

Quarterly Activity Report and Appendix 4C

Quarter ended 31 March 2022

About Intelligent Monitoring Group Limited (ASX: IMB)

Intelligent Monitoring Group 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 two-significant monitoring centres.

GROWTH STRATEGY

The Australian security industry remains highly fragmented, with no clear market leader.

Given its stable revenue streams and fixed infrastructure cost model, the industry remains conducive to selective consolidation at attractive returns.

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"**.

Intelligent Monitoring Group Limited ("Intelligent Monitoring" or "the Company") (ASX: IMB) is pleased to provide its **Quarterly Market Activity Update**.

HIGHLIGHTS FOR THE QUARTER

- The March Quarter financials were the first "clean" quarter since the recapitalisation of the business in the December Quarter
- The March and June 2022 Quarters include material costs associated with the significant platform improvement initiative due to be completed by June. This spending is in line with the plan put forward in September 2021 and is tracking to budget. The platform improvement will drive further cost and operational improvements in the business

During the Quarter the Company:

- Commenced implementation of a significant investment in improving the Company's existing monitoring platform
 - It is anticipated that the platform enhancements will be in place by the end of Q4 FY2022
 - In addition, the platform enhancements are expected to realise a range of efficiencies which are anticipated to be material to FY23 profit
 - The platform enhancements will also 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
- Continued to develop its strategic relationships in order to position the business for long term growth. The Company was very pleased to announce the new customer wins achieved with **Mammoth Innovation** and is focused on driving this relationship further for mutual benefit. (Investors are encouraged to read the **Investor Presentation** released on **27 April 2022**)

- Continued to assess several M&A opportunities that have been presented. The opportunity remains to acquire small security players (potentially existing customers or competitors) at compelling multiples as the industry continues to age rapidly

Intelligent Monitoring Group Limited, Executive Director, Dennison Hambling provided the following business comments:

“We are all highly focused and working hard to grow the business on multiple fronts. It is also good to begin to show the operating cashflow potential of the business, leveraging from our first clean quarter in some time. Operationally, the platform enhancements are a company changing event and we will be excited to be able to showcase these to our customers at the end of June and during FY2023.”

“We are also very pleased with the early customer wins and other conversations occurring through the strategic relationship with **Mammoth Innovation**. The business also continues to assess a range of M&A opportunities and has noted an uptick in potential opportunities as long-standing regional players look to exit the industry and retire.”

Operating Result

- Operating cash inflow of \$6.2 million, which was within \$0.3 million of the prior quarter
- Positive operating cashflows of \$0.4 million (which includes the costs of the platform enhancements) and was a \$2.2 million improvement over the prior quarter
- Cash EBITDA (operating cashflow before interest and finance costs) of \$1.0 million, a \$2.2 million improvement over the prior quarter
- The Company had \$5,662,000 of cash on hand as at 31 March 2022. As at 27 April 2022 the cash balance was \$6,200,504

FY22 EBITDA Guidance

The Company maintains its guidance for forecast June 2022 EBITDA run rate of \$6.5m

Cashflows from operating activities	\$A,000
Receipts from customers	6,211
Operating costs	(2,339)
Advertising and marketing	(10)
Staff costs	(2,445)
Admin and corporate costs	(425)
Interest received	-
Interest and other costs of finance paid	(587)
Government grants and tax incentives	-
Business acquisition & integration costs	-
Net cash from operating activities	405

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 \$161,000 for salaries, allowances, fees and superannuation to executive and non-executive directors and key management personnel.

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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 March 2022

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	6,211	19,779
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,339)	(9,138)
(c) advertising and marketing	(10)	(24)
(d) leased assets	-	-
(e) staff costs	(2,445)	(8,535)
(f) administration and corporate costs	(425)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	(587)	(1,888)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives received	-	-
1.8 Other		
- Business acquisition & integration costs	-	(139)
1.9 Net cash from / (used in) operating activities	405	(1,218)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(108)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets (intangible assets)	(422)	(1,100)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	6	17
(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)	-	(1)
2.6 Net cash from / (used in) investing activities	(434)	(1,192)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(3,226)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(607)	(22,583)
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	(607)	6,238

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	6,298	1,834
4.2	Net cash from / (used in) operating activities (item 1.9 above)	405	(1218)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(434)	(1,192)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(607)	6,238
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,662	5,662

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	5,009	5,688
5.2	Call deposits	653	610
5.3	Bank overdrafts	-	-
5.4	Other – Held by Morgans Corporate Limited on behalf of Threat Protect Australia Limited	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,662	6,298

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
161
-

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1. 27,009 2. 176	1. 27,488 2. 33
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	27,185	27,521
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 10.78% 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)	(1,218)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,662
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,662
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13.9

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: 29 April 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.