



28 April 2023

Quarterly Activity Report and Appendix 4C Quarter ended 31 March 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 announced (4/4/2023) and completed (21/04/2023) the acquisition of the monitored customers from Victorian based, Bellrock Pty Ltd which was trading in Administration.
 - These 1,125 monitored customers, including several guarding contracts, have been fully, quickly, and successfully integrated into the appropriate IMG business units.
 - Customer attrition has been minimal, and less than anticipated. This partly reflects the improved service from our unique 3x Patriot-based control rooms, and the excellent integration efforts of the IMG Team.
 - As a result, IMG now anticipates these customers will add >\$450,000pa in EBITDA to IMG (versus the \$415,000 acquisition price and the previously indicated “minimum \$300,000 EBITDA”) starting in May 2023, illustrating the considerable fixed cost leverage to the IMG platform which is now in place.
- In order to fund this and other potential transactions, over the quarter the Company entered into a \$1.6m short term loan note facility with major shareholder, Black Crane. This was done on commercial terms, and with a view towards further accretive bolt on acquisitions, along the lines of Bellrock (Apr FY23) Monitored 24/7 (Jan FY23) and Advanced Inland group (July FY22), with whom the Company is currently in discussion.
- Having undertaken a thorough process, the company has now selected a preferred debt partner, with the goal to be fully refinanced with a new 3-year term facility by June 30, 2023.
- Excluding the MTG business (at -\$142,000) IMG delivered an unaudited EBITDA of \$595,000 for the month of March.
- MTG has started to deliver Simple by Monkey cameras to Bunnings stores this week, with receipts expected 30 days later. MTG is carrying all required inventory for this first order currently. As a result, IMG expects MTG to trade at least break even during 4QFY23.
- The business is focused on growth and remains on track to reach its EBITDA guidance of >\$5.9m for FY23. More importantly however, the run rate build up implies a significant improvement on this level as we step into FY24.

INTELLIGENT MONITORING GROUP LIMITED

ABN 36 060 774 227

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Operating Result

- Operating cash inflow of \$8.8 million, a +2% increase over the prior quarter, and a +43% increase over PCP.
- Positive operating cashflows of \$0.2 million, \$0.6 million less than the prior quarter due to working capital movements. This quarter included a negative -\$340,000 contribution from MTG, as it ramps up its Bunnings contract and additional costs associated with the debt refinancing project, Bellrock acquisition and Yoursafe app development.
- The Company had \$2,612,000 of cash on hand at 31 March 2023. This is sufficient cash to fund the business and its growth plans.

Listing Rule 4.7C.3

Cashflows from operating activities	\$A,000
Receipts from customers	8,849
Operating costs	(3,939)
Advertising and marketing	(120)
Staff costs	(3,124)
Admin and corporate costs	(744)
Interest received	(6)
Interest and other costs of finance paid	(735)
Government grants and tax incentives	-
Business acquisition & integration costs	-
Net cash from operating activities	181

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$302,782 for salaries, redundancies, allowances, fees and superannuation to executive and non-executive directors and key management personnel.

Comments on cashflow

This has been another busy quarter for the Company. In addition to the Bellrock acquisition, which cut across most of the business, we have continued to improve and adjust our core monitoring offering and service delivery.

During the quarter IMG delivered a Priority alarm response time that puts us over 100% ahead of our nearest like sized competitors, and amongst the fastest globally. IMG is proving that we are ALWAYS there quickly when customers need us most. And we are proud to be a team that is passionate about saving lives and protecting property.

Looking to FY2024, we continue to feel increasingly optimistic about the business. With the expected debt refinance behind us, IMG will be well positioned to build upon our relatively defensive revenue, but fixed cost base, in a way that should add considerable value for our shareholders.



- ENDS -

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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 Limited (ASX: IMB) 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 three monitoring centres in Australia.

GROWTH STRATEGY

Security services are increasingly in demand, with technology providing more and cheaper ways to provide the right 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.

As a fragmented industry, with no clear industry leader and still dominated by small business providers IMG is in a good position to led consolidation as the industry increasingly ages..

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'**

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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

ABN

36 060 774 227

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,849	25,300
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,939)	(10,245)
(c) advertising and marketing	(120)	(298)
(d) leased assets	-	-
(e) staff costs	(3,124)	(10,359)
(f) administration and corporate costs	(744)	(2,353)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(6)	7
1.5 Interest and other costs of finance paid	(735)	(1,522)
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	181	530

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(70)	(185)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(401)	(4,797)
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)	6	(48)
2.6 Net cash from / (used in) investing activities	(465)	(5,031)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,000
3.2 Proceeds from issue of debt securities	1,575	1,575
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(164)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(920)	(1,754)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – Repayment of payment plans	(495)	(1,580)
3.10 Net cash from / (used in) financing activities	160	77

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	2,736	7,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	181	530
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(465)	(5,031)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	160	77
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,612	2,612

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	2,612	2,736
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)	2,612	2,736

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
303
-

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.

7.1 Loan facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1. 26,583	1. 26,583
2. 1,601	2. 1,601
3. 173	3. 173
-	-
-	-
28,357	28,357
	-

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

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 13.81% pa.
2. Short-term loan facility from Black Crane Asia Pacific Opportunities Fund, maturing on 31 October 2023. Interest rate 8% pa, capitalised monthly. Peter Kennan is a substantial shareholder of the lender, the loan agreement is on commercial terms.
3. Insurance funding.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)	181
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,612
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,612
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	14.4

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: 28 April 2023

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.