

Orbit Garant Drilling Inc. Reports Fiscal 2024 First Quarter Results

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VAL-D'OR, Nov. 13, 2023 - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month period ended September 30, 2023 ("Q1 2024"). All dollar amounts are in Canadian dollars unless otherwise stated.

Financial Highlights

(\$ amounts in millions, Three months ended Three months ended
September 30, 2023 September 30, 2022

except per share amounts)

Revenue	\$44.3	\$53.3
Gross Profit	\$4.1	\$6.2
Gross Margin (%)	9.4	11.7
Adjusted Gross Margin (%) ¹	15.2	16.3
EBITDA ²	\$3.0	\$5.8
Net earnings (loss)	\$(0.4)	\$1.1
Net earnings (loss) per share		
- Basic and diluted	\$(0.01)	\$0.03

¹ Adjusted Gross Margin is a non-IFRS financial measure and is defined as Gross Profit excluding depreciation expenses. See "Reconciliation of Non-IFRS financial measures".

² EBITDA is a non-IFRS financial measure and is defined as earnings before interest, taxes, depreciation, and amortization, See "Reconciliation of Non-IFRS financial measures".

"The decline in revenue and profitability in the quarter reflect the temporary suspension of drilling projects in Québec during July due to forest fires, as well as customer decisions to temporarily suspend or reduce drilling activity on certain other projects in Canada during the fourth quarter of last fiscal year. All our projects that were impacted by forest fires were back at full operation by July 26, and we are gradually resuming operations on projects that were suspended or reduced due to customer decisions. Two of these projects have already resumed and we expect to restart operations on the others by January 2024," said Pierre Alexandre, President and CEO of Orbit Garant.

"We recently renewed a large, specialized drilling contract in Canada with a senior gold mining customer for a three-year term. This contract renewal will result in the continued operation of 15 to 20 of our surface and underground drill rigs on the customer's project sites and is in line with our strategy to focus on projects with senior and well-financed intermediate gold mining customers in Canada. Customer demand remains strong in Canada, and we are seeing increased demand in Chile. Prices for gold and copper remain favourable to support mineral exploration and development spending in our markets."

First Quarter Results

Revenue for Q1 2024 totalled \$44.3 million, a decrease of 16.8% compared to \$53.3 million for the

three-month period ended September 30, 2022 ("Q1 2023"). Canada revenue totalled \$33.0 million in Q1 2024, a decline of 23.0% compared to \$42.8 million in Q1 2023. Approximately \$2.0 million of the decline is attributable to the suspension of the Company's drilling projects in Québec during the month of July due to forest fires. The remaining year-over-year decline in revenue was primarily attributable to customer decisions to temporarily suspend or reduce drilling activity on certain projects during the fourth quarter of Fiscal 2023. The Company restarted operations on all its drilling projects that were impacted by forest fires by July 26, and expects to resume full operations on other projects that were temporarily suspended or reduced due to customer decisions by January 2024. One of these projects resumed in mid-August and another resumed in early September. International revenue increased 8.7% to \$11.3 million in Q1 2024 from \$10.5 million in Q1 2023, reflecting increased drilling activity in Chile and Guinea, partially offset by a reduction of drilling activity in Guyana and Burkina Faso.

Gross profit for Q1 2024 was \$4.1 million, or 9.4% of revenue, compared to \$6.2 million, or 11.7% of revenue, in Q1 2023. Depreciation expenses totalling \$2.6 million are included in the cost of contract revenue for Q1 2024, compared to depreciation expenses of \$2.5 million in Q1 2023. Adjusted gross margin, excluding depreciation expenses, was 15.2% in Q1 2024, compared to adjusted gross margin of 16.3% in Q1 2023. The decline in gross profit, gross margin, and adjusted gross margin was primarily attributable to the Company's revenue reduction in Canada due to forest fires and costs incurred to ramp these projects back up, and temporarily suspended or reduced drilling activity on certain projects, partially offset by increased drilling revenue in Chile and Guinea, as described above.

General and Administrative expenses were \$4.0 million, or 8.9% of revenue, in Q1 2024, compared to \$3.9 million, or 7.3% of revenue, in Q1 2023.

EBITDA totalled \$3.0 million in Q1 2024, compared to \$5.8 million in Q1 2023. Net loss for Q1 2024 was \$0.4 million, or \$0.01 per share, compared to net earnings of \$1.1 million, or \$0.03 per share, in Q1 2023. The decrease in EBITDA and net earnings was primarily attributable to the reduction of drilling activity in Canada due to forest fires and project suspensions, as discussed above, the related additional costs incurred to ramp projects back up, and a reduction in foreign exchange gain, partially offset by increased drilling activity in Chile and Guinea, as described above. The Company's net loss in Q1 2024 also reflects a \$0.2 million income tax recovery compared to a \$1.3 million tax expense in Q1 2023.

Liquidity and Capital Resources

On November 2, 2023, Orbit Garant entered into a fifth amended and restated credit agreement with National Bank in respect of its Credit Facility. The Company's Credit Facility consists of a \$30.0 million revolving credit facility, and a US\$5.0 million revolving credit facility guaranteed by Export Development Canada. The Credit Facility expires on November 2, 2026.

The Company borrowed an additional net amount of \$2.7 million on its Credit Facility in Q1 2024, compared to a repayment of \$7.0 million in Q1 2023. The Company's long-term debt under the Credit Facility, including US\$2.0 million (\$2.7 million) drawn from the US\$5.0 million revolving credit facility and the current portion, was \$24.9 million as at September 30, 2023, compared to \$22.2 million as at June 30, 2023.

As at September 30, 2023, the Company's working capital totalled \$51.8 million, compared to \$50.4 million as at June 30, 2023. Orbit Garant's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable. As at September 30, 2023, Orbit Garant had 37,372,756 common shares issued and outstanding.

Orbit Garant's unaudited interim consolidated financial statements and management's discussion and analysis for Q1 2024 are available via the Company's website at www.orbitgarant.com or SEDAR+ at www.sedarplus.ca.

Conference Call

Pierre Alexandre, President and CEO, and Daniel Maheu, CFO, will host a conference call for analysts and investors on Tuesday, November 14, 2023 at 10:00 a.m. (ET). To join the conference call without operator assistance, you can register and enter your phone number at <https://emportal.ink/46ReV5n> to receive an

instant automated call back. Alternatively, you can dial 416-764-8688 or 1-888-390-0546 to reach a live operator that will join you into the call.

A live webcast of the call will be available on Orbit Garant's website at:

<http://www.orbitgarant.com/en/events>. The webcast will be archived following conclusion of the call. To access a replay of the conference call dial 416-764-8677 or 1-888-390-0541, passcode: 815100 #. The replay will be available until November 21, 2023.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with International Financial Reporting Standards ("IFRS"). However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

EBITDA and EBITDA Margin

EBITDA and EBITDA margin: Net earnings (loss) before interest, taxes, depreciation and amortization.

Management believes that EBITDA is an important measure when analyzing its operating profitability, as it removes the impact of financing costs, certain non-cash items and income taxes. As a result, Management considers it a useful and comparable benchmark for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA and EBITDA Margin

(unaudited)	3 months ended	3 months ended
(in millions of dollars)	September 30, 2023	September 30, 2022
Net earnings (loss) for the period (0.4)		1.1
Add:		
Finance costs	0.9	0.7
Income tax expense (recovery) (0.2)		1.3
Depreciation and amortization	2.7	2.7
EBITDA	3.0	5.8
Contract Revenue	44.3	53.3
EBITDA margin (%) ⁽¹⁾	6.8	10.9

(1) EBITDA, divided by contract revenue x 100

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted gross profit and margin: Contract revenue, less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

Although adjusted gross profit and adjusted gross margin are not recognized financial measures defined by IFRS, Management considers them to be important measures as they represent the Company's core profitability, without the impact of depreciation expense. As a result, Management believes they provide a useful and comparable benchmark for evaluating the Company's performance.

Reconciliation of Adjusted Gross Profit and Adjusted Gross Margin

(unaudited)	3 months ended	3 months ended
(in millions of dollars)	September 30, 2023	September 30, 2022
Contract revenue	44.3	53.3
Cost of contract revenue (including depreciation)	40.2	47.1
Less depreciation	(2.6)	(2.5)
Direct costs	37.6	44.6
Adjusted gross profit	6.7	8.7
Adjusted gross margin (%) ⁽¹⁾	15.2	16.3

⁽¹⁾ Adjusted gross profit, divided by contract revenue X 100

About Orbit Garant

Headquartered in Val-d'Or, Québec, Orbit Garant is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 211 drill rigs and approximately 1,200 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. For more information, please visit the Company's website at www.orbitgarant.com.

Forward-looking information

This news release may contain forward-looking statements (within the meaning of applicable securities laws) relating to business of [Orbit Garant Drilling Inc.](http://www.orbitgarant.com) (the "Company") and the environment in which it operates. Forward-looking statements are identified by words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Risks and uncertainties that could cause actual results, performance or achievements to differ materially include the world economic climate as it relates to the mining industry; the Canadian economic environment; the Company's ability to attract and retain customers and to manage its assets and operating costs; the political situation in certain jurisdictions in which the Company operates and the operating environment in the jurisdictions in which the Company operates as well as the risks and uncertainties are discussed in the Company's regulatory filings available at www.sedarplus.ca. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by applicable securities laws.

SOURCE [Orbit Garant Drilling Inc.](http://www.orbitgarant.com)

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