

ASX ANNOUNCEMENT (ASX:BLY)

27 April 2023

BOART LONGYEAR ANNOUNCES FIRST QUARTER 2023 RESULTS

Boart Longyear Group Ltd (ASX:BLY) (the Company or Boart Longyear), the world's leading provider of drilling services, an expert in providing valuable orebody knowledge, and a pioneer in innovative drilling equipment and performance tooling, announces results for the first quarter ended 31 March 2023. All results are referenced in US dollars.

HIGHLIGHTS

- **Consolidated revenue increased 3% over Q1'22, driven by top-line growth within Drilling Services.**
- **Organic revenue grew 8% in Drilling Services, 3% in Global Products, and 44% in Veracio compared to Q1'22.**
- **Adjusted EBITDA¹ declined 4%, primarily related to ongoing investment in Veracio and unfavourable foreign exchange rates.**
- **Macroeconomic environment continues to support long-term demand for metals.**

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results, said, "The macroeconomic environment continued to support long-term demand of the mining sector during Q1'23 driven by electrification and green energy.

"We are pleased to present Veracio's results separately following our move in February to make the unit a wholly owned subsidiary. Veracio's technology platform aids mining customers in meeting the unprecedented minerals demand that is fuelling the transition to a more sustainable economy.

"Revenue during Q1'23 benefitted from Drilling Services' top-line growth yet was negatively impacted by foreign exchange rates. Adjusted EBITDA¹ benefitted from Global Products' operational improvements and supply chain initiatives yet was more than offset by ongoing investment in Veracio as well as inflationary pressure in Drilling Services.

"The first quarter of 2022 was a difficult comparative period given our robust growth as customers invested in exploration and development as the impacts of COVID-19 receded.

"I am optimistic about Boart Longyear's potential for 2023 as we implement our targeted operational plan focused on strategic growth."

¹ See page 4 of this press release for footnote descriptions.

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COMPARATIVE RESULTS
(\$ in millions)
Total Company
Consolidated Results
Three Months Ended

	31-Mar-23	31-Mar-22	% Change
Revenue	270.1	261.4	3%
EBITDA	32.9	34.5	(5%)
Adjusted EBITDA ¹	33.1	34.6	(4%)
Statutory Net Profit / (Loss) After Tax	12.3	20.5	(40%)
Net Cash Generated / (Used) in Operating Activities	3.4	(2.1)	259%
Net Debt ²	142.7	143.9	(1%)

Divisional Results
Three Months Ended
Global Drilling Services

	31-Mar-23	31-Mar-22	% Change
Revenue	189.3	179.0	6%
EBITDA (prior to intercompany profit margin elimination) ³	31.4	31.3	0%
EBITDA (after intercompany profit margin elimination) ³	35.0	34.7	1%
Average Number of Operating Drill Rigs	290	308	(6%)
Average Number of Drill Rigs	617	657	(6%)
Average Rig Utilisation ⁴	47%	47%	-

Global Products

Revenue (prior to intercompany eliminations) ³	97.2	98.1	(1%)
Revenue (after intercompany eliminations) ³	79.3	80.9	(2%)
EBITDA (prior to intercompany profit margin elimination) ³	19.7	17.4	13%
EBITDA (after intercompany profit margin elimination) ³	16.1	13.9	16%
Average Backlog	58	66	(12%)

Veracio

Revenue (prior to intercompany eliminations) ³	2.0	2.1	NMF
Revenue (after intercompany eliminations) ³	1.6	1.6	NMF
EBITDA (prior to intercompany profit margin elimination) ³	(3.7)	(1.4)	NMF
EBITDA (after intercompany profit margin elimination) ³	(3.7)	(1.3)	NMF

Q1'23 Revenue Growth vs. Q1'22

	Global Drilling Services	Global Products	Veracio
Organic	8%	3%	44%
FX	(2%)	(5%)	(6%)
Discontinued Product Line			(38%)
Total	6%	(2%)	0%

^{1,2,3,4} See page 4 of this press release for footnote descriptions.

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RESULTS COMMENTARY

Revenues of \$270.1 million increased 3% over Q1'22 driven by continued expansion within Drilling Services. Revenue grew 6% in Drilling Services due to strong performance in Latin America, the US and EMEA. Global Products' revenue declined 2% despite growth in exploration drilling equipment and infrastructure tooling. Veracio's revenue expanded primarily from the uptake of TruScan technology and growing use of the TruTools portfolio. Consolidated revenue was negatively impacted by \$7.6 million of unfavourable exchange rates.

Q1'23 organic revenue increased 8% in Drilling Services, 3% in Global Products, and 44% in Veracio compared to the prior period.

Adjusted EBITDA¹ in Q1'23 decreased 4% over the prior period, primarily due to continued investment in Veracio and the impact of \$9.7 million in inflation.

Cash generated from operations of \$3.4 million increased 259% over the prior period, driven by solid business performance. Due to seasonality, first-quarter cash flow is traditionally the lowest of the year.

Liquidity on 31 March 2023 was \$43.8 million, comprised of cash balances totalling \$43.5 million and a further \$0.3 million available under the Company's asset-based loan facility. CAPEX for the quarter was \$11.9 million.

LISTING RULE 4.7C DISCLOSURE

The following information is provided in accordance with ASX Listing Rule 4.7C and reflected in the Company's Appendix 4C. During Q1'23, net cash flows from operating activities were \$3.4 million, including payments for operating activities totalling \$217.2 million, all of which were in the normal course of business.

Net cash flows used in investing activities during the quarter were \$9.6 million and net cash flows provided by financing activities were \$12.3 million.

During the period, payments to related parties were \$0.4 million for payments to Executive and Non-Executive Directors.

GLOBAL MINING AND EXPLORATION UPDATE

The outlook for the mining and exploration industries reflects current commodity pricing trends and increased investment into the sector after a decade of underinvestment. Market commentary suggests the industry has entered a significantly improved commodity cycle driven by a recovery from the COVID-19 pandemic as well as the anticipated impacts of economic growth and sustainable environmental policies on demand and supply for metals. During 2022, commodity prices, including gold and copper, reached record or near-historic highs.

Mining firms have underinvested in finding and developing new resources in recent years. New investments in exploration activities have focused on extending existing assets and improving reserves and resources to meet future demand.

¹ See page 4 of this press release for footnote descriptions.

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According to S&P Global Market Intelligence, 2022 global non-ferrous exploration budgets increased 35% to \$13 billion compared to 2021, with gold and copper dominating exploration spend. Gold prices neared \$2,000 per ounce at the beginning of April 2023, while copper prices were above \$4.00 per pound for much of the first quarter.

Over the long term, gold has accounted for approximately 40-50% of global exploration activities, with copper making up approximately 20-30% of the remaining base metal commodities. Historically, both copper and gold prices have held a strong correlation to exploration spend levels, and both commodities have seen a run-up in price. For example, gold miners have seen a reduction in average mine life from highs of 20 years in 2011 to approximately ten years in many reports, indicating a serious reserve crisis is in front of the sector. The base metals sector, where copper is a dominant indicator, has analysts predicting insufficient supply over the next five years, even when factoring in the current project pipelines. Electrification and green technologies will increasingly consume more copper, thereby contributing to supply shortages.

FOOTNOTE DESCRIPTIONS

1. Adjusted EBITDA is 'Earnings before interest, tax, depreciation, and amortisation and before major restructuring initiatives, impairments of assets, and other significant and non-recurring transactions outside the ordinary course of business.' Adjusted EBITDA at 31 March 2022 has been restated from the prior year figure to make it comparable to the current year calculation.
2. Net debt does not include leasing facilities as reported under Australian Accounting Standards Board (AASB) 16.
3. The information presented is before inter-segment eliminations in order to reflect each business unit's revenue and EBITDA assuming all inter-segment sales were made to third parties instead. This financial information is provided so that investors can better understand each business unit's true scale. Transactions between Company segments are carried out at arm's length and are eliminated on consolidation. EBITDA is a non-AASB financial measure that management uses to assess operating performance. See the section of Boart Longyear's 2022 Full Year Financial Report titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and a reconciliation of net profit (loss) to EBITDA.
4. Boart Longyear calculates rig utilisation on a weekly basis. If a rig generates revenue during a specific seven-day period, it is counted as an *operating rig*.
 - The Company's quarterly rig utilisation metric is an average of the 13 weeks within that quarter.
 - The Company's half-year rig utilisation metric is an average of the 26 weeks within the first half.
 - The Company's full-year rig utilisation metric is an average of the 52 weeks within that year.

Authorised for lodgement by:

Nicholas R. Nash
Company Secretary

Disclaimer

This announcement contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking

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statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

About Boart Longyear

Established in 1890, Boart Longyear is in its 133rd year as the world's leading provider of drilling services, orebody-knowledge technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the Company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide.

Veracio, a wholly owned Boart Longyear subsidiary, offers mining clients a range of solutions that improve, automate, and digitally transform their orebody sciences by championing a modern approach through a diverse product portfolio by fusing science and technology together with digital accessibility. Veracio leverages AI and advanced analytics to accelerate real-time decision making and significantly lower the cost of mineral exploration.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia (ASX:BLY). More information about Boart Longyear can be found at www.boartlongyear.com. To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Investor Relations:

Tony Shaffer

Head of Investor Relations

Australia: +61 8 8375 8300

USA: +1 801 243 5216

ir@boartlongyear.com

Media:

Michael Weir

Citadel-MAGNUS

Australia: +61 8 6160 4903

Mobile: +61 402 347 032

mweir@citadelmagnus.com