

Orbit Garant Reports Continued Improvement In Profitability In Fiscal 2025 Second Quarter Results

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VAL-D'OR, QC, Feb. 12, 2025 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month ("Q2 2025") and six-month periods ended December 31, 2024. All dollar amounts are in Canadian dollars unless otherwise stated.

Financial Highlights

(\$ amounts in millions, except per share amounts)	Three months ended December 31, 2024	Three months ended December 30, 2023	Six months ended December 31, 2024	Six months ended December 31, 2023
Revenue	43.5	43.4	91.9	87.7
Gross Profit	7.2	3.0	14.8	7.3
Gross Margin (%)	16.5	6.8	16.1	8.3
Adjusted Gross Margin (%) ¹	21.5	12.5	20.8	14.0
Adjusted EBITDA ¹	5.6	1.0	12.1	4.0
Net earnings (loss)	1.5	(1.7)	4.7	(2.1)
Net earnings (loss) per share				
- Basic and diluted (\$)	0.04	(0.05)	\$0.12	(\$0.06)

(1) This is a non-IFRS measure and is not a standardized financial measure. The Company's method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, the definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Reconciliation of Non-IFRS financial measures" on page 3 of this news release for more information about each non-IFRS measure and for the reconciliations to the most directly comparable IFRS financial measures.

"Our profitability increased significantly in the second quarter compared to Q2 last year, with improvements in adjusted gross margin, adjusted EBITDA and net earnings. We have now generated adjusted gross margin in excess of 20% for the first six months of Fiscal 2025." said Daniel Maheu, President and CEO of Orbit Garant. "Our results for the quarter reflect stronger operating earnings in both our Canadian and international operations. We had increased drilling activity and improved operational performance in Canada compared to Q2 last year. In our international operations, we had increased drilling activity, while benefiting from the cessation of our West African operations in Q2 last year."

"We are well positioned to continue generating strong operating performance. Gold prices have reached record highs in February above US\$2,900 per ounce, supporting continued solid demand for drilling services from our senior and well-financed intermediate gold mining customers. We generated nearly two thirds of our revenue in the first half of fiscal 2025 from gold related operations. Our international operations also continue to benefit from strong metals prices."

Second Quarter Results

Revenue for Q2 2025 totalled \$43.5 million, an increase of 0.2% compared to \$43.4 million for the three-month period ended December 31, 2023 ("Q2 2024"). Canada revenue totalled \$30.8 million in Q2 2025, an increase of 4.0% compared to \$29.6 million in Q2 2024, reflecting increased drilling activity and improved operational performance. International revenue totalled \$12.7 million in Q2 2025, compared to \$13.8 million in Q2 2024, reflecting the Company's cessation of drilling activities in West Africa, partially offset by increased drilling activity in South America.

Gross profit for Q2 2025 was \$7.2 million, or 16.5% of revenue, compared to \$3.0 million, or 6.8% of revenue, in Q2 2024. Adjusted gross margin¹, excluding depreciation expenses, was 21.5% in Q2 2025, compared to adjusted gross margin¹, excluding depreciation expenses, of 12.5% in Q2 2024. The increases in gross profit, gross margin and adjusted gross margin¹ were primarily attributable to increased drilling activity during the quarter, improved operational performance in Canada, and the cessation of drilling activities in West Africa.

General and Administrative expenses were \$4.4 million, or 10.1% of revenue, in Q2 2025, compared to \$4.3 million, or 10.0% of revenue, in Q2 2024.

Adjusted EBITDA¹ totalled \$5.6 million in Q2 2025 compared to \$1.0 million in Q2 2024. Net earnings for Q2 2025 were \$1.5 million, or \$0.04 per share (diluted), compared to a net loss of \$1.7 million, or \$0.05 per share (diluted), in Q2 2024. The increases in Q2 2025 were attributable to increased operating earnings across all segments.

Liquidity and Capital Resources

The Company repaid a net amount of \$2.4 million on its Credit Facility in Q2 2025, compared to a repayment of \$0.3 million in Q2 2024. The Company's long-term debt under the Credit Facility, including an undrawn US\$5.0 million revolving credit facility and the current portion, was \$18.6 million as at December 31, 2024, compared to \$21.5 million as at June 30, 2024. On November 29, 2024, Orbit Garant entered into a loan agreement with EDC, which provides for a term loan in the principal amount of US\$2.0 million. The loan was used to fund the manufacture of three new computerized surface drill rigs for the Company's Chilean operations.

On October 28, 2024, the Company announced that the Toronto Stock Exchange ("TSX") accepted its notice of intention to make a normal course issuer bid (the "NCIB Program") to purchase outstanding common shares of Orbit Garant on the open market in accordance with the rules of the TSX. Pursuant to the NCIB Program, Orbit Garant may purchase, from time to time, in aggregate up to 1,868,637 common shares over a 12-month period commencing on October 31, 2024, and terminating on October 30, 2025. To date, the Company has repurchased and cancelled 68,916 of its common shares pursuant to its NCIB Program, including 44,288 common shares during Q2 2025.

As at December 31, 2024, the Company's working capital totalled \$49.2 million, compared to \$48.6 million as at June 30, 2024. Orbit Garant's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable. As at December 31, 2024, Orbit Garant had 37,328,468 common shares issued and outstanding.

Orbit Garant's unaudited interim consolidated financial statements and management's discussion and analysis for Q2 2025 are available via the Company's website at www.orbitgarant.com or SEDAR+ at www.sedarplus.ca.

Conference Call

Daniel Maheu, President and CEO, and Pier-Luc Laplante, CFO, will host a conference call for analysts and investors on Thursday, February 13, 2025 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/4hmk1vz> to receive an instant automated call back. Alternatively, you can dial 416-945-7677 or 1-888-699-1199 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 289-819-1450 or 1-888-660-6345, passcode: 71659 #. The replay will be available until February 20, 2025.

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, adjusted EBITDA and adjusted EBITDA margin: EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. EBITDA is defined as EBITDA excluding the impact of (i) the interest revenue on long-term receivable and expected credit loss, and (ii) the interest revenue on long-term receivable. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.

Adjusted gross profit and adjusted gross margin: Adjusted gross profit is defined as gross profit excluding depreciation and amortization. Adjusted gross margin is defined as the percentage of adjusted gross profit to contract revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

Management believes that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are important measures when analyzing its operating profitability, as they remove the impact of financing costs, certain non-cash items, income taxes and restructuring costs. As a result, Management considers these measures as useful and comparable benchmarks for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited)	3 months ended	3 months ended	6 months ended	6 months ended
(in millions of dollars)	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net earnings (loss) for the period	1.5	(1.7)	4.7	(2.1)
Add:				
Finance costs	0.8	0.9	1.6	1.7
Income tax expense (recovery)	1.2	(1.0)	1.8	(1.2)
Depreciation and amortization	2.5	2.8	4.9	5.6
EBITDA	6.0	1.0	13.0	4.0
Interest revenue on long-term receivable	(0.4)	-	(0.9)	-
Adjusted EBITDA	5.6	1.0	12.1	4.0
Contract Revenue	43.5	43.4	91.9	87.7
Adjusted EBITDA margin (%) ⁽¹⁾	12.9	2.3	13.2	4.6

(1) Adjusted EBITDA, divided by contract revenue X 100

Adjusted Gross Profit and Adjusted Gross Margin

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	6 months ended	6 months ended
(in millions of dollars)	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Contract revenue	43.5	43.4	91.9	87.7
Cost of contract revenue (including depreciation)	36.3	40.4	77.1	80.4
Less depreciation	(2.3)	(2.5)	(4.4)	(5.1)
Add gain on disposal of property, plant and equipment	0.1	0.1	0.1	0.2
Direct costs	34.1	38.0	72.8	75.5
Adjusted gross profit	9.4	5.4	19.1	12.2
Adjusted gross margin (%) ⁽¹⁾	21.5	12.5	20.8	14.0

(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 188 drill rigs and approximately 1,000 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. (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.

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