

20 June 2023

Fully underwritten non-renounceable accelerated Entitlement Offer

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Highlights

- As announced on 13 June 2023, Intelligent Monitoring Group Limited ("**IMG**" or the "**Company**") has entered into a binding agreement to acquire all the shares in Tyco Australia Group Pty Limited from Signature Security Group Holdings Pty Ltd (a subsidiary of Johnson Controls International plc) ("**Acquisition**").
- IMG will conduct a fully-underwritten accelerated non-renounceable entitlement offer to raise approximately \$15.0 million (before costs) ("**Entitlement Offer**").
- In combination with the proceeds of the Company's previously announced entry into a new \$80 million 3-year debt facility ("**Debt Facility**"), the proceeds raised from the Entitlement Offer will be used to fund the Acquisition, refinance the Company's existing debt, pay transaction costs and for general working capital purposes.
- Offer price of \$0.16 per New Share, a 13.5% discount to the closing price of IMG shares on 19 June 2023.
- The Entitlement Offer is fully underwritten by Morgans Corporate Limited, with IMG substantial shareholder Black Crane committing \$15.0 million to the Entitlement Offer, through taking up its full Entitlement and sub-underwriting the Entitlement Offer.

Proposed Equity Raising Overview

IMG will conduct an equity raising by way of a fully-underwritten accelerated 33 for 46 (or approximately 1 for 1.39) non-renounceable entitlement offer of fully paid ordinary shares in IMG (**New Shares**) to raise approximately \$15.0 million (**Entitlement Offer**).

The offer price for the Entitlement Offer is \$0.16 per New Share (**Offer Price**). The Offer Price represents:

- a 8.3% discount to the theoretical ex-rights price (**TERP**);¹
- a 20.9% discount to the 5-day volume weighted average price; and
- a 13.5% discount to the last traded price of IMG shares.

¹ The theoretical ex-rights price of \$0.1745 is calculated using IMG's closing price on 19 June 2023 assuming proceeds from the Entitlement Offer are \$15 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.



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Under the Entitlement Offer, eligible shareholders will be able to subscribe for 33 New Shares for every 46 existing IMG shares held at 7:00 pm (AEST) on 22 June 2023 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

IMG will notify shareholders as to whether they are eligible to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted from today, Tuesday, 20 June 2023 to Thursday, 22 June 2023.

Eligible institutional shareholders can elect to take up all, part or none of their Entitlement under the Institutional Entitlement Offer.

Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to any ineligible institutional shareholders, will be offered to new institutional investors and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

IMG's shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer will open on Tuesday, 27 June 2023 and close at 5:00 pm (Sydney time) on Tuesday, 11 July 2023, unless extended by IMG. The Retail Entitlement Offer will be conducted at the same Offer Price and offer ratio as the Institutional Entitlement Offer.

Further information regarding the Retail Entitlement Offer will be set out in the Retail Entitlement Offer Information Booklet (**Booklet**), which IMG expects to lodge with ASX and dispatch to eligible retail shareholders on Tuesday, 27 June 2023. The Booklet will also enclose eligible retail shareholders' personalised entitlement and acceptance forms.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible shareholders who do not take up their full Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

The Retail Entitlement Offer will include a top-up facility, under which eligible retail shareholders who take up their full Entitlement will be invited to apply for additional New Shares from a pool of those not taken up by other eligible retail shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of the New Shares they apply for under the top-up facility.

Under the Entitlement Offer, approximately 93.75 million New Shares will be issued.

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New Shares issued under the Entitlement Offer will rank equally with existing shares in the Company.

Appointment of Lead Manager and commitment from Black Crane

Morgans Corporate Limited (**Lead Manager**) has agreed to fully underwrite the Entitlement Offer pursuant to an underwriting agreement with the Company (**Underwriting Agreement**).

Black Crane, an entity associated with Mr Peter Kennan, the Company's non-executive Chairman, has committed to subscribe for New Shares equivalent to (up to) the full \$15 million proposed to be raised under the Entitlement Offer, by way of:

- taking up its full entitlement (of approximately \$9.2 million); and
- sub-underwriting the Entitlement Offer for the balance of the Entitlements.

In combination with the proceeds received from the Company under the Debt Facility, the proceeds raised from the Entitlement Offer will be used to fund the Acquisition, refinance the Company's current debt, pay transaction costs and for general working capital purposes.

Under the Underwriting Agreement, the Lead Manager is entitled to receive:

- a management fee of 2.00% (plus GST) of the proceeds of the Entitlement Offer; and
- an underwriting fee of 4.00% (plus GST) of the proceeds of the Entitlement Offer, excluding any proceeds received from Black Crane.

The Lead Manager's obligations under the Underwriting Agreement, including to underwrite and manage the Entitlement Offer, are conditional on certain matters, including the lodgement of certain ASX materials in accordance with the agreed timetable, as well as the timely delivery of due diligence materials, sign-offs, opinions and certificates by the Company.

The Lead Manager may terminate its obligations under the Underwriting Agreement upon the occurrence of certain termination events. Further details of these termination events are set out in Appendix A of this announcement.

The termination of the Underwriting Agreement may have an adverse impact on the ability of the Company to proceed with the Entitlement Offer and the quantum of funds raised. If the Underwriting Agreement is terminated, there is no guarantee that the Entitlement Offer will proceed in its current form or at all.

Strong Balance Sheet and Compelling Valuation

Following completion of the Entitlement Offer and the refinancing through the Debt Facility, the Company is forecast to have a cash of approximately \$13.2 million against a gross debt of \$80.0 million. This is after all the costs of the Entitlement Offer, advisory fees, potential restructuring charges and rental guarantees are taken into account. The Company is forecasting free cash flow of \$17.6 million (before charges) for the 11-month period post completion of the Acquisition to 30 June 2024. This should further put the Company in a strong position to pay down debt, and ultimately move to a

cheaper source of financing within the debt terms of a new facility.

The Offer Price implies:

- a forecast EV to EBITDA ratio for forecast FY2024 EBITDA of 3.4x; and
- a forecast market capitalisation to FY2024 forecast free cash flow (excluding one off transaction-related costs) of 2.2x.

Key dates²

Event	Date
Announcement of Entitlement Offer	20 June 2023
IMG conducts Institutional Entitlement Offer	20 June 2023 to 22 June 2023
Announcement of results of Institutional Entitlement Offer, trading resumes on an ex-entitlement basis	22 June 2023
Record Date for the Retail Entitlement Offer	7:00 pm on 22 June 2023
Settlement of Institutional Entitlement Offer shares	23 June 2023
Issue and quotation of Institutional Entitlement Offer shares	26 June 2023
Retail Entitlement Offer Booklet dispatched to eligible retail shareholders, Company announces dispatch has completed, Retail Entitlement Offer opens	27 June 2023
Last day for IMG to extend Retail Entitlement Offer closing date	Before 12:00 pm on 6 July 2023
Closing Date of Retail Entitlement Offer	5:00 pm on 11 July 2023
Settlement of Retail Entitlement Offer	17 July 2023
Issue of Retail Entitlement Offer shares	18 July 2023
Quotation of Retail Entitlement Offer shares	19 July 2023

Further information

Further details of the Acquisition and the Debt Facility are set out in the ASX announcement and investor presentation provided to the ASX on 13 June 2023.

Investors should have regard to the key risks and foreign selling restrictions in Appendix B and Appendix C of this announcement.

New Managing Director remuneration package

The non-executive directors of IMG have also agreed to the following amended remuneration package to be provided to Managing Director, Mr Dennison Hambling:

- Base Salary - \$375,000 per annum.
- 2023 STI – 75% of base salary, payable in December 2023 subject to completion of the Acquisition and Mr Hambling remaining employed at the time the bonus is payable.

² IMG and the Lead Manager reserve the right to vary these times and dates without notice, subject to the ASX listing rules.



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- 2024 STI – 75% of base salary, payable in June 2024 at the board’s discretion, to be assessed against IMG meeting forecast profits.
- Participation in IMG’s employee incentive scheme³ by the issue of:
 - 1,500,000 performance rights (subject to IMG shareholder approval and subject to a service vesting condition of remaining employed as at 31 December 2023); and
 - 1,500,000 performance rights (subject to IMG shareholder approval and subject to a service vesting condition of remaining employed as at 30 June 2024).
- Car allowance of up to \$30,000 per annum.

Issued capital post Entitlement Offer

The Company’s issued capital following completion of the Entitlement Offer and the Acquisition and after shareholder approval of the proposed performance rights to be issued to the Managing Director (assuming such approval is obtained) is expected to be as follows:

Securities	Number
Ordinary shares	224,450,295
Warrants (issued to providers of the Debt Facility)	18,741,916
Performance rights	6,700,000

-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 Limited (ASX: IMB) helps provide 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.

³ IMG intends to hold an EGM to seek shareholder approval for the grant of these securities in early to mid-September 2023. Mr Hambling also currently holds 3,700,000 performance rights which are expected to vest following completion of the Acquisition.

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Appendix A – Summary of termination events in respect of Underwriting Agreement

The events which may trigger termination of the Underwriting Agreement include:

- a material statement contained in the materials issued to the market and institutional investors in connection with the Entitlement Offer (including ASX announcements, ASX forms, cleansing statements, the investor presentation, the Booklet, confirmation letters, correspondence to shareholders or other public information) (together, the **Offer Materials**) is or becomes misleading or deceptive or likely to mislead or deceive or a matter required to be included is omitted from the Offer Materials;
- the report or any information supplied by or on behalf of the Company to the Lead Manager for the purposes of due diligence in respect of the Entitlement Offer or the Offer Materials is false, misleading or deceptive in a material respect;
- the cleansing statement issued under the Entitlement Offer is defective, or a corrective statement is required to be issued under the Corporations Act (other than as a result of a new circumstance arising);
- any material adverse change, or material adverse development (including but not limited to any regulatory change) or material adverse event involving a prospective change occurs, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of the Company or Tyco Australia Group Pty Limited;
- the S&P/ASX 300 Index closes at any time prior to the settlement date of the Retail Entitlement Offer at a level that is 10% or more below its level as at the close of trading on the date of the Underwriting Agreement;
- ASIC commences certain actions, investigations or hearings in relation to the Entitlement Offer or Offer Materials;
- the Company is or will be prevented from conducting or completing the Entitlement Offer by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise are or will become unable or unwilling to do any of these things or a third party applies to a court of competent jurisdiction seeking orders to prevent, or which will have the effect of preventing any of these things;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer;
- there is an application to a governmental agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Entitlement Offer (or any part of it), except in circumstances where the existence of the application has not become public and it has been withdrawn within a specified period;
- any circumstance arises that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for new shares under the Entitlement Offer and be repaid their application moneys;
- the Company ceases to be admitted to the official list of ASX or the Company's shares (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on the ASX (other than a voluntary suspension requested by the Company and consented to by the Lead Manager);
- ASX makes any official statement to any person, or indicates to the Company or the Lead Manager that they will not grant permission for the official quotation of the new shares (or such permission is subsequently withdrawn, qualified or withdrawn);
- the Company engages in conduct that is misleading or deceptive or which is likely to mislead or deceive in connection with the Entitlement Offer;
- the Company withdraws or indicates that it does not intend to proceed with the Entitlement Offer or any part of the Entitlement Offer or withdraws a document forming part of the Offer Materials;
- any certificate to be delivered to the Lead Manager under the Underwriting Agreement is not furnished when required or is untrue, incorrect or misleading;

- the timetable or any other event under the Underwriting Agreement is delayed by one business day or more, without the prior written consent of the Lead Manager, other than events within the control of the Lead Manager;
- the Company or its subsidiaries disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Offer Materials; ceases or threatens to cease to carry on business; alters its capital structure in a prohibited manner; or amends its constitution or other constituent document of an subsidiary;
- there is a change in chief executive officer, chairman, executive director or chief financial officer of the Company, or a prospective change is announced, other than one which has already been disclosed to ASX or in any public information or disclosed to the Lead Manager before the date of the Underwriting Agreement;
- a director or senior member of management of the Company engages in any fraudulent conduct or activity, or is charged with an indictable offence;
- any government agency commences any public proceedings against the Company or any director in their capacity as a director of the Company, or announces that it intends to take such action;
- any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- a person encumbers or agrees to encumber, the whole or a substantial part of the business or property of the Company or its subsidiaries;
- ASX withdraws, revokes or amends any waivers granted to the Company;
- ASIC withdraws, revokes or amends any waivers granted to the Company;
- the trading halt ends before the expiry of the relevant period referred to in the timetable without the prior written consent of the Lead Manager;
- an insolvency event occurs to the Company or one of its subsidiaries or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of them;
- any party to the sale agreement in relation to the Acquisition (**Acquisition Agreement**) does, or becomes entitled to, or threatens to, terminate, rescind, withdraw or revoke the Acquisition Agreement
- the Acquisition Agreement becomes incapable of, or will not, complete in accordance with its terms; or
- there is an unremedied breach of a representation or warranty or other obligation under the Acquisition Agreement, which has or is likely to have in the opinion of the Lead Manager (acting reasonably) a material adverse effect on the Company or the Acquisition.

In addition, the Lead Manager may terminate the Underwriting Agreement if any of the following events occur, provided that in the reasonable opinion of the Lead Manager, the event has had or is likely to have (individually or in the aggregate) a material adverse effect on the financial condition, financial position or financial prospects of the Company, Tyco Australia Group Pty Limited or the market price of the Company's shares, or the event has had or is likely to have (individually or in the aggregate) a material adverse effect on the success or outcome of the Entitlement Offer or the ability of the Lead Manager to market or promote or settle the Entitlement Offer, or the Lead Manager will or is likely to contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event:

- an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known which, if known at the time of issue of the investor presentation or the cleansing statements, would have been required to be included in those documents;
- any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in any Offer Materials is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;
- there is introduced into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement), any of which does or in the reasonable opinion of the Lead Manager is likely to prohibit or adversely affect or regulate the Entitlement Offer, capital issues or stock markets

or the Lead Manager's ability to promote or market the Entitlement Offer or enforce contracts to issue or allot the new shares or adversely affect the taxation treatment of the new shares;

- any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or its subsidiaries;
- any contract, deed or other agreement, which is material to the making of an informed investment decision in relation to the shares offered under the Entitlement Offer is terminated, rescinded, altered or amended without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld), or found to be void or voidable;
- a general moratorium on commercial banking activities in Australia, New Zealand, the United States of America, Canada, Singapore, Japan, the People's Republic of China, a member state of the European Union, the United Kingdom or Hong Kong is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the Toronto Stock Exchange, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States of America, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan, a member state of the European Union or any change or development involving a prospective adverse change in any of those markets;
- there is an outbreak of hostilities not presently existing or a major escalation in existing hostilities occurs (in each case, whether or not a war or a national emergency has been declared), a declaration is made of a national emergency or war, a terrorist act is perpetrated, or a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, including an escalation resulting in a material shut-down of business, involving any one or more of Australia, New Zealand, the United States of America, any member state of the European Union, any member of NATO, the People's Republic of China, Hong Kong, Singapore or the United Kingdom or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- a representation and warranty contained in the Underwriting Agreement on the part of the Company is untrue or incorrect when given or taken to be given or becomes untrue or incorrect;
- the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- one of the events set out in sections 652C(1) or (2) of the Corporations Act in respect of the Company occurs during the Entitlement Offer period, subject to certain exceptions;
- a contravention by the Company or its subsidiaries of the Corporations Act, the constitution of the Company (or equivalent applicable documents), the ASX Listing Rules, any applicable laws, or a requirement, order or request made by or on behalf of the ASIC, ASX or any other government agency or any agreement entered into by it occurs; or
- any Offer Materials or any aspect of the Entitlement Offer does not comply with the Corporations Act, the ASX Listing Rules, any waivers granted by the ASX to the Company or any other applicable law or regulation.

Appendix B – Key Risks

This section discloses some of the key risks attaching to an investment in the Company. Before investing or increasing your investment in the Company, you should consider whether this investment is suitable for you having regard to publicly available information and your personal circumstances and following consultation with your professional advisers. The risks in this section are not, and should not be considered to be or relied on as, an exhaustive list of the risks relevant to an investment in the Company.

Risks specific to the Acquisition

Completion Risk

Completion of the Acquisition is conditional on various matters as set out in the share purchase agreement in respect of the Acquisition (**Sale Agreement**), including the vendor completing a restructure. If any of the conditions are not satisfied or waived, or any of the completion deliverables are not delivered, completion of the Acquisition may be deferred or may not occur on the current terms or at all. If completion of the Acquisition is delayed, the Company may incur additional costs and it may take longer than anticipated for the Company to realise the benefits of the Acquisition. Any failure to complete, or delay in completing, the Acquisition could materially and adversely affect the Company's operational and financial performance and the price of its shares.

Historical liabilities

If the Acquisition completes, the Company may become directly or indirectly exposed to liabilities that Tyco Australia Group Pty Ltd (**ADT Security**) and its subsidiaries have incurred or are liable for in the past as a result of prior acts or omissions, including liabilities which were not identified during the Company's due diligence or which are greater than expected, or for which the Company was unable to negotiate sufficient protection in the Sale Agreement. Such liabilities may adversely affect the financial performance or position of the Company after the Acquisition.

Separation and transition

The ADT Security group business is heavily integrated within the Johnson Controls group including its operational systems and IT back end services. The operational separation of the ADT Security group business from the Johnson Controls group will not be completed before completion of the Acquisition, so the Company will need to rely on transitional services to be provided by Johnson Controls for a period post-completion of the Acquisition. There is a risk that operational separation from the Johnson Controls group could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, and divert management attention in executing such a complex and lengthy program.

Integration and synergies

The acquisition of the ADT Security group will be transformational for the Company's business, operational profile, capital structure and size compared to that of the Company on a standalone pre-Acquisition basis. There is a risk that the success and profitability of the Company following completion of the Acquisition could be adversely affected if the ADT Security group is not integrated effectively. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, divert management attention or that the anticipated benefits and synergies of the integration may be less than estimated.

Possible issues may include:

- differences in management culture between the businesses being integrated;
- unanticipated or higher than expected costs, delays or failures relating to integration of businesses, information technology, accounting or other systems;
- loss of, or reduction in, key personnel, expert capability or employee productivity, or failure to procure or retain employees;
- failure to derive the expected benefits of the strategic growth initiatives; and
- disruption of ongoing operations of other Company businesses.

Any failure to achieve the targeted synergies of integration of the ADT Security group may impact on the financial performance, operation and position of the Company and the future price of the Company's shares.

Due diligence risk

The Company undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial and other information provided by the Johnson Controls group. Despite making reasonable efforts, the Company has not been able to verify the accuracy, reliability or completeness of all the information which was provided. If any information provided and relied upon by the Company in its due



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diligence and preparation of this presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of the ADT Security group may be materially different to the expectations and targets reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted by the Company was conclusive, and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible for the Company to negotiate indemnities or representations and warranties from the Johnson Controls group to cover all potential risks). Therefore, there is a risk that issues and risks may arise which will also have a material impact on the Company (for example, the Company may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for the Company). This could adversely affect the operations, financial performance or position of the Company.

Change of control risk

The acquisition of the ADT Security may trigger change of control clauses in some material contracts to which an ADT Security group member is a party. Where triggered, the change of control clause will, in most cases, require the Company to seek the counterparty's consent in relation to the Acquisition. There is a risk that a counterparty may not provide their consent to the Acquisition, which may trigger a termination right in favour of that counterparty or that the counterparty may require a payment from the Company or renegotiation of terms or fulfilment of some other condition to obtain such consent. If any of the material contracts containing a change of control clause are terminated by the counterparty or renegotiated on less favourable terms, it may have an adverse impact on the Company's post-Acquisition financial performance and prospects. There can be no assurance that the Company would be able to renegotiate such contracts on commercially reasonable terms, if at all.

Additionally, as a result of the Acquisition, counterparties to some of the material contracts of the ADT Security group that have rights to terminate for convenience may elect to terminate their relationship with the ADT Security group. If any material customers or suppliers terminate their relationship with the ADT Security group, it may have an adverse impact on the Company's financial performance and prospects post-Acquisition.

Debt funding risk

The Company has entered into a loan note subscription agreement (**Facility Agreement**) to provide funding for the Acquisition, repayment of the Ares debt and transaction costs. If certain conditions precedent are not satisfied, or certain events occur, the financier may be entitled not to provide funding under the terms of the Facility Agreement, which would have an adverse impact on the Company's sources of funding for the Acquisition.

If the conditions precedent under the Facility Agreement are not satisfied or waived, and the Company's financier does not provide funding under the Facility Agreement and the Company is unable to source alternate funding, it may be unable to complete the Acquisition and could be required to pay damages.

The use of debt financing to partially fund the Acquisition means that the Company will be more exposed to risks associated with gearing and higher leverage ratios. In addition, the Company will be more exposed to general risks relating to any refinancing of its debt facilities. It may be difficult for the Company to refinance this debt facility and an inability to secure new debt facilities at a similar quantum and cost to existing debt facilities may adversely affect the financial performance of the Company.

Underwriting risk

The Company has entered into an underwriting agreement under which Lead Manager has agreed to fully underwrite the Entitlement Offer.

The Underwriter's obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including the Company delivering certain shortfall notices, signoffs and opinions. Further, if certain events occur, some of which are beyond the Company's control, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Entitlement Offer and could affect the Company's ability to pay the purchase price for the Acquisition. In these circumstances, the Company would need to find alternative funding to meet its contractual obligations under the Sale Agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect the Company's business, cash flow, financial performance, financial condition and share price.

Full details of the events which may give rise to a right for the Lead Manager to terminate the Underwriting Agreement are set out in Appendix A of this announcement.

Risks to the Company

Control Risk

Black Crane currently has a relevant interest in approximately 61.30% of the shares in the Company. Black Crane has committed to investing \$15 million in the Entitlement Offer through agreeing to take up its Entitlement in full and provide sub-underwriting for the Entitlement Offer to the extent required.

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Assuming (i) no other shareholders accept their Entitlements, (ii) the Lead Manager does not procure any sub-underwriting commitments, and (iii) Black Crane is required to sub-underwrite the Entitlement Offer up to its full commitment, Black Crane's voting power in the Company may increase to as high as 77.5%.

Black Crane's significant interest in the capital of the Company means that it is in a position to potentially influence the financial and operating decisions and policies of the Company, and its interests may not align with those of all other shareholders.

Black Crane currently holds, and post completion of the Entitlement Offer may continue to hold, a relevant interest in more than 50% of the Company's shares which means that it has the potential to pass or block ordinary resolutions from being passed by the Company and block special resolutions from being passed by the Company (such resolutions requiring at least 75% of the votes cast by members entitled to vote on the resolution). Ordinary resolutions are required in relation to the approval of certain shareholder matters, including the appointment and removal of directors. Special resolutions are required in relation to the approval of certain shareholders matters, including potentially seeking the delisting of the Company, amending the constitution of the Company, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of shares, approving the variation of the rights attached to any such class. Furthermore, a significant sale of shares, or a perception that a sell-down may occur, by Black Crane could adversely affect the price of the Company's shares.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Facility Agreement and the Entitlement Offer. Any additional equity financing will dilute the holdings of existing shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Going Concern risk

The Company's FY23 half-yearly report released to ASX on 28 February 2023 (**Half-Yearly Report**) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Given the Company has entered into the Facility Agreement, the Directors believe that, notwithstanding the 'going concern' qualification included in the Half-Yearly Report, on drawdown under the Facility Agreement and completion of the Entitlement Offer, the Company will have sufficient funds to adequately meet the Company's short term working capital requirements following the Acquisition.

Climate risk

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- the emergence of new or expanded regulations associated with transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks, such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Customer and Customer Retention Risk

As with most businesses, the Company runs risk from a loss of clients. As is common in the industry, the Company typically enjoys long customer relationships, and it has a diverse spread of customers. However, as with other industries, technology advancements or the Company not performing to customers' expectations may lead to an increase in the difficulty of retaining customers. Loss of or a significant decrease in business from customers could harm the Company's revenues and the Company's business.

Further, although the Company has agreements in place with its existing customers, these agreements require the Company and/or the customers to meet certain obligations. Whilst the Company monitors its obligations under agreements, there is no guarantee that customers will adequately or fully comply with their respective contractual rights and obligations, including the obligations to pay for services provided.

Innovation and Competition Risk



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The Company's ability to retain, increase, and engage its users and address their evolving needs and to increase revenues will depend heavily on management's ability to successfully create, launch and grow demand for new products, both independently and in conjunction with strategic partners.

Remaining innovative and developing new and unique product offerings require investment and configuration, requiring monetary and internal resource investment, which may erode the Company's competitive position and adversely affect the growth and profitability of the Company.

Regulatory Risk

The introduction of new policies or legislation, or amendments to existing policies or legislation, and the failure by governments to act promptly to introduce new or amend existing policies or legislation that governs the Company's operations or contractual obligations could impact adversely on the operations and, ultimately, the financial performance of the Company.

In conjunction with its strategic partners, the Company monitors the policies and regulations that apply to Company's operations and regularly engages and consults with government agencies.

Privacy and Cyber Security Risk

The Company collects, transmits and stores commercial and financial information. Advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in the Company's failure or inability to adequately protect its commercially sensitive information.

An external cyberattack may have a detrimental effect on the Company. The Company will be unable to service clients for the period of the outage, which could ultimately result in a loss of clients and consequently revenue. Confidential Company and client information may be compromised. Any data breach will need to be reported to the relevant authorities and may cause substantial reputational and financial damage to the Company.

The Company has established measures and systems to minimise the likelihood of security breaches and these systems are regularly monitored for development or improvement.

Customer Disputes

The Company can from time to time find itself in a dispute with a customer. Given the significant diversity of the customer base, the impact of any one dispute may be immaterial. However should a systematic failure occur in the monitoring operations, there is no guarantee that this would not impact the availability of the services to many customers and therefore result in multiple disputes that could have an effect on the financial performance and profitability of the Company. The Company monitors the systems carefully to minimise the risk of such disruptions and widespread customer disputes and complaints.

Reliance on Key Personnel and Staff Risks

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company is dependent on securing and retaining skilled staff to operate. This includes skilled security personnel to staff the security operating centres, and executive personnel. There can be no guarantee that the Company will always be able to find, train and retain appropriate staff in a manner that does not impact the operations and therefore financial performance of the Group.

Acquisition Risk

As part of the new strategic direction, the Company is continuing to explore merger and acquisition opportunities with a view to strengthening its existing businesses. Any entry into, or commitment to, such relationship or opportunity will bring additional risks, including contractual, employment and intellectual property risks.

The Company would also be likely to incur transactional costs in evaluating and negotiating such relationships, which will need to be incurred regardless of whether the proposed transactions complete or bring benefit to the Company.

If consideration payable for such acquisitions is in the form of equity, or requires equity financing, the interests of existing shareholders in the Company will likely be diluted. If debt financing is available and used, it may involve restrictions on the financing and operating activities of the Company.

There is no guarantee that any acquisition would ultimately be beneficial to the Company's financial performance.



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Licence Risks

The Company uses its best endeavours to ensure compliance with the relevant state security legislation and to also maintain a Grading of A1 – Australian Standard 2201.2. A failure by the Company to maintain its licenses at this, or any, standard going forward, may have a material adverse effect on the Company's financial performance.

Licence Agreement Risks

The Company is a party to a number of licence agreements with respect to the operation of its business. Whilst the Company monitors its compliance with such licence agreements, there is no guarantee that the Company or third parties will adequately or fully comply with their respective contractual rights and obligations.

Depending on the relevant licence agreement and any future breaches of the obligations, the termination of a licence agreement may have an impact on the financial performance of the Company if a replacement licence agreement cannot be entered on at least equally favourable terms.

Intellectual Property Protection Risks

The Company seeks to differentiate its service through providing a unique and valuable service. In addition, it seeks to use the latest and most effective products and software to do so. There can be no guarantee that the Company is able to protect any or all of its intellectual property developed in the provision of its service in the future.

In addition the Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party's patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

Economic Risk

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Market Conditions

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- outbreaks of disease, epidemics, pandemics, terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Litigation Risk

In the ordinary course of business, the Company may be involved in complaints, disputes or litigation by customers, suppliers, employees, government agencies or other third parties, including disputes or litigation arising from intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Such matters may have an adverse effect on the Company's reputation, divert its financial and management resources from more beneficial uses, and have a material adverse effect on the Company's future financial performance or position. The Company is not currently engaged in any litigation.

Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Taxation

The acquisition and disposal of shares may have tax consequences, which will differ depending on the individual financial affairs of each investor. All existing and prospective investors in the Company are urged



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to obtain independent financial and/or taxation advice about the consequences of dealing in shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for shares.

Speculative Investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the shares. Prospective investors should consider that an investment in the Company is highly speculative. There is no guarantee that the shares offered under the Entitlement Offer will provide a return on capital, payment of dividends or increases in the market value of those shares.

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Appendix C – International Offer Restrictions

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of IMB with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States of America

This document is not an offer to sell, nor a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state or other jurisdiction of the United States of America and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.

Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) in Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong). The New Shares may not be offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (i) to “professional investors” within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares may be issued or may be in the possession (and no advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession) of any person for the purpose of issue, whether in Hong Kong or elsewhere, that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance. No person allotted New Shares may dispose, transfer or on sell, or offer to dispose, transfer or on sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such New Shares.

This document and the information within are strictly confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by the recipient to any other person or used for any purpose in Hong Kong.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.