

30 April 2024

Quarterly Activity Report and Appendix 4C

Quarter ended 31 March 2024

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 continued to settle into normal trading post the acquisition of ADT and has set the groundwork for continued growth into FY25 and beyond.
- Operating cash flow before interest, acquisition, and integration costs for the quarter was \$7.4 million, with working capital movements continuing to hamper cash growth, although lower than the prior quarter.
- IMG remains on track to achieve the guidance level of annualised \$31 million EBITDA for the year, after adjusting for only 11 months of ADT ownership, the sale of AIS last quarter, and the related costs of the ADT acquisition.
- Revenue across the business was in line with expectations for the quarter, given the sale of the AIS business unit last quarter, the soft launch of the Residential alarms DIY strategy, and the continuing strong growth of the ADT Australia Commercial/Enterprise forward workbook (as disclosed in the Dec 2023 ASX release).
- In February the Company launched ADT Secure Home Connect in Australia only. The US-based Sybersense product is the key focus of growing residential security service penetration but due to stock availability was only on a limited initial release in AU. The Company is optimistic that the NZ launch in April and stock investment in May will yield strong results and line growth into FY25.
- The ADT Australian Commercial business continues to grow swiftly as it seeks to regain market significance. Run rate Revenue of ~\$750k for March compared to \$2m delivered in the year before IMG acquisition. ADT Commercial is on track to hit \$1m delivered run-rate monthly revenue in June.
- Capex for the quarter was \$5.3 million with the continued transition of customers affected by the 3G sunset project and the nature of the medical systems contracts in NZ. The backlog in legacy subsidised systems has slowed dramatically.
- The acquisition of the NZ Securely business was completed this quarter, allowing ADT NZ to grow its net lines.

INTELLIGENT MONITORING GROUP LIMITED

ABN 36 060 774 227

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- Looking forward IMG continues to build and remains focused on its three key strategies:
 - Rebuilding its Commercial market position,
 - Driving Residential security service penetration through DIY, and
 - Simplifying its business

We have invested significant energy in rebuilding the teams and structures within the business to leverage these three strategies and look forward to continued updates.

Operating Result

- Operating cash inflow of \$37.6 million, in line with expectation
- The Company had \$7.7 million of cash on hand as at 31 March 2024. Restructuring and increased focus on Cash receipts has seen April's cash balance improve to \$9.6 million at close.

	Q3 FY24 \$A'000	YTD (9mths) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	37,596	102,213
1.2 Payments for		
(a) product manufacturing and operating costs	(14,523)	(43,091)
(b) advertising and marketing	(544)	(1,119)
(c) staff costs	(11,338)	(31,209)
(d) administration and corporate costs	(3,786)	(14,035)
1.4 Interest received	133	143
1.5 Interest and other costs of finance paid	(2,122)	(8,937)
1.8 Other		
- Business acquisition & integration costs	(162)	(3,132)
- Acquisition & integration staff costs		(535)
1.9 Net cash from operating activities	5,254	999

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 \$533,478 for salaries, redundancies, allowances, fees, and superannuation to executive and non-executive directors and key management personnel.



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Comments on cashflow

With strong baseline numbers, we are happy to see continued development of our three key strategies, whilst not only delivering our EBITDA guidance for FY24 but to build a strong platform for FY25.

Multiple exits from the Transitional Services Agreement that binds ADT will take place in the next quarter further improving profitability as we have built capability in Q3.

The Management team are engaged and ready to deliver on the three key strategies whilst focusing on delivering a solid EBITDA performance out to the end of the Financial Year and beyond.

- 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 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 three 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 good position to led consolidation as the industry increasingly ages..

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'**

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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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	37,596	102,213
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(14,523)	(43,091)
(c) advertising and marketing	(544)	(1,119)
(d) leased assets	-	-
(e) staff costs	(11,338)	(31,209)
(f) administration and corporate costs	(3,786)	(14,035)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	133	143
1.5 Interest and other costs of finance paid	(2,122)	(8,937)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other		
- Business acquisition & integration costs	(162)	(3,132)
- Acquisition & integration staff costs	-	(535)
1.9 Net cash from / (used in) operating activities	5,254	999

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(5,338)	(14,639)
	(d) investments	-	(42,652)
	(e) intellectual property	-	-
	(f) other non-current assets (intangible assets)	(628)	(733)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	1	13
	(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	(5,695)	(58,011)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8523
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)
3.5	Proceeds from borrowings	246	80,596
3.6	Repayment of borrowings	(254)	(29,725)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Repayment of payment plans	(466)	(1,406)
3.10	Net cash from / (used in) financing activities	(474)	57,207

Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (9 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	8,878	7,498
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,254	999
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,965)	(58,011)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(474)	57,207
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,694	7,694

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	7,694	8,878
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,694	8,878

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	533
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1. 82,741,319 2. 171,182	1. 82,741,319 2. 171,182
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	82,912,501	82,912,501
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. Secure notes issued by Tor Asia Credit Master Fund :P, maturing 31 July 2026 Current interest rate 15% 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)	5,255
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,694
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	7,694
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div>	
8.6.2 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer: N/A</div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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:30 April 2024.....

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.