

**ASX ANNOUNCEMENT (ASX:BLY)**

26 April 2023

ASX Markets Announcement Officer  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**BY ELECTRONIC LODGEMENT****2022 ANNUAL REPORT**

Please find attached for release to the market, Boart Longyear Group Limited's 2022 Annual Report.

**Authorised for lodgement by:**

Nicholas R. Nash  
Company Secretary

**About Boart Longyear**

Established in 1890, Boart Longyear is in its 133<sup>rd</sup> 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 that fuse science and technology together with digital accessibility. Veracio leverages artificial intelligence 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](http://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](mailto:ir@boartlongyear.com)

**Media:****Michael Weir**

Citadel-MAGNUS  
Australia: +61 8 6160 4903  
Mobile: +61 402 347 032  
[mweir@citadelmagnus.com](mailto:mweir@citadelmagnus.com)

A woman wearing a green hard hat, safety glasses, and a high-visibility pink and white work shirt is smiling while standing on a yellow lift. The lift has a white panel with the Boart Longyear logo and the text 'LF 160'. The background is a clear blue sky with some trees visible in the distance.

# **BOART LONGYEAR™** **ANNUAL REPORT 2022**



 **BOART  
LONGYEAR™**

**LF 160**  
LIFTING PLATFORM



# CONTENTS

|                                    |      |
|------------------------------------|------|
| 2022 Overview                      | II   |
| Chairman's Report                  | IV   |
| CEO's Report                       | VI   |
| ESG                                | VIII |
| Veracio                            | X    |
| Drilling Services                  | XII  |
| Global Products                    | XIV  |
| Financial Report                   | 1    |
| Directors' Report                  | 3    |
| Review of Operations               | 5    |
| Remuneration Report                | 20   |
| Board of Directors                 | 33   |
| Executive Management Team          | 38   |
| Auditor's Independence Declaration | 42   |
| Independent Auditor's Report       | 43   |
| Directors' Declaration             | 48   |
| Financial Statements               | 49   |
| Supplementary Information          | 111  |

## CORPORATE GOVERNANCE STATEMENT

Our Corporate Governance Statement may be found at [www.boartlongyear.com/corporate-governance](http://www.boartlongyear.com/corporate-governance)

## WHO WE ARE

Established in 1890, Boart Longyear is the world's leading provider of innovative drilling services, manufacturer of productivity-driven drilling equipment, and developer of orebody-data technology that is revolutionising the future of mineral development. With a rich heritage from 133 years of operations, the Company continues to build value for customers worldwide.

Drilling Services is the industry-leading global provider of drilling services to the mining sector as well as the world's largest, specialised, and diversified driller.

Global Products offers the most advanced technology tooling and drill rigs, specifically engineered for long life and high performance while boasting world-class safety features.

Veracio (formerly Geological Data Services) offers mining clients a range of solutions that improve, automate, and digitally transform their orebody sciences through a diverse product portfolio that fuses science and technology with digital accessibility.

\*EBITDA and Adjusted EBITDA are non-IFRS measures and are used internally by management to assess the performance of the business.

Cash from Operations excludes interest and tax.

Copyright © 2023 Boart Longyear. All rights reserved.

Cover photo by Anton Clarkson, Boart Longyear Australia



# THREE DIVISIONS DRIVING LONG-TERM GROWTH



## DRILLING SERVICES

- Industry-leading global provider of drilling services and largest, specialised and diversified driller
- Focused on copper, gold, nickel, lithium, zinc, and uranium
- Drilling methods include diamond coring exploration, reverse circulation, large diameter rotary, production, sonic, mine dewatering, water supply drilling, and pump services
- Operates in 15 countries with more than 4,500 employees who operate approximately 650 rigs

## GLOBAL PRODUCTS

- Offers the most advanced technology tooling and drill rigs, specifically engineered for long life and high performance while boasting world-class safety features
- Manufactures drill rigs, drill string products, performance tooling, drilling consumables, and quality parts for customers worldwide
- Products sold in 96 countries, has almost 1,100 employees and six manufacturing sites around the globe



## VERACIO

- Helps mining companies get more value from their orebody data while mitigating the environmental impact of their decisions
- Leverages artificial intelligence and advanced analytics to accelerate real-time decision making and significantly lower the cost of mineral exploration
- More than 75 employees worldwide

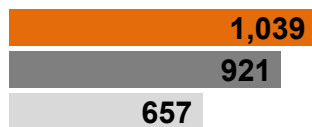


# 2022 OVERVIEW

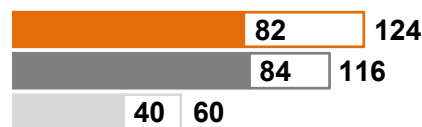
2022 2021 2020

US\$ in millions

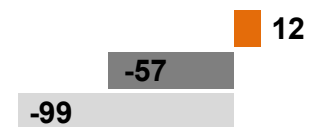
## Revenue \$1,039m



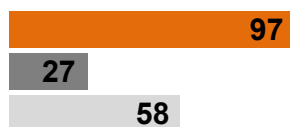
## Adjusted EBITDA<sup>1</sup> \$124m EBITDA \$82m



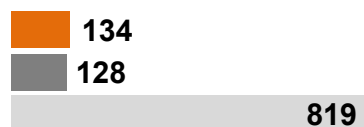
## Net Profit After Tax \$12m



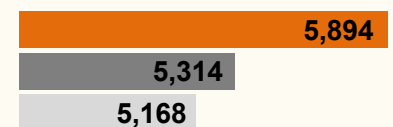
## Cash from Operations \$97m



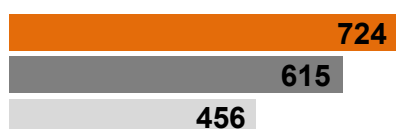
## Net Debt<sup>2</sup> \$134m



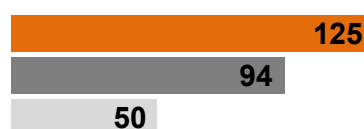
## Number of Employees 5,894



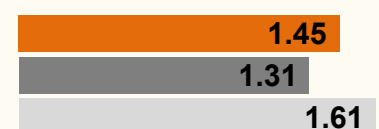
## Drilling Services Revenue \$724m



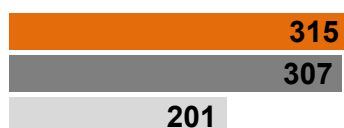
## Drilling Services EBITDA \$125m



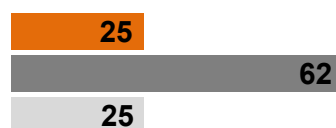
## Company Safety TCIR<sup>3</sup> 1.45



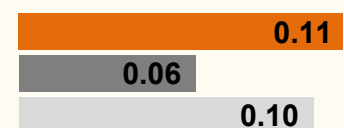
## Products Revenue\* \$315m



## Products EBITDA\* \$25m



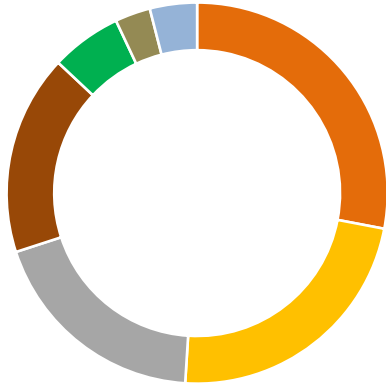
## Company Safety LTIR<sup>4</sup> 0.11



\*Includes Veracio

- Adjusted EBITDA at 31 December has been restated from the prior year figure to make it comparable to the current year calculation.
- Net debt does not include leasing facilities as reported under Australian Accounting Standards Board 16.
- The Total Case Incident Rate (TCIR) is defined as the number of work-related injuries per 100 full-time workers during a one-year period based on 200,000 work hours.
- The Lost Time Incident Rate (LTIR) is defined as the number of incidents that result in time away from work based on 200,000 work hours.

### Company Revenue (Products & Services)



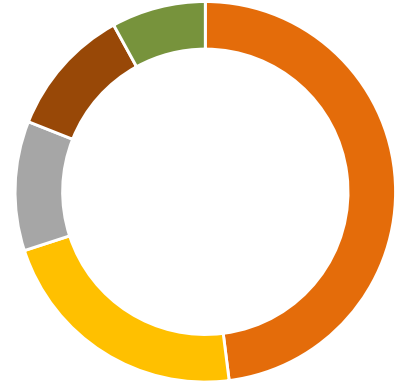
|                     |     |
|---------------------|-----|
| Surface Coring      | 28% |
| Performance Tooling | 23% |
| Rotary/RC           | 19% |
| Underground Coring  | 17% |
| Drilling Equipment  | 6%  |
| Production Drilling | 3%  |
| Other               | 4%  |

### Company Revenue by Region (Products & Services)



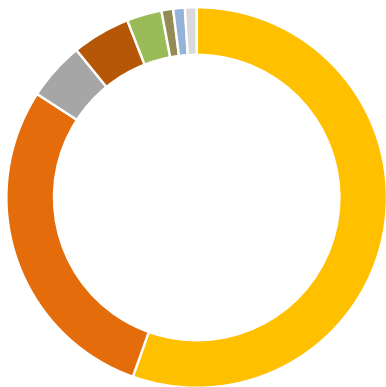
|               |     |
|---------------|-----|
| USA           | 28% |
| Asia Pacific  | 19% |
| Canada        | 19% |
| EMEA          | 19% |
| Latin America | 15% |

### Products Revenue by Category



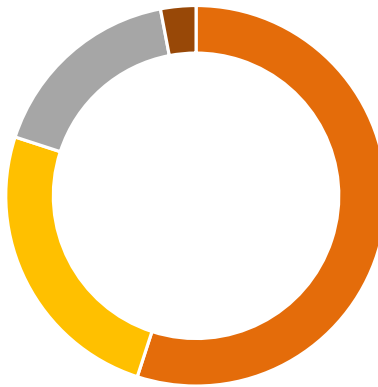
|                     |     |
|---------------------|-----|
| Exploration Tooling | 48% |
| Production Drilling | 22% |
| Drilling Equipment  | 11% |
| Capital Spares      | 11% |
| E&I Tooling         | 8%  |

### Drilling Services Revenue by Commodity



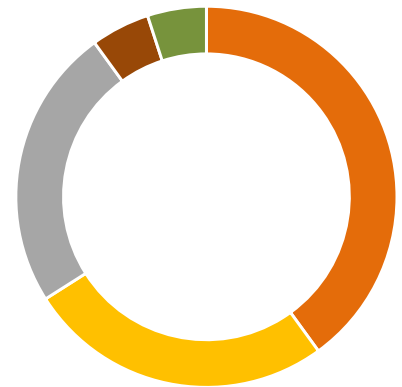
|                  |     |
|------------------|-----|
| Gold             | 56% |
| Copper           | 29% |
| Non-Mining Water | 5%  |
| Other Metals     | 4%  |
| Energy           | 3%  |
| Other            | 1%  |
| Nickel           | 1%  |
| Iron Ore         | 1%  |

### Drilling Services Revenue by Stage



|                                       |     |
|---------------------------------------|-----|
| Development<br>(Near Mine/Brownfield) | 55% |
| Production (In-Pit)                   | 25% |
| Exploration (Greenfield)              | 17% |
| Non-Mining                            | 3%  |

### Drilling Services Revenue by Drilling Type



|                    |     |
|--------------------|-----|
| Surface Coring     | 40% |
| Rotary/RC          | 26% |
| Underground Coring | 24% |
| Percussive         | 5%  |
| Sonic              | 5%  |

**“The board is proud of the company’s 2022 achievements and is confident our growth strategy will deliver success for years to come.”**



Dear Shareholders,

It has been an honour serving as your board chair this past year, particularly at a time when electrification is driving long-term demand for metals and mining. Base metals, such as copper and nickel, are fundamental to electric vehicles and the many technologies that make up the green economy. To meet the robust demand for metals, our global customers turn to us for specialised drilling programs to expand their mineral reserves.

Across the company’s rich history, Drilling Services and Global Products have been the organisation’s operational foundation. Over the last decade, we have been developing a technology platform that is revolutionising the way miners explore and operate producing mines. The platform has created a new financial driver for Boart Longyear, providing revenue diversification as well as an avenue to better service the mining value chain like no one else in the sector.

Veracio, Boart Longyear’s newly named technology unit, offers a disruptive technology platform assisting miners to make critical mineral-based decisions providing precise and efficient orebody information for more effective drilling programs. Championing an approach to orebody science based on speed and sustainability, Veracio is well-positioned to support the growing global need for critical minerals.

# CHAIRMAN’S REPORT



**“Veracio, Boart Longyear’s newly named technology unit, offers a disruptive technology platform assisting miners to make critical mineral-based decisions providing precise and efficient orebody information for more effective drilling programs.”**

Management delivered solid financial results for 2022. Drilling Services had an impressive performance while Global Products contended with increased operating costs and supply chain challenges, which were an outgrowth of COVID-related global trade disruptions as well as the Russian – Ukrainian conflict.

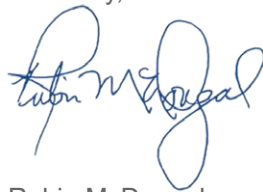
During the year, the board continued working with management to operationalise and strengthen Boart Longyear’s environmental, social and governance (ESG) strategy. While in a relatively early stage, we are expanding the reach of ESG across the company, delivering initial results and partnering with customers to broaden our sustainability program.

In August 2022, we appointed Shannon McCrae as a company director. She is a professional geoscientist,

an accomplished mining and exploration executive and brings a wealth of experience within the innovation and digital transformation space.

The board is proud of the company’s 2022 achievements and is confident our growth strategy will deliver success for years to come.

Sincerely,



Rubin McDougal  
Board Chair



# CEO'S REPORT



Dear Shareholders,

Boart Longyear had a strong 2022 benefitting from past initiatives which strengthened our balance sheet and improved our cost structure. We delivered revenue in excess of \$1 billion, which was a first since 2013. We achieved our first net profit in ten years while growing adjusted EBITDA by 7% to almost \$125 million.

Our results were supported by a healthy macroeconomic environment driving long-term demand for metals and mining. Electrification and the green economy have fueled an ever-increasing demand for metals, particularly copper and nickel. In 2022, Drilling Services generated 30% of its revenue from copper and nickel-related drilling, further indicating a strong future for metals.

From a safety perspective, 2022 was a successful year, albeit marked by an increase in hand injuries and rise in new employee safety incidents in the first half, while the second half of the year realised strong improvement in safety performance. We renewed our focus on Critical Risk Management and EHS fundamentals, including our eight Golden Rules of Safety.

Drilling Services experienced robust customer demand – particularly in Africa, Latin America and Canada – leading to revenue and EBITDA gains for the year. Global Products saw solid revenue growth, driven by exploration and infrastructure



## “ ESG continues to play an important role in our operating model and is embedded within our rich history of innovation.”

tooling, yet contended with higher operating costs and unfavourable exchange rates which negatively impacted EBITDA.

In February 2023, we marked a significant milestone as a leader in orebody sciences with the unveiling of Veracio, formerly Geological Data Services. Veracio melds science and digital technologies through sensing, automation and artificial intelligence empowering miners to make better exploration and operational decisions while improving environmental stewardship.

We are delighted TruScan™ was named Mining Innovation of the Year at the annual Mines and Money industry event in London in early December. TruScan™ is one element of Veracio's impressive portfolio and continues to be recognised for its groundbreaking capabilities.

In 2022, we continued to focus on long-term growth by investing \$60 million of capital back into the business – adding 31 rigs to our global Drilling Services' fleet, and focusing on Veracio-related R&D.

ESG continues to play an important role in our operating model and is embedded within our rich history of innovation. Our ESG-related initiatives led to the following achievements during the year:

- Completed 63,000 training units in environment, health and safety (EHS), ESG and compliance;
- Realised 11% women in our global workforce by

year end, highlighting progress toward our '15 x 25' goal of reaching 15% women in our global workforce by the end of 2025;

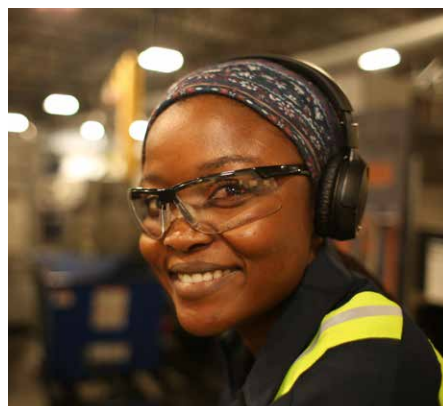
- Finalised Scope 1 & 2 emissions baseline project across global manufacturing facilities; and
- Received the 'Safe Day Everyday Gold Award' for the third consecutive year in Canada.

We differentiate ourselves through our best-in-class businesses offering distinct products and services under one roof. I am enthusiastic about 2023 as we execute our targeted operating plan focused on strategically growing Drilling Services, selectively expanding Global Products and revolutionising the mining industry through Veracio's breakthrough technology.

Yours sincerely,



Jeff Olsen  
President and CEO







# OUR ESG STRATEGY INFLUENCES OUR GROWTH

Our drilling equipment and technology is ESG-friendly making our customers' activities more sustainable.

## TECHNOLOGY + SAFETY



The technology in our drilling equipment is made with a safety-first mindset protecting people and assets better than anything in our history



## LESS WATER AND ENERGY USAGE

Our drilling equipment uses less water and energy, which reduces related greenhouse gas emissions



## IMPROVED RECOVERY

Our drilling equipment leads to more resource recovery



## DIVERSITY + ACCESSIBILITY

Our technology is appealing to a new generation of mining talent enabling a gender-diverse workforce and greater accessibility than ever before

# ESG ACHIEVEMENTS FOR 2022

Beginning in 2021, Boart Longyear established a formal ESG program and in 2022 we appointed a dedicated ESG manager to lead our sustainability efforts. While our formal program is relatively new, the organisation's history of innovation is based on ESG principles. The following highlights our achievements for 2022.



**63,000**  
TRAINING MODULES

## COMPLETED 63,000 TRAINING MODULES

Included EHS, ESG and compliance training resulting in record employee participation and certification.

**11%**  
WOMEN



## ACHIEVED 11% WOMEN IN OUR GLOBAL WORKFORCE

We are committed to expanding diversity in our workforce and progressing toward our established goal of having women represent 15% of our workforce by the end of 2025.



## RECEIVED 'SAFE DAY EVERYDAY GOLD AWARD'

Recipient of Canadian mining industry safety award for third consecutive year.



## FINALISED SCOPE 1 & 2 EMISSIONS BASELINE PROJECT

Focused on our six manufacturing plants; also initiated a baseline project to measure Scope 1 & 2 emissions within Drilling Services.



**BIGGER VISION.  
SMARTER DATA.  
SMALLER FOOTPRINT.**

OREBODY KNOWLEDGE  
Platforms

**Pr** TruProbe™

**Su** TruSub™

**Sc** TruScan™

AI + DATA  
Software

**Ac** TruAccess

**St** TruStructure

**Lo** AutoLogger

DRILLER  
Tools

**Co** TruCore™ \*

**Sh** TruShot™

\* TruCore is no longer offered in the US and Australia

By fusing science and technology, Veracio will help miners leverage their opportunities while mitigating the social and environmental impact of their decisions.

Unlocking the value and utility of scarce resources.

- Sensing, automation and AI technologies
- Accelerating exploration and orebody confidence
- With high-definition data that leads to better decisions
- Creating more economically efficient operations
- While improving sustainability and reducing waste



**JT Clark**

CHIEF EXECUTIVE OFFICER



**Mike Ravella**

CHIEF INNOVATION OFFICER





In February 2023, Boart Longyear announced its Geological Data Services division would operate as a separate entity called Veracio. The new unit is ideally suited to combine science and digital technologies in a single, integrated platform to help mining companies get more value from their orebody data, faster, while mitigating the environmental impact of their decisions. Veracio will be led by newly appointed Chief Executive Officer, JT (John) Clark, a seasoned growth leader in mining technology with a track record of operational success.

Veracio's technologies and platform, the result of a decade of testing and development in sensing, automation, and artificial intelligence (AI) technologies, empowers miners to dig deeper into data, accelerating exploration and making better decisions that result in economically efficient operations and reduced waste. Powered by an award-winning integrated technology platform, Veracio is well-positioned to support the growing global need for critical minerals by championing an approach to orebody science based on speed

and sustainability.

In addition to JT Clark, the Veracio leadership team also includes Mike Ravella, the founder and innovative mind behind Boart Longyear's Geological Data Services division, who assumes the role of Chief Innovation Officer. Jeff Olsen, Boart Longyear's Chief Executive Officer, is Veracio's Chairman, bringing with him a wealth of mining and leadership experience.

# DRILLING SERVICES

DRILLING SERVICES IS THE PARTNER OF CHOICE FOR LEADING MINING HOUSES DUE TO INNOVATION CYCLE, BREADTH OF OFFERING AND GEOGRAPHIC DIVERSITY

## SURFACE CORING



Exploration drilling – both new mining and existing mining resource development

- Deep Coring
- Versatile Fleet
- Closed Loop, Zero Discharge

## SONIC



Shallow grade sampling and environmental core drilling

- Heap Leach Ore Recovery
- Grade Control Sampling
- Pre-Collaring



## UNDERGROUND CORING



Orebody delineation and underground exploration

- Deep Hole Capability
- Dewatering/Piezometer
- Triple Tube

## REVERSE CIRCULATION



Economical, low-quality sampling alternative to coring

- Piezometer
- Diverse Drilling Solutions
- Mineral Exploration/Pre-Collaring

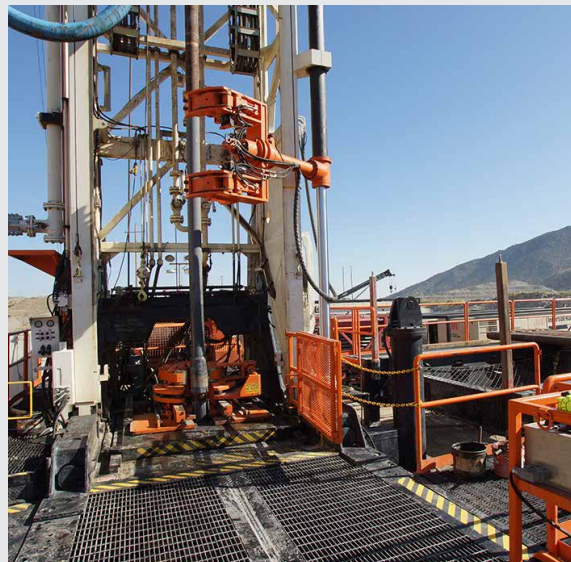
## UNDERGROUND PRODUCTION



Percussive drilling primarily as part of drill and blast mining activities

- Long Hole Drill and Blast
- Slot and Inverse Raises
- Cable Bolting

## ROTARY



Well drilling, primarily for dewatering/creating access to ground water

- Well Service
- Dual Tube Flooded Reverse
- Environmental/Geothermal



# GLOBAL PRODUCTS

INDUSTRY-LEADING  
INNOVATION, SAFETY  
AND EFFICIENCY

## DRIFTMASTER™ TOP HAMMER PRODUCTION TOOLING



### TAPERED THREAD ROD

Achieves more drilling time and more underground productivity with tapered thread profile by increasing material cross-section at base and minimising stress to achieve superior resistance to wear.

Combined with carburising heat treatment, the DriftMaster™ thread geometry is proven to outlast.



### TOP HAMMER BITS

To further improve productivity, the tapered thread profile provides superior rod-bit make-up and break out characteristics.

Compatible with Retrac™, Straightrac™ button bits (available from 43mm – 64mm), and RazorBack™ back-reaming bits.

## LF™ 160 DRILL RIG WITH FREEDOM™ LOADER



Boart Longyear has combined proven technology from its most popular surface coring drill rigs to create the powerful LF™ 160. When paired with the FREEDOM™ Loader, the LF™ 160 combination is ideal for contractors who want to target sophisticated surface drilling exploration contracts that stipulate some of the highest safety standards, without compromising on productivity.

### **TOTALLY HANDS-FREE ROD HANDLING**

The LF™ 160 and FREEDOM™ Loader combination is one of the industry's first 100% hands-free rod handling solutions. No intervention from the driller's assistant is required to align and cycle the rods or connect the hoist plugs when operating the loader. All operations happen behind the control panel at the touch of a finger.

## LONGYEAR™ DIAMOND CORING BITS



### **PREMIUM PERFORMANCE DIAMOND IMPREGNATED CORING BITS**

Boart Longyear successfully created a ground-breaking matrix that chemically bonds to diamonds allowing for higher projection of diamonds resulting in faster penetration and longer life.

The product is available in formulations and with waterway designs to perform in any ground conditions.

## LF™ SURFACE EXPLORATION DRILLS

## LX™ MULTIPURPOSE DRILLS



**LX6**  
DEPTH: 350 M +



**LF90D**  
DEPTH: 930 M +



**FREEDOM LOADER**  
HANDS-FREE SEMI-AUTONOMOUS  
ROD HANDLING



**LF160**  
DEPTH: 1600 M +

## LM™ UNDERGROUND AND MODULAR EXPLORATION DRILLS



**LM30SS**  
DEPTH: 410 M +



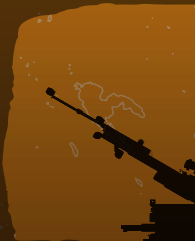
**LM75**  
DEPTH: 700 M +



**LM90**  
DEPTH: 1000 M +



**LM110**  
DEPTH: 1100 M +



**LMPQ**  
DEPTH: 1500 M +

# INDUSTRY-LEADING DRILLING EQUIPMENT

## LS™ SONIC DRILLS



**LF230**  
DEPTH: 2300 M +



**LS250**  
DEPTH: 61 M  
(6" CASING)



**LS450**  
DEPTH: 135 M +  
(6" CASING)



**LS600**  
DEPTH: 180 M +  
(6" CASING)

## PRODUCTION DRILLS



**MDR700**  
DEPTH: 800 M +



**STOPEMATE™**  
DEPTH: 37 M +



**STOPEMASTER™**  
DEPTH: 80 M +

 **BOART LONGYEAR™**



# FINANCIAL REPORT

**BOART LONGYEAR GROUP LTD.**

A.R.B.N. 652 848 103  
ANNUAL FINANCIAL REPORT  
YEAR ENDED 31 DECEMBER 2022





# CONTENTS

|   |     |
|---|-----|
| DIRECTORS' REPORT   | 3   |
| REVIEW OF OPERATIONS  | 5   |
| REMUNERATION REPORT   | 20  |
| BOARD OF DIRECTORS  | 33  |
| EXECUTIVE MANAGEMENT TEAM   | 38  |
| AUDITOR'S INDEPENDENCE DECLARATION  | 42  |
| INDEPENDENT AUDITOR'S REPORT  | 43  |
| DIRECTORS' DECLARATION  | 48  |
| CONSOLIDATED STATEMENT OF<br>PROFIT OR LOSS AND OTHER<br>COMPREHENSIVE INCOME | 49  |
| CONSOLIDATED STATEMENT<br>OF FINANCIAL POSITION                               | 50  |
| CONSOLIDATED STATEMENT OF<br>CHANGES IN EQUITY                                | 51  |
| CONSOLIDATED STATEMENT OF CASH FLOWS  | 52  |
| NOTES TO THE CONSOLIDATED<br>FINANCIAL STATEMENTS                             | 54  |
| SUPPLEMENTARY INFORMATION   | 111 |

# BOART LONGYEAR GROUP LTD. – ANNUAL REPORT 2022

## DIRECTORS' REPORT

The Directors present their report together with the financial report of Boart Longyear Group Ltd. (the "Parent" or "Boart Longyear") and its controlled entities (collectively the "Company") for the financial year ended 31 December 2022 (the "financial year") and the Independent Auditor's Report thereon.

Financial results and information contained herein are presented in United States ("US") dollars unless otherwise noted.

## DIRECTORS

The Directors of Boart Longyear (the "Directors") in office during the financial year and as at the date of this report are set out below.

| <b>Directors</b>              | <b>Position</b>        |
|-------------------------------|------------------------|
| Rubin McDougal                | Non-Executive Chairman |
| Tye Burt                      | Non-Executive Director |
| Lars Engström                 | Non-Executive Director |
| Shannon McCrae <sup>(1)</sup> | Non-Executive Director |
| Paul McDonnell                | Non-Executive Director |
| Jeffrey Olsen                 | Executive Director     |
| Thomas Schulz                 | Non-Executive Director |
| Conor Tochilin                | Non-Executive Director |
| Bao Truong                    | Non-Executive Director |

(1) Shannon McCrae was appointed to the Board effective 1 August 2022.

For a summary of experience and qualifications for each Director, see the Board of Directors section on page 33 of this Report.

## COMPANY SECRETARIES

Nicholas Nash (appointed 15 April 2022)  
Alex Nikolic (through 15 April 2022)

## PRINCIPAL ACTIVITIES

Established in 1890, Boart Longyear is heading into its 133rd year as the world's leading integrated provider of drilling services, drilling equipment and performance tooling for mining and mineral drilling companies globally. 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 Ltd. ("Veracio"), previously Geological Data Services, is included within our Global Products division and utilizes innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

These strategic advantages, combined with the Company's global footprint, have allowed the Company to establish and maintain long-standing relationships with a diverse and blue-chip customer base worldwide that includes many of the world's leading mining companies. With more than 130 years of drilling expertise, the Company believes its  insignia and brand represent the gold standard in the global mineral drilling industry.

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

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 2 February 2022, Boart Longyear announced the decision of Miguel Desdin, Chief Financial Officer, to leave the Company to pursue new career opportunities. The Company also announced the appointment of Jenny Fuss as Chief Financial Officer on this date. Mr. Desdin will continue his employment through 31 March 2023 to ensure a smooth transition of responsibilities.

## **SUBSEQUENT EVENTS**

On 23 February 2023, it was announced that the Geological Data Services business will now operate as a separate entity called Veracio. The annual financial report has been updated throughout to reflect this change in name.

## **DIVIDENDS**

No dividends have been paid during the financial year.



## REVIEW OF OPERATIONS<sup>1</sup>

### 1. Safety Performance, Market Conditions and Strategies

---

#### 1.1 Overview

Boart Longyear is the world's leading integrated provider of drilling services, drilling equipment and performance tooling for mining and mineral drilling companies globally. We conduct our business activities through two segments, Global Drilling Services and Global Products, which includes the Veracio business.

We aim to create value for our customers through a comprehensive portfolio of technologically advanced and innovative drilling services and products. We believe that our market leading positions in the mineral drilling industry are driven by a variety of factors, including the performance, expertise and high safety standards of Global Drilling Services, the advanced technology, engineering excellence and global manufacturing capabilities of Global Products, and the innovation and emerging technologies of Veracio.

The Drilling Services division of Boart Longyear has a global reach with uncompromised standards for safety and performance and rig and drilling discipline offerings that are specific to individual jurisdictions. Our regular exchange of knowledge and experience throughout the division ensures the rapid dissemination and adoption of best practices, tailored to jurisdiction-specific conditions. It is the global culture of continuous improvement in safety and performance which has made Boart Longyear the drilling partner of choice for many of the world's major mining companies and junior explorers for over 130 years.

The Global Products division continues to serve multiple drilling applications around the world with its proven high quality tooling, drill rigs and services to support mining and construction drilling ranging from exploration to blast hole to sonic. For underground drilling applications, Boart Longyear's DriftMaster™ drill rods and bits continue to set the benchmark for life and durability. In addition to current rock tool products, we have recently expanded our surface tools with the HM60 to support growth in this sector. We have also launched a line of down-the-hole tools to supplement our tooling line. In the exploration market, Boart Longyear maintains its product leadership with the patented XQ™ coring rod which offers an unsurpassed life and compatibility with automation. Our lighter weight W-Wall™ rods continue to grow in use, offering faster core retrieval and increased rig depths. Longyear™ diamond bits are attracting additional drilling customers by generating higher productivity and having a longer life due to their unique formulations that adapt to varying geological conditions. Finally, Roller Latch™ in-hole tooling technology continues to drive improved safety and reliability for in-hole tools. In addition to consumables, Boart Longyear offers a variety of drills covering exploration, sonic, and production drilling applications. The LF™ 160 rig continues to grow in acceptance and now has other features that, when coupled with the FL™ 262 Freedom™ Loader, makes this the rig of choice for many surface drilling applications. Boart Longyear has also added capability to its LS250 Sonic rig to provide increased power with its same small footprint and introduced enhancements to its LX6 multipurpose rig as well. Our engineering and product management teams continue to pursue new products and improve existing products to provide additional value to our customers.

In the Veracio business, TruCore™ core orientation tools continue to expand geographically but are no longer available in Australia or the United States, and the TruShot™ magnetic survey instrument is expanding globally. We are using our TruScan™ geological sample field screening technology at several mine sites with several mining customers and the demand for this technology continues to grow as demand for digital technologies associated with logging and geochemistry grows from our mining customers. In 2021, we launched our TruSub™ drill rig performance monitoring technology. TruSub™ is a digital drill sub technology that fits between the drill head and drill rods. TruSub™ allows for direct digital measurement of key drilling parameters that can be viewed in real time at the drill site and in the cloud to drive drilling productivity for both the drilling contractor and the mining client. We are currently operating our TruSub™ technology at mine sites and will continue to develop this technology. We are currently rolling out our TruGyro™ borehole survey technology. TruGyro™ offers significant advantages over other technologies in the market and is rapidly gaining market adoption. These instruments are part of our strategy to be the global technology leader in providing unified orebody knowledge to mining companies through our Veracio business.

(1) The Review of Operations contains information sourced from our audited financial statements as well as additional supplemental information that has not been subject to audit or review.

## 1.2 Safety Performance

Each year Boart Longyear strives to continuously improve safety performance. Health and Safety is a core company value at Boart Longyear along with Integrity, Customer Focus, Sustainability, Teamwork and Diversity which is not only expected from our employees, but also drives value for our customers and stakeholders. Through our company initiatives and robust safety programs, Boart Longyear builds trust with our employees, customers, and all stakeholders.

For the year ending 31 December 2022, the Company's world class performance on key indicators includes a Total Case Incident Rate ("TCIR") of 1.45 recordable incidents and Lost-Time Injury Rate ("LTIR") of 0.11 recordable incidents. Both TCIR and LTIR rates are calculated based on 200,000 hours worked. During the year ending 31 December 2022, our employees experienced 97 injuries that required some medical treatment or job restriction; seven of those injuries resulted in lost work time. The 2022 focus has been on training new hires and leadership training for supervisors, critical control verifications and empowering employees to utilize our Environmental, Health, Safety and Training fundamentals, most importantly our Golden Rules.

## 1.3 Impact of Market Conditions

In 2022, global nonferrous exploration budgets grew 16% over 2021 to \$13.0 billion, with gold and copper dominating exploration spend. Commodity prices reached historic highs in the first half of 2022 before pulling back in the second and third quarters, then beginning to recover in the fourth quarter. Boart Longyear remained mostly insulated from the impacts of this pullback as our key customers remained bullish on long-term demand of key commodities, particularly gold and copper, which account for the bulk of Boart Longyear's drilling activity. The bullishness for copper in particular has been evident in recent large-scale, copper-focused mergers and acquisitions by several of the largest major mining firms and the continuity of several large copper exploration programs.

While the rapid growth of the electric vehicle ("EV") market is frequently referenced as a key driver for copper demand, it is important to note that the EV market is just one component of a much larger global trend of increasing electrification that is driving long-term demand for copper. During 2022, the demand for lithium, a key EV battery metal, continued to strengthen. Analysts continue to voice the need for a significant and sustained increase in exploration spend in order to discover and develop the supply of battery metals to meet the growing demands for EV.

Boart Longyear prioritizes the health and safety of our employees, the employees of our customers, and of the members of the communities in which we work. Throughout the COVID-19 pandemic, we have actively engaged with each of these constituencies and implemented measures to safeguard their health. While the Company and its customers have largely adapted to operating safely in an environment of ongoing COVID-related risks, the uncertainty around the timing and location of outbreaks, and the restrictions imposed by various jurisdictions in an effort to manage such outbreaks, continues to create challenges. Boart Longyear anticipates the end of China's Zero-COVID policy late in 2022 will likely result in short-term demand and supply chain disruptions impacting Drilling Services; however, it is expected to ultimately result in a boost to demand and consequently an increase in drilling exploration activity.

## 1.4 Objectives and Strategies

In addition to our prime goal of returning our employees home safely each day, we continue to position the business to operate more efficiently across all phases of the mining cycle. Key elements of this strategy include focusing more on cash generation, achieving and maintaining sustainable earnings before interest, taxes, depreciation and amortization ("EBITDA")-to-revenue margins, improving returns on capital through disciplined variable and fixed cost management and capital spending programs, and maintaining a rigorous focus on working capital, particularly inventory and accounts receivable.

We are committed to driving long-term shareholder value by executing on several key initiatives to improve our commercial practices. In our Global Drilling Services division, we are committed to improving safety, productivity, and profitability through:

- Focusing on operational efficiencies and productivity across the organization, particularly at the drill rig level;
- Optimizing the commercial organization to drive value through the contracting and pricing processes;
- Leveraging the supply chain function across the business; and
- Controlling selling, general and administrative ("SG&A") and other overhead related costs.

In the Global Products division, we continue to maintain our market leadership with both our well-established, quality products and through newer products such as our LF™ 160 surface coring drill with its added features, including the option to add a six-meter, rod-pulling capability. When coupled with the Freedom Loader, the LF™ 160 is growing in use around the world. Our Longyear™ diamond bits, DriftMaster™ drill rods and bits for blast-hole applications, and new products in our rock tools product line are all examples of Boart Longyear's new product development. The Global Products division also continues to expand patented Roller Latch™ technology with the launch of our new Roller Latch™ Quick Pump-in™ Overshot that provides heightened safety and improved productivity. These newer products complement the well-respected lines of existing products that customers have come to rely on from Boart Longyear. Boart Longyear operates multiple production plants globally supplying our customers with the products they need for their various drilling applications.

We are also pursuing market leadership in providing unified orebody knowledge to our mining customers in an integrated, real-time, and cost-effective manner through Veracio. Ultimately, our goal is operational excellence to help us address the risks and challenges of the mining industry cycle while also preserving the significant upside that we may realize in our operations as market conditions change and our operating leverage improves as a result of our significantly improved cost structure and operating performance. We are also capitalizing on longer-term growth opportunities through investment in technologies that will broaden our customer offerings.

## 2. Financial and Operating Highlights

|   | For the year ended 31 December |                     |            |           |
|---|--------------------------------|---------------------|------------|-----------|
|   | 2022                           | 2021                |            |           |
|   | US\$ Millions                  | US\$ Millions       |            |           |
|   | (except share data)            | (except share data) | \$ Change  | % Change  |
| Key financial data  |                                |                     |            |           |
| Revenue   | 1,038.9                        | 921.4               | 117.5      | 12.8 %    |
| Net profit (loss) after tax   | 11.9                           | (57.4)              | 69.3       | 120.7 %   |
| Non-AASB EBITDA <sup>1</sup>  | 81.8                           | 84.2                | (2.4)      | (2.9)%    |
| Non-AASB Adjusted EBITDA <sup>1, 2</sup>                                  | 124.2                          | 116.0               | 8.2        | 7.1 %     |
| Operating profit  | 33.3                           | 35.7                | (2.4)      | (6.7)%    |
| Cash provided by operations   | 96.6                           | 26.6                | 70.0       | 263.2 %   |
| Net cash flows provided by operating activities                           | 69.1                           | 3.2                 | 65.9       | 2,059.4 % |
| Capital expenditures (accrual)  | 61.5                           | 59.0                | 2.5        | 4.2 %     |
| Capital expenditures (cash)   | 59.9                           | 58.2                | 1.7        | 2.9 %     |
| Weighted average number of basic and diluted ordinary shares <sup>3</sup> | 295.9                          | 83.5                | 212.4      | 254.4 %   |
| Basic and diluted earnings (loss) per share                               | 4.0 cents                      | (68.7) cents        | 72.7 cents | 105.8 %   |
| Average rig utilization   | 49%                            | 48%                 |            | 1.0 %     |
| Average fleet size  | 647                            | 647                 |            | — %       |

- (1) EBITDA and Adjusted EBITDA are non-AASB financial measures that management uses to assess our operating performance. See the section titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and Adjusted EBITDA and a reconciliation of net profit (loss) to EBITDA and Adjusted EBITDA.
- (2) Adjusted EBITDA at 31 December 2021 has been restated from the prior year figure to make it comparable to the current year calculation.
- (3) On 23 September 2021, the Company completed a consolidation of issued capital on a basis that every 20 shares be consolidated into 1 share.

## 3. Discussion and Analysis of Operational Results and the Income Statement

### 3.1 Revenue

Revenue for the year ended 31 December 2022 of \$1.0 billion increased by 12.8%, or \$117.5 million, compared to revenue for the prior year ended 31 December 2021 of \$921.4 million.

A majority of the revenue for both Global Drilling Services and Global Products is derived from providing drilling services and products to the mining industry and is dependent on mineral exploration, development and production activities. Those activities are driven by several factors, including anticipated future demand for commodities, the outlook for supply and mine productive capacity, the level of mining exploration and development capital and the availability of financing for, and the political and social risks around, mining development.

The Company realized strong year-over year revenue growth as industry optimism increased exploration budgets for the year ended 31 December 2022. While various global macroeconomic uncertainties brought constraints to the latter half of the year, positivity around pandemic recovery and energy transition demands fueled investments in the first half of the year, aiding top line revenue growth. Sales backlogs held steady throughout the year, offering room for a positive future outlook.



## 3.2 Non-AASB Financial Measures

In addition to our results determined in accordance with Australian Accounting Standards ("AASB"), we believe the following non-AASB financial measures are useful in evaluating our operating performance.

### EBITDA and Adjusted EBITDA

We calculate EBITDA as net profit (loss) adjusted to exclude interest, income tax, depreciation, and amortization. We calculate Adjusted EBITDA as EBITDA adjusted to exclude: major recapitalisation and restructuring initiatives; consulting fees for strategic reviews that are nonrecurring in nature; losses (gains) on impairments and disposals of assets, net; mark to market adjustments on financial instruments; other miscellaneous (income) expense, net; unrealized foreign exchange (gains) losses, net; certain litigation expenses, consisting of legal settlement reserves and related fees for specific proceedings that arise outside the ordinary course of our business; share based compensation; and reserves for other tax assets (e.g., value added tax and goods and service tax) that would ordinarily be refundable in the normal course of business.

We use EBITDA and Adjusted EBITDA as measures of operating performance. We believe that these non-AASB financial measures are useful to investors for period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- EBITDA and Adjusted EBITDA are widely used by investors to measure a company's operating performance without regard to items such as interest income and finance costs, depreciation and amortization, provisions for income taxes, and unrealized foreign exchange (gains) and losses that can vary substantially from company to company depending upon their financing, capital structures, organizational structures, and the method by which assets were acquired;
- Our management uses EBITDA and Adjusted EBITDA in conjunction with financial measures prepared in accordance with AASB for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, in evaluating our financial performance, and in establishing short-term incentive plan and long-term incentive plan performance benchmarks;
- EBITDA and Adjusted EBITDA provide consistency and comparability with our past financial performance, facilitate period-to-period comparisons for our core operating results, and also facilitate comparisons with other peer companies, many of which use similar financial measures to supplement their results;
- We completed a recapitalisation in 2021 which resulted in ongoing restructuring expenses, consulting fees, and strategic reviews that would not have otherwise been incurred. Management has provided supplementary non-AASB financial measures, which exclude recapitalisation, restructuring, and consulting related costs, to allow more accurate comparisons of the financial results to historical operations. Management considers these types of costs and adjustments to be unpredictable and dependent on a significant number of factors that are outside the Company's control. Furthermore, we do not consider these costs and adjustments to be related to the organic continuing operations of the business and are generally not relevant to assessing or estimating the long-term performance of the business;
- We believe it is useful to exclude non-cash share-based compensation because the amount of such expense in any specific period may not directly correlate to the underlying performance of our business; and
- We believe it is useful to exclude expenses related to non-cash impairments and gains on disposals, unrealized foreign exchange (gains) and losses; certain litigation expenses, consisting of legal settlements and/or related fees for specific proceedings; indirect tax reserves; and mark to market adjustments because of the variable and unpredictable nature of these expenses which are not indicative of past or future operating performance. We believe that past and future periods are more comparable if we exclude these expenses.

Our use of EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider these measures in isolation or as substitutes for analysis of our financial results as reported under AASB. Some of these limitations are, or may in the future be, as follows:

- Although depreciation, amortization and impairment expenses are non-cash charges, the assets being depreciated, amortized or impaired may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- EBITDA and Adjusted EBITDA do not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; (3) tax payments that may represent a reduction in cash available to us; or (4) non-cash share based compensation that may be replaced by cash compensation if these awards have no perceived value to the recipients of such awards;
- Adjusted EBITDA excludes unrealized foreign exchange (gains) and losses that may result in actual cash outflows or inflows when foreign currency transactions are settled;
- Adjusted EBITDA does not reflect certain litigation expenses, consisting of legal settlements and/or related fees for specific proceedings;
- Adjusted EBITDA does not reflect costs related to recapitalisation, strategic reviews, or deemed restructuring activities;
- Adjusted EBITDA does not include indirect tax reserve adjustments for indirect tax receivables in certain jurisdictions, and the reserved receivables may never be collected; and
- The expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results and we may, in the future, exclude other significant, unusual, or non-recurring expenses or other items from these financial measures.

Because of these limitations, EBITDA and Adjusted EBITDA should be considered along with other operating and financial reporting measures presented in accordance with AASB.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net profit (loss) of the Company, the most directly comparable financial measure prepared in accordance with AASB, for each of the periods indicated:

|  | For the year ended 31 December |               |
|--|--------------------------------|---------------|
|  | 2022                           | 2021          |
|  | US\$ Millions                  | US\$ Millions |
| <b>Profit (loss) for the period attributable to equity holders of the parent</b> | <b>11.9</b>                    | <b>(57.4)</b> |
| Interest income and finance costs  | 20.0                           | 88.8          |
| Income tax expense   | 1.4                            | 4.3           |
| Depreciation and amortization expense  | 48.5                           | 48.5          |
| <b>Non-AASB EBITDA</b>   | <b>81.8</b>                    | <b>84.2</b>   |
| Restructuring charges and non-recurring consulting fees                          | 14.9                           | 1.0           |
| Recapitalisation costs <sup>1</sup>  | —                              | 37.7          |
| Impairments and disposals of long lived assets                                   | (2.0)                          | (3.5)         |
| Fair value adjustment on financial instruments                                   | (5.5)                          | (11.6)        |
| Other miscellaneous income   | (0.5)                          | (0.3)         |
| Unrealized foreign exchange losses   | 13.8                           | 8.3           |
| Legal fees and settlement reserves   | 14.4                           | —             |
| Share based compensation   | 3.6                            | —             |
| Other tax reserves   | 2.9                            | —             |
| Other non-recurring items  | 0.8                            | 0.2           |
| <b>Total non-AASB adjustments</b>  | <b>42.4</b>                    | <b>31.8</b>   |
| <b>Non-AASB Adjusted EBITDA <sup>2</sup></b>                                     | <b>124.2</b>                   | <b>116.0</b>  |

(1) Recapitalization costs are shown net of a \$3.7 million restructuring gain recorded on the Recapitalization. See Note 2.

(2) Adjusted EBITDA at 31 December 2021 has been restated from the prior year figure to make it comparable to the current year calculation.

#### 4. Discussion and Analysis of Cash Flow

|   | For the year ended 31 December |               |           |           |
|---|--------------------------------|---------------|-----------|-----------|
|   | 2022                           | 2021          |           |           |
|   | US\$ Millions                  | US\$ Millions | \$ Change | % Change  |
| Cash provided by operations                               | 96.6                           | 26.6          | 70.0      | 263.2 %   |
| Net cash flows provided by operating activities           | 69.1                           | 3.2           | 65.9      | 2,059.4 % |
| Net cash flows used in investing activities               | (54.2)                         | (52.5)        | (1.7)     | (3.2)%    |
| Net cash flows (used in) provided by financing activities | (2.5)                          | 52.7          | (55.2)    | (104.7)%  |

##### 4.1 Cash Flow Provided by Operating Activities

Cash flow from operating activities for the year ended 31 December 2022 was \$69.1 million, which is an increase of \$65.9 million compared to 2021 of \$3.2 million. The largest driver of this was overall business performance driven by top line volume increases, price benefits, and operational improvements. Additionally, concerted efforts to collect on receivables in a more timely manner contributed greatly to improved cash generation. An increase in trade and other payables also contributed to the increase in cash flow from operating activities.

The Company invested \$54.0 million in capital equipment to support existing operations during 2022, which is more than the comparable prior period (2021: \$51.7 million). Of the 2022 amount, approximately \$14.0 million was spent on new rig purchases, \$29.9 million was spent on refurbishing current rigs and other support equipment, and \$6.0 million was spent on product development activities, including Veracio, engineering and patent maintenance. Capital expenditures in 2022 have been partially offset by proceeds from the sale of property, plant and equipment of \$5.6 million (2021: \$5.7 million). The Company continues to place significant emphasis around the capital allocation and approval process in order to meet demand.

The decrease in cash flows provided by financing activities is primarily due to borrowings related to the Company's recapitalization in 2021 that weren't necessitated in the current year.

#### 5. Discussion of the Balance Sheet

The net assets of the Company increased by \$10.5 million, to net assets of \$280.9 million as at 31 December 2022, compared to a net assets of \$270.5 million as at 31 December 2021. The change in net assets resulted primarily from an increase in inventory and investments in capital equipment offset by an increase in trade and other payables.

Total assets of \$774.9 million were \$66.3 million higher than 2021 of \$708.6 million primarily as a result of the increase in inventories, property, plant and equipment, and other assets comprised of long-term tax assets and financial assets.

Total liabilities increased by \$55.8 million to \$493.9 million compared to \$438.1 million in 2021. This is primarily driven by an increase in trade and other payables as well as an increase in loans and borrowings.



## Liquidity and Debt Facilities

The Company's debt includes the following instruments:

| Description      | Principal outstanding as at 31 December 2022<br>US\$ Millions | Original issue discount | Interest rate         | Scheduled maturity | Security   |
|------------------|---|-------------------------|-----------------------|--------------------|--|
| ABL <sup>1</sup> | \$47.1  | Nil                     | Variable <sup>2</sup> | 12 May 2025        | First lien on substantially all Working Capital Assets of the ABL borrower and guarantors. Second lien on substantially all Non-Working Capital Assets of the ABL borrower and guarantors.   |
| Exit Term Loan   | \$114.7   | \$(3.3)                 | Variable <sup>3</sup> | 08 September 2026  | First lien on the Working Capital Assets of the Term Loan guarantors that are not ABL guarantors, a second lien on the Working Capital Assets of the Term Loan issuer and the other Term Loan guarantors that are also ABL guarantors, and a second lien on substantially all of the Non-Working Capital Assets of the Term Loan issuer and guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property. |

(1) Letters of credit of \$6.0 million were issued in addition to the \$47.1 million borrowings that were outstanding.

(2) Based on SOFR + margin (grid-based margin is currently 2.75%).

(3) Based on SOFR + margin (grid-based margin is currently 7.5%).

## 6. Review of Segment Operations

The following table shows our third-party revenue and revenue from inter-segment sales by our Global Drilling Services and Global Products division. Segment profit represents earnings before interest and taxes.

|   | Segment revenue       |                       | Segment profit        |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2022<br>US\$ Millions | 2021<br>US\$ Millions | 2022<br>US\$ Millions | 2021<br>US\$ Millions |
| Global Drilling Services                              | 723.8                 | 614.8                 | 87.9                  | 60.6                  |
| Global Products revenue                               |                       |                       |                       |                       |
| Global Products third party revenue                   | 315.1                 | 306.6                 |                       |                       |
| Global Products inter-segment revenue <sup>1</sup>    | 82.8                  | 73.7                  |                       |                       |
| Total Global Products                                 | 397.9                 | 380.3                 | 16.5                  | 54.6                  |
| Less Global Product sales to Global Drilling Services | (82.8)                | (73.7)                |                       |                       |
| Total third party revenue                             | 1,038.9               | 921.4                 |                       |                       |
| Total segment profit                                  |                       |                       | 104.4                 | 115.2                 |
| Unallocated costs <sup>2</sup>                        |                       |                       | (68.9)                | (41.8)                |
| Recapitalization costs                                |                       |                       | —                     | (37.7)                |
| Global Drilling Services impairment costs             |                       |                       | (2.2)                 | —                     |
| Products impairment costs                             |                       |                       | (0.1)                 | —                     |
| Finance costs   |                       |                       | (20.0)                | (88.8)                |
| Interest income                                       |                       |                       | 0.1                   | —                     |
| Profit (loss) before taxation                         |                       |                       | 13.3                  | (53.1)                |

(1) Transactions between segments are carried out at arm's length and are eliminated on consolidation.

(2) Unallocated costs include corporate general and administrative costs as well as other expense items such as foreign exchange gains or losses.

The following table shows our Global Drilling Services and Global Products inter-segment eliminations for revenue and EBITDA.

|  | For the year ended 31 December |               |
|--|--------------------------------|---------------|
|  | 2022                           | 2021          |
|  | US\$ Millions                  | US\$ Millions |
| <b>Global Drilling Services</b>  |                                |               |
| Revenue prior to intercompany eliminations <sup>1</sup>                | 723.8                          | 614.8         |
| Less intercompany revenue  | —                              | —             |
| Total Global Drilling Services revenue                                 | 723.8                          | 614.8         |
| EBITDA prior to intercompany profit margin elimination                 | 108.8                          | 80.9          |
| Plus intercompany profit margin <sup>2</sup>                           | 16.1                           | 13.6          |
| Total Global Drilling Services EBITDA <sup>3</sup>                     | 124.9                          | 94.5          |
| <b>Global Products<sup>4</sup></b>                                     |                                |               |
| Revenue prior to intercompany eliminations <sup>1</sup>                | 397.9                          | 380.3         |
| Less intercompany revenue <sup>5</sup>                                 | (82.8)                         | (73.7)        |
| Total Global Products revenue  | 315.1                          | 306.6         |
| EBITDA prior to intercompany profit margin elimination <sup>3</sup>    | 41.5                           | 75.9          |
| Less intercompany profit margin <sup>2</sup>                           | (16.1)                         | (13.6)        |
| Total Global Products EBITDA <sup>3</sup>                              | 25.4                           | 62.3          |
| <b>Total Company</b>   |                                |               |
| Total Global Drilling Services and Global Products EBITDA <sup>3</sup> | 150.3                          | 156.8         |
| Total Corporate EBITDA <sup>3</sup>                                    | (68.5)                         | (72.6)        |
| Total Company EBITDA <sup>3</sup>                                      | 81.8                           | 84.2          |

(1) Transactions between segments are carried out at arm's length and are eliminated on consolidation.

(2) Represents inter-segment profits for Drilling Products / Costs to Drilling Services which are eliminated upon consolidation.

(3) EBITDA is a non-AASB financial measures that management uses to assess our operating performance. See the section titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and a reconciliation of net profit (loss) to EBITDA.

(4) Global Products revenue and EBITDA includes Veracio.

(5) Represents inter-segment sales to Drilling Services which are eliminated upon consolidation.

## 6.1 Review of Segment Operations - Global Drilling Services

|                                | For the year ended 31 December |                       |           |          |
|--------------------------------|--------------------------------|-----------------------|-----------|----------|
|                                | 2022<br>US\$ Millions          | 2021<br>US\$ Millions | \$ Change | % Change |
| <b>Financial information</b>   |                                |                       |           |          |
| Third party revenue            | 723.8                          | 614.8                 | 109.0     | 17.7%    |
| COGS                           |                                |                       |           |          |
| Materials/labor/overhead/other | 574.3                          | 499.8                 | 74.5      | 14.9%    |
| Depreciation and amortization  | 34.8                           | 32.8                  | 2.0       | 6.1%     |
| Total COGS                     | 609.1                          | 532.6                 | 76.5      | 14.4%    |
| COGS as a % of Revenue         | 84.2 %                         | 86.6 %                | (2.4%)    | (2.8%)   |
| Segment profit \$              | 87.9                           | 60.6                  | 27.3      | 45.0%    |
| Segment profit %               | 12.1 %                         | 9.9 %                 | 2.2 %     | 22.2%    |
| Business unit SG&A             | 9.7                            | 9.2                   | 0.5       | 5.4%     |
| Allocated SG&A                 | 14.7                           | 13.8                  | 0.9       | 6.5%     |
| EBITDA                         | 124.9                          | 94.5                  | 30.4      | 32.2%    |
| <b>Other Metrics</b>           |                                |                       |           |          |
| Average operating drill rigs   | 315                            | 311                   |           | 1.3%     |
| Average fleet size             | 647                            | 647                   |           | —%       |

### Safety

The Global Drilling Services division's TCIR for 2022 was 1.66 recordable incidents, compared to 1.51 recordable incidents for the comparable period in 2021. The LTIR for 2022 was 0.11 recordable incidents compared to 0.08 recordable incidents for the comparable period in 2021. Given the large number of new employees hired and trained in 2022, we feel satisfied with the outcome of our safety statistics; although, we certainly recognize there is room to improve. We continue to focus on our key safety initiatives, which include critical control verifications, applying corrective actions globally, increasing employee competencies through training, reinforcing hazard assessments, and quality drill rig inspections.

### Revenue

Global Drilling Services' revenue in 2022 was \$723.8 million, an increase of 17.7% from \$614.8 million in 2021. The year-over-year revenue increase was driven primarily by additional volumes in the United States, Argentina, and Chile. Prices have also steadily increased throughout the year as we have seen inflation and wage pressure. Overall price increases for the year ended 31 December 2022 are up 8% compared to the year ended 31 December 2021. Unfavorable changes in foreign exchange rates negatively impacted overall revenue by 4% due to the strong U.S. dollar during the year.

Approximately 88% of Global Drilling Services' revenue for 2022 was derived from major mining companies. Our top ten Global Drilling Services customers represented approximately 58% of the division's revenue in 2022, with no single contract contributing more than 10% of our consolidated revenue.

### Profit

In 2022, Global Drilling Services achieved \$87.9 million of profit compared to \$60.6 million in 2021, an increase of 45.0%. The increase in profit is primarily attributable to price increases that have more than offset rising energy costs and wage inflation as well as volume increases that have leveraged existing fixed costs.



## 6.2 Review of Segment Operations - Global Products

|                                | For the year ended 31 December |                       |           |          |
|--------------------------------|--------------------------------|-----------------------|-----------|----------|
|                                | 2022<br>US\$ Millions          | 2021<br>US\$ Millions | \$ Change | % Change |
| <b>Financial information</b>   |                                |                       |           |          |
| Third party revenue            | 315.1                          | 306.6                 | 8.5       | 2.8%     |
| COGS                           |                                |                       |           |          |
| Materials/labor/overhead/other | 242.2                          | 208.8                 | 33.4      | 16.0%    |
| Inventory obsolescence         | 1.6                            | (0.2)                 | 1.8       | (900.0%) |
| Depreciation and amortization  | 6.5                            | 6.4                   | 0.1       | 1.6%     |
| Total COGS                     | 250.3                          | 215.0                 | 35.3      | 16.4%    |
| COGS as a % of Revenue         | 79.4 %                         | 70.1 %                | 9.3 %     | 13.3%    |
| Segment profit \$              | 16.5                           | 54.6                  | (38.1)    | (69.8%)  |
| Segment profit %               | 5.2 %                          | 17.8 %                | (12.6%)   | (70.8%)  |
| Business unit SG&A             | 29.5                           | 21.3                  | 8.2       | 38.5%    |
| Allocated SG&A                 | 18.8                           | 15.7                  | 3.1       | 19.7%    |
| EBITDA                         | 25.4                           | 62.3                  | (36.9)    | (59.2%)  |
| <b>Other Metrics</b>           |                                |                       |           |          |
| Manufacturing plants           | 6                              | 6                     | —         | —        |
| Average backlog                | 60.1                           | 66.4                  | (6.3)     | (9.5%)   |
| Inventories <sup>1</sup>       | 226.0                          | 208.0                 | 18.0      | 8.7%     |

(1) Represents total Company inventories including Global Drilling Services, Global Products and Veracio.

### Safety

In 2022, the TCIR for the Global Products, including manufacturing and Veracio, was 0.65 recordable incidents per 200,000 hours worked compared to 0.35 recordable incidents in 2021. The LTIR was 0.11 recordable incidents, compared to 0.00 recordable incidents for 2021. We continue to focus on programs to reinforce the Company's Environmental, Health, and Safety management system across all operations. Tracking and educating our employees on our proactive safety systems will drive continuous improvement.

### Revenue

Global Products revenue of \$315.1 million for the year ended 31 December 2022 is 2.8% higher than 2021 revenue of \$306.6 million. Revenues generated from price increases across all product lines were favorable, offset by foreign exchange headwinds and a revenue decline in our Veracio business.

### Profit

Global Products profit for the year ended 31 December 2022 was \$16.5 million, down \$38.1 million compared to 2021. The decrease in profit is primarily driven by professional fees associated with litigation involving our Veracio business, lower manufacturing efficiency, cost inflation on raw materials, and unfavorable foreign exchange impact.

### Backlog

At 31 December 2022, Global Products had a backlog of product orders valued at \$57.5. This compares to \$68.1 million at 31 December 2021. Average backlog during the 2022 was \$60.1 million compared to \$66.4 million during 2021. The decrease in our backlog year over year, which we define as product orders we believe to be firm, was driven by a pull forward of orders in 2021 for mining and exploration tooling consumables and capital equipment, driven by supply chain concerns. Orders shipped within the same month the order is received does not count towards backlog. Also, there is no guarantee that orders in our backlog will result in actual sales at the times or in the amounts ordered.

## Intellectual Property

We rely on a combination of patents, trademarks, trade secrets and similar intellectual property rights to protect the proprietary technology and other intellectual property that are instrumental to our Global Products business. As at 31 December 2022, Global Products had 448 issued patents, 403 registered trademarks, 143 pending patent applications and 37 pending trademark applications. We do not consider our Global Products business, or our business as a whole, to be materially dependent upon any particular patent, trademark, trade secret or other intellectual property.

## Research and Development

Our Global Products division employs engineers and technicians to develop, design and test new and improved products. We work closely with our customers, as well as our Global Drilling Services division, to identify opportunities and develop technical solutions for issues that arise on site. We believe that sharing best practices amongst our divisions accelerates innovation and increases safety and productivity in the field. This integrated business model provides us with an advantage in product development, and we believe it enables us to bring new technology to the market with speed and quality. Prior to their introduction, new exploration drilling products are subjected to extensive testing in various environments. New product development efforts remain focused on product changes that continue to drive increased safety and productivity, so customers see real added value regardless of the business environment. Our recent successes include the LF160 surface coring drill paired with our Freedom Loader which has set a new benchmark in productivity and hands-free rod handling.

Under our Veracio business, TruCore™ core orientation tools continue to expand in some geographies but are no longer available in Australia or the United States. The TruShot™ magnetic survey technology is available globally and growing. In 2021 we launched version one of our TruSub™ technology. TruSub™ is a digital drill sub technology that fits between the drill head and drill rods. TruSub™ allows for key drilling parameters to be digitally recorded directly and viewed in real time to drive drilling productivity. We are operating at mine sites with this technology and will continue to develop in this space. We are currently rolling out our TruGyro™ borehole survey technology. This technology offers significant advantages over any technology in this space and is rapidly gaining market adoption.

Our TruScan™ matrix calibrated XRF and photo sample scanning technology is currently being used at several locations globally with long term 24/7 utilization producing results that are being used for real time decision making by the mining client. TruScan™ continues to spread its footprint globally with additional units being deployed within Australia as well as North and South America. New features utilizing artificial intelligence and machine learning continue to be integrated into TruScan™ ensuring it is well differentiated in the market.

## 7. Outlook

---

### 7.1 Our 2023 Priorities

**Continue to eliminate job related injuries and significant safety risks by maintaining and enhancing our strong safety and compliance record.** Safety is critical to the Company, our employees and our customers, both in determining the success of our business and in ensuring the ongoing well-being of our employees and others with whom we come into contact. We are dedicated to providing a safe work environment for every employee and contractor and implementing state-of-the-art safety tools and practices to become the safety leader in our industry. We are particularly focused on critical risks, continually seeking ways to mitigate those risks and ensuring that, when significant incidents or high-potential near-misses occur, we thoroughly investigate the root causes of those incidents and apply the lessons learned from them broadly. We also promote a culture where employees and managers at all levels are actively engaged in promoting safe work practices.

The areas of focus for safety for 2023 will be the continuous improvement of the Environmental, Health, and Safety Team Leading Indicator KPIs which include: Critical Risk Management – Critical Control Verifications and Inspections, Boart Longyear Integrated Training System ("BITS") assigned training modules, In-Vehicle Monitoring System focused on Driver Behavior Improvements, and Corrective Action closure metrics. A competency training program has been implemented focused on developing and documenting our entry level employee's abilities to perform tasks safely.

**Advancing our Environmental, Social and Governance ("ESG") program further demonstrating our commitment to sustainability.** We have a growing ESG program that is key to reinforcing our industry-leading position and building a sustainable future for the Company and our stakeholders. During 2023, we will continue operationalizing our ESG program enabling us to maximize the positive impact we have on our employees, customers, local communities, host governments, natural environments, and shareholders.

**Expand our mining and minerals drilling customer base by focusing on efficiency and productivity.** We remain focused on providing our customers with a full range of drilling services offerings. Our commitment is underpinned by initiatives to improve the efficiency and productivity with which we deliver services and information to our customers. Specifically, our goal is to increase our business with our existing customers and find new ways to partner with existing and potential new customers to grow our business.

**Effectively manage customer relationships, pricing and contract terms.** Our Global Drilling Services and Global Products businesses have implemented rigorous internal processes to ensure our products and services reflect the full value delivered to our customers and to solidify and create lasting customer relationships.

**Create new products and respond to new opportunities within a prudently constrained capital budget.** We will continue to pursue disciplined investments in our business to drive returns and capitalize on high-value opportunities in which we can leverage distinctive competencies. We will also continue to pursue strategic technologies and high value-added and more profitable activities, such as expanding our product and services offerings to provide subsurface resource information to our mining customers through our Veracio business.

**Improve cash generation in 2023, with the goal to continue to be cash positive, through careful management of liquidity and costs.** Ongoing improvement in cash generation in 2023 is a primary goal for the business, which we intend to achieve through continued productivity enhancements, disciplined expense and capital management, and opportunistic cost reductions. We will continue to focus on process improvements, streamlined working capital management and structural changes to improve customer support and responsiveness and drive long-term efficiencies by embedding a cash return on investment metric throughout the organization. Furthermore, we will continue to drive business initiatives focused on improving our fixed and variable cost structures in key areas of the business and we expect these benefits to improve liquidity in 2023 and beyond.

### 7.2 Outlook and Future Developments

We are not providing an outlook for 2023 revenue or EBITDA. However, a stronger industry outlook, in combination with our productivity and commercial initiatives are making a positive impact. We anticipate seeing ongoing gains from those identified initiatives which we continue to actively manage.

The mining industry is cyclical and 2022 showed encouraging signs pointing toward a period of sustained demand growth in commodities, underpinned by:

- Continuing trend towards green energy production and consumption, driving demand for key commodities like copper;
- Increased traction of electrification of the world's vehicle fleets;
- Continued industrialization and urbanization of developing economies, which are expected to support structural increases in demand for minerals and metals broadly in line with global GDP;
- Improving cash and balance sheet strength of our key customers;
- Reduced reserve to production ratios at many gold mines;
- Diminishing opportunities for major producers to replace reserves through acquisition; and
- Growing attractiveness of the commodities / mining sector as an investment asset class.

As a result, we retain confidence in our belief that natural resources companies will continue to produce throughout the cycle. This will continue to drive the need to both replace and supplement ongoing depletion of reserves and resources, driving future investment in exploration, development and capital spending. As the leading global drilling services provider to the mineral industry, we continue to drive operational improvements and technological innovation across our global fleet of assets, which we believe will continue to benefit the business through increased market opportunities.

We remain focused on our core mining markets and intend to continue to invest in growth opportunities in a selective and disciplined manner. We will continue to invest to develop the next generation of rod-handling solutions across our range of drilling rigs and expand the provision of subsurface resource information to our mining customers through our Veracio business. In addition, we continue to pursue operational enhancements through safety and productivity improvements to deliver value to our customers and improve bottom line operating performance of our business.

Further information about likely developments in the operations of the Company in future years, expected results of those operations, and strategies of the Company and its prospects for future financial years have been omitted from this report because disclosure of the information would be speculative or could be prejudicial to the Company.

### 7.3 Key Risks

The Company maintains an Enterprise Risk Management (“ERM”) system by which we systematically assess the consequences of risk in areas such as market, health and safety, environment, finance, legal compliance, and reputation. We also identify and track appropriate mitigation actions for identified risks. A range of material risks have been identified, as follows, that could adversely affect the Company. These risks are not listed in order of significance, nor are they all-encompassing. Rather, they reflect the most significant risks identified at a whole-of-entity or consolidated level.

**Market and Commodity Price Risk.** The Company’s operating results, financial condition and ability to achieve shareholder returns are directly linked to underlying market demand for drilling services and drilling products. Demand for our drilling services and products depends in significant part upon the level of mineral exploration, production and development activities conducted by mining companies, particularly with respect to gold, copper and other base metals. In prior years we have experienced significant declines in our financial performance as a result of the global contraction in exploration and development spending in the commodities sector, and the subsequent impact on our mining customers. Mineral exploration, production and development activities remain uncertain and could remain at current levels for an extended period of time or decline even further, resulting in adverse effects on our operating results, liquidity and financial condition.

We seek to mitigate the risk associated with volatility and weak demand conditions in our core mining markets by selectively pursuing opportunities in other markets, such as infrastructure and geotechnical applications for our Global Products business, and new technology offerings through Veracio. In addition, our business priorities include ongoing initiatives to further improve the underlying cost structure and simplify the business. We also seek to gain market share and expand our customer base in our core mining market by improving the efficiency and productivity with which we deliver services and information and improve commercial practices for better alignment with our customers’ needs.

**Operational Risks.** The majority of our drilling contracts are either short-term or may be cancelled upon short notice by our customers, and our products backlog is subject to cancellation. We seek to strengthen customer relationships and lessen retention risks through active customer selection, improved commercial practices and ongoing initiatives targeted at strengthening our operational and safety performance. We also pursue contracting practices to minimize the financial cost associated with the termination or suspension of customer contracts or orders. The degree to which we can allocate termination risks and obligations to our customers remain somewhat limited by industry practice.

We have implemented significant cost savings, productivity improvements and efficiencies over the past five years, but our future operating results, financial condition and competitiveness depend on our ability to sustain previously implemented reductions and realize additional savings and improvements from ongoing and future productivity initiatives. We may not be able to achieve expected cost savings and operational improvements in anticipated amounts or within expected time periods, and, if achieved, we may not be able to sustain them. Accordingly, we have implemented a project management organization and rigorous monitoring processes around our key operational improvement programs to track progress against project objectives, quantify results that are being achieved and ensure process improvements are sustainable.

With regards to our Global Products division and Veracio business, there is a risk that our intellectual property may be replicated or challenged, resulting in a potential loss of business.

**Risks Related to Liquidity and Indebtedness.** At 31 December 2022, our net debt was \$175.7 million (including capital leases), with \$210.5 million in gross debt and \$34.8 million of cash on hand. The Company also has an additional \$5.3 million of liquidity available through the Asset-Based Loan (“ABL”) facility. The instruments comprising the Company’s debt and their terms are set out in detail in Note 22 of the financial statements.

The annual financial report has been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the ordinary course of business. The Directors reaffirm that current and expected operating cash flow, cash on hand and available drawings under the Company’s asset-based loan facility provide sufficient liquidity to meet its debts as and when they fall due.

**Tax Risk.** As previously disclosed and further detailed in Note 11 of the financial statements, the Company is contesting a series of tax audits performed by the Canada Revenue Agency (“CRA”). We also are responding to audits that are underway or anticipated to be performed by the CRA. The resolution of existing and potential assessments by Canadian tax authorities may adversely affect our liquidity. While the timing and resolution of the Company’s appeals of the CRA’s assessments are



uncertain, we are pursuing strategies to mitigate the risks of an adverse outcome with the assistance of our external legal and tax counsel.

**Government and Regulatory Risk.** Changes in, or failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business could have a material adverse effect on our financial condition, liquidity, results of operations and cash flows. In addition, imposition of new economic sanctions against Russia or other countries and the effects of potential responsive countermeasures, or increased taxes, border adjustments or tariffs can make our operations more costly. Our operations are subject to numerous laws, regulations and guidelines (including anti-bribery, tax, health and safety, human rights and modern slavery, and environmental regulations) that could result in material liabilities or increases in our operating costs or lead to the decline in the demand for our services or products. We therefore carefully monitor, and educate our employees and business partners about, legal requirements and developments to make sure our operations remain aware of applicable laws and regulations at all times. Further, we have implemented various internal and external resources and controls to promptly detect and address any potential non-compliance.

**Climate Related Risks.** The potential impacts of climate change may affect the execution and performance of business strategies as well as the Company's ability to operate and provide goods and services globally. The Company is currently evaluating the potential impacts of climate change on our strategies, customers and markets in which we operate. However, an assessment of these impacts on global markets, regulatory policies, and technologies are not clear due to the wide range of issues and potential outcomes.

**Information and Technology Risk.** The legal, regulatory and contractual environment surrounding information security, privacy and fraud is constantly evolving and companies that collect and retain information are under increasing attack by cyber-criminals around the world. We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of our business, we collect and retain certain information, including financial information and personally identifiable information, from and pertaining to our customers, partners, vendors, and employees. The protection of data is important to us, and we have information security policies to protect our information and information systems. However, the policies and security measures that we put in place could prove to be inadequate and cannot guarantee security, and our information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents due to employee negligence, error, malfeasance, or other vulnerabilities. Cyber security attacks are increasingly sophisticated, change frequently, and often go undetected until after an attack has been launched. We may fail to identify these new and complex methods of attack or fail to invest sufficient resources in security measures. We have and will continue to experience cyber-attacks, and we cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting our networks.

**Public Health Risk.** Our global operations expose us to risks associated with public health epidemics and pandemics. COVID-19 has had an adverse impact on certain of our operations, supply chains and distribution systems. National and local governments have implemented and may continue to implement safety precautions, including quarantines, border closures, increased border controls, travel restrictions, shelter in place orders and shutdowns and other measures. These measures may disrupt normal business operations and may have significant negative impacts on businesses and financial markets worldwide. Our ability to continue to operate is highly dependent on our ability to maintain the health and safety of our employees. The ability of our employees to work may be significantly impacted by the COVID-19 pandemic or future epidemics and pandemics.

#### 7.4 Forward Looking Statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. The Company makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward looking statements (whether express or implied), and, except as required by applicable law or the Australian Securities Exchange Listing Rules, disclaims any obligation or undertaking to publicly update such forward looking statements.

## **REMUNERATION REPORT**

This Remuneration Report has been prepared voluntarily in accordance with section 300A of the Australian *Corporations Act 2001* (Cth), as the parent is not an Australian registered company, and summarizes the arrangements in place for the remuneration of directors, Key Management Personnel ("KMP" and outlined on page 24) and other employees of Boart Longyear for the period from 1 January 2022 to 31 December 2022.

### **Senior Management Changes in 2022**

The following changes to Boart Longyear's senior management occurred in 2022:

- Giovanna Bee Moscoso was appointed Chief Legal Officer effective 28 February 2022;
- Daniel Goldblatt was appointed Chief Human Resources Officer effective 1 September 2022 as Kari Plaster stepped down from her responsibilities in April 2022;
- Pat Nill and Mike Ravella ceased to be considered KMP as of 1 September 2022, however, total remuneration received by both executives in 2022 has been included in this report for comparison purposes.

## **SENIOR MANAGEMENT REMUNERATION OVERVIEW**

This Report sets out the remuneration arrangements in place for the KMP of the Company for the purposes of the Corporations Act and the Accounting Standards, being those persons who have authority and responsibility for planning, directing, controlling and overseeing the activities of the Company, directly or indirectly, including the Non-Executive Directors.

### **1. EXECUTIVE REMUNERATION - FRAMEWORK AND STRATEGY**

The Board recognizes that appropriate remuneration for BLY executives and other employees is linked to the attraction, development, performance and retention of top-level talent. Given the current economic climate and the ongoing skills shortage, it is essential that adequate measures are in place to attract, motivate, reward and retain the required skills. In order to meet the strategic objectives of a high-performance organization, the remuneration philosophy is positioned to reward strong performance and to maintain that performance over time.

The primary objectives of Boart Longyear's policy are to:

- Attract, motivate, reward and retain key talent;
- Reward achievement of the organization's strategic objectives, within its risk profile;
- Promote positive outcomes across the geographies where we operate; and
- Promote an ethical culture and behavior that are consistent with Company values and encourage responsible corporate citizenship.

## 1.1 REMUNERATION FRAMEWORK

This section outlines the Company's remuneration governance framework and strategy and explains how the Board and Remuneration Committee make remuneration decisions that underpin the remuneration for senior executives, including the use of external remuneration consultants.

The diagram below illustrates the primary design features of the Company's executive remuneration strategy and how the components of overall remuneration have been designed to support them:

| Attraction and retention  | Best practice  | Fairness and alignment   | Pay for performance  |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>Accurate and up-to-date market information and information on trends is a crucial factor in determining the quantum of the remuneration packages.</li> <li>Remuneration levels are competitive with similar roles in the markets in which the Company competes for talent.</li> <li>Fixed and at-risk remuneration is appropriate for the industry and market competitive.</li> <li>Long-term incentive compensation provides for meaningful retention.</li> </ul> | <ul style="list-style-type: none"> <li>Reward packages and practices reflect local and international best practice.</li> <li>There is a significant amount of total executive remuneration which is at-risk and dependent upon achieving challenging key business objectives and safety targets.</li> <li>Management assists in establishing the overall total reward metrics for each Executive Committee member.</li> <li>Compensation is relevant and meaningful to the executive receiving it.</li> <li>Benchmark total rewards against relevant peer groups.</li> </ul> | <ul style="list-style-type: none"> <li>Remuneration Committee regularly performs executive compensation benchmarking utilizing independent compensation consultants.</li> <li>Reward measures for executives are aligned with, linked to, and influenced by the interests and strategies of the Company and its shareholders.</li> <li>The aspiration is that our remuneration philosophy, policy and practices, as well as the processes to determine individual pay levels, are transparent.</li> <li>Where performance achievements are subsequently found to have been misstated, clawback provisions are made for redress.</li> </ul> | <ul style="list-style-type: none"> <li>The framework encourages consistency and allows for differentiation where it is fair, rational and explainable.</li> <li>Incentive based compensation is designed to reward executives for delivered performance against important safety, financial and strategic objectives.</li> <li>Incentive plans utilize an appropriate mix of challenging performance measures designed to deliver value to executives when performance for the Company and individual is achieved over short and longer terms.</li> <li>Incentive based compensation provides for upside potential with strong performance.</li> </ul> |

## 1.2 REMUNERATION STRATEGY

### Board Responsibility

The Board acknowledges its responsibility for the remuneration arrangements of the Executive team and ensures that those arrangements are equitable and aligned with the long-term interests of the Company and its shareholders. In performing this function and making decisions about executive remuneration, the Board is informed by and considers input from management but retains independent decision-making authority. To assist in making decisions related to remuneration, the Board has established a Remuneration Committee.

### Remuneration Committee

The Remuneration, Nominations and Human Resources Committee ("Remuneration Committee") has been established to assist the Board with remuneration issues and is responsible for ensuring that the Company compensates appropriately and consistently with market practices. The Remuneration Committee also seeks to ensure that the Company's remuneration programs and strategies will attract and retain high caliber Directors, executives and employees, motivate them to maximize the Company's long-term business and create value for shareholders, and support the Company's remuneration related objectives and framework.

The Remuneration Committee's responsibilities include:

- Developing and reviewing executive remuneration plans, including annual bonus plans and long-term incentive plans, including equity-based incentive plans;
- Establishing performance objectives for the CEO and his direct reports and reviewing performance against those objectives;
- Reviewing the composition of the Board and monitoring the performance of the Board and the Directors

The charter of the Remuneration Committee is set out in full on the Company's website at [www.boartlongyear.com](http://www.boartlongyear.com).

The Remuneration Committee members as at the date of this Report are Tye Burt, Chairman of the Committee, Paul McDonnell, and Conor Tochilin. The CEO, the Chief Human Resources Officer and other members of senior management attend meetings of the Remuneration Committee, as appropriate, to provide information necessary for the Remuneration Committee to discharge its duties. Individual executives do not attend or participate in discussions where recommendations regarding their own circumstances are determined.

### Use of Remuneration Consultants and/or External Advisors

Where appropriate, the Board seeks and considers advice from independent remuneration consultants and external advisors. Remuneration consultants are engaged by, and report directly to, the Remuneration Committee and support it in assessing market practice so that base salary and targeted short-term and long-term compensation are in line with comparable roles. When remuneration consultants are engaged, the Remuneration Committee ensures their independence, as necessary, from Company management in accordance with the assignment or advice being sought. Thus, the Remuneration Committee may determine that complete independence from management is required, or it may direct the consultant to work with Company management to obtain relevant information or input to formulate advice or recommendations to the Remuneration Committee.

The Remuneration Committee has also established a formal protocol that summarizes the policy and procedures the Company has adopted to govern the relationship between the independent remuneration consultant, the Remuneration Committee and management. The protocol was developed in compliance with the obligations under Part 2D.8 of the *Corporations Act 2001* (Cth) and ensures that the remuneration consultant remains free from any undue influence by any member of the KMP to whom the recommendations relate. Consultant remuneration recommendations are provided directly to the Remuneration Committee.

In 2022 and 2021, the Remuneration Committee relied on the external review of Insight software as subject matter experts as well as Ashurst, Alvarez and Marsel Consulting, Vinson & Elkins and key Centerbridge Partners in the creation of the both the Long Term Incentive Plan and the Management Incentive Plan. In addition, the Remuneration Committee continued to rely on the independent market review of KMP compensation obtained from Alvarez and Marsel Consulting. The Company also utilizes Willis Tower Watson, Culppepper, World at Work, Payfactors, Mercer, and PayScale for global rewards benchmarking, workforce metrics and analytics.

## 2. REMUNERATION COMPONENTS

There are several components of an executive's total compensation opportunity: fixed compensation, short and long-term incentives as well as non-monetary benefits.

**Fixed Remuneration:** guaranteed salary package delivered as a cash salary and mix of compulsory and discretionary benefits reflects market-relatedness in conjunction with the individual's background, competence, potential and the particular role. This component provides:

- A predictable base level of compensation commensurate with the executive's scope of responsibilities, leadership skills, values, performance and contributions to the Company.
- Targets near the median of the competitive talent market using external benchmarking data. Since the Company's executives are located in the US, the competitive talent market is determined to be the US market with adjustments for industry and local factors.
- Variability around the median based on the experience, performance, skills, position, business unit size and/or complexity and unique market considerations, where necessary.

Base salaries are reviewed annually by the Remuneration Committee (or, for the CEO, by the Board) and may be adjusted as appropriate to maintain market competitiveness and/or to make adjustments based on merit in accordance with the CEO's recommendation. Base salaries are benchmarked against external data.

**Variable Remuneration:** Annual variable remuneration appraises each KMP's contribution toward the achievement of predetermined, specific and measurable targets. Variable remuneration is composed of both short-term and long-term incentive plans.



**Short-Term Incentive Program (“STIP”):** The STIP supports a high-performance culture by providing certain employees with the potential to receive an annual bonus if the Company meets annual financial and safety objectives. This is determined based on role and responsibility as well as achievement against predetermined performance metrics for business and personal goals.

Performance metrics are designed to reflect corporate as well as business unit level and individual performance. This helps to ensure rewards are relevant and affordable as well as reflective of performance. The metrics weight performance in areas which build and promote safety and collaboration and ensure alignment to business strategy and shareholder interests.

Potential target incentives under the STIP range between 10% and 100% of an employee’s base salary depending on the employee’s role. The actual bonus that an employee will receive under the STIP (if any) will vary depending on the Company’s and the individual’s performance against established annual objectives and targets, as detailed more fully below. The STIP is awarded in cash and will be paid at the discretion of the Board depending on key business factors.

There are four key performance components: (1) return on capital employed; (2) adjusted EBITDA; (3) Safety; and (4) an individual component. Each component has a target level of performance and a maximum stretch level of performance whereby superior results can drive a pay-out up to 200% of that component of the bonus. All bonuses awarded under the STIP are paid in cash.

The STIP performance components for 2022 and their relative weighting are:

(1) Corporate Financial Target - Return on Capital Employed (“ROCE”) - 20% of the Company’s STIP opportunity is linked to the Company’s ROCE performance. The ROCE metric was selected to ensure appropriate focus on the critical need to generate cash to fund ongoing operations and business re-investment as well as to reduce debt. ROCE is defined as Adjusted Earnings Before Taxes divided by the total of Total Assets less Current Liabilities.

(2) Corporate Financial Target – Adjusted EBITDA - 60% of the Company’s STIP opportunity is linked to the Company’s Adjusted EBITDA performance. Refer to the Company’s description and calculation of Adjusted EBITDA, a Non-AASB Financial Measure, in Section 3.2 of the Review of Operations.

(3) Corporate Non-Financial Target - Safety - 20% of the Company’s STIP opportunity is dependent upon the Company’s overall safety performance. The Board and management believe that a component of the STIP based on safety results appropriately focuses Company employees on adopting safe work practices, continuously identifying ways to reduce or eliminate hazards or unsafe behaviors and getting employees home safely every day. Further, safety is paramount to the Company’s customers, and the Company’s ability to secure or retain work is impacted by its safety performance.

For 2022, the Board agreed on the recommendation of its Governance, Safety and Sustainability Committee to use TCIR, LTIR, Critical Risk Incident Rate and a set of leading indicators as the measurements of safety performance for the STIP.

Individual Strategic Objectives - 100% of the Individual Strategic Objective STIP opportunity is dependent upon performance against strategic objectives relevant to the employee’s operational or functional responsibility. Examples of strategic objectives may include operational or functional cost targets, geographic or targeted market segment or customer growth, new product introductions, leadership, talent retention and development and specific project or initiative progress. Individual objectives carry individual proportions of 100%.

Strategic objectives are utilized to reinforce continued focus on critical initiatives and operational or functional priorities that have a positive impact on current and/or future business performance. Stretch performance on strategic objectives can be achieved to a maximum of 200% of the weighting of this component. Depending on the nature of the objective, stretch performance can be defined when the objective is approved at the beginning of the year, or in some circumstances be determined by the CEO and approved by the Board at the end of the year. The Board has discretion to modify the amount of the strategic objective award up or down as appropriate. The STIP is awarded in cash and will either be paid all at once, or in a staggered fashion, dependent on key business factors at the discretion of the Board.

**Long-Term Incentive Program (“LTIP”):** In 2020, shareholders adopted a Long-Term Equity Incentive Plan (“LTIP”). The LTIP allows the Company’s Remuneration Committee to grant incentive performance stock units to senior leaders, or others, as appropriate. The LTIP awards are tied to performance measures established by the Remuneration Committee that management and senior leaders have to achieve to receive their awards. The LTIP will terminate 10 years after the 30 July 2020 effective date. See note 10.

Although no shares or performance stock units were granted under the LTIP during 2021 or 2022, the Remuneration Committee approved and announced Cycle One of the 2021 LTIP in 2021; Cycle Two of the 2021 LTIP and as well as the 2022 LTIP were approved and announced by the Remuneration Committee in 2022.

The potential target incentive under the LTIP is 17.5% of base pay for each of the 2021 LTIP cycles and 35% of base pay for the 2022 LTIP. The achievement of these awards is tied to predetermined performance metrics for Adjusted EBITDA and Cash Return on Investment ("CRI") where CRI is defined as Adjusted EBITDA divided by Gross Fixed Assets plus Net Working Capital. The 2022 LTIP awards also include a time vesting component. Each component has a target level of performance and a maximum stretch level of performance whereby superior results can drive a pay-out up to 150% of that component of the bonus. Bonuses awarded under the 2021 and 2022 LTIP are paid in cash or shares at the discretion of the Remuneration Committee. Cycle One of the 2021 LTIP was paid in cash in March 2022.

**Stock Awards:** In 2022, shareholders approved the 2022 Management Incentive Plan ("2022 MIP") which allows the Company to grant stock options and restricted stock awards to present and future officers, directors, employees, consultants, and advisors. The 2022 MIP is intended to promote the long-term growth and profitability of the Company by providing those individuals who are or will be involved in the growth of the Company with an opportunity to acquire an ownership interest in the Company, thereby encouraging such individuals to contribute to and participate in the success of the Company. A maximum number of 14,796,021 options and 5,000,000 restricted stock units may be issued pursuant to the 2022 MIP. These awards are subject to both service and market vesting conditions.

**Other benefits (monetary and non-monetary):** These benefits are provided to ensure executive compensation remains relevant and executives are compensated fairly.

Non-monetary benefits include: meaningful work, access to continuous learning and professional growth, recognition and appreciation, career advancement and in some cases flex schedules and/or telecommuting.

Additional monetary benefits include: various types of insurance: directors and officers liability, life, and regionally based health and welfare insurance for employee and family members; as well as vehicle allowances and/or other regionally based perks.

### 3. REMUNERATION OUTCOMES

Directors and senior executives who were KMP during the year ended 31 December 2022 were:

| Directors      | Position                                      | Senior Executives          | Position   |
|----------------|---|----------------------------|--|
| Rubin McDougal | Non-Executive Chairman                        | Jeffrey Olsen              | President and Chief Executive Officer                          |
| Tye Burt       | Non-Executive Director                        | Denis Despres              | Chief Operating Officer  |
| Lars Engström  | Non-Executive Director                        | Miguel Desdin <sup>1</sup> | Chief Financial Officer  |
| Shannon McCrae | Non-Executive Director (effective 1 Aug 2022) | Giovanna Bee Moscoso       | Chief Legal Officer (effective 28 February 2022)               |
| Paul McDonnell | Non-Executive Director                        | Daniel Goldblatt           | Chief Human Resources Officer (effective 1 September 2022)     |
| Jeffrey Olsen  | Executive Director                            | Kari Plaster               | Chief Human Resources Officer (ceased employment 1 April 2022) |
| Thomas Schulz  | Non-Executive Director                        | Pat Nill                   | Vice President Global Products (KMP through 1 September 2022)  |
| Conor Tochilin | Non-Executive Director                        | Mike Ravella               | Vice President Veracio (KMP through 1 September 2022)          |
| Bao Truong     | Non-Executive Director                        |                            |  |

- (1) On 2 February 2022, Boart Longyear announced the decision of Miguel Desdin, Chief Financial Officer, to leave the Company to pursue new career opportunities. Mr. Desdin will continue his employment through 31 March 2023 to ensure a smooth transition of responsibilities.

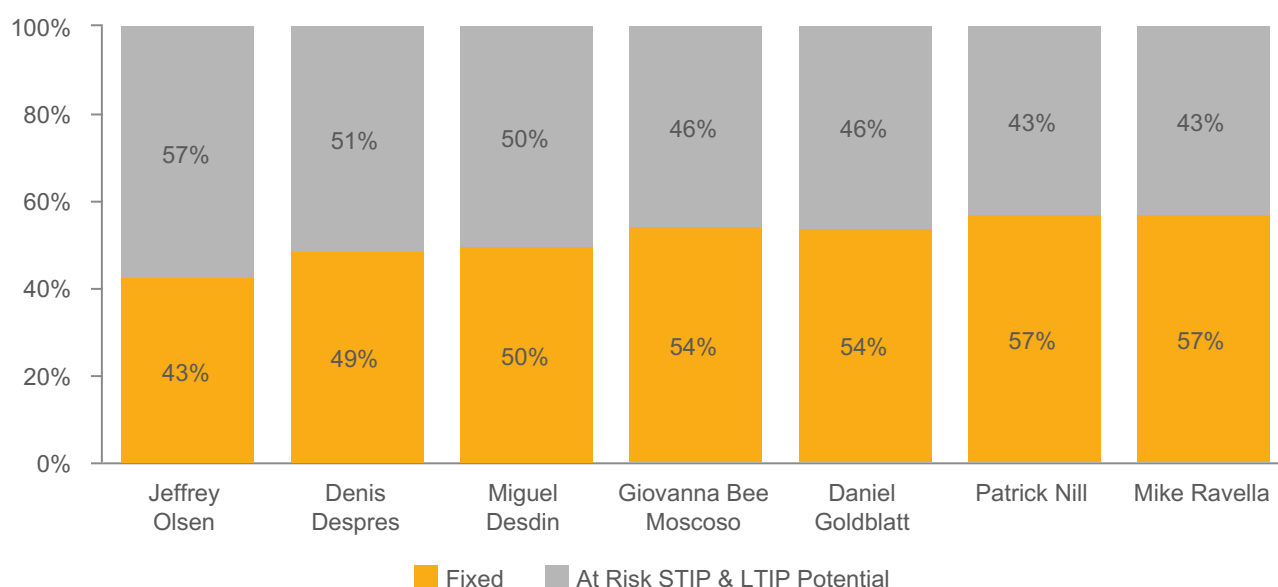
The table below summarizes actual remuneration earned by senior executives who were KMP. This information is relevant as it provides shareholders with a view of the remuneration actually paid to executives for performance for the year ended 31 December 2022. This differs from the remuneration details prepared in accordance with statutory obligations and accounting standards, which are reported on page 26 this Report. The remuneration calculations reported there are based on the Accounting Standards principle of "accrual accounting" and, consequently do not necessarily reflect the amount of compensation an executive actually realized in a particular year.

Base salary compensation represents base salary. "STIP" represent the cash paid in respect of the executive's STIP award earned for the prior year's performance but paid in the current reporting year, "LTIP" represents cash paid in respect of the executive's LTIP awards earned in prior years but paid in the current reporting year, "Other" represents benefits such as US 401(k) retirement plan contributions, car allowances, relocation pay, severance pay, tax preparation service reimbursements, accrued and unused vacation as of the date of ceased employment, sign-on bonuses and other bonuses granted and paid in 2022.

| Sr. Executive remuneration US\$   | Base salary compensation | STIP      | LTIP    | Other  | Total     |
|-----------------------------------|--------------------------|-----------|---------|--------|-----------|
| Jeffrey Olsen                     | 720,225                  | 1,296,945 | 135,252 | 37,939 | 2,190,361 |
| Denis Despres                     | 450,000                  | 529,421   | 80,149  | 31,496 | 1,091,066 |
| Miguel Desdin                     | 420,000                  | 468,195   | 80,149  | 29,648 | 997,992   |
| Giovanna Bee Moscoso <sup>1</sup> | 296,154                  | —         | —       | 76,791 | 372,945   |
| Daniel Goldblatt <sup>2</sup>     | 110,423                  | —         | —       | 26,443 | 136,866   |
| Kari Plaster <sup>3</sup>         | 79,750                   | 270,807   | 58,108  | 7,593  | 416,258   |
| Pat Nill <sup>4</sup>             | 284,000                  | 202,617   | 51,721  | 29,963 | 568,301   |
| Mike Ravella <sup>4</sup>         | 275,000                  | 192,423   | 50,093  | 31,029 | 548,545   |

- (1) Ms. Moscoso was hired on 28 February 2022; as such, her actual remuneration received reflects a partial year of earnings from her date of hire. Ms. Moscoso was given a \$100,000 sign-on bonus to be paid in two equal installments of \$50,000. The first installment was paid in 2022 and the second installment is scheduled to be paid on the first year anniversary of her hire date.
- (2) Mr. Goldblatt was hired on 1 September 2022; as such, his actual remuneration received reflects a partial year of earnings from his date of hire. Mr. Goldblatt was given a \$150,000 sign-on bonus to be paid in three equal installments of \$50,000 at six months, 12 months and 18 months from his date of hire.
- (3) Ms. Plaster ceased employment with Boart Longyear as of 1 April 2022. She was given 100% of her STIP and LTIP earned in the prior year.
- (4) Mr. Nill and Mr. Ravella were considered KMPs through 1 September 2022; however, remuneration for the full year has been included for comparison purposes.

The relevant proportion of fixed to variable components for senior executive remuneration during 2022 is shown below. The table illustrates the annualized remuneration mix for executive KMP, including annualized fixed salary and target STIP and LTIP (assuming 100% of target bonus performance is achieved).



### 3.1 EXECUTIVE REMUNERATION IN DETAIL

Details of each senior executive's remuneration during the years ended 31 December 2022 and 2021 are set out in the table below. The remuneration calculations reported in this table are based on the Accounting Standards principle of "accrual accounting" and, consequently do not necessarily reflect the amount of compensation an executive actually received in cash or shares in a particular year.

|                                   | Cash-based compensation          |                        |                         |  |            |                          |                           | Non-cash-based compensation           | Total     |
|-----------------------------------|----------------------------------|------------------------|-------------------------|--|------------|--------------------------|---------------------------|---------------------------------------|-----------|
|                                   | Short term benefits <sup>1</sup> |                        |                         | Post-employment benefits                   |            | Other long-term benefits |                           | Share-based compensation <sup>2</sup> |           |
|                                   | Compensation US\$                | STIP <sup>3</sup> US\$ | Other <sup>4</sup> US\$ | Super-annuation benefits <sup>5</sup> US\$ | Other US\$ | LTIP <sup>6</sup> US\$   | Termination benefits US\$ | Options US\$                          |           |
| Jeffrey Olsen                     |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 720,225                          | 503,581                | 29,239                  | 8,700                                      | —          | 130,889                  | —                         | 1,652,832                             | 3,045,466 |
| 2021                              | 686,306                          | 1,296,945              | 428,972                 | 8,700                                      | —          | 135,252                  | —                         | —                                     | 2,556,175 |
| Denis Despres                     |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 450,000                          | 315,000                | 22,796                  | 8,700                                      | —          | 81,780                   | —                         | 661,133                               | 1,539,409 |
| 2021                              | 412,500                          | 529,421                | 173,143                 | 8,700                                      | —          | 80,149                   | —                         | —                                     | 1,203,913 |
| Miguel Desdin                     |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 420,000                          | 207,480                | 20,948                  | 8,700                                      | —          | 76,328                   | —                         | 495,850                               | 1,229,306 |
| 2021                              | 405,000                          | 468,195                | 271,050                 | 8,700                                      | —          | 80,149                   | —                         | —                                     | 1,233,094 |
| Giovanna Bee Moscoso <sup>7</sup> |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 296,154                          | 133,000                | 69,118                  | 7,673                                      | —          | 12,760                   | —                         | 75,764                                | 594,469   |
| Nora Pincus <sup>8</sup>          |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2021                              | 256,731                          | 206,250                | 312,600                 | 8,431                                      | —          | 48,105                   | 388,385                   | —                                     | 1,220,502 |
| Daniel Goldblatt <sup>9</sup>     |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 110,423                          | 55,000                 | 24,158                  | 2,285                                      | —          | 4,813                    | —                         | 75,764                                | 272,443   |
| Kari Plaster <sup>10</sup>        |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 79,750                           | —                      | 7,593                   | 2,393                                      | —          | —                        | —                         | —                                     | 89,735    |
| 2021                              | 297,250                          | 270,807                | 171,050                 | 7,134                                      | —          | 58,108                   | —                         | —                                     | 804,349   |
| Pat Nill <sup>11</sup>            |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 284,000                          | —                      | 21,263                  | 8,700                                      | —          | 51,612                   | —                         | 264,453                               | 630,028   |
| 2021                              | 271,062                          | 202,617                | 62,078                  | 7,229                                      | —          | 51,721                   | —                         | —                                     | 594,707   |
| Mike Ravella <sup>11</sup>        |                                  |                        |                         |  |            |                          |                           |                                       |           |
| 2022                              | 275,000                          | —                      | 22,329                  | 8,700                                      | —          | 49,977                   | —                         | —                                     | 356,006   |
| 2021                              | 262,692                          | 192,423                | 52,476                  | 8,700                                      | —          | 50,093                   | —                         | —                                     | 566,384   |

(1) There were no non-monetary benefits provided.

(2) Non-cash based remuneration includes the fair value of equity compensation recognized over the respective vesting period (i.e. Options awarded under the 2022 MIP). The fair value of equity instruments is determined as at the grant date and is recognized over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that senior executives may ultimately realize should the equity instruments vest. The fair value of options at the date of their grant were valued using a Monte Carlo simulation model.

(3) The 2022 amount represents cash STIP payments earned by the executive during the year ended 31 December 2022, which are expected to be paid in 2023 and were approved by the Board in February 2023. The 2021 amount represents cash STIP payments earned by the executive during the year ended 31 December 2021, which were paid in 2022.

(4) Includes sign-on bonuses, automotive allowances, relocation and reimbursements of financial and tax preparation assistance and other various given bonuses.

(5) Includes 401(k) plan matching contributions made by the employing entity in the United States.

(6) To be settled in cash or shares at the discretion of the Board.

(7) Ms. Moscoso was hired on 28 February 2022; as such, her actual remuneration received reflects a partial year of earnings from her date of hire. Ms. Moscoso was given a \$100,000 sign-on bonus to be paid in two equal installments of \$50,000. The first installment was paid in 2022 and the second installment is scheduled to be paid on the first year anniversary of her hire date.

(8) Ms. Pincus ceased employment as General Counsel & Company Secretary as of 5 November 2021. Refer to prior year Remuneration Report.

(9) Mr. Goldblatt was hired on 1 September 2022; as such, his actual remuneration received reflects a partial year of earnings from his date of hire. Mr. Goldblatt was given a \$150,000 sign-on bonus to be paid in three equal installments of \$50,000 at six months, 12, months and 18 months from his date of hire.

(10) Ms. Plaster ceased employment with Boart Longyear as of 1 April 2022. She was given 100% of her STIP and LTIP earned in 2021.

(11) Mr. Nill and Mr. Ravella were considered KMPs through 1 September 2022; however, remuneration for the full year has been disclosed for comparison purposes. The 2022 STIP for Mr. Nill and Mr. Ravella has not been provided as they were no longer KMP when the earned STIP for KMP was determined by the Remuneration Committee



### 3.2 EXECUTIVE REMUNERATION CLAWBACK POLICY

The Company has an incentive compensation clawback policy applicable to current and former senior executives, including the KMP listed in this report, as well as any other management of the Company who participated in the Company's incentive compensation plans. The policy is applicable to incentive compensation including bonuses, awards or grants of cash or equity under any of the Company's short or long-term incentive or bonus plans where bonuses, awards or grants are based in whole or in part on the achievement of financial results. If the Board determines that a covered employee was overpaid as a result of his or her fraud or willful misconduct that requires a restatement of the reported financial results, the Board may seek to recover the amount of the overpayment by a repayment or through a reduction or cancellation of outstanding future bonus or awards. The Board can make determinations of overpayment at any time through the third fiscal year following the year for which the inaccurate performance criteria were measured.

### 4. PERFORMANCE AND RISK ALIGNMENT

Below is a summary of the year-over-year operating performance which underpins the compensation program. Net debt excludes the impact of recapitalisation transactions, letters of credit, CRA & IRS obligations, strategic asset acquisitions and disposals, equity raise, and potential asset backed loans. Dividends per share are calculated as basic EPS divided by closing share price.

| Financial year | Closing share price <sup>1</sup><br>A\$ | Dividends per share<br>US\$ | EPS <sup>1</sup><br>US\$ | Revenue<br>US\$<br>Millions | Adj. EBITDA <sup>2</sup><br>US\$<br>Millions | CRI   | ROE     | Net debt<br>US\$<br>Millions |
|----------------|---|-----------------------------|--------------------------|-----------------------------|--|-------|---------|------------------------------|
| 2022           | 1.89                                    | —                           | 0.04                     | 1,038.9                     | 124.2  | 14.0% | 4.3%    | 175.7                        |
| 2021           | 2.47                                    | —                           | (0.69)                   | 921.4                       | 116.0  | 12.6% | (57.7)% | 163.9                        |
| 2020           | 8.70                                    | —                           | (22.45)                  | 657.3                       | 60.1   | 7.2%  | (23.2)% | 855.1                        |
| 2019           | 32.60                                   | —                           | (10.35)                  | 745.0                       | 87.3   | 10.2% | (16.1)% | 781.5                        |
| 2018           | 24.00                                   | —                           | (9.93)                   | 770.2                       | 80.6   | 9.6%  | (16.6)% | 688.7                        |

- (1) On 30 October 2019 the Company completed a consolidation of the issued capital on a basis that every 300 shares be consolidated into 1 share. On 23 September 2021 the Company completed a consolidation on a basis that every 20 shares be consolidated into 1 share. Closing share price and EPS for each year has been adjusted for the 2019 and 2021 share consolidations.
- (2) Adjusted EBITDA is earnings before interest, tax, depreciation, amortization, and before significant and other non-recurring items.

#### 4.1 PERFORMANCE AGAINST SHORT-TERM INCENTIVE MEASURES

As noted above, a combination of financial and non-financial metrics are used to measure performance for STIP awards. Business and individual performance against those metrics was measured on a weighted average basis. The average proportion of STIP awarded to KMP, 2018 through 2022, is below:

|                          | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|------|------|------|------|------|
| % of target STIP awarded | 103% | 72%  | 65%  | 174% | 76%  |

STIP earned during the year ended 31 December 2022:

| STIP earned in 2022               | STIP earned as % of target <sup>1</sup> | STIP earned US\$ | Target STIP US\$ | % of STIP Forfeited | % of max STI forfeited <sup>2</sup> |
|-----------------------------------|---|------------------|------------------|---------------------|-------------------------------------|
| Jeffrey Olsen                     | 70%                                     | 503,581          | 720,225          | 30%                 | 65%                                 |
| Denis Despres                     | 100%                                    | 315,000          | 315,000          | 0%                  | 50%                                 |
| Miguel Desdin                     | 76%                                     | 207,480          | 273,000          | 24%                 | 62%                                 |
| Giovanna Bee Moscoso <sup>3</sup> | 91%                                     | 133,000          | 146,318          | 9%                  | 55%                                 |
| Daniel Goldblatt <sup>3</sup>     | 100%                                    | 55,000           | 55,000           | 0%                  | 50%                                 |

- (1) Calculated by multiplying the Individual Strategic Objective percentage achieved by the company-wide STIP performance payout of 76%.
- (2) The maximum potential award assuming superior performance against all STIP metrics is 200% of target STI.
- (3) Noted Executives were hired during the year ended 31 December 2022, as such, their target STIP amounts were pro-rated upon hire date.

## 4.2 EMPLOYEE AND DIRECTOR TRADING IN COMPANY SECURITIES

Under the Company's Securities Trading Policy, Directors and employees (including senior executives) are prohibited from entering into transactions that limit the economic risk of holding unvested rights or options that have been received as part of their remuneration. The Company treats compliance with this policy as a serious issue and takes appropriate measures to ensure the policy is adhered to, including imposing appropriate sanctions where an employee is found to have breached the policy.

Further restrictions also apply to Directors and senior executives with respect to their dealing in the Company's shares and other securities under the Securities Trading Policy, which may be found in the Corporate Governance section on the Company website at [www.boartlongyear.com](http://www.boartlongyear.com).

## 5. SERVICE CONTRACTS AND TERMINATION PROVISIONS

| Name and position held at the end of the financial year   | Duration of contract | Notice period by Company | Notice period by executive | Termination payments (where these are in addition to statutory entitlements)  |
|---|----------------------|--------------------------|----------------------------|---|
| Chief Executive Officer   | No fixed term        | None required            | 180 days                   | For termination with cause, statutory entitlements only<br>For termination without cause: <ul style="list-style-type: none"> <li>• 12 months' salary</li> <li>• Pro-rata bonus to termination date</li> <li>• Waiver of medical insurance premiums for 12 months</li> </ul> |
| Chief Legal Officer and General Counsel   | No fixed term        | None required            | 90 days                    | For termination with cause, statutory entitlements only<br>For termination without cause: <ul style="list-style-type: none"> <li>• 12 months' salary</li> <li>• Pro-rata bonus to termination date</li> <li>• Waiver of medical insurance premiums for 12 months</li> </ul> |
| Chief Financial Officer;<br>Chief Human Resources Officer;<br>Chief Operating Officer;<br>Vice President Global Products; Vice President Geological Data Services | No fixed term        | None required            | 90 days                    | For termination with cause, statutory entitlements only<br>For termination without cause: <ul style="list-style-type: none"> <li>• 12 months' salary</li> <li>• Pro-rata bonus to termination date</li> <li>• Waiver of medical insurance premiums for 12 months</li> </ul> |

The executive employment contracts listed above contain a twelve-month non-competition and non-solicitation covenant in the Company's favor. The Company may, at its option, extend the term of the covenants upon an executive's termination of employment for up to an additional twelve months in exchange for monthly payments of the executive's base salary at the time of termination for the term of the extension.

## 5.1 SHARE HOLDINGS

Shareholdings as at the end of the financial year and activity during the financial year, are as follows:

| Name                              | Balance<br>1 January 2022 | Granted as<br>remuneration | Net other<br>change<br>during year | Cessation as<br>Executive & Non-<br>Executive Director | Balance<br>31 December 2022 | Balance<br>held<br>nominally |
|-----------------------------------|---------------------------|----------------------------|------------------------------------|--|-----------------------------|------------------------------|
| Rubin McDougal                    | 8,292                     | —                          | —                                  | —  | 8,292                       | —                            |
| Tye Burt                          | 13,043                    | —                          | 30,000                             | —  | 43,043                      | —                            |
| Lars Engström                     | —                         | —                          | —                                  | —  | —                           | —                            |
| Shannon McCrae <sup>1</sup>       | —                         | —                          | —                                  | —  | —                           | —                            |
| Paul McDonnell                    | —                         | —                          | —                                  | —  | —                           | —                            |
| Thomas Schulz                     | —                         | —                          | —                                  | —  | —                           | —                            |
| Conor Tochilin                    | —                         | —                          | —                                  | —  | —                           | —                            |
| Bao Truong                        | —                         | —                          | —                                  | —  | —                           | —                            |
| Jeffrey Olsen                     | 13,572                    | —                          | —                                  | —  | 13,572                      | —                            |
| Denis Despres                     | 3,289                     | —                          | —                                  | —  | 3,289                       | —                            |
| Miguel Desdin                     | 3,265                     | —                          | —                                  | —  | 3,265                       | —                            |
| Giovanna Bee Moscoso <sup>2</sup> | —                         | —                          | —                                  | —  | —                           | —                            |
| Daniel Goldblatt <sup>3</sup>     | —                         | —                          | —                                  | —  | —                           | —                            |
| Kari Plaster <sup>4</sup>         | 522                       | —                          | —                                  | (522)  | —                           | —                            |
| Pat Nill <sup>5</sup>             | 1,319                     | —                          | —                                  | (1,319)  | —                           | —                            |
| Mike Ravella <sup>5</sup>         | 11                        | —                          | —                                  | (11)   | —                           | —                            |

(1) Ms. McCrae appointed effective 1 August 2022.

(2) Ms. Moscoso appointed effective 28 February 2022.

(3) Mr. Goldblatt appointed effective 1 September 2022.

(4) Ms. Plaster ceased employment 1 April 2022.

(5) Mr. Nill and Mr. Ravella were considered KMP's through 1 September 2022.

## 5.2 OPTIONS

In September 2022, the Company granted options to certain employees pursuant to the 2022 MIP. These awards are subject to both service and market vesting conditions and are only exercisable to the extent that they are fully vested. All option awards are divided into three tranches and each tranche vests over a three-year period following the grant date. Vesting of each tranche is dependent on the following market conditions:

Tranche one options vest on the first date the Company's 50-day volume-weighted average price ("VWAP") equals or exceeds \$2.88 per share.

Tranche two options vest on the first date the Company's 50-day VWAP equals or exceeds \$4.32 per share.

Tranche three options vest on the first date the Company's 50-day VWAP equals or exceeds \$5.76 per share.

Both the time vesting and market vesting conditions must be met for a tranche to vest. Any options that haven't fully vested on the fifth anniversary of the grant date will expire. All vested option awards will expire on the tenth anniversary of the grant date.

These options were valued using a Monte Carlo simulation model. The following table summarizes the 2022 MIP options granted to KMP during the year ended 31 December 2022:

| Name                  | Grant Date | Expiry Date | Options Granted | Options Vested | Weighted Average Fair Value of Options Granted | Weighted Average Exercise Price | Fair Value of Options Granted | Unvested Options at End of Period |
|-----------------------|------------|-------------|-----------------|----------------|--|---------------------------------|-------------------------------|-----------------------------------|
| Jeffrey Olsen         | 7 Sep 22   | 7 Sep 32    | 3,687,992       | —              | 0.81   | 1.92                            | 2,970,882                     | 3,687,992                         |
| Denis Despres         | 7 Sep 22   | 7 Sep 32    | 1,475,197       | —              | 0.81   | 1.92                            | 1,188,353                     | 1,475,197                         |
| Miguel Desdin         | 7 Sep 22   | 7 Sep 32    | 1,106,398       | —              | 0.81   | 1.92                            | 891,265                       | 1,106,398                         |
| Giovanna Bee Moscoso  | 7 Sep 22   | 7 Sep 32    | 737,598         | —              | 0.83   | 1.92                            | 610,567                       | 737,598                           |
| Daniel Goldblatt      | 7 Sep 22   | 7 Sep 32    | 737,598         | —              | 0.83   | 1.92                            | 610,567                       | 737,598                           |
| Pat Nill <sup>1</sup> | 7 Sep 22   | 7 Sep 32    | 590,079         | —              | 0.81   | 1.92                            | 475,341                       | 590,079                           |

(1) Mr. Nill was considered KMP through 1 September 2022.

The options listed below vested on 1 April 2017 and expire on 1 April 2024.

| Name          | Effective grant date | Vesting date | Fair value per option at grant date US\$ | Held at the beginning of the financial year | Number of options granted as remuneration | Consolidation of share capital <sup>1</sup> | Exercise price per option A\$ | Number of options forfeited | Options held at the end of the financial year | Vested and exercisable as at 31 Dec 2022 |
|---------------|----------------------|--------------|--|---|---|---|-------------------------------|-----------------------------|---|--|
| Jeffrey Olsen | 1 Apr 14             | 1 Apr 17     | 0.25                                     | 1,081                                       | —   | (1,026)                                     | 1,920.00                      | —                           | 55  | 55                                       |

(1) On 23 September 2021, the Company completed a consolidation of the issued capital on the basis that every 20 shares be consolidated into 1 share.

## 6. NON-EXECUTIVE DIRECTORS' FEE STRUCTURE

Non-Executive Directors ("NED") are remunerated by a fixed annual base fee with additional fees paid for serving on Board committees. NED who are also employees of Centerbridge or Ascribe do not receive any Director fees. The Chairman may attend any committee meetings but does not receive any additional committee fees in addition to base fees.

The fees are determined within a maximum aggregate fee pool that is approved by shareholders. The approved fee pool limit is \$2.0 million, which aside from changing the currency exchange rate at the 2015 general meeting, has not changed in quantum since the Company's initial public offering in 2007. During the financial year, \$1.0 million of the pool was utilized for Non-Executive Director fees, being approximately 50% of the fee pool limit.

No share rights were awarded as remuneration in 2022.



## 6.1 COMPONENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION

| <b>Component</b>            | <b>Explanation</b>  |
|-----------------------------|---|
| Board fees                  | <p>Current base fees per annum are:</p> <ul style="list-style-type: none"> <li>• US\$160,000 for Non-Executive Directors other than the Chairman of the Board and the resident Australian Directors;</li> <li>• US\$310,000 for the Board Chairman (paid in cash or shares); and</li> <li>• A\$200,000 for the resident Australian Directors.</li> </ul>  |
| Committee fees              | <p>Current committee fees for Non-Executive Directors (other than the Chairman of the Board) are:</p> <ul style="list-style-type: none"> <li>• US\$7,500 annually for committee members; and</li> <li>• US\$15,000 annually for committee chairs.</li> </ul> <p>Where the Board Chairman sits on a committee, he or she does not receive any additional fee.</p>  |
| Other fees/<br>benefits     | <p>Non-Executive Directors are entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in carrying out their duties, including travel costs. The Chairman of the Board also is entitled to reimbursement for office and secretarial support.</p> <p>Non-Executive Directors may also, with the approval of the Board, be paid additional fees for extra services or special exertions for the benefit of the Company.</p> <p>Non-Executive Directors are not entitled to receive any performance-related remuneration, such as short-term or long-term incentives.</p> |
| Post-employment<br>benefits | <p>Compulsory superannuation contributions for Australian-resident Non-Executive Directors are included in the base fee and additional committee fees set out above.</p> <p>Non-Executive Directors do not receive any retirement benefits other than statutory superannuation contributions.</p>   |

## 6.2 REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Details of Non-Executive Directors' remuneration for the year ended 31 December 2022 and 2021 are set out in the table below:

| Non-Executive Directors<br>remuneration<br>US\$ | Fees (Including<br>committee fees) | Superannuation<br>contributions | Shares | Total   |
|---|------------------------------------|---------------------------------|--------|---------|
| Kevin McArthur <sup>1</sup>                     |                                    |                                 |        |         |
| 2021 (up to 16 November 2021)                   | 275,000                            | —                               | —      | 275,000 |
| Rubin McDougal                                  |                                    |                                 |        |         |
| 2022  | 310,000                            | —                               | —      | 310,000 |
| 2021  | 197,507                            | —                               | —      | 197,507 |
| Tye Burt  |                                    |                                 |        |         |
| 2022  | 175,000                            | —                               | —      | 175,000 |
| 2021  | 182,500                            | —                               | —      | 182,500 |
| Lars Engström                                   |                                    |                                 |        |         |
| 2022  | 175,000                            | —                               | —      | 175,000 |
| 2021  | 30,417                             | —                               | —      | 30,417  |
| Shannon McCrae <sup>2</sup>                     |                                    |                                 |        |         |
| 2022  | 66,667                             | —                               | —      | 66,667  |
| Jason Ireland <sup>3</sup>                      |                                    |                                 |        |         |
| 2021  | 138,446                            | —                               | —      | 138,446 |
| James Kern <sup>4</sup>                         |                                    |                                 |        |         |
| 2021  | 153,542                            | —                               | —      | 153,542 |
| Paul McDonnell                                  |                                    |                                 |        |         |
| 2022  | 182,500                            | —                               | —      | 182,500 |
| 2021  | 30,417                             | —                               | —      | 30,417  |
| Thomas Schulz                                   |                                    |                                 |        |         |
| 2022  | 175,000                            | —                               | —      | 175,000 |
| 2021  | 29,167                             | —                               | —      | 29,167  |
| Robert Smith <sup>5</sup>                       |                                    |                                 |        |         |
| 2021  | 138,808                            | —                               | —      | 138,808 |

Mr. Tochilin and Mr. Truong are not included in the table above as they are employees of Centerbridge Partners and therefore did not receive Director fees.

- (1) Mr. McArthur retired 16 November 2021.
- (2) Ms. McCrae appointed effective 1 August 2022.
- (3) Mr. Ireland retired 16 November 2021.
- (4) Mr. Kern retired 16 November 2021.
- (5) Mr. Smith retired 16 November 2021.

## **Board of Directors**

A brief summary of the Directors' work experience and qualifications is as follows.

### **Rubin McDougal**

Mr. McDougal joined the Board of Directors on 1 March 2020 as Audit Committee Chair and was appointed Chair on 16 November 2021.

Mr. McDougal has senior executive experience across manufacturing, marketing and logistics industries in Asia, Europe and the Americas. Mr. McDougal was CFO of Great Wolf Resorts from 2018 to 2021. Prior experience includes roles as Chief Financial Officer of CEVA Logistics, then NYSE listed CNH Global NV, and Whirlpool Europe. He held diverse roles ranging from leading product development to heading up global business units. He is currently on the boards of Element Fleet Management and Speedcast, LLC.

Mr. McDougal holds a Master of Business Administration degree from Western Michigan University and a Bachelor of Arts degree from the University of Utah.

### **Tye Burt**

Mr. Burt joined the Company's Board on 23 August 2019 and serves as Chair of the Remuneration Committee and is a member of the Audit and Risk Committee. His career includes more than 30 years of experience in the global mining and finance industries in both executive management roles and serving on several boards. From 2005 to 2012, Mr. Burt held the role of President and CEO of Kinross Gold Corporation. Prior to joining Kinross Gold, Mr. Burt held the position of Vice Chairman and Executive Director of Corporate Development at Barrick Gold Corporation. Other previous positions include: Chairman, Deutsche Bank Canada and Deutsche Bank Securities Canada; Global Managing Director, Global Metals and Mining for Deutsche Bank AG; and Managing Director and Co-head of the global mining group at BMO Nesbitt Burns.

Mr. Burt is a graduate of Osgoode Hall Law School in Toronto and a member of the Law Society of Ontario. He holds a Bachelor of Arts from the University of Guelph. Mr. Burt has held several public and private company directorships and currently sits on the board of directors of ArcelorMittal.

### **Lars Engström**

Mr. Engström was appointed a Director of the Company on 16 November 2021 and serves as Chair of the Audit and Risk Committee. Mr. Engström has more than 30 years of senior management experience at leading Swedish mining and industrial companies. He is currently a Director on the Board of Samhall AB, Normet Group Oy and Alcadon Group. From 2016 to 2019, Mr. Engström was the Head of Sandvik's Mining and Rock Technology business segment and Head of Mining business segment from 2015 to 2016. From 2014 to 2015, he served as the acting CEO and President of BE Group. In addition, from 2006 to 2014, Mr. Engström was the CEO and President of Munters AB. Prior to 2006, he held a number of leadership positions with Atlas Copco and Seco Tools.

Mr. Engström holds a Master of Science in Industrial Engineering and Management from the Linköping Institute of Technology and a Mechanical Engineering Degree from Rinmanskolan, Eskilstuna.

### **Shannon McCrae**

Ms. McCrae was appointed Director of the Company on 1 August 2022. Ms. McCrae is a professional geologist and executive who brings over 25 years of experience in the resource industry. Her experience ranges from early-stage exploration to mine sites across multiple commodities, driving economic discoveries and delivering innovation. She was Director of Exploration and Growth for Barrick Gold, a global role operating as a member of the senior management team until 2019. Her experience also includes senior roles with De Beers Canada. She has recently been involved within mining and exploration through her company, Athena Geoscience, and as Vice President of Business Development with Novamera.

Ms. McCrae holds an Honors Bachelor of Science degree in Geology (BSc) from Western University and is a registered Professional Geoscientist (P.Ge.) in Ontario.

### **Paul McDonnell**

Mr. McDonnell was appointed Director of the Company's Board on 17 November 2021 and serves as Chair of the Governance, Safety and Sustainability Committee and is a member of the Remuneration Committee.

Mr. McDonnell has over 25 years of experience in the Construction Equipment Rental Industry and is the Chief Executive Officer of Maxim Crane Works. He previously served as Executive Vice President and Chief Commercial Officer at United Rentals from 2019 to 2020. From 2018 to 2019, he was Executive Vice President, Sales and Specialty Operations and from 2016 to 2018 he was Senior Vice President, Sales & Specialty Operations. From 2008 to 2016, Mr. McDonnell was Senior Vice President, Specialty Operations. His previous roles at United Rentals include Regional Vice President and District Manager. Mr. McDonnell joined United Rentals in 1999 through the acquisition of D&E Steel Plate Rental.

During his tenure at United Rentals, Mr. McDonnell led the growth of the Company's specialty segment to the largest network of its kind in the world.

**Jeffrey Olsen**

Mr. Olsen was appointed President and Chief Executive Officer on 1 March 2016 after serving as Chief Financial Officer since 2014. Before joining Boart Longyear, he served as Chief Commercial Officer for Rio Tinto's Iron & Titanium business since 2010. Prior to that time, he was Chief Financial Officer for Rio Tinto's Borax and Minerals divisions for approximately eight years and held other financial roles at Rio Tinto. Mr. Olsen's experience also includes financial roles at General Chemical Corporation and Xerox Corporation in the United States.

Mr. Olsen holds a Bachelor of Arts degree from the University of Utah and a Master of Business Administration from the Simon School of Business at the University of Rochester.

**Thomas Schulz**

Mr. Schulz was appointed as a Director of the Company on 16 November 2021 and is a member of the Audit and Risk and the Governance, Safety and Sustainability Committees. Mr. Schulz brings more than 30 years of mining and construction experience and a Ph.D in mining. Mr. Schulz currently serves as the Group Chief Executive Officer of BILFINGER SE. From 2013 to 2021, he served as Group Chief Executive Officer of FLSMIDTH. Since 2016 he is a Non-Executive Board Member of HYDRO A/S. From 2001 to 2012, Mr. Schulz held several leadership positions at SANDVIK, including President - Construction, Senior Vice President, Chairman of SJL SHAN BAO, SRP AB, Sandvik Extec, Sandvik Fintec, President - Construction Segment, Senior Vice President / Chairman of SRP AB, Sandvik Extec, Sandvik Fintec. From 1998 to 2001, he was Business Area Manager, Department Crushing, Screening, Grinding, Pyro at Swedish manufacturer SVEDALA INDUSTRI.

Mr. Schulz was awarded the Borchers Medal for extraordinary performance in Science from the Technical University of Aachen. He holds a Ph.D. in Mineral Mining and Quarrying and an Engineering Diploma in Mineral Processing from the Technical University of Aachen.

**Conor Tochilin**

Mr. Tochilin joined the Board of Directors of Boart Longyear on 17 January 2020 and is a member of the Remuneration Committee. He is a Managing Director at Centerbridge Partners, L.P., the Company's largest shareholder and investor. Since joining Centerbridge in 2013, his focus has been on investments in the industrial sector. His prior experience includes being an Associate at TPG-Axon Capital Management in New York and London, and a Business Analyst in McKinsey & Company's Corporate Finance Practice in New York.

Mr. Tochilin earned his Bachelor of Arts degree from Harvard College where he was elected to Phi Beta Kappa and graduated magna cum laude. He continued with his graduate studies and holds a Juris Doctor degree from Harvard Law School and an M.B.A. from Harvard Business School. Conor serves on the boards of American Bath Group, LLC, IPS Corporation, KIK Custom Products, Inc. (and affiliated entities) and Mauser Packaging Solutions.

**Bao Truong**

Mr. Truong joined the Company's Board on 16 November 2021 and is a member of the Audit and Risk Committee. Mr. Truong is a Senior Managing Director at Centerbridge Partners, L.P., Boart Longyear's largest shareholder and investor. He joined Centerbridge in 2010 and focuses on investments across a range of industries. From 2004 to 2010, Mr. Truong was a Managing Director and Partner in the credit business of Fortress Investment Group LLC where he was a Senior Member of the Corporate Securities Group that was engaged principally in public market investments across the corporate capital structure, with a focus on distressed and special situations. Previously, Mr. Truong was a member of the Distressed and High-Yield Research and Trading business of Lehman Brothers Inc. He serves on the Board of Directors of Ambrosia Holdings L.P. (the holding company of TriMark USA), BGI Inc., Penhall Holding Company, Seitel Inc., and Speedcast Parent L.P.

Mr. Truong holds a Master of Business Administration from Harvard Business School, a Bachelor of Science degree, magna cum laude, from the Wharton School of the University of Pennsylvania, and a Bachelor of Science degree, magna cum laude, from the University of Pennsylvania.

**Company Secretaries****Alex Nikolic**

Mr. Nikolic was appointed interim Company Secretary on 5 November 2021 and relinquished Company Secretary duties upon Mr. Nash's appointment as Company Secretary as of 15 April 2022. Alex is a partner with Fasken Martineau DuMoulin LLP. His law practice is focused on corporate and securities law. He regularly advises issuers, their boards or special committees, investment dealers, private equity and other investors in capital markets and mergers and acquisitions transactions. Frequently assisting clients on debt and equity financings, both domestic and cross border, Mr. Nikolic's M&A practice focuses on public market take-over bids and plans of arrangement as well as private M&A acquisitions and divestitures. He also provides advice on reorganizations and restructurings across a broad range of industries, as well as assisting with disclosure and governance matters, stock exchange requirements, corporate and other regulatory matters.



**Nicholas Nash**

Mr. Nash was appointed Company Secretary on 15 April 2022. Nicholas joined Boart Longyear in 2021 and has a legal background in mergers and acquisitions, corporate transactional work, corporate governance, capital markets and securities, and regulatory compliance. He holds a Juris Doctor degree from Vanderbilt University Law School and a Bachelor of Political Science and a Bachelor of Business Management from the University of Utah.

**DIRECTORS' MEETINGS**

The following tables set out for each Director the number of meetings (including meetings of Board committees) held and the number of meetings attended during the financial year while he/she was a Director or committee member. The tables do not reflect the Directors' attendance at committee meetings in an "ex-officio" capacity. The tables also do not reflect special or informal meetings of the Board or its committees.

|                             | Board of Directors |          | Remuneration,<br>Nominations &<br>Human Resource<br>Committee |          | Audit & Risk<br>Committee |          | Governance, Safety &<br>Sustainability<br>Committee |          |
|-----------------------------|--------------------|----------|---|----------|---------------------------|----------|---|----------|
|                             | Held               | Attended | Held  | Attended | Held                      | Attended | Held  | Attended |
| Rubin McDougal              | 5                  | 5        | —   | —        | —                         | —        | —   | —        |
| Tye Burt <sup>1</sup>       | 5                  | 5        | 5   | 5        | 2                         | 2        | —   | —        |
| Lars Engström <sup>2</sup>  | 5                  | 5        | —   | —        | 4                         | 4        | 2   | 2        |
| Shannon McCrae <sup>3</sup> | 3                  | 3        | —   | —        | —                         | —        | —   | —        |
| Paul McDonnell              | 5                  | 5        | 5   | 3        | —                         | —        | 4   | 3        |
| Thomas Schulz               | 5                  | 5        | —   | —        | 4                         | 4        | 4   | 3        |
| Conor Tochilin              | 5                  | 5        | 5   | 5        | —                         | —        | —   | —        |
| Bao Truong                  | 5                  | 5        | —   | —        | 4                         | 4        | —   | —        |
| Jeffrey Olsen               | 5                  | 5        | —   | —        | —                         | —        | —   | —        |

(1) Mr. Burt was not a member of the Audit & Risk Committee for the August and November 2022 meetings.

(2) Mr. Engström was not a member of the Governance, Safety & Sustainability Committee for the August and November 2022 meetings.

(3) Ms. McCrae appointed effective 1 August 2022.

## DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares, debentures, and rights or options over shares or debentures of the Company or a related body corporate as at the date of this report.

| Name                 | Fully paid<br>ordinary shares | Rights offering<br>ordinary shares | Rights and<br>options | Total  |
|----------------------|-------------------------------|------------------------------------|-----------------------|--------|
| Rubin McDougal       | 8,292                         | —                                  | —                     | 8,292  |
| Tye Burt             | 43,043                        | —                                  | —                     | 43,043 |
| Lars Engström        | —                             | —                                  | —                     | —      |
| Shannon McCrae       | —                             | —                                  | —                     | —      |
| Paul McDonnell       | —                             | —                                  | —                     | —      |
| Thomas Schulz        | —                             | —                                  | —                     | —      |
| Conor Tochilin       | —                             | —                                  | —                     | —      |
| Bao Truong           | —                             | —                                  | —                     | —      |
| Jeffrey Olsen        | 13,572                        | —                                  | —                     | 13,572 |
| Denis Despres        | 3,289                         | —                                  | —                     | 3,289  |
| Miguel Desdin        | 3,265                         | —                                  | —                     | 3,265  |
| Giovanna Bee Moscoso | —                             | —                                  | —                     | —      |
| Daniel Goldblatt     | —                             | —                                  | —                     | —      |

The Board adopted a Non-Executive Director shareholding guideline which recommends that Non-Executive Directors acquire and hold at least 30,000 Company shares within five years of their appointment. The target share amount was established to be roughly equivalent to one year's Directors' fees and was based on the value of the Company shares at the time. The target shareholding amount may be adjusted from time to time to track movements in the Company's share price.

## GRANTS OF SHARES, RIGHTS OVER SHARES AND OPTIONS GRANTED TO DIRECTORS

At the Annual General Meeting of Shareholders held in May 2022, shareholders approved a Non-Executive Director share purchase plan (the "2022 NED Share Plan") and a Non-Executive Director Deferred Stock Unit Plan (the "2022 NED DSU Plan") which allows current and future Non-Executive Directors to elect to receive up to 100% of their director fees in shares and/or deferred stock units in the Company in lieu of cash payments. The election of Non-Executive Directors to receive all or a portion of their compensation in shares and/or deferred stock units of the Company in lieu of cash pursuant to the 2022 NED Share Plan or 2022 NED DSU Plan does not result in any additional remuneration for the Non-Executive Directors. It is merely a mechanism for the Non-Executive Directors to elect to invest some of the fees to which they are otherwise entitled in the Company.

If a Director elects to participate in the 2022 NED Share Plan or 2022 NED DSU Plan, NED Shares and/or NED Deferred Stock Units are issued quarterly (or at other intervals in compliance with insider trading laws and the requirements of the Company's Securities Trading Policy) at predetermined dates throughout the year.

Following the issue of shares issued in accordance with the 2022 NED Share Plan, Non-Executive Directors are not able to deal in the shares for a 12-month period. After this period, they will be free to deal in the shares subject to the Company's Securities Trading Policy and any minimum shareholding requirements adopted by the Board.

Deferred stock units issued in accordance with the 2022 NED DSU Plan vest immediately at the time of grant to the Non-Executive Director. Deferred stock units issued under the 2022 NED DSU Plan may only be settled after the Non-Executive Director's death, retirement, or loss of his or her position as a Director.

The number of NED Shares and/or NED Deferred Stock Units to be allocated to Non-Executive Directors who elect to participate in the 2022 NED Share Plan and/or 2022 NED DSU Plan each quarter is calculated by dividing the amount of director's fees which the relevant Non-Executive Director has elected to contribute to the 2022 NED Share Plan and/or 2022 NED DSU Plan by the arithmetic average of the daily volume weighted average sale price of the Company's shares sold on ASX on the ordinary course of trading during the five trading days preceding the issue date of the shares and/or deferred stock units.

No securities were issued under the 2022 NED Share Plan or the 2022 NED DSU Plan during the year.

## DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

Except as noted herein, no contracts involving Directors' or Officers' interests existed during, or were entered into, since the end of the financial year other than the transactions detailed in the financial statements.

## INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Directors and Officers of the Company are indemnified by the Company to the maximum extent permitted by law against liabilities incurred in their respective capacities as Directors or officers. In addition, during the financial year, the Company paid premiums in respect of contracts insuring the Directors and Officers of the Company and any related body against liabilities incurred by them to the extent permitted by the *Corporations Act 2001* (Cth). The insurance contracts prohibit disclosure of the nature of the liability and the amount of the premium.

The Company has not paid any premiums in respect of any contract insuring Deloitte Touche Tohmatsu against a liability incurred in the role as an auditor of the Company.

## **EXECUTIVE MANAGEMENT TEAM**

### **Jeffrey Olsen**

Jeffrey Olsen's experience and qualifications are summarized on page 34.

### **Miguel Desdin**

Miguel Desdin was appointed the Company's Chief Financial Officer in January 2019. Prior to joining Boart Longyear, Mr. Desdin served seven years as CFO and Senior Vice President of TPC Group, a two-billion-dollar chemical company based in Houston, Texas where he also served as interim CEO. Previous to that, Mr. Desdin served as Senior Vice President and Chief Financial Officer of Furmanite Corporation, and Corporate Controller of Celanese Corporation. Mr. Desdin's career has led him through several key executive and financial roles within the industrial chemicals and related industries including working for Great Lakes Chemical Corporation and AlliedSignal, Inc. where he began his career in finance.

He earned his MBA in Finance from the Wharton School at the University of Pennsylvania, and a Bachelor of Science in Industrial and Systems Engineering from the University of Florida.

### **Denis Despres**

Denis Despres was appointed the Company's Chief Operating Officer on 1 September 2016. He began his career with Boart Longyear in 1981 and has held various positions with progressive responsibility in the Company's Drilling Services and Products divisions, including Senior VP, Drilling Services. After leaving Boart Longyear in 2007, Mr. Despres founded his own drilling business, which was acquired by Major Drilling in 2010. He most recently served as Major Drilling's Chief Operating Officer prior to re-joining Boart Longyear.

Mr. Despres studied in Ontario, Canada, and received a diploma in Mechanical Engineering Technology from Algonquin College, a Bachelor of Engineering from Lakehead University and a Master of Business Administration from Queen's University, all of which are in Ontario, Canada.

### **Daniel Goldblatt**

Mr. Goldblatt joined Boart Longyear as Chief Human Resources Officer on 1 September 2022. His career includes significant global human resources experience focused on organizational transformation, business partnering, and performance management across diverse industries. From 2019 to 2022, Mr. Goldblatt was a senior executive with mattress manufacturer Serta Simmons Bedding, most recently as Chief Operating Officer and previously as Chief Human Resources Officer. From 2006 to 2019, he was Senior Vice President, Human Resources, at Acuity Brand Lighting, the world's largest manufacturer of lighting fixtures. From 2001 to 2006, Mr. Goldblatt held a number of human resources positions at Hexion Speciality Chemicals, including Vice President Human Resources Performance Products Division and Asia Pacific. He also held additional senior human resources positions at Phase Two Strategies and Trucolor.

Mr. Goldblatt is a graduate of Brown University.

### **Giovanna Bee Moscoso**

Mrs. Giovanna Bee Moscoso joined Boart Longyear as Chief Legal Officer on 28 February 2022, bringing an abundance of legal and mining industry experience. Prior to joining the Company, Giovanna was a legal consultant to the mining industry where she focused on permitting, compliance, due diligence, and land management. From 1994 to 2019, Giovanna held progressive responsibilities at Barrick Gold, including Partner, Vice President, and Assistant General Counsel, in Peru, Chile, Argentina, Salt Lake City and Toronto. Her scope of responsibilities encompassed managing legal, regulatory, permitting, and contractual matters for various mines in the Americas. Mrs. Moscoso's roles have also included coordinating government and public relations and developing social outreach and human rights programs with stakeholders, including indigenous communities and private landowners.

Mrs. Moscoso was Chairwoman of the Board of Calipuy Resources Inc. through June 2022 and is currently the Independent Director and Chair of the Governance, Social and Environmental Committee of the Board of Palladium One Mining Inc.

Mrs. Moscoso holds a Juris Doctor degree from the University of Lima and a Masters of Law – LLM from Duke University.

### **Pat Nill**

Pat Nill was appointed to the Executive Committee in June 2021. Mr. Nill joined the company as the Vice President of Global Products in January 2018. His career has led him through several key executive roles within mining products organizations. Prior to BLY, he worked at Dyno Nobel Inc. where he held several positions including VP New Product Management and Development, Global General Manager, Electronics, and General Manager of the Eastern Region. He has also previously held positions with DetNet International as Vice President of Sales and Marketing and The Ensign-Bickford Company as Director, Commercial Sales. Mr. Nill earned his Bachelor of Science degree in Business Administration from Rockhurst University.

### **Mike Ravella**

Mike Ravella was appointed to the Executive Committee in June 2021 and is the Vice President Geological Data Services. Mr. Ravella began his career with BLY in March 2008 and held various positions with progressive responsibility in the company including Director of GDS, North American Regional Manager Aftermarket, Drilling Services Western Australia Base Metals

Zone Manager, and E&I Northeast US Zone Manager. Prior to Boart Longyear, Mr. Ravella was a contaminant hydrogeologist for ten years where he ran large dynamic site investigation drilling programs with real-time data.

Mr. Ravella earned his Master of Arts degree in Earth Sciences from Boston University and his Bachelor of Science degree in Geology from Keene State College.



## **AUDITOR**

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is included on page 42 of this report.

### **NON-AUDIT SERVICES**

Details of amounts paid or payable for non-audit services provided during the year by the auditor are outlined in Note 8 to the financial statements.

The auditor of Boart Longyear Group Ltd. is Deloitte Touche Tohmatsu. The Company has employed Deloitte Touche Tohmatsu on assignments additional to their audit duties where their expertise and experience with the Company are important. These assignments principally have been related to tax advice and tax compliance services, the magnitude of which is impacted by the global reach of the Company.

The Company and its Audit & Risk Committee ("Audit Committee") are committed to ensuring the independence of the external auditor. Accordingly, significant scrutiny is given to non-audit engagements of the external auditor. The Company has a formal pre-approval policy that requires the pre-approval of non-audit services by the Chairman of the Audit Committee. Additionally, the total annual fees for such non-audit services cannot exceed the auditor's annual audit fees without the approval of the Audit Committee. The Audit Committee believes that the combination of these two approaches results in an effective procedure to control services performed by the external auditor.

None of the services performed by the auditor undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) and are of the opinion that the services, as disclosed in Note 8 to the financial statements, do not compromise the external auditor's independence.

### **PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### **ROUNDING OF AMOUNTS**

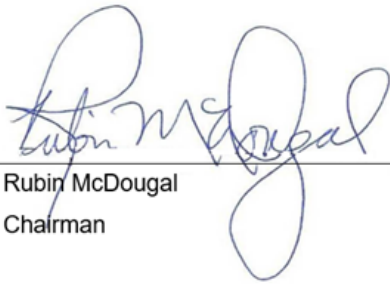
Boart Longyear Group Ltd. is a company of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and the Financial Report are presented in US dollars and have been rounded off to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

## REMUNERATION

The Remuneration Report is included beginning at page 20 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Rubin McDougal', is written over a horizontal line. The signature is stylized with large loops and a long tail.

Rubin McDougal  
Chairman

24 February 2023

The Directors  
Boart Longyear Group Ltd  
333 Bay Street  
Suite 2400  
Toronto Ontario M5H 2T6  
CANADA

24 February 2023

Dear Directors

**Boart Longyear Group Ltd**

I am pleased to provide the following declaration of independence to the directors of Boart Longyear Group Ltd and its subsidiaries.

As lead audit partner for the audit of the financial report of Boart Longyear Group Ltd for the financial year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Australian Code of Ethics for Professional Accountants (including Independence Standards), issued by the Australian Professional and Ethical Standards Board (APES) in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



**D K Andrews**  
Partner  
Chartered Accountants

## Independent Auditor's Report to the members of Boart Longyear Group Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Boart Longyear Group Ltd (the Parent or Boart Longyear) and its controlled entities (collectively the Company) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report gives a true and fair view, of the Company's financial position as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

©2022 Deloitte Touche Tohmatsu

| Key Audit Matter  | How the scope of our audit responded to the Key Audit Matter  |
|---|---|
| <p><b>Taxation</b></p> <p>The Company operates across a large number of jurisdictions, each with its own taxation regime and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including application of transfer pricing rules, indirect taxes, and transaction-related tax matters as disclosed in Notes 11, 23 and 30.</p> <p>As at 31 December 2022, the Company has recorded an income tax expense of \$1.4 million, current and non-current tax receivables of \$1.1 million and \$1.3 million and a net current tax payable of \$2.4 million, deferred tax assets of \$11.5 million, and deferred tax liabilities of \$22 million.</p> <p>In notes 11, 23 and 30, the Company has disclosed its assessment of tax-related contingent liabilities and that the Company is subject to certain tax audits that arise in the normal course of its business.</p> <p>As at 31 December 2022, the Company has recorded a provision for tax contingencies of \$38.8 million.</p> <p>Due to the number of jurisdictions and the complexity in tax laws in those jurisdictions significant judgment is required in estimating tax exposures and/or contingent liabilities</p> | <p>Our procedures performed in conjunction with internal tax specialists, included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process and key controls that management have in place to determine the taxation balances;</li> <li>• Evaluating the appropriateness of the Company's tax expense calculations and the rationale on which deferred tax assets and liabilities were recognised;</li> <li>• Challenging and evaluating management's assessment of uncertain tax positions and conclusions on complex tax arrangements through enquiries of the Company's Taxation department, and obtaining and considering the Company's correspondence with local tax authorities;</li> <li>• Evaluating the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable income to support the recognition of deferred income tax assets; and</li> <li>• Assessing the adequacy of the disclosures in notes 11, 23 and 30.</li> </ul> |



## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Company's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon: 2022 Overview, the Chairman's report, the CEO report, and the Supplementary Information which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the 2022 Overview, the Chairman's report, the CEO report, and the Supplementary Information if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

## Directors' Responsibilities for the Financial Report

The directors of the Parent are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and for such internal control as directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Parent with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Boart Longyear Group Ltd for the year ended 31 December 2022, has been prepared in accordance with section 300A of the *Corporation Act 2001*.

## *Responsibilities*

The directors of the Parent have voluntarily presented the Remuneration Report which has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



**D K Andrews**  
Partner  
Chartered Accountants  
Perth, 24 February 2023

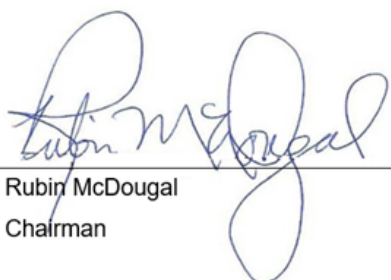
## **DIRECTORS' DECLARATION**

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;
- (b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001.
- (e) there are reasonable grounds to believe that the Company and the group entities identified in Note 31 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016-785.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



---

Rubin McDougal  
Chairman

24 February 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended December 2022

|  | Note | 2022<br>US\$'000 | 2021<br>US\$'000          |
|--|------|------------------|---------------------------|
| <b>Continuing operations</b>   |      |                  |                           |
| Revenue  | 4    | 1,038,887        | 921,399                   |
| Cost of goods sold   |      | (862,078)        | (747,550)                 |
| Gross margin   |      | 176,809          | 173,849                   |
| Other income   | 5    | 12,259           | 20,608                    |
| General and administrative expenses  |      | (109,201)        | (125,023)                 |
| Sales and marketing expenses   |      | (22,251)         | (20,643)                  |
| Other expenses   | 5    | (24,347)         | (13,114)                  |
| Operating profit   |      | 33,269           | 35,677                    |
| Interest income  | 6    | 57               | 42                        |
| Finance costs  | 6    | (20,036)         | (88,828)                  |
| Profit (loss) before taxation  |      | 13,290           | (53,109)                  |
| Income tax expense   | 11   | (1,435)          | (4,280)                   |
| <b>Profit (loss) for the year attributable to equity holders of the parent</b>                   |      | 11,855           | (57,389)                  |
| <b>Earning (loss) per share:</b>   |      |                  |                           |
| Basic and diluted earnings (loss) per share  | 12   | 4.0 cents        | (68.7) cents <sup>1</sup> |
| <b>Other comprehensive income (loss)</b>   |      |                  |                           |
| Profit (loss) for the year attributable to equity holders of the parent                          |      | 11,855           | (57,389)                  |
| <i>Items that may be reclassified subsequently to profit or loss</i>                             |      |                  |                           |
| Exchange differences arising on translation of foreign operations                                |      | (10,942)         | (4,612)                   |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                        |      |                  |                           |
| Actuarial gain related to defined benefit plans, net of tax                                      | 24   | 4,904            | 6,828                     |
| Adjustments for restrictions on the defined benefit asset, net of tax                            | 24   | (4,816)          | —                         |
| Gain (loss) on cash flow hedges recorded in equity, net of tax                                   |      | 5,859            | (1,548)                   |
| Other comprehensive gain (loss) for the year, net of tax   |      | (4,995)          | 668                       |
| <b>Total comprehensive profit (loss) for the year attributed to equity holders of the parent</b> |      | 6,860            | (56,721)                  |

(1) On 23 September 2021, the Company completed a consolidation of issued capital on a basis that every 20 shares be consolidated into 1 share.

See accompanying Notes to the Consolidated Financial Statements included on pages 54 to 110.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

|                                      | Note   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--------------------------------------|--------|------------------|------------------|
| <b>Current assets</b>                |        |                  |                  |
| Cash and cash equivalents            | 35     | 34,822           | 25,579           |
| Trade and other receivables          | 13     | 139,657          | 137,900          |
| Inventories                          | 14     | 226,014          | 207,962          |
| Current tax receivable               | 11     | 1,123            | 824              |
| Prepaid expenses and other assets    |        | 15,443           | 15,641           |
|                                      |        | <u>417,059</u>   | <u>387,906</u>   |
| Asset classified as held for sale    | 16     | 345              | 161              |
| <b>Total current assets</b>          |        | <u>417,404</u>   | <u>388,067</u>   |
| <b>Non-current assets</b>            |        |                  |                  |
| Property, plant and equipment        | 18     | 187,859          | 168,635          |
| Goodwill                             | 19     | 103,758          | 104,916          |
| Other intangible assets              | 20     | 33,833           | 30,959           |
| Deferred tax assets                  | 11     | 11,465           | 10,139           |
| Non-current tax receivable           | 11     | 1,343            | 912              |
| Other assets                         |        | 19,193           | 3,832            |
| Defined benefit pension asset        | 24     | —                | 1,117            |
| <b>Total non-current assets</b>      |        | <u>357,451</u>   | <u>320,510</u>   |
| <b>Total assets</b>                  |        | <u>774,855</u>   | <u>708,577</u>   |
| <b>Current liabilities</b>           |        |                  |                  |
| Trade and other payables             | 21     | 177,485          | 137,996          |
| Provisions                           | 23     | 19,334           | 21,600           |
| Current tax payable                  | 11     | 2,420            | 1,506            |
| Loans and borrowings                 | 22     | 20,187           | 10,752           |
| <b>Total current liabilities</b>     |        | <u>219,426</u>   | <u>171,854</u>   |
| <b>Non-current liabilities</b>       |        |                  |                  |
| Loans and borrowings                 | 22     | 190,326          | 178,694          |
| Other financial liabilities          | 25, 26 | 13,575           | 20,900           |
| Deferred tax liabilities             | 11     | 21,995           | 21,115           |
| Provisions                           | 23     | 48,597           | 45,532           |
| <b>Total non-current liabilities</b> |        | <u>274,493</u>   | <u>266,241</u>   |
| <b>Total liabilities</b>             |        | <u>493,919</u>   | <u>438,095</u>   |
| <b>Net assets</b>                    |        | <u>280,936</u>   | <u>270,482</u>   |
| <b>Equity</b>                        |        |                  |                  |
| Issued capital                       | 25     | 673,955          | 673,955          |
| Reserves                             |        | (123,772)        | (123,720)        |
| Other equity                         |        | 1,463,247        | 1,463,247        |
| Accumulated losses                   |        | (1,730,128)      | (1,742,950)      |
| <b>Total equity</b>                  |        | <u>283,302</u>   | <u>270,532</u>   |
| Non-controlling interest             |        | (2,366)          | (50)             |
| <b>Total equity</b>                  |        | <u>280,936</u>   | <u>270,482</u>   |

See accompanying Notes to the Consolidated Financial Statements included on pages 54 to 110.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

|  | Issued capital<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Equity-settled compensation reserve<br>US\$'000 | Hedging reserve<br>US\$'000 | Other <sup>1</sup> equity<br>US\$'000 | Accumulated losses<br>US\$'000 | Total attributable to owners of the parent<br>US\$'000 | Non-controlling interest<br>US\$'000 | Total equity<br>US\$'000 |
|--|----------------------------|--|---|-----------------------------|---------------------------------------|--------------------------------|--|--------------------------------------|--------------------------|
| Balance at 1 January 2021                                  | 1,469,393                  | (120,176)  | 2,616   | —                           | (128,790)                             | (1,692,944)                    | (469,901)  | 505                                  | (469,396)                |
| Loss for the period  | —                          | —  | —   | —                           | —                                     | (57,389)                       | (57,389)   | —                                    | (57,389)                 |
| Other comprehensive gain (loss) for the period, net of tax | —                          | (4,612)  | —   | (1,548)                     | —                                     | 6,828                          | 668  | —                                    | 668                      |
| Total other comprehensive loss                             | —                          | (4,612)  | —   | (1,548)                     | —                                     | (50,561)                       | (56,721)   | —                                    | (56,721)                 |
| Shares issued  | 796,604                    | —  | —   | —                           | —                                     | —                              | 796,604  | —                                    | 796,604                  |
| Re-domiciliation reserve adjustment <sup>2</sup>           | (1,592,037)                | —  | —   | —                           | 1,592,037                             | —                              | —  | —                                    | —                        |
| Non-controlling interest                                   | —                          | —  | —   | —                           | —                                     | 555                            | 555  | (555)                                | —                        |
| Share purchases  | (5)                        | —  | —   | —                           | —                                     | —                              | (5)  | —                                    | (5)                      |
| <b>Balance at 31 December 2021</b>                         | <b>673,955</b>             | <b>(124,788)</b>                                 | <b>2,616</b>                                    | <b>(1,548)</b>              | <b>1,463,247</b>                      | <b>(1,742,950)</b>             | <b>270,532</b>   | <b>(50)</b>                          | <b>270,482</b>           |
| Balance at 1 January 2022                                  | 673,955                    | (124,788)  | 2,616   | (1,548)                     | 1,463,247                             | (1,742,950)                    | 270,532  | (50)                                 | 270,482                  |
| Profit for the period                                      | —                          | —  | —   | —                           | —                                     | 11,855                         | 11,855   | —                                    | 11,855                   |
| Other comprehensive gain (loss) for the period, net of tax | —                          | (10,942)   | —   | 7,296                       | —                                     | (1,349)                        | (4,995)  | —                                    | (4,995)                  |
| Total other comprehensive gain (loss)                      | —                          | (10,942)   | —   | 7,296                       | —                                     | 10,506                         | 6,860  | —                                    | 6,860                    |
| Non-controlling interest                                   | —                          | —  | —   | —                           | —                                     | 2,316                          | 2,316  | (2,316)                              | —                        |
| Share-based compensation                                   | —                          | —  | 3,594   | —                           | —                                     | —                              | 3,594  | —                                    | 3,594                    |
| <b>Balance at 31 December 2022</b>                         | <b>673,955</b>             | <b>(135,730)</b>                                 | <b>6,210</b>                                    | <b>5,748</b>                | <b>1,463,247</b>                      | <b>(1,730,128)</b>             | <b>283,302</b>   | <b>(2,366)</b>                       | <b>280,936</b>           |

(1) Other equity represents the Company's reorganization reserve on creation of the Company in 2007, the expiration of unexercised equity-settled awards and the Company's reorganization reserve on the Recapitalisation and re-domiciliation of the Company in 2021.

(2) Refer to Note 2.

See accompanying Notes to the Consolidated Financial Statements included on pages 54 to 110.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

|   | Note | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |      |                  |                  |
| Profit (loss) for the year  |      | 11,855           | (57,389)         |
| <i>Adjustments provided by operating activities:</i>  |      |                  |                  |
| Income tax expense recognized in profit   |      | 1,435            | 4,280            |
| Finance costs recognized in profit  | 6    | 20,036           | 88,828           |
| Depreciation and amortization   | 7    | 48,565           | 48,551           |
| Interest income recognized in profit  | 6    | (57)             | (42)             |
| Gain on sale or disposal of non-current assets  | 7    | (4,846)          | (4,005)          |
| Other non-cash items  |      | (10,165)         | (6,902)          |
| Gain on fair value of warrant liabilities   |      | (5,777)          | (11,630)         |
| Impairment of current and non-current assets  |      | 2,866            | 424              |
| Non-cash foreign exchange loss  |      | 13,808           | 8,246            |
| Equity-settled share-based payments   |      | 3,594            | —                |
| <i>Changes in net assets and liabilities, net of effects from acquisition and disposal of business:</i> |      |                  |                  |
| Increase in assets:   |      |                  |                  |
| Trade and other receivables   |      | (12,622)         | (32,750)         |
| Inventories   |      | (17,798)         | (50,161)         |
| Other assets  |      | (10,203)         | (7,972)          |
| Increase in liabilities:  |      |                  |                  |
| Trade and other payables  |      | 47,512           | 44,359           |
| Provisions  |      | 8,382            | 2,802            |
| Cash provided by operations   |      | 96,585           | 26,639           |
| Interest paid   |      | (18,033)         | (12,011)         |
| Interest received   | 6    | 57               | 42               |
| Income taxes paid   |      | (9,498)          | (11,463)         |
| Net cash flows provided by operating activities   |      | <b>69,111</b>    | <b>3,207</b>     |

See accompanying Notes to the Consolidated Financial Statements included on pages 54 to 110.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

|  | Note      | 2022<br>US\$'000     | 2021<br>US\$'000     |
|--|-----------|----------------------|----------------------|
| <b>Cash flows from investing activities</b>  |           |                      |                      |
| Purchase of property, plant and equipment  |           | (54,037)             | (51,717)             |
| Proceeds from sale of property, plant and equipment                                |           | 5,643                | 5,712                |
| Intangible costs paid  |           | (5,840)              | (6,498)              |
| Net cash flows used in investing activities  |           | <u>(54,234)</u>      | <u>(52,503)</u>      |
| <b>Cash flows from financing activities</b>  |           |                      |                      |
| Proceeds from the issuance of shares <sup>1</sup>                                  |           | —                    | 1,578                |
| Payments for share purchases   |           | —                    | (5)                  |
| Payments for debt issuance costs   |           | (1,134)              | (4,375)              |
| Proceeds from borrowings   |           | 142,932              | 263,311              |
| Repayment of borrowings  |           | (144,284)            | (207,837)            |
| Net cash flows (used in) provided by financing activities                          |           | <u>(2,486)</u>       | <u>52,672</u>        |
| Net increase in cash and cash equivalents  |           | 12,391               | 3,376                |
| Cash and cash equivalents at the beginning of the year                             |           | 25,579               | 23,513               |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |           | (3,148)              | (1,310)              |
| <b>Cash and cash equivalents at the end of the year</b>                            | <b>35</b> | <u><b>34,822</b></u> | <u><b>25,579</b></u> |

(1) The Company was Recapitalized on 23 September 2021. See Note 2.

See accompanying Notes to the Consolidated Financial Statements included on pages 54 to 110.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL INFORMATION

Boart Longyear Group Ltd. (the "Parent") is a public company listed on the Australian Securities Exchange Limited ("ASX") and is incorporated in Ontario, Canada. Boart Longyear Group Ltd. and subsidiaries (collectively referred to as the "Company") operate in four geographic regions, which are defined as North America, Latin America, Asia Pacific, and EMEA. Boart Longyear Group Ltd. was inserted as the Parent entity during 2021 as part of the Company's re-domiciliation to Canada. Refer to Note 2. Boart Longyear Limited continues to be the ultimate controlling entity incorporated within Australia.

Boart Longyear Group Ltd.'s registered office and its principal place of business are as follows:

### Registered office

2442 South Sheridan Way  
Mississauga, Ontario  
Canada L5J 2M7  
Tel: +1 905 822 7922

### Principal place of business

2455 South 3600 West  
Salt Lake City, Utah 84119  
United States of America  
Tel: +1 (801) 972 6430

As Boart Longyear Group Ltd. is incorporated in Ontario, Canada, it is subject to certain Canadian securities laws, including applicable take-over bid rules under which any offer to acquire outstanding voting or equity securities of a class made to one or more persons, any of whom is in a Canadian jurisdiction where the securities subject to the bid, together with the offeror's securities (and those held by joint actors), constitute in aggregate 20% or more of the outstanding securities of the company at the time of the offer are required to extend the offer to all security holders who are in Canada. The takeover bid rules require, among other things, the equal treatment of all shareholders by the mailing of a takeover bid circular to all shareholders of the target company, minimum offer periods and prescribed disclosure requirements. There are certain exemptions from the Canadian take-over bid rules, including if among other things, less than 10% of the issued and outstanding shares are held by shareholders in Canada and the principal trading market for the shares is outside of Canada.

There are no restrictions imposed on a third party's acquisition of Boart Longyear Group Ltd.'s securities under the company's articles or by-laws.

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 (*Cth*) dealing with the acquisition of the Company's shares (including substantial holdings and takeovers).

### Basis of Preparation

This financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of Australian Accounting Standards and of the Australian Corporations Act (*Cth*) and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ("IFRS"). The financial report includes the consolidated financial statements of the Company. For purposes of preparing the consolidated financial statements, the Company is a for-profit entity;
- is presented in United States dollars, which is Boart Longyear Group Ltd.'s functional and presentation currency. All values have been rounded to the nearest thousand dollars (US\$000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191. The financial statements were authorized for issue by the Directors on 24 February 2023;
- applies accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied by each entity in the Company;
- is prepared by combining the financial statements of all of the entities that comprise the consolidated entity, Boart Longyear Group Ltd. and subsidiaries as defined in *AASB 10 'Consolidated Financial Statements'*. Consistent accounting policies are applied by each entity and in the preparation and presentation of the consolidated financial statements; Subsidiaries are all entities for which the Company (a) has power over the investee (b) is exposed or has rights, to variable returns from involvement with the investee and (c) has the ability to use its power to affect its return. All three of these criteria must be met for the Company to have control over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until such time as the Company ceases to control such entity.
- all inter-company balances and transactions, and unrealized income and expenses arising from inter-company transactions, are eliminated.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL INFORMATION (CONTINUED)

- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to Note 36 for further details.

The financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments that are stated at fair value. Cost is based on fair values of the consideration given in exchange for assets. The financial report has also been prepared on the basis that the Company is a going concern, which assumes continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business.

### Going Concern

The financial report has been prepared on the going concern basis which contemplates the realization of assets and the settlement of liabilities in the ordinary course of business. The Directors consider that current and expected liquidity from operating cash flow, cash on hand and available drawings under the Company's Asset Backed Revolver Bank Loan and Exit Term Loan will be adequate to enable the Company to meet its debts and obligations as and when they fall due for the twelve months from the date of issuance of this financial report.

### Key Judgements and Estimates

In applying Australian Accounting Standards, management is required to make judgments, estimates and form assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported revenue and expenses during the periods presented herein. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the respective periods in which they are revised if only those periods are affected, or in the respective periods of the revisions as well as future periods if the revision affects both current and future periods.

The key judgments, estimates and assumptions that have or could have the most significant effect on the amounts recognized in the financial statements, are found in the following notes:

|         |                         |
|---------|-------------------------|
| Note 11 | Income Taxes            |
| Note 20 | Other Intangible Assets |
| Note 23 | Provisions              |
| Note 30 | Contingent Liabilities  |

### Foreign Currency

The Company's presentation currency is the US dollar. The financial statements of the Company and its subsidiaries have been translated into US dollars using the exchange rates at each balance sheet date for assets and liabilities and at average exchange rates for revenue and expenses throughout the period. The effects of exchange rate fluctuations on the translation of assets and liabilities are recorded as movements in the Foreign Currency Translation Reserve ("FCTR").

The Company determines the functional currency of its subsidiaries based on the currency used in their primary economic environment, and, as such, foreign currency translation adjustments are recorded in the FCTR for those subsidiaries with a functional currency different from the US dollar. The cumulative currency translation is transferred to the income statement when a subsidiary is disposed of or liquidated.

Transaction gains and losses, and unrealized translation gains and losses on short-term inter-company and operating receivables and payables denominated in a currency other than the functional currency, are included in other income or other expenses in profit or loss. Where an inter-company balance is, in substance, part of the Company's net investment in an entity, exchange gains and losses on that balance are taken to the FCTR.

### Other Accounting Policies

Significant and other accounting policies that summarize the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. RECAPITALISATION AND RE-DOMICILIATION

### Implementation of the Creditors' Schemes

On 23 September 2021, Boart Longyear completed a Recapitalisation that substantially reduced the Company's debt, strengthened its balance sheet, lowered interest expense, and enhanced the liquidity of the Company to support operations and future growth. The following summarizes the steps taken to implement the creditors' schemes and Recapitalisation transaction.

#### Share Consolidation

As part of the Recapitalisation transaction, the Company completed a share consolidation on the basis that every 20 shares be consolidated into 1 share. The share consolidation was applied to all issued capital comprising shares, warrants, and options. The share consolidation occurred prior to the implementation of the Recapitalisation so that all securities issued under the Recapitalisation were issued on a post-share consolidation basis.

As a result of the share consolidation, the weighted average number of shares outstanding was adjusted proportionately as if the share consolidation had occurred at the start of the earliest period for which earnings per share information was presented. Refer to Note 12.

#### Issue of New Shares and Warrants

According to the terms of the Recapitalisation, \$829.7 million of debt and accrued interest costs were cancelled in exchange for the issue of the Company's equity and warrants. The cancelled debt and associated interest was owed to the holders of Term Loan A debt, Term Loan B debt, the Senior Secured Notes and the Senior Unsecured Notes. The obligations of Boart Longyear under the Term Loan A debt, Term Loan B debt, Senior Secured Notes and Senior Unsecured Notes was cancelled in exchange for the issue of:

- 290,613,743 ordinary shares in the Company; and
- 32,782,148 warrants to the Senior Unsecured Note holders.

The cancellation of this debt was accounted for as follows:

*Term Loan A and Term Loan B:* The holders of Term Loan A and Term Loan B were significant shareholders of the Company and were considered to be acting in their capacity as significant shareholders at the time the debt was extinguished; as a result, this transaction was outside the scope of AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* ("AASB 19"). When the cancellation of debt is outside the scope of AASB 19, judgement is required in determining the appropriate accounting treatment. The Company developed an accounting policy to measure the share capital issued to existing, significant shareholders as part of the Recapitalisation by reference to the carrying amount of the debt extinguished. Therefore, the increase in equity for the shares issued was measured by reference to the \$364.2 million owed to the holders of Term Loan A and Term Loan B when the debt was cancelled, and no gain or loss was recognized on the transaction.

*Senior Secured Notes:* The Senior Secured Notes were held by various stakeholders, some of whom were significant shareholders and some of whom were not. Of the \$371.1 million outstanding on the Senior Secured Notes, a balance of \$204.2 million was due to significant shareholders of the Company while the remaining \$166.9 million was due to non-shareholders. The increase in equity for the shares issued to extinguish the Senior Secured Notes held by significant shareholders was measured by reference to the carrying amount of the liability, and no gain or loss was recognized on the cancellation of debt as the shareholders were considered to be acting in their capacity as shareholders on this transaction. Where shares were issued to extinguish the remaining \$166.9 million in debt held by non-shareholders, the shares issued were measured at their fair value on the date of issue and a \$1.4 million restructuring gain was recorded as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the carrying value of the cancelled debt was higher than the fair value of the shares issued.

A share price of US\$2.27 (or A\$3.13) was used to fair value the shares issued to the non-shareholders which was lower than the A\$3.55 quoted share price on the date of the debt extinguishment. Due to the low trading volume of BLY shares, the market was considered inactive at the time of the Recapitalisation. Further, the share price hadn't had time to reflect fully the impact of the Recapitalisation on the Company.

The fair value of the equity issued to non-shareholders was estimated using an income approach and utilizing a discounted cash flow forecast model. The following were the key model inputs used in determining the fair value:

- Assumed after-tax discount rate of 10.5%;
- Assumed terminal period EBITDA margin of 14.0%; and
- Assumed two year projection period based on the Board approved budget and long range plans followed by a long-term terminal period due to the cyclical nature of the industry that market participants would consider when estimating projected cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. RECAPITALISATION AND RE-DOMICILIATION (CONTINUED)

An enterprise valuation was derived using the income approach model and the Company's net debt was deducted from the enterprise valuation to arrive at an overall equity value. A range of enterprise values was evaluated before concluding on an enterprise value that was most representative of the fair value given all the facts and circumstances.

*Senior Unsecured Notes:* Similar to the Senior Secured Notes, the Senior Unsecured notes were held by both significant shareholders and non-shareholders. In addition to receiving shares, the holders of the Senior Unsecured Notes also received share purchase warrants. These warrants have an exercise price of A\$2.79 and are exercisable through 23 September 2027. Holders of these warrants may elect a cashless exercise whereby the warrant holder is not required to pay the Company the exercise price of the warrant and instead will be issued a net number of shares that is variable based on the fair value of the Company's shares on the exercise date of the warrant. As a result, these warrants don't meet the fixed-for-fixed criteria for classification as equity and have therefore been classified as a liability in the Consolidated Statement of Financial Position. The warrants were valued using an option pricing model resulting in an initial liability being recognized for the warrants of \$31.1 million. Refer to Note 25 for the inputs used to determine the fair value of the warrants.

The fair value of the warrants was deducted from the \$94.5 million due to holders of the Senior Unsecured Notes resulting in a remaining \$59.6 million outstanding debt due to significant shareholders and \$3.8 million outstanding due to non-shareholders. The shares issued to the significant shareholders in exchange for cancelling the remaining debt were measured by reference to the \$59.6 million due to these shareholders, and no gain or loss was recognized on the cancellation of this debt as it was determined the shareholders were acting in their capacity as shareholders. The shares issued to non-shareholders were measured at their fair value on the date of issue resulting in a \$2.3 million restructuring gain recorded as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the carrying value of the cancelled debt was higher than the fair value of the shares issued.

The fair value of the shares issued to the non-shareholders of the Senior Unsecured Notes was determined using the same aforementioned approach used to determine the fair value of the shares issued to the non-shareholders of the Senior Secured notes.

### Exit Financing

Immediately after issuing the new shares and warrants to cancel the debt and accrued interest owned under Term Loan A, Term Loan B, the Senior Secured Notes and the Senior Unsecured Notes, the Company drew down on its five-year, \$115.0 million term loan facility with HPS Investment Partners, LLC, Blue Torch Capital LP and other financial institutions to fully repay:

- The incremental, short term credit facility of \$50.0 million entered into on 10 July 2021, with Corre Partners Management, First Pacific Advisors, Nut Tree Capital Management, and certain other financial institutions affiliated therewith; and
- The existing backstop ABL/Term Loan creditor facility with Centerbridge and others.

Refer to Note 22 for the key terms and conditions of the Exit Term Loan.

### Creditor Share Purchase Plan

The Company issued 878,169 shares to participating shareholders under a Share Purchase Plan, raising \$1.6 million in the aggregate. Refer to Note 25.

### Selective Buy-Back and Cancellation of Shares under Selective Buy-Back

The Company accepted offers received from eligible shareholders under a Selective Buy-Back and repurchased 2,562 shares. The shares purchased under the Selective Buy-Back were cancelled on 24 September 2021. Refer to Note 25.

### Income Tax

The tax attributes of the Company were impacted by the Recapitalisation in Australia and the United States. These impacts can be found in Note 11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. RECAPITALISATION AND RE-DOMICILIATION (CONTINUED)

### Re-domiciliation

On 8 September 2021, the Company's shareholders approved a re-domiciliation of the Company to Canada. In accordance with the terms of the re-domiciliation, on 5 October 2021, Boart Longyear Group Ltd., the new Canadian parent entity, acquired all the issued shares in the existing parent entity, Boart Longyear Limited, from existing Boart Longyear Limited shareholders on a one for one basis.

Apart from stating that a business combination has not occurred when a new entity is placed on top of an existing group by issuing shares to the existing shareholder, there is no specific guidance in AASB 3 *Business Combination* on this topic. As a result, the Company has developed an accounting policy to account for this transaction using the predecessor's carrying amounts at the date of the transaction. Therefore, the consolidated financial statements of Boart Longyear Group Ltd. are presented as a continuation of the existing group. Assets and liabilities are recognized at predecessor carrying values while share capital, including shares, options, and warrants, are recognized at fair value. As the re-domiciliation has been presented as a continuation of the Company, existing reserves from the predecessor parent entity have been brought forward. The \$1.6 billion difference between the share capital of Boart Longyear Group Ltd. and the reserves and net assets acquired at predecessor book value has been credited to Other equity in the Consolidated Statement of Changes in Equity.

In all, the Company incurred \$41.4 million in costs, recognized as general and administrative expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, during 31 December 2021 to fund the Recapitalisation transaction and re-domiciliation activities. These costs were partially offset by the above mentioned \$3.7 million restructuring gains recorded as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 3. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on the Company's two general operating activities: Global Drilling Services and Global Products. The Global Drilling Services segment provides a broad range of drilling services to companies in mining, energy and other industries. The Global Products segment, which includes Veracio, manufactures and sells drilling equipment and performance tooling to customers in the drilling services and mining industries.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment profit shown below is consistent with the income reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Segment profit represents earnings before interest and taxes.

### Segment revenue and results

|   | Segment Revenue  |                  | Segment Profit   |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Global Drilling Services                              | 723,803          | 614,840          | 87,947           | 60,552           |
| Global Products revenue                               |                  |                  |                  |                  |
| Global Products third party revenue                   | 315,084          | 306,559          |                  |                  |
| Global Products inter-segment revenue <sup>1</sup>    | 82,828           | 73,671           |                  |                  |
| Total Global Products                                 | 397,912          | 380,230          | 16,548           | 54,577           |
| Less Global Product sales to Global Drilling Services | (82,828)         | (73,671)         |                  |                  |
| Total third party revenue                             | 1,038,887        | 921,399          |                  |                  |
| Total segment profit                                  |                  |                  | 104,495          | 115,129          |
| Unallocated costs <sup>2</sup>                        |                  |                  | (68,850)         | (41,791)         |
| Recapitalisation costs                                |                  |                  | —                | (37,661)         |
| Global Drilling Services impairment costs             |                  |                  | (2,225)          | —                |
| Global Products impairment costs                      |                  |                  | (151)            | —                |
| Finance costs   |                  |                  | (20,036)         | (88,828)         |
| Interest income                                       |                  |                  | 57               | 42               |
| Profit (loss) before taxation                         |                  |                  | 13,290           | (53,109)         |

(1) Transactions between segments are carried out at arm's length and are eliminated on consolidation.

(2) Unallocated costs include corporate general and administrative costs as well as other expense items such as foreign exchange gains or losses.

### Other segment information

|                          | Depreciation and amortization<br>of segment assets |                  | Additions to non-current<br>assets |                  |
|--------------------------|--|------------------|------------------------------------|------------------|
|                          | 2022<br>US\$'000                                   | 2021<br>US\$'000 | 2022<br>US\$'000                   | 2021<br>US\$'000 |
| Global Drilling Services | 37,937   | 34,995           | 63,642                             | 48,248           |
| Global Products          | 9,801  | 10,400           | 15,160                             | 20,987           |
| Total of all segments    | 47,738   | 45,395           | 78,802                             | 69,235           |
| Unallocated <sup>1</sup> | 827  | 3,156            | 3,427                              | 1,455            |
| Total                    | 48,565   | 48,551           | 82,229                             | 70,690           |

(1) Unallocated additions to non-current assets relate to the acquisition of general corporate assets such as software and hardware.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 3. SEGMENT REPORTING (CONTINUED)

### Geographic information

The Company's two business segments operate in four principal geographic areas – North America, Asia Pacific, Latin America and EMEA. The Company's revenue from external customers and information about its segment assets by geographical locations are detailed below:

|               | Revenue from external customers |                  | Non-current assets <sup>1</sup> |                  |
|---------------|---------------------------------|------------------|---------------------------------|------------------|
|               | 2022<br>US\$'000                | 2021<br>US\$'000 | 2022<br>US\$'000                | 2021<br>US\$'000 |
| North America | 490,582                         | 417,961          | 221,381                         | 207,205          |
| Asia Pacific  | 200,933                         | 216,022          | 54,202                          | 53,007           |
| Latin America | 155,946                         | 104,747          | 21,306                          | 12,147           |
| EMEA          | 191,426                         | 182,669          | 49,097                          | 36,895           |
| Total         | 1,038,887                       | 921,399          | 345,986                         | 309,254          |

(1) Non-current assets excluding deferred tax assets and post-employment assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. REVENUE

Boart Longyear operates two different business units throughout various geographical locations – Global Drilling Services and Global Products, which includes our Veracio business.

### *Global Drilling Services*

The Company performs various types of drilling services within the mining and minerals industry. Contracts entered into can cover services which involve different processes and continuous drilling services activities in a sequential set of mobilization, drilling, and demobilization activities which are invoiced to the customer as those activities progress. These processes and activities are highly inter-related, and the Company provides a significant service of integration of such activities. Where this is the case, these activities and processes are accounted for as one performance obligation.

Revenue from services rendered is recognized in the statement of profit and loss and other comprehensive income over time. Boart Longyear has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date (for example, number of meters drilled). As a result, Boart Longyear applies the practical expedient under AASB 15.B16 to recognize revenue at the amount which it has the right to invoice.

Customers are generally invoiced on a fortnightly basis and revenue is recognized in the accounting period in which the right to invoice is obtained. Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components. Most drilling services contracts do not include variable payment terms. Where variable payment terms exist, these are usually in the form of penalties for late completion. Variable consideration is only recognized to the extent that it is considered highly probable that such amounts will not reverse in the future and is estimated using the expected value approach.

### *Global Products*

The Company manufactures, distributes and sells equipment that is necessary for the mining and mineral industry. Sales orders are completed across multiple geographies for products, such as large drill rigs, and drilling components, such as bits and coring rods. Each product promised to the customer is distinct under the contract according to AASB 15.27 and gives rise to a separate performance obligation. Revenue is recognized when control of the products has transferred to the customer. Transfer of control generally happens at the point the products are delivered to the carrier for drilling rigs and components. The transaction price is allocated to each product on stand-alone basis.

Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components and there is no significant reversal of variable consideration expected at the point of revenue recognition.

The components of revenue are as follows:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| Revenue from the rendering of services | 723,803          | 614,840          |
| Revenue from the sale of goods         | 315,084          | 306,559          |
|  | 1,038,887        | 921,399          |

There was one customer that contributed 13% of the Company's revenue in 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. OTHER INCOME / EXPENSE

The components of other income are as follows:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Gain on disposal of property, plant and equipment | 4,846            | 4,005            |
| Gain on disposal of scrap                         | 269              | 151              |
| Gain on warrants revaluation                      | 5,778            | 11,630           |
| Gain on recapitalization                          | —                | 3,726            |
| Other   | 1,366            | 1,096            |
| Total other income                                | 12,259           | 20,608           |

The components of other expense are as follows:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| Amortization of intangible assets <sup>1</sup>           | 1,019            | 1,609            |
| Loss on foreign currency exchange                        | 19,278           | 10,330           |
| Impairment of property, plant and equipment <sup>2</sup> | 2,613            | —                |
| Other  | 1,437            | 1,175            |
| Total other expenses                                     | 24,347           | 13,114           |

- (1) Total amortization of intangible assets for the year ended 31 December 2022 is \$3.5 million, as presented in Note 20. In the year ended 31 December 2022, amortization expense of \$1.7 million for development assets was recorded within research and development expenses, \$0.8 million was recorded in general and administrative expenses, while \$1.0 million of amortization was recorded within other expenses. In the year ended 31 December 2021 amortization totaled \$5.5 million, while \$3.9 million was recorded in research and development, and \$1.6 million was recorded within other expenses.
- (2) Fixed asset impairments of \$2.6 million were recorded during the year ended 31 December 2022 in other expenses and no fixed asset impairments were recorded during the year ended 31 December 2021. See Note 18.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6. INTEREST INCOME / FINANCE COSTS

Interest income is as follows:

|                  | <b>2022</b><br><b>US\$'000</b> | <b>2021</b><br><b>US\$'000</b> |
|------------------|--------------------------------|--------------------------------|
| Interest income: |                                |                                |
| Bank deposits    | 57                             | 42                             |

Finance costs are as follows:

|                                       | <b>2022</b><br><b>US\$'000</b> | <b>2021</b><br><b>US\$'000</b> |
|---------------------------------------|--------------------------------|--------------------------------|
| Finance costs:                        |                                |                                |
| Interest on loans and bank overdrafts | 15,590                         | 5,747                          |
| Interest on retired bank loans        | —                              | 43,488                         |
| Debt modification <sup>1</sup>        | —                              | 9,528                          |
| Applicable premium <sup>2</sup>       | —                              | 23,558                         |
| Amortization of debt issuance costs   | 1,040                          | 604                            |
| Interest on lease liabilities         | 3,406                          | 3,015                          |
| Other                                 | —                              | 2,888                          |
| Total finance costs                   | <u>20,036</u>                  | <u>88,828</u>                  |

- (1) The debt modification relates to amendments to the Company's Senior Secured Notes that were cancelled in September 2021 in exchange for equity. See Note 2 in this annual report and Note 22 in the 2021 Annual Report.
- (2) The Company's Senior Secured Notes included a premium, payable at maturity of the notes. The Senior Secured Notes were cancelled in September 2021 in exchange for equity. See Note 2 in this annual report and Note 22 in the 2021 Annual Report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 7. GAIN (LOSS) FOR THE YEAR

Gain (loss) for each year includes the following:

### (a) Gain and loss

Gain (loss) for each year includes the following:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Gain on disposal of property, plant and equipment | 4,846            | 4,005            |
| Net foreign exchange losses                       | (19,278)         | (10,330)         |
| Fair value adjustment on warrant liabilities      | (5,777)          | (11,630)         |
| Gain on recapitalization                          | —                | 3,726            |
| Net change in expected credit loss                | (187)            | (596)            |

### (b) Employee benefits expenses

|                                      | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--------------------------------------|------------------|------------------|
| Salaries and wages                   | (323,434)        | (303,915)        |
| Post-employment benefits:            |                  |                  |
| Defined contribution plans           | (12,479)         | (11,576)         |
| Defined benefit plans                | (793)            | (1,444)          |
| Long-term incentive plans:           |                  |                  |
| Equity-settled share-based payments  | (3,594)          | —                |
| Termination benefits                 | (2,486)          | (2,143)          |
| Other employee benefits <sup>1</sup> | (79,476)         | (69,495)         |

(1) Other employee benefits include items such as medical benefits, workers' compensation, other fringe benefits and state taxes.

### (c) Other

|                                    | 2022<br>US\$'000 | 2021<br>US\$'000 |
|------------------------------------|------------------|------------------|
| Depreciation of non-current assets | (45,073)         | (43,011)         |
| Amortization of non-current assets | (3,492)          | (5,540)          |
| Rental expense                     | (26,679)         | (23,960)         |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 8. REMUNERATION OF AUDITORS

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| <b>Company auditor's remuneration</b>          |                  |                  |
| Audit and review of the financial report:      |                  |                  |
| Audit of the parent entity                     | 542              | 912              |
| Related practices of the parent entity auditor | 991              | 793              |
|  | <u>1,533</u>     | <u>1,705</u>     |
| Non-audit services:                            |                  |                  |
| Tax consultation                               | 280              | 349              |
| Tax compliance                                 | 283              | 228              |
| Tax audit support                              | 647              | 497              |
|  | <u>1,210</u>     | <u>1,074</u>     |
| Total remuneration to Company auditor          | <u>2,743</u>     | <u>2,779</u>     |

Boart Longyear Group Ltd.'s auditor is Deloitte Touche Tohmatsu. The Company has employed Deloitte Touche Tohmatsu on assignments in addition to their audit duties where their expertise and experience with the Company are important. These assignments principally have been related to tax advice and tax compliance services, the magnitude of which is impacted by the global reach of the Company.

The Board and its Audit & Risk Committee are committed to ensuring the independence of the external auditor. Accordingly, significant scrutiny is given to non-audit engagements of the external auditor. The Company has a formal pre-approval policy which requires the pre-approval of non-audit services by the Chairman of the Audit Committee. Additionally, the total annual fees for such non-audit services cannot exceed the auditor's annual audit fees without the approval of the Audit Committee. The Audit Committee believes that the combination of these two approaches results in an effective procedure to pre-approve services performed by the external auditor.

## 9. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company is set out below.

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Short-term employee benefits                | 5,150            | 8,405            |
| Post-employment benefits                    | 56               | 58               |
| Other long-term benefits                    | 408              | 504              |
| Share based compensation                    | 3,226            | —                |
| Termination benefits                        | —                | 388              |
| Total key management personnel compensation | <u>8,840</u>     | <u>9,355</u>     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10. EMPLOYEE LONG TERM INCENTIVE PAYMENTS

In 2020, BLY shareholders adopted a Long-Term Equity Incentive Plan ("LTIP"). The LTIP allows the Company's Remuneration Committee to grant incentive performance stock units to senior leaders, or others, as appropriate. The LTIP awards are tied to performance measures established by the Remuneration Committee that management and senior leaders have to achieve to receive their awards. The LTIP will terminate 10 years after the 30 July 2020 effective date.

Although no shares or performance stock units were awarded under the LTIP during 2021 or 2022, the Remuneration Committee approved and announced Cycle Two of the 2021 LTIP and the 2022 LTIP.

### 2021 LTIP

The 2021 LTIP is a two-year program that was phased in over two cycles. The details of the 2021 LTIP are outlined below:

- **Duration of 2021 LTIP:** 1 January 2021- 31 December 2022. Target Bonus: 35% of Base Pay
  - *Duration of Cycle One:* 1 January 2021 - 31 December 2021. Target Bonus: 17.5% of Base Pay
  - *Duration of Cycle Two:* 1 January 2022 - 31 December 2022. Target Bonus: 17.5% of Base Pay
- **Date of Performance Criteria Being Set**
  - *Cycle One:* February 2021
  - *Cycle Two:* February 2022
- **Performance Criteria:** Achievement of Adjusted EBITDA of \$98.0 million
  - *Cycle One:* Achievement of 2021 Adjusted EBITDA of \$98.0 million
  - *Cycle Two:* Achievement of 2022 Adjusted EBITDA of \$163.2 million (67% Achievement) and achievement of 2022 Cash Return on Investment ("CRI") of 16.6% (33% Achievement) where CRI is defined as Adjusted EBITDA divided by Gross Fixed Assets plus Net Working Capital
- **Payment Type:** Cash or shares at the discretion of the Remuneration Committee
- **Payment Curve:** Cycle One of the 2021 LTIP Plan was awarded using a payment curve with the following thresholds for minimum and over-achievement targets:
  - Minimum Achievement of \$73.0 million Adjusted EBITDA earns a 75% payout
  - Maximum Achievement of \$147.0 million Adjusted EBITDA earns a 150% payoutCycle Two of the 2021 LTIP will be awarded using a payment curve with the following thresholds for minimum and over achievement targets:
  - Adjusted EBITDA:
    - Minimum Achievement of \$122.4 million Adjusted EBITDA in 2022 earns a 75% payout
    - Maximum Achievement of \$244.8 million Adjusted EBITDA in 2022 earns a 150% payout
  - CRI:
    - Minimum Achievement of 12.5% CRI in 2022 earns a 75% payout
    - Maximum Achievement of 24.9% CRI in 2022 earns a 150% payout

The Company recognized the expense associated with Cycle One of the 2021 LTIP over a one-year service period from 1 January 2021 to 31 December 2021. At 31 December 2021, the Company had accrued \$2.0 million for Cycle One of the 2021 LTIP using the salaries of the employees eligible for the plan and a percentage achievement of 114%. Participants of Cycle One of the 2021 LTIP received their award in cash during the first quarter of 2022. Therefore, there is no accrual for Cycle One of the 2021 LTIP at 31 December 2022.

Adjusted EBITDA and CRI for the year ended 31 December 2022 was \$124.2 and 14.0%, respectively, resulting in an under-achievement for Cycle Two of the 2021 LTIP Plan. As a result, the Company recognized an expense for Cycle Two of the 2021 LTIP plan of \$1.4 million calculated using the salaries of the employees eligible for the plan and a percentage achievement of 79%. Cycle Two of the 2021 LTIP Plan is scheduled to be paid to eligible employees in 2023 and has been accrued as an employee benefit at 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10. EMPLOYEE LONG TERM INCENTIVE PAYMENTS (CONTINUED)

### 2022 LTIP

The 2022 LTIP has a duration of two years. The details of the 2022 LTIP are outlined below:

- **Duration of 2022 LTIP:** 1 January 2022- 31 December 2023.
- **Target Bonus:** 35% of Base Pay
- **Date of Performance Criteria Being Set:** February 2022
- **Performance Criteria:** Achievement of Adjusted EBITDA in 2023 of \$232.9 million (50% Achievement), Achievement of CRI in 2023 of 21.7% (25% Achievement), and time vesting (25% Achievement)
- **Payment Type:** Cash or shares at the discretion of the Remuneration Committee
- **Payment Curve:** The 2022 LTIP will be awarded using a payment curve with the following thresholds for minimum and over-achievement targets:
  - Adjusted EBITDA:
    - Minimum Achievement of \$174.4 million Adjusted EBITDA in 2023 earns a 75% payout
    - Maximum Achievement of \$349.9 million Adjusted EBITDA in 2023 earns a 150% payout
  - CRI:
    - Minimum Achievement of 17.4% CRI in 2023 earns a 75% payout
    - Maximum Achievement of 32.6% CRI in 2023 earns a 150% payout

The expense for the 2022 LTIP is being recognized over the two-year service period from 1 January 2022 to 31 December 2023 using a "most likely amount" approach based on the Company's best estimate of Adjusted EBITDA and Cash Return on Investment at 31 December 2023.

As of 31 December 2022, the Company has only recognized an expense associated with the time vesting component of the 2022 LTIP of \$0.4 million calculated using the salaries of the employees eligible for the plan and a 12% forfeiture rate as current forecast projections don't have the Company meeting the minimum achievement targets for the 2022 LTIP. The 2022 LTIP is scheduled to be distributed to eligible employees in March 2024 and has been accrued as a long-term employee benefit at 31 December 2022.

**Stock Awards:** In 2022, shareholders approved the 2022 Management Incentive Plan ("2022 MIP") which allows the Company to grant stock options and restricted stock awards to present and future officers, directors, employees, consultants, and advisors. The 2022 MIP is intended to promote the long-term growth and profitability of the Company by providing those individuals who are or will be involved in the growth of the Company with an opportunity to acquire an ownership interest in the Company, thereby encouraging such individuals to contribute to and participate in the success of the Company.

In September 2022, the Company granted options to certain employees pursuant to the 2022 MIP. These awards are subject to both service and market vesting conditions and are only exercisable to the extent that they are fully vested. All option awards are divided into three tranches and each tranche vests over a three-year period following the grant date. Vesting of each tranche is dependent on the following market conditions:

Tranche one options vest on the first date the Company's 50-day volume-weighted average price ("VWAP") equals or exceeds \$2.88 per share.

Tranche two options vest on the first date the Company's 50-day VWAP equals or exceeds \$4.32 per share.

Tranche three options vest on the first date the Company's 50-day VWAP equals or exceeds \$5.76 per share.

Both the time vesting and market vesting conditions must be met for a tranche to vest. Any options that haven't fully vested on the fifth anniversary of the grant date will expire. All vested option awards will expire on the tenth anniversary of the grant date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 10. EMPLOYEE LONG TERM INCENTIVE PAYMENTS (CONTINUED)

These 2022 MIP options were valued using a Monte Carlo simulation model. A summary of 2022 MIP activity for the year ended 31 December 2022 is provided below:

|   | Shares<br>Subject to<br>Options<br>Outstanding | Weighted<br>Average<br>Grant Date<br>Fair Value | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (Years) |
|---|--|---|--|---|
| Balance at 31 December 2021                     | —  |   |  |   |
| Granted   | 10,178,860                                     | \$ 0.81   | \$ 1.92                                  |   |
| Balance at 31 December 2022                     | 10,178,860                                     |   |  |   |
| Exercisable options at 31 December 2022         | —  |   | —  | —   |
| Vested and expected to vest at 31 December 2022 | 10,178,860                                     |   | \$ 1.92                                  | 9.7   |

These options had no intrinsic value at 31 December 2022. Further, no option awards vested or were exercised for the year ended 31 December 2022.

Total share based compensation expense for the year ended 31 December 2022 was \$3.6 million and was recognized in general and administrative expenses in the accompanying Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### 11. INCOME TAXES

The Company is subject to income taxes in Canada and other jurisdictions around the world in which the Company operates. Significant judgment is required in determining the Company's tax assets and liabilities. Judgments are required about the application of income tax legislation and its interaction with income tax accounting principles. Tax positions taken by the Company are subject to challenge and audit by various income tax authorities in jurisdictions in which the Group operates.

Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses, foreign tax credits and temporary differences, are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows.

These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and tax liabilities recognized on the Statement of Financial Position. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and tax liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

#### Current and deferred taxation

Income tax expense includes current and deferred tax expense (benefit) and is recognized in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that amounts relate to items recognized directly in equity in which case the income tax expense (benefit) is also recognized in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates provisions taken in tax returns with respect to situations in which applicable tax regulation is open to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided on all temporary differences for which transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred but have not reversed at the balance sheet date. Temporary differences are differences between the Company's taxable income and its profit before taxation, as reflected in profit or loss, that arise from the inclusion of profits and losses in tax assessments in periods different from those in which they are recognized in profit or loss.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they likely will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are regarded as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of the deferred tax asset to be realized.

### Tax consolidation

The Parent Entity is taxed in Canada as a single entity. The Company includes tax consolidated groups for the entities incorporated in Australia and also in the United States.

Tax expense (benefit) and deferred tax assets and liabilities arising from temporary differences of the members of each tax-consolidated group are recognized in the separate financial statements of the members of that tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity. Tax credits of each member of the tax-consolidated group are recognized by the head entity in that tax-consolidated group.

Entities within the Australian tax-consolidated groups have entered into tax-funding arrangements with their respective head entities. Under the terms of the tax-funding arrangements, the tax-consolidated groups and each of the entities within the tax-consolidated group agrees to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable or payable to other entities in the tax-consolidated group.

### Uncertain tax positions

The Company is subject to income taxes in Canada and other foreign jurisdictions and the calculation of the Company's tax charge involves a degree of estimation and judgement in respect to certain items. In addition, there are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. As a result, a provision is recognized in accordance with IFRIC 23 *Uncertainty over income tax treatments* for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases, is based on specialist independent tax advice. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation regarding arrangements entered into by the Company. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Provisions for uncertain tax positions and tax contingencies are presented in Note 23.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

### (a) Income tax expense is comprised of:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| <b>Income tax expense:</b>   |                  |                  |
| Current tax expense  | 2,497            | 2,626            |
| Adjustments recognized in the current year in relation to the current tax of prior years | (214)            | (3,430)          |
| Deferred tax expense   | (848)            | 5,084            |
|  | <u>1,435</u>     | <u>4,280</u>     |

### (b) Reconciliation of the prima facie income tax expense on pre-tax accounting profit to the income tax expense in the financial statements:

|  |              |              |
|--|--------------|--------------|
| Profit (loss) before taxation  | 13,290       | (53,109)     |
| Income tax expense (benefit) calculated at Canada rate of 26.5% (prior year 30.0%)                 | 3,522        | (14,074)     |
| Impact of non-Canada tax rates   | (1,457)      | (1,617)      |
| Net non-deductible/non-assessable items  | (334)        | 17,247       |
| Non-deductible intercompany management fees  | 3,257        | 3,003        |
| Income tax impact of intragroup transfer of assets   | 4,578        | —            |
| Net unrecognized tax losses and tax credits for the current year <sup>1</sup>                      | 9,230        | 13,855       |
| Recognition of deferred tax assets arising in prior years  | (14,148)     | (2,276)      |
| Income tax impact of debt restructure  | —            | (3,712)      |
| Other  | (2,999)      | (4,716)      |
|  | <u>1,649</u> | <u>7,710</u> |
| Over provision from prior years  | (214)        | (3,430)      |
| Income tax expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income | <u>1,435</u> | <u>4,280</u> |

(1) Due to the group being in a tax loss position in many jurisdictions during the current financial year, the Company has not recognized a tax benefit for current period losses.

### (c) Income tax recognized directly in equity during the period:

The following current and deferred amounts were charged directly through equity during the year:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| <b>Deferred tax recognized in equity:</b>                 |                  |                  |
| Actuarial movements on defined benefit plans              | (111)            | (151)            |
| Adjustments for restrictions on the defined benefit asset | 1,683            | —                |
| Interest rate swap  | (1,437)          | —                |
| Total recognized in equity                                | <u>135</u>       | <u>(151)</u>     |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

### (d) Tax assets and liabilities:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| Tax assets:                            |                  |                  |
| Income tax receivable attributable to: |                  |                  |
| Parent entity                          | —                | —                |
| Other entities <sup>1</sup>            | 2,466            | 1,736            |
| Total tax assets                       | 2,466            | 1,736            |
| Current tax liabilities:               |                  |                  |
| Income tax payable attributable to:    |                  |                  |
| Parent entity                          | —                | —                |
| Other entities <sup>2</sup>            | 2,420            | 1,506            |
| Total current tax liabilities          | 2,420            | 1,506            |

- (1) The income tax receivable for 2022 is \$2.4 million (2021: \$1.7 million) of which \$1.1 million is classified as current tax receivable and \$1.3 million is classified as non-current tax receivable (2021: \$0.8 and \$0.9 million respectively).
- (2) Prior year balances were updated to align with current year classifications.

### (e) Deferred tax balances:

|                                      | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--------------------------------------|------------------|------------------|
| Deferred tax comprises:              |                  |                  |
| Temporary differences                | (18,962)         | (19,011)         |
| Unused tax losses and credits        | 8,432            | 8,035            |
| Total deferred tax asset (liability) | (10,530)         | (10,976)         |

### (f) Provision for tax contingencies:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| Provision for tax contingencies <sup>1</sup> | 38,817           | 46,284           |

- (1) See Note 23.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

| 2022  | Opening<br>balance<br>US\$'000 | Recognized<br>in income<br>US\$'000 | Foreign<br>exchange<br>difference<br>US\$'000 | Acquired/<br>disposed<br>US\$'000 | Recognized<br>in equity<br>US\$'000 | Closing<br>balance<br>US\$'000 |
|---|--------------------------------|-------------------------------------|---|-----------------------------------|-------------------------------------|--------------------------------|
| <b>Deferred tax assets (liabilities)<br/>temporary differences</b>  |                                |                                     |   |                                   |                                     |                                |
| Property, plant and equipment                                       | 1,102                          | 606                                 | (59)  | —                                 | —                                   | 1,649                          |
| Provisions  | 605                            | 613                                 | (32)  | —                                 | —                                   | 1,186                          |
| Doubtful debts  | 94                             | (52)                                | (5)   | —                                 | —                                   | 37                             |
| Other intangible assets   | (21,131)                       | (740)                               | —   | —                                 | —                                   | (21,871)                       |
| Accrued liabilities   | 261                            | (142)                               | (14)  | —                                 | —                                   | 105                            |
| Pension   | (3,359)                        | 41                                  | 180   | —                                 | 1,572                               | (1,566)                        |
| Interest rate swap  | —                              | —                                   | —   | —                                 | (1,437)                             | (1,437)                        |
| Inventories   | 2,385                          | 140                                 | (128)   | —                                 | —                                   | 2,397                          |
| Investments in subsidiaries   | —                              | (578)                               | —   | —                                 | —                                   | (578)                          |
| Unrealized foreign exchange   | 112                            | (250)                               | —   | —                                 | —                                   | (138)                          |
| Other   | 920                            | 383                                 | (49)  | —                                 | —                                   | 1,254                          |
|   | (19,011)                       | 21                                  | (107)   | —                                 | 135                                 | (18,962)                       |
| <b>Unused tax losses and credits:</b>                               |                                |                                     |   |                                   |                                     |                                |
| Tax losses  | 8,035                          | 827                                 | (430)   | —                                 | —                                   | 8,432                          |
|   | (10,976)                       | 848                                 | (537)   | —                                 | 135                                 | (10,530)                       |
| <b>Presented in the statement of financial position as follows:</b> |                                |                                     |   |                                   |                                     |                                |
| Deferred tax asset  |                                |                                     |   |                                   |                                     | 11,465                         |
| Deferred tax liability  |                                |                                     |   |                                   |                                     | (21,995)                       |
|   |                                |                                     |   |                                   |                                     | (10,530)                       |

Where deferred tax assets have been recognized, it is considered probable that the Company will generate sufficient future taxable income to utilize the assets within the relevant tax jurisdictions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

| 2021   | Opening<br>balance<br>US\$'000 | Recognized<br>in income<br>US\$'000 | Foreign<br>exchange<br>difference<br>US\$'000 | Acquired/<br>disposed<br>US\$'000 | Recognized<br>in equity<br>US\$'000 | Closing<br>balance<br>US\$'000 |
|--|--------------------------------|-------------------------------------|---|-----------------------------------|-------------------------------------|--------------------------------|
| <b>Deferred tax assets (liabilities)<br/>temporary differences</b> |                                |                                     |   |                                   |                                     |                                |
| Property, plant and equipment                                      | 1,378                          | (114)                               | (162)   | —                                 | —                                   | 1,102                          |
| Provisions   | 778                            | (82)                                | (91)  | —                                 | —                                   | 605                            |
| Doubtful debts   | 176                            | (61)                                | (21)  | —                                 | —                                   | 94                             |
| Other intangible assets  | (19,383)                       | (1,748)                             | —   | —                                 | —                                   | (21,131)                       |
| Accrued liabilities  | 325                            | (26)                                | (38)  | —                                 | —                                   | 261                            |
| Pension  | (2,450)                        | (1,045)                             | 287   | —                                 | (151)                               | (3,359)                        |
| Inventories  | 1,826                          | 773                                 | (214)   | —                                 | —                                   | 2,385                          |
| Unrealized foreign exchange  | (608)                          | 720                                 | —   | —                                 | —                                   | 112                            |
| Other  | 532                            | 450                                 | (62)  | —                                 | —                                   | 920                            |
|  | (17,426)                       | (1,133)                             | (301)   | —                                 | (151)                               | (19,011)                       |
| <b>Unused tax losses and credits:</b>                              |                                |                                     |   |                                   |                                     |                                |
| Tax losses   | 11,986                         | (3,951)                             | —   | —                                 | —                                   | 8,035                          |
|  | (5,440)                        | (5,084)                             | (301)   | —                                 | (151)                               | (10,976)                       |

### Presented in the statement of financial position as follows:

|                        |          |
|------------------------|----------|
| Deferred tax asset     | 10,139   |
| Deferred tax liability | (21,115) |
|                        | (10,976) |

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Unrecognized deferred tax assets                  |                  |                  |
| Tax benefit of unused losses <sup>1, 4</sup>      | 127,771          | 212,615          |
| Tax benefit of unused capital losses <sup>2</sup> | 514,007          | 483,879          |
| Unused tax credits <sup>3</sup>                   | 3,691            | 7,921            |
| Tax benefit of temporary differences              | 15,544           | 18,265           |
|   | 661,013          | 722,680          |

- (1) \$30.2 million of the tax benefit of unused losses expire within 3-20 years and \$97.5 million related to tax losses that do not expire (2021: \$50.7 million and \$176.5 million respectively).
- (2) The tax basis was established with reference to historic 2007 initial public offering values. Capital losses can only be offset against capital gains in most jurisdictions.
- (3) All of the unused tax credits of \$3.7 million will expire within 1-10 years.
- (4) The estimated effect on unrecognized deferred tax assets as a result of the Recapitalisation was a reduction of \$31.2 million (\$16.5 million, United States, \$14.7 million, Australia).

### Recapitalisation

On 23 September 2021, the Company completed a Recapitalisation that substantially reduced the Company's debt (See Note 2). The United States and Australia were the two tax jurisdictions where tax impacts were identified. The Company performed a valuation and determined the amount of Cancellation of Debt Income ("CODI") in the United States and Commercial Debt Forgiveness ("CDF") in Australia. The Company will utilize unbenefited tax losses to offset the tax impacts identified. The reduction in tax losses have been reflected in the numbers disclosed above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 11. INCOME TAXES (CONTINUED)

### Canadian income tax audits

As previously disclosed by the Company, the Canada Revenue Agency ("CRA") has reassessed the Company's Canadian affiliates for tax years 2010 through 2016. These tax years remain in various stages of audit or appeal with the CRA. Tax years 2010-2014 are also proceeding under mutual agreement procedures, which are a negotiation between Canada and other countries on the allocation of taxable profits between Canada and these countries. The unsettled tax, penalties and interest could result in a maximum remaining reassessment of C\$68.3 million, with a net cash payment after prior payments and credits, of C\$48.5 million. The Company is vigorously disputing these reassessments. Due to the uncertainty surrounding these audits, a provision for the estimated outcome has been recognized.

## 12. EARNINGS (LOSS) PER SHARE

|  | <b>2022</b><br><b>US¢ per</b><br><b>share</b> | <b>2021</b><br><b>US¢ per</b><br><b>share</b> |
|--|---|---|
| Basic and diluted earnings (loss) per share <sup>1</sup> | 4.0   | (68.7)  |

The earnings (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

|  | <b>2022</b><br><b>US\$'000</b> | <b>2021</b><br><b>US\$'000</b> |
|--|--------------------------------|--------------------------------|
| Earnings (loss) used in the calculation of basic and diluted earnings (loss) per share | 11,855                         | (57,389)                       |

|   | <b>2022</b><br><b>Shares '000</b> | <b>2021</b><br><b>Shares '000</b> |
|---|-----------------------------------|-----------------------------------|
| Weighted average number of ordinary shares for the purposes of: |                                   |                                   |
| Basic earnings (loss) per share <sup>1</sup>                    | 295,920                           | 83,487                            |
| Diluted earnings per share <sup>1, 2</sup>                      | 295,920                           | N/A                               |

- (1) On 23 September 2021, the Company completed a consolidation of issued capital on a basis that every 20 shares be consolidated into 1 share.
- (2) Outstanding warrants and options have been excluded from the diluted weighted average number of ordinary shares as they are anti-dilutive as of 31 December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 13. TRADE AND OTHER RECEIVABLES

The Company's policy requires customers to pay the Company in accordance with agreed payment terms. The Company's settlement terms are generally 30 to 60 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position. Trade receivables have been aged according to their original due date in the below aging analysis. No interest is charged on trade receivables.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer, general economic conditions of the industry in which the customer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company reviews collectability of trade receivables on an ongoing basis and writes off a trade receivable when there is information that the customer is in severe financial difficulty and there is no realistic prospect of recovery.

|                                   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|-----------------------------------|------------------|------------------|
| Trade receivables                 | 127,289          | 121,844          |
| Loss allowance                    | (604)            | (822)            |
| Goods and services tax receivable | 11,188           | 15,540           |
| Other receivables                 | 1,784            | 1,338            |
|                                   | <u>139,657</u>   | <u>137,900</u>   |

The aging of trade receivables is detailed below:

|                       | 2022<br>US\$'000 | 2021<br>US\$'000 |
|-----------------------|------------------|------------------|
| Current               | 120,161          | 112,796          |
| Past due 0 - 30 days  | 4,035            | 5,384            |
| Past due 31 - 60 days | 1,043            | 2,347            |
| Past due 61 - 90 days | 841              | 368              |
| Past due 90 days      | 1,209            | 949              |
|                       | <u>127,289</u>   | <u>121,844</u>   |

#### Credit risk management

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, when appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on accounts receivable. The Company holds security for a number of trade receivables in the form of letters of credit, deposits, and advance payments.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INVENTORIES

Inventories are measured at the lower of cost or net realizable value. The cost of most inventories is based on a standard cost method, which approximates actual cost on a first-in first-out basis, and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead expenses (including depreciation) based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Allowances are recorded for inventory considered to be excess or obsolete and damaged items are written down to the net realizable value.

|                   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|-------------------|------------------|------------------|
| Raw materials     | 33,726           | 31,056           |
| Work in progress  | 9,630            | 6,308            |
| Finished products | 182,658          | 170,598          |
|                   | <u>226,014</u>   | <u>207,962</u>   |

The allowance for excess or obsolete inventory was \$16.4 million and \$20.4 million as at 31 December 2022 and 2021, respectively.

## 15. FINANCIAL RISK MANAGEMENT

### Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the Company consists of debt, which includes the loans and borrowings disclosed in Note 22, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves, and accumulated losses/retained earnings.

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed throughout these notes.

### Credit risk management

The Company reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying amount reflected above represents the Company's maximum exposure to credit risk for trade and other receivables.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

### Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

### Foreign currency risk management

Company subsidiaries undertake certain transactions denominated in currencies other than their functional currency, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Company did not utilize any derivative instruments to reduce the risk of exposure from exchange rate fluctuations during the years ended 31 December 2022 or 2021.

The most significant carrying amounts of monetary assets and monetary liabilities (which include intercompany balances with other subsidiaries) that: (1) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (2) cause foreign exchange rate exposure, as at 31 December are as follows:

|                   | Assets           |                  | Liabilities      |                  |
|-------------------|------------------|------------------|------------------|------------------|
|                   | 2022<br>US\$'000 | 2021<br>US\$'000 | 2022<br>US\$'000 | 2021<br>US\$'000 |
| Australian Dollar | 157,588          | 145,786          | 87,565           | 87,602           |
| Canadian Dollar   | 1,862            | 1,104            | 7,954            | 7,971            |
| Euro              | 5,214            | 2,924            | 15,655           | 11,216           |
| US Dollar         | 460,808          | 458,596          | 164,682          | 179,350          |

### Foreign currency sensitivity

The Company is mainly exposed to exchange rate fluctuations in the Australian Dollar (AUD), Canadian Dollar (CAD), Euro (EUR) and United States Dollar (USD). The Company is also exposed to translation differences as the Company's presentation currency is different from the functional currencies of various subsidiaries. However, this represents a translation risk rather than a financial risk and consequently is not included in the following sensitivity analysis.

The following tables reflect the Company's sensitivity to a 10% change in the exchange rate of each of the currencies listed above. This sensitivity analysis includes only outstanding monetary items denominated in currencies other than the respective subsidiaries' functional currencies and remeasures these at the respective year end to reflect a 10% decrease in the indicated currency against the respective subsidiaries' functional currencies. A positive number indicates an increase in net profit and/or net assets.

|            | 10% decrease in AUD |                  | 10% decrease in CAD |                  |
|------------|---------------------|------------------|---------------------|------------------|
|            | 2022<br>US\$'000    | 2021<br>US\$'000 | 2022<br>US\$'000    | 2021<br>US\$'000 |
| Net profit | (2,515)             | (1,165)          | 548                 | 613              |
| Net assets | (6,366)             | (5,294)          | 548                 | 613              |

|            | 10% decrease in EUR |                  | 10% decrease in USD |                  |
|------------|---------------------|------------------|---------------------|------------------|
|            | 2022<br>US\$'000    | 2021<br>US\$'000 | 2022<br>US\$'000    | 2021<br>US\$'000 |
| Net profit | 1,271               | 933              | 7,302               | 7,500            |
| Net assets | 1,271               | 933              | (26,921)            | (25,386)         |

In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure may not reflect the exposure during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Forward foreign exchange contracts

There were no open forward foreign currency contracts as at 31 December 2022 or 2021.

### Interest rate risk management

The Company is exposed to interest rate risk as borrowed funds have floating interest rates. This risk is managed by the use of interest rate swap contracts. The Company regularly analyses its interest rate exposure, by taking into consideration forecast debt positions, refinancing, renewals of existing positions, alternative financing, hedging positions and the mix of fixed and floating interest rates. Refer to Note 26 for additional information on the Company's hedging strategy.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's Treasurer and Board.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### Liquidity risk

The following tables reflect the expected maturities of non-derivative financial liabilities as at 31 December 2022 or 2021. These are based on the undiscounted expected cash flows of financial liabilities based on the maturity profile per the loan agreement. The table includes both future interest and principal cash flows; therefore, the balances may vary from the Consolidated Statement of Financial Position.

|                                    | Weighted<br>Average<br>Effective<br>Interest<br>Rate % | Less than<br>1 month<br>US\$'000 | 1 to 3<br>months<br>US\$'000 | 3 months<br>to 1 year<br>US\$'000 | 1 to 5<br>years<br>US\$'000 | Beyond 5<br>years<br>US\$'000 | Total<br>US\$'000 |
|------------------------------------|--|----------------------------------|------------------------------|-----------------------------------|-----------------------------|-------------------------------|-------------------|
| <b>31 December 2022</b>            |  |                                  |                              |                                   |                             |                               |                   |
| Non-interest bearing payables      | —  | 108,827                          | 71,979                       | —                                 | —                           | —                             | 180,806           |
| Variable interest rate instruments | 10.4%  | 1,406                            | 2,812                        | 12,656                            | 203,605                     | —                             | 220,479           |
| Fixed interest rate instruments    | 10.4%  | 12                               | 24                           | 1,523                             | 237                         | —                             | 1,796             |
| Leases                             | 8.3%   | 23                               | 93                           | 12,503                            | 26,478                      | 2,473                         | 41,570            |
| Equipment financing                | 5.9%   | 359                              | 421                          | 1,973                             | 3,673                       | —                             | 6,426             |
|                                    |  | 110,627                          | 75,329                       | 28,655                            | 233,993                     | 2,473                         | 451,077           |
| <b>31 December 2021</b>            |  |                                  |                              |                                   |                             |                               |                   |
| Non-interest bearing payables      | —  | 92,518                           | 45,478                       | —                                 | —                           | —                             | 137,996           |
| Variable interest rate instruments | 7.2%   | 928                              | 1,855                        | 8,348                             | 194,279                     | —                             | 205,410           |
| Fixed interest rate instruments    | 39.9%  | 7                                | 14                           | 61                                | 155                         | —                             | 237               |
| Leases                             | 7.5%   | 174                              | 114                          | 9,501                             | 23,732                      | 2,602                         | 36,123            |
| Equipment financing                | 9.5%   | 76                               | 230                          | 642                               | 1,603                       | —                             | 2,551             |
|                                    |  | 93,703                           | 47,691                       | 18,552                            | 219,769                     | 2,602                         | 382,317           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk (continued)

The following tables reflect the expected maturities of non-derivative financial assets. These are based on the undiscounted expected cash flows of the financial assets.

|                                  | Less than 1<br>month<br>US\$'000 | 1 to 3 months<br>US\$'000 | 3 months to<br>1 year<br>US\$'000 | Total<br>US\$'000 |
|----------------------------------|----------------------------------|---------------------------|-----------------------------------|-------------------|
| <b>2022</b>                      |                                  |                           |                                   |                   |
| Non-interest bearing receivables | 82,509                           | 44,831                    | 12,317                            | 139,657           |
| Cash                             | 34,822                           | —                         | —                                 | 34,822            |
|                                  | <u>117,331</u>                   | <u>44,831</u>             | <u>12,317</u>                     | <u>174,479</u>    |
| <b>2021</b>                      |                                  |                           |                                   |                   |
| Non-interest bearing receivables | 79,862                           | 41,529                    | 16,509                            | 137,900           |
| Cash                             | 25,579                           | —                         | —                                 | 25,579            |
|                                  | <u>105,441</u>                   | <u>41,529</u>             | <u>16,509</u>                     | <u>163,479</u>    |

The liquidity risk tables are based on the Company's intent to collect the assets or settle the liabilities in accordance with the contractual terms.

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

Based on current market conditions and future outlook, the Company has classified certain property, plant and equipment assets in the amount of \$0.3 million as held for sale as at 31 December 2022 (31 December 2021: \$0.2 million). These assets consist primarily of excess rigs and ancillary equipment. The opportunity for a gain by the disposition of these targeted assets allows the Company to rationalize its assets and eliminate ongoing costs associated with maintaining these assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 17. IMPAIRMENT OF ASSETS

The Company's property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed at each reporting date to determine whether there is an indication of potential impairment.

### Impairment by cash-generating units ("CGU")

Goodwill and intangible assets in the EMEA, Latin America and Asia Pacific Drilling Services CGUs have been fully impaired. For the North America Drilling Services CGU and Veracio CGU, the Company performed a goodwill impairment test as at 31 December 2022. The recoverable amount of the North America Drilling Services CGU exceeded its carrying amount by over 100%, resulting in no impairment to the North America Drilling Services CGU for the year ended 31 December 2022. The recoverable amount for the Veracio CGU exceeded the carrying amount by over 100% resulting in no impairment to the Veracio CGU for the year ended 31 December 2022. Consequently, no goodwill impairments were recorded for the year ended 31 December 2022.

The key assumptions considered in these value-in-use models are included below.

*Revenue growth rate.* In determining the growth rates applied to revenue through the mining cycle, management considered the following taking into account the best available information given the current economic environment:

- Average revenue growth over previous mining cycles;
- Rates of inflation in the countries where the Company does business; and
- Price and volume expectations over the forecast period.

*Discount rate and terminal growth rate.* The Company used a post-tax discount rate of 10.5% for North America Drilling Service in 2022 and 19.5% for the Veracio CGU. The higher discount rate used for Veracio is necessitated due to the risk and uncertainty of cash flows in this developing business. These rates reflect an underlying global discount rate of 11.5% adjusted for regional variations in the required equity rate of return. The terminal growth rate of 2.5% and 3.5% used for the North America Drilling Services and Veracio CGUs, respectively, does not exceed the long-term average growth rate for the industry.

*Expenses.* In determining gross margin and SG&A expenses, management has considered the impacts of recent programs and other initiatives already taken within the business and similar future initiatives to reduce operational costs. The recoverable value assessment of the CGUs is based on gross margin increasing as a result of the reduction in costs and improved market conditions.

*Working capital and capital expenditures.* Working capital and capital expenditure assumptions are in line with historic trends given the level of utilization and operating activity.

*Other economic factors.* As part of the impairment test, management considered several different scenarios that consider the impact on the value-in-use calculations if key assumptions were to vary from those used in the calculations. The recoverable amount of the North America Drilling Services CGU and Veracio CGU exceeds its carrying value under all change scenarios.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18. PROPERTY, PLANT AND EQUIPMENT

The Company's assets are held in various geographical, political and physical environments across the world; therefore, the estimation of useful lives of assets is an area of judgment. Our current estimate has been based on historical experience. In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset, including the costs of materials and direct labor and other costs directly attributable to bringing the asset to a working condition for the intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

Subsequent costs related to previously capitalized assets are capitalized only when it is probable that they will result in commensurate future economic benefit and the costs can be reliably measured. All other costs, including repairs and maintenance, are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leasehold improvement assets are depreciated over the shorter of the lease terms or their useful lives. Items in the course of construction or not yet in service are not depreciated.

The following useful lives are used in the calculation of depreciation:

|                          |               |
|--------------------------|---------------|
| Buildings                | 20 - 40 years |
| Plant and machinery      | 5 - 10 years  |
| Drilling rigs            | 5 - 12 years  |
| Other drilling equipment | 1 - 5 years   |
| Office equipment         | 5 - 10 years  |
| Computer equipment:      |               |
| Hardware                 | 3 - 5 years   |
| Software                 | 1 - 7 years   |

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

|   | Land and<br>buildings<br>US\$'000 | Plant and<br>equipment<br>US\$'000 | Right of<br>use assets<br>US\$'000 | Construction<br>in progress<br>US\$'000 | Total<br>US\$'000 |
|---|-----------------------------------|------------------------------------|------------------------------------|---|-------------------|
| <b>Gross carrying amount:</b>                   |                                   |                                    |                                    |   |                   |
| <b>Balance at 1 January 2021</b>                | 47,421                            | 651,798                            | 51,870                             | 15,843                                  | 766,932           |
| Additions                                       | —                                 | 4,382                              | 11,744                             | 48,077                                  | 64,203            |
| Disposal  | (3,092)                           | (80,263)                           | (1,634)                            | —                                       | (84,989)          |
| Asset classification transfer                   | 1,198                             | 646                                | (2,029)                            | 185                                     | —                 |
| Transfer from construction in progress          | 1,013                             | 40,893                             | —                                  | (41,906)                                | —                 |
| Transfer from intangible assets                 | —                                 | —                                  | —                                  | 30                                      | 30                |
| Currency movements                              | (532)                             | (29,870)                           | (1,083)                            | 4,381                                   | (27,104)          |
| <b>Balance at 31 December 2021</b>              | 46,008                            | 587,586                            | 58,868                             | 26,610                                  | 719,072           |
| Additions                                       | —                                 | 1,602                              | 20,690                             | 52,790                                  | 75,082            |
| Disposal  | (7,034)                           | (41,762)                           | (2,344)                            | —                                       | (51,140)          |
| Asset classification transfer                   | 8                                 | 919                                | (927)                              | —                                       | —                 |
| Transfer from construction in progress          | 756                               | 56,368                             | —                                  | (57,124)                                | —                 |
| Transfer to intangible assets                   | —                                 | —                                  | —                                  | (69)                                    | (69)              |
| Currency movements                              | (2,052)                           | (30,063)                           | (2,246)                            | 3,621                                   | (30,740)          |
| <b>Balance at 31 December 2022</b>              | 37,686                            | 574,650                            | 74,041                             | 25,828                                  | 712,205           |
| <b>Accumulated depreciation and impairment:</b> |                                   |                                    |                                    |   |                   |
| <b>Balance at 1 January 2021</b>                | (29,107)                          | (565,872)                          | (19,980)                           | —                                       | (614,959)         |
| Depreciation                                    | (1,538)                           | (31,682)                           | (9,791)                            | —                                       | (43,011)          |
| Disposal  | 2,883                             | 78,970                             | 1,633                              | —                                       | 83,486            |
| Asset classification transfer                   | (1,053)                           | (500)                              | 1,553                              | —                                       | —                 |
| Currency movements                              | 258                               | 23,266                             | 523                                | —                                       | 24,047            |
| <b>Balance at 31 December 2021</b>              | (28,557)                          | (495,818)                          | (26,062)                           | —                                       | (550,437)         |
| Depreciation                                    | (1,518)                           | (31,866)                           | (11,689)                           | —                                       | (45,073)          |
| Impairment                                      | (1,152)                           | (1,461)                            | —                                  | —                                       | (2,613)           |
| Disposal  | 7,021                             | 40,781                             | 2,345                              | —                                       | 50,147            |
| Asset classification transfer                   | (2)                               | (730)                              | 732                                | —                                       | —                 |
| Currency movements                              | 1,216                             | 21,524                             | 890                                | —                                       | 23,630            |
| <b>Balance at 31 December 2022</b>              | (22,992)                          | (467,570)                          | (33,784)                           | —                                       | (524,346)         |
| <b>Net book value at 31 December 2021</b>       | <b>17,451</b>                     | <b>91,768</b>                      | <b>32,806</b>                      | <b>26,610</b>                           | <b>168,635</b>    |
| <b>Net book value at 31 December 2022</b>       | <b>14,694</b>                     | <b>107,080</b>                     | <b>40,257</b>                      | <b>25,828</b>                           | <b>187,859</b>    |

Property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. Assets are first considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe. The revised carrying values are then included in the assessment of the recoverable value of the relevant cash generating unit to which the property, plant, and equipment relates. As a result of this exercise, the Company has recorded an impairment loss at 31 December 2022 of \$2.6 million on property, plant, and equipment. The Company determined that there were no impairments as at 31 December 2021.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19. GOODWILL

Goodwill resulting from business combinations is recognized as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the carrying value of the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Upon disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

### Goodwill, intangible assets and property, plant and equipment

The Company determines whether goodwill is impaired on an annual basis and assesses impairment of all other assets at each reporting date by evaluating whether indicators of impairment exist. This evaluation includes consideration of the market conditions specific to the industry in which the group operates, the increase, or decline in demand for our drilling services and rig utilization rates, the political environment in countries in which the group operates, technological changes, expectations in relation to future cash flows and the Company's market capitalization. Where an indication of impairment exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs to sell and value in use. Impairment is considered for individual assets, or Cash Generating Units. Judgments are made in determining appropriate cash generating units. When considering whether impairments exist at a CGU, the Company uses the value in use methodology.

The value in use calculation requires the Company to estimate the future cash flows expected to arise from a cash-generating unit and a suitable discount rate in order to calculate present value. These estimates are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets.

|                                    | US\$'000       |
|------------------------------------|----------------|
| <b>Gross carrying amount:</b>      |                |
| Balance at 1 January 2021          | 105,115        |
| Currency movements                 | (199)          |
| <b>Balance at 31 December 2021</b> | <b>104,916</b> |
| Balance at 1 January 2022          | 104,916        |
| Currency movements                 | (1,158)        |
| <b>Balance at 31 December 2022</b> | <b>103,758</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 19. GOODWILL (CONTINUED)

### Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to individual cash-generating units. The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

### Goodwill by cash-generating units

|                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---------------------------------|------------------|------------------|
| North America Drilling Services | 99,982           | 100,869          |
| Veracio                         | 3,776            | 4,047            |
| Total Goodwill                  | 103,758          | 104,916          |

The carrying amount of goodwill is tested for impairment annually at 31 December and whenever there is an indicator that the asset may be impaired. If goodwill is impaired, it is written down to its recoverable amount.

## 20. OTHER INTANGIBLE ASSETS

### Trademarks and trade names

Trademarks and trade names recognized by the Company that are considered to have indefinite useful lives are not amortized. Each period, the useful life of each of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset might be impaired.

### Contractual customer relationships

Contractual customer relationships acquired in business combinations are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be reliably measured. Contractual customer relationships have finite useful lives and are carried at cost less accumulated amortization and accumulated impairment losses.

Contractual customer relationships are amortized over their expected useful lives on a straight-line basis. Amortization methods and useful lives are reassessed at each reporting date.

### Patents

Patents are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over estimated useful lives of 2 to 20 years. Amortization methods and useful lives are reassessed at each reporting date.

### Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Capitalized costs include the cost of materials, direct labor and overhead costs directly attributable to preparing the asset for its intended use. Other development costs are expensed when incurred.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives, which on average is 15 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 20. OTHER INTANGIBLE ASSETS (CONTINUED)

|   | Trademarks<br>US\$'000 | Patents<br>US\$'000 | Customer<br>relationships<br>and other<br>US\$'000 | Software<br>US\$'000 | Develop-<br>ment<br>assets<br>US\$'000 | Total<br>US\$'000 |
|---|------------------------|---------------------|--|----------------------|--|-------------------|
| <b>Gross carrying amount:</b>                   |                        |                     |  |                      |  |                   |
| Balance at 1 January 2021                       | 1,947                  | 10,563              | 42,368   | 89,237               | 52,852                                 | 196,967           |
| Additions                                       | —                      | 1,380               | —  | (236)                | 5,343                                  | 6,487             |
| Disposals                                       | —                      | (5,300)             | (21,346)   | (177)                | (23,180)                               | (50,003)          |
| Transfer from (to) PP&E                         | —                      | —                   | —  | —                    | (30)                                   | (30)              |
| Currency movements                              | —                      | (12)                | 361  | 2                    | (728)                                  | (377)             |
| <b>Balance at 31 December 2021</b>              | <b>1,947</b>           | <b>6,631</b>        | <b>21,383</b>                                      | <b>88,826</b>        | <b>34,257</b>                          | <b>153,044</b>    |
| Balance at 1 January 2022                       | 1,947                  | 6,631               | 21,383   | 88,826               | 34,257                                 | 153,044           |
| Additions                                       | —                      | 596                 | —  | 2,436                | 4,115                                  | 7,147             |
| Disposals                                       | —                      | (61)                | —  | —                    | —                                      | (61)              |
| Transfer from (to) PP&E                         | —                      | —                   | —  | —                    | 69                                     | 69                |
| Currency movements                              | —                      | (60)                | (343)  | (7)                  | (830)                                  | (1,240)           |
| <b>Balance at 31 December 2022</b>              | <b>1,947</b>           | <b>7,106</b>        | <b>21,040</b>                                      | <b>91,255</b>        | <b>37,611</b>                          | <b>158,959</b>    |
| <b>Accumulated amortization and impairment:</b> |                        |                     |  |                      |  |                   |
| Balance at 1 January 2021                       | —                      | (6,689)             | (39,666)   | (88,706)             | (30,340)                               | (165,401)         |
| Amortization for the period                     | —                      | (578)               | (1,019)  | (12)                 | (3,931)                                | (5,540)           |
| Disposals                                       | —                      | 5,300               | 21,346   | 177                  | 23,180                                 | 50,003            |
| Transfer (from) to PP&E                         | —                      | (331)               | —  | —                    | —                                      | (331)             |
| Impairment for the period                       | —                      | (165)               | —  | —                    | (259)                                  | (424)             |
| Currency movements                              | —                      | (5)                 | (361)  | (2)                  | (24)                                   | (392)             |
| <b>Balance at 31 December 2021</b>              | <b>—</b>               | <b>(2,468)</b>      | <b>(19,700)</b>                                    | <b>(88,543)</b>      | <b>(11,374)</b>                        | <b>(122,085)</b>  |
| Balance at 1 January 2022                       | —                      | (2,468)             | (19,700)   | (88,543)             | (11,374)                               | (122,085)         |
| Amortization for the period                     | —                      | (546)               | (1,017)  | (246)                | (1,683)                                | (3,492)           |
| Disposals                                       | —                      | 61                  | —  | —                    | —                                      | 61                |
| Impairment for the period                       | —                      | (131)               | —  | —                    | (123)                                  | (254)             |
| Currency movements                              | —                      | 24                  | 343  | 7                    | 270                                    | 644               |
| <b>Balance at 31 December 2022</b>              | <b>—</b>               | <b>(3,060)</b>      | <b>(20,374)</b>                                    | <b>(88,782)</b>      | <b>(12,910)</b>                        | <b>(125,126)</b>  |
| <b>Net book value at 31 December 2021</b>       | <b>1,947</b>           | <b>4,163</b>        | <b>1,683</b>                                       | <b>283</b>           | <b>22,883</b>                          | <b>30,959</b>     |
| <b>Net book value at 31 December 2022</b>       | <b>1,947</b>           | <b>4,046</b>        | <b>666</b>   | <b>2,473</b>         | <b>24,701</b>                          | <b>33,833</b>     |

Other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. As a result of the Company's review of specific intangible assets, the Company recorded an impairment loss as at 31 December 2022 and 31 December 2021 on trademarks, patents and development assets of \$0.3 million and \$0.4 million, respectively.

The Company recognized \$11.2 million of research and development expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 (2021: \$10.9 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 21. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortized cost. They represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obligated to make future payments.

|                                    | 2022<br>US\$'000 | 2021<br>US\$'000 |
|------------------------------------|------------------|------------------|
| <b>Current</b>                     |                  |                  |
| Trade payables                     | 111,825          | 86,393           |
| Accrued payroll and benefits       | 26,212           | 32,694           |
| Goods and services tax payable     | 10,634           | 5,166            |
| Accrued interest                   | 1,202            | 239              |
| Accrued legal and environmental    | 3,578            | 1,538            |
| Professional fees                  | 5,900            | 3,747            |
| Accrued drilling costs             | 5,618            | 3,210            |
| Other sundry payables and accruals | 12,516           | 5,009            |
|                                    | <u>177,485</u>   | <u>137,996</u>   |

No interest is charged on the trade payables for this period. Thereafter, various percentages of interest may be charged on the outstanding balance based on the terms of the specific contracts. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

#### Goods and services tax

Revenue, expenses and assets are recognized net of the amount of Goods and Services Tax ("GST"), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognized inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22. LOANS AND BORROWINGS

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Debt issuance costs are amortized using the effective interest rate method over the life of the borrowing. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| <b>Unsecured - at amortized cost</b>                                 |                  |                  |
| <i>Current</i>   |                  |                  |
| Bank loans   | 3,221            | —                |
| <b>Secured - at amortized cost</b>                                   |                  |                  |
| <i>Current</i>   |                  |                  |
| Bank Loans   | 1,488            | 81               |
| Lease liabilities  | 12,725           | 9,722            |
| Equipment finance  | 2,753            | 949              |
| <i>Non-current</i>   |                  |                  |
| Term loans   | 114,740          | 115,000          |
| Bank loans   | 177              | 156              |
| Revolver bank loans  | 47,125           | 40,001           |
| Debt issuance costs  | (1,825)          | (1,156)          |
| Original issue discount  | (2,735)          | (3,310)          |
| Lease liabilities  | 29,171           | 26,401           |
| Equipment finance  | 3,673            | 1,602            |
|  | <u>210,513</u>   | <u>189,446</u>   |
| Disclosed in the financial statements as:                            |                  |                  |
| Current borrowings   | 20,187           | 10,752           |
| Non-current borrowings   | 190,326          | 178,694          |
|  | <u>210,513</u>   | <u>189,446</u>   |
| A summary of the maturity of the Company's borrowings is as follows: |                  |                  |
| Less than 1 year   | 20,187           | 10,752           |
| Between 1 and 2 years  | 12,337           | 9,190            |
| Between 2 and 3 years  | 56,176           | 7,193            |
| Between 3 and 4 years  | 6,303            | 44,361           |
| More than 4 years  | 120,070          | 122,416          |
|  | <u>215,073</u>   | <u>193,912</u>   |
| Original issue discount  | (2,735)          | (3,310)          |
| Debt issuance costs  | (1,825)          | (1,156)          |
|  | <u>210,513</u>   | <u>189,446</u>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22. LOANS AND BORROWINGS (CONTINUED)

The following table provides a reconciliation of debt cash flows from financing activities to borrowings:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| Proceeds from borrowings                | 142,932          | 263,311          |
| Capital lease additions                 | 22,426           | 13,389           |
| Total debt drawn                        | 165,358          | 276,700          |
| Repayment of borrowings                 | (144,284)        | (207,837)        |
| Debt exchanged for equity at book value | —                | (628,034)        |
| Debt exchanged for equity at fair value | —                | (170,692)        |
| Debt exchanged for warrants             | —                | (31,008)         |
| Total debt payments                     | (144,284)        | (1,037,571)      |

### Revolver Bank Loans

The Company has an asset-based revolver bank loan with an available facility of \$90.0 million as of 31 December 2022 and 2021, respectively. Of this revolving bank loan \$47.1 million was drawn as at 31 December 2022 (\$40.0 million at 31 December 2021).

| ABL                       | 2022<br>US\$ Millions | 2021<br>US\$ Millions |
|---------------------------|-----------------------|-----------------------|
| Available facility        | 90.0                  | 90.0                  |
| Drawn                     | 47.1                  | 40.0                  |
| Letters of credit         | 6.0                   | 8.2                   |
| Borrowing base adjustment | 25.1                  | 15.0                  |
| Minimum liquidity         | 6.5                   | 5.6                   |
| Undrawn                   | 5.3                   | 21.2                  |
|                           | 90.0                  | 90.0                  |

As at 31 December 2022, \$6.0 million (31 December 2021: \$8.2 million) of outstanding letters of credit were drawn under the facility. Interest on drawn amounts and letters of credit are based on a base rate plus margin (30-day USD SOFR plus 2.75%).

Borrowing on this facility is also limited to the lower of the lender's commitment or the borrowing base that supports the Asset Based Loan. This "borrowing base" is made up of eligible receivables and inventory. As of 31 December 2022, the borrowing base was \$65.0 million.

The facility contains a "Springing Dominion"/minimum liquidity covenant that requires the Company to maintain on the last day of any month a certain percent of the lesser of the "borrowing base" or "facility capacity" (\$6.5 million at 31 December 2022). If minimum availability at the end of each month is lower than this threshold, the agent can provide an activation notice that will allow them to access all funds deposited into "Blocked Bank Accounts." These funds will become the property of the agent and will be applied to outstanding advances.

At 31 December 2021, the facility had a temporary borrowing base of \$90.0 million. In June 2022, this facility was amended to permanently increase the available facility from \$75.0 million to \$90.0 million. This amendment also extended the temporarily reduced "Springing Dominion" from 12.5% (which has been effective from 1 October 2021) to 7.5% of the "borrowing base" through 30 September 2022. It then increased to 10% through 31 December 2022, and reverts back to 12.5% thereafter. The amendment also converted the interest rate pricing on future borrowings from LIBOR to SOFR.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 22. LOANS AND BORROWINGS (CONTINUED)

The facility is secured by a first lien on the accounts receivable, inventories, deposit accounts and cash ("working capital assets") of the ABL borrower and guarantors, and a third lien over substantially all of the other tangible and intangible assets ("non-working capital assets") of the ABL borrower and guarantors, including equipment, intellectual property and the capital stock of subsidiaries (but excluding real property).

The scheduled maturity date of the facility is 12 May 2025. As at 31 December 2022, the Company was in compliance with all of its debt covenants.

#### Exit Term Loan

In September 2021, the Company entered into a new Exit Term Loan in the amount of \$115.0 million. The interest rate on this facility is based on SOFR, inclusive of a 1.0% floor, plus a variable margin ranging between 7.25% and 7.75%, for an all in rate as of December 31, 2022, of 12.3% and an effective interest rate of 13.9%. The Exit Term Loan contains a maturity of 8 September 2026. It is secured by a first lien on the Working Capital Assets of the Term Loan guarantors that are not ABL guarantors, a second lien on the Working Capital Assets of the Term Loan issuer and the other Term Loan guarantors that are also ABL guarantors, and a second lien on substantially all of the Non-Working Capital Assets of the Term Loan issuer and guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property. As at 31 December 2022, the amount outstanding under this facility was \$114.7 million.

In June 2022, this facility was amended to convert the interest rate pricing on future borrowing from LIBOR to SOFR. The amendment also implemented a Leverage Ratio covenant of 4.00 to 1.00. The numerator of the test is the sum of outstanding advances under the ABL, capital leases and term loan outstanding minus up to \$20.0 million in unrestricted cash.

The Exit Term Loan contains a month end Minimum Liquidity covenant (\$25.0 million) and a Fixed Charge Coverage ratio of not less than 1.25 to 1.00 on the last day of each fiscal quarter. As at 31 December 2022, the Company was in compliance with all of its debt covenants.

The Company's Exit Term Loan and ABL require that guarantor under the term loans must account for at least 60% of consolidated Group EBITDA and total Tangible Assets. This covenant is tested at each publicly released financial report.

The Group's position in relation to these metrics was as follows:

| Metric                            | Target Range           | 2022  | 2021   |
|-----------------------------------|------------------------|-------|--------|
| % of Consolidated EBITDA          | Equal or more than 60% | 97.6% | 178.6% |
| % of Consolidated Tangible Assets | Equal or more than 60% | 63.9% | 67.9%  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22. LOANS AND BORROWINGS (CONTINUED)

Further details around the Issuer / Borrower and Guarantors of the Company's debt instruments are included below:

| Description    | Issuer/Borrower                       | Guarantors   |
|----------------|---------------------------------------|--|
| ABL            | Boart Longyear Management Pty Limited | <p><i>Australia: Boart Longyear Australia Pty Limited, Boart Longyear Pty Limited, Boart Longyear Investments Pty Limited and Votrait No. 1609 Pty Limited</i></p> <p><i>Canada: Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd. and Longyear Canada, ULC, Boart Longyear Alberta Limited, Boart Longyear Incorporated, Boart Longyear I LP, Boart Longyear Ventures Inc. and Boart Longyear Group Ltd</i></p> <p><i>Chile: Boart Longyear Chile Limitada</i></p> <p><i>Netherlands: Boart Longyear Netherlands B.V., Boart Longyear International B.V. and Cooperatief Longyear Holdings U.A.</i></p> <p><i>Peru: Boart Longyear S.A.C.</i></p> <p><i>Switzerland: Boart Longyear Suisse Sarl</i></p> <p><i>United States: Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., BLY US Holdings Inc., Longyear TM, Inc., Longyear Global Holdings, Inc. and Veracio Ltd.</i></p>                 |
| Exit Term Loan | BLY US Holdings Inc.                  | <p><i>Australia: Boart Longyear Australia Pty Limited, Boart Longyear Pty Limited, Boart Longyear Investments Pty Limited, Boart Longyear Management Pty Limited, and Votrait No. 1609 Pty Limited</i></p> <p><i>Canada: Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd., Longyear Canada, ULC, Boart Longyear I LP, Boart Longyear Ventures Inc., Boart Longyear Incorporated, Boart Longyear Alberta Limited and Boart Longyear Group Ltd.</i></p> <p><i>Chile: Boart Longyear Chile Limitada</i></p> <p><i>Netherlands: Boart Longyear Netherlands B.V., Boart Longyear International B.V. and Cooperatief Longyear Holdings U.A.</i></p> <p><i>Peru: Boart Longyear S.A.C.</i></p> <p><i>Switzerland: Boart Longyear Suisse Sarl</i></p> <p><i>United States: Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., Longyear TM, Inc., Longyear Global Holdings, Inc. and Veracio Ltd.</i></p> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 23. PROVISIONS

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Employee benefits

Liabilities for employee benefits for wages, salaries, annual leave, long service leave, and sick leave represent present obligations resulting from employees' services provided and are calculated based on rates that the Company expects to pay as at the reporting date, including costs such as workers' compensation insurance and payroll tax, when it is probable that settlement will be required and they are capable of being reliably measured.

Liabilities recognized in respect of short-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidized goods and services, are expensed based on the net marginal cost to the Company as the benefits are provided to the employees.

Provisions are recognized for amounts expected to be paid under short-term cash bonus or profit-sharing plans if the Company has present legal or constructive obligations to pay these amounts as a result of past service provided by employees and the obligations can be reliably estimated.

### Warranties

The Company provides statutory product warranties through its contracts with customers and does not offer the option to purchase warranties separately.

The Company maintains warranty reserves for products it manufactures. A provision is recognized when the following conditions are met: (1) the Company has an obligation as a result of an implied or contractual warranty; (2) it is probable that an outflow of resources will be required to settle the warranty claims; and (3) the amount of the claims can be reliably estimated.

### Legal contingencies

The Company has provided for certain legal contingencies to the extent they are probable to incur an outflow of economic benefits to require the settlement of related obligations.

The following table reflects the provision balances:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| <b>Current</b>                                    |                  |                  |
| Employee benefits                                 | 13,369           | 13,165           |
| Restructuring and termination costs <sup>1</sup>  | 1,333            | 1,320            |
| Warranty <sup>2</sup>                             | 591              | 514              |
| Provision for tax contingencies                   | 4,041            | 6,601            |
|   | <u>19,334</u>    | <u>21,600</u>    |
| <b>Non-current</b>                                |                  |                  |
| Employee benefits                                 | 1,067            | 653              |
| Provision for legal contingencies                 | 10,517           | 5,196            |
| Pension and post-retirement benefits <sup>3</sup> | 1,986            | —                |
| Provision for other tax                           | 251              | —                |
| Provision for tax contingencies                   | 34,776           | 39,683           |
|   | <u>48,597</u>    | <u>45,532</u>    |
|   | <u>67,931</u>    | <u>67,132</u>    |

- (1) The provision for restructuring and termination costs represent the present value of management's best estimate of the costs directly and necessarily caused by the restructuring that are not associated with the ongoing activities of the entity, including termination benefits.
- (2) The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's warranty program.
- (3) Full actuarial valuations of the defined benefit pension and post-retirement benefit plans are performed annually by qualified independent actuaries for the Company's 31 December year end closing. The zero pension provision amount as at 31 December 2021 is the result of the net pension asset. See Note 24.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 23. PROVISIONS (CONTINUED)

The following table reflects the provision rollforwards:

|   | Warranty<br>US\$'000 | Restructuring<br>and<br>termination<br>US\$'000 | Tax<br>US\$'000 | Employee<br>benefits<br>US\$'000 | Legal<br>US\$'000 |
|---|----------------------|---|-----------------|----------------------------------|-------------------|
| Balance at 1 January 2021                     | 592                  | 3,116   | 57,254          | 10,692                           | 5,333             |
| Change in provisions                          | 449                  | 51  | (8,224)         | 6,183                            | (137)             |
| Reductions arising from payments              | (541)                | —   | (1,603)         | (3,000)                          | —                 |
| Reductions resulting from remeasurement       | —                    | (1,589)   | —               | —                                | —                 |
| Amounts reclassified from tax receivables     | —                    | —   | (2,209)         | —                                | —                 |
| Amounts reclassified from accrued liabilities | —                    | —   | 1,343           | —                                | —                 |
| Foreign exchange                              | 14                   | (258)   | (277)           | (58)                             | —                 |
| <b>Balance at 31 December 2021</b>            | <b>514</b>           | <b>1,320</b>                                    | <b>46,284</b>   | <b>13,817</b>                    | <b>5,196</b>      |
| Balance at 1 January 2022                     | 514                  | 1,320   | 46,284          | 13,817                           | 5,196             |
| Change in provisions                          | 721                  | 704   | (2,877)         | 7,603                            | 5,321             |
| Reductions arising from payments              | —                    | (629)   | (479)           | (4,409)                          | —                 |
| Reductions resulting from remeasurement       | (679)                | (438)   | —               | —                                | —                 |
| Amounts reclassified from tax receivables     | —                    | —   | (596)           | —                                | —                 |
| Amounts reclassified from accrued liabilities | —                    | —   | (941)           | —                                | —                 |
| Foreign exchange                              | 35                   | 376   | (2,574)         | (2,575)                          | —                 |
| <b>Balance at 31 December 2022</b>            | <b>591</b>           | <b>1,333</b>                                    | <b>38,817</b>   | <b>14,436</b>                    | <b>10,517</b>     |

## 24. PENSION AND POST-RETIREMENT BENEFITS

### Defined contribution pension plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The amount recognized as an expense in profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Pension costs represent actual contributions paid or payable by the Company to the various plans. As at 31 December 2022 and 2021, there were no significant outstanding or prepaid contributions. Company contributions to these plans were \$12.5 million and \$11.6 million for the years ended 31 December 2022 and 2021, respectively.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contributions payable by the Company during the fiscal year.

### Defined benefit pension plans

The Company's net obligation or asset, in respect of defined benefit plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any fund assets is deducted subject to any asset ceiling for each plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 24. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Company's defined benefit obligations. The weighted-average maturity profile of the defined benefit obligations in North America was 8.8 years for 2022 and 10.9 years for 2021, and in Europe was 8.9 years for 2022 and 15.0 years for 2021. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and related changes in actuarial assumptions are charged or credited to retained earnings.

The Company provides defined contribution and defined benefit pension plans for the majority of its employees. It also provides post-retirement medical arrangements in North America.

The Company's accounting policy for defined benefit pension plans requires management to make annual estimates and assumptions about future returns on classes of assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognized directly in equity.

Full actuarial valuations of the defined benefit pension plans were performed as at various dates and updated to 31 December 2022 by qualified independent actuaries. The estimated market value of the assets of the funded pension plans was \$71.4 million and \$93.0 million as at 31 December 2022, and 2021, respectively. The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 90% of the benefits that had accrued to participants after allowing for expected increases in future earnings and pensions in 2022 and 2021. Entities within the Company are paying contributions as required by statutory requirements and in accordance with local actuarial advice.

The majority of the defined benefit pension plans are funded in accordance with minimum funding requirements by local regulators. The assets of these plans are held separately from those of the Company, in independently administered funds, in accordance with statutory requirements or local practice throughout the world.

The majority of the defined benefit pension plans are closed to new participants. Under the projected unit credit method, service cost will increase as the participant ages until retirement when it goes to zero. In addition, changes to the discount rate can increase or decrease service cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 24. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Company contributions to these plans were \$0.9 million and \$2.7 million during the years ended 31 December 2022 and 2021, respectively. Contributions in 2023 are expected to be \$0.5 million.

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs are detailed below (shown in weighted averages):

|   | 2022          |        | 2021          |        |
|---|---------------|--------|---------------|--------|
|   | North America | Europe | North America | Europe |
| Discount rates                          | 5.5%          | 3.8%   | 4.6%          | 1.0%   |
| <u>Expected Average Rate Increases:</u> |               |        |               |        |
| Salaries                                | 3.5%          | 3.0%   | 3.5%          | 3.0%   |
| Pensions in payment                     | —             | 2.0%   | —             | 1.5%   |
| Healthcare costs (initial)              | 5.0%          | —      | 5.0%          | —      |
| Healthcare costs (ultimate)             | 5.0%          | —      | 5.0%          | —      |

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

|   | 2022         |                              |          | 2021         |                              |          |
|---|--------------|------------------------------|----------|--------------|------------------------------|----------|
|   | Pension plan | Post-retirement medical plan | Total    | Pension plan | Post-retirement medical plan | Total    |
|   | US\$'000     | US\$'000                     | US\$'000 | US\$'000     | US\$'000                     | US\$'000 |
| Current service cost                    | 760          | —                            | 760      | 957          | —                            | 957      |
| Net interest expense                    | 23           | 10                           | 33       | 207          | 11                           | 218      |
| Loss on settlement                      | —            | —                            | —        | 269          | —                            | 269      |
| Total charge to profit and loss account | 783          | 10                           | 793      | 1,433        | 11                           | 1,444    |

For the financial years ended 31 December 2022 and 2021, charges of approximately \$0.7 million and \$1.1 million, respectively, have been included in cost of goods sold and the remainder in general and administrative or sales and marketing expenses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 24. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Changes in the present value of the defined benefit obligations were as follows:

|   | 2022         |                              |          | 2021         |                              |          |
|---|--------------|------------------------------|----------|--------------|------------------------------|----------|
|   | Pension plan | Post-retirement medical plan | Total    | Pension plan | Post-retirement medical plan | Total    |
|   | US\$'000     | US\$'000                     | US\$'000 | US\$'000     | US\$'000                     | US\$'000 |
| Opening defined benefit obligation                    | 91,622       | 243                          | 91,865   | 179,371      | 303                          | 179,674  |
| Current service cost                                  | 760          | —                            | 760      | 957          | —                            | 957      |
| Interest cost   | 2,426        | 10                           | 2,436    | 4,110        | 11                           | 4,121    |
| Actuarial losses arising from demographic assumptions | 982          | —                            | 982      | 1,389        | —                            | 1,389    |
| Actuarial gains arising from financial assumptions    | (20,875)     | —                            | (20,875) | (6,805)      | (9)                          | (6,814)  |
| Liabilities extinguished on settlements               | —            | —                            | —        | (76,195)     | —                            | (76,195) |
| Exchange differences on foreign plans                 | (1,826)      | (18)                         | (1,844)  | 517          | 2                            | 519      |
| Benefits paid   | (6,580)      | (74)                         | (6,654)  | (11,722)     | (64)                         | (11,786) |
| Closing defined benefit obligation                    | 66,509       | 161                          | 66,670   | 91,622       | 243                          | 91,865   |

Changes in the fair value of the plan assets were as follows:

|   | 2022         |                              |          | 2021         |                              |          |
|---|--------------|------------------------------|----------|--------------|------------------------------|----------|
|   | Pension plan | Post-retirement medical plan | Total    | Pension plan | Post-retirement medical plan | Total    |
|   | US\$'000     | US\$'000                     | US\$'000 | US\$'000     | US\$'000                     | US\$'000 |
| Opening fair value plan of assets                                 | 92,982       | —                            | 92,982   | 173,343      | —                            | 173,343  |
| Expected return on plan assets                                    | 2,565        | —                            | 2,565    | 4,069        | —                            | 4,069    |
| Actuarial gains (losses) arising from financial assumptions       | (14,930)     | —                            | (14,930) | 1,551        | —                            | 1,551    |
| Administrative expenses paid from the trust                       | (1,311)      | —                            | (1,311)  | (1,431)      | —                            | (1,431)  |
| Exchange differences on foreign plans                             | (2,239)      | —                            | (2,239)  | 892          | —                            | 892      |
| Contributions from the employer                                   | 894          | 74                           | 968      | 2,744        | 64                           | 2,808    |
| Distribution of assets from settled plan                          | —            | —                            | —        | (76,464)     | —                            | (76,464) |
| Benefits paid   | (6,580)      | (74)                         | (6,654)  | (11,722)     | (64)                         | (11,786) |
| Closing fair value of plan assets                                 | 71,342       | —                            | 71,342   | 92,982       | —                            | 92,982   |
| Net defined benefit plan assets before asset ceiling              | 4,833        | 161                          | 4,994    | 1,360        | 243                          | 1,603    |
| Assets not recognized due to asset ceiling                        | (6,658)      | —                            | (6,658)  | —            | —                            | —        |
| Net defined benefit plan assets (obligation) net of asset ceiling | (1,825)      | 161                          | (1,664)  | 1,360        | 243                          | 1,603    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 24. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Assumed healthcare cost trend rates impact the amounts recognized in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

|   | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---|------------------|------------------|
| <i>One percentage point increase</i>                          |                  |                  |
| Effect on the aggregate of the service cost and interest cost | —                | —                |
| Effect on accumulated post-employment benefit obligation      | 1                | 2                |
| <i>One percentage point decrease</i>                          |                  |                  |
| Effect on the aggregate of the service cost and interest cost | —                | —                |
| Effect on accumulated post-employment benefit obligation      | (1)              | (2)              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 25. ISSUED CAPITAL

|  | 2022          |          | 2021          |             |
|--|---------------|----------|---------------|-------------|
|  | Shares '000   | US\$'000 | Shares '000   | US\$'000    |
| <b>Ordinary shares</b>                   |               |          |               |             |
| Share capital                            |               |          |               |             |
| Ordinary shares, fully paid              | 295,920       | 668,364  | 295,920       | 668,364     |
| Movements in ordinary shares             |               |          |               |             |
| Balance at beginning of year             | 295,920       | 668,364  | 88,511        | 1,463,802   |
| Share consolidation <sup>1</sup>         | —             | —        | (84,084)      | —           |
| Shares issued                            | —             | —        | 291,492       | 796,604     |
| Re-domiciliation reserve adjustment      | —             | —        | —             | (1,592,037) |
| Shares reduced due to selective buy-back | —             | —        | (3)           | (5)         |
| Shares issued due to warrants exercised  | —             | —        | 4             | —           |
| Balance at end of the year               | 295,920       | 668,364  | 295,920       | 668,364     |
| Total shares outstanding                 | 295,920       | 668,364  | 295,920       | 668,364     |
| Balance at end of the year               | 295,920       | 668,364  | 295,920       | 668,364     |
|  |               |          |               |             |
|  | 2022          |          | 2021          |             |
|  | Warrants '000 | US\$'000 | Warrants '000 | US\$'000    |
| <b>Issued Warrants</b>                   |               |          |               |             |
| Warrants issued but not exercised        | 32,882        | 5,591    | 2,440         | 5,591       |
| Share consolidation <sup>1</sup>         | —             | —        | (2,315)       | —           |
| Warrant liabilities issued               | —             | —        | 32,782        | —           |
| Warrants exercised                       | —             | —        | (25)          | —           |
| Balance at end of the year               | 32,882        | 5,591    | 32,882        | 5,591       |
| Total ordinary shares and warrants       |               | 673,955  |               | 673,955     |

(1) On 23 September 2021, the Company completed a consolidation of the Company's issued capital on a basis that every 20 shares be consolidated into 1 share.

### Warrant Liabilities

The 32.8 million warrants issued to extinguish the Senior Unsecured Notes (Refer to Note 2) were valued on 23 September 2021 using the Black-Scholes option-pricing model using an underlying share price of A\$3.13, expected volatility of 56.21%, no expected dividends, an expected term of three years, and a risk-free rate of 0.64%. The underlying share price at this date was determined using the income approach described in Note 2. This resulted in a grant date fair value of \$31.0 million.

Due to the liability classification of these warrants, they were re-measured at 31 December 2022 and 2021 using an underlying share price equal to the close price of the Company's share on the date of re-measurement of A\$1.89 (A\$2.47 at 31 December 2021), expected volatility of 65.41% (56.21% at 31 December 2021), no expected dividends, an expected term of 2.73 years (2.73 at 31 December 2021), and a risk-free rate of 3.51% (1.34% at 31 December 2021). This resulted in a decrease in the warrant liability of \$5.8 million (\$13.7 million at 31 December 2021) and a corresponding gain recognized in other income in the Consolidated Statement of Profit or Loss. At 31 December 2022 and 2021, the liability-classified warrants had a fair value of \$13.6 million and \$19.4 million, respectively, and are classified within other financial liabilities in the Consolidated Statement of Financial Position.

### Options

As at 31 December 2022, the Company had 2,166 vested and unexpired options. The options will expire on various dates in years 2024 and 2026 and have an exercise price of \$1,152 and \$1,920 per option.

During 2022, the Company granted 10,178,860 options under the provisions of the 2022 MIP. The option awards were granted on 7 September 2022 with an exercise price of \$1.92 (see Note 10).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 26. FINANCIAL INSTRUMENTS

### Derivative Financial Instruments

The Company may enter into derivative financial instruments to manage its exposure to interest rate risks. Derivative instruments are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivative instruments are classified as either hedges of the fair value of recognized assets or liabilities or of firm commitments ("fair value hedges"), hedges of highly probably forecasted transactions ("cash flow hedges") or non-hedge derivatives. Derivatives designated as either a fair value or cash flow hedge that are expected to be highly effective in achieving offsetting changes in the fair value or cash flows are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivative assets and derivative liabilities are shown separately unless there is a legal right to offset and intent to settle on a net basis.

### Hedging Strategy

The Company may designate derivative instruments as hedging instruments in respect of interest rate risks in fair value hedges or cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objective and its strategy for undertaking various hedge transactions. Further, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

#### Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of profit or loss, together with any changes in the fair value of the hedged asset or liability or firm commitment that is attributable to the hedged risk. The Company did not have any qualifying fair value hedges in 2022 or 2021.

#### Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized in the consolidated statements of profit and loss. Amounts accumulated in equity are transferred to the consolidated statements of profit and loss in the period when the forecasted transaction impacts earnings. When the forecasted transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial carrying amount of the asset or liability.

When a derivative designated as a cash flow hedge expires or is sold and the forecasted transaction is still expected to occur, any cumulative gain or loss relating to the derivative that is recorded in equity at that time remains in equity and is recognized in the consolidated statements of profit and loss when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the Consolidated Statements of Profit or Loss.

The Company is exposed to variability in interest rate risk because the funds borrowed under the Exit Term Loan have a floating interest rate. The Company's hedge strategy is to manage its exposure to interest rate risk in line with the Company's risk strategy by using derivative contracts.

On 28 December 2021, the Company entered into an interest rate swap agreement with PNC Bank with a notional principal amount of \$86.3 million to pay an agreed upon fixed rate of interest of 1.905% in return for a floating rate of interest that matches the benchmark 1-month term SOFR rate on the Exit Term Loan. This interest rate swap became effective on 28 December 2022 and terminates on 8 September 2026. The initial payment on the interest rate swap will commence on 8 January 2023 and thereafter will reset monthly on the eighth day of each month.

The Company has designated the interest rate swap as a cash flow hedge and will settle the difference between the fixed and floating interest rate on a net basis.

At 31 December 2022, the interest rate swap had a fair value of \$5.8 million classified within other financial assets in the Consolidated Statement of Financial Position. The hedge was not fully effective through 31 December 2022 which resulted in a gain of \$0.1 million on the ineffective portion which was recognized in other income in the Statement of Profit or Loss. A gain of \$7.3 million (31 December 2021: \$1.5 million loss) on the effective portion was recognized in the cash flow hedge reserve in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair Value

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)
- Fair value hierarchy levels of financial liabilities for which fair value was disclosed

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|  | Level 1<br>US\$'000 | Level 2<br>US\$'000 | Level 3<br>US\$'000 |
|--|---------------------|---------------------|---------------------|
| <b>Balance at 31 December 2022</b>       |                     |                     |                     |
| Warrant liabilities                      | —                   | (13,575)            | —                   |
| Derivative financial assets              | —                   | 5,846               | —                   |
| Total other financial liabilities        | —                   | (7,729)             | —                   |
|  |                     |                     |                     |
|  | Level 1<br>US\$'000 | Level 2<br>US\$'000 | Level 3<br>US\$'000 |
| <b>Balance at 31 December 2021</b>       |                     |                     |                     |
| Warrant liabilities                      | —                   | (19,352)            | —                   |
| Derivative financial liabilities         | —                   | (1,548)             | —                   |
| <b>Total other financial liabilities</b> | —                   | <b>(20,900)</b>     | —                   |

- Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.
- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analyses using prices from observable current market transactions.

Cash and cash equivalents, trade and other receivables, and trade and other payables are carried at amortized cost which materially approximates the fair value.

### Interest Rate Benchmark Reform

The Company was exposed to USD LIBOR interest rate benchmarks within its asset-based revolver loan, Exit Term Loan, and interest rate swap agreement all of which were subject to interest rate benchmark reform. These financial instruments were amended in 2022 to convert the interest rate pricing on borrowings from LIBOR to SOFR.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 27. DIVIDENDS

No dividends have been determined for 31 December 2022 or 31 December 2021. There are no franking credits available for the years ended 31 December 2022 or 2021.

## 28. COMMITMENTS FOR EXPENDITURE

The Company has the following continuing operational and financial commitments in the normal course of business:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| <b>Capital commitments</b>                           |                  |                  |
| Purchase commitments for capital expenditures        | 3,337            | 10,734           |
| Lease commitment for short-term and low-value leases | 15,497           | 12,388           |

## 29. LEASE COMMITMENTS

The Company has various lease agreements in place for facilities and equipment. The terms of the leases include periods of free rent, options for the Company to extend the lease, and increasing rental rates over time, and vary by lease. These lease obligations expire at various dates through 2030. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate based on information available at the commencement date of the lease to determine the present value of the lease payments.

As at 31 December 2022, the Company has right-of-use assets with a net book value of \$40.3 million and corresponding lease liabilities of \$41.9 million compared to \$32.8 million and \$36.1 million as at 31 December 2021.

Payments for low-value and short-term leases are presented in the Consolidated Statement of Profit and Loss within expenses contributing to operating profit (loss). Payments for low-value leases as at 31 December 2022 were \$1.7 million compared to \$4.0 million as at 31 December 2021. Payments for short-term leases as at 31 December 2022 were \$25.0 million compared to \$20.0 million as at 31 December 2021. Payments for short-term leases includes short-term rentals of survey equipment common to the industry.

Right-of-use-assets and depreciation by asset type are as follows:

|   | Land and<br>buildings<br>US\$'000 | Plant and<br>equipment<br>US\$'000 | Total<br>US\$'000 |
|---|-----------------------------------|------------------------------------|-------------------|
| <b>Balance at 31 December 2021</b>        |                                   |                                    |                   |
| Leased asset cost                         | 32,454                            | 26,414                             | 58,868            |
| Leased asset accumulated depreciation     | (13,654)                          | (12,408)                           | (26,062)          |
| <b>Net book value at 31 December 2021</b> | <u>18,800</u>                     | <u>14,006</u>                      | <u>32,806</u>     |
| <b>Balance at 31 December 2022</b>        |                                   |                                    |                   |
| Leased asset cost                         | 35,262                            | 38,779                             | 74,041            |
| Leased asset accumulated depreciation     | (17,553)                          | (16,231)                           | (33,784)          |
| <b>Net book value at 31 December 2022</b> | <u>17,709</u>                     | <u>22,548</u>                      | <u>40,257</u>     |
| <b>2021 Depreciation expense</b>          | 5,118                             | 4,673                              | 9,791             |
| <b>2022 Depreciation expense</b>          | 5,123                             | 6,566                              | 11,689            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. CONTINGENT LIABILITIES

The recognition of provisions for legal disputes is subject to a significant degree of judgment. Provisions are established when (a) the Company has a present legal or constructive obligation as a result of past events, (b) it is probable that an outflow of resources will be required to settle the obligation, and (c) the amount of that outflow has been reliably estimated. Balances for legal provisions are disclosed in Note 23.

### Letters of credit

Standby letters of credit primarily issued in support of commitments or other obligations as at 31 December 2022 are as follows:

| Subsidiary    | Purpose                  | Expiration date | Amount<br>US\$'000 |
|---------------|--------------------------|-----------------|--------------------|
| Australia     | Secure a facility rental | September 2023  | 439                |
| Australia     | Secure a facility rental | October 2023    | 57                 |
| Australia     | Secure a facility rental | May 2025        | 14                 |
| Chile         | Secure bonding program   | May 2025        | 3,057              |
| United States | Secure bonding program   | May 2023        | 1,000              |
| United States | Secure insurance program | August 2023     | 1,450              |
|               |                          |                 | <u>6,017</u>       |

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognized as a provision or the amount initially recognized less cumulative amortization in accordance with the revenue recognition policies described in Note 4.

A summary of the maturity of issued letters of credit is as follows:

|                  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|------------------|------------------|------------------|
| Less than 1 year | 2,946            | 5,146            |
| 1 to 3 years     | 3,071            | 3,057            |
|                  | <u>6,017</u>     | <u>8,203</u>     |

### Guarantees

The subsidiaries of the Company provide guarantees within the normal course of business which includes payment guarantees to cover import duties, taxes, performance and completion of contracts. In addition, the Parent and certain subsidiaries are guarantors on the Company's loans and borrowings. See Note 22.

### Legal contingencies

The Company is subject to certain routine legal proceedings that arise in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) will not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of any litigation is uncertain, and unfavorable outcomes could have a material adverse impact.

### Tax and customs audits

The Company is subject to certain tax and customs audits that arise in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending assessments (either alone or combined) would not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of these audits is uncertain and unfavorable outcomes could have a material adverse impact. See additional disclosure in Note 11.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. CONTINGENT LIABILITIES (CONTINUED)

### Other contingencies

Other contingent liabilities as at 31 December 2022 and 2021 consist of the following:

|  | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--|------------------|------------------|
| <b>Contingent liabilities</b>                    |                  |                  |
| Guarantees/counter-guarantees to outside parties | 13,675           | 15,593           |

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. See Note 15.

|  | Maximum credit risk |                  |
|--|---------------------|------------------|
|  | 2022<br>US\$'000    | 2021<br>US\$'000 |
| <b>Financial assets and other credit exposure</b>            |                     |                  |
| Performance guarantees provided, including letters of credit | 19,692              | 23,796           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. DEED OF CROSS GUARANTEE

For the year ended 31 December 2022, Boart Longyear Group Ltd., Boart Longyear Limited, Votaint No. 1609 Pty Ltd, Boart Longyear Investments Pty Ltd. and Boart Longyear Management Pty Limited are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the other. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a "closed group" for the purpose of the Class Order, and as there are no other parties to the Deed that are controlled by Boart Longyear Group Ltd., they also represent the "extended closed group".

Set out below is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained earnings for the years ended 31 December 2022 and 31 December 2021 of the closed group.

### a) Consolidated statement of comprehensive income

|   | 2022<br>US\$'000         | 2021<br>US\$'000         |
|---|--------------------------|--------------------------|
| Other income  | 32,278                   | 28,100                   |
| General and administrative expenses                                     | (6,407)                  | (5,751)                  |
| Restructuring expenses and related impairments                          | —                        | 37,946                   |
| Other expenses  | (20,676)                 | (113,573)                |
| Operating income (loss)   | 5,195                    | (53,278)                 |
| Interest income   | 3,408                    | 1,551                    |
| Finance costs   | (5,294)                  | (62,234)                 |
| Income (loss) before taxation   | 3,309                    | (113,961)                |
| Income tax expense  | (70)                     | (1,148)                  |
| Income (loss) for the year from continuing operations                   | 3,239                    | (115,109)                |
| <b>Income (loss) for the year</b>                                       | <b>3,239</b>             | <b>(115,109)</b>         |
| <b>Other comprehensive income (loss)</b>                                | <b>2022<br/>US\$'000</b> | <b>2021<br/>US\$'000</b> |
| Income (loss) for the year attributable to equity holders of the parent | 3,239                    | (115,109)                |
| Exchange differences on translation of foreign operations <sup>1</sup>  | 1,508                    | 2,457                    |
| Other comprehensive income for the year (net of tax)                    | 1,508                    | 2,457                    |
| <b>Total comprehensive income (loss) for the year</b>                   | <b>4,747</b>             | <b>(112,652)</b>         |

- (1) The comparative information has been restated to include the impact of exchange differences on translation of foreign operations in the calculation of other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. DEED OF CROSS GUARANTEE (CONTINUED)

### b) Consolidated statement of financial position

|                                      | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--------------------------------------|------------------|------------------|
| <b>Current assets</b>                |                  |                  |
| Cash and cash equivalents            | 439              | 474              |
| Trade and other receivables          | 658              | 658              |
| Prepaid expenses and other assets    | 233              | 301              |
| <b>Total current assets</b>          | <b>1,330</b>     | <b>1,433</b>     |
| <b>Non-current assets</b>            |                  |                  |
| Loans to related parties             | 98,118           | 173,841          |
| Investment in subsidiaries           | 613,585          | 543,730          |
| Other assets                         | —                | 65               |
| <b>Total non-current assets</b>      | <b>711,703</b>   | <b>717,636</b>   |
| <b>Total assets</b>                  | <b>713,033</b>   | <b>719,069</b>   |
| <b>Current liabilities</b>           |                  |                  |
| Trade and other payables             | 1,557            | 628              |
| Provisions                           | 5,628            | 1,498            |
| Other current financial liabilities  | —                | 2,529            |
| <b>Total current liabilities</b>     | <b>7,185</b>     | <b>4,655</b>     |
| <b>Non-current liabilities</b>       |                  |                  |
| Loans from related parties           | 155,438          | 145,701          |
| Loans and borrowings                 | 45,300           | 38,846           |
| Provisions                           | 213              | 213              |
| Other financial liabilities          | 13,585           | 19,354           |
| <b>Total non-current liabilities</b> | <b>214,536</b>   | <b>204,114</b>   |
| <b>Total liabilities</b>             | <b>221,721</b>   | <b>208,769</b>   |
| <b>Net Assets</b>                    | <b>491,312</b>   | <b>510,300</b>   |
| <b>Equity</b>                        |                  |                  |
| Issued capital                       | 2,436,761        | 2,436,761        |
| Other equity                         | 2,033,163        | 2,055,390        |
| Accumulated losses                   | (3,978,612)      | (3,981,851)      |
| <b>Total equity</b>                  | <b>491,312</b>   | <b>510,300</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. PARENT ENTITY DISCLOSURES

### Financial position

|                          | 2022<br>US\$'000 | 2021<br>US\$'000 |
|--------------------------|------------------|------------------|
| <b>Assets</b>            |                  |                  |
| Current assets           | 232              | —                |
| Non-current assets       | 637,104          | 637,103          |
| <b>Total assets</b>      | <b>637,336</b>   | <b>637,103</b>   |
| <b>Liabilities</b>       |                  |                  |
| Current liabilities      | 815              | 2                |
| Non-current liabilities  | 13,503           | 6,987            |
| <b>Total liabilities</b> | <b>14,318</b>    | <b>6,989</b>     |
| <b>Net Assets</b>        | <b>623,018</b>   | <b>630,114</b>   |
| <b>Equity</b>            |                  |                  |
| Issued capital           | 672,921          | 672,921          |
| Reserves                 | (32,223)         | (35,817)         |
| Accumulated losses       | (17,680)         | (6,990)          |
| <b>Total equity</b>      | <b>623,018</b>   | <b>630,114</b>   |

### Financial performance

|                                 | 2022<br>US\$'000 | 2021<br>US\$'000 |
|---------------------------------|------------------|------------------|
| Loss for the year               | 10,691           | 6,990            |
| <b>Total comprehensive loss</b> | <b>10,691</b>    | <b>6,990</b>     |

### Guarantees entered into by the parent entity in relation to debts of its subsidiaries

Other guarantees are described in Note 30.

### Contractual obligations

As at 31 December 2022 and 2021, Boart Longyear Group Ltd. did not have any contractual obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. COMPANY SUBSIDIARIES

The Company's percentage ownership of the principal subsidiaries are as follows:

| Subsidiaries   | Country of incorporation | Business                       | 31 Dec 2022 | 31 Dec 2021 |
|--|--------------------------|--------------------------------|-------------|-------------|
| BL Group Holdings Inc.                                   | Cayman Island            | Holding Company                | 100         | 100         |
| BLI Zambia Ltd.  | Zambia                   | Dormant                        | 100         | 100         |
| BLY Canada Inc.  | Canada                   | Holding Company                | 100         | 100         |
| BLY Cote d'Ivoire S.A.                                   | Ivory Coast              | Drilling Services              | 100         | 100         |
| BLY Drilling Services and Products Mexico, S.A. de C.V.2 | Mexico                   | Dormant                        | 100         | 100         |
| BLY EMEA UK Holdings Ltd.                                | United Kingdom           | Holding Company                | 100         | 100         |
| BLY Gabon S.A.   | Gabon                    | Drilling Services              | 100         | 100         |
| BLY Ghana Limited  | Ghana                    | Drilling Services              | 100         | 100         |
| BLY Holdings Tanzania Ltd.                               | Tanzania                 | Holding Company                | 80          | 80          |
| BLY IP Inc.1   | USA                      | Holding Company                | —           | 100         |
| BLY Mali S.A.  | Mali                     | Drilling Services              | 100         | 100         |
| BLY Senegal S.A.   | Senegal                  | Drilling Services              | 100         | 100         |
| BLY Sierra Leone Ltd.                                    | Sierra Leone             | Drilling Services              | 100         | 100         |
| BLY US Holdings Inc.                                     | USA                      | Holding Company                | 100         | 100         |
| Boart Longyear (Cambodia) Ltd.2                          | Cambodia                 | Dormant                        | 100         | 100         |
| Boart Longyear DRC S.A.U.                                | Dem. Rep. of Congo       | Drilling Services              | 100         | 100         |
| Boart Longyear (NZ) Limited                              | New Zealand              | Dormant                        | 100         | 100         |
| Boart Longyear (Vic) No. 1 Pty Ltd                       | Australia                | Dormant                        | 100         | 100         |
| Boart Longyear (Vic) No. 2 Pty Ltd                       | Australia                | Dormant                        | 100         | 100         |
| Boart Longyear Alberta Limited                           | Canada                   | Holding Company                | 100         | 100         |
| Boart Longyear Argentina S.A.                            | Argentina                | Drilling Services              | 100         | 100         |
| Boart Longyear Australia Pty Ltd                         | Australia                | Drilling Services              | 100         | 100         |
| Boart Longyear B.V.                                      | Netherlands              | Drilling Products              | 100         | 100         |
| Boart Longyear Burkina Faso Sarl 2                       | Burkina Faso             | Dormant                        | 100         | 100         |
| Boart Longyear Canada                                    | Canada                   | Drilling Products and Services | 100         | 100         |
| Boart Longyear Chile Limitada                            | Chile                    | Drilling Products and Services | 100         | 100         |
| Boart Longyear Company                                   | USA                      | Drilling Products and Services | 100         | 100         |
| Boart Longyear de Mexico, S.A. de C.V.                   | Mexico                   | Drilling Services              | 100         | 100         |
| Boart Longyear Drilling Products (Wuxi) Co., Ltd.        | China                    | Drilling Products and Services | 100         | 100         |
| Boart Longyear Eritrea Ltd.2                             | Eritrea                  | Drilling Services              | 100         | 100         |
| Boart Longyear Finance Ltd.                              | Canada                   | Holding Company                | 100         | 100         |
| Boart Longyear GmbH & Co., KG                            | Germany                  | Drilling Products and Services | 100         | 100         |
| Boart Longyear I LP                                      | Canada                   | Drilling Services              | 100         | 100         |
| Boart Longyear Incorporated                              | Canada                   | Holding Company                | 100         | 100         |
| Boart Longyear International B.V.                        | Netherlands              | Holding Company                | 100         | 100         |
| Boart Longyear Investments Pty Ltd                       | Australia                | Holding Company                | 100         | 100         |
| Boart Longyear Liberia Corporation                       | Liberia                  | Dormant                        | 100         | 100         |
| Boart Longyear Limitada                                  | Brasil                   | Dormant                        | 100         | 100         |
| Boart Longyear Pty Limited 4                             | Australia                | Holding Company                | 100         | 100         |
| Boart Longyear Limited                                   | Ireland                  | Drilling Products              | 100         | 100         |
| Boart Longyear Management Pty Ltd                        | Australia                | Holding Company                | 100         | 100         |
| Boart Longyear Manufacturing and Distribution Inc.       | USA                      | Drilling Products              | 100         | 100         |
| Boart Longyear Manufacturing Canada Ltd.                 | Canada                   | Drilling Products              | 100         | 100         |
| Boart Longyear Netherlands BV                            | Netherlands              | Holding Company                | 100         | 100         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. COMPANY SUBSIDIARIES (CONTINUED)

| Subsidiaries                                 | Country of incorporation | Business                       | 31 Dec 2022 | 31 Dec 2021 |
|--|--------------------------|--------------------------------|-------------|-------------|
| Boart Longyear Poland Spolka z.o.o.          | Poland                   | Drilling Products and Services | 100         | 100         |
| Boart Longyear S.A.C.                        | Peru                     | Drilling Products and Services | 100         | 100         |
| Boart Longyear Saudi Arabia LLC <sup>2</sup> | Saudi Arabia             | Dormant                        | 100         | 100         |
| Boart Longyear Sole Co., Limited             | Laos                     | Drilling Services              | 100         | 100         |
| Boart Longyear Suisse Sàrl                   | Switzerland              | Holding Company                | 100         | 100         |
| Boart Longyear Tanzania Limited              | Tanzania                 | Drilling Services              | 100         | 100         |
| Boart Longyear Ventures Inc.                 | Canada                   | Holding Company                | 100         | 100         |
| Boart Longyear Vermögensverwaltung GmbH      | Germany                  | Holding Company                | 100         | 100         |
| Boart Longyear Zambia Limited <sup>2</sup>   | Zambia                   | Dormant                        | 100         | 100         |
| Cooperatief Longyear Holdings UA             | Netherlands              | Holding Company                | 100         | 100         |
| Geoserv Pesquisas Geologicas S.A.            | Brasil                   | Dormant                        | 100         | 100         |
| Globaltech Corporation Pty Ltd               | Australia                | Holding Company                | 58          | 58          |
| Inavel S.A.                                  | Uruguay                  | Dormant                        | 100         | 100         |
| Longyear Canada, ULC                         | Canada                   | Drilling Products              | 100         | 100         |
| Longyear DRC S.A.                            | Dem. Rep. of Congo       | Holding Company                | 99          | 99          |
| Longyear Global Holdings, Inc.               | USA                      | Holding Company                | 100         | 100         |
| Longyear South Africa (Pty) Ltd              | South Africa             | Drilling Products and Services | 100         | 100         |
| Longyear TM, Inc.                            | USA                      | Holding Company                | 100         | 100         |
| P.T. Boart Longyear                          | Indonesia                | Drilling Services              | 100         | 100         |
| Patagonia Drill Mining Services S.A.         | Argentina                | Dormant                        | 100         | 100         |
| Votrant No. 1609 Pty Ltd                     | Australia                | Drilling Services              | 100         | 100         |
| Veracio Ltd. <sup>3</sup>                    | USA                      | Holding Company                | 100         | —           |
| Veracio Canada Ltd. <sup>3</sup>             | Canada                   | Holding Company                | 100         | —           |
| Veracio Australia Pty Ltd. <sup>3</sup>      | Australia                | Holding Company                | 100         | —           |
| Veracio South Africa (Pty) Ltd. <sup>3</sup> | South Africa             | Holding Company                | 100         | —           |

(1) This entity was merged or dissolved in 2022.

(2) This entity is currently in liquidation status.

(3) This entity was formed in 2022.

(4) Boart Longyear Limited was the former parent entity until it was acquired by the new Parent entity, Boart Longyear Group Ltd., in 2021. See Note 2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

### 34. RELATED PARTY TRANSACTIONS

#### Transactions with key management personnel

##### (a) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 9.

##### (b) Other transactions with key management personnel of the Company

None.

##### (c) Transactions with other related parties during the year were immaterial.

### 35. CASH AND CASH EQUIVALENTS

Included in the cash balance as at 31 December 2022 is \$0.4 million of restricted cash and as at 31 December 2021 is \$0.5 million of restricted cash. The Company cannot access these cash balances until certain conditions are met. These conditions pertain to restrictions to secure facility leases and pension payments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

### Standards and Interpretations issued, but not yet effective

At the date of authorization of the financial statements, the Company has not applied the following new and revised Australian Accounting Standard, Interpretations and amendments that have been issued, but are not yet effective.

| Standard / Interpretation  | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|--|--|---|
| AASB 17 'Insurance Contracts'  | 1 January 2023   | 31 December 2023  |
| AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture | 1 January 2025   | 31 December 2025  |
| AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & AASB 128                                    | 1 January 2025   | 31 December 2025  |
| AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & AASB 128 and Editorial Corrections           | 1 January 2025   | 31 December 2025  |
| AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current                                | 1 January 2023   | 31 December 2023  |
| AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates               | 1 January 2023   | 31 December 2023  |
| AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction       | 1 January 2023   | 31 December 2023  |
| AASB 2022-1 Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information                    | 1 January 2023   | 31 December 2023  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 36. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

### Standards and Interpretations issued and effective

The Company has adopted all the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

These standards and interpretations are set forth throughout the notes to the financial statements. The adoption of each standard individually did not have a significant impact on the Company's financial results or consolidated statement of financial position.

| Standard / Interpretation  | Effective for annual reporting periods beginning on or after | Applied in the financial year ended |
|--|--|-------------------------------------|
| AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & AASB 128 and Editorial Corrections | 1 January 2022   | 31 December 2022                    |
| AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020  | 1 January 2022   | 31 December 2022                    |

## 37. SUBSEQUENT EVENTS

On 23 February 2023, it was announced that the Geological Data Services business will now operate as a separate entity called Veracio. The annual financial report has been updated throughout to reflect this change in name.

## SUPPLEMENTARY INFORMATION

Additional information as of 17 March 2023

### 1. Substantial holders

To the best of the Company's knowledge, the substantial holders in the Company as at the date of this Annual Report are:

| Name of substantial holder                            | Number of securities in which the person and their associates has a relevant interest | Voting power of the substantial holder and their associates |
|---|---|---|
| First Pacific Advisors, L.P. and related entities     | 158,265,847   | 53.48%  |
| Ascribe II Investments LLC and related entities       | 158,265,847   | 53.48%  |
| Corre Partners Management, LLC, and related entities  | 158,265,847   | 53.48%  |
| Nut Tree Capital Management, LP, and related entities | 158,265,847   | 53.48%  |
| Centerbridge entities                                 | 134,503,475   | 45.45%  |

Note: Each of the members of the Ad Hoc Group (being First Pacific Advisors, L.P. and related entities, Ascribe II Investments LLC and related entities, Corre Partners Management, LLC, and related entities Nut Tree Capital Management, LP, and related entities) may be deemed to be an associate of the each other in relation to the Company by virtue of section 12(2)(b) or 12(2)(c) of the *Corporations Act 2001* (Cth), on the basis of the director nomination agreements under which certain of those persons will have a collective right to nominate a specified number of individuals to the board of the Company. Accordingly, each member of the Ad Hoc Group is treated as having a relevant interest in the Company's securities in which each other member of the Ad Hoc Group has a relevant interest.

### 2. Number of securities on issue and security holders

#### (a) Quoted Securities

##### i) Common Shares (including CHESS Depositary Interests)

There are 295,920,414 common shares in the Company on issue. All of the issued common shares in the Company are held by CHESS Depositary Nominees Pty Ltd (**CDN**) and there are 295,920,414 quoted CHESS Depositary Interests (**CDI**) on issue (each CDI represents a beneficial ownership in one common share in the Company). The CDIs are quoted under the ASX code "BLY" and are held by 3,172 individual holders. Each holder of common shares in the Company is entitled to one vote on a show of hands or, on a poll, one vote for each common share held. Each holder of CDIs is entitled to direct CDN as to how to vote in respect of the underlying common shares in which the CDI holder as a beneficial interest.

##### ii) Warrants

There are 103,788 quoted warrants expiring on 1 September 2024 held by 5,447 individual warrant holders, that are publicly traded on the ASX under the code "BLYO". The quoted warrants do not carry rights to vote.

#### (b) Unquoted Securities

##### i) Options

There are 2,166 unquoted share options on issue held by 13 individual option holders that are not publicly traded on the ASX under the code "BLYAA". These unquoted share options do not carry rights to vote.

##### ii) Management Incentive Plan Options

There are 10,178,860 unquoted share options issued pursuant to the Company's Management Incentive Plan on issue held by 13 individual options holders that are not publicly traded on the ASX under the code "BLYAN". These unquoted share options do not carry rights to vote.

##### iii) Warrants Class A and B

There are 21,395 unquoted warrants expiring 1 September 2024 held by 18 individual warrant holders that are not publicly traded on the ASX under the code "BLYAC". The unquoted warrants do not carry rights to vote.

##### iv) Warrants

There are 32,757,168 unquoted warrants expiring on 23 September 2027 held by 11 individual warrant holders that are not publicly traded on the ASX under the code "BLYAD". The unquoted warrants do not carry rights to vote.

## SUPPLEMENTARY INFORMATION

Additional information as of 17 March 2023

### 3. Distribution of holders of quoted CHESS Depositary Interests

| Range             | Securities         | %             | No. of holders | %             |
|-------------------|--------------------|---------------|----------------|---------------|
| 1 to 1,000        | 184,554            | 0.06          | 2,968          | 93.57         |
| 1,001 to 5,000    | 306,559            | 0.10          | 144            | 4.54          |
| 5,001 to 10,000   | 86,569             | 0.03          | 11             | 0.35          |
| 10,001 to 100,000 | 1,137,943          | 0.38          | 41             | 1.29          |
| 100,001 and over  | 294,204,789        | 99.42         | 8              | 0.25          |
| <b>Total</b>      | <b>295,920,414</b> | <b>100.00</b> | <b>3,172</b>   | <b>100.00</b> |

### 4. Distribution of holders of quoted Warrants

| Range             | Securities     | %             | No. of holders | %             |
|-------------------|----------------|---------------|----------------|---------------|
| 1 to 1,000        | 51,232         | 49.36         | 5,427          | 99.63         |
| 1,001 to 5,000    | 31,091         | 29.96         | 17             | 0.31          |
| 5,001 to 10,000   | 21,465         | 20.68         | 3              | 0.06          |
| 10,001 to 100,000 | 0              | 0.00          | 0              | 0.00          |
| 100,001 and over  | 0              | 0.00          | 0              | 0.00          |
| <b>Total</b>      | <b>103,788</b> | <b>100.00</b> | <b>5,447</b>   | <b>100.00</b> |

### 5. Distribution of holders of unquoted Options

| Range             | Securities   | %             | No. of holders | %             |
|-------------------|--------------|---------------|----------------|---------------|
| 1 to 1,000        | 377          | 17.41         | 12             | 92.31         |
| 1,001 to 5,000    | 1,789        | 82.59         | 1              | 7.69          |
| 5,001 to 10,000   | 0            | 0.00          | 0              | 0.00          |
| 10,001 to 100,000 | 0            | 0.00          | 0              | 0.00          |
| 100,001 and over  | 0            | 0.00          | 0              | 0.00          |
| <b>Total</b>      | <b>2,166</b> | <b>100.00</b> | <b>13</b>      | <b>100.00</b> |

### 6. Distribution of holders of unquoted Warrants Class A and B

| Range             | Securities    | %             | No. of holders | %             |
|-------------------|---------------|---------------|----------------|---------------|
| 1 to 1,000        | 3,727         | 17.42         | 13             | 72.22         |
| 1,001 to 5,000    | 11,429        | 53.42         | 4              | 22.22         |
| 5,001 to 10,000   | 6,239         | 29.16         | 1              | 5.56          |
| 10,001 to 100,000 | 0             | 0.00          | 0              | 0.00          |
| 100,001 and over  | 0             | 0.00          | 0              | 0.00          |
| <b>Total</b>      | <b>21,395</b> | <b>100.00</b> | <b>18</b>      | <b>100.00</b> |

## SUPPLEMENTARY INFORMATION

Additional information as of 17 March 2023

### 7. Distribution of holders of unquoted Warrants

| Range             | Securities        | %             | No. of holders | %             |
|-------------------|-------------------|---------------|----------------|---------------|
| 1 to 1,000        | 0                 | 0.00          | 0              | 0.00          |
| 1,001 to 5,000    | 0                 | 0.00          | 0              | 0.00          |
| 5,001 to 10,000   | 0                 | 0.00          | 0              | 0.00          |
| 10,001 to 100,000 | 394,368           | 1.20          | 7              | 63.64         |
| 100,001 and over  | 32,362,800        | 98.80         | 4              | 36.36         |
| <b>Total</b>      | <b>32,757,168</b> | <b>100.00</b> | <b>11</b>      | <b>100.00</b> |

### 8. Distribution of holders of unquoted Management Incentive Plan Options

| Range             | Securities        | %             | No. of holders | %             |
|-------------------|-------------------|---------------|----------------|---------------|
| 1 to 1,000        | 0                 | 0.00          | 0              | 0.00          |
| 1,001 to 5,000    | 0                 | 0.00          | 0              | 0.00          |
| 5,001 to 10,000   | 0                 | 0.00          | 0              | 0.00          |
| 10,001 to 100,000 | 0                 | 0.00          | 0              | 0.00          |
| 100,001 and over  | 10,178,860        | 100.00        | 13             | 100.00        |
| <b>Total</b>      | <b>10,178,860</b> | <b>100.00</b> | <b>13</b>      | <b>100.00</b> |

### 9. Unmarketable parcel of shares

The number of security investors holding less than a marketable parcel of 238 securities (\$2.10 on 17 March 2023) is 2,741 and they hold 76,384 securities.

### 10. On-market buy back

There is no current on-market buy-back of Boart Longyear CHES Depositary Interests.

## SUPPLEMENTARY INFORMATION

Additional information as of 17 March 2023

### 11. 20 largest holders of quoted CHES Depositary Interests

| No.                     | Holder                                       | CHES<br>Depositary<br>Interests | Percentage of<br>Issued Capital<br>Held |
|-------------------------|--|---------------------------------|---|
| 1                       | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED    | 178,390,221                     | 60.28                                   |
| 2                       | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED    | 49,385,560                      | 16.69                                   |
| 3                       | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED    | 46,250,752                      | 15.63                                   |
| 4                       | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 18,735,666                      | 6.33                                    |
| 5                       | MR MOSES MARX                                | 544,701                         | 0.18                                    |
| 6                       | BOFA SECURITIES INC                          | 348,651                         | 0.12                                    |
| 7                       | E-TECH CAPITAL PTY LTD                       | 334,661                         | 0.11                                    |
| 8                       | J.P. MORGAN SECURITIES LLC                   | 214,577                         | 0.07                                    |
| 9                       | SITI INVESTMENTS PTY LTD                     | 100,000                         | 0.03                                    |
| 10                      | RIADIS HOLDINGS PTY LTD                      | 90,000                          | 0.03                                    |
| 11                      | MR CHRISTOPHER STUART KING                   | 89,000                          | 0.03                                    |
| 12                      | CITICORP NOMINEES PTY LIMITED                | 88,978                          | 0.03                                    |
| 13                      | MR ZHONGWEI MIAO                             | 70,000                          | 0.02                                    |
| 14                      | DR PAUL FRANCIS MORTON                       | 55,589                          | 0.02                                    |
| 15                      | MR ROBERT JAMES RUTTER                       | 53,643                          | 0.02                                    |
| 16                      | REAL PILLARS PTY LTD                         | 46,841                          | 0.02                                    |
| 17                      | MR ALLAN KEITH CLARKE                        | 42,381                          | 0.01                                    |
| 18                      | PHILIP & JANET TURNER PTY LTD                | 31,000                          | 0.01                                    |
| 19                      | WILLYAMA ASSET MANAGEMENT PTY LTD            | 30,000                          | 0.01                                    |
| 20                      | ASTRA SICAV SIF TRISIN                       | 26,708                          | 0.01                                    |
| <b>TOTAL FOR TOP 20</b> |  | <b>294,928,929</b>              | <b>99.66%</b>                           |

### 12. 20 largest holders of quoted Warrants

| No.          | Holder   | Quoted<br>Warrants | Percent Held of<br>Quoted Warrants |
|--------------|--|--------------------|------------------------------------|
| 1            | VFG ASSET MANAGEMENT PTY LTD                   | 8,912              | 8.59                               |
| 2            | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM   | 7,090              | 6.83                               |
| 3            | DR PAUL FRANCIS MORTON                         | 5,463              | 5.26                               |
| 4            | MR THEOFANIS PERDIKIS & MRS DIMITRA PERDIKIS   | 4,231              | 4.08                               |
| 5            | PACIFIC CUSTODIANS PTY LTD                     | 3,520              | 3.39                               |
| 6            | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED      | 2,514              | 2.42                               |
| 7            | BNP PARIBAS NOMS PTY LTD                       | 2,428              | 2.34                               |
| 8            | OUTCOME POSITIVE PTY LTD                       | 2,000              | 1.93                               |
| 9            | BNP PARIBAS NOMINEES PTY LTD                   | 1,894              | 1.82                               |
| 10           | MRS SURANJITA MULVEY                           | 1,839              | 1.77                               |
| 11           | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED      | 1,669              | 1.61                               |
| 12           | MR GAVIN ROSS JONES & MRS ELWYNN RONDELL JONES | 1,545              | 1.49                               |
| 13           | MR TREVOR DURRANT                              | 1,500              | 1.45                               |
| 14           | MISS CAMILLE KATHLEEN SCOTT                    | 1,288              | 1.24                               |
| 15           | PACIFIC CUSTODIANS PTY LIMITED                 | 1,259              | 1.21                               |
| 16           | DR SIL LIN TAN                                 | 1,133              | 1.09                               |
| 17           | STYX RIVER PTY LTD                             | 1,125              | 1.08                               |
| 18           | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED      | 1,077              | 1.04                               |
| 19           | MR BAREND JACOBUS STOLTZ                       | 1,052              | 1.01                               |
| 20           | PACIFIC CUSTODIANS PTY LIMITED                 | 1,017              | 0.98                               |
| <b>TOTAL</b> |  | <b>52,556</b>      | <b>50.64</b>                       |







# CORPORATE INFORMATION

## **Global Headquarters**

2455 South 3600 West  
West Valley City, UT 84119  
United States of America  
Tel: +1 801 972 6430  
Fax: +1 801 977 3374

## **Registered Office**

2442 South Sheridan Way  
Mississauga, Ontario L5J 2M7  
Canada  
Tel: +1 905 822 7922

## **Auditors**

Deloitte Touche Tohmatsu

## **Company Secretary**

Nicholas Nash  
Alex Nikolic

## **Shareholder Enquiries**

Boart Longyear Investor Relations  
2455 South 3600 West  
West Valley City, UT 84119  
United States of America  
Australia: +61 8 8375 8300  
Others: +1 801 952 8343  
Email: [ir@boartlongyear.com](mailto:ir@boartlongyear.com)

## **Listing**

Boart Longyear Group Ltd. is listed on the Australian Securities Exchange under the symbol 'BLY'

## **Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney, New South Wales 2000  
Tel: +61 1800 781 633

## **Website**

[www.boartlongyear.com](http://www.boartlongyear.com)