

Quarterly Activity Report and Appendix 4C

Quarter ended 31 December 2021

About Intelligent Monitoring Group Limited

Intelligent Monitoring 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 Intelligent Monitoring believes is conducive to consolidation, given its stable revenue streams and fixed infrastructure cost model.

Intelligent Monitoring’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.

Intelligent Monitoring Group Limited (“**Intelligent Monitoring**” or “**Company**”) (ASX: “**IMB**”) is pleased to provide its quarterly market activity update.

HIGHLIGHTS FOR THE QUARTER

- The December quarter financials were impacted by the significant recapitalisation (and associated costs) which occurred in this period.
- Given recent share volatility, which the Board does not believe reflects the stability of the Business, the Board has approved the implementation of a share buy-back program.
- The Board continues to assess and progress several potential transactions which it believes would add material value to the Company’s operation and scale.

During the quarter the Company:

- Finalised a transformative recapitalisation, raising approx. \$32 million and restructuring debt obligations. After an 18-month period of significant change, this raise represented a key step in positioning the business for a new recovery and growth phase.
- Changed its name to **Intelligent Monitoring Group Limited** (ASX: IMB) following approval from shareholders at the Company’s AGM held on 3 December 2021.
- Approved a significant investment in improving the Company’s existing monitoring platform.
 - It is anticipated the platform enhancements will be in place by Q4 FY2022
 - The platform enhancements will allow the Company:
 - to continue to drive further operational efficiencies throughout the business;
 - to expand its monitoring services through next generation product;

- the ability to leverage Artificial Intelligence within its operations and further enhance its monitoring capabilities; and
 - to further integrate the front and back office of the business creating a more seamless experience for customers.
- Issued performance rights to the CEO, John Hallam and Executive Director, Dennison Hambling following approval from shareholders at the Company's AGM held on 3 December 2021.
 - Signed a non-binding memorandum of understanding with icetana to collaborate on a proof of concept and enhancements to icetana's motion intelligence software, specifically for active monitoring solutions. For further details refer to the announcement dated 3 December 2021.
 - Signed a memorandum of understanding with Mammoth Innovation Pty Ltd. The MOU is an initial step in building a more significant relationship with Mammoth to offer its considerable range of security and IOT related product across the Company's 700-reseller client base. For further details refer to the announcements dated 2 December 2021 and 3 December 2021.

Operating Result

- Operating revenue of \$6.0 million, which was within \$0.1 million of prior quarter.
- The Company achieved the lowest gross churn in its history at 9.8% annualised during Q2 FY2022.
- The Company has recorded +47% growth in PERS (Personal Emergency Response) devices over the year to 31 December 2021.
- The Company concluded the Western Power guarding contract (which contributed approximately \$0.8 million revenue in FY21 at low margins).
- A negative operating cashflow of \$1,809,000 in the current quarter mainly due to working capital timing. Operating cash outflow for the quarter was \$1.1 million before acquisition and integration cash outflows of \$59,000 and finance costs of \$594,000.
- The Company had \$6,298,000 of cash on hand as at 31 December 2021. As at 28 January 2022 the cash balance was \$6,963,000.

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 \$183,000 for salaries, allowances, fees and superannuation to executive and non-executive directors and key management personnel. In addition, a total of \$1,400,000 was paid to Black Crane, a related party of the Company by virtue of it being controlled by Director Peter Kennan, in relation to Black Crane's sub-underwriting commitment for the recent capital raise (\$800,000) and for advisory services in respect of the

structuring and execution of the capital raise (\$600,000). For further details refer to the Entitlement Offer Prospectus dated 24 September 2021.

Summary of Cash Flows

Year to date net cash outflow from operating activities was \$1,623,000, down \$1,809,000 from the previous quarter.

The main variances include a decrease in receipts from customers of \$602,000, and an increase in payments to creditors of \$1,300,000 after the refinancing, compared to the prior quarter.

Net cash used in investing activities was up \$115,000 to \$437,000 due to increased payments for acquisition of intangible assets (customer contracts). Net cash outflows from financing activities were \$3.8 million compared to inflows of \$10.7 million for the previous quarter due to capital raising activity and loan repayments occurring across the end of Q1. The first "clean" quarter for cashflows will be Q3 FY2022.

Cashflows from operating activities	\$A,000
Receipts from customers	6,483
Operating costs	(4,325)
Advertising and marketing	(6)
Staff costs	(2,883)
Admin and corporate costs	(425)
Interest received	-
Interest and other costs of finance paid	(594)
Government grants and tax incentives	-
Business acquisition & integration costs	(59)
Net cash from operating activities	(1,809)

For further information, contact:

Dennison Hambling
Director
Intelligent Monitoring Group Limited
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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 2021

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	6,483	13,568
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,325)	(6,799)
(c) advertising and marketing	(6)	(14)
(d) leased assets	-	-
(e) staff costs	(2,883)	(6,090)
(f) administration and corporate costs	(425)	(851)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(594)	(1,301)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	(59)	(139)
1.9 Net cash from / (used in) operating activities	(1,809)	(1,623)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(39)	(79)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(396)	(678)
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)	(2)
2.6 Net cash from / (used in) investing activities	(437)	(759)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	16,853	32,047
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	(2,410)	(3,226)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(18,307)	(21,975)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – Repayment of lease liabilities	-	-
3.10 Net cash from / (used in) financing activities	(3,864)	6,846

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	12,408	1,834
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,809)	(1,623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(437)	(759)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,864)	6,846
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,298	6,298

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	5,688	1,634
5.2	Call deposits	610	-
5.3	Bank overdrafts	-	-
5.4	Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	10,774
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,298	12,408

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
132
-

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.

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

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1. 27,488	1. 27,488
2. 33	2. 33
-	-
-	-
27,521	27,521
	-

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 10.62% pa. |
| 2. | Equipment finance. |

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,809)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,298
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	6,298
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.5

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 2022

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.