

28 August 2023

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

Dear Sir / Madam,

## **IMDEX FY2023 – FULL YEAR RESULTS**

Please find attached the FY2023 Results Announcement for Imdex Limited detailing the Group's financial results and operating performance for full year ending 30 June 2023.

Yours faithfully  
**Imdex Limited**



**Michael Tomasz**  
Company Secretary

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

28 August 2023

## IMDEX delivers record result, a transformative acquisition and significantly advanced its growth strategy in FY23.

Leading global mining-tech company, Imdex Limited (IMDEX or the Company), today announced its full year results for the 2023 financial year (FY23). IMDEX demonstrated the strength of its core business, executed disciplined cost control, and made significant progress with its strategy as a growth company<sup>i</sup>.

### FY23 Financial Highlights (including 4 months of Devico performance)<sup>ii</sup>

- Revenue of \$411.4m up 20% (up 16% on a constant currency basis)
- Normalised<sup>iii</sup> EBITDA of \$122.6m up 17% (up 9% on a constant currency basis)
- Normalised<sup>iii</sup> EBITDA margin maintained at 30%, a strong performance given softer activity in 2H23
- 82% EBITDA to operating cash conversion
- NPAT of \$35m, down 22% (inclusive of significant items including acquisition and integration costs)
- Net debt of \$64.9m (after investments) supported by strong working capital discipline
- Declared a final fully franked dividend of 2.1cps, in line with 30% NPAT payout ratio on normalised<sup>iii</sup> earnings

### FY23 Strategic Highlights<sup>ii</sup>

- Acquired global mining-tech company Devico, the leading directional core drilling provider and the number two in IMDEX's sensor technologies market
- Investment in leading drilling analytics software company, Krux Analytics, of 40%
- Increased investment in leading image analysis AI analytics provider Datarock to 49.1%, up from 40%
- Commercial launch of next-generation technologies and the integration of the Devico portfolio
- Growth in solution selling projects in North America, Africa, and Asia Pacific – 46% of top 250 customers with >3 products, up from 44%
- Number of IMDEX HUB-IQ™ connected customers up 10%
- Completed 4Q23 with 2 paid commercial prototype IMDEX BLASTDOG™ units in operation, with a further unit deployed in 1Q24

### FY23 ESG Highlights<sup>ii</sup>

- HSE global workforce engagement metric up 42% as a leading indicator of safety culture
- Record safety performance (LTIFR 0.42 v 0.77 and TRIFR 0.83 v 2.32)
- Closed the gender pay gap on a like-for-like basis
- Established a Diversity, Equity & Inclusion Council and implemented Better Together<sup>iv</sup> inclusion training
- Measured baseline scope 1 and 2 GHG emissions (excluding Devico)
- Formalised a Sustainability Committee reporting directly to the Board, commencing in FY24
- Welcomed Uwa Airhiavbere as non-executive director and Wayne Panther as Chief Information Officer

## FY23 Key Metrics

(\$m unless indicated otherwise)	FY23	FY22	Var %
Revenue	411.4	341.8	20.3
EBITDA	100.5	102.0	(1.4)
EBITDA Normalised <sup>iii</sup>	122.6	104.9	16.9
EBITDA Margin % Normalised <sup>iii</sup>	29.8%	30.7%	(2.9)
NPBT	54.6	62.6	(12.7)
NPAT	35.0	44.7	(21.7)
EPS Normalised <sup>iii</sup> (cents)	12.0	11.8	1.7
Pre-Tax Operating Cash Flow	105.0	69.8	50.4
Pre-Tax Operating Cash Flow Per Share (cents)	23.9	17.6	35.8
Net Assets (30 June)	556.2	297.2	87.1
Net Cash (Debt) (30 June) <sup>v</sup>	(64.9)	24.2	(368.2)
Full Year Fully Franked Dividend (cents)	3.6	3.4	5.9
Full Time Employees (30 June)	851 <sup>vi</sup>	622	36.8

Commenting on the Company's FY23 performance, IMDEX CEO Paul House said:

*"We have made great strides in both the quality of our core business, and the advancement of our growth strategy, with the acquisition of Devico and our investment in Krux Analytics.*

*"Since completion of Devico on 28 February, we have spent considerable time getting to know the Devico business and Devico's people. It has been a true pleasure discovering the strong alignment of our corporate values and our purpose as we look for ways to bring advanced technologies to the mining industry.*

*"Throughout FY23 we generated record revenue, including 4 months of Devico, which represented a 20% increase on FY22. Excluding Devico, IMDEX's organic revenue growth was up 14%.*

*"We continued our strong trend of earnings growth, despite softer exploration activity during 2H23. Activity was impacted as resource companies sought to combat inflationary cost pressures, demand greater productivity, and shift their exploration spend to jurisdictions with greater opportunities. This was most evident with juniors in Canada and Australia. Devico's EBITDA contribution of \$8.5m was also impacted in the short-term by an increased investment in the directional core drilling business to support future growth.*

*"Our normalised EBITDA margin was maintained at circa 30%. The slight decrease can be directly attributed to a combination of product mix due to growth of our drilling optimisation business and our increased investment in IMT<sup>vii</sup> and Digital 2.0 on the back of significant progress during the year.*

*"It is vital to recognise while S&P forecast a 20% contraction in exploration activity for calendar 2023, our leading technologies, global presence and limited exposure to juniors meant that we continued to outperform. As at 30 June 2023, IMDEX sensors on rent were only 8% behind pcp and as of today, they have grown 5% since 1 July 2023."*

IMDEX Chairman Anthony Wooles added:

*“During FY23 a key area of focus for the Board was execution of IMDEX’s strategy and achievement of performance metrics. Pleasingly, the Company delivered strong underlying performance, notwithstanding the softer market in 2H23, while executing its growth strategy.*

*“IMDEX continued to deliver with the release of next generation core technologies, additional commercial prototype contracts with its IMT portfolio and strategic investments, including Devico and Krux.*

*“While Devico was in many respects a bolt on acquisition, it was a significant undertaking expanding IMDEX’s geographic footprint and technology offering. It required considerable commitment from the Board and a considerable number of the IMDEX team within a compressed timeframe.*

*“In addition to building out IMDEX’s business model, European presence, and R&D capabilities, Devico brings a talented team that shares a strong vision for the industry and a culture aligned to our own.”*

### **Dividends and Capital Management Policy**

A final fully franked dividend of 2.1 cents per share was declared on normalised earnings in line with IMDEX’s historical 30% NPAT payout ratio. The full year dividend totals 3.6 cents per share. Dividend record and payment dates are 28 September and 12 October 2023, respectively.

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

### **Operational Overview**

Activity during 1H23 was strong across all aspects of IMDEX’s business and regions of operation. Notable growth was reported in Africa, Asia Pacific, and South America.

The mid to major miners continued to demonstrate strong demand and reported ongoing or expanded exploration budgets for CY23. Junior financing in Canada increased towards the end of 1H23.

Despite a positive start to 2H23 in which the January start-up recommenced faster than in prior years and the average number of sensors on hire was up on the pcp, growth moderated for the remainder of the second half. Gradual improvement was apparent in June 2023.

Exploration activity was impacted as resource companies sought to combat inflationary cost pressures, demand greater productivity, and shift their exploration activity to alternative jurisdictions. This was evident in Canada, Australia, and West Africa.

Supply chain and labour pressures continued to ease throughout the year. IMDEX successfully navigated cost pressures and improved its balance sheet strength and working capital position. By the close of FY23, the FY22 inventory build had largely been released.

IMDEX continued to invest in initiatives to support core and new business growth, including its IMDEX Mining Technologies business and Digital 2.0. Other notable achievements included the acquisition of Devico and a 40% interest in Krux Analytics.

Since completion of the Devico acquisition on 28 February, IMDEX has been focused on people and diligent integration to deliver growth in FY25 and beyond. Key achievements to-date are included in the table below.

DEVICO INTEGRATION UPDATE SINCE COMPLETION	GROUP SYNERGIES UPDATE SINCE COMPLETION
Zero safety incidents	Devico Reference Gyros up 17% within IMDEX customer network since completion
Retention of all key management personnel and onboarding of all employees	Active Devico directional core drilling projects up 14% since completion
Devico sales sensors transitioned to rental model	Cost synergies of \$2m remain on target
Devico sensors enabled within IMDEX Global Digital Rentals system	Ability to leverage IMDEX's investment in Digital 1.0
IT migration to enhance data security	
Focusing on people and product integration for growth in FY25 and beyond	

IMDEX is on target to realise synergies in FY24 with product delivering greater than expected synergies. Integration costs remain on track to be within 3% of the purchase price, inclusive of the \$2.8m expended in FY23.

### Sustainability

IMDEX released its Sustainability Report in September 2022 and maintained its low risk Sustainalytics ESG risk rating. Furthermore, IMDEX formalised its ESG sub-committee as a Sustainability Committee reporting directly to the Board, commencing in FY24.

Other notable achievements included significantly improving the quality of the Company's safety engagement and performance; establishing a Diversity, Equity & Inclusion Council; and measuring IMDEX's scope 1 and 2 greenhouse gas emissions<sup>viii</sup>. Further information regarding IMDEX's sustainability initiatives and performance can be found in the sustainability section of the FY23 Annual Report.

### Strategy and FY24 Focus Areas

IMDEX's growth strategy remains focused on technology leadership, solution selling and disciplined acquisitions. Leveraging our core capabilities within the mining production market, and our recently acquired directional core drilling technologies into the IMDEX network, provide greater exposure to less cyclical sectors of the mining value chain.

In addition to driving its growth strategy, IMDEX is committed to:

- Protecting its people, including capability development, the Company's safety culture and employee engagement;
- Maintaining efficient and disciplined operations and delivering value to customers;
- Investing in core business growth including the combined IMDEX and Devico product offering, integration of the Devico business and product development;
- Investing in Digital 2.0 to enhance customer experience and implement systems that optimise the Company's cost base and build scale; and

- Investing in new business growth, including additional trials and contracts with the IMT portfolio, scaling its software offering and further collaboration with Datarock and Krux Analytics.

**Outlook**

Demand for IMDEX's integrated product offering continues to be steady. While exploration activity is expected to contract 20% throughout calendar 2023, IMDEX rock knowledge sensors on hire at 1 July 2023 were down 8% on the pcp. Today, sensors on hire are up 5% from 1 July 2023.

The Company's mid to major customers remain well funded and capital raising for juniors, which represent ~15% of IMDEX's revenue, have gradually improved.

The underlying long-term drivers for the industry 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;
- Large and mid-cap resource companies remain well-funded to support increased activity; and
- S&P forecasts exploration budgets will increase in calendar 2024.

IMDEX is well positioned to leverage the robust industry fundamentals and the unique competitive position its global presence, leading technologies and integrated solutions provide. The Company has a clear objective to outperform industry growth through technology leadership, solution selling and realising the revenue synergies its strategic acquisitions provide. Concurrently, IMDEX is actively pursuing new growth via its IMT business and software offering.

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

**ENDS**

**FURTHER INFORMATION****FY23 Results Presentation and Webcast**

IMDEX will present its full year results for the 2023 financial year (FY23) on Monday 28 August 2023. The results will be presented via a live teleconference and webcast at 10:00am AWST (12 noon AEST).

**About 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. The business has demonstrated its ability to scale over the last three years with a revenue CAGR of 17% per annum.

The acquisition of Devico represents a significant extension of IMDEX's core business globally. Strategic highlights include:

- 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 globally.
- 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.

### **About Krux**

Krux is a Calgary-based company that develops advanced drilling analytics software, with application for real time exploration and production drilling data. Its market-leading solution collects, aggregates and analyses drilling activity data - originated manually or collected via sensors adjacent to or embedded within the drill rig. The Krux solution is agnostic, complementing a wide variety of drilling rigs and drilling operations.

Krux is also incorporating KruxDAQ™, a unique Measure While Drilling (MWD) offering, that originates data directly from rig systems outputs into its existing platform. Combining MWD data with forms-based activity data provides richer information regarding drilling performance and productivity. This information can be used to drive improvements that are valuable to both drilling and resource companies.

IMDEX and Krux agreed a mechanism that provides for the remaining 60% of equity in Krux (or alternatively, Krux's material assets including intellectual property) to be transferred to IMDEX after a three-year period. During this time, IMDEX and Krux will collaborate to accelerate software development projects and identify ways to deliver greater value to customers.

### **About IMDEX**

IMDEX (ABN: 78 008 947 813) is a leading global Mining-Tech company that enables drilling contractors and resource companies to safely find, mine and define orebodies with precision, confidence 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.imdex.com](http://www.imdex.com)

### **Investor Contact Details**

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<sup>i</sup> 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.

<sup>ii</sup> Compared to FY22 at 30 June 2023.

<sup>iii</sup> Normalised to exclude exceptional legal fees (\$11.1m), Devico acquisition and integration costs (\$10.6m) and residual cost associated with the settlement with the prior owners of the Flexidrill Technologies (\$0.4m and FY22 adjusted for a \$2.9m impairment loss net of related fair value adjustment).

<sup>iv</sup> Better together training was a series of workshops designed to raise awareness and encourage the calling out of non-inclusive behaviours

<sup>v</sup> Cash less external borrowings (excluding lease liabilities).

<sup>vi</sup> Includes 187 Devico employees.

<sup>vii</sup> IMDEX Mining Technologies (IMT) business unit.

<sup>viii</sup> Scope 1 and 2 emissions excludes Devico