

13 February 2023

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

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

ASX APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Please find attached IMDEX Limited's Appendix 4D and Interim Financial Report for the Half-Year Ended 31 December 2022, inclusive of the Auditors Review Report and Independence Declaration.

Yours faithfully



IMDEX Limited
Michael Tomasz
Company Secretary

These have been approved for lodgement by the IMDEX Board of Directors.

IMDEX LIMITED

ABN 78 008 947 813

ASX Appendix 4D “Half-Year” Report and Interim Directors’ Report and Financial Report

for the Half-Year Ended 31 December 2022

The ASX Appendix 4D “Half-Year” Report is provided to ASX in accordance with Listing Rule 4.2A for announcement to the market.

Current Reporting Period:	31 December 2022
Previous Corresponding Reporting Period:	31 December 2021

The Financial Report has been subject to review and is not subject to dispute or qualification. The auditor’s review report is included herein.

The interim Financial Report has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report and hence should be read in conjunction with the latest annual report of IMDEX Limited, being for the financial year ended 30 June 2022.

In addition, reference should be made to any public announcements made by IMDEX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

IMDEX LIMITED
and its controlled entities

APPENDIX 4D HALF-YEAR REPORT 31 DECEMBER 2022

			Consolidated	
	Notes	% Change Up / (Down)	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Revenue from ordinary activities	(i)	18%	198,784	167,778
Net profit for the period	(i)	(7%)	22,719	24,394
Net profit attributable to members	(i)	(7%)	22,719	24,394
Interim dividend (cents per share)	(ii)	-	1.5	1.5
Net tangible assets per ordinary security (cents)		29%	53.91	41.93

- (i) The announcement made to the ASX on 13 February 2023 provides an explanation of the Group's financial results and operating performance for the half-year ended 31 December 2022.
- (ii) The FY23 interim fully franked dividend was declared on 9 February 2023 with a record date of 6 April 2023 and a payment date of 20 April 2023. There are no dividend reinvestment plans in operation.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors of IMDEX Limited submit herewith the financial report of IMDEX Limited and its subsidiaries (the Group or Consolidated Entity) for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the Half-Year are:

Name	Period of Directorship
Mr Anthony Wooles, Non-Executive Chairman	Appointed 1 July 2016
Mr Ivan Gustavino, Non-Executive Director	Appointed 3 July 2015
Mr Kevin Dundo, Non-Executive Director	Retired 6 October 2022
Ms Sally-Anne Layman, Non-Executive Director	Appointed 6 February 2017
Ms Tracey Arlaud, Non-Executive Director	Appointed 11 February 2021
Mr Uwa Airhiavbere, Non-Executive Director	Appointed 19 December 2022

Review of Operations

	Consolidated	
	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Total Revenue from ordinary activities	198,784	167,778
Profit from ordinary activities after tax for the half-year	22,719	24,394
Total Profit after tax for the half-year	22,719	24,394
Basic earnings per share (cents)	5.72	6.15

The profit after tax for the half-year ended 31 December 2022 was \$22.7 million (31 December 2021: Profit \$24.4 million). The result was achieved on total revenue of \$198.8 million (31 December 2021: \$167.8 million).

Profit per share from total operations was 5.72 cents per share (31 December 2021: Profit of 6.15 cents per share).

Further details on the operations and overall results are contained in the Financial Report and the announcement made to the ASX on 13 February 2023 regarding the Group's financial results and operating performance for the half-year ended 31 December 2022.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the auditor, Deloitte Touche Tohmatsu, to provide the Directors of IMDEX Limited with an Independence Declaration in relation to the review of the Half-Year Financial Report. The Independence Declaration is on the next page.

Rounding Off of Amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001.

Dated at PERTH, Western Australia, 10 February 2023

A handwritten signature in black ink, appearing to read 'A. Wooles', with a long horizontal flourish extending to the right.

Anthony Wooles
Chairman

The Board of Directors
Imdex Limited
216 Balcatta Road
Balcatta WA 6021

10 February 2023

Dear Directors

Auditor's Independence Declaration to IMDEX Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IMDEX Limited.

As lead audit partner for the review of the half-year financial report of IMDEX Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Peter Rupp
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of IMDEX Limited

Conclusion

We have reviewed the half-year financial report of IMDEX Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 21.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Peter Rupp

Partner

Chartered Accountants

Perth, 10 February 2023

IMDEX LIMITED
and its controlled entities

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached Financial Report and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - (j) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s. 303(5) of the *Corporations Act 2001*.

Dated at PERTH, Western Australia, 10 February 2023



Anthony Wooles
Chairman

IMDEX LIMITED
and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Half-Year Ended	
		31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue from sale of goods, rentals and software	5	198,784	167,778
Raw materials and consumables used		(60,816)	(50,343)
Employee benefit expense		(46,073)	(40,231)
Other expenses	5	(37,682)	(25,556)
Share of profit/(loss) of an associate	9	(789)	(91)
Earnings before fair value gain, interest, income tax, depreciation and amortisation – EBITDA		53,424	51,557
Depreciation and amortisation expense		(18,469)	(17,592)
Fair value (loss)/gain on deferred consideration	8	(372)	2,732
Earnings before interest and income tax – EBIT		34,583	36,697
Finance income		196	60
Finance costs		(1,265)	(1,867)
Profit for the period before tax		33,514	34,890
Income tax expense		(10,795)	(10,496)
Profit for the period		22,719	24,394
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on the translation of foreign operations		707	(1,968)
Other comprehensive income for the period, net of income tax		707	(1,968)
Total comprehensive income for the period		23,426	22,426
Profit attributable to owners of the parent		22,719	24,394
Total comprehensive income attributable to owners of the parent		23,426	22,426
Earnings per share			
From continuing operations			
Basic earnings per share (cents)		5.72	6.15
Diluted earnings per share (cents)		5.51	5.92

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

IMDEX LIMITED
and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current Assets			
Cash and cash equivalents		44,881	36,368
Trade and other receivables		69,903	73,349
Inventories		62,899	57,061
Current tax assets		3,980	1,939
Other		7,744	7,201
Total current assets		189,407	175,918
Non-current assets			
Property, plant and equipment		53,885	55,538
Right-of-use assets		27,265	28,189
Intangible assets	6	99,112	97,793
Investment in an associate	9	6,241	5,031
Deferred tax assets		28,463	27,590
Other		4,111	3,551
Total non-current assets		219,077	217,692
Total assets		408,484	393,610
Current liabilities			
Trade and other payables		40,640	34,696
Lease liabilities		5,016	4,301
Deferred consideration	8	-	2,936
Current tax liabilities		2,293	5,565
Provisions		6,586	6,067
Total current liabilities		54,535	53,565
Non-current liabilities			
Lease liabilities		27,648	30,350
Borrowings	10	12,338	12,166
Provisions		291	303
Total non-current liabilities		40,277	42,819
Total liabilities		94,812	96,384
Net assets		313,672	297,226
Equity			
Issued capital	2	172,350	169,078
Reserves		11,653	13,635
Retained earnings		129,669	114,513
Total equity		313,672	297,226

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMDEX LIMITED

and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Reserves			Reserves total	Fully paid ordinary shares	Retained earnings	Total attributable to equity holders of the entity
		Shares reserved for performance rights plan	Foreign currency translation reserve	Share-based payments reserve				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 July 2021		(123)	(6,854)	8,065	1,088	169,078	82,885	253,051
Other comprehensive income		-	(1,968)	-	(1,968)	-	-	(1,968)
Profit for the period		-	-	-	-	-	24,394	24,394
Total comprehensive income for the period		-	(1,968)	-	(1,968)	-	24,394	22,426
Settlement of performance rights		-	-	(4,214)	(4,214)	-	-	(4,214)
Share based payments of performance rights		-	-	1,935	1,935	-	-	1,935
Tax effect on the share-based payments		-	-	718	718	-	-	718
Share based payments - MinePortal		-	-	7,575	7,575	-	-	7,575
Others		-	-	210	210	-	-	210
Dividend paid		-	-	-	-	-	(7,136)	(7,136)
Balance at 31 December 2021		(123)	(8,822)	14,289	5,344	169,078	100,143	274,565
Balance at 1 July 2022		(1,586)	(3,041)	18,262	13,635	169,078	114,513	297,226
Other comprehensive income		-	707	-	707	-	-	707
Profit for the period		-	-	-	-	-	22,719	22,719
Total comprehensive income for the period		-	707	-	707	-	22,719	23,426
Share based payments of performance rights		(1,308)	-	4,422	3,114	-	-	3,114
Tax effect on the share-based payments		-	-	980	980	-	-	980
Share based payments - MinePortal		-	-	(3,272)	(3,272)	3,272	-	-
Settlement of performance rights		-	-	(3,511)	(3,511)	-	-	(3,511)
Dividends paid		-	-	-	-	-	(7,563)	(7,563)
Balance at 31 December 2022		(2,894)	(2,334)	16,881	11,653	172,350	129,669	313,672

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Half-Year Ended	
		31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		215,133	185,354
Payments to suppliers and employees		(158,337)	(146,551)
Interest and other costs of finance paid		(507)	(311)
Income tax paid		(12,212)	(5,417)
Net cash provided by operating activities		44,077	33,075
Cash flows from investing activities			
Interest received		196	60
Payment for property, plant and equipment		(12,248)	(17,973)
Payment for intangible assets		(3,050)	(1,812)
Payment for the settlement of deferred consideration	8	(3,308)	(1,000)
Payment for acquisitions		-	(8,588)
Payment for the investment in an associate	9	(2,000)	(5,706)
Net cash used in investing activities		(20,410)	(35,019)
Cash flows from financing activities			
Dividends paid		(7,563)	(7,136)
Cash paid due to settlement of performance rights		(3,511)	(4,214)
Payment of lease liabilities		(3,693)	(3,515)
Net cash used in financing activities		(14,767)	(14,865)
Net increase in cash and cash equivalents		8,900	(16,809)
Cash and cash equivalents at the beginning of the period		36,368	58,477
Effects of exchange rate changes		(387)	(138)
Cash and cash equivalents at the end of the period		44,881	41,530

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

Statement of Compliance

The half-year report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2022, except for the adoption of new amendments to existing standards, as set out below.

(a) Amendments to existing standards effective and adopted from 1 July 2022 but not relevant or significant to the Group

Amendments to AASB 3	Reference to the Conceptual Framework
Amendments to AASB 137	Onerous Contracts – Cost of Fulfilling Contract
Amendments to AASB 16	Property, Plant and Equipment – Proceeds Before Intended Use

(b) New standards and amendments to standards that have been issued but not yet effective or early adopted by the Group. These are not expected to be significant to the Group.

Amendments to AASB 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to AASB7, 101, 108, 134 & Practice Statement 2	Disclosure of Accounting
Amendments to AASB 101	Classification of Liabilities as Current or Non-current
Amendments to AASB10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

- Income tax expense is recognised based on management's best estimate of the weighted average effective annual income tax rate expected for the full financial year, consistent with AASB 134 para 28.
- Significant judgement and estimates applied by management in assessing recoverability of non-financial assets have been disclosed in Note 6.
- Management reviews the appropriateness of useful lives of assets at least annually, any changes to useful lives may affect prospective amortisation rates and asset carry values.

IMDEX LIMITED
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NOTES TO THE FINANCIAL REPORT

2. Issued capital

	Notes	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Issued and paid up capital - fully paid ordinary shares	(i)	172,350	169,078

	31 Dec 2022		30 Jun 2022	
	Number	\$'000	Number	\$'000
Issued and paid up capital - fully paid ordinary shares				
Balance at beginning of the financial year	396,452,400	169,078	396,452,400	169,078
Issue of shares relating to acquisition of MinePortal (ii)	1,578,117	3,272	-	-
Closing balance at end of the financial year	398,030,517	172,350	396,452,400	169,078

- (i) Fully paid ordinary shares carry one vote per share and the right to dividends.
(ii) During the current period the Company issued 1,578,117 ordinary shares in connection with the acquisition of MinePortal. Refer to note 7.

3. Dividends

	Half-Year Ended 31 Dec 2022		Half-Year Ended 31 Dec 2021	
	Cents per share	\$'000	Cents per share	\$'000
Recognised amounts				
Fully paid ordinary shares – final dividend franked to 30%	1.9	7,563	1.4	5,550
Fully paid ordinary shares – special dividend franked to 30%	-	-	0.4	1,586
Unrecognised amounts				
Fully paid ordinary shares – interim dividend franked to 30%	1.5	7,500	1.5	5,947

The FY23 interim fully franked dividend was declared on 9 February 2023 with a record date of 6 April 2023. The financial effect of the dividend has not been recognised in the financial statements at 31 December 2022.

4. Segment information

The primary means by which the Board view the business and make key decisions is based on geographical lines.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a regional general manager and the level of segment information presented to the Board of Directors.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the regions serviced. The Directors of the Company have chosen to organise the Group around different geographical markets serviced by the entity's products and services.

No operating segments have been aggregated in arriving at the reportable segments of the Group. All segments are in the business of the manufacture and sale/rental of products and software to the mining sector along the following geographical lines:

AM - Americas

APAC - Asia Pacific

AE – Africa / Europe

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise deferred tax assets, treasury cash, net financing costs for the Group and the corporate portion of head office costs. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

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NOTES TO THE FINANCIAL REPORT

4. Segment information (continued)

The following is an analysis of the revenue and results for the period, analysed by reportable segment. This is consistent with the segment reporting presented in the most recent annual financial report outside of adjustments noted below.

	AM – Americas	APAC – AsiaPac	AE – Africa / Europe	Segment Total	IMDEX Product ⁽ⁱ⁾	Central administration costs ⁽ⁱⁱ⁾	Un- allocated ⁽ⁱⁱⁱ⁾	Total
Half-year ended 31 Dec 22	\$'000	\$'000	\$'000					
Revenue from sale of goods, rentals and software	89,295	61,054	48,435	198,784	-	-	-	198,784
Earnings before fair value gain, interest, income tax, depreciation and amortisation – EBITDA	38,511	25,588	26,857	90,956	(31,363)	(5,380)	(789)	53,424
Depreciation and amortisation expenses	(9,785)	(4,598)	(3,573)	(17,956)	(419)	(94)	-	(18,469)
Fair value gain/(loss) on deferred consideration	-	-	-	-	-	-	(372)	(372)
Earnings before interest and income tax – EBIT	28,726	20,990	23,284	73,000	(31,782)	(5,474)	(1,161)	34,583
Finance income	-	-	-	-	-	-	196	196
Finance costs	(352)	(252)	(114)	(718)	-	(40)	(507)	(1,265)
Profit before tax	28,374	20,738	23,170	72,282	(31,782)	(5,514)	(1,472)	33,514
Income tax expense	-	-	-	-	-	-	(10,795)	(10,795)
Profit for the period	28,374	20,738	23,170	72,282	(31,782)	(5,514)	(12,267)	22,719
Half-year ended 31 Dec 21								
Revenue from sale of goods, rentals and software	78,231	49,924	39,623	167,778	-	-	-	167,778
Earnings before fair value gain, interest, income tax, depreciation and amortisation – EBITDA	34,292	22,649	19,296	76,237	(20,200)	(4,480)	-	51,557
Depreciation and amortisation expenses	(8,764)	(4,413)	(3,848)	(17,025)	(409)	(158)	-	(17,592)
Fair value gain/(loss) on deferred consideration	-	-	-	-	-	-	2,732	2,732
Earnings before interest and income tax – EBIT	25,528	18,236	15,448	59,212	(20,609)	(4,638)	2,732	36,697
Finance income	-	-	-	-	-	-	60	60
Finance costs	(293)	(378)	(150)	(821)	-	(89)	(957)	(1,867)
Profit before tax	25,235	17,858	15,298	58,391	(20,609)	(4,727)	1,835	34,890
Income tax expense	-	-	-	-	-	-	(10,496)	(10,496)
Profit for the period	25,235	17,858	15,298	58,391	(20,609)	(4,727)	(8661)	24,394

- (i) Since the last annual report, IMDEX has redefined IMDEX Technology to IMDEX Product which includes Intellectual Property. IMDEX Product includes Research & Development of \$14.5 million (1H22: \$14.7 million), Product Management of \$3.2 million (1H22: \$3.6 million) and Intellectual Property activities of \$13.7 million (1H22: \$1.9 million). Research & Development includes Engineering Product Development and Software Development. Prior period figures have been restated. 1H23 Intellectual Property costs include \$12.4 million (1H22: \$1.5 million) legal costs relating to the Intellectual Property patent litigation, 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.
- (ii) Central administration costs comprise the corporate portion of head office costs. Head office costs attributable to operations are allocated to reportable segments in proportion to the revenues earned from those segments. Prior period figures have been restated to better align with the definition of central administration costs.
- (iii) Unallocated items includes the share of loss of an associate, fair value gain/(loss) on deferred consideration and settlement payment, finance income and finance costs associated with the Group treasury function. Interest on lease liabilities is considered directly attributable to the segments and has been included in their segment results.

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 NOTES TO THE FINANCIAL REPORT

4. Segment information (continued)

	Assets		Liabilities	
	31 Dec 22 \$'000	30 Jun 22 \$'000	31 Dec 22 \$'000	30 Jun 22 \$'000
(c) Segment assets/ liabilities				
AM – Americas	146,308	152,244	19,223	21,508
APAC – Asia Pacific	128,103	119,301	50,402	44,235
AE – Africa / Europe	81,230	75,553	10,556	9,974
Total of all segments	355,641	347,098	80,181	75,717
Unallocated	52,843	46,512	14,631	20,667
Consolidated	408,484	393,610	94,812	96,384

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than tax assets, investment in associate and treasury cash.
- All liabilities are allocated to reportable segments other than tax liabilities and the external loan.

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5. Revenue and expenses

	Half-Year Ended	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue from sale of goods, rentals and software		
Sale of goods	80,433	65,396
HUB-connected rental revenue (i) & software revenue	37,610	28,283
Non HUB-connected rental revenue	80,741	74,099
Total	198,784	167,778

(i) HUB connected rental revenue is revenue generated from sensors that are connected to and transmitting data to IMDEXHUB-IQ. IMDEXHUB-IQ is a cloud based solution for the collection, storage and reporting of critical operational, geological and assay data which can be used by customers for analysis.

Other expenses

Other expenses (31 December 2022: \$37.7 million, 31 December 2021: \$25.6 million) comprise costs relating to consulting and legal support, facilities, travel and provisions for slow moving inventory and expected credit losses. The increase relative to the prior period mostly relates to exceptional legal costs incurred in relation to the Intellectual Property patent litigation (31 December 2022: \$12.4 million, 31 December 2021: \$1.5 million, 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).

6 Intangible assets

	Goodwill	Intellectual property and other intangibles	Software	TOTAL
Notes	\$'000	\$'000	\$'000	\$'000
At cost	86,524	49,314	11,950	147,788
Accumulated amortisation and impairment losses	(24,295)	(21,627)	(2,754)	(48,676)
Net carrying amount as at 31 December 2022	62,229	27,687	9,196	99,112
Movement				
As at 30 June 2022	62,200	28,546	7,047	97,793
Additions	-	-	3,050	3,050
Amortisation expense	-	(1,157)	(895)	(2052)
Foreign currency exchange differences	29	298	(6)	321
As at 31 December 2022	62,229	27,687	9,196	99,112

IMDEX assesses impairment at the Operating Segment level for goodwill and at the Cash Generating Unit (CGU) level for fixed assets and intangible assets. A CGU being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs identified are at a lower level than each Operating Segment (based on regional hubs).

6. Intangible assets (continued)

Goodwill and intangible assets not yet available for use are not amortised but tested for impairment annually and whenever there is an indication that the asset may be impaired.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill) at the CGU level to determine whether there is any indication that those assets may have suffered an impairment loss.

Significant accounting estimates and assumptions

Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in the expectations of growth, increased cost of capital and other factors that may indicate impairment.

Where an indication of impairment exists, a formal estimate of the recoverable amount is made at the reporting period. No impairment indicators were noted during the current period for all the CGUs.

Intellectual property and other intangible assets relate primarily to the MAGHAMMER Technology acquired in the acquisition of Flexidrill (completed January 2020), aiSIRIS and aiSWYFT acquired in the acquisition of AusSpec International Limited (completed July 2020) and MinePortal acquisition (completed in September 2021).

The Group continues to progress the development of these intellectual properties. Management assesses the recoverability of the associated intangible assets at each reporting date as these technologies progress towards commercialisation.

At 31 December 2022, the Group held intangible assets with a finite useful life of \$7.5 million in relation to the MAGHAMMER Technology, acquired in the Flexidrill acquisition (completed in January 2020). During the current period, IMDEX has completed planned testing activities and intends to further progress divestment options for the commercialisation of the MAGHAMMER Technology over the next 12 months.

At 31 December 2022, the Group held intangible assets not yet available for use of \$17.3 million, which were acquired in the MinePortal acquisition (completed September 2021). These assets are not amortised until they are capable of operating in the manner intended for use by management.

IMDEX has not identified any impairment triggers at the date of this report.

7. Acquisitions of assets/subsidiaries

On 17 September 2021, the Group finalised an Asset Purchase Agreement (“APA”) to acquire the MinePortal software from Californian-based Data Cloud International Inc (“DataCloud”).

The total purchase consideration comprises a combination of cash and equity. The Group has paid \$8.0 million in cash in September 2021 and issued 1,578,117 million of IMDEX Limited ordinary shares upon the first anniversary of completion on 17 September 2022. The balance of the transaction is payable by the issue of IMDEX shares over a three-year period, with an option to settle the payment by equivalent cash value based on the prevailing share price at the date of each anniversary (at IMDEX’s discretion), as set out below:

- The issue of 1,578,117 million of IMDEX Limited ordinary shares upon the second anniversary of completion (“Tranche 2”);
- The issue of 2,104,156 million of IMDEX Limited ordinary shares upon the third anniversary of completion (“Tranche 3”). The Tranche 3 is applicable if revenue from the DataCloud assets achieves the target agreed between the parties by the third anniversary of completion. If this revenue target is not achieved no shares will be issued in Tranche 3.

The Company continues to progress development of the MinePortal solution with the focus on the MinePortal integration with Blast Dog. During the period, IMDEX has spent \$0.6 million on the development of the MinePortal project.

8. Deferred consideration

Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Gross carrying amount		
Balance at beginning of the period	2,936	14,667
Payment	(3,308)	(1,000)
Interest accretion	-	719
Fair value loss/(gain) on deferred consideration	372	(11,248)
Effect of foreign exchange movements	-	(202)
Balance at end of the period	-	2,936
Current deferred consideration	-	2,936
Non-current deferred consideration	-	-

During the current period, the Company made the following payments:

- \$1.5 million final deferred consideration payment in relation to the acquisition of AusSpec (completed July 2020). This was paid on 1 July 2022 in cash pursuant to a revised agreement (previously \$1 million in cash and \$0.5 million IMDEX shares), following achievement of certain new revenue-generating contracts.
- \$1.8 million settlement payment in relation to Flexidrill. The Group finalised a Deed of Termination and Settlement with the prior owners of the Flexidrill technologies, with final settlement of \$1.8 million paid in August 2022. This has resulted in a net \$0.4 million expense during the period.

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9. Investment in an associate

On 1 November 2022, Datarock Holdings Pty Ltd (Datarock) exercised the equity call option available under the Datarock Shareholder Agreement, which resulted in IMDEX acquiring an additional 10.9% in the issued capital of Datarock in exchange for a \$2 million additional investment in Datarock, taking IMDEX's total ownership interest in Datarock to 40.91%. IMDEX holds the option to acquire the remaining interest in Datarock over the next three years, subject to Datarock achieving agreed strategic milestones. Nil value has been assigned to these step-up options as the purchase price is aligned with market value.

The Group's interest in Datarock is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Group's investment in Datarock:

	\$'000
Net assets	(3,971)
Group's share in net assets	(1,024)
Notional intangible assets	7,265
Group's carrying amount of the investment	6,241
	\$'000
Loss before tax	1,277
Income tax expense	-
Loss for the period	1,277
Group's share of loss for the period	447
Amortisation of the notional intangible assets	342
Group's total share of loss for the period	789

10. Borrowings

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Non-current borrowings		-	-
Secured			
Bank borrowing, net		12,338	12,166

On 22 December 2022, the Group renewed the facility from the Commonwealth Bank of Australia. The maximum limit of the facility is \$30 million. The facility has no repayment requirements other than at expiry. As a result, the borrowings have been presented as non-current. The facility is secured against the assets of key entities across the IMDEX group, located across Australia, the United States, Canada and Europe, and subject to typical financial covenants. The facility is due to expire on 1 July 2024.

11. Contingent liabilities and contingent assets

The Group is party to legal proceedings and claims which arise in the normal course of business. Any liabilities may be mitigated by legal defences, insurance, and third-party indemnities. Unless recognised as a provision, management do not consider it to be probable that they will require settlement at the Group's expense.

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

- Subsequent to 30 June 2022, a Federal Court judgement was delivered on 12 July 2022 relating to a case whereby the Group was seeking to invalidate a Globaltech Corporation Pty Ltd patent. The Group was unsuccessful in its petition to the court, with the patent being upheld. The initial decision has granted costs be payable to Globaltech Corporation Pty Ltd. The parties are yet to agree on the quantum of costs and if this cannot be agreed, costs will need to be determined by the Registrar of the Court. The Group is seeking to stay the outcome of this judgment subject to appeal, which is not expected to be determined until May 2023. In the event the appeal is successful, the costs decision would likely be overturned.

The Group has also sought to reserve its rights to apply to set off its costs against payment due by Globaltech Corporation Pty Ltd in a separate Federal Court proceeding (NSD1089/2016), a matter in which the Group have had a judgment in their favour where Globaltech has been found to be infringing the Group patent and the parties are progressing to a hearing with final decision on quantum.

Whilst the outcome of these legal proceedings are, by their nature, uncertain, the Directors do not currently anticipate that the outcome of the proceedings either individually or in aggregate will have a material adverse effect on the Group's financial position.

An estimated of the financial effect of this matter has not been provided because it is not practicable to do so.

- In connection with the proposed acquisition of Devico AS (refer note 12 for details), on completion the Company will be obligated to pay a success-based fee to advisors in connection with the associated equity raise, transaction support and new senior secured term loan. The estimated payable amount is \$13.1 million. It will be funded by the proceeds from the equity raise in conjunction with new debt.

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

A subsidiary of the Group (Australian Mud Company Pty Ltd or "AMC") is currently a party to litigation in relation to infringement of patents by a third party. The courts have found in favour of AMC on the matter and the company is awaiting an outcome on the quantum of the financial settlement.

An estimated of the financial effect of this matter has not been provided because it is not practicable to do so.

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12. Subsequent events

On 13 January 2023, the Company announced it has entered into a Heads of Agreement to acquire a 40% interest in Krux Analytics Inc for \$6.4 million cash. Other terms of the proposed investment are being negotiated and are subject to further due diligence, mutual board approvals and customary conditions.

On 19 January 2023, the Company (via its wholly owned subsidiary) has entered into a binding agreement to acquire Devico AS for an implied enterprise value of \$324 million. IMDEX will acquire 100% of the issued and outstanding shares in Devico for A\$334 million (Acquisition Consideration).

Acquisition Consideration and associated transaction costs will be funded through a combination of:

- Up to \$224 million equity raising consisting of an Institutional Placement, Entitlement Offer and Conditional Placement;
- \$120 million drawn from a new senior secured term loan; and
- An estimated \$16 million of IMDEX shares issued to certain former Devico Shareholders who are Key Management Personnel of Devico.

The Company has completed the approximate \$185 million institutional placement (comprising the \$75 million Institutional Placement and the institutional component of the Entitlement Offer to raise approximately \$110 million) and allotted new shares on 30 January 2023, plus the approximate \$36 million retail entitlement placement on 9 February 2023 with the planned issues of new shares on 13 February 2023.

The targeted proposed acquisition completion date is 28 February 2023.

Other than the matters above, no matters or circumstances have arisen since the end of the half-year which will significantly affect or may significantly affect the state of affairs or operations of the reporting entity in future financial periods.