



31 July 2023

## Quarterly Activity Report and Appendix 4C Quarter ended 30 June 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

- This quarter was a transformative quarter for IMG with the announcement of the proposed acquisition of ADT Australasia and associated capital raisings and refinancing.
  - In addition, the company completed the purchase and successful integration of both Bellrock (Victoria) and TCM (Tasmania). Which are expected to accretively add to the earnings of IMG in the next quarter and beyond.
  - Post period the business also integrated the AIS control room into its existing rooms. This will lead to further efficiencies (during FY2024) and marks the completion of the integration and simplification phase of the existing IMG business.
  - As a result, this quarter’s cashflow statement includes part of the entitlement issue undertaken pre-June 30th and significant costs associated with the deal, pertaining to advisors, an additional interest payment, and staffing decisions made in advance of on boarding ADT. It also includes final losses from Mammoth Technology Group (MTG) as it rolls out its sales to Bunnings.
  - The operating cashflow adjusted from these transformative activities, and the loss from MTG would have been +\$0.5m (including regular interest payments) instead of the headline -\$1.1m noted.
- The business has seen continued growth with receipts from customers up +6.3% (+\$0.6m) on the March Quarter and up +37.2% (+\$9.4m) on FY2023.
- Cashflow for the full year (excluding operating costs relating to the ADT acquisition) was \$0.1m. This included a -\$1.5m annual contribution from Mammoth Technology Group (-\$0.16M for the quarter).
- With the ADT acquisition the clear focus for the business, IMG has adjusted the cost base and focus of MTG going forward, and will integrate it into IMG fully during Q1 FY2024. IMG expects MTG will trade profitability during Q1.
- Further, during the quarter, IMG announced that it will rebrand its existing “Security Alarms Monitoring Service” and “MONEX” Wholesale brands to one new entity, IMG Connect.
- Going forward current IMG (excluding ADT) will rename its main subsidiary (called Threat Protect Services) to Intelligent Monitoring Services (IMS) and this will be led by general manager Paul Jones (IMG current COO) reporting to IMG MD Dennison

**INTELLIGENT MONITORING GROUP LIMITED**

ABN 36 060 774 227

Suite 2, 1 Tully Road, East Perth WA 6004

Website:

[www.theimg.com.au](http://www.theimg.com.au)

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Hambling. IMS will oversee IMG Connect, Mammoth Direct (our partnered direct lines business), Training and Protective services businesses.

- Pleasingly IMG connect is seeing increasing new customer discussions as the investment in account management, customer training, and stabilisation of our operating platform, along with what we believe are Australian leading Alarm Response times, begins to be recognised. We look forward to seeing this business grow sensibly in FY2024.

### Listing Rule 4.7C.3

<b>Cashflows from operating activities</b>	<b>\$A,000</b>
Receipts from customers	9,409
Operating costs	(3,563)
Advertising and marketing	(87)
Staff costs	(3,935)
Admin and corporate costs	(819)
Interest received	1
Interest and other costs of finance paid	(1,424)
Government grants and tax incentives	-
Business acquisition & integration costs	(661)
Termination payments	(50)
<b>Net cash from operating activities</b>	<b>(1,129)</b>

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$307,391 for salaries, redundancies, allowances, fees and superannuation to executive and non-executive directors and key management personnel.

#### Comments on cashflow

Dennison Hambling MD commented “The acquisition of ADT and the refinance of the Company’s debt has been a significant and occupying piece of work for the executive team and board over the past 9 months.

Whilst doing this, the business has also though been able to fundamentally improve its technology base, operationally integrate three businesses (Monitored 24/7, Bellrock and TCM) and move to deliver global leading emergency alarm response times for customers in need.

July marked the end of the “turnaround” of what is now IMS, and I look forward to seeing what Paul and the team can achieve with a stable business and platform and a market leading service.

IMG now turns to bringing ADT into the group, and I look forward to updating shareholders as we embark on a considerable lift in scale and returns for the business in the 1H 2024”.

**- ENDS -**

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

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**Contact details: For further information, please contact:**

**Company Enquiries:**

Dennison Hambling  
Managing Director  
Intelligent Monitoring Group Limited  
dhambling@theimg.com.au

**Investor Relations, Media & PR:**

Rod North  
Managing Director  
Bourse Communications Pty Ltd  
+61 408 670 706  
Email: [rod@boursecommunications.com.au](mailto:rod@boursecommunications.com.au)

**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 two 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 strong position to lead consolidation as the industry increasingly ages.

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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")**

30 June 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9,409	34,709
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,563)	(13,807)
(c) advertising and marketing	(87)	(385)
(d) leased assets	-	-
(e) staff costs	(3,935)	(14,294)
(f) administration and corporate costs	(819)	(3,172)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	8
1.5 Interest and other costs of finance paid	(1,424)	(2,947)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	(661)	(661)
- Termination payments	(50)	(50)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,129)</b>	<b>(599)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(82)	(268)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(619)	(5,416)
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)	(43)	(91)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(744)</b>	<b>(5,775)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	9,197	11,197
3.2 Proceeds from issue of convertible debt securities	-	1,575
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(900)	(1,064)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(3,273)	(5,026)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – Repayment of payment plans	(494)	(2,074)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>4,530</b>	<b>4,607</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,612	7,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,129)	(599)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(744)	(5,775)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,530	4,607
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,269</b>	<b>5,269</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
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	5,269	2,612
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,269</b>	<b>2,612</b>

**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

<b>Current quarter \$A'000</b>
307
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

- 6.1 Includes payments to directors for salaries and wages and directors' fees and key management personnel salaries.

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000		Amount drawn at quarter end \$A'000	
7.1 Loan facilities	1.	25,341	1.	25,341
	2.	-	2.	-
	3.	31	3.	31
7.2 Credit standby arrangements		-		-
7.3 Other (please specify)		-		-
7.4 <b>Total financing facilities</b>		25,372		25,372
7.5 <b>Unused financing facilities available at quarter end</b>				-

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 14.27% pa.
2. Short-term loan facility from Black Crane Asia Pacific Opportunities Fund, due to mature on 31 October 2023, plus all interest accrued to date of settlement, was fully paid out with funds from the capital raise in May 2023, and has a zero balance at 30 June 2023. Peter Kennan is a substantial shareholder of the lender, the loan agreement is on commercial terms.
3. Insurance funding.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,129)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,269
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,269
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	4.7

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

## 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 July 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.