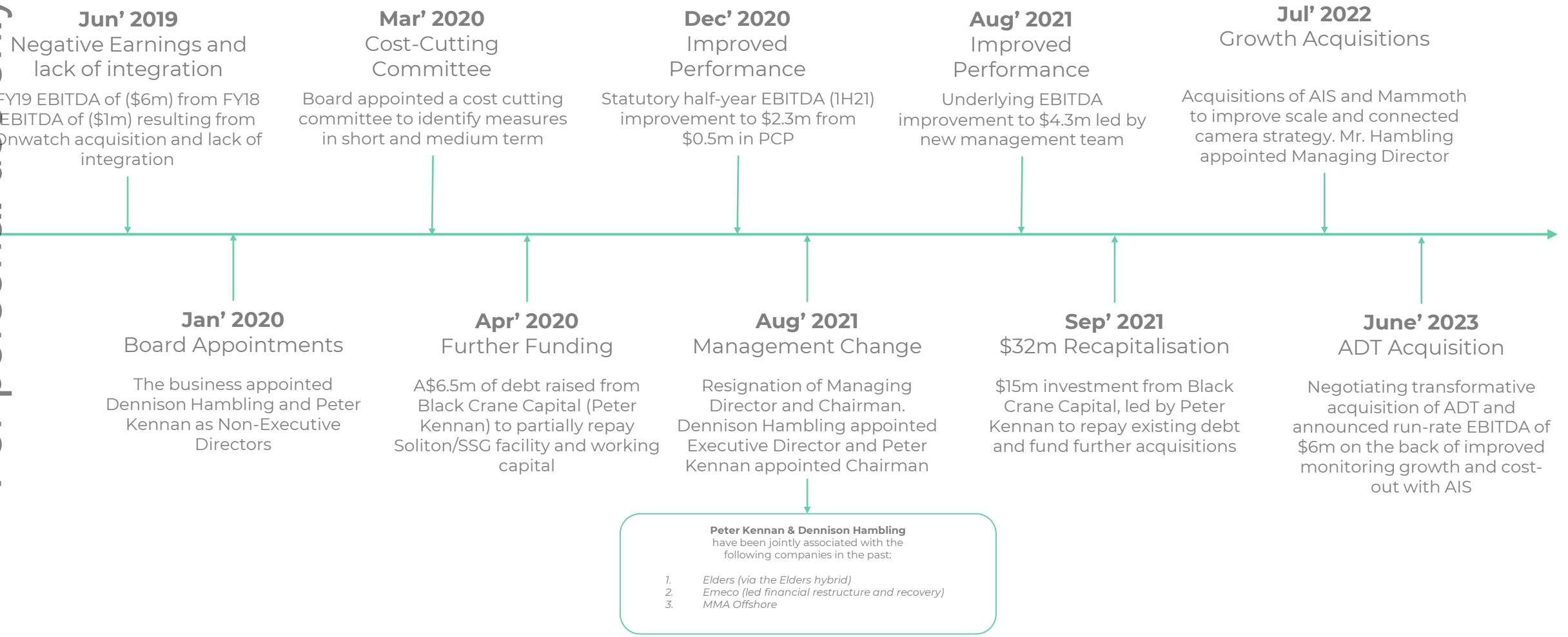
Transaction is significantly earnings accretive and delevers balance sheet

- Group EBITDA increases from \$5.4m to \$24.8m (proforma pre-improvement opportunities). Target \$31m FY24.
- Forecast EV/EBITDA reduces from 8.1x to 3.2x
- Net debt to EBITDA reduces from 5.4x to 2.2x
- Pro-forma interest coverage increases from ~1.8x to ~3.0x and improving

IMG TIMELINE

Dennison Hambling and Peter Kennan have led the wholesale turnaround of IMG's performance

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IMG OPPORTUNITY

Australia's largest independent security monitoring provider

Core defensive service

- Intelligent Monitoring Group ("IMG") provides AI Graded 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

Stable subscription revenue base

- 95% of IMG's revenue is subscription based with a diversified and "sticky" customer base across government, commercial, residential and personal emergency response

Technology improving outcomes

- Security industry is a stable and growing industry, where technology can be used to improve service and outcomes.

Australia lags adoption of ROW

- With no industry leader: Australia significantly lags the world in adoption of alarms, video and iot systems.

EXPERIENCED BOARD AND EXECUTIVE TEAM



DENNISON HAMBLING
Managing Director

Joined Jan 2020,
Executive Director August 2021

Significant experience in direct
investment and rebuilding
companies

* Owns 3.9m IMG shares post
deal closure, pre-entitlement
offer



PETER KENNAN
Non-Executive Chairman

Joined Jan 2020,
Chairman Effective July 2021

Founder of Black Crane and
has significant experience in
investing and assisting
turnaround companies

* Owns & represents 80.1m
shares, pre-entitlement offer



ROB HILTON
Non-Executive Director

Joined 2022

Founder – The Promotions
Factory (est, 1988) now TPF
Group

* Owns 8.5m shares pre-
entitlement offer



Jason Elks
Non-Executive Director

Joined Dec 2022

Significant experience in
corporate improvement and
aligning values of staff to
business

Material improvement
achievements include: New
Century Mine and Rio Tinto
Canada

IMG SENIOR EXECUTIVE TEAM

Experienced and Seasoned Executive Management Team



ADT ACQUISITION OVERVIEW

Funding secured: driving accretive transaction metrics

- ❑ IMG to pay \$45m (subject to final customary adjustments) for "ADT" and concurrently refinance its debt and raise equity (via a proposed entitlement issue).
- ❑ With a forecast FY24 EBITDA of \$31.0m (from \$5.9m) IMG EV:EBITDA drops from 8.1x currently to 3.2x at current (\$0.12cps) equity prices.
- ❑ ND:EBITDA reduces from 5.4x to 2.2x with debt refinanced for 3 years and designed with flexibility to accommodate the integration of ADT and reinvigoration of its operations with a clear business strategy.
- ❑ IMG will enter into a transitional services agreement with JCI in order to transition several functions (HR, finance, IT & real estate) from JCI to IMG over the next 12 months.

ADT OVERVIEW

Leading Security Industry Brand

- Leading ANZ security monitoring provider with a combined footprint of ~120,000 direct lines (as at Sept 2022)
- Revenue of c. \$95m with \$65m of recurring revenue. FY22 EBITDA of c. \$25m (Sept YE).
- Receives ~2,000 inbound calls from potential customers per month.
- ADT has a full-service model which includes installation, service and maintenance, patrols, and security monitoring.
- Approximately 338 employees, across Australia and NZ



ACQUISITION : ADT

Benefits for Intelligent Monitoring and its shareholders

- ✓ **Financially Compelling acquisition with highly accretive metrics**
- ✓ **Deleverages balance sheet, with pathway to investment grade credit rating through debt repayment and earnings growth**
 - ✓ Debt maturity extended out to July 2026
- ✓ **Improves industry position**
 - ✓ ADT is one the most recognised security monitoring names
- ✓ **Preserves shareholder upside**
 - ✓ IMG shareholders retain the flexibility to participate in the continued growth and success of the Company through likely entitlement Issue
 - ✓ The Transaction represents the best available and least dilutive option to maximise long term value for IMG shareholders while achieving IMG's strategic objectives

Financial Overview

Significant change in financial scale for IMG

- Forecast EBITDA* to lift to \$31.0m in FY24 (from \$24.8m proforma FY23)
- Strong cash starting position ~\$13.0m (post transaction fees and rental bonds)
- Gross debt of \$80m, Net debt \$66.8m (day one)
- Compelling value:
 - Forecast EBITDA at 3.2x versus 7.1x for ADT.NYSE (source: Morningstar Inc)

P&L Summary					
		IMG FY23 6A + 6F***	ADT FY23 6A + 6F	Proforma 6A + 6F	Forecast FY24
Revenue	\$m	34.5	99.2	133.7	147.6
EBITDA*	\$m	5.4	21.0	24.8	31.0*
EBITDA margin	%	16%	21%	19.0%	21%
Financials					
Market Cap	\$m	14.7		32.1**	32.1**
Net Debt	\$m	29.0		66.7	66.7
Enterprise Value	\$m	43.7		98.9	98.9
EBITDA	\$m	5.4		24.8	31.0
EV / EBITDA	X's	8.1		4.0	3.2

* EBITDA excluding restructuring costs, transaction costs and including targeted FY24 cost improvements
** Assumes \$15m equity raise (which has been fully committed by Black Crane) at the current market price
***6 months actual figures to 31 December plus 6 months forecast to 31 July 2023

Balance Sheet

Reset and stable balance sheet

- Strong cash starting position ~\$13.0m post transaction costs
- Asset base increased +203%
 - Asset base to be reassessed under IMG ownership to align to IMG accounting policies
 - Pro forma balance sheet assumes a \$61.4m write down in assets and goodwill in ADT
- Working capital supported by customary adjustments at settlement
- Gross Debt of \$80m equal to 2.6x FY24 expected EBITDA (\$31.0m)**
- Tax losses (\$21.5m at June 2022) expected to be retained and utilised

Balance Sheet Summary			
		IMG (Dec 2022)	IMG Pro Forma*
Cash	\$m	2.7	13.2
Receivables	\$m	3.4	15.3
Inventory	\$m	0	2.6
Property, Plant & Equipment	\$m	3.6	28.8
Goodwill	\$m	27.4	39.8
Other Assets	\$m	2.5	18.7
Total Assets	\$m	39.1	118.4
Accounts Payable	\$m	6.7	5.1
Debt	\$m	31.6	80.0
Other liabilities	\$m	3.1	23.8
Total Liabilities	\$m	41.4	108.9
Equity	\$m	-2.3	9.5

* Mgmt. estimates

** EBITDA excluding restructuring costs and transaction costs

Cashflow Overview

Significant free cashflow (post restructuring and one-off costs)

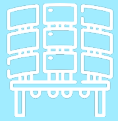
- Significant expected lift in operating cashflow
 - Scale of ADT’s recurring subscription revenue
 - End of residential subscriber subsidisation at ADT
 - Focus on positive margin commercial work recommences
 - Business improvement initiatives and benchmarking drive cash
- Rapid pay down in debt facility targeted over next 18 months

Cashflow Summary			
		IMG Pro Forma (FY23)*	IMG Pro Forma (FY24)*
EBITDA	\$m	5.4**	28.9****
Non recurring costs***	\$m	1.0	14.6
Working Capital	\$m	2.9	3.6
Interest	\$m	2.9	7.3
Tax	\$m	0	0.1
Operating Cashflows	\$m	-1.4	3.3
Investing Cashflows	\$m	3.8	-45.9
Financing Cashflows	\$m	0.4	55.5
Free cashflow (pre-non recurring costs)			17.9

* Mgmt. estimates (assumes 1 August effective ADT acquisition date) annual EBITDA \$31.0m
** Underlying pre non-recurring costs (run rate at April 22 = \$7.2m pa for IMG)
*** Expected acquisition, refinancing, restructuring costs and rental bonds (\$1.8m)
**** Excluding acquisition, refinance and restructuring costs and including cost improvements (\$1.6m) targeted for FY24 (with \$3.3m further expected in FY25).

IMG AFTER ADT ACQUISITION

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>180,000

One of Australia's largest security monitoring providers focused on both commercial and residential customers



>\$6.5m

Combined recurring monthly revenue (RMR)



>64%

Revenue is subscription based with diversified "sticky" customer base across govt, commercial, residential and personal emergency response with an average customer tenure of 7 years



>40%

Gross margin in FY24F with strong core cashflow generation, high margin and scalable cost base providing strong operating leverage



>60%

Combined gross margin on security monitoring driven by low cost to serve



~\$31m

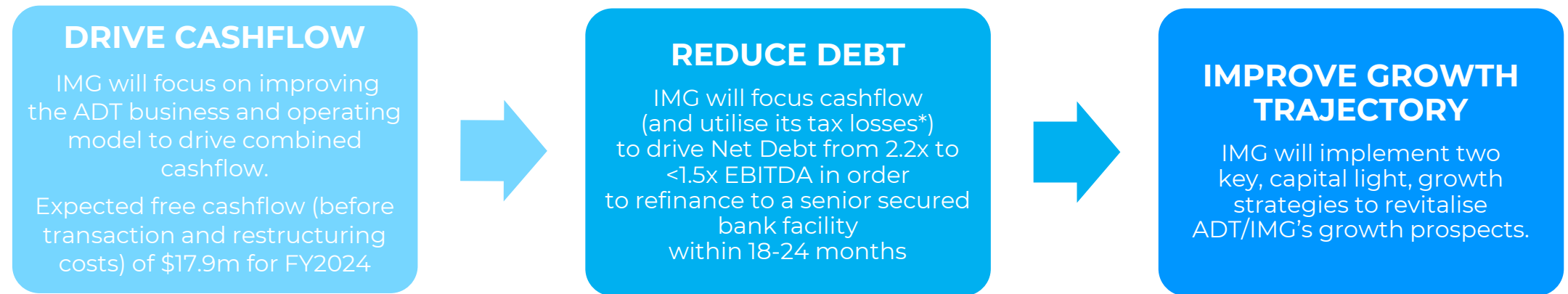
FY24F EBITDA normalised for transaction and restructuring costs. Annual cost-out of c. \$6m targeted during FY24.



~>400

Employees in IMG group, working across Australasia

FOCUSED CORPORATE STRATEGY



* Tax losses of \$21.5m as at FY2022

CLEAR OPERATING STRATEGY

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SHIFT OF EMPHASIS FOR RESIDENTIAL INSTALLATIONS

- Currently, the business largely resells wired security panels
- IMG has identified a more cost-effective white label product offered by Sybersense that is DIY install
- This has already been rolled out in the US market by a company called CoveSmart



RE-COMMENCEMENT OF COMMERCIAL INSTALLATIONS

- In late 2020, ADT exited commercial security installations.
- ADT currently has c. 4k commercial customers
- IMG will re-commence marketing/sales for new commercial customers

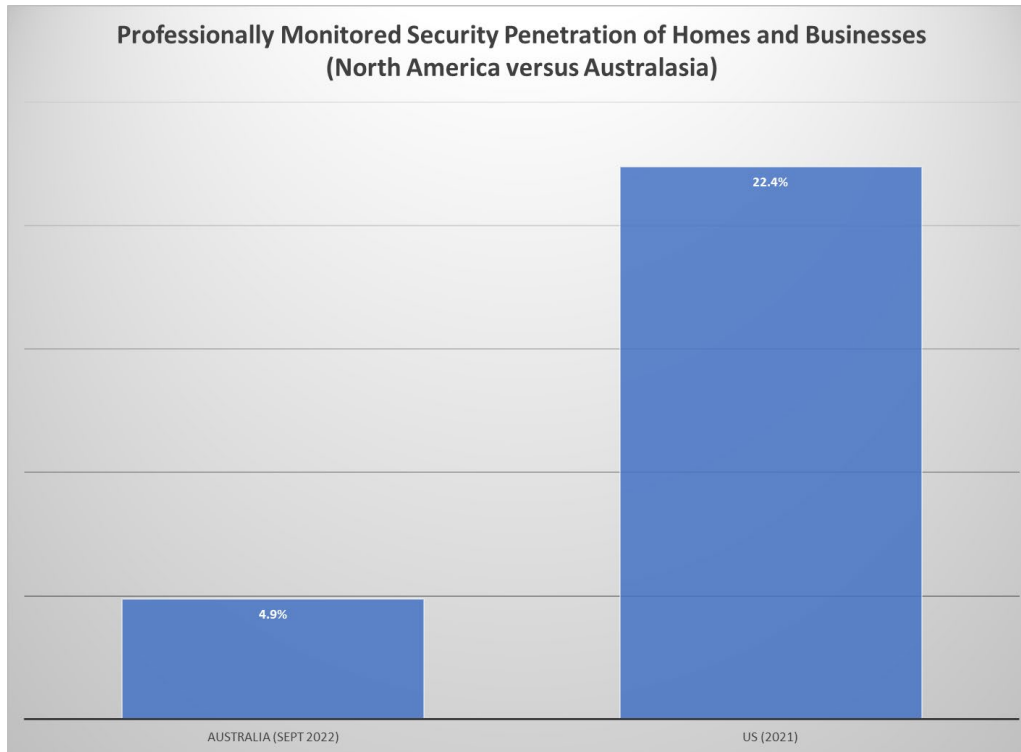


FOCUS ON COST BASE AND SIMPLIFICATION OF BUSINESS

- Immediate cost synergies are expected post financial close
- The prime savings expected will come from unwinding to a focused single service provider

OPERATING STRATEGY #1 – RESIDENTIAL: DO IT YOURSELF

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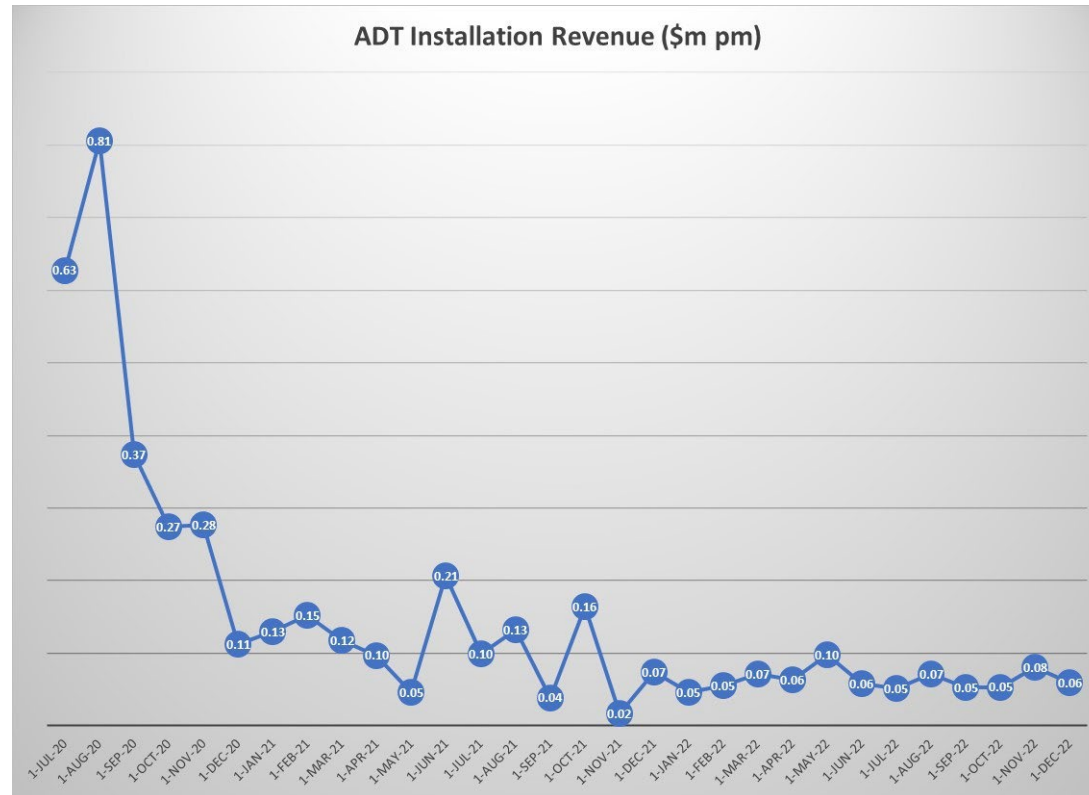
Sources: ADT (Sept 2022) & IMG (May 2023) Line counts, Australian alarm counts as at October 2022, ABS, NZ Census, NZ Companies Office, Berginsight.com

- Australian penetration of monitored alarms has essentially grown at the rate of physical housing formation
- The US experience has been totally different. With penetration of monitored lines >3x Australia currently.
- The difference has come through introduction of do it with me, and do it for me alarm installation kits.
- This has significantly lowered the upfront cost of a home security system at a time where the functionality has improved markedly, towards being a full home automation system.

With the leading brand in the market, IMG intends to focus ADT residential on providing wireless, self installed systems at a competitive upfront price point.

OPERATING STRATEGY #2 – COMMERCIAL: BRING ADT BACK

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Sources: ADT financials

- IMG has identified another growth opportunity in rebooting the commercial installation business which is expected to contribute significantly to monitoring revenue from FY24 onwards.
- ADT currently has c. 4,000 large commercial customers.
- Initially, IMG management will focus on re-engaging with these existing customers to provide servicing and maintenance work.

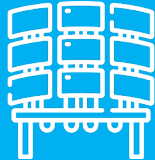
As part of IMG's future execution plan for the business, IMG will re-commence marketing and sales for new commercial customers.

OPERATING STRATEGY #3 : SIMPLIFICATION



OVERHEADS AND SALES

- Unwinding standard corporate costs with JCI.
- Reduction of “shared service” costs from Finance, IT, HR and Collections combined.
- Re-aligning sales staff to higher volume, better value do-it-yourself security systems



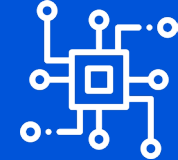
MONITORING CENTERS AND OPERATORS

- Monitoring centres will be benchmarked across the group to lift alarm response times and efficiency to Australasian leading levels.
- ADT customers (particularly commercial customers) will be able to experience enhanced video and other IOT monitoring services. By choosing between control room platforms.



SUPPLIER CONSOLIDATION

- IMG will work to harmonise its telco and communications costs.
- ADT's current cost per line is currently \$4 per line higher than IMG's.



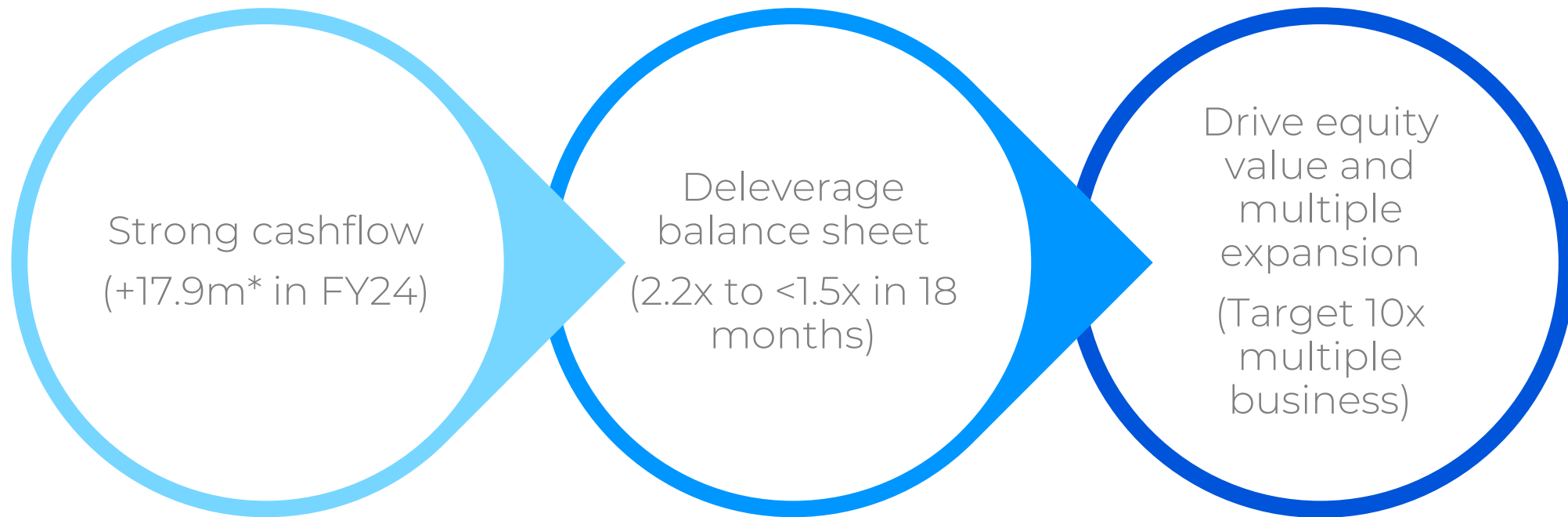
LOGISTICS

- With a change in emphasis to do-it-yourself alarm systems the company expects to be able to simplify its logistics operation and speed up the time to implement for new alarm installations.

Total simplification improvements of \$4.9m targeted from acquisition. \$1.6m included in FY24 figures, with further \$3.3m expected in FY25.

INVESTMENT THESIS:

Industry leader with strong balance sheet and focused deleveraging strategy



* Expected free cashflow before transaction and restructuring costs for FY2024

IMG: INDUSTRY LEADER WITH FOCUSED CASHFLOW STRATEGY

#1 INDEPENDENT MONITORING OPERATOR

~180,000 lines

- Significant subscription-based revenue underpins a strong defensive cashflows stream
- Core consumer stable industry with good growth prospects

SEASONED MANAGEMENT TEAM

IMG team have significant integration experience

- IMG's journey of cost out and business improvement puts it in a good position to improve the business
- The turnaround of IMG, with the successful acquisition of Advanced Inland, Monitored 24/7 & Bellrock give confidence to managements ability to deliver

GOOD BALANCE SHEET, WITH EXCELLENT CASH GENERATION CAPABILITY

- With \$6.5m of RMR IMG will be well positioned to pay down debt and be positioned for a senior bank lender facility in the next 18-24 months.

APPENDIX 1: ADT ACQUISITION KEY TERMS

- Conditions precedent - completion of JCI's internal restructure and material landlord change of control consent
- Warranties and indemnities – standard for a transaction of this nature, and subject to customary limitations and exclusions
- Termination events – if conditions are not satisfied by the end date (31 July 2023) or a party fails to complete
- Restraint – JCI subject to a 24 month non-compete and 12 month non-solicit
- TSA – JCI to provide transition services to IMG (e.g. HR, finance, IT & real estate) for up to 12 months
- BMA – IMG will provide bureau monitoring services to the JCI group in respect of its fire alarm monitoring business for 2+1 year term.
- Trade Mark Licence – JCI will retain ownership of the ADT trade marks and domain names, granting IMG a royalty-free licence to use these rights for a term of five years, with IMG having options to renew for further two year periods on a rolling basis.



APPENDIX 2: DEBT TERMS

3-Year, \$80m Facility with TOR Investments

- Cash interest rate 10% p.a.
- Payment in kind (PIK) interest 5% p.a.
- Zero exercise price warrants in IMG to be issued over 7.5% of the new equity base (post equity raise)
- 3 year term (July 2026)
- No amortisation for 18 months
- Cash sweep above \$20m cash - 1st six months, \$15m - 2nd six months and \$10m - 12 months onwards
- Upfront fee 3% of debt
- Key covenants:
 - churn rate (<25%);
 - net debt/adjusted EBITDA ratio (4.50:1 (Year 1); 3:1 (Year 2); 2:1 (Year 3));
 - interest cover ratio (2:1 (Year 1); 3:1 (Year 2); 4:1 (Year 3));
 - minimum liquidity (\$2.5m); and
 - capex restrictions
- Security over all of the assets of the IMG group



Post transaction and restructuring IMG is expected to have free cash flow of around \$20m pa, providing significant scope to deleverage quickly