



13 June 2023

Strategic acquisition & debt refinance

Highlights

- 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 ("**Tyco**") from Signature Security Group Holdings Pty Ltd (a subsidiary of Johnson Controls International plc) ("**Seller**") ("**Acquisition**").
- Tyco is a leading security monitoring provider, providing security system installation, maintenance, and monitoring services to residential, commercial, and medical customers across Australia and New Zealand under the "ADT" brand.
- IMG will pay \$45 million in cash consideration, subject to customary adjustments for working capital, cash and debt amounts on completion.
- The combined business is expected to deliver a FY23 proforma revenue of \$133.7m with a combined \$24.8m EBITDA (pre any cost improvements, transaction, and restructuring charges).
- IMG will fund the Acquisition and refinance its current debt via a combination of a new \$80m 3-year debt facility (subject to customary closing conditions) ("**Debt Facility**") and the proceeds of a proposed \$15m equity raising ("**Proposed Equity Raising**").

Acquisition Overview

IMG is pleased to announce that it will acquire "ADT" in Australia and NZ for \$45million in cash consideration, subject to customary adjustments for working capital, cash and debt amounts on completion. This transaction is expected to be materially accretive to IMG with the price being in line with IMG's target acquisition multiples achieved since the recapitalisation in September 2021.

Completion of the Acquisition is subject to certain conditions being satisfied, and is expected to occur by 1 August 2023. A summary of the key terms of the Acquisition agreement is set out in the investor presentation lodged with ASX today.

Strategic Rationale and Pro Forma Earnings

The acquisition will result in the number of lines monitored by IMG more than doubling, from approximately 70,000 lines to 180,000 lines across both retail and wholesale customers, with combined recurring monthly revenue above \$6.5m. The combined business is expected to deliver EBITDA of ~\$24.8m for the current financial year (excluding transaction and restructuring costs) with improvements targeted to lift this through \$31m in FY24, and a clear business plan to move the combined operations to growth during CY2024.

The increased scale will allow IMG to further invest in industry leading services to bring Australia into line with the range of monitored services available elsewhere in the world.

INTELLIGENT MONITORING GROUP LIMITED

ABN 36 060 774 227

Suite 2, 1 Tully Road, East Perth WA 6004

Website:

www.theimg.com.au

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Managing Director Dennison Hambling, commented *"the opportunity to create a market leading business, with one of the most recognisable security brands in the world, is an exciting new development in the IMG journey. We look forward to delivering on our clear business plan which will transform IMG into a serious industrial company with significant profitability, a strong balance sheet and material growth prospects"*.

Debt Raising Overview

Concurrently, working successfully with advisor Neu Capital, IMG has entered a new 3 year, \$80m debt facility with Tor Investment Management ("**Tor**"), which will be used (together with the proceeds of the Proposed Equity Raising) to fund the Acquisition, refinance IMG's current facilities and for working capital, transaction costs and Acquisition purchase price adjustments. IMG also proposes to issue certain warrants with a nominal exercise price ("**Warrants**") to Tor on the Debt Facility being drawn. The Warrants will convert into a number of shares equal to 7.5% of IMG's fully diluted capital on drawdown under the Debt Facility (i.e. post completion of the Proposed Equity Raising (see below), conversion of Warrants and other outstanding performance rights).¹

A summary of the key terms of the Debt Facility and the Warrants is set out in the investor presentation lodged with ASX today.

Proposed Equity Raising Overview and commitment from Black Crane

IMG intends to shortly launch a \$15m equity raising, proposed to be structured as a non-renounceable pro rata entitlement offer to all eligible shareholders.

Black Crane Advisers Limited, an entity associated with Mr Peter Kennan, the Company's chairman, has fully committed to subscribe for new shares equivalent to (up to) the full \$15m equity raise, by way of:

- taking up its full entitlement² (of approximately \$9.2 million); and
- sub-underwriting the Proposed Equity Raising for the balance of the raising.

Subject to entry into an underwriting agreement, IMG intends to appoint Morgans Corporate Limited to fully underwrite the Proposed Equity Raising.

Black Crane's support, patience, and guidance have been critical in delivering this strategic and significantly value enhancing transaction for all shareholders.

Further details of the Proposed Equity Raising are expected to be provided to shareholders shortly.

Further information

Further details of the Acquisition and the Debt Facility are set out in the investor presentation provided to the ASX today.

Neu Capital is acting as debt adviser to IMG. Jones Day is acting as legal adviser to IMG.

-ENDS-

¹ Depending on the number of Warrants required to be issued, the issue of some of the Warrants may be subject to shareholder approval under Listing Rule 7.1.

² Held via the Black Crane Asia Pacific Opportunities Fund.

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

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

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.

Forward Looking Statements

This announcement contains certain "forward-looking statements", including the Company's beliefs, assumptions and expectations. The words "expect", "anticipate", "estimate", "intend", "likely", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "propose", "goals", "aim", "target" and other similar expressions are intended to identify forward-looking statements. Any indications of, and guidance on, outlook, future operating performance, earnings and financial position and performance are also forward-looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that those predictions, forecasts, projections and other forward looking statements will not be achieved. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements, including projections, guidance on future operations, earnings and estimates (if any), are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains statements that are subject to risk factors associated with the Company's industry as well as unknown risks and uncertainties (both general and specific), many of which are outside the control of the Company. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables, some of which are outside the Company's control, which could cause actual results or trends to differ materially, including but not limited to earnings, capital expenditure, cash flow and capital structure risks and general business risks. Given this, undue reliance should not be placed on any forward-looking statement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including by the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Any forward-looking statements in this announcement speak only as of the date of this announcement. Subject to any continuing obligations under applicable law, the Company expressly disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement will, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date of this announcement.

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