Major Drilling Announces Third Quarter Results, Strong Cash Generation Continues

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MONCTON, Feb. 29, 2024 - Major Drilling Group International Inc. ("Major Drilling" or the "Company") (TSX: MDI), a leading provider of specialized drilling services to the mining sector, today reported results for the third quarter of fiscal 2024, ended January 31, 2024.

Quarterly Highlights

- Revenue of $132.8 million, down 11% from the $149.2 million recorded for the same quarter last year.
- Foreign exchange loss of $2.9 million in Argentina due to significant devaluation of the Argentine Peso in December.
- Net loss of $2.3 million (or $0.03 per share), compared to net earnings of $6.3 million (or $0.08 per share) for the same period last year.
- Repurchased 317,400 shares at a cost of $2.7 million.
- Net cash(1) position increased $12.2 million during the quarter to $96.4 million.
- Collaborative investments in cutting-edge technology with key customers for optimized drilling operations.

"The Company continued its cash generation through this third quarter, which is traditionally the weakest of our fiscal year, as mining and exploration companies pause operations for the holiday season. We continue to see increased demand from copper and battery metal customers, up 8% over last year, however, we saw several projects slow down earlier than last year, as noted in our previous quarter release," said Denis Larocque, President and CEO of Major Drilling.

"Globally, senior mining companies are well funded and are maintaining, and in some regions expanding drilling programs, even though calendar 2023 saw a slowdown in precious metal exploration, driven primarily by the reduction of funding for juniors and intermediates. Regionally, we have seen growth in several of our markets in South America, while in Canada-U.S., the reduction of junior activity has created a more competitive environment, but we remain disciplined on pricing," added Mr. Larocque.

"The Company generated $11.4 million in EBITDA with results impacted by the typical third quarter seasonality, along with a $2.9 million foreign exchange loss in Argentina in relation to the significant devaluation of the Argentine Peso in December following economic reforms implemented by the new Argentinian government," said Ian Ross, CFO of Major Drilling. "The Company's balance sheet provides a competitive advantage with $96.4 million in net cash, and we remain committed to our strategy of positioning the Company for elevated drilling activity levels as mining companies address depleting reserves. In line with this strategy, we spent $21.4 million on capital expenditures during the quarter, including 6 new drills, while disposing of 3 older, less efficient drills, bringing the total fleet count to 605. As well, we spent $2.7 million in the quarter acquiring and cancelling 317,400 shares at a weighted average price of $8.45 per share."

"Amidst robust cash generation, we maintain the industry's largest, and one of the most modern fleets, with continued investment in strategic innovation. Over the last two years, in partnership with some of our key customers, we've developed cutting-edge technologies, including digitizing our rigs to capture drilling data, and the introduction of analytics to optimize drilling operations. Moreover, we started partnering with some of these customers to leverage this drilling data for the development of their models," said Mr. Larocque. "Additionally, we made great progress in our enhanced hands-free rod handling capacity, a critical safety feature valued by many of our important clients and a growing trend in the industry."

"As we enter our fourth quarter, we anticipate reaching last year's activity levels by April, after a slow start to the quarter due to delayed mobilizations. We are encouraged to see elevated activity levels returning in the coming months, driven by demand from copper and battery metals, while we wait for a rebound in activity and financing in the gold sector. Despite economic volatility, worldwide consumption of minerals and mine production continue at high levels, while reserves remain stagnant due to a lack of exploration. As the world transitions to a green economy, the potential supply and demand imbalance of various metals creates a positive long-term outlook for our industry, and the Company remains well positioned to capitalize on this potential," concluded Mr. Larocque.

In millions of Canadian dollars (except earnings per share)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	$ 132.8	$ 149.2	$ 538.7	$ 550.8
Gross margin	14.2 %	17.7 %	22.3 %	23.7 %
Adjusted gross margin (1)	23.4 %	25.3 %	28.8 %	29.7 %
EBITDA (1)	11.4	20.5	95.2	107.0
As percentage of revenue	8.5 %	13.7 %	17.7 %	19.4 %
Net earnings (loss)	(2.3)	6.3	43.2	54.1
Earnings (loss) per share	(0.03)	0.08	0.52	0.65

(1) See "Non-IFRS Financial Measures"

Third Quarter Ended January 31, 2023

Total revenue for the quarter was $132.8 million, down 11.0% from revenue of $149.2 million recorded in the same quarter last year. The foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was nil as rates were stable year-over-year.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 21.7% to $62.3 million, compared to the same period last year. The decrease was mainly due to a seasonal shutdown of certain drill programs earlier than in previous years due to budgets being spent quicker as a result of inflationary pressures, and a lack of junior and intermediate financing, which has driven a more competitive environment.

South and Central American revenue increased by 4.6% to $34.0 million for the quarter, compared to the same quarter last year. The growth in the region was supported by busy markets in Chile and Brazil, but was slightly muted by slowdowns in Argentina due to the elections, and Mexico as a result of overall investment sentiment.

Australasian and African revenue decreased by 1.3% to $36.6 million, compared to the same period last year. The slight decrease in the region from the prior year was mainly driven by a few projects shutting down earlier for the holiday season compared to previous years.

Gross margin percentage for the quarter was 14.2%, compared to 17.7% for the same period last year. Depreciation expense totaling $12.3 million is included in direct costs for the current quarter, versus $11.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 23.4% for the quarter, compared to 25.3% for the same period last year. The decrease in margins from the prior year was mainly attributable to reduced activity levels. The Company also uses the seasonal slowdown to conduct annual preventative maintenance while the drills are idle for the holiday season.

General and administrative costs were $17.1 million, an increase of $0.7 million compared to the same quarter last year. The increase from the prior year was driven by annual inflationary wage adjustments and increased travel costs.

Foreign exchange loss was $2.3 million, compared to a loss of $0.3 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to various other currencies. Despite the Company's best efforts to minimize exposure, during the quarter, the loss from Argentina was $2.9 million as they experienced a significant devaluation of the Peso in December as part of economic reforms implemented by the new Argentinian government. This loss was offset by smaller gains in other countries.

The income tax provision for the quarter was an expense of $0.9 million, compared to an expense of $2.5 million for the prior year period. The decrease from the prior year was driven by reduced profitability.

Net loss was $2.3 million or $0.03 per share ($0.03 per share diluted) for the quarter, compared to net earnings of $6.3 million or $0.08 per share ($0.08 per share diluted) for the prior year quarter.

Non-IFRS Financial Measures

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Total revenue	$ 132,824	$ 149,225	$ 538,659	$ 550,776
Less: direct costs	113,938	122,787	418,403	420,161
Gross profit	18,886	26,438	120,256	130,615
Add: depreciation	12,251	11,300	35,042	32,891
Adjusted gross profit	31,137	37,738	155,298	163,506
Adjusted gross margin	23.4 %	25.3 %	28.8 %	29.7 %

EBITDA - earnings before interest, taxes, depreciation, and amortization:

(in $000s CAD)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net earnings (loss)	$ (2,312)	$ 6,273	$ 43,155	$ 54,132
Finance (revenues) costs	(359)	(620)	(1,316)	(164)
Income tax provision	924	2,507	15,534	17,333
Depreciation and amortization	13,097	12,330	37,866	35,700
EBITDA	$ 11,350	$ 20,490	$ 95,239	$ 107,001

Net cash (debt) - cash net of debt, excluding lease liabilities reported under IFRS 16 Leases:

(in $000s CAD)	January 31, 2024	April 30, 2023
Cash	$ 104,866	$ 94,432
Contingent consideration	(8,505)	(15,113)
Long-term debt	-	(19,972)
Net cash (debt)	$ 96,361	$ 59,347

Forward-Looking Statements

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this news release that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management related to the factors set forth herein. While these factors and assumptions are considered reasonable by the Company as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; the level of funding for the Company's clients (particularly for junior mining companies); changes in jurisdictions in which the Company operates (including changes in regulation); efficient management of the Company's growth; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; the geographic distribution of the Company's operations; the impact of operational changes; failure by counterparties to fulfill contractual obligations; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" in the Company's MD&A for the year ended April 30, 2023, available on the SEDAR+ website at www.sedarplus.ca. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

Forward-looking statements made in this document are made as of the date of this document and the Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events, or for any other reasons, except as required by applicable securities laws.

About Major Drilling

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience and expertise within its management team. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, March 1, 2024 at 8:00 AM (EST). To access the webcast, which includes a slide presentation, please go to the investors/webcasts section of Major Drilling's website at www.majordrilling.com and click on the link. Please note that this is listen-only mode.

To participate in the conference call, please dial 416-340-2217, participant passcode 4513723# and ask for Major Drilling's Third Quarter Results Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled start of the call.

For those unable to participate, a taped rebroadcast will be available approximately one hour after the completion of the call until Monday, April 1, 2024. To access the rebroadcast, dial 905-694-9451 and enter the passcode 6191673#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at www.majordrilling.com.

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Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Operations
(in thousands of Canadian dollars, except per share information)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2024	2023	2024	2023
TOTAL REVENUE	$ 132,824	$ 149,225	$ 538,659	$ 550,776
DIRECT COSTS (note 9)	113,938	122,787	418,403	420,161
GROSS PROFIT	18,886	26,438	120,256	130,615
OPERATING EXPENSES				
General and administrative (note 9)	17,146	16,425	51,258	48,667
Other (revenue) expenses	1,281	1,637	7,374	9,380
(Gain) loss on disposal of property, plant and equipment	(114)	(49)	(611)	(769)
Foreign exchange (gain) loss	2,320	265	4,862	2,036
Finance (revenues) costs	(359)	(620)	(1,316)	(164)
	20,274	17,658	61,567	59,150
EARNINGS (LOSS) BEFORE INCOME TAX	(1,388)	8,780	58,689	71,465
INCOME TAX EXPENSE (RECOVERY) (note 10)				
Current	(1,438)	3,065	12,491	17,330
Deferred	2,362	(558)	3,043	3
	924	2,507	15,534	17,333
NET EARNINGS (LOSS)	$ (2,312)	$ 6,273	$ 43,155	$ 54,132
EARNINGS (LOSS) PER SHARE (note 11)				
Basic	$ (0.03)	$ 0.08	$ 0.52	$ 0.65
Diluted	$ (0.03)	$ 0.08	$ 0.52	$ 0.65

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Comprehensive Earnings
(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2024	2023	2024	2023
NET EARNINGS (LOSS)	$ (2,312)	$ 6,273	$ 43,155	$ 54,132
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	(10,017)	3,082	(7,728)	15,069
Unrealized gain (loss) on derivatives (net of tax)	381	1,849	(438)	271
COMPREHENSIVE EARNINGS (LOSS)	$ (11,948)	$ 11,204	$ 34,989	$ 69,472

Major Drilling Group International Inc.

Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended January 31, 2024 and 2023
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings	Other reserves	Share-based payments reserve	F tr
BALANCE AS AT MAY 1, 2022	$ 263,183	$ 31,022	$ 1,536	$ 3,996	$
Exercise of stock options	2,591	-	-	(723)	
Share-based compensation	-	-	-	377	
	265,774	31,022	1,536	3,650	
Comprehensive earnings:					
Net earnings	-	54,132	-	-	
Unrealized gain (loss) on foreign currency translations	-	-	-	-	
Unrealized gain (loss) on derivatives	-	-	271	-	
Total comprehensive earnings	-	54,132	271	-	
BALANCE AS AT JANUARY 31, 2023	$ 265,774	$ 85,154	$ 1,807	$ 3,650	$
BALANCE AS AT MAY 1, 2023	$ 266,071	$ 105,944	$ (37)	$ 3,696	$
Exercise of stock options	626	(197)	-	(300)	
Share-based compensation	-	-	-	218	
Share buyback (note 8)	(4,156)	(7,093)	-	-	
Stock options expired/forfeited	-	1	-	(1)	
	262,541	98,655	(37)	3,613	
Comprehensive earnings:					
Net earnings	-	43,155	-	-	
Unrealized gain (loss) on foreign currency translations	-	-	-	-	
Unrealized gain (loss) on derivatives	-	-	(438)	-	
Total comprehensive earnings	-	43,155	(438)	-	
BALANCE AS AT JANUARY 31, 2024	$ 262,541	$ 141,810	$ (475)	$ 3,613	$

[Major Drilling Group International Inc.]
Interim Condensed Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2024	2023	2024	2023
OPERATING ACTIVITIES				
Earnings (loss) before income tax	$ (1,388)	$ 8,780	$ 58,689	$ 71,465
Operating items not involving cash				
Depreciation and amortization (note 9)	13,097	12,330	37,866	35,700
(Gain) loss on disposal of property, plant and equipment	(114)	(49)	(611)	(769
Share-based compensation	59	134	218	377
Finance (revenues) costs recognized in earnings before income tax	(359)	(620)	(1,316)	(164
	11,295	20,575	94,846	106,609
Changes in non-cash operating working capital items	27,735	26,013	18,343	22,861
Finance revenues received (costs paid)	359	620	1,316	164
Income taxes paid	(609)	(7,319)	(10,621)	(16,990

Cash flow from (used in) operating activities	38,780	39,889	103,884	112,644
FINANCING ACTIVITIES				
Repayment of lease liabilities	(351)	(568)	(1,082)	(1,404
Repayment of long-term debt (note 7)	-	(10,000)	(20,000)	(30,000
Issuance of common shares due to exercise of stock options	15	804	455	1,868
Cash-settled stock options	-	-	(326)	-
Repurchase of common shares (note 8)	(2,682)	-	(11,249)	-
Cash flow from (used in) financing activities	(3,018)	(9,764)	(32,202)	(29,536
INVESTING ACTIVITIES				
Payment of consideration for previous business acquisition	-	(2,500)	(6,991)	(8,789
Acquisition of property, plant and equipment (note 6)	(21,356)	(15,592)	(55,073)	(42,080
Proceeds from disposal of property, plant and equipment	182	463	1,826	3,302
Cash flow from (used in) investing activities	(21,174)	(17,629)	(60,238)	(47,567
Effect of exchange rate changes	(2,189)	(630)	(1,010)	2,763
INCREASE (DECREASE) IN CASH	12,399	11,866	10,434	38,304
CASH, BEGINNING OF THE PERIOD	92,467	97,968	94,432	71,260
CASH, END OF THE PERIOD	$ 104,866	$ 109,564	$ 104,866	$ 109,564

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at January 31, 2024 and April 30, 2023
(in thousands of Canadian dollars)
(unaudited)

	January 31, 2024	April 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 104,866	$ 94,432
Trade and other receivables (note 13)	84,525	137,633
Income tax receivable	3,376	2,336
Inventories	112,632	115,128
Prepaid expenses	11,388	10,996
	316,787	360,525
PROPERTY, PLANT AND EQUIPMENT (note 6)	229,198	215,085
RIGHT-OF-USE ASSETS	4,999	5,637
DEFERRED INCOME TAX ASSETS	2,640	4,444
GOODWILL	22,375	22,690
INTANGIBLE ASSETS	2,448	3,304
	$ 578,447	$ 611,685
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ 68,042	$ 102,144
Income tax payable	6,597	3,674
Current portion of lease liabilities	1,323	1,617
Current portion of contingent consideration	8,505	7,138
	84,467	114,573
LEASE LIABILITIES	3,681	3,965

CONTINGENT CONSIDERATION	-	7,975
LONG-TERM DEBT (note 7)	-	19,972
DEFERRED INCOME TAX LIABILITIES	13,635	12,623
	101,783	159,108
SHAREHOLDERS' EQUITY		
Share capital	262,541	266,071
Retained earnings	141,810	105,944
Other reserves	(475)	(37)
Share-based payments reserve	3,613	3,696
Foreign currency translation reserve	69,175	76,903
	476,664	452,577
	$ 578,447	$ 611,685

Major Drilling Group International Inc.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2024 AND 2023 (UNAUDITED)
(in thousands of Canadian dollars, except per share information)

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. (the "Company") is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Moncton, NB, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia, Africa, and Australia.

2. BASIS OF PRESENTATION

Statement of compliance
These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2023.

On February 29, 2024, the Board of Directors authorized the financial statements for issue.

Basis of consolidation
These Interim Condensed Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statements of Operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intercompany transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation
These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated

Financial Statements for the year ended April 30, 2023.

3. APPLICATION OF NEW AND REVISED IFRS

The Company has not applied the following IASB standard amendment that has been issued, but is not yet effective:

- IAS 21 (as amended in 2023) - The Effect of Changes in Foreign Exchange Rates - effective for periods beginning on or after January 1, 2025, with earlier application permitted. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The Company is currently in the process of assessing the impact the adoption of the above amendment will have on the Consolidated Financial Statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements, in conformity with International Financial Reporting Standards ("IFRS"), requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment for depreciation purposes, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in the compilation of fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration, allowance for impairment of trade receivables, and impairment testing of goodwill and intangible assets.

The Company applied judgment in determining the functional currency of the Company and its subsidiaries, the determination of cash-generating units ("CGUs"), the degree of componentization of property, plant and equipment, the recognition of provisions and accrued liabilities, and the determination of the probability that deferred income tax assets will be realized from future taxable earnings.

5. SEASONALITY OF OPERATIONS

The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities, often for extended periods over the holiday season.

6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and nine months ended January 31, 2024 were $21,356 (2023 - $15,592) and $55,073 (2023 - $42,080). The Company did not obtain direct financing for the three and nine months ended January 31, 2024 or 2023.

7. LONG-TERM DEBT

During the year the Company made a discretionary payment of $20,000 on its $75,000 revolving-term facility (maturing in September 2027), bringing long-term debt to nil.

8. SHARE BUYBACK

Early in the current fiscal year, the Company initiated its Normal Course Issuer Bid ("NCIB"), ending March 26, 2024. During the three and nine months ended January 31, 2024, the Company has repurchased 317,400 and 1,337,968 common shares, respectively, at an average price of $8.45 and $8.41, respectively.

9. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Depreciation	$ 12,251	$ 11,300	$ 35,042	$ 32,891
Employee salaries and benefit expenses	51,385	56,307	190,099	190,385
Materials, consumables and external costs	43,283	46,951	167,526	166,576
Other	7,019	8,229	25,736	30,309
	$ 113,938	$ 122,787	$ 418,403	$ 420,161

General and administrative expenses by nature are as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Amortization of intangible assets	$ 266	$ 366	$ 791	$ 1,086
Depreciation	580	664	2,033	1,723
Employee salaries and benefit expenses	8,966	8,241	26,892	25,071
Other general and administrative expenses	7,334	7,154	21,542	20,787
	$ 17,146	$ 16,425	$ 51,258	$ 48,667

10. INCOME TAXES

The income tax provision for the periods can be reconciled to accounting earnings before income tax as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Earnings (loss) before income tax	$ (1,388)	$ 8,780	$ 58,689	$ 71,465
Statutory Canadian corporate income tax rate	27 %	27 %	27 %	27 %
Expected income tax provision based on statutory rate	(375)	2,371	15,846	19,296
Non-recognition of tax benefits related to losses	643	303	1,179	950
Utilization of previously unrecognized losses	387	(601)	(2,587)	(5,449)
Other foreign taxes paid	123	133	415	2,088
Rate variances in foreign jurisdictions	(427)	(414)	(308)	(376)
Permanent differences and other	573	715	989	824
Income tax provision recognized in net earnings	$ 924	$ 2,507	$ 15,534	$ 17,333

The Company periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Company records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statutes of limitations lapse.

11. EARNINGS PER SHARE

All of the Company's earnings are attributable to common shares, therefore, net earnings are used in determining earnings per share.

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net earnings (loss)	$ (2,312)	$ 6,273	$ 43,155	$ 54,132
Weighted average number of shares:				
Basic (000s)	81,923	82,914	82,522	82,834
Diluted (000s)	82,082	83,275	82,727	83,195
Earnings (loss) per share				
Basic	$ (0.03)	$ 0.08	$ 0.52	$ 0.65
Diluted	$ (0.03)	$ 0.08	$ 0.52	$ 0.65

The calculation of diluted earnings per share for the three and nine months ended January 31, 2024 excludes the effect of 297,000 and 205,000 options, respectively (2023 - 207,391 and 189,728, respectively) as they were not in-the-money.

The total number of shares outstanding on January 31, 2024 was 81,780,486 (2023 - 82,989,929).

12. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Australasia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2023. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue				
Canada - U.S.*	$ 62,252	$ 79,614	$ 270,392	$ 305,280
South and Central America	34,019	32,527	138,124	121,705
Australasia and Africa	36,553	37,084	130,143	123,791
	$ 132,824	$ 149,225	$ 538,659	$ 550,776

*Canada - U.S. includes revenue of $22,937 and $33,189 for Canadian operations for the three months ended January 31, 2024 and 2023, respectively and $93,699 and $121,601 for the nine months ended January 31, 2024 and 2023, respectively.

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Earnings from operations				
Canada - U.S.	$ 369	$ 6,431	$ 30,183	$ 52,207
South and Central America	(2,345)	1,274	17,031	15,562
Australasia and Africa	2,663	3,762	20,806	14,773
	687	11,467	68,020	82,542
Finance (revenues) costs	(359)	(620)	(1,316)	(164)
General and corporate expenses**	2,434	3,307	10,647	11,241
Income tax	924	2,507	15,534	17,333
	2,999	5,194	24,865	28,410
Net earnings (loss)	$ (2,312)	$ 6,273	$ 43,155	$ 54,132

**General and corporate expenses include expenses for corporate offices and stock-based compensation.

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Capital expenditures				
Canada - U.S.	$ 9,061	$ 8,996	$ 23,895	$ 26,842

South and Central America	6,995	4,766	17,881	10,159
Australasia and Africa	5,300	1,830	13,228	4,814
Unallocated and corporate assets	-	-	69	265
Total capital expenditures	$ 21,356	$ 15,592	$ 55,073	$ 42,080

Depreciation and amortization				
Canada - U.S.	$ 5,827	$ 6,031	$ 17,618	$ 17,552
South and Central America	3,015	2,856	8,544	8,019
Australasia and Africa	3,973	3,232	11,082	9,634
Unallocated and corporate assets	282	211	622	495
Total depreciation and amortization	$ 13,097	$ 12,330	$ 37,866	$ 35,700

	January 31, 2024	April 30, 2023
Identifiable assets		
Canada - U.S.*	$ 271,202	$ 283,895
South and Central America	155,657	154,384
Australasia and Africa	191,745	193,739
Unallocated and corporate liabilities	(40,157)	(20,333)
Total identifiable assets	$ 578,447	$ 611,685

*Canada - U.S. includes property, plant and equipment as at January 31, 2024 of $64,667 (April 30, 2023 - $65,481) for Canadian operations.

13. FINANCIAL INSTRUMENTS

Fair value
The carrying values of cash, trade and other receivables, demand credit facilities and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of contingent consideration and long-term debt approximates their fair value as the interest applicable is reflective of fair market rates.

Financial assets and liabilities measured at fair value are classified and disclosed in one of the following categories:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company enters into certain derivative financial instruments to manage its exposure to interest rate and market risks, comprised of share-price forward contracts with a combined notional amount of $7,331 maturing at varying dates through June 2026.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's derivatives, with fair values as follows, are classified as level 2 financial instruments and recorded in trade and other receivables (payables) in the Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the three and nine months ended January 31, 2024.

	January 31, 2024	April 30, 2023
Interest rate swap	$ -	$ 28
Share-price forward contracts	$ (1,385)	$ 2,189

Credit risk
As at January 31, 2024, 87.4% (April 30, 2023 - 97.0%) of the Company's trade receivables were aged as current and 5.0% (April 30, 2023 - 2.5%) of the trade receivables were impaired.

The movements in the allowance for impairment of trade receivables during the nine and twelve-month periods were as follows:

	January 31, 2024	April 30, 2023
Opening balance	$ 3,303	$ 1,517
Increase in impairment allowance	1,318	2,620
Recovery of amounts previously impaired	(478)	(51)
Write-off charged against allowance	-	(824)
Foreign exchange translation differences	(101)	41
Ending balance	$ 4,042	$ 3,303

Foreign currency risk
As at January 31, 2024, the most significant carrying amounts of net monetary assets and/or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows (in $000s CAD):

	Rate variance	IDR/USD	MNT/USD	MXN/USD	ARS/USD	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		7,911	7,688	5,228	3,138	(8,404)	(13,136)	51
EBIT impact	+/-10%	879	854	581	349	934	1,460	6

Liquidity risk
The following table details contractual maturities for the Company's financial liabilities:

	1 year	2-3 years	4-5 years	Thereafter	Total
Trade and other payables	$ 68,042	$ -	$ -	$ -	$ 68,042
Lease liabilities (interest included)	1,621	2,512	1,311	188	5,632
Contingent consideration (undiscounted)	8,816	-	-	-	8,816
	$ 78,479	$ 2,512	$ 1,311	$ 188	$ 82,490