7 February 2022

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

Dear Sir / Madam,

IMDEX FY2022 – Half Year Results

Please find attached the 1H22 Results Announcement of IMDEX Limited detailing the Group’s financial result and operating performance for the half year ending 31 December 2021.

Yours faithfully

Imdex Limited

Michael Tomasz
Company Secretary

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

ABOUT IMDEX

IMDEX is a leading global Mining-Tech company, which enables successful and cost-effective operations for drilling contractors and resource companies. The Company develops drilling optimisation products and cloud-connected sensors to provide real-time rock knowledge and quality data. Together they enhance decision making and sustainable operations across the mining value chain – from the drill rig to the core farm and processing plant. www.imdexlimited.com

FURTHER INFORMATION

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7 February 2022

**Record Results Highlight Strength of Underlying IMDEX Core Business**

Leading global Mining-Tech company, Imex Limited (IMDEX or the Company), today announced its half year results for the 2022 financial year (1H22). The Company delivered record results, increased its interim dividend and continued to drive its strategy for sustainable growth in a dynamic market.

**1H22 Financial Highlights (Compared to 1H21)**
- Record half year revenue of $167.8m up 34.9% (up 35.3% on a constant currency basis)
- Record EBITDA of $51.5m up 55.1% (up 54.8% on a constant currency basis)
- Record NPAT of $24.4m up 80.8%
- Pre-tax cash from operations to EBITDA conversion rate of 75%
- Robust balance sheet with a strong net cash position of $30m
- Declared a 1H22 fully franked interim dividend of 1.5 cps

**Completed Strategic Investments**
- Acquired MinePortal software from DataCloud International Inc. to accelerate growth within the mining production market
- Acquired an initial 30% interest in Datarock Holdings Pty Ltd to add image analysis software, AI capabilities and deliver additional answer products for clients

**1H22 Operational Highlights (Compared to 1H21)**
- Substantially improved safety performance (LTIFR 1.71 v 2.88) and engagement – zero lost time injuries
- A strong focus on enhancing employee recognition and development – launched traineeship program
- Released first Sustainability Report and achieved a Low Risk Sustainalytics ESG rating of 16.2.
- Rock knowledge sensors on rent – up 35% on pcp and up 47% on pre-COVID peak
- IMDEX HUB-IQ™ connected revenue up 46%
- Expanded the number of client trial sites with IMDEX BLAST DOG™ including integration with both IMDEX HUB-IQ™ and MinePortal software. BLAST DOG™ surveyed >2,500 holes and >60,000 metres
- Released premium IMDEX HUB-IQ™ SaaS module for Quality Assurance survey data
- Released next generation aiSIRIS software – client utilisation increased with spectra analysed up 45%
- Continued to successfully navigate COVID-19 – mitigated supply chain pressures for drilling optimisation fluids and rock knowledge sensor components
- Production of gyro-related technologies in 1H22 exceeded 2H21
- Relocated and upgraded IMDEX facilities in South Africa and Western Australia

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1 Excluding $2.7m gain on Flexidrill deferred consideration fair value adjustment.
2 The operating cash flow was comparable to the pcp. The overall decrease in net cash was largely due to the acquisition of DataCloud International Inc. and 30% interest in Datarock Holdings Pty Ltd.
3 See IMD ASX Announcements dated 10 September 2021 dated “Acquisition of MinePortal software accelerates IMDEX presence in mining production” and 17 September 2021 titled “IMDEX Completes MinePortal Technology Acquisition”.
4 See IMD ASX Announcement dated 15 November 2021 titled “IMDEX strengthens cloud-based rock knowledge platform with cornerstone investment in Datarock”.
5 Based on Sustainalytics ESG Risk Rating Report, 29 November 2021
Commenting on the Company’s 1H22 performance, IMDEX CEO Paul House said:

“Our record half year financial results were driven by our strong operational performance during a demanding and ever-changing market. The strength of our results can again be attributed to the expertise, dedication and resourcefulness of our global team to meet these changing client needs.

The combination of 35% revenue growth, 55% EBITDA growth and 81% NPAT growth, is the strongest possible statement of the underlying quality of the IMDEX business and the IMDEX business model.

Our significant uplift in earnings reflected strong demand across all regions, particularly for our higher margin sensors and software. At the close of 1H22, rentals and SaaS subscriptions represented 59% of revenue.

Both gross and EBITDA margins continued to expand. During 2H22 we will progress our Digital 2.0 Transformation project, which will further streamline costs and enhance the customer experience.

Additional operational highlights include our improved safety performance, the mitigation of supply chain risks, the resumption of IMDEX BLAST DOG™ trials and two investments to accelerate our expansion within mining production. These achievements demonstrate our team’s ability to keep finding ways to execute our strategy.

IMDEX Chairman Anthony Wooles added:

The Board is pleased with the strong performance for the period. The Company’s ability to improve its safety outcomes, whilst responding to client needs under challenging conditions, is a highlight. The maturing of the organisation’s culture and capability, together with the successful execution of key strategic initiatives, position IMDEX very well for the future.
Dividends and Capital Management Policy

IMDEX’s Directors have declared a fully franked interim dividend of 1.5 cents per share, which represents a 24% 1H22 payout ratio. The dividend record and payment dates are 10 and 24 March 2022 respectively.

The Company is committed to a sustainable dividend policy, while continuing to invest in technologies and software that will deliver substantial long-term growth for shareholders.

Operational Overview

Activity increased in all IMDEX regions throughout 1H22, boosted by strong industry fundamentals and demand for the Company’s drilling optimisation fluids, rock knowledge sensors and software. Activity was particularly strong in the Americas and Australia, which were operating at or near full capacity.

The pace of this growth continued to be tempered by labour restrictions, together with wider industry pressures – notably longer delivery times for rigs and parts.

The half closed with a typical December shutdown as some clients sustained operations and others chose to rest limited crews. Sensors on hire were up 35% on 1H21.

Despite heightened industry pressure on IMDEX’s supply chain during 1H22, the Company has successfully expanded manufacturing capabilities and increased inventory levels to ensure ongoing support for clients.

IMDEX anticipates COVID-19 related industry challenges will remain in some form for the next 1 – 2 years. The Company is in its strongest position, however, to mitigate the risks and leverage increasing demand for mining technologies and software that enable remote operations.

Employee wellbeing, recognition and development remain central themes. IMDEX improved its safety performance and engagement, embedded its XSell training program and launched its first traineeship program.

In line with IMDEX’s commitment to enhancing its ESG disclosure, the Company released its first Sustainability Report in September 2021 and successfully improved its ESG rating.

Strategy for Sustainable Growth

IMDEX is focused on executing the Company’s strategy to achieve sustainable earnings growth. Key components of this strategy include:

• growing its core business in resources-focussed exploration and development; and
• expanding its technologies within the adjacent mining production market, which is substantially larger and less subject to cyclical impact.

The Company has four growth drivers as summarised below:

1. investment in targeted R&D to maintain technology leadership and win market share;
2. leverage core capabilities within the mining production market, where it is often the same orebody and global client base;
3. develop and market integrated solutions for orebodies to optimise value for clients; and
4. acquire technologies and software, or collaborate with industry partners, to build on geoscience analytics, AI and computer visualisation capabilities that deliver answer products for clients.

Outlook

IMDEX has had a positive start to 2H22. At 31 January 2022, sensors on hire were up 22.4% on the pcp. Drilling optimisation revenue is also increasing in all IMDEX regions.

For the balance of FY22, IMDEX will remain committed to protecting its people and the continuity of its business for clients. Concurrently, the Company will focus on driving its growth strategy and the operational initiatives released on 16 August 2021. During 2H22 additional investment will be directed to:

- R&D relating to mining production and higher margin sensors and software;
- Developing and integrating its MinePortal and Datarock software; and
- Advancing its Digital 2.0 Transformation to further streamline costs and enhance the client experience.

During 2H22 IMDEX anticipates some additional expenses due to the inflationary environment, together with increased travel and marketing costs as mobility restrictions ease.

The fundamentals underpinning IMDEX’s core business and growth strategy are excellent, notwithstanding the labour and wider industry constraints. Long-term positive drivers include:

- resource companies and drilling contractors are increasingly embracing innovation and new technologies to improve safety, enable remote working and achieve greater productivity;
- new discoveries are likely to be under cover and at depth resulting in larger drilling campaigns;
- strong commodity prices supported by government stimulus, decarbonisation targets and demand across a broad range of sectors including consumer, industrial and government related industries; and
- large, mid-cap and junior resource companies are well funded and are increasing their expenditure to replace diminishing reserves.

IMDEX is in a strong position to leverage these robust industry fundamentals and the unique competitive position its global presence, leading technologies and integrated solutions provide.

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