16 August 2021

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

Dear Sir/Madam

FY21 RESULTS TELECONFERENCE AND WEBCAST SCRIPT

Please find attached the script from today’s FY21 Results Teleconference and Webcast.

Yours faithfully

Imdex Limited

Paul Evans
Company Secretary

This announcement has been approved for lodgement by the Company Secretary.

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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IMDEX FY21 FULL YEAR RESULTS PRESENTATION SCRIPT

COVER

Slide 2

Forward Looking Statements

Slide 3

IMDEX is a Leading Global Mining-Tech Company

Welcome everyone.

Joining me on the call today is Paul Evans, our Chief Financial Officer and Joint-Company Secretary.

We are delighted to provide an update on our stellar performance for the FY21 financial year.

For listeners who are new to IMDEX, we are a leading global Mining-Tech Company.

We distinguish our business from the broader mining services arena, in the following ways:

- We place technical leadership at the core of our growth strategy.
- We build that technical leadership through the consistent investment in R&D, to design and deliver patented technologies.
- We are neither capital intensive, nor people intensive.
- We are truly global, with limited contract risk, commodity risk and geography risk.
- And finally, we are developing an integrated solution set that works together, rather than individual products, to build a high-quality revenue base with increasing EBITDA margins.

IMDEX technologies enable resource companies and drilling contractors, to find, define and mine orebodies – with precision and at speed.
Slide 4

Presentation Overview

Turning to slide 4. Today we will focus on four key areas:

- Our financial and operational performance for FY21;
- The current market conditions;
- An update on our position as a growth company; and
- The outlook for FY22.

Like our previous presentations, we have included additional slides in the appendices. These slides expand on our investment proposition, leadership team, product offering and the importance of real-time rock knowledge.

You will note a save the date the bottom of the slide. We are hosting a call on the 15th of September, to align with the release of our first IMDEX Sustainability Report. This presentation will cover our people, culture and other ESG-related initiatives.

Slide 5

FY21 Financial Highlights

Turning now to slide 5 and our financial highlights.

Revenue, at $264.4m, was a record for the Company; and our EBITDA of $75.5m, was up 39% on the prior period.

On a constant currency basis, revenue and EBITDA grew 18% and 50% respectively, highlighting the real strength of our underlying business.

Our discipline around net working capital ensured our balance sheet outperformed, with net cash up 48% on the pcp.
Our directors declared a fully franked final dividend of 1.4 cents per share, consistent with our capital management policy. In light of our strong growth and cash balance, a special fully franked dividend of 0.4 cents per share, was also declared. This brings the total full year dividend to 2.8 cents per share.

**Slide 6**

Our record financial results were driven by our strong operational performance. The key highlights are captured on slide 6.

Our safety engagement improved considerably, and pleasingly, our lost time and total recordable injury frequency rates reduced by half. It has taken a lot of attention and engagement, and it is a testament to our team.

Our decision to use joint development agreements to bring new products to market has been a success in its first year. With three agreements signed and four in the works, we are excited by this new model. Increasingly, our solutions benefit more than one participant in the mining value chain. The JDA model is designed to bring multiple stakeholders together in a structured manner.

Building on our record December 2020 and a strong uptake in 2021 meant we had a record number of sensors on hire at the close of FY21.

We are immensely proud of how everyone in our business amended their priorities and helped clients navigate COVID-19. Our ability to be flexible and redirect resources to meet changing needs is a highlight of our culture and our results. Two examples include the upgrade of IMDEXHUB-IQ™ and the release of IMDEX ioGAS 7.3™. Both are vital to supporting remote working models where site access has been limited by COVID.

Our result is a fitting reflection of our team’s hard work all around the world.

I will now hand over to Paul, to discuss the financials in more detail.
Slide 7

Financial Performance

Thanks Paul.

Slide 8

Key Metrics

Paul has covered the headline numbers, so I will expand on some of the key metrics on slide 8.

I would like to point out the EBITDA line in the table excludes:

- The net $2.9m gain in FY21 for the Flexidrill and AusSpec deferred consideration fair value adjustment; and
- The $3.6m gain from the sale of Vaughn Energy Services in FY20.

The net $2.9m adjustment is based on the regular assessment of the deferred consideration payable to the prior owners of Flexidrill and AusSpec.

The Flexidrill deferred consideration is updated for a number of factors, including:

- Forward revenue projections of the technologies;
- FX;
- IMDEX’s share price; and
- Dividend projections.

The AusSpec deferred consideration is updated for expected client targets.

Looking now to the revenue graph on the top right, which shows 2H21 was up 27% on the first half 21.

Our revenue in FY20 and FY21 was impacted by COVID – most notably in 4Q20, where we saw the sharp drop off in activity in April 2020.
Activity gradually recovered throughout 1H21, boosted by strong industry fundamentals and a keen willingness by clients to increase operations.

This positive momentum continued into 2H21. The majority of regions are now exceeding pre-COVID revenue levels. The exceptions are South Africa, South America and Asia. These regions have been slower to recover with parts of Asia still lagging.

The graph at the bottom right shows the equivalent half-on-half EBITDA performance for the same period.

With strong activity in most regions, our EBITDA performance during 2H21 was up 28% on 1H21. This was achieved with good margin drop through.

EBITDA margins for 2H21 reached 30%, up from 26.6% in 1H21. More on this on the next slide.

Slide 9

A Strong Financial Platform

Moving now to slide 9 and starting with revenue on the left.

On a regional basis, 31% of our revenue was generated from Asia Pacific, 44% from the Americas and the balance from Africa and Europe.

These revenue splits, although broadly in line with last year, show a strong uplift in the Americas – particularly the US and Canada.

The graph to the right illustrates our strong earnings growth and a five-year EBITDA CAGR of 23.5%.

Our EBITDA margin was 28.5%, compared to 22.9% in FY20. Part of this uplift can be attributed to lower travel and marketing costs due to COVID restrictions. The majority of the uplift is due to an increasing percentage of revenue coming from our higher margin sensors and software business, and our strong fixed-cost leverage.
Looking at Slide 10

Our operating cashflow conversion continued to be strong and returned to pre-COVID levels.

From the EBITDA result of $75.5m, there was a net inflow of operating cash of $56.9m. On a like-for-like basis, this represents an uplift of 9% on the pcp and a 75% conversion rate. This is in line with historical conversions levels, remembering that at 30 June 2020, this was heavily impacted by COVID when we saw strong cash release in the lead up to 30 June.

You will note our working capital investment ratio has also return to historical levels at 33 cents for every dollar of incremental revenue.

Turning to slide 11.

To maintain our technology leadership, we invest in R&D in all market conditions – including the COVID pandemic.

In FY21, $19.1m was expensed on engineering and product development. This represents 7.2% of total revenue and a 9% increase on FY20.

During the same period, $2.6m of software development costs, largely for IMDEXHUB-IQ™, was capitalised. This compares to $2.0m in the pcp.

When combining expensed and capitalised costs, 8.2% of revenue was spent on product development. This is well within industry benchmarks and conservative as a growth company.
The final points I would like to make include:

- We have a long development ‘wish-list’ that is governed by a disciplined staged-gated R&D process, and
- In recent years, we have seen a larger percentage of our spend directed towards software.

Slide 12

Balance Sheet

Looking briefly now at our balance sheet at 30 June 2021 on slide 12.

Our strong cash generation was reflected in our net cash position, which was up 48%.

There are a few other balances I would like to expand on:

- Intangibles includes the increased goodwill and IP from the acquisition of AusSpec in FY21 and Flexidrill in FY20;
- Borrowings includes additional USD funds to manage our currency exposure; and
- Other includes lease liabilities of $38.9m, together with the deferred consideration for the purchase of Flexidrill of $12.2m and AusSpec of $2.5m.

At 30 June 2021, our Return on Equity and Return on Capital Employed were 13.3% and 15.5% respectively.

Maintaining a robust balance sheet remains a priority. Our current net cash position of $47.4m provides the capacity to accelerate targeted R&D, commence our Digital 2.0 program of works and pursue opportunities for acquisitive growth.

I will now hand back to Paul for an industry and market update.
Industry and Market Update

Thank you, Paul. Moving to slide 14.

Our Market and the Impact of COVID-19

We have included this COVID impact table in a number of our presentations and it highlights the restrictions in our key mining regions.

Whilst the mining industry has increasingly been permitted to operate, the real impact is on the mobility of people to projects and the supply chains that support them.

To this end, IMDEX is well prepared, but not immune, and a considerable effort has been directed to supply chain. Pleasingly, this planning and foresight has ensured we have sustained delivery during FY21 without material disruption.

We remain watchful of the risks, and we are planning for COVID restrictions to be with us in some evolving form, for at least the next two years.

At the same time, we remain ready to meet the increasing demand for mining-technologies.

Strong Industry Fundamentals

Moving now to slide 15.

Despite COVID, the fundamentals driving industry growth are excellent.
Strong commodity prices are leading to significant budget increases for exploration programs.

Capital raisings have been strong throughout the last 12 months, and a large portion of that money is still to be deployed.

A key driver remains the trend towards decarbonisation. We are seeing examples of governments, downstream customers, financial institutions, and players in the automotive industry continuing to double down.

In summary, the outlook for the mining industry is positive, and based on both current and planned exploration expenditure, we are still a long way off the previous peak.

**Slide 16**

**Short-term Industry Constraints**

Looking now at slide 16.

While the prospects are positive, the delivery of intended exploration budgets may be constrained in the short-term by capital investment in rigs and access to labour by drillers – most notably in Australia, Canada, and the USA.

Based on our internal global rig count conducted in March, some key regions are at near-capacity, which we regard is between 75% and 80%.

There are also plenty of industry anecdotes where clients are paying million-dollar deposits just to secure a rig, and there is upward pressure on labour rates.

We maintain that the industry is certainly keen to increase expenditure, but it may not be able to run as fast as it would like to in the short-term.
Slide 17

Business Overview

I will now provide an overview of our business and how we have been positioning as a growth company on slide 18.

Slide 18

Strong Core Business in All Market Conditions

IMDEX is strong and resilient.

- Our goal is that we consistently outperform minerals industry growth rates.
- Our 5-year revenue CAGR of 13% can be benchmarked against the S&P’s 5-year exploration spend CAGR of 8.3%.
- Our year-on-year EBITDA margin expansion highlights our relentless focus on efficient operations and the improving quality of our product mix; and
- Our global reach and world-class R&D is unrivalled.

Slide 19

Our Product Offering

Turing now to slide 19. The key to delivering value to clients is to provide quality data in real-time.

We develop and offer solutions in three broad integrated groups:

- First, Drilling Optimisation Products that reduce the cost of drilling, enhance safety and are critical drivers in improving exploration success – particularly with deeper drilling;
- Second, best-in-class Rock Knowledge Sensors, that deliver quality data across the four components of rock knowledge – being location, grade, texture, and mineralogy; and
- Third, cloud-based platforms and software to aggregate, store and distribute data, to where it needs to be anywhere in the world, with a secure chain of custody.
We allocate our R&D across these three groups. As Paul outlined, we were agile enough to deploy more R&D capital to IMDEXHUB-IQ™ in response to demand for real-time workflows. This year we are accelerating the application of these three product categories in the mining production space.

We help drilling contractors and resource companies both. We help them drill faster and smarter. We help them understand their orebodies in real-time. And we do this right throughout the mining value chain.

Slide 20

A Stronger Revenue Profile

Slide 20 shows the evolution of our revenue profile over the past five years. I would like to draw your attention to a number of key points:

- Our recurring higher-margin rental and SAAS revenue has been increasing;
- We are increasing our presence in the mining production stage; and
- We have a strong geographic spread and are increasing our presence in the Americas.

Our commodity exposure continues to be representative of exploration expenditure globally and our product offering is largely commodity agnostic.

Slide 21

Growth Opportunities

Moving now to our strategy on slide 22.
Four Compelling Growth Drivers

Although our business and industry have been impacted by COVID, our underlying strategy remains unchanged.

Prioritising our technology leadership and embedding value for clients is key; and leveraging our core competencies within the larger less-cyclical mining production market is a natural extension.

As highlighted, our growth opportunities come from four key areas:

- Disciplined R&D to maintain our technology leadership and gain market share;
- Extension into mining production, where it is the same client and the same orebody;
- Solution selling to maximise value for the client and IMDEX; and
- Complementary acquisitions.

I will expand on each of these drivers in the next four slides.

Technology Leadership

Looking now at our technology leadership on slide 23 and some measures of our success.

Again, I would like to highlight two things:

- First, our revenue was up 11.2%, and over the same period our IMDEXHUB-IQ™ connected revenue was up 30%.
- Secondly, during FY21 we surveyed 173 million metres in IMDEXHUB-IQ™. This represents a 60% uplift on the previous year and highlights that our technologies enable better workflows for clients. This is how we measure the success of our products.
Slide 24

Extension into Mining Production

Turning now to slide 24 and our progress with extension into mining production.

We resumed BLASTDOG testing with our JDA partner in Queensland late in FY21, and our sensors are currently in Chile ready for mobilisation to site.

We have also been making good progress with our drilling optimisation products for mining. We have recently commercialised our doser and fluid system for stabilising blast holes. It is a high margin solution that is embedded into the daily operation of the mine. It also gives us a presence in mining operations for the introduction for our rock knowledge sensors.

The graphic on the right is a screen shot of our BLASTDOG™ in a virtual training environment. We look forward to our shareholders experiencing it in action at our next IMDEX Technology Deep Dive.

Slide 25

IMDEX Integrated Solutions Sales

The case study and graphic on slide 25 illustrate how IMDEX Solutions deliver increased value to clients and IMDEX.

During FY21 our largest 250 clients had an average of 3.25 products. This average was up from 2.25 in FY20.

As you can see from the graphic on the left, there is currently substantial potential to increase the number of products we deliver per site. Our development roadmap and the delivery of new products will increase this potential.
Complementary Acquisitions

Finishing with the fourth driver on slide 26.

The strength of our balance sheet enables us to make on-strategy acquisitions as they present.

To be on-strategy, acquisitions must complement our product offering, have unique IP and accelerate our development roadmap to deliver real-time orebody knowledge.

We have an extensive technology watchlist and maintain our disciplined approach to M&A. All investment opportunities are subject to a gateway process and are rigorously assessed by our Board and XCo.

FY22 Focus Areas and Outlook

Moving now to the final section of this presentation – our focus areas and outlook for FY22 on slide 28.

Focus Areas

For the balance of FY22 protecting our people and protecting our business will remain front and centre. During this time, we will focus on four key areas:

1. Prosecuting our R&D roadmap to accelerate growth and build scale;
2. Additional joint development agreements to engage with resource companies and drilling clients for new product development and delivery;
3. Building our key account management capabilities and technical teams to deliver our optimised solutions; and
4. Commencing our Digital Transformation 2.0 to streamline service delivery and enhance client experience.

At all times we will ensure a high level of discipline and a relentless execution to be best-in-class.

**Slide 29**

**Positive Outlook**

Finally, some commentary on the outlook for FY22.

The outlook remains brighter than at any time in our past.

Notwithstanding the short-term constraints, underlying fundamentals for our industry are excellent. The pipeline of our technologies that has been put together with input from our clients is long. And the team we have assembled both to build and deliver those products has never been stronger.

We have the ability in talent, network and balance sheet to respond to market needs and opportunities as they present.

We look forward with great excitement to FY22 and what the years that follow will bring to IMDEX’s team, its clients and ultimately its shareholders.

Paul and I are now happy to take any questions.

**Closing Comments**