



**Foraco International reports record quarter and full year 2023 results
and proposes dividend distribution**

Toronto, Ontario/Marseille, France – February 16, 2024 - Foraco International SA (TSX: FAR) ("Foraco" or the "Company"), a leading global provider of drilling services, is pleased to announce its results for the fourth quarter and full year ended December 31, 2023. All amounts are denominated in US Dollars (US\$) unless otherwise stated.

- **Q4 2023 Financial Metrics (In million):**
 - ✓ Revenue: US\$ 86.6 m (+2% YoY)
 - ✓ EBITDA: US\$ 18.7 m (+9% YoY from Q4 2022)
 - ✓ EBITDA as % of Revenue: 21.6% (up from 20.2% in Q4 2022)
 - ✓ Net Debt Reduction: US\$ 65.2 m at year-end 2023 compared to US\$ 76.2 m at year-end 2022
- **Full Year 2023 Financial Metrics (In million):**
 - ✓ Revenue: US\$ 370.1 m (+12% YoY)
 - ✓ EBITDA: US\$ 86.7 m (+30% YoY)
 - ✓ Net Profit: US\$ 33.9 m (9.2% of Revenue, +32% YoY)
 - ✓ Order backlog at year-end to be executed in 2024: US\$ 236.1 m compared to US\$ 217.4 m last year (+9%)
 - ✓ Proposed Dividend of C\$0.06 per share

Tim Bremner, CEO of Foraco, reflected on the year, stating, "In 2023, Foraco achieved record revenue, profitability, and cash flow generation both quarterly and annually. We are now clearly recognized as one of the few companies firmly established as a market leader in the industry. Our strategy remains focused on operating within geopolitically stable regions and expanding our service portfolio within the critical sectors of battery metals, gold, and water management. Our strong position, the robustness of our business model, and our clients' satisfaction and trust have resulted in an increased backlog to be delivered in FY 2024, which stood at US\$236.1 million on December 31, 2023, compared to US\$217.4 million on December 31, 2022 (+9%). To conclude this record year, I am pleased to announce that the Board of Directors, reflecting its confidence in the Company's strength and outlook, has decided to propose a dividend of C\$0.06 per share at the next shareholders' meeting. On behalf of the Board and management team, I extend our deepest thanks to each member of the Foraco family for their invaluable contribution to our success."

Fabien Sevestre, CFO of Foraco, shared insights into the financial achievements, "Our trustworthy and close relationship with our clients, along with our discipline in controlling risks, operations, working capital needs, capex, and SG&A costs, contributed to this consistently remarkable performance. During the quarter, we also managed to finalize the early redemption of our previous debt and refinance it, postponing the maturity and cutting the interest charge by 50%. Our net debt was reduced to US\$ 65.2 million at year-end, and our leverage ratio to 0.75. This financial strength, along with the notable improvement in our EPS, expands our options for capital allocation. The appreciation in our share price over the past year represents a strong vote of confidence from the market. We are pleased that this appreciation, along with the proposed dividend distribution, rewards our shareholders for their long-term support."

Income Statement

(In thousands of US\$) (unaudited)	Three-month period ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenue	86,590	84,903	370,093	330,555
Gross profit (1)	19,918	18,479	93,862	71,272
<i>As a percentage of sales</i>	<i>23.0%</i>	<i>21.8%</i>	<i>25.4%</i>	<i>21.6%</i>
EBITDA	18,726	17,126	86,671	66,544
<i>As a percentage of sales</i>	<i>21.6%</i>	<i>20.2%</i>	<i>23.4%</i>	<i>20.1%</i>
Operating profit	13,469	12,002	66,708	46,384
<i>As a percentage of sales</i>	<i>15.6%</i>	<i>14.1%</i>	<i>18.0%</i>	<i>14.0%</i>
Net profit for the period before one-off refinancing costs	7,230	6,687	38,652	25,780
Net profit for the period	2,494	6,687	33,916	25,780
Attributable to:				
Equity holders of the Company	2,415	6,523	28,714	19,761
Non-controlling interests	79	164	5,202	6,019
EPS (in US cents)				
Basic	2.45	6.61	29.07	20.01
Diluted	2.41	6.48	28.57	19.59

(1) This line item includes amortization and depreciation expenses related to operations

Highlights – Q4 2023

Revenue

- In Q4 2023, Foraco's revenue was US\$ 86.6 million compared to US\$ 84.9 million generated in Q4 2022, a 2% increase.

Profitability

- Q4 2023 gross margin, including depreciation within cost of sales, was US\$ 19.9 million (representing 23.0% of revenue), compared to US\$ 18.5 million (or 21.8% of revenue) recorded in Q4 2022. The uplift was driven by the satisfactory performance of contracts.
- For the quarter, EBITDA totaled US\$ 18.7 million (or 21.6% of revenue), from the US\$ 17.1 million (or 20.2% of revenue) for the corresponding quarter of the previous year.

Balance Sheet

- On November 8, 2023, the Company undertook an early redemption of its US-dollar-denominated senior bonds. They were originally issued in 2021 with a maturity date set for December 2025. In line with this redemption, the Company entered into two separate financing agreements: Desjardins in Canada, providing C\$76 million with a 10% annual repayment and a maturity of 3.5 years reschedulable over 6 further years. Caisse d'Epargne (Natixis Group) in France, offering €30 million with €22.5 million to be amortized over the next four years and a final payment of €7.5 million in 2028. This refinancing reduces the Company's interest expense, modify the debt maturity profile, and implement a back-ended amortization schedule. Concurrently, an additional liquidity line of C\$15 million has been secured with Desjardins.

Highlights – FY 2023

Revenue

- For the year ending December 31, 2023, the revenue amounted to US\$ 370.1 million, representing a 12% increase over the US\$330.6 million recorded in FY 2022. This rise in revenue is due to the solid performance of main contracts and the delivery of more-added drilling services.

Profitability

- In FY 2023, the gross margin, inclusive of depreciation within cost of sales, was US\$ 93.9 million (or 25.4% of revenue), a significant 32% increase from US\$ 71.3 million (or 21.6% of revenue) in FY 2022. This increase resulted from good contract performance, improved selling prices, and the delivery of more value-added drilling services.
- During FY 2023, EBITDA amounted to US\$ 86.7 million (or 23.4% of revenue), a 30% increase from US\$ 66.5 million (or 20.1% of revenue) for FY 2022.
- The Free Cash Flow of the year was US\$29.1 million compared to US\$ 17.4 million in FY 2022.

Net debt

- As of December 31, 2023, the net debt, accounting for the impact of IFRS 16, stood at US\$ 65.2 million, reflecting a notable reduction from US\$ 76.2 million as of December 31, 2022.
- Our Net debt to EBITDA ratio at year-end 2023 is 0.75 versus 1.15 at year-end 2022.

Financial results

Revenue

(In thousands of US\$) - (unaudited)	Q4 2023	% change	Q4 2022	FY 2023	% change	FY 2022
<u>Reporting segment</u>						
Mining.....	75,877	2%	74,235	321,697	13%	286,065
Water.....	<u>10,713</u>	-	<u>10,668</u>	<u>48,395</u>	<u>9%</u>	<u>44,490</u>
Total revenue.....	<u>86,590</u>	<u>2%</u>	<u>84,903</u>	<u>370,093</u>	<u>12%</u>	<u>330,555</u>
<u>Geographic region</u>						
North America.....	26,123	-8%	28,277	119,188	14%	104,345
South America.....	31,796	8%	29,543	131,884	26%	104,640
Asia Pacific.....	16,261	17%	13,954	68,439	28%	53,295
Europe, Middle East and Africa	<u>12,411</u>	<u>-6%</u>	<u>13,130</u>	<u>50,582</u>	<u>-26%</u>	<u>68,275</u>
Total revenue.....	<u>86,590</u>	<u>2%</u>	<u>84,903</u>	<u>370,093</u>	<u>12%</u>	<u>330,555</u>

Q4 2023

The solid revenue was driven by the continued performance of main contracts and the provision of value-added drilling services which more than compensated for the decline in activity in certain regions. The rig utilization rate for Q4 2023 held steady at 55%, marginally up from 54% in Q4 2022, with underlying disparities across regions, CIS reporting lower rates, and other regions witnessing higher utilization.

North American operations reported a US\$ 2.2 million revenue decrease, at US\$ 26.1 million in Q4 2023 from US\$ 28.3 million in Q4 2022. This decrease was mainly due to the delayed start on two significant projects now scheduled for 2024 and the preparation and relocation of rigs for new US based contracts which will start in Q1 2024.

South American revenue increased to US\$ 31.8 million in Q4 2023 compared to US\$ 29.5 million in Q4 2022. New contracts were mobilized during the quarter and will continue through 2024.

In the Asia Pacific region, revenue for Q4 2023 was US\$ 16.3 million, a 17% increase that reflects a quarter-over-quarter increase in demand and the acquisition and commissioning of new rigs.

Revenue for the EMEA region saw a 6% decrease, moving down to US\$ 12.4 million in Q4 2023 from US\$ 13.1 million in Q4 2022. Revenues in Southern Europe and Africa remained stable compared to Q4 2022, while activity in the CIS decreased by 15% due to political and economic uncertainties in the region.

FY 2023

The uptick in revenue for the Mining and Water segments can be attributed to favorable market dynamics, with the Company having renegotiated and extended its long-term rolling contracts since the previous year. Coupled with the Company's proven capacity to deliver, this has generated significant growth.

North American operations saw a 14% surge in activity, with revenues climbing to US\$ 119.2 million in FY 2023, up from US\$ 104.3 million in FY 2022. This increase primarily resulted from the early remobilization of long-term contracts with senior clients, renewed in the previous year.

In South America, revenues spiked by 26% to reach US\$ 131.9 million in FY 2023, a notable increase from US\$ 104.6 million in FY 2022. This was driven by all countries ramping up their activity levels, supported by new long-term contracts with senior companies.

In the Asia Pacific region, FY 2023 revenues rose to US\$ 68.4 million, a 28% increase, reflecting the period-over-period market growth and the capacity of the Company to meet demand.

In the EMEA region, revenue for FY 2023 amounted to US\$50.6 million, representing a 26% decrease compared to the US\$68.3 million recorded in FY 2022. Although revenues in Southern Europe and Africa experienced a slight increase compared to FY 2022, operations in the CIS countries witnessed a 42% decline, primarily attributable to the unstable situation in the region.

Gross profit

(In thousands of US\$) - (unaudited)	<u>Q4 2023</u>	<u>% change</u>	<u>Q4 2022</u>	<u>FY 2023</u>	<u>% change</u>	<u>FY 2022</u>
<i>Reporting segment</i>						
Mining	17,567	8%	16,214	81,220	36%	59,963
Water	<u>2,351</u>	<u>4%</u>	<u>2,265</u>	<u>12,642</u>	<u>12%</u>	<u>11,309</u>
Total gross profit / (loss)	<u>19,918</u>	<u>8%</u>	<u>18,479</u>	<u>93,862</u>	<u>32%</u>	<u>71,272</u>

Q4 2023

For Q4 2023, the gross margin, inclusive of depreciation within cost of sales, reached US\$ 19.9 million (or 23.0% of the revenue) compared to Q4 2022 US\$ 18.5 million (or 21.9% of the revenue). This reflects the solid operating performance of contracts.

FY 2023

In FY 2023, the gross margin, inclusive of depreciation within the cost of sales, rose to US\$ 93.9 million (or 25.4% of the total revenue). This marked a significant surge compared to the US\$ 71.3 million (or 21.6% of revenue) in FY 2022. The substantial increase underscores the robust performance and efficiency of contracts.

Selling, General and Administrative Expenses

(In thousands of US\$) - (unaudited)	<u>Q4 2023</u>	<u>% change</u>	<u>Q4 2022</u>	<u>FY 2023</u>	<u>% change</u>	<u>FY 2022</u>
Selling, general and administrative expenses	6,449	0%	6,477	27,154	9%	24,888

Q4 2023

SG&A was stable compared to the same quarter last year. As a percentage of revenue, SG&A remained stable at 7.4% of the revenue.

FY 2023

SG&A increased compared to the same period last year mainly due to the level of activity. As a percentage of revenue, SG&A decreased from 7.5% in FY 2022 to 7.3% in FY 2023.

Operating result

(In thousands of US\$) - (unaudited)	<u>Q4 2023</u>	<u>% change</u>	<u>Q4 2022</u>	<u>FY 2023</u>	<u>% change</u>	<u>FY 2022</u>
<i>Reporting segment</i>						
Mining	12,112	15%	10,551	57,830	51%	38,409
Water.....	<u>1,357</u>	<u>-6%</u>	<u>1,451</u>	<u>8,879</u>	<u>11%</u>	<u>7,975</u>
Total operating profit / (loss)	<u>13,469</u>	<u>12%</u>	<u>12,002</u>	<u>66,708</u>	<u>44%</u>	<u>46,384</u>

Q4 2023

The operating profit was US\$ 13.5 million, resulting in a US\$ 1.5 million increase driven by activity levels and enhanced profit margins.

FY 2023

The operating profit reached US\$ 66.7 million, resulting in a US\$ 20.3 million increase driven by heightened activity levels and enhanced operational margins.

Financial position

The following table provides a summary of the Company's cash flows for FY 2023 and FY 2022:

(In thousands of US\$)	<u>FY 2023</u>	<u>FY 2022</u>
Cash generated by operations before working capital requirements	86,671	66,543
Working capital requirements	(5,038)	(9,745)
Income tax paid	(12,194)	(9,302)
Purchase of equipment in cash	(26,135)	(20,042)
Free Cash Flow before debt servicing	43,304	27,454
Proceeds from / (repayment of) debt net of issuance costs	(20,434)	(7,932)
Interests paid	(14,224)	(10,068)
Acquisition of treasury shares	(1,475)	(1,032)
Dividends paid to non-controlling interests	(2,035)	(1,714)
Net cash generated / (used in) financing activities	(38,168)	(20,746)
Net cash variation	5,136	(6,709)
Foreign exchange differences	(256)	(1,224)
Variation in cash and cash equivalents	<u>4,880</u>	<u>5,485</u>
Cash and cash equivalents at the end of the period	<u>34,289</u>	<u>29,409</u>

In FY 2023, the cash generated from operations before working capital requirements amounted to US\$ 86.7 million compared to US\$ 66.5 million in FY 2022, a 30% increase.

During the same period, the working capital requirements was US\$ 5.0 million, down from US\$ 9.7 million in the previous year.

During the period, Capex totaled US\$ 26.1 million in cash compared to US\$ 20.0 million in FY 2022. Capex relates essentially to the acquisition of rigs, major rig overhauls, ancillary equipment and rods. Seven rigs were added to the fleet during the period.

As at December 31, 2023, cash and cash equivalents totaled US\$ 34.3 million compared to US\$ 29.4 million as at December 31, 2022. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at December 31, 2023, the net debt including operational lease obligations (IFRS 16) amounted to US\$ 65.2 million (US\$ 76.2 million as at December 31, 2022).

The Net debt to EBITDA ratio as at December 31, 2023 was 0.75 (1.15 at year-end 2022) reflecting enhanced financial position in a quarter generally affected by increased activity and associated working capital requirements.

Bank guarantees as at December 31, 2023 totaled US\$ 7.4 million compared to US\$ 9.4 million as at December 31, 2022.

Strategy

The Company's strategy is to assist its customers in exploring or managing their deposits throughout the entire cycle, with a special focus on the life of mines extension activity. The Company intends to continue developing and growing its services across the world with a focus on stable jurisdictions, high tech drilling services, optimal commodities mix including battery metals and gold - with a significant presence in water related drilling services - and a gradual implementation of advanced digital applications. The Company expects to execute its strategy primarily through organic growth and targeted acquisitions.

The Company addressed the environmental, social and governance (ESG) requirements, and implements a pragmatic and measurable approach to ESG with quantitative KPIs to maximize improvement and efficiencies.

Currency exchange rates.

The exchange rates for the periods under review are provided in the Management's Discussion and Analysis of Q4 2023.

Non-IFRS measures

EBITDA represents Net income before interest expense, income taxes, depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. The Company believes that the presentation of EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the drilling industry. EBITDA is not defined in IFRS and should not be considered to be an alternative to Profit for the period or Operating profit or any other financial metric required by such accounting principles.

Net debt corresponds to the current and non-current portions of borrowings and the consideration payable related to acquisitions, net of cash and cash equivalents.

Reconciliation of the EBITDA is as follows:

(In thousands of US\$) (unaudited)	<u>Q4 2023</u>	<u>Q4 2022</u>	<u>FY 2023</u>	<u>FY 2022</u>
Operating profit / (loss)	13,469	12,002	66,708	46,384
Depreciation expense	5,156	5,034	19,591	19,830
Non-cash employee share-based compensation.....	102	90	372	330
EBITDA	<u>18,726</u>	<u>17,126</u>	<u>86,671</u>	<u>66,544</u>

Conference call and webcast

On February 16, 2024, Company Management will conduct a conference call at 11:00 am ET to review the financial results. The call will be hosted by Tim Bremner, CEO, and Fabien Sevestre, CFO.

You can join the call by dialing 1-888-664-6392 or 1-416-764-8659. You will be put on hold until the conference call begins. A live audio webcast of the Conference Call will also be available

<https://app.webinar.net/kbKA12p4w3d>

An archived replay of the webcast will be available for 90 days.

About Foraco International SA

Foraco International SA (TSX: FAR) is a leading global mineral drilling services company that provides a comprehensive and reliable service offering in mining and water projects. Supported by its founding values of integrity, innovation and involvement, Foraco has grown into the third largest global drilling enterprise with a presence in 22 countries across five continents. For more information about Foraco, visit www.foraco.com.

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