

ASX ANNOUNCEMENT (ASX:BLY)

27 October 2023

BOART LONGYEAR ANNOUNCES THIRD 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 third quarter ended 30 September 2023. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results, said, "While long-term metals demand remains strong, we are seeing a greater impact from the weak financing environment for junior and intermediate mining firms, which is affecting exploration spending in Canada and Australia. Additionally, some of our major mining customers have exhausted their 2023 exploration budgets, although we anticipate spending to resume in early 2024.

"Revenue in Q3'23 was driven by strong rig and E&I tooling sales offset by softer exploration drilling in Canada and Australia.

"Adjusted EBITDA¹ benefitted from continued cost improvements within Global Products and was negatively impacted by maintenance costs and several one-off events within Drilling Services.

"Veracio continues to position itself for growth and posted solid revenue expansion in Latin America, Africa, and the United States during the quarter. The acquisition of Minalyze, announced in September, creates a global leader in the core scanning space."

RESULTS COMMENTARY

Third quarter 2023 revenue increased by 0.5% before a \$2.8 million impact of exchange rate movements while decreasing 0.5% to \$264.0 million as reported. Revenue declined 2.2% in Drilling Services, primarily from softer sales in Canada and Australia, despite continued robust growth in Latin America and the United States. Global Products' revenue increased 4.7% from ongoing growth in EMEA and Latin America. Veracio's revenue was primarily driven by TruTools' sales.

Organic revenue in Q3'23 decreased 1.7% in Drilling Services, increased 7.2% in Global Products, and increased 0.1% in Veracio compared to the prior period.

Adjusted EBITDA¹ in Q3'23 decreased 0.9% before a \$1.1 million impact of exchange rate movements while decreasing 4.3% as reported. Higher maintenance and one-off costs within Drilling Services and ongoing Veracio market readiness costs were largely offset by Global Products' lower input prices and improved cost controls.

Cash generated from operations in Q3'23 of \$0.3 million, a \$9.1 million decrease over Q3'22, was driven by higher interest costs, reduced foreign exchange losses, and notable inventory management improvements.

Liquidity on 30 September 2023 was \$33.7 million, comprised of cash balances totalling \$33.7 million and no availability under the Company's asset-based loan facility.

¹ See page 3 of this press release for footnote descriptions.

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COMPARATIVE RESULTS

(\$ in millions)	Consolidated Results					
	Three Months Ended			Nine Months Ended		
	30-Sep-23	30-Sep-22	% Change	30-Sep-23	30-Sep-22	% Change
Total Company						
Revenue	264.0	265.4	(0.5%)	809.7	793.0	2.1%
EBITDA	23.9	17.3	38.2%	96.8	69.6	39.1%
Adjusted EBITDA ¹	31.2	32.6	(4.3%)	101.9	102.1	(0.2%)
Statutory Net Profit / (Loss) After Tax	1.2	(0.7)	271.4%	42.8	17.0	151.8%
Net Cash Generated / (Used) in Operating Activities	0.3	9.4	(96.8%)	22.7	30.1	(24.6%)
Net Debt ²				164.9	154.3	6.9%

	Divisional Results					
	Three Months Ended			Nine Months Ended		
	30-Sep-23	30-Sep-22	% Change	30-Sep-23	30-Sep-22	% Change
Global Drilling Services						
Revenue	184.8	188.9	(2.2%)	567.5	554.2	2.4%
Organic Growth	(1.7%)			3.7%		
FX	(0.5%)			(1.3%)		
EBITDA (prior to intercompany profit margin elimination) ³	27.5	30.4	(9.5%)	93.0	93.9	(1.0%)
EBITDA (after intercompany profit margin elimination) ³	31.4	34.6	(9.2%)	104.1	105.6	(1.4%)
Average Number of Operating Drill Rigs	293	322	(9.0%)	293	320	(8.4%)
Average Number of Drill Rigs	604	638	(5.3%)	613	651	(5.8%)
Average Rig Utilisation ⁴	49%	50%	(2.0%)	48%	49%	(2.0%)

	Global Products					
	Three Months Ended			Nine Months Ended		
	30-Sep-23	30-Sep-22	% Change	30-Sep-23	30-Sep-22	% Change
Revenue (prior to intercompany eliminations) ³	96.2	95.1	1.2%	292.8	291.0	0.6%
Revenue (after intercompany eliminations) ³	77.8	74.3	4.7%	237.1	232.6	1.9%
Organic Growth	7.2%			6.0%		
FX	(2.5%)			(4.1%)		
EBITDA (prior to intercompany profit margin elimination) ³	17.9	16.2	10.5%	55.3	44.5	24.3%
EBITDA (after intercompany profit margin elimination) ³	14.3	12.2	17.2%	44.2	32.8	34.8%
Average Backlog	56.7	61.1	(7.2%)	55.3	60.8	(9.0%)

	Veracio					
	Three Months Ended			Nine Months Ended		
	30-Sep-23	30-Sep-22	% Change	30-Sep-23	30-Sep-22	% Change
Revenue (prior to intercompany eliminations) ³	2.0	2.9	NMF	6.6	7.8	NMF
Revenue (after intercompany eliminations) ³	1.5	2.3	NMF	5.1	6.1	NMF
Organic Growth	0.1%			20.5%		
FX	(0.8%)			(2.1%)		
Discontinued Product Line	(34.8%)			(34.6%)		
EBITDA (prior to intercompany profit margin elimination) ³	(6.2)	(3.3)	NMF	(14.8)	(5.5)	NMF
EBITDA (after intercompany profit margin elimination) ³	(6.2)	(3.3)	NMF	(14.8)	(5.5)	NMF

VERACIO ACQUIRES MINALYZE

On 18 September 2023 (NY time), Veracio entered into a binding agreement to acquire Minalyze AB (Minalyze) for a total consideration equal to \$29.3 million. The transaction closed on 22 September 2023.

Minalyze is a world leader in XRF core scanning instruments and software for visualisation of geological data. The transaction is expected to capitalise on synergies between Minalyze and Veracio's scientific and technological progress and prowess.

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

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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.'
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 2023 Half 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 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.

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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](#).

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