

Quarterly Activity Report and Appendix 4C

Quarter ended 31 December 2022

About Intelligent Monitoring Group Limited (ASX: IMB)

Intelligent Monitoring Group Ltd 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 three monitoring centres across Australia.

GROWTH STRATEGY

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

As the largest Australian owned and operated monitoring partner, IMG is well positioned to be a partner of choice to those looking for professional grade solutions.

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

Intelligent Monitoring Group Limited ("Intelligent Monitoring" or "the Company") (ASX: IMB) is pleased to provide its **Quarterly Market Activity Update**.

COMMENTS ON THE QUARTER

- The company has finished the significant upgrade of its platform to Patriot and is now moving to optimise it.
 - In particular the merging of the three databases (from the three rooms) which is now expected before the end of February, will allow the business to become "one control room in three locations" and drive improvements and consistency in service.
- The business has seen a move to organic growth with Revenue and Gross Profit (excluding Mammoth Technology Group) both up +4% on the September Quarter. Underlying EBITDA has increased +33% reaching an annualised RR of \$5.862m.
- The September Qtr investment in Mammoth has yielded the beginning of the relationship with Bunnings, which is expected to contribute Revenue and profit growth at the group level from March 2023. In the period MTG contributed -\$374,000 of EBITDA. We expect these losses to continue to reduce from here and be eliminated by June 2023.
- The business remains focused on executing its further technology led improvement plan, which will see further revenue and cost opportunities in Q3 of FY2023 and see us on track to reach our EBITDA guidance of >\$5.9m for FY23, implying further strengthening in EBITDA in the 2H FY23 as expected, which will translate into a further higher expected EBITDA base for FY2024.
- The business engaged with a debt advisor (Neu Capital) in Q2 FY23 and is on track to negotiating a successful refinancing of the business's current debt before the end of the financial year. Having done significant analysis of the underlying nature of the business and its cashflow reliability, it has begun having discussions with a range of potential debt funders, with excellent feedback to date.
- In early January the business bought the operations of one of its wholesale customers "Monitored 24/7" in WA. The purchase price of ~\$300,000 represented a multiple of ~3x EBITDA and has further strengthened our WA team. We expect this acquisition will help add more experience and breadth to our WA business and position us for further growth.

- We continue to see really strong prospects in our Personal Emergency Response area. In Qtr 2 we saw +16% growth in devices in the field. Further, we also soft launched the you^rsafe app with strong initial interest from potential customers. You^rsafe is now available in both the Google and Apple App Stores and we will look to ramp up our marketing and presence in this space through to June 30.
- As of Dec 31, 2022 we have around 5% of our wholesale customers using video verification (for some of their clients). We are seeing increasing interest in our “Cameras as Alarms” focus and continue to advocate it as the most efficient way for customers (particularly commercial) to reduce false alarm call outs and the cost associated and improve the relationship with their security provider. Intelligent Monitoring is now able to connect to video on virtually all mainstream security systems in the market today, making video verification possible for most customers with CCTV cameras, today.

Operating Result

- Operating cash inflow of \$8.7 million, which is an increase of \$0.9 million over the prior quarter.
- Positive operating cashflows of \$0.8 million resulting from change in working capital, and was \$1.2 million more than prior quarter. This included a negative -\$375,000 contribution from MTG, and additional costs associated with the significant debt refinancing project and You^rsafe app development.
- The Company had \$2,763,000 of cash on hand as of 31 December 2022.

Listing Rule 4.7C.3

Cashflows from operating activities	\$A,000
Receipts from customers	8,658
Operating costs	(3,369)
Advertising and marketing	(84)
Staff costs	(3,596)
Admin and corporate costs	(754)
Interest received	5
Interest and other costs of finance paid	(108)
Government grants and tax incentives	-
Business acquisition & integration costs	-
Net cash from operating activities	779

In relation to item 6 of the Appendix 4C cash flow report for the quarter, payments were made to Related Parties of \$291,700 for salaries, redundancies, allowances, fees and superannuation to executive and non-executive directors and key management personnel.

Comments on cashflow

Intelligent Monitoring continues to see momentum building.

It is pleasing to see growth in the business for the quarter, and it picking up through the quarter, with sales above budget in December.

We continue to feel more and more optimistic about the 2H FY23 and prospects as we look further into FY24 and cycle a building EBITDA base.

A lot of hard work has gone on in the business, and it is quickly becoming unrecognisable to the business it was 18 months ago. We remain focused on becoming the leader in security and monitoring solutions in Australia.

We have a number of good growth areas of focus and some material avenues for growth in shareholder value which we look forward to sharing with investors in Q4.

For further information contact:

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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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,685	16,451
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,369)	(6,306)
(c) advertising and marketing	(84)	(178)
(d) leased assets	-	-
(e) staff costs	(3,596)	(7,235)
(f) administration and corporate costs	(754)	(1,609)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	13
1.5 Interest and other costs of finance paid	(108)	(787)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	-	-
1.9 Net cash from / (used in) operating activities	779	349

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(82)	(116)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (intangible assets)	(101)	(4,395)
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)	2	(55)
2.6	Net cash from / (used in) investing activities	(181)	(4,566)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(164)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(29)	(834)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Repayment of payment plans	(530)	(1,085)
3.10	Net cash from / (used in) financing activities	(561)	(83)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,699	7,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	779	349
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(181)	(4,566)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(561)	(83)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,736	2,736

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	2,736	2,699
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,736	2,699

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**

292

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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.

7. Financing facilities

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

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

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 Total financing facilities

7.5 Unused financing facilities available at quarter end

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

1. Secured Notes issued by Soliton Capital Partners Pty Ltd, maturing 30 September 2023. Current interest rate 13.81% pa.
2. Equipment finance.

Total facility amount at quarter end \$A'000		Amount drawn at quarter end \$A'000	
1.	27,071	1.	27,071
2.	176	2.	20
	-		-
	-		-
	27,247		27,091
			-

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

249

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,736

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,736

8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)

11.0

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 January 2023

Authorised by: The Directors, Intelligent Monitoring Group Limited
(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.