

19 February 2024

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

Dear Sir / Madam,

IMDEX FY2024 – Half Year Results

Please find attached the 1H24 Results Announcement of IMDEX Limited detailing the Group's financial result and operating performance for the half year ending 31 December 2023.

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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19 February 2024

Devico delivers, IMDEX outperforms the market in record 1H24 result

Leading global mining-tech company, Imdex Limited (IMDEX or the Company), today announced its half year results for the 2024 financial year (1H24). The Company achieved half-on-half revenue and earnings growth for its core business, coupled with a strong contribution from Devico, which has continued to perform above expectations.

1H24 Financial Highlights ⁱ

- Revenue of \$235.3m up 18.4% (up 16% on a constant currency basis)
- EBITDA normalisedⁱⁱ of \$71.0m up 13.1% (up 14% on a constant currency basis)
- EBITDA margin normalised ⁱⁱ of 30.2%
- Operating cash conversion of 84% ⁱⁱ
- NPAT of \$16.8m, down 26%
- NPATA^{iv} normalised ⁱⁱ of \$32.8m, up 7.5%
- Net debt of \$45.7m, down \$19.2m since 30 June 2023 following accelerated debt repayment
- Declared an interim fully franked dividend of 1.5cps representing a 26% NPAT payout ratio on normalised ⁱⁱ earnings

1H24 Strategic Highlights ⁱ

- Completed Devico operational integration
- DeviGyro sensor rentals within IMDEX network up 45% since completion
- Average sensor revenue per unit up 5% excluding Devico
- Top 250 customers with >3 products 41%, up from 37% as end-to-end solutions gain market share
- Directional drilling projects expanded into USA, Africa and Australia
- Number of IMDEX HUB-IQ™ connected customers up 8%
- Krux Analytics revenue increased >2 times
- Datarock revenue increased >2.5 times and metres processed increased 100%
- Additional installed sites and commercial prototype trials with the IMDEX Mining Technology (IMT) product suite

1H24 ESG Highlights ⁱ

- Excellent safety performance: LTIFR of zero improving from 1.29 and TRIFR of 1.13 improving from 1.56
- Welcomed Tracey Horton AO as non-executive Director
- Inaugural Sustainability Committee meeting reporting directly to the Board
- Released Modern Slavery Statement – December 2023
- Reduced weight and length of OMNI 42™ running gear by 21% and 53% respectively to enhance safety
- Introduced underground survey deployment system to reduce working from heights and increase safety
- On track to achieve 95% recyclable packaging for drilling optimisation products and 95% reusable packaging for rock knowledge sensors
- Established support framework for Community Engagement Policy

1H24 Key Metrics

(\$m unless indicated otherwise)	1H24	1H23	Var %
Revenue – IMDEX	199.2	198.8	0.2%
Revenue – Devico	36.1 ⁱⁱⁱ	-	N/A
Total Revenue	235.3	198.8	18.4%
EBITDA Normalised ⁱⁱ	71.0	62.8	13.1%
EBITDA Margin % Normalised ⁱⁱ	30.2%	31.6%	(1.4%)
NPAT	16.8	22.7	(26.0%)
NPATA ^{iv} Normalised ⁱⁱ	32.8	30.5	7.5%
EPS Normalised ⁱⁱ (cents)	5.7	7.5	(24.0%)
EPSA ^{iv} Normalised ⁱⁱ (cents)	6.4	7.7	(16.9%)
Pre-Tax Operating Cash Flow	69.0	57.0	21.1%
Pre-Tax Operating Cash Flow Per Share (cents)	13.6	14.3	(4.9%)
Net Assets (31 Dec)	552.3	313.7	76.1%
Net Cash (Debt) (31 Dec) ^v	(45.7)	32.5	(240.6%)
Interim Fully Franked Dividend (cents)	1.5	1.5	-
Full Time Employees (31 Dec)	829	647	28.1%

Commenting on the Company's 1H24 performance, IMDEX CEO Paul House said:

"We are very pleased that this half has demonstrated the resilience of the IMDEX business model and our strategy to put together end-to-end solutions that deliver value to customers and gain market share in what has been a contracting market."

"We generated record revenues, record EBITDA and margin improvement. We concurrently completed the Devico operational integration, thereby unlocking further revenue and cost synergies in the longer-term. This is a wonderful acknowledgement of the hard work by our teams around the world."

"Devico delivered an 18% increase on 1H23. Excluding Devico, IMDEX's organic revenue grew, despite a contraction in exploration activity in Canada and Australia."

"We continued our positive trend of earnings growth. Normalised EBITDA for the period was \$71m, up 13% on 1H23. The normalised result excludes \$6.7m related to the Devico integration, plus \$7.4m resulting from the non-cash impairment of MAGHAMMER, following the decision to exit Flexidrill in 2022 and cessation of the sale process of these assets-held-for-sale during the first half."

"Our normalised EBITDA margin of 30% was up half-on-half and highlights the strength of our core business and our ability to perform in all market conditions. As part of our Devico integration process, we have now completed a significant organisational redesign, which will see a reduction in our cost base from 2H24 and enable investment in our new business growth in Digital and IMDEX Mining Technologies."

"IMDEX is in its strongest position to leverage increasing demand for innovative solutions, orebody knowledge and directional drilling to improve drilling productivity."

IMDEX Chairman Anthony Wooles added:

"We are delighted with Devico's performance under IMDEX's stewardship. Both the Devico and IMDEX teams exhibited remarkable discipline in integrating their operations, while driving top-line growth, and delivering earnings growth amidst challenging market conditions."

"In November 2023, the Board warmly welcomed Tracey Horton. With her extensive experience in ASX environments, coupled with a deep understanding of emerging technologies, Tracey brings invaluable corporate finance, strategy, and governance acumen to the table. Her attributes complement the strengths of our existing directors, supporting IMDEX's growth plans."

Dividends and Capital Management Policy

An interim fully franked dividend of 1.5 cents per share was declared on normalisedⁱⁱ earnings, which represents a 26% NPAT payout ratio and is in line with IMDEX's disciplined capital management.

IMDEX is committed to a sustainable dividend policy, while continuing to invest in core and new technologies that have the potential to deliver long-term earnings growth for shareholders. Dividend record and payment dates are 14 March 2024 and 28 March 2024, respectively.

Operational Overview

Exploration Activity	Demand for IMDEX's new technologies and end-to-end solutions grew despite softer market activity continuing into 1H24. Exploration activity, particularly within Canada and Australia, was impacted as resource companies continued to address capital constraints and inflationary pressures.
Solution Selling	The number of customers adopting IMDEX's end-to-end solutions increased. During 1H24, 41% of IMDEX's top 250 customers had >3 IMDEX products, up from 37% at 1H23.
IMDEX HUB-IQ™	Of IMDEX's Sensor & SaaS revenue (excluding Devico), 34% was IMDEX HUB-IQ™ connected, up from 31% in 1H23. Devico's Devi-Cloud product is expected to integrate with IMDEX HUB-IQ™ by the end of FY24.
Sensors & SaaS	Group revenue generated from Sensors & SaaS exceeded 1H23 (1H24 64% v 1H23 60%). Excluding Devico, revenue from Sensors & SaaS was marginally lower than 1H23 (1H24 58% v 1H23 60%), yet up on 57% in 2H23.
Datarock	Datarock grew its year-on-year revenue 2.5 times and substantially increased active trials (23 trials in 1H24 versus 5 trials in 1H23).
Krux Analytics (Krux)	Krux grew its year-on-year revenue >2 times and secured new contracts with major resource and drilling companies. Krux successfully leveraged IMDEX's global network and expanded into Africa.
IMDEX Mining Technologies (IMT)	The Company achieved strong progress with the development of its IMT strategy with an increase in the pipeline of trials and installed sites.

Devico Performance & Integration

During 1H24, Devico generated \$36.1m of revenue, which was up 18% on the CY22 comparative period^{vi}.

EBITDA of \$16.4m, was up 13.1% on the CY22 comparative period^{vi}. The EBITDA margin of 45.4% was marginally down on the CY22 comparative period^{vi} (47.5%) as a direct result of the softer Canadian market. The integration continues to deliver topline growth and margin expansion opportunities.

Since completing the Devico acquisition on 28 February 2023, IMDEX has continued to focus on people and diligent integration to deliver growth in FY25 and beyond. Notable achievements include:

- Operational integration completed in 1H24 ahead of plan, on track to exceed the \$2m annual savings target.
- A 17% increase in directional drilling revenue, including expansion into the USA, Africa, and Australia.
- A 22% increase in sensor revenue including the benefits of cross-selling within the IMDEX network.
- Completed the transition from Devico sensor sales to IMDEX's recurring rental model with higher long-term margins.

As part of the Devico integration process, a major organisation redesign was completed during 1H24 resulting in a reduction in IMDEX's cost base in 2H24 with full year benefits in FY25.

Strategy and FY24 Focus Areas

IMDEX's growth strategy for its core business is focused on technology leadership and solution selling. For its new digital and IMT business units, the Company is building geoscience analytics, AI and computer visualisation capabilities to enhance orebody knowledge for customers, while leveraging its core capabilities in the mining production market. Increasing the combination of IMDEX's digital products and end-to-end solutions provide unparalleled orebody knowledge insights. Together, these strategic initiatives aim to increase SaaS revenue and 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.
- 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
- Continued investment in its IMT business, supporting additional trials and deployment across the IMT portfolio, whilst scaling its software offering and further collaborating with Datarock and Krux Analytics.

Outlook

S&P Market Intelligence has reported exploration spend for CY24 is likely to be in line with or marginally down (<5%) on CY23^{vii}. The high-cost operating environment presents opportunities for IMDEX's innovative end-to-end solutions, integrated product offering, orebody knowledge and directional drilling to improve drilling productivity.

Customer activity globally is anticipated to remain steady during 2H24. The Company's mid to major customers are well funded and are expected to maintain, and in some regions expand drilling programs.

As of 15 February 2024, the number of sensors on hire were up approximately 5% on the prior comparative period. This uplift reflects the addition of some of the Devico sensors as IMDEX progresses the systems integration globally.

The underlying long-term drivers for the industry remain strong:

- There is a fundamental need for resource companies to replace diminishing reserves.
- New discoveries are likely to be under cover, at depth and more complex in structure, resulting in larger drilling campaigns and more complex processing.
- The global commitment towards net zero emissions and the resultant demand for critical metals.

IMDEX is in a unique position to leverage its end-to-end solutions to gain market share in the short term and benefit from these robust industry fundamentals in the medium to longer-term. The integration of Devico and strategic digital investments add to the Company's integrated end-to-end offering and unique competitive position. IMDEX has a clear objective to outperform industry growth through technology leadership and solution selling, while pursuing new growth via its IMT and Digital businesses.

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

ENDS

FURTHER INFORMATION

1H24 Results Presentation and Webcast

IMDEX will present its half year results for the 2024 financial year (FY24) on Monday 19 February 2024. The results will be presented via a live teleconference and webcast at 09:00am AWST (12 noon AEST).

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.imdexlimited.com

Investor Contact Details

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ⁱ Compared to 1H23 at 31 December 2023, which was prior to the Devico acquisition.

ⁱⁱ Normalised to exclude significant items including Devico integration and organisational redesign costs (\$6.7m) plus MAGHAMMER impairment costs (\$7.4m)

ⁱⁱⁱ Revenue for comparable period (6/12 of CY22) was \$30.5m

^{iv} Excludes after tax impact of intangible asset amortisation charge from acquisitions, tax effected at 30%

^v Cash less external borrowings (excluding lease liabilities).

^{vi} Derived from 6 x average monthly EBITDA across CY22, converted from NOK to AUD at NOK/AUD of 6.80.

^{vii} S&P Market Intelligence, January 2024