

13 February 2023

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

Dear Sir / Madam,

IMDEX FY2023 – Half Year Results

Please find attached the 1H FY23 Results Announcement of IMDEX Limited detailing the Group's financial result and operating performance for the half year ending 31 December 2022.

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 from exploration to production. The ASX listed 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. IMDEX's unique end-to-end solutions for the mining value chain integrate its leading AMC™ and REFLEX™ brands. Together they enable clients to drill faster and smarter, obtain accurate subsurface data and receive critical information in real-time.

For further information visit www.imdexlimited.com

FURTHER INFORMATION

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13 February 2023

Core Business Continues to Deliver While Growth Strategy Advances

Leading global Mining-Tech company, Imdex Limited (IMDEX or the Company), today announces its first half results for the 2023 financial year (1H23). The Company's results demonstrate the strength of its underlying business and highlight the progress made in executing its growth strategy¹.

1H23 Financial Highlights (compared to 1H22 at 31 December)

- Revenue of \$198.8m up 18.4% (up 14.0% on a constant currency basis)
- EBITDA of \$53.4m up 3.7% (down 5.5 % on a constant currency basis)
- Normalised EBITDA of \$62.8m² up 22% (up 11.0% on a constant currency basis)
- Normalised EBITDA margin of 31.6%² up from 30.7%
- NPAT of \$22.7m, down 6.9%
- Pre-tax cash from operations to EBITDA \$56.3m up 46%
- Robust balance sheet with a net cash position of \$32.5m³
- Declared a 1H23 fully franked interim dividend of 1.5 cents per share

1H23 Operational Highlights (compared to 1H22 at 31 December)

- Improved safety performance (LTIFR 1.56 v 1.71 and TRIFR 3.11 v 3.42) and safety engagement
- Closed gender pay gap on a like-for-like basis
- Released FY22 Sustainability Report and established targets for FY23, including reporting on GHG emissions
- Rock knowledge sensors on rent up 6%
- Increasing software and IMDEX HUB-IQ™ connected revenue, currently 32% of total revenue
- Released next generation IMDEX ioGAS™ V8, leading data analysis software
- Spectra analysed with aiSIRIS™ software up 4%
- Commercial prototype IMDEX BLAST DOG™ trials progressing as planned
- Completed first generation IMDEX MINEPORTAL™ software to support BLAST DOG™ trials and contracts
- Increased equity interest in Datarock from 30% to 40.9%
- Welcomed Microsoft executive Uwa Airhiavbere as Non-Executive Director, based in Seattle, and former Chevron and Microsoft executive Wayne Panther, as our Chief Information Officer

¹ Unless otherwise stated: references to 'IMDEX', the 'Group', the 'Company', 'we', 'us' and 'our' refer to Imdex Limited and its controlled entities; references to a year are to the financial year ended 30 June; and references to dollar figures are in AUD currency.

² Normalised to exclude exceptional litigation costs not expected to recur during the remainder of the financial year ended 30 June 2023. Total legal costs in 1H23 were elevated at \$12.4m (\$1.5m in 1H22) of which \$9.4 million relates to exceptional litigation costs not expected to recur during the remainder of the financial year ended 30 June 2023 and have been added back to 1H23 EBITDA (reported) of \$53.4m to arrive at 1H23 EBITDA (normalised) of \$62.8m. 1H22 EBITDA excludes \$2.7m gain on Flexidrill deferred consideration fair value adjustment.

³ After increased ownership in Datarock (30% to 40.9%) plus payment of deferred consideration for Flexidrill and AusSpec.

Post 31 December 2022 Highlights

- Entered into a binding Heads of Agreement to acquire a 40% interest in Krux Analytics Inc (Krux), which develops market leading drilling analytics software, focussing on the collection and analysis of exploration and production drilling data in real time⁴
- Entered into a binding Sale and Purchase Agreement to acquire Devico AS, a leading provider of advanced sensors and the #1 directional drilling technologies business to the mining and civil industries globally. The equity raise was successfully executed in a heavily oversubscribed ANREO and Placement⁵

FY23 Outlook

- Positive start to 2H23, with drilling activities and the sensors on hire resuming at a faster rate in January than in the prior year and the average number on hire for January was up 2%
- IMDEX's drilling clients are reporting strong forward looking order books and the Company's resource company clients are reporting ongoing or increasing exploration budgets
- Supply chain pressures continue to ease for IMDEX

1H23 Key Metrics

(\$m unless indicated otherwise)	1H23	1H22	Var %
Revenue	198.8	167.8	18.4
EBITDA	53.4	51.5	3.7
Normalised EBITDA ²	62.8	51.5	21.9
Normalised EBITDA Margin % ²	31.6	30.7	0.9
NPBT	33.5	34.9	-3.9
NPAT	22.7	24.4	-6.9
EPS (cents)	5.7	6.2	-8.1
Pre-Tax Operating Cash Flow	56.3	38.5	46.2
Pre-Tax Operating Cash Flow Per Share (cents)	14.2	9.7	46.4
Net Assets (31 December)	313.7	274.6	14.2
Net Cash (31 December) ³	32.5	30.0	8.3
Fully Franked Interim Dividend (cents)	1.5	1.5	-
Full Time Employees (31 December)	647 ⁶	558	15.9

Commenting on the Company's 1H23 performance, IMDEX CEO Paul House said:

"We are very pleased with the performance of the business and note two standout features. Firstly, our ability to grow the business, notwithstanding the current macro-related uncertainty in our operating environment. Secondly, our ability to deliver further margin expansion on a normalised basis, while scaling our IMT business unit to support BLAST DOG™ commercial trials and contracts. These achievements highlight both the quality of our business model and the capability of our global team."

"M&A activity during the half was indeed a highlight. We increased our interest in Datarock from 30% to 40.9% and successfully progressed the proposed 40% investment in Krux and combination of our IMDEX and Devico businesses. All of which advance our growth strategy and support our purpose as a leading global mining-tech company."

⁴ Announced to ASX on 13 January 2023.

⁵ Announced to ASX on 19 January 2023.

⁶ Half of the increase relates to supporting the revenue growth within core operations, the balance related to scaling the IMT division, software development and Digital 2.0.

“Finally, our people should be acknowledged for their unwavering commitment to improving our safety performance, particularly during a rewarding but incredibly busy half. It highlights the ongoing commitment of our global teams and the maturity of our safety culture.”

IMDEX Chairman Anthony Wooles added:

“The Company continued to deliver on its strategy for sustainable growth and our people demonstrated a high level of discipline and commitment to the business through a very busy half.

“During the period we farewelled Kevin Dundo, who retired at the conclusion of the AGM in October. During his 18 years on our Board, Kevin provided invaluable counsel. It was a pleasure working alongside him.

“In December 2022, we were pleased to welcome Uwa Airhiavbere as a Non-Executive Director. His professional experience, industry knowledge and contemporary appreciation of technology globally, are an excellent strategic fit and will build out our Board’s existing strengths.

“I would like to acknowledge IMDEX and Devico’s leadership, together with their teams, for the way in which they approached the proposed combination of the businesses. At all times they displayed great professionalism and respect for our shared values.”

Dividends and Capital Management Policy

IMDEX’s Directors have declared a fully franked interim dividend of 1.5 cents per share, which represents a 26% 1H23 payout ratio. The dividend record and payment dates are 6 and 20 April 2023 respectively.

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

Operational Overview

Activity during the half remained strong across all aspects of IMDEX’s business and regions of operation. Notable growth was reported in Africa, Asia Pacific and South America. Activity in Canada was consistent with the prior corresponding period. Growth in this region was impacted by uncharacteristically warm weather, which delayed the winter drilling program, and limited funding. Pleasingly, junior financing increased towards the end of CY22 and these additional dollars are expected to be utilised as the summer season commences.

The mid to major miners continued to demonstrate strong demand and report ongoing or expanded exploration budgets for CY23.

During the half activity was less impacted by the availability of labour and supply chain pressures as these conditions continued to ease.

IMDEX successfully protected its IP in Australia and the US, which resulted in elevated legal fees during 1H23. Approximately \$9.4m relates to exceptional litigation costs not expected to recur during 2H23, the majority of which was unpaid at 31 December 2022.

Normalised EBITDA of \$62.8m² was up 22% and the normalised EBITDA margin was 31.6%² compared to 30.7% in 1H22.

Delivering on Strategy

Key components of IMDEX's strategy include growing its core business in resources-focussed exploration and development; and expanding its technologies within the mining production market, which is substantially larger and less subject to cyclical impact.

The Company has four growth drivers:

1. **Technology Leadership** – investing in targeted R&D to maintain technology leadership;
2. **Extension into Mining Production** – leveraging its core capabilities within the mining production market through its IMT business;
3. **Integrated Solutions** – designing tailored product solutions for the optimal determination of orebody knowledge for clients; and
4. **On-Strategy Acquisitions** – acquiring technologies and software to build on geoscience analytics, AI and computer visualisation capabilities.

Notable achievements during 1H23 included:

- Increasing IMDEX HUB-IQ™ connected revenue
- The release of next generation IMDEX ioGAS™ V8, leading data analysis software
- Completing IMDEX's first generation MINEPORTAL™ product to support BLAST DOG™ trials and contracts
- Commercial prototype IMDEX BLAST DOG™ trials progressing as planned
- Increasing IMDEX's equity interest in Datarock from 30% to 40.9%.

Post 31 December 2022, IMDEX was pleased to announce:

- A binding Heads of Agreement to acquire a 40% interest in Krux Analytics Inc (Krux) for \$6.42m cash; and
- A binding Sale and Purchase Agreement to acquire Devico AS (Devico) for an implied enterprise value of \$324m.

Devico AS (Devico)

Devico is a leading global mining-tech company, established in 1988 and headquartered in Trondheim, Norway. It has a workforce of approximately 200 personnel and business entities across 15 countries. Devico is expected to deliver CY22 revenue⁷ of ~A\$61 million and CY22 EBITDA⁸ of A\$29 million. The business has demonstrated its ability to scale over the last three years with a revenue⁸ CAGR of 17% per annum⁸.

In January 2023, IMDEX launched an equity raising of \$224 million to partly fund the proposed acquisition of Devico. The ~A\$185 million Institutional Offer received strong support from existing shareholders and new institutional investors with demand exceeding the Institutional Offer size. The Institutional Entitlement Offer achieved a take-up rate of 97.3% by eligible institutional shareholders.

⁷ Based Devico financials, shown on a pre-IFRS16 basis, with 10 months of actuals and 2 months of Devico management forecasts.

⁸ Based on CY19 – CY22 Devico financials, shown on a pre-IFRS16 basis, with CY22 financials including 10 months of actuals and 2 months of Devico management forecast. Regional exposure to Russia in CY19 for revenue and EBITDA is less than 1% with no exposure in CY22.

The fully underwritten ~\$[36] million Retail Entitlement Offer closed on Tuesday, 7 February 2023, with Retail Entitlement Offer shares expected to be issued tomorrow, 14 February 2023. An extraordinary general meeting is expected to be held in March 2023 to approve the conditional placement to raise a further approximately \$3 million.

The Proposed Acquisition of Devico represents a significant extension of IMDEX's core business globally.

Strategic highlights:

- Strong market leadership position in Europe, and a global operating footprint, that delivers IMDEX the #1 market position in Europe, and consolidates IMDEX's #1 market position globally⁹.
- Clear technology and market leadership in the Directional Drilling Technologies business globally, complementing the IMDEX Drilling Optimisation portfolio, and providing IMDEX with the leading technology in a fast-growing market.
- A portfolio of Rock Knowledge sensors that complements the IMDEX Sensor Technology stack and adds a pipeline of complementary technologies.
- World class R&D and manufacturing facility in Norway, together with a team of engineers that complements IMDEX's R&D capabilities in California, Australia and New Zealand.

Financial highlights:

- Enterprise Value implies an acquisition multiple of ~11.2x CY22F pro forma EBITDA and ~12.8x CY22F pro forma EBITA⁹.
- Highly synergistic strategic combination with clear cross-selling revenue opportunities and cost efficiencies, including ability to leverage scalable IMDEX Digital Transformation business systems across the Devico business.
- Acquisition is expected to be cash EPS accretive from the first full year of ownership, before potential synergies¹⁰.

Completion of the acquisition is expected to be on 28 February 2023. Further information can be found in the following ASX releases:

19 January 2023	IMDEX Enters Binding Agreement to Acquire Devico
	Investor Presentation – Proposed Acquisition of Devico
23 January 2023	Equity Raise – Institutional Component
9 February 2023	Completion of Retail Component of \$224m Equity Raising

⁹ Based on Serviceable Market (SAM), considering the share of active Core Orientation Tools and Gyro Sensors on hire in the market as at October 2022 and taking into consideration Devico's products on hire in the European market.

¹⁰ Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and which will impact future amortisation charges. IMDEX's pre-transaction EPS has been restated based on an adjustment factor to take into account the New Shares to be issued in connection with the Entitlement Offer.

Krux Analytics Inc (Krux)

Calgary-based Krux develops market leading drilling analytics software, focussing on the collection and analysis of exploration and production drilling data in real time.

Krux's unique software development expertise and proven product offering, provide an opportunity to:

- Enhance IMDEX's drilling data origination and analysis capabilities;
- Accelerate the delivery of the Company's next generation IMDEX MOBILE™ software and pathway for its Measure While Drilling offering;
- Support the digitisation of IMDEX's Drilling Optimisation business; and
- Gain additional exposure to enterprise customers, particularly in the North American market.

The parties have entered into an exclusivity arrangement with the intent to finalise and complete the transaction in early April 2023.

Further information can be found in the following ASX release:

13 January [IMDEX Initiates Cornerstone Investment in SaaS Business Krux](#)

FY23 Focus Areas

In addition to driving its growth strategy, during 2H23 IMDEX will focus on:

- Protecting its people via its safety management systems and culture;
- Investing in its people through the ongoing development of its teams;
- Accelerating investment in IMT and software, including MINEPORTAL™ and Datarock;
- Completing the Devico transaction and commencing integration;
- Completing the Krux transaction;
- Optimising its cost base, building scalable systems and further enhancing customer experience with investment in Digital 2.0; and
- Maintaining a disciplined approach to the Company's product portfolio and global operations.

Outlook

IMDEX has had a positive start to 2H23. Pleasingly, the January start-up recommenced faster than in prior years and the average number of sensors on hire for the month were up 2% on the pcp. Demand for the Company's drilling optimisation products is also increasing in all IMDEX regions, particularly Africa and South America.

The Company's drilling clients report strong forward looking order books and resource company clients report strong ongoing exploration budgets.

Encouragingly, the number of junior and intermediate financings increased significantly towards the end of 2022 and mining equity raisings were up 29% year-on-year in January 2023¹¹. Gold and copper prices have strengthened and commodity prices remain at elevated levels to support further exploration.

¹¹ Source: Bloomberg

The underlying long-term drivers for industry activity and development remain robust:

- 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;
- The global commitment towards net zero emissions and the resultant demand for critical metals or the continued extraction of reserves is outstripping their replacement; and
- Large and mid-cap resource companies remain well-funded to support medium-term activity.

IMDEX's core technologies address increasing demand for drilling and drilling at depth; increasing demand for orebody knowledge; and increasing demand for sustainable operations. The addition of Devico's core technologies and capabilities strengthen IMDEX's ability to address these thematics. The Company remains positive about the outlook and excited about delivering on its strategy.

1H23 Results Presentation and Webcast

IMDEX will present its first half year results for the 2023 financial year (FY23) on Monday 13 February 2023. The results will be presented via a live teleconference and webcast at 9:00am AWST (12 noon AEST).

[Teleconference Registration and Dial-In Details](#)
[Webcast Link](#)

FY23 Full Year Reporting

Due to the proposed Devico transaction and subsequent integration plan, IMDEX anticipates extending its FY23 reporting timeline. Further details will be provided following completion. IMDEX's corporate calendar can be found at the link below.

[Corporate Calendar](#)

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

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FURTHER INFORMATION

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ABOUT IMDEX

IMDEX is a leading global Mining-Tech company that enables drilling contractors and resource companies to safely find, mine and define orebodies with precision and at speed.

The Company's product offering includes an integrated range of drilling optimisation products, cloud-connected rock knowledge sensors and data and analytics.

www.imdexlimited.com