

IMDEX Limited
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17 August 2020

Company Announcements Office
ASX Limited Exchange Centre
20 Bridge Street SYDNEY NSW 2001

Dear Sir / Madam,

Positive FY20 results and encouraging start to FY21

Please find attached Imdex Limited's FY20 results announcement for the year ended 30 June 2020.

Yours faithfully
Imdex Limited

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

Paul Evans
Company Secretary

This announcement has been approved for lodgement by the Board of Directors.

A leading global Mining-Tech company



17 August 2020

Positive FY20 results and encouraging start to FY21

Leading global Mining-Tech company, Imdex Limited (IMDEX or the Company), delivered strong results, sustained its dividend NPAT payout ratio of 30%, and progressed its growth strategy in a year that included unprecedented challenges.

FY20 Financial Highlights

- Full year revenue of \$237.7m – record YTD revenue to 3Q20
- EBITDA of \$54.4m (including AASB 16 leasing adjustment and excluding gain on VES sale)
- Paid an interim fully-franked dividend of 1.0 cps and a special fully-franked dividend of 2.0 cps following the sale of non-core asset VES. Declared a final fully-franked dividend of 0.7 cps
- Robust balance sheet with a strong net cash position of \$32.2m – up 38% on FY19

FY20 Operational Highlights and Outlook

- Strengthened quality of rental fleet – average monthly revenue per instrument up 8% on FY19
- Progressed strategy for sustainable growth:
 - Acquired AusSpec and its unique SaaS product to enhance real-time rock knowledge¹
 - Completed Flexidrill acquisition and strengthened Drilling Optimisation offering
 - Continued to advance BLASTDOG™ including autonomous operation and sensor refinement
- Realised benefits of digital transformation – in core business and throughout COVID-19 period
- Established an ESG committee to enhance reporting and disclosure
- Achieved certification for Information Security Management standard ISO 27001
- Successfully navigated COVID-19 impact and restrictions to date
- Seamless transition to new CEO to drive consistent growth strategy
- Encouraging start to FY21 with improving rental fleet numbers and continued strong industry fundamentals underpinning IMDEX's business growth

FY20 Key Metrics

\$m	FY20 Incl AASB 16	FY20 Excl AASB 16	FY19 Excl AASB 16	Var
Revenue	237.7	237.7	243.7	-2%
EBITDA (excl \$3.6m gain on VES sale)	54.4	48.0	52.3	-8%
EBITDA margin %	23.3	20.2	20.1	-
NPBT	29.1	30.7	37.4	-18%
NPAT	21.8	22.9	27.6	-17%
EPS (Cents)	5.64	5.94	7.37	-19%
Operating Cash Flow	52.4	46.0	35.2	31%
Net Assets	221.6	226.6	220.0	2%
Net Cash (as at 31 December) ²	32.2	32.2	23.3	38%
FY20 fully-franked dividend (cents)	1.7	1.7	2.2	-23%

¹ Acquisition completed 22 July 2020

² Excluding lease liability of \$41.5m at 30 June 2020

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Commenting on the Company's FY20 performance, IMDEX's Chief Executive Officer, Mr Paul House said:

'We are pleased with the results for the year and our business continued to outperform minerals industry growth rates.'

'We had a strong start to FY20 and achieved our best nine month revenue results to March 2020. This positive performance was largely driven by increased delivery of our integrated technologies, which provide additional value to clients. The uplift in earnings to March 2020 was reflective of the increased proportion of our revenue coming from our higher margin rentals business.'

'Our revenue was impacted during 4Q20 by the sharp decline in activity in the majority of mining regions, driven by government mandated restrictions in response to COVID-19.'

'The majority of our regions are through the initial COVID-19 response phase and are moving to resumption of all mining activities where possible. An indicator of this resumption is the recovery of our rental fleet. As at 14 August 2020, the number of instruments on rent exceeded the prior corresponding period.'

'We realised the benefits of our digital transformation during the pandemic and our resilient supply chain ensured we met 100% of our clients' needs throughout this period. At the same time, we continued to focus on streamlining operations, R&D and accelerating our online Customer Care and IMDEX Academy training platform in response to demand.'

'Cash from operations was strong for the full year. The stronger EBITDA conversion during 2H20 can largely be attributed to our disciplined approach to working capital management.'

'The strength of our balance sheet and net cash position enabled us to sustain our capital management program and accelerate opportunities for future growth.'

Dividends and Capital Management Policy

IMDEX's Directors have declared a fully-franked final dividend of 0.7 cent per share. This brings the full year dividend to 1.7 cents per share, which represents a 30% FY20 NPAT payout ratio. Dividend record and payment dates are 29 September 2020 and 13 October 2020 respectively.

IMDEX is committed to a sustainable dividend policy, while continuing to invest in new technologies that have the potential to deliver substantial growth for shareholders.

Operational Overview and Impact of COVID-19

Prior to 4Q20 global activity was increasing, most notably in Asia Pacific and Europe, driven by strong industry fundamentals. Table 1 below shows the impact of COVID-19 lockdowns on IMDEX's regions over time and the recovery to August 2020.

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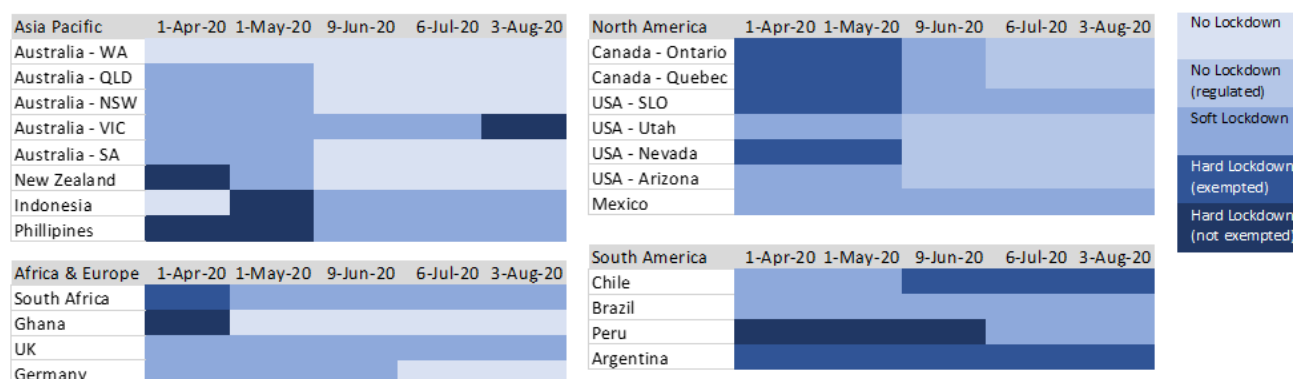


Table 1: Evolution of Government Mandated Restrictions on Mining Regions

Strategy for Sustainable Growth

IMDEX has a clear and consistent strategy to achieve sustainable earnings growth, which includes:

- Growing its core business in exploration and development; and
- Further extension into the larger adjacent mining market to build less-cyclical revenue.

To deliver this growth strategy the Company invests in strategic acquisitions, ongoing and disciplined R&D to maintain technical leadership and industry collaboration. IMDEX's strong financial position, world class R&D capabilities, established global presence and strong leadership team, support ongoing success.

Acquisition of AusSpec

IMDEX acquired AusSpec International Limited (AusSpec) on 7 July 2020. AusSpec is the world's leading provider of spectral mineralogy through its unique aiSIRIS platform, which uses 2 million customer spectra processed through an artificial intelligence engine.

AusSpec co-founder Dr Sasha Pontual is the world-leading spectral mineralogy expert who has built an extensive spectral library over the past five years. Dr Pontual and other high-capable AusSpec personnel will complement and strengthen IMDEX's geoscience capabilities.

AusSpec has a four-year consistent and profitable growth profile and generates revenue³ via a SaaS model. The acquisition is immediately cashflow positive, will provide an additional recurring revenue stream for IMDEX and is expected to be earnings per share accretive from years 2-3. Further growth is anticipated through IMDEX's existing global network and integration with adjacent IMDEX solutions.

The transaction was completed on 22 July 2020 following payment of A\$1m cash and A\$5m in IMDEX shares. Further details regarding the risk-shared structure of the transaction, together with information about AusSpec, aiSIRIS, mineralogy and rock knowledge, are set out in the [ASX announcement on 7 July 2020](#).

³ Unaudited revenue A\$1.5 million for financial year ended 31 March 2020

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Premium Drilling Optimisation Technologies

The Company completed its acquisition of Flexidrill⁴ and its unique Drilling Optimisation technologies – COREVIBE™ and MAGHAMMER™ – on 6 January 2020.

Successful client trials with COREVIBE™ were undertaken throughout 1H20 and 3Q20. These trials continued to validate the significant benefits of this unique technology, including substantial increases in drilling productivity.

Following the impact of COVID-19, the majority of client COREVIBE™ trials were placed on hold due to limited access to sites for external personnel. Interest in the technology remains high and management is confident the Company's full pipeline of client trials will convert into active rentals as restrictions ease and trials recommence.

Development of MAGHAMMER™ and the Company's XTRACTA™, continued to progress well at IMDEX's test site in New Zealand. Further client trials with XTRACTA™ are scheduled for 1Q21.

IMDEX Mining Technologies

During 4Q20 IMDEX established two test sites in Queensland that enabled further testing of BLASTDOG™ and accelerated progress with automated data integration and visualisation. IMDEX will continue to leverage its global presence and strong support from METS Ignited partners – Orica, Anglo America and Teck Resources – to advance its IMDEX Mining Technologies for further extension into the larger, less-cyclical mining market.

Outlook

The fundamentals underpinning IMDEX's core business and growth strategy remain. Positive drivers include:

- The large and mid-cap resource companies are increasing their expenditure to replace diminishing reserves;
- Resource companies are embracing innovation and new technologies to lower costs, increase safety and achieve greater productivity;
- New discoveries are likely to be under cover and at depth resulting in larger drilling campaigns; and
- Strong commodity prices supported by demand across a broad range of sectors including consumer, industrial and government related industries.

IMDEX has had an encouraging start to FY21. The recovery that commenced in May 2020 has continued and is reflected in IMDEX's growing instrument fleet. Similarly, demand and opportunities for the Company's cloud-connected sensors and drilling optimisation products have heightened to support remote operations and expedite drilling programs.

IMDEX has a resilient core business with strong prospects for sustainable growth.

ENDS

⁴ Flexidrill Limited and Flexidrill Construction Limited – together Flexidrill.

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ABOUT IMDEX

IMDEX is a leading Mining-Tech company, which enables successful and cost-effective operations from exploration to production. The Company develops cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources for drilling contractors and resource companies globally. www.imdexlimited.com

FURTHER INFORMATION

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