

Quarterly Activities Report and Appendix 4C

Quarter ended 30 September 2019

About Threat Protect

Threat Protect provides monitored security solutions that ensure the safety of Australian homes and businesses 24 hours a day, 365 days a year.

We have the highest security accreditation possible to achieve in Australia and use only state-of-the-art technology and equipment.

Our commitment to providing a complete end to end service is second to none, whether you own a small apartment or giant multi-national headquarters.

- Monitored Security Systems
- Security Personnel
- Corporate Risk Consultancy

We call it “**Security Without Compromise**”.

GROWTH STRATEGY

The Australian security industry is highly fragmented and Threat Protect believes is conducive to consolidation, given its stable revenue streams and fixed infrastructure cost model.

Threat Protect’s growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing extensive security control room through acquisition of monitored security client bases across Australia.

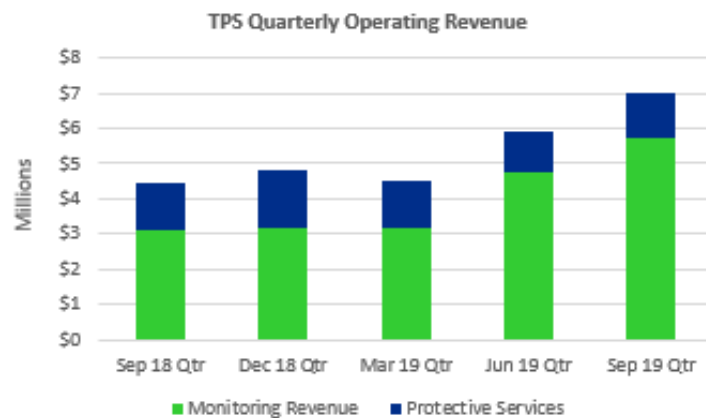
Threat Protect Australia Limited (“**Threat Protect**” or “**Company**”) (ASX: “**TPS**”) is pleased to provide its quarterly market activity update.

HIGHLIGHTS

- Significant increase of \$1.1m in operating revenue for the September quarter to a total of \$7.0m. This represents a year-on-year quarterly operating revenue increase of 58%.
- Significant increase of approximately \$1.0m in recurring monitoring revenue for September quarter to a total of \$5.8m. This represents a Year on Year total increase to recurring monitoring revenue of 85.3%.
- Positive operating cashflow of \$0.341m before budgeted integration costs of approximately \$1.3m.
- End of quarter cash at bank of \$1.4m.

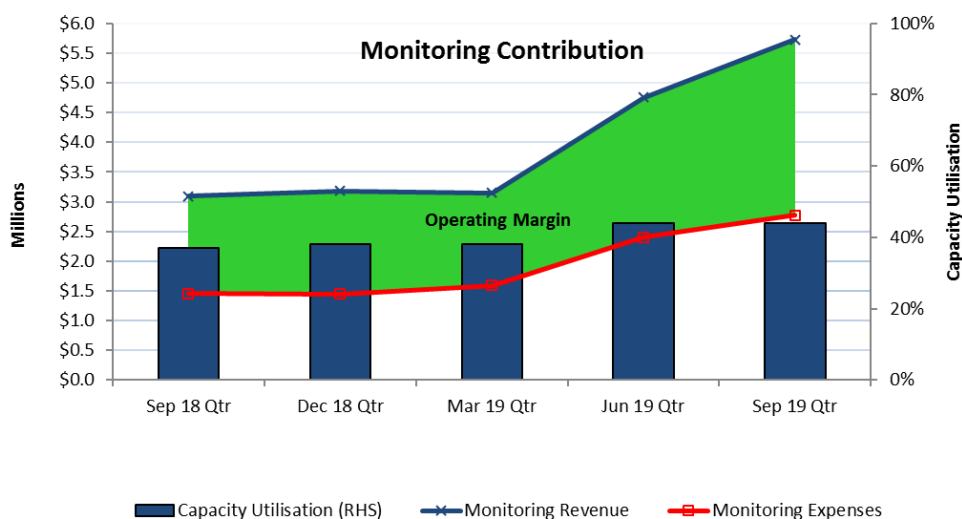
OPERATING REVIEW

The Company’s operating revenue was significantly higher in the September quarter. With a full quarter of contribution from the Onwatch business, recurring monitoring revenue for the September quarter has increased 20% to \$5.8m.



Business integration and acquisition costs of approximately \$1.3m for the quarter which were associated with the Onwatch acquisition were in line with expectations. These costs are expected to significantly reduce in the coming quarters as the integration project moves towards completion.

The first key milestone of the integration program is the closure of the Melbourne infrastructure which is surplus to requirements. This is expected to be completed in the December 2019 quarter.



Protective and Consulting Services

Protective and consulting revenue for the September quarter increased. This resulted from the expanded client base from the Onwatch business and evidences the ability to provide additional security products and services to our client base.

CORPORATE AND FINANCIAL

The Company issued 4,062,500 shares to sophisticated investors during the quarter to raise proceeds of \$0.65m.

Cash at bank at the end of September was \$1.4m.

- End -

For further information, contact:

Investors

Demetrios Pynes
 Managing Director
 Threat Protect Australia Limited
 + 61 414 984 806

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Threat Protect Australia Limited

ABN

36 060 774 227

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,512	7,512
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(2,692)	(2,692)
(c) advertising and marketing	(28)	(28)
(d) leased assets	-	-
(e) staff costs	(3,263)	(3,263)
(f) administration and corporate costs	(417)	(417)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(772)	(772)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Business acquisition & integration costs	(644)	(644)
- Staff costs – Business integration & acquisition	(648)	(648)
1.9 Net cash from / (used in) operating activities	(951)	(951)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(46)	(46)
(b) businesses, net of cash acquired	-	-
(c) investments (financial assets)	(1)	(1)
(d) intellectual property	-	-
(e) intangible assets	(349)	(349)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Government Grants Received	-	-
2.6 Net cash from / (used in) investing activities	(396)	(396)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	650	650
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(7)	(7)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(40)	(40)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	603	603
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,146	2,146
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(951)	(951)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(396)	(396)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	603	603
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,402	1,402

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	1,402	1,402
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)	1,402	1,402

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

118

-

Directors' fees, salaries and superannuation.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1. 36,594	36,594
8.2 Credit standby arrangements	-	-
8.3 Other	2. 8,173	8,173
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured.		

1. Secured Notes issued by Soliton Capital Partners Pty Ltd. Current Interest Rate 11.50%
2. Unsecured Notes issued by First Samuel Limited on behalf of its MDA clients. Current Interest Rate 7.71% pa.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Operating costs	(2,799)
9.3 Advertising and marketing	(56)
9.4 Leased assets	-
9.5 Staff costs	(3,141)
9.6 Administration and corporate costs	(432)
9.7 Interest payments	(701)
9.8 Repayment of borrowings	(1,000)
9.9 Purchase of intangible assets	-
9.10 Purchase of property, plant & equipment	-
9.11 Total estimated cash outflows	(8,129)

Cash outflows for next quarter excludes any estimated operating cash inflows.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here: 

Company Secretary

Date: 31 October 2019

Print name: Simon Whybrow

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.