

21 August 2024

**IMDEX FY24 FULL YEAR RESULTS PRESENTATION  
COVER**

Welcome, everyone, to IMDEX's 2024 full year results presentation. I'm delighted to be joined by Paul Evans, our CFO, Linda Lim, our incoming CFO and current Global Head of Finance, and Kym Clements, who heads up our Investor Relations.

Throughout this call I will be referring to the investor presentation slides that have been released on the ASX this morning.

**Slide 2  
Forward Looking Statements**

**Slide 3  
IMDEX is a Leading Global Mining-Tech Company**

Slide 3 highlights our purpose. IMDEX is a leading global mining-tech company, distinguishing itself from the broader mining services sector in the following ways:

- We prioritise technical leadership as a key pillar of our growth strategy.
- We achieve this through consistent, disciplined investment in R&D.
- Our business model is characterised by being neither capital-intensive nor labour-intensive.
- We are truly global, with minimal contract, commodity, and geographic risks.
- Finally, we develop integrated solutions that collectively build a high-quality revenue base with resilient EBITDA margins.

These strengths are more evident in our FY24 results than ever before.

Historically, our customers had to make substantial investment and mine planning decisions with limited visibility. Today, IMDEX's technologies and geoscience expertise, can provide critical insights, providing a more complete understand of orebodies.

**Slide 4****IMDEX is a Leading Global Mining-Tech Company (cont.)**

The image on slide 4 illustrates how we ‘turn the lights on’ inside an orebody and unlock the rich data that it contains. This heightened visibility enables our customers to make better decisions, and to make faster decisions. Through the delivery of real-time orebody knowledge, we can help the mining industry execute with precision, confidence, and speed.

**Slide 5****Presentation Overview**

Today’s presentation agenda is set out on slide 5.

We will focus on four key areas:

1. Our financial, strategic and ESG highlights.
2. A deeper dive into our financial performance, which Paul Evans will provide.
3. Our strategic focus areas for FY25; and finally,
4. The market outlook and how IMDEX is positioned to continue to outperform.

Following the presentation, we are happy to take any questions.

**Slide 6****FY24 Highlights (Divider Slide)**

Turning now to slide 7 and our financial highlights.

**Slide 7****FY24 Financial Highlights**

FY24 was another record year for IMDEX, with Group revenue of \$445m—an 8% increase on the prior period. This achievement is particularly noteworthy given the 24% decline in exploration drilling activity, as measured by S&P drillhole data. This outperformance underscores the strength of our business model.

The \$70m revenue contribution from Devico is a highlight, growing 14% on pcp, and exemplifying its strategic importance and our ability to deliver, in spite of market pressure. Their technologies within our group have been essential to our outperformance.

Our normalised EBITDA of \$131m reflects this strength, delivering an EBITDA margin of 29.4%, in line with the prior period. This margin stability is once again a testament to disciplined cost management, the benefits of our Devico integration, and improved gross margins in both sensors and fluids.

As important as a strong P&L result, is a strong balance sheet. As a reminder we established a \$120m debt facility to support the Devico transaction. With net debt today of \$35m, I'm pleased to report that we are on track for an accelerated paydown of this four-year facility.

This result was driven by our strong working capital position, including improved inventory levels, excellent operating cash flow, and disciplined operational rigor in a market impacted by high inflation. Paul will provide further details on our balance sheet shortly.

Our Board has declared a final fully franked dividend of 1.3 cents per share. This is in line with our capital management policy, targeting a 30% normalised NPAT payout ratio.

## **Slide 8**

### **FY24 Strategic Highlights**

Turning to slide 8, to review our strategic highlights for FY24.

Firstly, I'm incredibly proud of our global teams for successfully integrating Devico, while maintaining a strong focus on our core growth strategy. We completed the operational integration of Devico ahead of schedule in 1H24, achieving greater synergies than initially anticipated—an outstanding accomplishment. Being a significant investment and one so closely aligned to our core, this integration effort touched every part of our business – from product and engineering, to our shared services and every operational team around the world.

Within our core business, we've expanded our survey technology stack, leading to a significant increase in the deployment of DeviGyros across our network. This success reflects both our market share gains and the enhancements we've made to our survey technology. Our new OMNix™ gyros are now the fastest-growing sensors in our fleet and contributed to our sensor fleet ARPU uplift of 7%. Importantly, their improved running gear not only enhances safety, but also speeds up operations.

Moving to our strategic pillar of Integrated Solutions, our efforts here continue to gain momentum. The integration of Devico's directional drilling has unlocked new projects across the USA, Africa, and Australia, capitalising on IMDEX's extensive network. The feedback from new customers and the growing pipeline of trials, continue to present significant opportunities.

I'm pleased to report that 48% of our top 250 customers now use more than three IMDEX products in a solution-based approach, up from 46% in FY23.

Looking now at our New Growth Business units on the right —Digital and IMDEX Mining Technologies.

We've made significant strides in our Digital business. Currently, 28% of our Sensor & SaaS revenue is connected to IMDEX HUB-IQ™, with a 10% increase in connected customers year-over-year. Notably, we've now integrated Devico sensors into HUB.

Our strategic investments in Datarock and Krux are yielding strong results. Datarock has doubled its SaaS activity and was recognised as the InvestMETS Start-Up of the Year—a well-deserved accolade for their team. Similarly, Krux has doubled its SaaS activity and secured new global contracts with major resource and drilling companies both. The start-up trajectory of these investments has been impressive, and we expect them to continue as they further leverage the IMDEX network.

Finally, our IMT Business is continuing its organic expansion into the adjacent mining production space, showing positive momentum. We've increased the number of installed BHS™ sites, expanded our presence in the underground survey market, and made steady progress with the commercial trials of BLAST DOG™.

Regardless of market conditions, IMDEX's strategy, product suite, and market positioning, enable us to continue to outperform. The success we're seeing with Devico, Krux, Datarock, and the adoption of our integrated R&D solutions confirm that we are on the right path.

## **Slide 9**

### **FY23 Sustainability Highlights**

Turning now to our Sustainability Highlights on slide 9.

IMDEX has maintained an ESG working group within the Executive Leadership team for the past four years. Recognising the growing importance of sustainability to our people, our shareholders, and our customers, we formalised this effort in FY24 by establishing a dedicated Sustainability Board Committee.

Our sustainability strategy is built around five key pillars: People, Innovation, Environment, Society, and Governance. Whilst great progress was made in FY24, I seek to draw your attention to just a selection of highlights.

#### **Starting with People:**

We maintained strong safety engagement and performance, even as our field-based workforce continued to grow. We successfully piloted our first Diversity, Equity, and Inclusion measures, which highlighted respect,

wellbeing and a culture of care at IMDEX. Additionally, we improved our Gallup Employee Engagement score, increasing it to 3.88.

**Moving on to Innovation:**

We enhanced the user experience of our core products by making OMNix™ running gear lighter by 21% and developing an underground survey deployment system for BOLT™ to reduce safety risks.

**For Environment:**

We made significant progress in increasing the percentage of recyclable and reusable packaging across all products. Over 95% of our Drilling Optimisation Product packaging is now recyclable, and more than 95% of our Rock Knowledge Sensor packaging is reusable.

**Within our Society pillar:**

We established a Community Engagement Policy, launched our Global Volunteering Program with strong workforce participation, and conducted 'Better Together' diversity and inclusion workshops, attended by over 400 employees so far.

**And finally, Governance:**

We welcomed Tracey Horton as a new non-executive director.

**Slide 10**

**FY24 Financial Performance (Divider Slide)**

That completes the highlights for FY24, and I will now hand over to Paul, to discuss the financials in more detail.

**PAUL EVANS**

**Slide 11**

**Key Metrics**

Thank you, Paul.

Building on Paul's overview, I'd like to delve deeper into some key metrics on slide 11.

As Paul mentioned, FY24 represents the first full year of Devico's contribution. You will recall that 1H23 was strong. The current decline in exploration activity commenced in 2H23 and has continued throughout FY24 as

has been well documented over the past 18 months. These key metrics are a wonderful result, notwithstanding this backdrop.

We typically prefer not to normalise our results, however for FY24, in line with our 1H24 reporting, we have excluding \$17.8 million in significant items. This includes \$10.4m related to Devico integration and includes the organisational redesign costs, plus \$7.4m from the impairment of MAGHAMMER.

To expand on these items:

- **[Devico Integration:]** I'm pleased to report that the integration of Devico is ahead of schedule. With the operational integration now complete, we're already seeing revenue and cost synergies. In 1H24, we successfully executed a major organisational redesign, leading to cost reductions in 2H24 and into FY25. As shown on the slide, we are reinvesting these savings to further strengthen our position for the market upturn.
- **[MAGHAMMER Impairment:]** During 1H24, we progressed the divestment of MAGHAMMER. However, global macroeconomic uncertainty caused a broader slowdown in M&A activity within the mining-tech sector. As announced in our first-half results, we withdrew the asset from the market and conservatively recognised a non-cash impairment for the remaining balance of the MAGHAMMER, which had been classified as an Asset Held for Sale.

Our normalised NPATA stands at \$55.6m, reflecting a 2% decrease from the prior corresponding period. This figure excludes significant items and acquired amortisation, with the increase in amortisation principally related to the Devico acquisition.

I will provide a more detailed overview of our capital management performance later in the presentation. Lastly, I'd like to highlight that our full-time employee count decreased from 851 at 30 June 2023, to 816 at 30 June 2024, reflecting the outcomes of our organisational redesign and cost management.

## **Slide 12**

### **Revenue Growth**

On slide 12 you can see our annual revenue performance since FY20, which highlights a consistent upward trajectory. To the right of the graph, you can also see the contribution from Devico since completion on 28 February 2023. As Paul highlighted earlier, Devico's revenue increased by 14% to \$70m compared to the normalised FY23 revenue assisted by leveraging the global IMDEX network.

It's particularly pleasing to note that our higher gross margin revenue from Sensors and SaaS now constitutes 64% of total revenue, up from 60% in FY23. This growth is impressive, especially given the 24% decline in drilling activity for FY24. Despite this market challenge, IMDEX-only revenue declined by just 4% over the same period.

This result underscores our ability to consistently outpace industry performance and reflects the increasing resilience of the IMDEX business model. Furthermore, our five-year revenue CAGR stands at 12.8%. This compares favourably to S&P exploration expenditure, which has seen a CAGR of approximately 5.6% over a similar period.

### **Slide 13**

#### **Devico Technologies – Revenue Performance**

Moving on to Slide 13, and Devico's revenue performance.

The 14% revenue increase includes a 15% rise from directional drilling and a 12% increase from sensors. To clarify, the normalised FY23 revenue includes Devico's contribution for the four months ending 30 June 2023, plus an average of eight months of CY22 revenue. This strong result shows our success in leveraging Devico's offerings within the IMDEX client base and global network, especially as we transitioned sensor sales to the higher-margin IMDEX rental model.

While 2H24 revenue declined by 7% compared to 1H24, due to softer market conditions, we mitigated the impact by significantly expanding directional drilling into new markets and acquiring new customers. Notably, we have an increasing number of directional drilling contract in Australia.

Looking ahead and as previously flagged, we will fully integrate Devico's performance into our overall results.

### **Slide 14**

#### **Revenue by Region**

Turning to Slide 14, and our revenue growth by region.

The Americas remains our largest region, making up 48% of total revenue in FY24, with a 2% increase. Devico's introduction has boosted our presence in Europe, while the Europe / Africa and Asia Pacific regions now each account for 26% of total revenue.

It is important to note that Devico's performance here reflects a full 12 months, compared to only 4 months in FY23.

Overall, our growth was driven by strong demand for integrated solutions and the positive impact of Devico technologies. However, the market slowdown was most pronounced in Australia and Canada, with revenues down by about 15% and 12% respectively. This decline was partly offset by strong performance in the US and South America.

## **Slide 15**

### **EBITDA**

Turning to Slide 15, we see our consecutive yearly EBITDA performance since FY20, highlighting a consistent trend of margin stability despite recent lower activity levels. This reinforces the stronger earnings resilience of the IMDEX business model and supports our objective of achieving baseline EBITDA margins of around 30%.

Several factors have driven this performance:

- **[Expansion of Margins:]** We've expanded our margins through the introduction of new product releases and integrated solutions across our global network.
- **[Improved Revenue Mix:]** The increased weighting of Sensors & SaaS revenue—where higher-margin sensors and software have grown—has lifted our overall gross margin.
- **[Cost Discipline and Ongoing Investment]** We've maintained disciplined cost management while continuing to invest in R&D, most of which is expensed, to support both our core business and new growth initiatives in IMT and Digital.
- **[Revenue Synergies from Devico Integration]** The expanded sensor stack and the introduction of Directional Drilling to existing IMDEX customers and markets have contributed positively.
- **[Cost Synergies:]** And lastly, we've realised cost synergies from our integration efforts, including the finalisation of the organisational redesign. I'm pleased to confirm that we have exceeded the \$2m in annualised cost synergies identified at the time of the acquisition, further enhancing our operational efficiency.

Our FY24 normalised EBITDA margin of 29.4% was in line with the previous corresponding period. The decline in 2H24 was primarily due to slower activity compared to 1H24, though we benefited from the organisational redesign and other benefits already mentioned.



**Slide 16****Disciplined R&D Capital Allocation – Total R&D Spend**

Turning to Slide 16, where we highlight a key aspect of IMDEX's DNA: our commitment to R&D across all market conditions. This investment is crucial for maintaining our technology leadership and continuing to deliver value to our customers.

In FY24, we expensed \$34.4m on product development and capitalised \$2.5m related to software. This represents 8.3% of total revenue and a 12% increase in total R&D expenditure compared to FY23. Our investment levels remain in line with industry benchmarks and reflect a conservative approach for a growth-oriented company.

Notably, this year's R&D investment has accelerated the development of IMT, BLAST DOG™, and the rollout of new rock knowledge sensors, including ACTx™ and OMNI™. Additionally, our investment in Horizon 1 has increased over the past two years as we advance the commercialisation of next-generation core products. As Paul highlighted, our Horizon 1 spend has supported the release of several cutting-edge products this year.

**Slide 17****Disciplined Capital Management**

Turning to Slide 17, which highlights our disciplined approach to capital management.

From our reported EBITDA of \$113m, we generated \$108m in operating cash flow, an impressive 96% conversion rate (pre-tax, 112%)—exceeding historical levels and highlighting our effective working capital management.

We invested \$29m in property, plant, and equipment, primarily focusing on the development of next-generation sensors. This investment is expected to continue into FY25. Additionally, we repaid \$43m in borrowings, accelerating the re-payment of our debt facilities.

**Slide 18****Balance Sheet – Ability to Reinvest in Business and Growth**

Briefly turning to our balance sheet on Slide 18:

I have already addressed our working capital balances; however, I would like to highlight two other items:

- Borrowings reflects the outstanding amount on our \$120m debt facility previously mentioned introduced in 2H23 to support the acquisition of Devico. Following the accelerated repayment in FY24,

our net leverage ratio stands comfortably at 0.3 times normalised EBITDA and well within our target of 1 times, while the interest cover on normalised earnings remains robust at 6 times.

- Our intangibles now include finalised purchase price accounting estimates for Devico, comprising \$230m in goodwill and \$100m in other intangibles.

It is our view our balance sheet and our business today are positioned to support further M&A, should an opportunity arise.

Our Return on Equity and Return on Capital Employed metrics were strong for the period, particularly in light of our investments in long-term growth initiatives. As Paul mentioned, our fully franked final dividend of 1.3 cents per share for FY24 is consistent with our historical payout ratio.

#### **Slide 19**

#### **Strategy and FY25 Focus Areas (Divider Slide)**

I will now hand back to Paul to recap our strategy and focus areas for FY25.

#### **PAUL HOUSE**

#### **Slide 20**

#### **Strategy**

Turning to Slide 20.

In FY24, IMDEX made significant progress across all four strategic pillars.

Our technology leadership and integrated solutions are now enhanced by Devico's sensors and directional drilling capabilities. Concurrently, our emerging IMT and digital business units are leveraging our core sensor expertise to develop applications for the mining production market. These products are complemented by advanced geoscience analytics, AI, and computer visualisation technologies.

IMDEX's strategy remains robust, proving its resilience. Our comprehensive product suite and expanding market position ensure continued outperformance. The strong performance of Devico, Krux, and Datarock, along with the rapid adoption of new R&D solutions, further validates our strategy.

#### **Slide 21**

#### **FY25 Focus Areas**

Looking at Slide 21, our focus for the remainder of FY25:

- Protecting and developing our people remains our number one priority. This year we will elevate our commitment to diversity, equity, and inclusion and enhancing our broader workforce capabilities.
- Our investment in Digital 2.5 is designed to build on the success of Digital 1.0. Our systems play an ever-increasing role in the delivery of value to our customers. Investing to improving their scalability and security is a rapidly growing requirement of our marketplace.
- Our core business remains our biggest asset and the foundation from which we explore new opportunities and advance our integrated solutions.
- Finally, continuing to invest in New Business Growth: Our investments across IMT and our Digital portfolios continue to surpass the milestones we have set for them and continue to warrant the ongoing investment to support their growth and commercialisation.

## **Slide 22**

### **Integrated Solutions – Key to Outperforming Market**

Slide 22 highlights the critical role our integrated solutions play in driving customer value and increasing our share of exploration spend.

On the left, you can see how our IMDEX revenue per \$100 spent on exploration has grown significantly. In CY18, we earned \$1.40 in IMDEX revenue for every \$100 spent in exploration drilling, and by CY23, this figure increased to \$2.10 across our whole business. This growth reflects the opportunity that comes from bundling our individual technology offerings into integrated solutions.

The pie chart to the right illustrates, by way of a case study, how a project utilising a suite of integrated solutions can generate in excess of \$8 in IMDEX revenue per \$100 spent on that exploration program.

#### **So, how do these solutions add value to IMDEX?**

With our existing portfolio of products, and within the existing market, we have considerable headroom for growth. As highlighted with the case study, there is a potential revenue uplift per project of around four times our current average. In considering the size of this opportunity, we are targeting initially an addressable market in excess of 1,000 drill rigs.

As our product portfolio grows, this potential revenue uplift grows. As the exploration market grows, so to our potential revenue grows further.

Of course, key to unlocking this potential is the demonstration of real value to the customer of integrated solutions.

In summary, our integrated solutions strategy is a key driver of market outperformance, positioning us to fully capitalise on this expanding opportunity.

### **Slide 23** **Outlook (Divider Slide)**

### **Slide 24** **Around Our Grounds**

The sub-heading on slide 24 encapsulates what we are currently seeing in our regions.

Starting with **North America**, activity is consistent, mainly focused on near-mine projects. However, Mexico remains subdued, and in Canada, junior activity is lagging due to persistent funding challenges. Interestingly, in this market we are seeing some examples of a reduction in drill rig pricing, although labour restraints are real.

In **South America**, demand for near-mine copper projects is driving steady demand for drilling. Argentina shows a positive trend, with increased mining investment confidence following the recent election.

**Africa** continues to see stable activity, especially in gold and copper projects, driven by major players in brownfield projects with a strong focus on underground drilling. We continue to remain cautious regarding Mali and the DRC, given the ongoing political uncertainty, but we remain positive in the near and medium term.

In **Europe**, activity remains stable, particularly in brownfield projects. There is potential for growth in critical metals, due to the sanctions on Russian supply.

**Australia** shows no significant changes since we last updated the market, with junior activity still subdued, echoing the same funding challenges we see in Canada. The “green shoots” we see in capital raisings are supporting continuation drilling at this time, rather than any significant expansion of drilling activity, although intentions remain strong.

In **Asia**, activity is relatively stable, with noticeable increases in Papua New Guinea and the Philippines.

In summary, across these key regions, while challenges persist, we expect consistent activity for the balance of 1H25, with pockets of growth potential, particularly in South America and Asia.

### **Slide 25** **Compelling Long-Term Outlook**

Looking now at how we see the outlook on slide 25, which is guided by four key indicators:

1. **[Supply-Demand Fundamentals:]** We closely monitor the supply and demand drivers for key commodities, particularly copper and gold, which account for approximately 75% of all exploration

activity. The continued decline in proven reserves for these commodities are well-documented and are projected to extend into the next decade. Additionally, the long-term demand for cobalt, nickel, and lithium remains robust, driven by global decarbonisation goals, which remain on foot.

2. **[Commodity Prices:]** We anticipate that the decline in supply, and the forecasted increase in demand, will ultimately support commodity price growth.
3. **[Capital Raisings & Exploration Budgets:]** In turn, exploration budgets for producers should become well-funded and enable juniors access to capital.

Today we see the first three of these traffic light signals as green, green and amber. Ultimately, they all line up to drive an increase in exploration activity. It is worth remembering that total exploration expenditure in CY12 was north of USD\$21bn compared to circa USD\$12bn today.

As exploration projects become more complex, the value of IMDEX's solutions to our customers increases. Enhancing productivity in the exploration business will be essential, and IMDEX is well-positioned to lead in this area.

## Slide 26

### Growth Opportunities FY26+

Turning to Slide 26, I'd like to highlight how we see growth opportunities, separating growth drivers that we control from external market drivers.

- Starting with **Market Share Gains** on the left. We are expanding our market share and creating new markets through the growth of our integrated solutions, including directional drilling. This expansion is supported by our broader technology stack and increased geographical presence.
- Moving to **Margin Expansion**. We are focused on increasing margins by growing our core business. This includes leveraging Devico revenue synergies, maintaining technology leadership, and increasing revenue from our higher-margin sensors and software.
- Finally, **IMDEX Growth Upside**: Concurrently, we are pursuing long-term growth opportunities including Digital, IMT and potential M&A to ensure sustained future expansion.

The box on the far right represents factors outside our control. The long-term fundamentals, however, indicate investment in exploration will continue to drive market growth. Notably, global exploration budgets for CY23 remain significantly below the 2012 peak, suggesting room for further investment and expansion.

**Slide 27****What IMDEX Delivered in FY24**

Finally, slide 27, where I would like to leave you with our highlights from FY24:

- Our FY24 performance demonstrates our ability to outperform challenging market conditions while delivering strong financial results.
- We achieved an 8% increase in revenue and a 7% uplift in normalised EBITDA, despite a 24% decline in exploration drilling activity driven by the ongoing high-cost operating environment.
- A key highlight was the successful integration of Devico – a credit to the culture of the entire workforce - and the realisation of both cost and revenue synergies ahead of schedule.
- We maintained our EBITDA margins, even as we introduced new and next-generation technologies, expanded our directional drilling capabilities, and continued to invest in R&D and our Digital and IMT growth initiatives.
- Our disciplined capital management is evident in our 96% EBITDA cash conversion, accelerated debt repayment, consistent R&D and consistent 30% NPAT dividend payout ratio.
- Looking ahead, while we expect activity to remain steady through 1H25, however, the drivers are signalling an upturn, supported by strong long-term industry fundamentals.

Finally, you may have seen that last Friday we announced a settlement agreement with BLY, allowing both parties to reach mutually agreeable outcome to the long running patent litigation. This allows us to focus on working together to improve productivity on behalf of BLY and their clients.

And with that, I am delighted to conclude today's presentation. Paul and I are open to take onboard any questions.

**CLOSING COMMENTS**

IMDEX has a clear growth strategy to outperform in all market conditions – and the FY24 year has been a thorough test of that strategy. This would not be possible without the hard work, focus and alignment of the teams around the world. We have strategically positioned our business to capitalise on the inevitable market upturn and we are investing in long-term revenue and earnings growth that are more resilient to industry cycles. On behalf of all our IMDEX team, I express my thanks to our shareholders.