



## FY22 Half-Year Results and Outlook

### About Intelligent Monitoring Group Limited (ASX: IMB)

Intelligent Monitoring Group 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-significant monitoring centres.

### GROWTH STRATEGY

The Australian security industry remains highly fragmented, with no clear market leader.

Given its stable revenue streams and fixed infrastructure cost model, the industry remains conducive to selective consolidation at attractive returns.

### 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"**.

Intelligent Monitoring Group Limited ("Intelligent Monitoring" or "Company") (ASX: IMB) is pleased to provide its half-year results for the six months to 31 December 2021 and outlook.

### Highlights for the Half-Year

- The Company performed according to plan for the Half-Year with an annualised run-rate underlying EBITDA in December of \$3.7 million. The reported financials were impacted by the significant recapitalisation (and associated costs) which occurred in September 2021
- As per the Recapitalisation Plan, the Company has entered into a binding commitment to acquire a regional security business for \$5 million cash at an attractive market valuation
- The Company is upgrading its forecast Run Rate annualised EBITDA to \$6.5 million by June 2022. From \$6.1 million in the Recapitalisation plan
- Since recapitalisation the Company has put in place some key pillars for future growth. This has led to a number of recent new client wins and gives increased confidence in the growth profile of the business into the future
- The Board continues to assess and progress several potential key transactions which it believes could add material value to the Company's operation, scale and growth profile

### Acquisition Announcement and Collaboration Progress Update

- The Company is pleased to announce it has entered into a binding commitment to acquire 100% of a NSW regionally based Integrated Security Business for \$5 million (to be settled on 31 March 2022)
- Significant progress has been made since 3 December 2021 with the Company's collaboration agreement with Mammoth Innovation Pty Ltd leading to key sales wins by Mammoth during January and February 2022. These include:
  - Glenvill Homes
  - Petstock
  - RSEA
  - Traffic Technologies
- Memorandum of Understanding with icetana has also progressed since the announcement on 3 December 2021 to proof of concept stage and is expected to assist to open up a significant market opportunity for the Company as the security market transitions to "Cameras as alarms"

## During the Half Year

- The Company completed a transformative recapitalisation, raising approx. \$32 million and restructured its debt obligations. After an 18-month period of significant change, this event represented a key step up in positioning the business for a new recovery and growth phase now underway
- The Company changed its name to **Intelligent Monitoring Group Limited (ASX: IMB)** to better reflect the direction of the business following approval from shareholders at the Company's AGM held on 3 December 2021
- Approved a significant investment in improving the Company's existing monitoring platform
  - It is anticipated the platform enhancements will be in place by Q4 FY2022 and is proceeding to plan and budget
  - The platform enhancements will allow the Company:
    - to continue to drive further operational efficiencies throughout the business;
    - to leverage Artificial Intelligence within its operations and further enhance its monitoring capabilities; and
    - to further integrate the front and back office of the business creating a more seamless experience for customers
- Issued performance rights to the CEO, John Hallam and Executive Director, Dennison Hambling following approval from shareholders at the Company's AGM held on 3 December 2021
- Signed a non-binding Memorandum of Understanding with icetana to collaborate on a proof of concept and enhancements to icetana's motion intelligence software, specifically for active monitoring solutions. For further details refer to the announcement dated 3 December 2021
- Signed a Memorandum of Understanding with Mammoth Innovation Pty Ltd. The MOU is an initial step in building a more significant relationship with Mammoth to offer its considerable range of security and IOT related product across the Company's 700-reseller client base. For further details refer to the announcements dated 2 December 2021 and 3 December 2021. Excellent progress has already been made with this collaboration and key sales wins have been recorded in early 2022
- Recorded +47% growth in PERS (Personal Emergency Response) devices over the year to 31 December 2021 at attractive recurring returns to the business

## Operating Result

- Operating revenue of \$12.18 million, which was down 5.1% from the prior half
- The Company concluded the Western Power guarding contract (which contributed approximately \$0.8 million revenue in FY21 at low margins)
- The reported loss for the Group amounted to \$550,000 (31 December 2020: \$5,813,000) impacted by the effects of the recapitalisation
- The Company achieved the lowest gross churn in its history at 9.8% annualised during Q2 FY2022
- A negative operating cashflow of \$1.623m in the current half year was mainly due to working capital timing and the costs of recapitalisation

The Company had \$6,298,000 of cash on hand as at 31 December 2021. As at 24 February 2022 the cash balance was \$7,100,305.

### Acquisition Profile

- **Advanced Inland Security Group (AIS)** is a leading Tamworth based fully integrated regional security business. It has over 4,500 customers
- Established in 1999 and has grown into being the major player in its markets. It has shown consistent growth over the past three years
- AIS runs its monitoring room off the same platform the Company will have (after enhancements are made by Q4 FY2022) thus bringing forward our ability to execute our growth plans with new technology solutions
- Business run by a highly regarded and experienced team
- The Company will be fully supporting the business and introducing new products and services to the local diverse community
- The Company is paying \$5 million for AIS (in two tranches: \$3.5 million on settlement which is expected end of March 2022 and \$1.5 million on 1 July 2022). The acquisition was made on multiples that are consistent with the acquisition multiples targeted at the time of the recapitalisation, leading to material accretion to Intelligent Monitoring

### Outlook and Potential News Flow for CY22

- Successful delivery of the new technology enhancements by Q4 FY2022
- Delivery of our organic growth strategies with new customer wins
- A potential refinancing of the existing high-cost debt to terms more reflective of the recapitalised strength of the group
- Potential for significant M & A activity as the industry continues to consolidate and growth opportunities present

### Intelligent Monitoring Group Limited, Executive Director & Vice Chairman, Dennison Hambling provided the following business comments:

Intelligent Monitoring Group set itself a significant and ambitious repositioning and growth strategy and agenda through the recapitalisation process. It is very pleasing to be in a position now to not just deliver the plan as set out but be able to upgrade the annualised EBITDA guidance to \$6.5 million (from \$6.1 million).

Over the past 12 months, it has become apparent that the opportunities for the next generation of Smart, High Resolution Cameras is far more substantial and wide reaching than was originally anticipated.

The Company is working hard to put in place strategies to capture this structural growth and leverage its core strength in 24/7/365 monitoring.

We have a number of opportunities and an ambitious plan ahead of us, which has the potential to step change the business and we look forward to reporting on our progress in the 2<sup>nd</sup> Half of FY2022.

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