

Quarterly Activities Report and Appendix 4C Quarter ended 30 December 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.

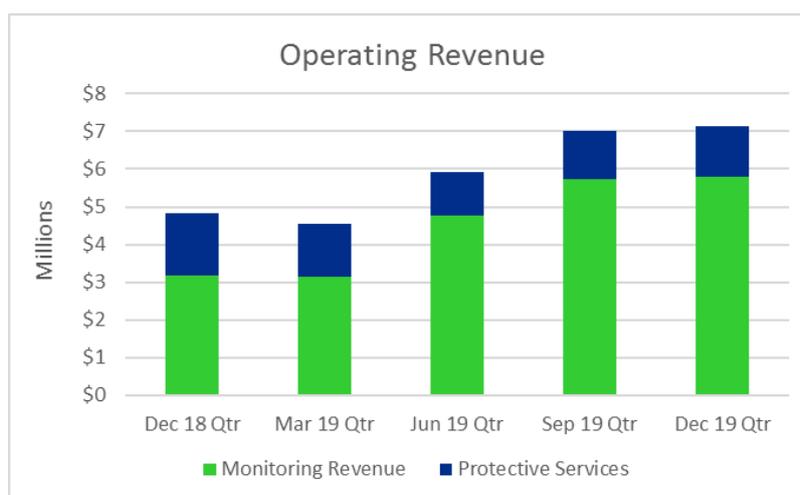
HIGHLIGHTS FOR DECEMBER QUARTER

- Total revenue is stable and growing. Monitoring revenue continues to increase month on month, including the conversion of 1,700 resellers occurring this quarter.
- The process of integrating Onwatch is now in its late stages and due to finish in March. This will lead to a substantial reduction in change and operation costs we are now carrying. The Board expects the business to be cashflow positive in the 4th quarter of 2020 and beyond.
- Successful completion of \$5.0m equity placement.
- The company has \$2m of cash as at Dec 2019.
- The priorities for the business for 2020 remain driving cashflow through operational efficiencies and low cost incremental revenue growth (through market share, and high value reseller conversions)

OPERATING REVIEW

	Increase/ Decrease	
	Previous Qtr.	Year on Year
Total Revenue	2.4%	39.9%
Operating Revenue	1.9%	47.9%
Monitoring Revenue	1.5%	82.6%
Protective Services Revenue	3.8%	-18.7%

The Company's total revenue was up in the December quarter, with substantial increases recorded in most revenue streams year on year.



Closure of Onwatch Victorian Monitoring Centre

On 26 November the Company announced it successfully completed the closure of the Company's monitoring centre located in Alphington, Victoria. The control room, which was surplus to the requirements of Threat Protect, was part of the acquisition of Onwatch.

Consolidating the Onwatch operations previously located in Alphington into the Company's existing operations in Kingsgrove, NSW achieves a significant cost saving of approximately \$85,000 per month (\$1.0m annualised).

The final element of the integration of the Onwatch business into Threat Protect operations is the merger of the Onwatch infrastructure located in Double Bay into the Company's existing Kingsgrove operation.

The Company is presently in legal action to recover unexpected losses against the Onwatch vendors.

Protective and Consulting Services

Additional ongoing services for our asset protection clients increased the revenue from the Protective and Consulting Services division for the quarter. Training services continue to take advantage of the cross-sale opportunity with the larger client bases.

CORPORATE AND FINANCIAL

New Strategic Investor Black Crane

On 5 December the Company announced it had secured a new strategic investor Black Crane Asia Pacific Opportunities Fund, ("Black Crane"), a Hong Kong based Investment Fund who will now become a substantial shareholder in TPS.

The Company issued 31,250,000 fully paid ordinary shares to Black Crane at an offer price of \$0.16 per Share to raise \$5,000,000 before costs. Aitken Murray Capital Partners were arrangers to the transaction.

Quarterly Report: December 2019

Black Crane is a deep value fund manager with significant corporate finance expertise, focused on small/mid cap companies in the Asia Pacific region. Black Crane partner with the boards and management teams of their investments to create value for all shareholders.

The Placement funds will be used for working capital, and in conjunction with cashflows from operations to make further earnings accretive acquisitions over the coming months.

Cash at Bank

Cash at bank at the end of December 2019 was \$2.0m.

- End -

Authorised for release by Demetrios Pynes, Managing Director

For further information, contact:

Investors

Demetrios Pynes
Managing Director
Threat Protect Australia Limited
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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")

31 December 2019

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	7,656	15,169
1.2 Payments for		
(a) research and development	-	-
(b) operating costs	(3,463)	(6,154)
(c) advertising and marketing	(26)	(54)
(d) leased assets	-	-
(e) staff costs	(3,137)	(6,400)
(f) administration and corporate costs	(580)	(997)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(823)	(1,598)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Business acquisition & integration costs	(458)	(1,102)
- Staff costs – Business integration & acquisition	(1,025)	(1,673)
1.9 Net cash from / (used in) operating activities	(1,855)	(2,808)

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(50)
(b) businesses, net of cash acquired	-	-
(c) investments (financial assets)	-	(1)
(d) intellectual property	-	-
(e) intangible assets	(1,164)	(1,512)
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	(1,168)	(1,563)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	5,000	5,650
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	(260)	(269)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(1,073)	(1,112)
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	3,665	4,269
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	1,402	2,146
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,855)	(2,808)

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(6 months)
			\$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,168)	(1,563)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,665	4,269
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,044	2,044

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	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

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

135

-

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. 35,963	35,963
8.2 Credit standby arrangements	-	-
8.3 Other	2. 8,491	8,491
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	(3,127)
9.3 Advertising and marketing	(61)
9.4 Leased assets	-
9.5 Staff costs	(3,075)
9.6 Administration and corporate costs	(504)
9.7 Interest payments	(795)
9.8 Repayment of borrowings	-
9.9 Purchase of intangible assets	(265)
9.10 Purchase of property, plant & equipment	(130)
9.11 Total estimated cash outflows	(7,957)

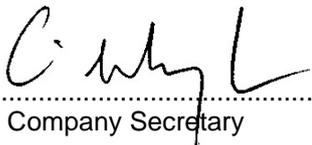
Cash outflows for next quarter excludes any estimated operating cash inflows.

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:


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Company Secretary

Date: 31 January 2020

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.