

ASX ANNOUNCEMENT (ASX:BLY)

25 August 2023

BOART LONGYEAR ANNOUNCES FIRST HALF 2023 RESULTS

Boart Longyear Group Ltd (ASX:BLY) (the Company or Boart Longyear), the world's leading provider of drilling services, an expert in providing valuable orebody knowledge, and a pioneer in innovative drilling equipment and performance tooling, announces results for the first half ended 30 June 2023. All results are referenced in US dollars.

Highlights for HY'23 ended 30 June 2023 (vs. HY'22 ended 30 June 2022)

- **Consolidated revenue of \$545.7 million increased 3.4%, driven by top-line growth within Drilling Services and Global Products.**
- **Adjusted EBITDA¹ of \$70.7 million expanded 2.2%, resulting from improved profitability in Global Products and Drilling Services.**
- **Strongest consolidated revenue and adjusted EBITDA¹ performance since first half of 2013.**
- **Macroeconomic environment supportive of long-term demand for metals.**

Jeff Olsen, Boart Longyear's Chief Executive Officer, commenting on the Company's results, said, "During the first half of 2023, we continued to see a robust macroeconomic environment supported by electrification and green energy ultimately driving long-term demand for the mining sector.

"Revenue growth during the first half benefitted from solid increases within Drilling Services and Global Products. Both divisions delivered their highest revenue in ten years.

"Adjusted EBITDA¹ benefitted from significant cost improvements within Global Products and an overall healthy performance, including targeted cost control, within Drilling Services.

"Continuing to position itself for growth, Veracio saw meaningful revenue expansion in the United States, Latin America, and Africa during the first half of 2023. The division also appointed a number of key management positions during the period.

"I remain optimistic that our operating initiatives will deliver strategic growth for 2023."

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

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COMPARATIVE RESULTS

(\$ in millions)

Total Company	Consolidated Results		
	Half Year Ended		
	30-Jun-23	30-Jun-22	% Change
Revenue	545.7	527.6	3.4%
EBITDA	72.9	52.4	39.1%
Adjusted EBITDA ¹	70.7	69.2	2.2%
Statutory Net Profit / (Loss) After Tax	41.6	17.7	135.0%
Net Cash Generated / (Used) in Operating Activities	22.4	20.7	8.2%
Net Debt ²	139.3	142.5	(2.2%)

Global Drilling Services	Divisional Results		
	Half Year Ended		
	30-Jun-23	30-Jun-22	% Change
Revenue	382.7	365.4	4.7%
EBITDA (prior to intercompany profit margin elimination) ³	65.4	61.9	5.7%
EBITDA (after intercompany profit margin elimination) ³	72.9	71.0	2.7%
Average Number of Operating Drill Rigs	293	321	(8.7%)
Average Number of Drill Rigs	618	657	(5.9%)
Average Rig Utilisation ⁴	47%	49%	(4.1%)

Global Products	Divisional Results		
	Half Year Ended		
	30-Jun-23	30-Jun-22	% Change
Revenue (prior to intercompany eliminations) ³	196.6	202.8	(3.1%)
Revenue (after intercompany eliminations) ³	159.3	158.4	0.6%
EBITDA (prior to intercompany profit margin elimination) ³	37.5	29.9	25.4%
EBITDA (after intercompany profit margin elimination) ³	30.0	20.8	44.2%
Average Backlog	54.6	59.5	(8.2%)

Veracio	Divisional Results		
	Half Year Ended		
	30-Jun-23	30-Jun-22	% Change
Revenue (prior to intercompany eliminations) ³	4.5	4.9	NMF
Revenue (after intercompany eliminations) ³	3.6	3.8	NMF
EBITDA (prior to intercompany profit margin elimination) ³	(8.7)	(2.2)	NMF
EBITDA (after intercompany profit margin elimination) ³	(8.7)	(2.2)	NMF

1H'23 Revenue Growth vs. 1H'22

	Global Drilling Services	Global Products	Veracio
Organic	6.4%	5.5%	34.1%
FX	(1.7%)	(4.9%)	(2.9%)
Discontinued Product Line			(35.9%)
Total	4.7%	0.6%	(4.7%)

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

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RESULTS COMMENTARY

Revenues of \$545.7 million increased 3.4% over HY'22 driven by growth within Drilling Services and Global Products. Revenue grew 4.7% in Drilling Services due to strong performance in Latin America and the United States. Global Products' revenue increased 0.6% from significant growth in EMEA and Latin America. Veracio's revenue for the first half was primarily driven by strong TruScan customer placement. Consolidated revenue was negatively impacted by \$13.9 million of unfavourable exchange rates.

Organic revenue for the first half of 2023 increased 6.4% in Drilling Services, 5.5% in Global Products, and 34.1% in Veracio compared to the prior period.

Adjusted EBITDA¹ in HY'23 increased 2.2% over the prior period, primarily driven by solid business performance within Drilling Services and Global Products and offset by Veracio's market readiness costs. Adjusted EBITDA¹ was negatively impacted by \$5.8 million of unfavourable exchange rates.

Cash generated from operations of \$22.4 million increased 8.2% over the prior period, driven by solid business performance and increased profitability.

Liquidity on 30 June 2023 was \$45.2 million, comprised of cash balances totalling \$45.2 million and no availability under the Company's asset-based loan facility. CAPEX for the first half of 2023 was \$24.4 million.

GLOBAL MINING AND EXPLORATION UPDATE

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

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

During the first half of 2023, gold surpassed \$2,000 per ounce before retreating to approximately \$1,900 per ounce at the end of the period. Copper prices exceeded \$4.00 per pound before settling at approximately \$3.80 by the end of the half.

Boart Longyear's business is primarily driven by activities of the largest mining companies; however, the Company does derive revenue from junior and intermediate firms. The financing market for junior and intermediate firms experienced reduced activity throughout 2022 and similar levels in the first half of 2023. Many junior and intermediate firms, particularly in Canada, have reduced their exploration programs due to limited funding options.

Given the ongoing demand for base metals to support electrification, mining firms are increasingly utilising mining technology to enhance more efficient exploration programs as well as mine development. By leveraging artificial intelligence and advanced analytics, Veracio is a leading provider

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

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of solutions that improve, automate and digitally transform customer's orebody sciences, accelerate real-time decision making, and significantly lower the cost of mineral exploration.

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

FOOTNOTE DESCRIPTIONS

1. Adjusted EBITDA is 'Earnings before interest, tax, depreciation, and amortisation and before major restructuring initiatives, impairments of assets, and other significant and non-recurring transactions outside the ordinary course of business.'
2. Net debt does not include leasing facilities as reported under Australian Accounting Standards Board (AASB) 16.
3. The information presented is before inter-segment eliminations in order to reflect each business unit's revenue and EBITDA assuming all inter-segment sales were made to third parties instead. This financial information is provided so that investors can better understand each business unit's true scale. Transactions between Company segments are carried out at arm's length and are eliminated on consolidation. EBITDA is a non-AASB financial measure that management uses to assess operating performance. See the section of Boart Longyear's 2023 Half Year Financial Report titled "Non-AASB Financial Measures" for information regarding our use of EBITDA and a reconciliation of net profit (loss) to EBITDA.
4. Boart Longyear calculates rig utilisation on a weekly basis. If a rig generates revenue during a specific seven-day period, it is counted as an *operating rig*.
 - The Company's quarterly rig utilisation metric is an average of the 13 weeks within that quarter.
 - The Company's half-year rig utilisation metric is an average of the 26 weeks within the first half.
 - The Company's full-year rig utilisation metric is an average of the 52 weeks within that year.

Authorised for lodgement by:

Nicholas R. Nash
Company Secretary

Disclaimer

This announcement contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control and may cause

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actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

About Boart Longyear

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

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

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

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

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

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