FORACO

NEWS RELEASE

Foraco International reports Q2 2025

Lunel, France – July 31, 2025 - Foraco International SA (TSX: FAR) ("Foraco" or the "Company"), a leading global provider of drilling services, announces its financial results for the second quarter and first half of 2025. All figures are reported in US dollars unless otherwise noted.

Q2 2025 Highlights:

Revenue: US$69.1 million, compared to US$77.9 million in Q2 2024. At constant exchange rates, revenue decreased by US$5.8 million (-7.4%).

- **Revenue breakdown:**
  - Asia Pacific: Achieved another record quarter with revenue of US$24.7 million, up 11% YoY, driven by the ongoing commissioning of proprietary rigs and strong operational performance.
  - EMEA: Revenue rose to US$7.8 million, a 47% increase, supported by the start of significant new contracts for the region.
  - North America: Despite noticeable early wins in the US, revenue decreased by 21% to US$25.3 million, due to program discontinuations and delays in starting new contracts.
  - South America: Revenue fell to US$11.3 million (from US$18.2 million in Q2 2024), as Chile and Argentina entered the mobilization and learning curve phases of new long-term contracts, and Brazil faced client-driven mobilization delays.

- **Profitability metrics:**
  - Gross Margin: US$14.1 million (20.5% of revenue), compared to US$17.9 million (23.0%) in Q2 2024. Excluding one-off costs of US$1.0 million related to specific reorganization measures, gross margin stood at US$15.1 million (21.9%).
  - EBITDA: US$14.0 million (20.3% of revenue) or US$15.0 million (21.7% of revenue) excluding one-off costs, compared to US$16.4 million (21.0%) in Q2 2024.
  - Net Profit: US$6.0 million (9% of revenue), compared to US$7.8 million (10%).
  - Free Cash Flow: Negative US$7.1 million, mainly due to working capital requirements and Capex to support new contracts.
  - Net Debt: US$76.5 million, including IFRS 16 but US$69.5 million at constant FX, compared to US$78.7 million as of June 30, 2024.

Tim Bremner, CEO of Foraco, reflected on the quarter, stating, "In Q2 2025, we continued to focus on aligning our portfolio with high-potential regions and segments, driven by our investment in proprietary rigs and high-value contracts. While some regions face program discontinuations and delays in starting new contracts, we are seeing positive developments, with Asia Pacific achieving another robust quarter, the award of a significant long-term contract in Chile, and early wins, including four new contracts in the US to be executed in the second half of the year. We relocated more than 10 rigs across distant continents - including Europe, Chile, Canada, and the US - and continued to implement our tailored Capex program to support the execution of newly secured contracts."

Fabien Sevestre, CFO of Foraco, shared insights into the financial performance, stating, “During this quarter, despite lower activity in America, we managed to maintain solid profitability supported by cost discipline and the resilient performance of our operations. Excluding the one-off costs of US$1.0 million related to a reorganization in South America, our EBITDA margin would have reached 21.7% compared to 21% in Q2 2024. The exit from Kazakhstan generated an accounting net gain of US$0.3 million. Working capital requirements, although still negative, improved significantly during the quarter, partially offsetting the impact of capital expenditures needed for new deployments. Net debt stands at US$76.5 million, as we remain committed to a disciplined capital allocation strategy, focusing on proprietary rigs and fleet modernization to sustain future growth."

Income Statement

(In thousands of US$) *(unaudited)*	Three-month period ended June 30,		Six-month period ended June 30,	
	2025	2024	2025	2024
Revenue	**69,063**	**77,884**	**124,073**	**154,973**
Gross profit (1)	**14,126**	**17,916**	**21,855**	**34,728**
As a percentage of sales	*20.5%*	*23.0%*	*17.6%*	*22.4%*
EBITDA	**14,005**	**16,391**	**21,031**	**33,964**
As a percentage of sales	*20.3%*	*21.0%*	*17.0%*	*21.9%*
Operating profit	**9,689**	**12,116**	**12,583**	**24,740**
As a percentage of sales	*14.0%*	*15.6%*	*10.1%*	*16.0%*
Net profit for the period	**6,015**	**7,809**	**7,042**	**16,273**
Attributable to:				
Equity holders of the Company	6,336	7,760	7,880	16,606
Non-controlling interests	(321)	49	(838)	(333)
EPS (in US cents)				
Basic	6.43	7.87	7.99	16.84
Diluted	6.34	7.70	7.87	16.48

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

Highlights – Q2 2025

Revenue

- Total revenue in Q2 2025 was US$69.1 million, compared to US$77.9 million in Q2 2024. At constant exchange rates, revenue decreased by US$5.8 million. Asia Pacific and EMEA delivered growth, with revenue increasing by US$5.7 million at constant exchange rates, while North and South America declined by US$11.0 million mainly due to the discontinuation of certain client programs and delays in starting new contracts.
- Mining activity was the most impacted by the factors mentioned above, partially offset by a US$3.0 million increase in Water activity.

Profitability

- Gross margin for Q2 2025, including depreciation within cost of sales, was US$14.1 million (20.5% of revenue), compared to US$17.9 million (23.0% of revenue) in Q2 2024. The decrease was mainly driven by the phasing and ramp-up of new contracts which are typically associated with lower margins, and by one-off costs (US$1.0 million) related to a reorganization in South America.
- During the quarter, EBITDA amounted to US$14.0 million (or 20.3% of revenue) compared to US$16.4 million (or 21.0% of revenue) in the previous year.
- Net profit for the quarter amounted to US$6.0 million (9% of the revenue) compared to US$7.8 million (10% of revenue) in Q2 2024.

Highlights – H1 2025

Revenue

- For the six-month period ending June 30, 2025 (H1 2025), the revenue amounted to US$124 million compared to US$155 million in H1 2024.

Profitability

- In H1 2025, the gross margin, inclusive of depreciation within cost of sales, was US$21.9 million (or 18% of revenue), compared to US$34.7 million (or 22% of revenue) in H1 2024.
- During H1, EBITDA amounted to US$21.0 million (or 17.0% of revenue), compared to US$34 million (or 21.9% of revenue) for the same period last year.
- Free Cash Flow for the period was negative at US$7.1 million, primarily due to working capital needs and capital expenditures required to support the mobilization of new contracts.

Net debt

- As of June 30, 2025, net debt, including the impact of IFRS 16, was US$76.5 million, US$69.5 million at constant exchange rates compared to US$78.7 million as of June 30, 2024.

Financial results

Revenue

(In thousands of US$) - *(unaudited)*	Q2 2025	% change	Q2 2024	H1 2025	% change	H1 2024
Reporting segment						
Mining	57,479	-17%	69,316	101,217	-27%	138,363
Water	11,584	35%	8,568	22,856	38%	16,610
Total revenue	**69,063**	**-11%**	***77,884***	***124,073***	***-20%***	***154,973***
Geographic region						
Asia-Pacific	24,637	11%	22,190	45,030	22%	36,861
North America	25,273	-21%	32,129	43,372	-27%	59,151
South America	11,325	-38%	18,255	21,443	-51%	43,830
Europe, Middle East and Africa	7,828	47%	5,310	14,228	-6%	15,130
Total revenue	**69,063**	**-11%**	***77,884***	***124,073***	***-20%***	***154,973***

Q2 2025

Revenue in Q2 2025 was US$69.1 million, compared to US$77.9 million in Q2 2024. At constant exchange rates, revenue decreased by US$5.8 million.

Activity in North America declined by 21% to US$25.3 million in Q2 2025, compared to US$32.1 million in Q2 2024. This decrease was primarily driven by the discontinuation of certain client programs and delays in starting new contracts.

Asia Pacific delivered growth with revenue reaching US$24.7 million, up 11% compared to Q2 2024. This strong performance reflects the ongoing success of operations and the continued commissioning of new proprietary rigs.

Revenue in South America was US$11.3 million, compared to US$18.2 million in Q2 2024. In Chile and Argentina, the Company started new long-term contracts during the quarter, which are currently in the mobilization and learning curve phases, impacting both revenue and margins. In Brazil, operations were affected by disruptions in the mobilization process caused by client-driven delays.

In the EMEA region, revenue was US$7.8 million in Q2 2025, compared to US$5.3 million in Q2 2024. Revenue in Africa and Europe grew by 47%, supported by the start of contracts that are significant for the region.

Overall, rig utilization rate in Q2 2025 was 35% compared to 40% in Q2 2024.

H1 2025

H1 2025 revenue totaled US$124.1 million, down from US$155 million in H1 2024.

In Asia Pacific, the Company's first-largest revenue contributor, H1 2025 revenue amounted to US$45.0 million, marking the best first half ever with a 22% increase compared to H1 2024. This growth is primarily attributable to successful operations and the commissioning of new proprietary rigs.

North America, the Company's second revenue contributor region, declined by 27%, The decrease was primarily due to the discontinuation of certain client programs and delays in starting new contracts.

Revenue in South America totaled US$21.4 million in H1 2025, down 51% from US$43.8 million in H1 2024. In Chile and Argentina, the Company started new long-term contracts during the period, which are currently in the mobilization and learning curve phases, impacting both revenue and margins. In Brazil, the Company was impacted by disruption in the mobilization process due to client-driven delays.

In the EMEA region, revenue slightly decreased by US$0.9 million compared to H1 2024. Excluding the exit from CIS and certain West African countries, the revenue increased by US$4.1 million (41%).

Gross profit

(In thousands of US$) - *(unaudited)*	Q2 2025	% change	Q2 2024	H1 2025	% change	H1 2024
Reporting segment						
Mining	10,336	-33%	15,396	14,376	-53%	30,842
Water	3,790	50%	2,520	7,479	92%	3,886
Total gross profit / (loss)	**14,126**	**-21%**	***17,916***	***21,855***	***-37%***	***34,728***

Q2 2025

The Q2 2025 gross margin, including depreciation within cost of sales, was US$14.1 million (20.5% of revenue), or US$15.1 million (21.9% of revenue) when excluding one-off costs, compared to US$17.9 million (23.0% of revenue) in Q2 2024. The decline in the mining segment's gross margin was primarily due to the phasing and ramp-up of new contracts, which are typically associated with lower initial margins. In contrast, gross profit in the water segment was supported by the deployment of new proprietary rigs on long-term contracts.

H1 2025

The H1 2025 gross margin including depreciation within cost of sales was US$21.9 million (or 17.6% of revenue) compared to US$34.7million (or 22.4% of revenue) in H1 2024.

Selling, General and Administrative Expenses

(In thousands of US$) - *(unaudited)*	Q2 2025	% change	Q2 2024	H1 2025	% change	H1 2024
Selling, general and administrative expenses	4,726	-19%	5,800	9,561	-21%	12,099

Q2 2025

SG&A expenses were reduced by 19% versus the prior-year quarter. As a percentage of revenue, SG&A improved to 6.8% from 7.4% in Q2 2024.

H1 2025

SG&A decreased 21% compared to last year. As a percentage of revenue, SG&A remained stable at approximately 7.8% of revenue.

Operating result

(In thousands of US$) - *(unaudited)*	Q2 2025	% change	Q2 2024	H1 2025	% change	H1 2024
Reporting segment						
Mining	6,692	-35%	10,234	6,887	-69%	22,149
Water	2,997	59%	1,882	5,696	120%	2,591
Total operating profit / (loss)	**9,689**	**-20%**	**12,116**	***12,583***	***-49%***	***24,740***

Q2 2025

The operating profit was US$9.7 million compared to US$12.1 million in the same quarter last year.

Foraco sold its 50% stake in its Kazakh subsidiary, Eastern Drilling Company LLP, generating a net gain of US$289 thousand, which was recorded under "Other Operating Income" in the Company's consolidated financial statements for Q2 2025.

H1 2025

The H1 2025 operating profit was US$12.6 million compared to US$24.7 million in H1 2024.

Financial position

The following table provides a summary of the Company's cash flows for H1 2025 and H1 2024:

(In thousands of US$)	H1 2025	H1 2024
Cash generated by operations before working capital requirements	**21,032**	**33,964**
Working capital requirements	(7,893)	(23,497)
Income tax paid	(7,565)	(6,264)
Purchase of equipment in cash	(9,777)	(9,978)
Free Cash Flow before debt servicing	**(4,203)**	**(5,775)**
Proceeds from / (repayment of) debt	2,894	1,796
Interests paid	(2,877)	(3,931)
Acquisition of treasury shares	(721)	(556)
Deconsolidation of EDC Russia & Kazakhstan	(5)	(2,076)
Dividends paid to non-controlling interests	-	(330)
Net cash generated / (used in) financing activities	**(709)**	**(5,097)**
Net cash variation	**(4,912)**	**(10,872)**
Foreign exchange differences	1,325	(1,458)
Variation in cash and cash equivalents	**(3,588)**	**(12,330)**
Cash and cash equivalents at the end of the period	**20,775**	**21,959**

In H1 2025, the cash generated from operations before working capital requirements amounted to US$21.0 million compared to US$33.9 million in H1 2024.

During the same period, working capital requirements were US$7.9 million, a decrease compared to the same period last year, primarily driven by tightened control on working capital management and the reduction in activity.

During the period, Capex totaled US$9.8 million in cash compared to US$10.0 million in H1 2024. Capex primarily relates to new rigs, and the acquisition of ancillary equipment and rods to support new contracts.

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 mine 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 remote-controlled rigs and other 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 implemented 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 Q2 2025.

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 of payables related to acquisitions, net of cash and cash equivalents. The Company's lease obligations are included in the net debt calculation.

Reconciliation of the EBITDA is as follows:

(In thousands of US$) *(unaudited)*	Q2 2025	Q2 2024	H1 2025	H1 2024
Operating profit / (loss)	9,689	12,116	12,583	24,740
Depreciation expense	4,154	4,173	8,137	9,020
Non-cash employee share-based compensation	162	102	312	204
EBITDA	***14,005***	***16,391***	***21,031***	***33,964***

Conference call and webcast

On July 31, 2025, Company Management will conduct a conference call at 10:00 am Eastern Time 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 1-888-836-8184 or 1-289-819-1350. 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/AZGYQ4dQbXj

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 16 countries across five continents. For more information about Foraco, visit www.foraco.com.

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Caution concerning forward-looking statements

This document may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information include estimates, forecasts, information and statements as to Management's expectations with respect to, among other things, the future financial or operating performance of the Company and capital and operating expenditures. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated March 2, 2025, which is filed with Canadian regulators on SEDAR (www.sedar.com). The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise. All written and oral forward-looking statements and information attributable to Foraco or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.