



31 October 2023

Quarterly Activity Report and Appendix 4C Quarter ended 30 September 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 has seen a significant increase in Revenue and Gross Profit with the completion of the ADT acquisition on 1 August 2023, with revenue in Q1 reaching \$25.3 million and EBITDA of \$6.0 million - which only includes 2 months of the acquired ADT business.
 - The acquisition of ADT has had a significant impact on the reported cash flows for this period.
 - Operating Cashflow for ADT in the months of August and September was +\$950,000 (unaudited), with the balance (-\$6.5m) comprising the historical Intelligent Monitoring Solutions business, and the one-off costs of the transaction integration (-\$2.7m) and refinancing (-\$4.7m) during the quarter.
 - This period includes the \$80 million debt refinance, part of the \$15 million capital raise (for ADT acquisition), and the associated costs and restructuring charges.
 - Cash flow was significantly impacted in the current quarter with the Company having paid \$7.1 million of the \$7.8 million transaction and borrowing costs assumed for the ADT transaction and funding of the \$1.8 million required for the transfer of the rental bonds for the ADT business. Further, IMG has budgeted for a \$5 million restructuring cost (for FY24) which has been partially utilised in Q1.
- At EBITDA level, IMG remains on track to achieve the guidance level of an annualised \$31m for the year, before the full effect of any synergies are realised. Revenue across the businesses was slightly ahead of expectations for the quarter.
- Unexpectedly, ADT cash flow was impacted by some extraordinary creditor payments (which will be captured in the closing working capital statement with the vendor) and an end-of-month (September) direct debit delay, due to systems issues with the vendor, which have subsequently been rectified.
- With the ADT transaction now behind us, IMG expects to generate strong operating cashflows.
- Since the ADT acquisition, the company has:
 - “Fixed” the ADT economic model, by lifting the charge for residential and SME security products to market rates and ceasing to subsidise new customers. We

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are pleased to report that the reduction in the volume in sales that had been anticipated from this change has been less than expected (with more impact in NZ, than in Australia). This will significantly improve the ADT business over time.

- ADT has introduced its first self-installed security solution to the residential and SME market. This has been brought to market quietly, as we have sought to make sure we were operationally ready to handle this new line of business.
- ADT has announced a deepening of the strategic relationship with Gallagher, principally around its SMB product in the commercial space. We are grateful to Gallagher for the support and confidence they have shown in ADT and look forward to seeing the results for both parties over the coming 12 months.
- ADT's operations have been clearly separated into an NZ and an AU operation (with a reallocation of resources accordingly) with Alison Kingdon GM of NZ, and Geoff Campbell-Brown GM of AU.
- We are delighted to have hired a number of senior sales (3x) and technical staff (5x) to begin to rebuild the once-strong ADT AU commercial business. We have seen a very positive response from existing and interested national and enterprise-level customers.
- In NZ we announced the acquisition of >3,000 direct security lines from Securely, with targeted settlement by December.

Operating Result

- Operating cash inflow of \$26.1 million, which is an increase of \$16.7 million over the prior quarter.
- The Company had \$13,840,245 of cash on hand as at 30 September 2023. This is sufficient cash to fund the business and its growth plans and there is no expectation of further cash being required for the business.

Cashflows from operating activities	\$A,000
Receipts from customers	26,080
Operating costs	(11,862)
Advertising and marketing	(446)
Staff costs	(7,661)
Admin and corporate costs	(4,260)
Interest received	7
Interest and other costs of finance paid	(4,712)
Business acquisition & integration costs	(2,660)
Net cash from operating activities	(5,514)

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Listing Rule 4.7C.3

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$442,870 for salaries, redundancies, allowances, fees, and superannuation to executive and non-executive directors and key management personnel.

Comments on cashflow

We are very happy to have completed the ADT acquisition and see the business both performing and coming together quickly.

Early operating results indicate the business is on track to meet or exceed the guidance of \$31 million (annualised) EBITDA it set at the time of the ADT acquisition.

At this level of IMG EBITDA the business trades at 3.8 times the expected EBITDA, which would make it the one of the least expensive security operations, with a dominant market position, in the world.

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 provides monitored security, fire 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 three monitoring centres in Australia and one in NZ.

GROWTH STRATEGY

Security services are increasingly in demand, with technology providing more and cheaper ways to provide better 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 (be they independent security companies, needing monitoring services [via IMS], or enterprise customers looking for complex security solutions [via ADT]).

As a fragmented industry, with no clear industry leader IMG is in a good position to partner and lead consolidation with commercial organisations looking for long-term solutions for their businesses.

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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 (Formerly Threat Protect Australia Limited)

ABN

36 060 774 227

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	26,080	26,080
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,896)	(11,896)
(c) advertising and marketing	(412)	(412)
(d) leased assets	-	-
(e) staff costs	(7,661)	(7,661)
(f) administration and corporate costs	(4,260)	(4,260)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(4,712)	(4,712)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	(2,429)	(2,429)
- Acquisition and integration staff costs	(231)	(231)
1.9 Net cash from / (used in) operating activities	(5,514)	(5,514)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3,403)	(3,403)
(d) investments	(42,653)	(42,653)
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(20)	(20)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	10	10
(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)	-	-
2.6 Net cash from / (used in) investing activities	(46,066)	(46,066)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	8,523	8,523
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(781)	(781)
3.5 Proceeds from borrowings	80,000	80,000
3.6 Repayment of borrowings	(29,346)	(29,346)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – Repayment of payment plans	(474)	(474)
3.10 Net cash from / (used in) financing activities	57,922	57,922

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,498	7,498
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,514)	(5,514)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46,066)	(46,066)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	57,922	57,922
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,840	13,840

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	13,840	7,498
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)	13,840	7,498

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
443
-

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.

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

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. 80,678 2. 55	1. 80,678 2. 55
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	80,733	80,733
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 Tor Asia Credit Master Fund LP, maturing 31 July 2026.
Current interest rate 15.00% pa.
2. Insurance funding.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	2,854
8.2 Cash and cash equivalents at quarter end (Item 4.6)	13,840
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	13,840
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.8

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: 31 October 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.