



INTELLIGENT MONITORING GROUP

An Intelligent Monitoring Group Company ASX:IMB

Acquisition & Equity Raise Presentation

November 2024



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INTELLIGENT MONITORING GROUP (IMG) OVERVIEW



OVERVIEW

Implementing IMG's successful inorganic growth strategy

- IMG, under its subsidiary ADT Security Group Pty Ltd, is in advanced negotiations to acquire 100% of Dataline Visual Link Pty Ltd ("**DVL**") for \$7.0 million¹ ("**DVL Acquisition**"). The DVL Acquisition would strategically expand IMG's operating footprint in WA, creating a national platform for the business in Commercial & Enterprise
- Additionally, IMG has commenced discussions or is in preliminary negotiations to acquire a further five businesses with operations across Australia and New Zealand (with the DVL Acquisition, collectively "**the Acquisitions**"). The Acquisitions, should they all proceed to signing and complete, have the potential to contribute an additional \$8.0-8.5 million to EBITDA on a run-rate basis. They are also expected to reduce leverage on a net debt to EBITDA basis, positioning IMG strongly for intended refinance in February 2025
- The Acquisitions will build upon IMG's proven track record of inorganic growth, with 10 acquisitions² successfully integrated since December 2022

Equity raising

- Institutional Placement to raise approximately \$20.0 million to institutional and sophisticated investors ("**Placement**"), together with a Share Purchase Plan to raise up to approximately \$3.0 million
- Approximately 41.7 million new shares to be issued under the Placement, representing 13.8% of issued capital
- Concurrent with the Placement, Black Crane Asia Pacific Opportunities Fund ("**Black Crane**") will sell up to 15.6 million existing fully paid ordinary shares to existing and new investors via a selldown ("**Black Crane Selldown**") to facilitate greater free-float and liquidity in IMG. Black Crane has committed not to sell additional shares in IMG within the next six months.

Re-affirmed guidance

- IMG is guiding FY25 underlying EBITDA to be above \$38 million for FY25 (before any contribution from the Acquisitions). Adjusting for the +\$7.9 million P&L impact of the 3G transition in FY24, the FY25 guidance represents an underlying EBITDA growth rate of ~17%. DVL is expected to contribute additional EBITDA of \$1.9m on a pro-forma basis.
- As per IMG's recent quarterly update, the Company used Q1 FY25 to put in place the structure and resources to achieve what is expected to be strong underlying growth in EBITDA through the rest of FY2025

1. Comprised of \$5.0 million up-front cash consideration and \$2.0 million deferred scrip consideration

2. Includes 5 customer base acquisitions and 5 full business acquisitions

FY2025 GUIDANCE

Company expects to earn >\$38.0m in underlying EBITDA for FY25 prior to any Acquisitions

- Including DVL adds \$1.9m of EBITDA on a pro-forma basis
- Underlying "normal conditions" EBITDA growth, is expected to be ~17% for FY25
- This adjusts for a one off +\$7.9m impact from 3G conversions in FY24*
- In FY25 onwards, only ADT care (and any residual Australian 3G customers) may have P&L impact. There is no material contribution from 3G conversions included in the >\$38.0m EBITDA guidance

*3G effectively bolstered FY24 P&L by \$7.9 million through a combination of revenue recognition and capitalisation effects. However, overall, the 3G program was \$3.5m net cash negative for FY24.

COMPANY OVERVIEW

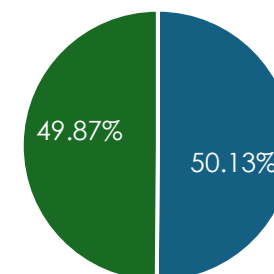
- IMG is a leading provider of monitored security and IoT solutions, serving over 210,000 businesses, homes, and individuals in Australia and New Zealand through its subsidiary brands ADT, Signature Security Group, and Intelligent Monitoring Solutions
- Large recurring revenue base of approximately \$6.8 million per month (\$81 million per annum) underpins the business
- Attractive gross margin of approximately 45-47%, with strong EBITDA margins of approximately 25-30%
- FY24 Adj EBITDA \$32.6m, with 12mth equivalent EBITDA \$34.8m. Representing an EBITDA margin of 26.7% (inside targeted 25-30% range)
- Three identified growth opportunities in Commercial, DIY residential security installation and Care
- Tax losses of approximately \$23.4 million providing tax shields to drive strong cash flow for next 3 – 5 years

4-Nov-24

Share price	\$0.50
Shares on issue (m)	301.8
Market capitalisation (\$m)	\$150.9
Gross debt (\$m)	\$80.0
Cash (\$m)	\$11.3
Net debt (\$m)	\$68.7
Enterprise value (\$m)	\$219.6

Chairman	Peter Kennan
Managing Director	Dennison Hambling
Non-executive Director	Robert Hilton
Non-executive Director	Jason Elks
Non-executive Director	Mark Brisson

Share register



■ Board & Management ■ Retail & Institutions

IMG BOARD & BUSINESSES



DENNISON HAMBLING
Managing Director

Joined Jan 2020,
Executive Director August 2021

Significant experience in direct
investment and rebuilding
companies



PETER KENNAN
Non-Executive Chairman

Joined Jan 2020,
Chairman Effective July 2021

Founder of Black Crane and
has significant experience in
investing and assisting
turnaround companies



Mark Brisson
Non-Executive Director

Previously head of Chubb Fire
and Security (20+ year career)
including 10 years in
Australasia. Security industry
leader and expert



ROB HILTON
Non-Executive Director



Jason Elks
Non-Executive Director



**Intelligent
Monitoring
Solutions**



Australia
Resi/SME/Comm
ercial/ADT Care

Australia
Resi/SME

Australia
Bureau
/Wholesale
Business

New
Zealand
Resi/SME/C
ommercial/
ADT Care

81% of Group EBITDA

19% of Group EBITDA

EXPERIENCED EXECUTIVE TEAM



Geoff Campbell-Brown

General Manager ADT
Australia

24 years of experience in security solutions & delivery, core experience in large integrated campus solutions spanning many geographies, extensive integrations with external systems, software and business processes across a broad range of system types. Geoff has spent the last 15 years driving delivery excellence in security and fire within the commercial sector including providing full-time and support resources into customer managed SOC's for financial institutions.



Paul Jones

General Manager
IMG Connect

36 years security industry experience

With a strong background in alarm monitoring and monitoring center operations, Paul specializes in technology integration and adept problem-solving. His significant experience in these areas positions him as a valuable asset, ensuring seamless operations and effective solutions for clients.



Alison Kingdon

General Manager ADT
New Zealand

20 years of sales and operations experience in security solutions, specializing in large integrated enterprise solutions across diverse geographies. Her track record showcases a commitment to enhancing operational efficiency and delivering top-tier solutions in the commercial sector. Alison is primed to drive sales and operational success in the security industry.



Neil Green

**Chief Risk Officer/
Company Secretary**
IMG Group

26 years experience in security industry.

Founded Grade1 security in 1998 and responsible for building the Kingsgrove security monitoring centre. With a robust background as a public company director and company secretary, Neil brings a wealth of leadership experience to the table. Holding qualifications in Business and Law, and fellowship status at the Governance Institute of Australia, Neil embodies a commitment to excellence in governance and strategic leadership.



Jason Biddell

Chief Financial Officer
IMG Group

5 years in the Security Industry

Proven competence in optimizing business efficiency and reduction of cost through well thought business improvement projects



Evan Comb

General Manager
Signature Security Australia

10 years in the Security Industry

Evan brings invaluable expertise in sales, operations, and management within the security solutions sector. Specializing in security installation and technical support, he excels in optimizing business processes.



Adam Woolston

General Manager
Signature Security Australia

10 years in the Security Industry

Specializing in security installation and operations with the proven ability to drive efficiency and cost reduction through strategic business improvement projects, Adam is poised to make a significant impact in the business security industry.

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IMG GROWTH OPPORTUNITIES



THREE GROWTH AREAS

Looking to take share in growing markets

Commercial & Enterprise

Goal is to return ADT Commercial to \$130m+ revenue business, from ~\$40m today. We are a technology business with a security focus.

Residential security

We have lowered the upfront cost of security via new security systems, and will improve monitoring value aiming to grow market penetration from <5% currently to global levels of 30%

ADT Care

By using best-in-class monitoring and customer service, we can help keep ~1m ageing Australians in their homes longer.

ACCESS TO KEY PRODUCTS ESTABLISHED

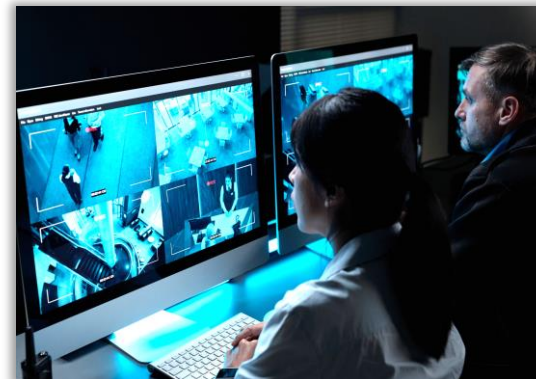
Since 2022 - IMG has introduced completely new products and service platform



Access to the latest
Access Control
systems re-established



Introduction of
globally leading, easy
to install residential
and SME security
systems



A complete new
back-end system (in
IMS), tied with access
to the best video
management
software now
established

IMG now has access to solutions for virtually every relevant problem that our wide range of customers may have, at preferential rates, and with a network of skilled sales, service and technical people.

RE-INVENTING GUARDING

Positioned for Growth in a
Dynamic Security Market



GUARD

signature
GUARD



Cost-Effective Security

High-quality protection that optimizes budgetary constraints.



24/7 Surveillance

Constant monitoring enhancing overall security posture.



Rapid Response

Immediate communication with authorities reducing incident response times.



Advanced Technology Integration

Cutting-edge technology to improve security capabilities.



Scalability and Flexibility

Easily adjustable solutions to meet evolving customer needs.



Customizable Solutions

Tailored to align with specific organizational requirements.

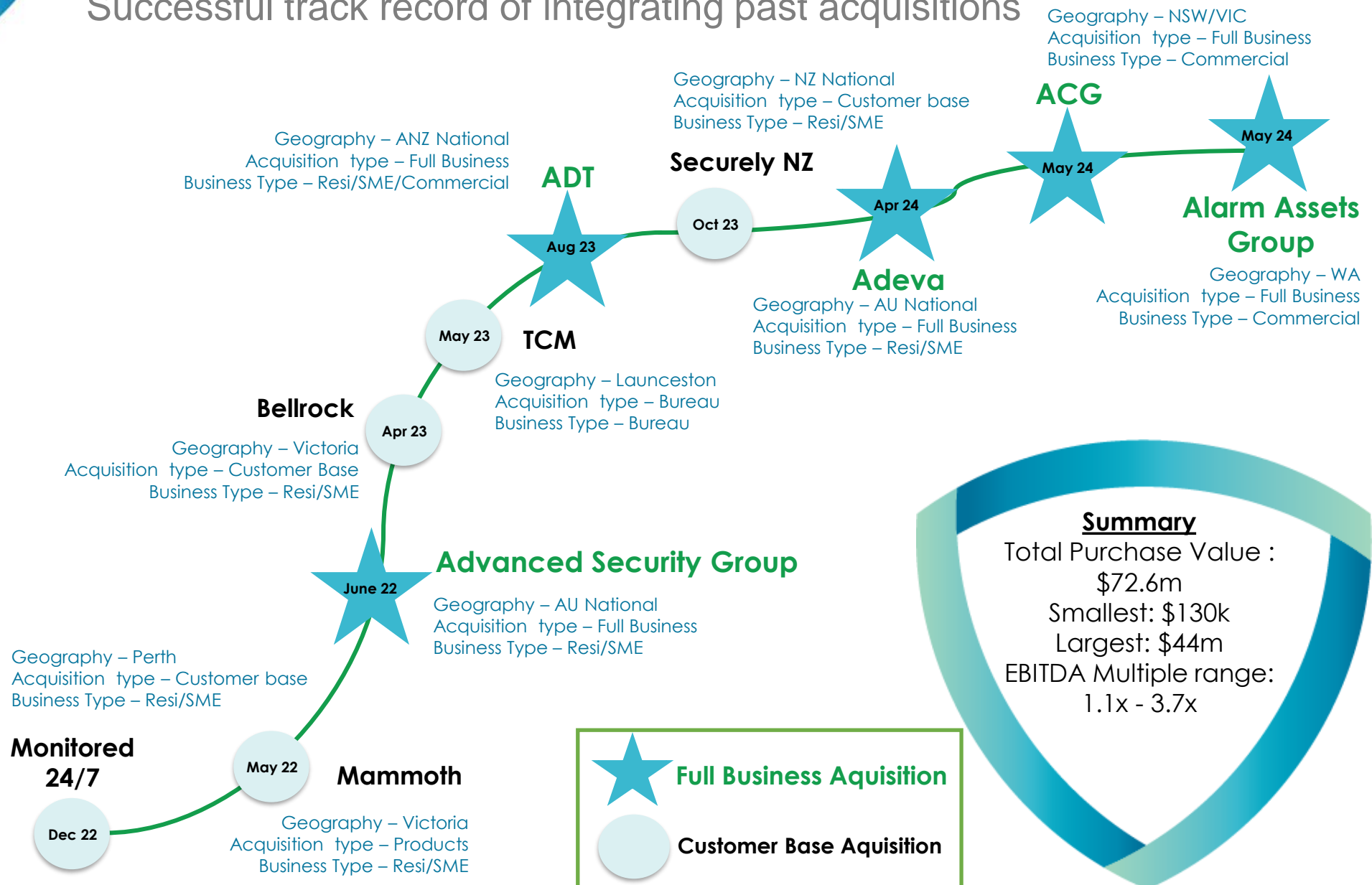
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INORGANIC GROWTH INITIATIVES



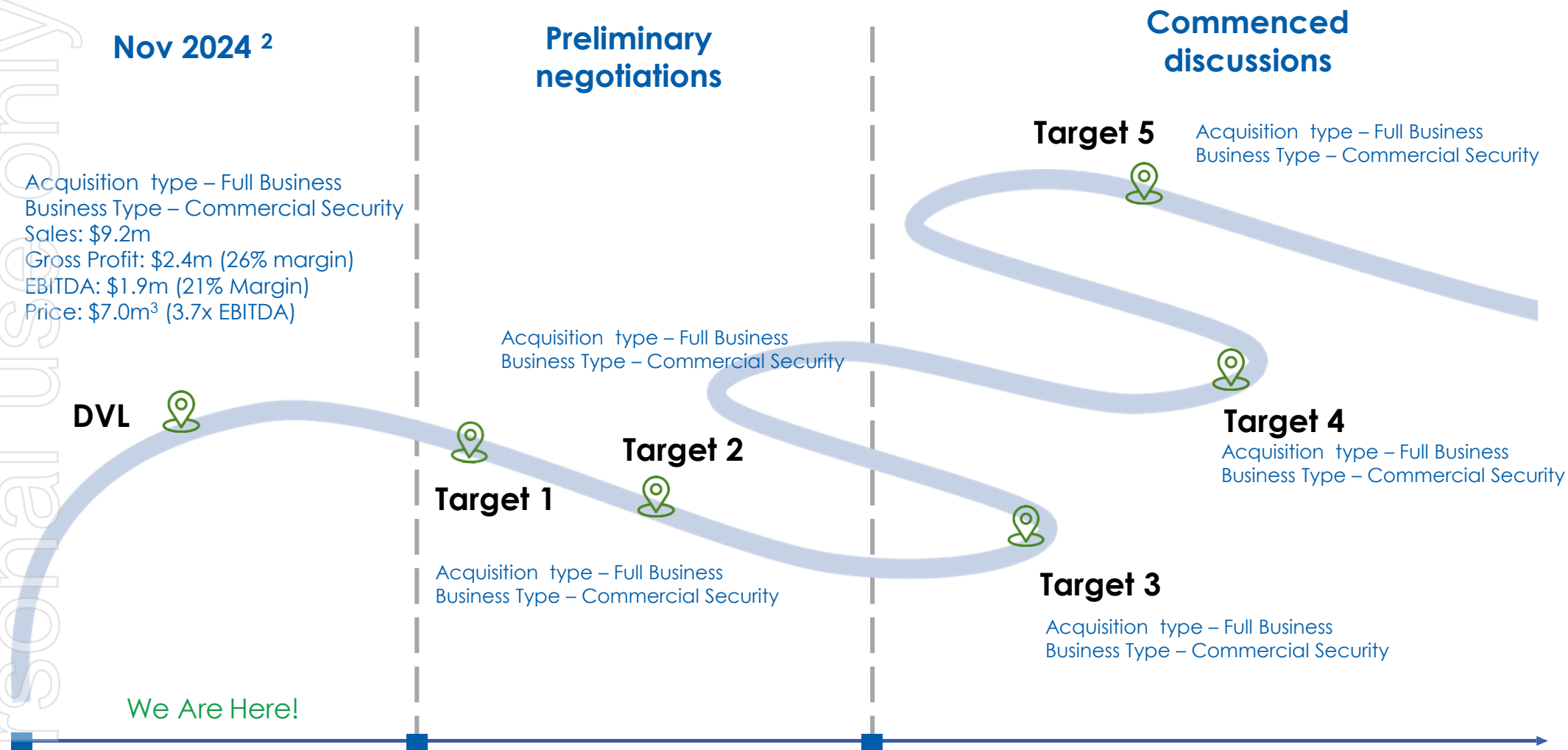
IMG HISTORICAL ACQUISITIONS

Successful track record of integrating past acquisitions



IMG FUTURE ACQUISITIONS ROADMAP¹

Pipeline of accretive Acquisitions to drive inorganic growth



1. There is no guarantee that any or all of the above potential acquisitions will proceed and investors should refer to slide 25 in relation to the risks associated with potential acquisitions
2. IMG is in advanced negotiations to acquire DVL and there is no guarantee the acquisition will proceed
3. Comprised of \$5.0 million up-front cash consideration and \$2.0 million deferred scrip consideration

ABOUT DVL



- ❖ Founded in 1996, DVL has built a solid reputation through a commitment to best-in-class project delivery and strategic partnerships with key suppliers.
- ❖ Services a broad range of clients, including major Australian and international corporations, State and Federal government departments, and a significant number of small and midsize enterprises (SMEs).
- ❖ Operates across diversified sectors such as resources, transport, infrastructure, government, health, defense, and communications/data infrastructure, showcasing adaptability and industry knowledge.
- ❖ Renowned for exceptional project delivery, DVL has achieved a market-leading position and maintains a strong reputation within the industry.
- ❖ Prioritizes long-term relationships with clients and suppliers, fostering collaboration to enhance project outcomes and drive innovation.



KEY CAPABILITIES

- ✓ **Custom Solutions:** DVL designs tailored solutions to address complex security challenges for diverse businesses and organizations.
- ✓ **Excellent Project Delivery:** Utilizes reliable, top-tier equipment, establishing a strong market reputation for excellent project delivery.
- ✓ **Robust Project Pipeline:** Benefits from a consistent influx of tender invitations, driven by strong client relationships, industry affiliations, and subscriptions.
- ✓ **Global Technology Partnerships:** Collaborates with leading technology partners to enhance project optimization and installation efficiency.

PROPOSED ACQUISITION OF DVL

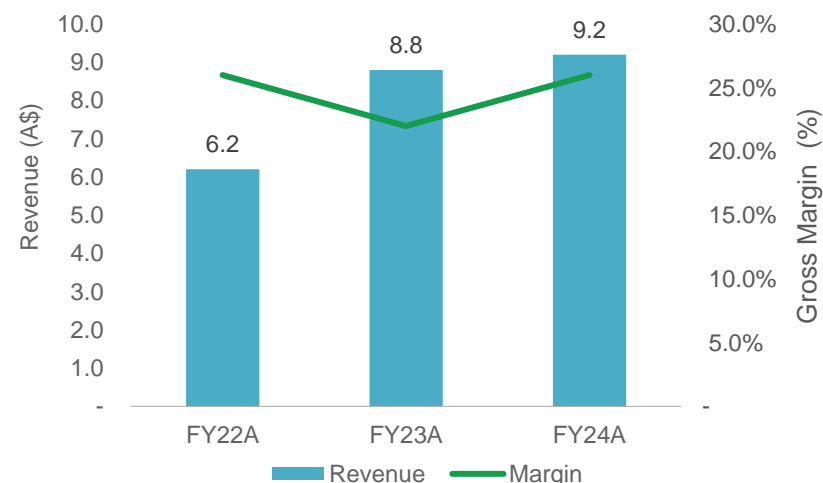
IMG's proposed acquisition of DVL anticipated to increase earnings, grow the skilled workforce to provide greater capacity for growth in WA, whilst strengthening the balance sheet

- ❖ IMG, under its subsidiary ADT Security Group Pty Ltd, is in advanced negotiations to acquire 100% of Dateline Visual Link Pty Ltd ("**DVL**") for \$7.0m (comprising \$5.0m cash and \$2.0m of deferred consideration payable in IMG shares)
- ❖ DVL has demonstrated strong revenue growth over the trailing three-year period whilst expanding EBITDA margins
- ❖ Deferred scrip consideration to provide alignment to IMG performance
- ❖ Business is trading above plan as at 29 October 2024
- ❖ Attractive valuation multiple at 3.7x FY24A EBITDA, and immediately EPS accretive to IMG

Strategic Rationale for DVL Acquisition¹

- 1 Value accretive transaction with attractive growth profile
- 2 Expands IMG's operating footprint to create national platform
- 3 Reduces IMG's gearing on an EBITDA to net debt basis

DVL Revenue & Gross Margin profile



1. IMG is in advanced negotiations to acquire DVL and there is no guarantee the acquisition will proceed

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EQUITY RAISING



EQUITY RAISING OVERVIEW

Offer Structure and Size	<ul style="list-style-type: none"> • Institutional Placement to raise approximately \$20 million to institutional and sophisticated investors ("Placement") • Approximately 41.7 million new shares to be issued under the Placement, representing 13.8% of issued capital • Placement issued under the Company's available capacity pursuant to ASX Listing Rules 7.1 and 7.1A • Following completion of the Placement, IMG will also offer a non-underwritten Share Purchase Plan ("SPP") to eligible Australian and New Zealand shareholders to raise up to \$3 million
Placement Pricing	<ul style="list-style-type: none"> • Placement price of \$0.48 per share represents a: <ul style="list-style-type: none"> • 4.0% discount to the last close of \$0.50 on 4 November 2024 • 17.4% discount to the 5-day VWAP of approximately \$0.58
Use of Funds	<ul style="list-style-type: none"> • Acquisition of DVL, should the acquisition proceed, and to provide balance sheet funding flexibility to continue to pursue growth initiatives
Ranking	<ul style="list-style-type: none"> • New shares issued under the Placement will rank pari-passu with existing fully paid ordinary shares on issue
SPP Overview	<ul style="list-style-type: none"> • IMG intends to offer eligible shareholders the opportunity to participate in a non-underwritten SPP to raise up to \$3 million • Eligible shareholders on the register at 7.00pm (AEDT) on Wednesday, 6 November 2024 in Australia and New Zealand will be invited to subscribe for up to \$30,000 of new shares free of any brokerage and transaction costs at the same price as the Placement
Joint Lead Managers	<ul style="list-style-type: none"> • MA Moelis Australia Advisory Pty Limited and Morgans Corporate Limited
Black Crane selldown	<ul style="list-style-type: none"> • Concurrent with the Placement, Black Crane will sell up to approximately 15.6m existing fully paid ordinary shares to existing and new investors via a selldown ("Black Crane Selldown") to facilitate greater free-float and liquidity in IMB • Shares offered as part of the Black Crane Selldown will be sold at the same price as the Placement • Black Crane's pro forma holding following the Placement and Black Crane Selldown will be approximately 36.7% • Black Crane has committed not to sell additional shares in IMG within the next six month.

SOURCES AND USES OF FUNDS

Placement proceeds to fund the completion of the proposed DVL Acquisition (should the acquisition proceed), together with providing balance sheet capacity for other targeted potential Acquisitions which, if all were to complete, have the potential to contribute additional EBITDA on a run-rate basis.

Sources of Funds ¹	\$m
Proceeds from Placement (before costs)	\$20m
Total Sources	\$20m
Uses of Funds	\$m
Cash component of DVL acquisition	\$5m
Balance sheet funding flexibility to continue to pursue acquisitions and growth initiatives	\$14m
Approximate transaction costs	\$1m
Total Uses	\$20m

1. Excludes any proceeds from Share Purchase Plan

EQUITY RAISING TIMETABLE

Event	Date
Trading halt	Tuesday, 5 November 2024
Record Date for SPP	7.00pm (AEDT) Wednesday, 6 November 2024
Resume normal trading and announce Acquisition and results of Placement	Thursday, 7 November 2024
Settlement of new shares issued under the Placement	Wednesday, 13 November 2024
Allotment and trading of new shares issued under the Placement	Thursday, 14 November 2024
SPP offer opens and SPP offer booklet is dispatched	Friday, 15 November 2024
SPP offer closes	5.00pm (AEDT) Friday, 29 November 2024
Announcement of results of SPP	Wednesday, 4 December 2024
Allotment of New Shares issued under the SPP	Thursday, 5 December 2024
New Shares issued under SPP commence normal trading	Friday, 6 December 2024

*Timelines provided are estimates and may be adjusted based on evolving circumstances.

COMPANY HIGHLIGHTS

With a strengthened balance sheet and increased capacity to unlock growth in both Commercial and Residential work, IMG has a strong platform for cash flow generation and long-term growth

- ADT Guard and Signature Guard represent promising revenue and market share solutions, poised to transform the security industry landscape through innovative offerings and enhanced service delivery.
- Acquisitions provide significantly increased national capacity to deliver ongoing growth in Commercial and are expected to be highly EPS accretive.
- Substantial growth potential in commercial security, alongside expanding opportunities in residential DIY and Care solutions. Completion of 3G to 4G roll-out in AU enhances operational capacity, enabling improved lead conversion and driving significant revenue growth in FY25.
- IMB is guiding to an underlying EBITDA of >\$38.0m in FY25. This represents ~17% underlying growth in EBITDA (adjusted for the one-time effects of the 3G transition in FY24).
- Strengthened balance sheet with reduced net debt / EBITDA positions IMG well for potential refinance in FY25, providing additional cashflow benefits.
- Experienced board and management team, with significant industry experience to drive operational performance and disciplined financial management.

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KEY RISKS AND INTERNATIONAL RESTRICTIONS



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- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Hong Kong

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RISKS

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Company-specific risks

Acquisition Risk

IMB has undertaken pre-acquisition due diligence on the business and assets of Dateline Visual Line Pty Ltd (DVL). There is a risk that these due diligence investigations did not identify all material issues, or that issues apparent from the information provided were not adequately appreciated or addressed. There is also a risk that information provided was not complete, accurate or reliable. IMB has entered into acquisition agreements with the shareholders of DVL. There is a risk that IMB may incur costs or suffer losses if either party breaches the agreements. IMB's ability to seek compensation or indemnification from the shareholders of DVL for claims under the agreements may be limited in the agreement or by the financial ability of those shareholders to satisfy the claims. Further, any delays in satisfying the conditions to completion of the acquisition or waiving any of those requirements, may have an adverse impact on the operational performance of the business post-acquisition or IMB's ability to integrate the business of DVL.

The risks identified above may also apply in respect of the further potential acquisitions identified on slide 15 (Potential Acquisitions).

Integration risk

There are risks involved in integrating the business of DVL into the existing Company group. These risks may relate to imposing IMB's standardised reporting, systems and procedures onto the acquired business and the use of centralised technology, communication and other potential shared services. Unexpected difficulties in integrating the businesses may result in higher than expected integration or operating costs, potential disruptions to the acquired business, loss of users and lower than expected cost and revenue synergies from the acquisitions.

The risks identified above may also apply in respect of the Potential Acquisitions.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Equity Raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Default Risk Under Debt arrangements

The Company has and may continue to enter into debt facilities and agreements such as the debt arrangements with existing lenders under which it will have obligations to make payments to the investors on the relevant due dates and repay amounts advanced to Company on the relevant due dates.

As at 30 June 2024, the loans outstanding total approximately \$79 million. Cash outlays of approximately \$2.1 million per quarter are required to service the interest payments. Minimum principal repayments of \$20 million are due during the year ending 30 June 2025.

The Company expects to be able to make the interim payments using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of assets.

However, as set out in the Going Concern Risk there is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings to make the final payments under the Company's debt arrangements.

Under the Company's debt facility the Company also must comply with financial covenants, as set out in the Company's announcement to ASX dated 13 June 2023. Should the Company default on its obligations under any of its debt arrangements (including the obligation to meet financial covenants) an event of default will occur.

In these circumstances, if the Company is unable to raise sufficient funds or otherwise cure the default, the full debt may become immediately repayable and the debt holders may enforce the security granted and sell some or all of the Company's assets.

RISKS

Going Concern

The Company's 2024 annual report released to ASX on 30 August 2024 (Financial Report) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that the Company will have sufficient funds to adequately meet the Company's short term working capital requirements, for the reasons set out in the Financial Report.

Climate Risk

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- i. the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- ii. climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Industry-specific risks

Customer and Customer Retention Risk

As with most businesses, the Company runs risk from a loss of clients. As is common in the industry, the Company typically enjoys long customer relationships, and it has a diverse spread of customers. However, as with other industries, technology advancements or the Company not performing to customers' expectations may lead to an increase in the difficulty of retaining customers. Loss of or significant decrease in business from customers could harm the Company's revenues and the Company's business.

Further, although the Company has agreements in place with such customers, these agreements require the Company and/or the customers to meet certain obligations. Whilst the Company monitors its obligations under agreements there is no guarantee that customers will adequately or fully comply with their respective contractual rights and obligations including the obligations to pay for services provided.

Innovation Risk

The Company's ability to retain, increase, and engage its users and address their evolving needs and to increase revenues will depend heavily on management's ability to successfully create, launch and grow demand for new products, both independently and in conjunction with strategic partners.

Remaining innovative and developing new and unique product offerings require investment and configuration requires monetary and internal resource investment which may erode the Company's competitive position and adversely affect the growth and profitability of the Company.

Competition Risk

The Company operates in a large, competitive industry with numerous competitors. Some of these competitors are part of sizeable listed offshore groups, and have substantially greater financial and human resources than the Company. Consequently, there is a possibility that other parties will develop new software and service offerings which will compete with or supersede the Company's product and intellectual property, with resulting adverse effects on the Company's performance and profitability.

Regulatory Risk

The introduction of new policies or legislation or amendments to existing policies or legislation and the failure by governments to act promptly to introduce new or amend existing policies or legislation that governs the Company's operations or contractual obligations could impact adversely on the operations and, ultimately, the financial performance of the Company.

In conjunction with its strategic partners, the Company monitors the policies and regulations that apply to Company's operations and regularly engages and consults with government agencies.

RISKS

Privacy and Cyber Security Risk

The Company collects, transmits and stores commercial and financial information. Advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in the Company's failure or inability to adequately protect its commercially sensitive information.

An external cyberattack may have a detrimental effect on the Company. The Company will be unable to service clients for the period of the outage which could ultimately result in a loss of clients and consequently revenue. Confidential company and client information may be compromised. Any data breach will need to be reported to the relevant authorities and may cause substantial reputational and financial damage to the Company.

The Company has established measures and systems to minimise the likelihood of security breaches and these systems are regularly monitored for development or improvement.

Customer Disputes

The Company can from time to time find itself in a dispute with a customer. Given the significant diversity of the customer base, the impact of any one dispute may be immaterial. However should a systematic failure occur in the monitoring operations, there is no guarantee that this would not impact the availability of the services to many customers and therefore result in multiple disputes that could have an effect on the financial performance and profitability of the Company. The Company monitors the systems carefully to minimise the risk of such disruptions and widespread customer disputes and complaints.

Reliance on Key Personnel and Staff Risks

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company is dependent on securing and retaining skilled staff to operate. This includes skilled security personal to staff the security operating centres, and executive personnel. There can be no guarantee that the Company will always be able to find, train and retain appropriate staff in a manner that does not impact the operations and therefore financial performance of the Group.

Acquisition Risk

As part of the new strategic direction, the Company is exploring merger and acquisition opportunities with a view to strengthening its existing businesses. Any entry into, or commitment to, such relationship or opportunity will bring additional risks, including contractual, employment and intellectual property risks.

The Company would also be likely to incur transactional costs in evaluating and negotiating such relationships which will need to be incurred regardless of whether the proposed transactions complete or bring benefit to the Company.

If consideration payable for such acquisitions is in the form of equity, or requires equity financing, shareholder interests in the Company will likely be diluted. If debt financing is available and used it may involve restrictions on financing and operating activities of the Company.

There is no guarantee that any acquisition would ultimately be beneficial to the Company's financial performance.

Licence Risks

The Company uses its best endeavours to ensure compliance with the relevant state security legislation and also maintains a Grading of A1 – Australian Standard 2201.2 A failure by the Company to maintain its licenses at this, or any, standard going forward, may have a material adverse effect on the Company's financial performance.

Licence Agreement Risks

The Company is a party to a number of licence agreements with respect to the operation of its business. Whilst the Company monitors its compliance with such licence agreements, there is no guarantee that the Company or third parties will adequately or fully comply with their respective contractual rights and obligations.

Depending on the relevant licence agreement and any future breaches of the obligations, the termination of a licence agreement may have an impact on the financial performance of the Company if a replacement licence agreement cannot be entered or at least equally favourable terms.

RISKS

Intellectual Property Protection Risks

The Company seeks to differentiate its service through providing a unique and valuable service. In addition, it seeks to use the latest and most effective products and software to do so. There can be no guarantee that the Company is able to protect any or all of its intellectual property developed in the provision of its service in the future.

In addition the Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party's patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

General

Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Market Conditions

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. outbreaks of disease, terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Litigation Risk

In the ordinary course of business, the Company may be involved in complaints, disputes or litigation by customers, suppliers, employees, government agencies or other third parties, including disputes or litigation arising from intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Such matters may have an adverse effect on the Company's reputation, divert its financial and management resources from more beneficial uses, and have a material adverse effect on the Company's future financial performance or position. The Company is not currently engaged in any litigation.

Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Taxation

The acquisition and disposal of Shares may have tax consequences, which will differ depending on the individual financial affairs of each investor. All existing and prospective investors in the Company are urged to obtain independent financial and/or taxation advice about the consequences of dealing in Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares.

Speculative Investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. Prospective investors should consider that an investment in the Company is highly speculative. There is no guarantee that the Shares offered under the Equity Raising will provide a return on capital, payment of dividends or increases in the market value of those Shares.

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