Ensign Energy Services Inc. Reports 2025 First Quarter Results

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FIRST QUARTER HIGHLIGHTS

- Revenue for the first quarter of 2025 was $436.5 million, a one percent increase from the first quarter of 2024 rev $431.3 million.
- Revenue by geographic area:
  - Canada - $152.0 million, 35 percent of total;
  - United States - $205.8 million, 47 percent of total; and
  - International - $78.7 million, 18 percent of total.
- Adjusted EBITDA for the first quarter of 2025 was $102.4 million, a 13 percent decrease from Adjusted EBITDA c million for the first quarter of 2024.
- Funds flow from operations for the first quarter of 2025 decreased 11 percent to $96.6 million from $108.4 million quarter of the prior year.
- Net income attributed to common shareholders for the first quarter of 2025 was $3.7 million, up from net loss attri common shareholders of $1.2 million for the first quarter of 2024.

FINANCIAL HIGHLIGHTS
(Unaudited, in thousands of Canadian dollars, except per common share data)

	Three months ended March 31		
	2025	2024	% change
Revenue	436,511	431,307	1
Adjusted EBITDA [1]	102,383	117,456	(13)
Adjusted EBITDA per common share [1]			
Basic	$ 0.56	$ 0.64	(13)
Diluted	$ 0.55	$ 0.64	(14)
Net income (loss) attributable to common shareholders	3,685	(1,217)	nm
Net income (loss) attributable to common shareholders per common share			
Basic	$ 0.02	$ (0.01)	nm
Diluted	$ 0.02	$ (0.01)	nm
Cash provided by operating activities	54,291	93,878	(42)
Funds flow from operations	96,591	108,438	(11)
Funds flow from operations per common share			
Basic	$ 0.53	$ 0.59	(10)
Diluted	$ 0.52	$ 0.59	(13)
Total debt, net of cash	1,010,894	1,176,226	(14)
Weighted average common shares - basic (000s)	183,972	183,794	-
Weighted average common shares - diluted (000s)	184,667	184,510	-

nm - calculation not meaningful

[1] Please refer to Adjusted EBITDA calculation in Non-GAAP Measures.

- Canadian drilling recorded 4,003 operating days in the first quarter of 2025, compared to 3,752 operating days in quarter of 2024, an increase of seven percent. Canadian well servicing recorded 12,337 operating hours in the fir 2025, a three percent increase from 11,926 operating hours in the first quarter of 2024.
- United States drilling recorded 2,772 operating days in the first quarter of 2025, a 12 percent decrease from 3,13 days in the first quarter of 2024. United States well servicing recorded 24,182 operating hours in the first quarter eight percent decrease from 26,251 operating hours in the first quarter of 2024.
- International drilling recorded 1,149 operating days in the first quarter of 2025, a 13 percent decrease from 1,319 days recorded in the first quarter of 2024.

OPERATING HIGHLIGHTS
(Unaudited)

	Three months ended March 31		
	2025	2024	% change
Drilling			
Number of marketed rigs			
Canada [1]	89	94	(5)
United States	70	77	(9)
International [2]	27	31	(13)
Total	186	202	(8)
Operating days [3]			
Canada [1]	4,003	3,752	7
United States	2,772	3,134	(12)
International [2]	1,149	1,319	(13)
Total	7,924	8,205	(3)

Well Servicing	2025	2024	% change
Number of rigs			
Canada	41	45	(9)
United States	47	47	-
Total	88	92	(4)
Operating hours			
Canada	12,337	11,926	3
United States	24,182	26,251	(8)
Total	36,519	38,177	(4)

1. Excludes coring rigs.

2. Includes workover rigs.

3. Defined as contract drilling days, between spud to rig release.

- Interest expense in the first quarter of 2025 decreased by 23 percent to $20.5 million from $26.5 million in the firs 2024, as a result of lower debt levels and effective interest rates.
- Net repayments against debt totaled $23.2 million since December 31, 2024.
- Our debt reduction for 2025 is targeted to be approximately $200.0 million. Our target debt reduction for the perio 2023 to the end of 2025 is approximately $600.0 million. If industry conditions change, this target could be increa decreased.
- Subsequent to March 31, 2025, the Company amended its Credit Facility. The available borrowings under the Cr were originally scheduled to be reduced by $75.0 million on June 30, 2025. The terms of the Company's Credit F been amended so that there will be a phased reduction of $25.0 million on June 30, 2025, $25.0 million on Septe 2025, and $25.0 million on December 31, 2025. This reduction plan will bring the available borrowings under the Facility to the final size of $700.0 million at December 31, 2025.

FINANCIAL POSITION HIGHLIGHTS

As at ($ thousands)	March 31 2025	March 31 2024	December 31 2024
Working capital (deficit) [1]	(97,996)	39,414	(100,906)
Cash	16,666	39,108	28,113
Total debt, net of cash	1,010,894	1,176,226	1,023,498
Total assets	2,856,953	2,982,714	2,910,490
Total debt to total debt plus equity ratio	0.43	0.48	0.43

[1] See Non-GAAP Measures section.

- Net capital purchases for the quarter were $36.9 million, consisting of $3.0 million in upgrade capital and $35.7 m maintenance capital, offset by sale proceeds of $1.8 million. Capital expenditures for 2025 are targeted to be app $164.0 million, primarily related to maintenance expenditures and selective growth and customer funded capital c million. In addition, the Company may consider other upgrade or growth projects in response to customer demanc appropriate contract terms.
- General and administrative expense remained flat and totaled $15.0 million in the first quarter of 2025, compared million in the first quarter of 2024.

CAPITAL EXPENDITURES HIGHLIGHTS

	Three months ended March 31		
($ thousands)	2025	2024	% change
Capital expenditures			
Upgrade/growth	2,970	1,770	68
Maintenance	35,666	52,999	(33)
Proceeds from disposals of property and equipment	(1,773)	(3,271)	(46)
Net capital expenditures	36,863	51,498	(28)

This news release contains "forward-looking information and statements" within the meaning of applicable securities legislation. For a full disclosure of the forward-looking information and statements and the risks to which they are subject, see the "Advisory Regarding Forward-Looking Statements" later in this news release. This news release contains references to Adjusted EBITDA, Adjusted EBITDA per common share and working capital. These measures do not have any standardized meaning prescribed by IFRS Accounting Standards ("IFRS") and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this news release should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared. See "Non-GAAP Measures" later in this news release.

OVERVIEW

Revenue for the three months ended March 31, 2025 was $436.5 million, an increase of one percent from revenue for the three months ended March 31, 2024 of $431.3 million. Adjusted EBITDA totaled $102.4 million ($0.56 per common share) in the first quarter of 2025, 13 percent lower than Adjusted EBITDA of $117.5 million ($0.64 per common share) in the first quarter of 2024.

Net income attributable to common shareholders for the three months ended March 31, 2025 was $3.7 million ($0.02 per common share), compared with net loss attributable to common shareholders of $1.2 million ($0.01 per common share) for the three months ended March 31, 2024.

Funds flow from operations decreased 11 percent to $96.6 million ($0.53 per common share) in the first quarter of 2025 compared with $108.4 million ($0.59 per common share) in the first quarter of the prior year.

The oilfield services sector maintains a generally constructive outlook despite a year-over-year activity decline in some operating regions. Depressed natural gas prices and significant oil and natural gas merger and acquisition ("M&A") activity in 2024 decreased drilling programs in the United States. Furthermore, geopolitical tensions and global trade uncertainties have kept activity in the United States subdued and reinforced customer capital discipline. Shifts in the United States trade policies under the new administration, including tariffs are further clouding the global economic outlook and pressuring commodity prices. Additionally, OPEC+ nations easing voluntary production cuts has increased crude supply, further depressing crude oil prices.

Currently, geopolitical tensions, hostilities in areas of the Middle East, and the ongoing Russia-Ukraine conflict, and global trade policy changes continue to impact global commodity prices and add uncertainty to the outlook for crude oil supply and commodity prices over the short-term.

The Company's operating days were lower in the first quarter of 2025 when compared with the first quarter of 2024 as operations were negatively impacted by the above-mentioned uncertainty in the global economy and volatility in the crude oil and natural gas commodity pricing.

The average United States dollar exchange rate was $1.44 for the first three months of 2025 (2024 - $1.35), six percent higher than the first quarter of 2024.

Working capital deficit at March 31, 2025 was $98.0 million compared to $100.9 million at December 31, 2024. The working capital deficit is the result of the current portion of long-term debt. At the end of the first quarter of 2025, the Company's available liquidity, consisting of cash and available borrowings revolving credit facility (the "Credit Facility"), totaled $17.2 million compared with $31.9 million at December 31, 2024.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended March 31		
($ thousands)	2025	2024	% change
Revenue			
Canada	152,031	138,478	10
United States	205,806	208,435	(1)
International	78,674	84,394	(7)
Total revenue	436,511	431,307	1
Oilfield services expense	319,102	298,790	7

Revenue for the three months ended March 31, 2025 totaled $436.5 million, an increase of one percent from the first quarter of 2024 of $431.3 million.

The increase in total revenue during the first quarter of 2025 was primarily due to the six percent positive foreign exchange translation of converting USD denominated revenue. Offsetting the increase is the overall lower operating activity.

CANADIAN OILFIELD SERVICES

The Company recorded revenue of $152.0 million in Canada for the three months ended March 31, 2025, an increase of ten percent from $138.5 million recorded for the three months ended March 31, 2024. Canadian revenues accounted for 35 percent of the Company's total revenue in the first quarter of 2025 (2024 - 32 percent).

The financial results for the Company's Canadian operations for the first quarter 2025 were higher as a result of increased operating activity and revenue rates. Our Canadian operations continue to see growth following the completion of the Trans Mountain Pipeline expansion in May 2024.

For the three months ended March 31, 2025, the Company recorded 4,003 drilling days compared to 3,752 drilling days for the three months ended March 31, 2024, an increase of seven percent. Well servicing hours increased by three percent to 12,337 operating hours in the first quarter of 2025 compared with 11,926 operating hours in the corresponding period of 2024.

During the first quarter of 2025, the Company transferred five under-utilized Canadian drilling rigs into its operations reserve fleet.

UNITED STATES OILFIELD SERVICES

During the three months ended March 31, 2025, revenue of $205.8 million was recorded by the Company's United States operations, a decrease of one percent from the $208.4 million recorded in the corresponding period of the prior year. The United States operations accounted for 47 percent of the Company's revenue in the first quarter of 2025 (2024 - 48 percent).

Drilling days decreased by 12 percent to 2,772 drilling days in the first quarter of 2025 from 3,134 drilling days in the first quarter of 2024. Well servicing hours decreased by eight percent in the first quarter of 2025 to 24,182 operating hours from 26,251 operating hours in the first quarter of 2024.

Operating and financial results for the Company's United States operations were impacted by the uncertainty over the global economy, the volatility in the crude oil and natural gas commodity pricing, customer capital discipline and one time expenses related to the reactivation and deactivation of drilling rigs. Offsetting the decline is the six percent positive USD translation difference.

During the first quarter of 2025, the Company transferred seven under-utilized United States drilling rigs into its operations reserve fleet.

INTERNATIONAL OILFIELD SERVICES

The Company's international operations recorded revenue of $78.7 million in the first quarter of 2025, a seven percent decrease from the $84.4 million recorded in the corresponding period of the prior year. The Company's international operations contributed 18 percent of the Company's total revenue in the first quarter of 2025 (2024 - 20 percent).

For the three months ended March 31, 2025, international operating days totaled 1,149 operating days compared with 1,319 days for the three months ended March 31, 2024, a decrease of 13 percent.

Operating and financial results from international operations declined as a result of rigs coming off contract. Offsetting the decline is the six percent positive USD translation difference.

During the first quarter of 2025, the Company transferred four under-utilized international drilling rigs into its operations reserve fleet.

DEPRECIATION

($ thousands)	Three months ended March 31 2025	2024	% change
Depreciation	81,893	88,253	(7)

Depreciation totaled $81.9 million for the first quarter of 2025 compared to $88.3 million for the first quarter of 2024. The decrease in depreciation is due to certain operating assets having become fully depreciated in which case no further depreciation expense will be incurred on such assets. Offsetting the decrease is the negative six percent translation effect on converting depreciation on USD denominated assets.

GENERAL AND ADMINISTRATIVE

($ thousands)	Three months ended March 31 2025	2024	% change
General and administrative	15,026	15,061	-
% of revenue	3.4	3.5	

General and administrative expenses remained generally flat at $15.0 million (3.4 percent of revenue) for the first quarter of 2025 compared to $15.1 million (3.5 percent of revenue) for the first quarter of 2024. General and administrative expenses decreased due to non-recurring fees incurred in the prior year. Offsetting the decrease is the annual wage increases and the negative six percent translation effect of converting USD denominated expenses.

FOREIGN EXCHANGE AND OTHER

($ thousands)	Three months ended March 31 2025	2024	% change
Foreign exchange and other	(1,899)	4,884	nm

nm - calculation not meaningful

Included in this amount is the impact of foreign currency fluctuations in the Company's subsidiaries that have functional currencies other than the Canadian dollar. In addition, during the first quarter of 2025 the Company received $1.8 million in premium from foreign exchange financial instruments.

INTEREST EXPENSE

($ thousands)	Three months ended March 31 2025	2024	% change
Interest expense	20,501	26,480	(23)

Interest expense was incurred on the Company's Credit and Term Facilities, Convertible Debentures (defined below), capital leases and other obligations.

Interest expense decreased by $6.0 million in the first quarter of 2025 compared to the same period in 2024 as a result of lower debt levels and effective interest rates. Offsetting the decrease is the negative six percent translation effect on converting USD denominated interest expense.

INCOME TAX (RECOVERY)

($ thousands)	Three months ended March 31 2025	2024	% change
Current income tax	1,415	1,154	23
Deferred income tax (recovery)	(1,006)	(4,771)	(79)
Total income tax (recovery)	409	(3,617)	nm
Effective income tax rate (%)	9.5	77.7	

nm - calculation not meaningful

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

($ thousands, except per common share amounts)	Three months ended March 31		
	2025	2024	% change
Cash provided by operating activities	54,291	93,878	(42)
Funds flow from operations	96,591	108,438	(11)
Funds flow from operations per common share	$ 0.53	$ 0.59	(10)
Working capital [1]	(97,996)	(100,906)	(3)

[1] Comparative figure as of December 31, 2024

For the three months ended March 31, 2025, the Company generated funds flow from operations of $96.6 million ($0.53 per common share), a decrease of 11 percent from $108.4 million ($0.59 per common share) for the three months ended March 31, 2024. The decrease in funds flow from operations in 2025 compared to 2024 is largely due to the decrease in activity compared to the prior period. Offsetting the decrease is the positive six percent translation effect on converting USD denominated earnings.

As at March 31, 2025 the Company's working capital deficit was $98.0 million, compared to $100.9 million at December 31, 2024. The decrease to the working capital deficit is the result of utilizing funds flow from operations to reduce the Company's accounts payable and accrued liabilities. Offsetting this reduction is the increase to the current portion of long-term debt.

The Company's existing bank facility provides for total borrowings of $775.0 million of which $0.6 million was undrawn and available at March 31, 2025 (December 31, 2024 - $3.8 million).

INVESTING ACTIVITIES

($ thousands)	Three months ended March 31 2025	2024	% change
Purchase of property and equipment	(38,636)	(54,769)	(29)
Proceeds from disposals of property and equipment	1,773	3,271	(46)
Net change in non-cash working capital	19,706	17,796	11
Cash used in investing activities	(17,157)	(33,702)	(49)

nm - calculation not meaningful

Net purchases of property and equipment for the first quarter of 2025 totaled $36.9 million (2024 - net proceeds of $51.5 million). The purchase of property and equipment for the first three months of 2024 consists of $35.7 million in maintenance capital and $3.0 million in upgrade capital.

FINANCING ACTIVITIES

	Three months ended March 31		
($ thousands)	2025	2024	% change
Proceeds from long-term debt	9,756	43,474	(78)
Repayments of long-term debt	(32,992)	(54,898)	(40)
Lease obligation principal repayments	(4,492)	(2,287)	96
Purchase of common shares held in trust	(552)	(582)	(5)
Issuance of common shares under the share option plan	-	48	nm
Interest paid	(20,197)	(27,503)	(27)
Cash used in financing activities	(48,477)	(41,748)	16

nm - calculation not meaningful

As at March 31, 2025, the amount of available borrowings under the Credit Facility was $0.6 million.

On October 13, 2023, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility and a three year $369.0 million Term Facility. The amendments include an extension to the maturity date of the $775.0 million Credit Facility to the earlier of (i) the date that is six months prior to the earliest maturity of any future Senior Notes, and (ii) October 13, 2026. The Credit Facility includes a reduction of the facility of $25.0 million by the end of the second quarter of 2025, $25.0 million by the end of the third quarter of 2025 and $25.0 million by the end of the fourth quarter of 2025. The final size of the Credit Facility will then be $700.0 million.

The Term Facility requires repayments of at least $27.7 million each quarter beginning in the first quarter of 2024 to the fourth quarter 2025; and then repayments of at least $36.9 million each quarter from the first quarter 2026 to the fourth quarter 2026.

On June 26, 2024, the Company amended and restated its existing credit agreement with its syndicate of lenders to include a US $50.0 million secured Letter of Credit Facility and various updates regarding the replacement of the Canadian Dollar Offered Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA"). Furthermore, the Company finalized a US $25.0 million unsecured Letter of Credit Facility in the third quarter of 2024. As at March 31, 2025, the amount available was US $21.8 million under the Letter of Credit Facilities.

On December 31, 2024, the Company issued a non-brokered private placement of unsecured, subordinated convertible debentures ("Convertible Debentures") for aggregate gross proceeds of $25.0 million. The Convertible Debentures bear interest from the date of closing at 7.5% per annum, payable semi-annually in arrears, on April 1 and October 1 each year. The Convertible Debentures will mature on January 31, 2029, and have a conversion price of $3.50 per common share.

If, on and after March 31, 2028, the closing price of the Company's common shares on the Toronto Stock Exchange exceeds 125% of the Conversion Price for at least 30 consecutive trading days, the Convertible Debentures may be redeemed by the Company for cash on a pro rata basis, in whole or in part from time to time, on not more than 90 days and not less than 60 days prior notice, at a redemption price equal to the outstanding principal amount of the Convertible Debentures plus accrued and unpaid interest thereon (if any), up to, but excluding, the date of redemption.

The liability component of the Convertible Debentures was recognized initially at fair value and revalued quarterly using a similar liability that does not have an equity conversion option, which was calculated based on an estimated market interest rate of 7.6%.

There was no material difference between the principal amount of the Convertible Debentures and the fair value of the liability component.

The Convertible Debentures include $20.8 million issued to management and directors of the Company.

The current capital structure of the Company consisting of the Credit and Term Facilities and the Convertible Debentures, allows the Company to utilize funds flow generated to reduce debt in the near term with greater flexibility than a more non-callable weighted capital structure.

Covenants

The following is a list of the Company's currently applicable covenants pursuant to the Credit Facility and the associated calculations as at March 31, 2025:

	Covenant	March 31, 2025
The Credit Facility		
Consolidated Net Debt to Consolidated EBITDA [1]	≤ 4.00	2.37
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 2.50	4.91
Consolidated Net Senior Debt to Consolidated EBITDA[1,3]	≤ 2.50	2.27

[1] Consolidated Net Debt is defined as consolidated total debt, less cash and cash equivalent. Consolidated EBITDA, as defined in the Company's Credit Facility agreement, is used in determining the Company's compliance with its covenants. The Consolidated EBITDA is substantially similar to Adjusted EBITDA.

[2] Consolidated Interest Expense is defined as all interest expense calculated on twelve month rolling consolidated basis.

[3] Consolidated Net Senior Debt is defined as Consolidated Total Debt minus subordinated debt, cash and cash equivalent.

As at March 31, 2025, the Company was in compliance with all covenants related to the Credit Facility.

The Credit Facility

The amended and restated credit agreement, a copy of which is available on SEDAR+, provides the Company with its Credit Facility and includes requirements that the Company comply with certain covenants including a Consolidated Net Debt to Consolidated EBITDA ratio, a Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Net Senior Debt to Consolidated EBITDA ratio.

OUTLOOK

Industry Overview

The outlook for oilfield services continues to be constructive despite a complex backdrop. Global oil demand remained resilient in the first quarter of 2025. However, ample crude supply, further bolstered by OPEC+ easing production cuts, has kept the market well-supplied and subsequently encouraged producer restraint. The benchmark price of West Texas Intermediate ("WTI") crude prices slid from $72/bbl in February 2025 to currently average $59 in May 2025, reflecting oversupply, changes to OPEC+ production cuts, economic growth concerns, and geopolitical tensions, notably in the Middle East and Ukraine-Russia. The United States political shifts and trade policy uncertainty further cloud the economic horizon, spiking market volatility.

Currently producers have shown capital discipline keeping drilling programs steady in the Company's United States operating region, while Canadian activity showed strength as a result of the completion of the Trans Mountain Pipeline expansion in May of 2024. The pending activation of the Coastal GasLink Pipeline and several liquefied natural gas ("LNG") projects, including LNG Canada, are expected to drive longer-term growth in Canada. However, potential Canada-US trade tariffs, including tariffs on crude oil, pose a risk to Canadian activity over the short-term.

In the present environment, the Company remains committed to disciplined capital allocation, driving free cash flow generation, and debt repayment. The Company has targeted approximately $200.0 million in debt reduction for 2025. In addition, from the period beginning 2023 to the end of 2025, the Company reaffirms its previously announced targeted debt reduction of approximately $600.0 million. If industry conditions change, these targets may be increased or decreased.

The Company has budgeted maintenance capital expenditures for 2025 of approximately $164.0 million and selective growth and customer funded capital of $8.0 million. The Company continues to consider rig relocation, upgrade, or growth projects in response to customer demand and under appropriate contract terms, which may impact capital expenditures.

Canadian Activity

Canadian activity, representing 35 percent of total revenue in the first quarter of 2025, improved in the first quarter of 2025 due to positive market conditions over the winter drilling months. However, potential future trade tariffs imposed between Canada and the United States, including tariffs on crude oil, may impact Canadian activity over the near term.

As of May 9, 2025, of our 89 marketed Canadian drilling rigs, approximately 55 percent were engaged under term contracts of various durations. Approximately 57 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

United States Activity

United States activity, representing 47 percent of total revenue in the first quarter of 2025, declined modestly in the first quarter of 2025 in comparison to the fourth quarter of 2024 as producers continue to keep strict capital programs. The Company's activity in the United States is expected to modestly improve in the second quarter of 2025 due to rig additions in the Company's California and Rockies operating regions.

As of May 9, 2025, of our 70 marketed United States drilling rigs, approximately 56 percent were engaged under term contracts of various durations. Approximately 21 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

International Activity

International activity, representing 18 percent of total revenue in the first quarter of 2025, remained steady in the first quarter of 2025 in comparison to the fourth quarter of 2024.

Activity in Oman increased in the first quarter of 2025 as the two rigs previously on standby in the fourth quarter of 2024, recommenced operations. Currently, the Company has three active rigs in Oman, two rigs active in Bahrain, and two rigs active in Kuwait. Activity in the Company's Middle East regions is expected to remain steady in 2025.

Activity in Australia remained steady in the first quarter at three rigs active. Activity in Australia is expected to modestly improve by one rig in the second quarter of 2025 to four active rigs. Currently, the Company has four active rigs in Australia.

Operations in Argentina remain steady at two rigs active in the first quarter of 2025. Activity in Argentina is expected to remain steady in the second quarter of 2025. Operations in Venezuela remained steady in the first quarter of 2025. Currently, the Company has two active rigs in Venezuela; however, recently announced changes by the United States administration regarding sanction waivers may negatively impact operations.

As of May 9, 2025, of our 27 marketed international drilling rigs, approximately 56 percent were engaged under term contracts of various durations. Approximately 60 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

RISKS AND UNCERTAINTIES

The Company is subject to numerous risks and uncertainties. A discussion of certain risks faced by the Company may be found under the "Risk Factors" section of the Company's Annual Information Form ("AIF") and the "Risks and Uncertainties" section of the Company's Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2024, which are available under the Company's SEDAR+ profile at www.sedarplus.com.

The Company's risk factors and management of those risks have not changed substantially from those as disclosed in the AIF. Additional risks and uncertainties not presently known by the Company, or that the Company does not currently anticipate or deem material, may also impair the Company's future business operations or financial condition. If any such potential events described in the Company's AIF or otherwise actually occur, or described events intensify, overall business, operating results and the financial condition of the Company could be materially adversely affected.

CONFERENCE CALL

A conference call will be held to discuss the Company's first quarter 2025 results at 10:00 a.m. MST (12:00 p.m. EDT) on Monday, May 12, 2025. The conference call number is 1-888-510-2154 (Canada/US) or 1-437-900-0527 (international). The conference ID is: 63918. A recording will be available until May 19, 2024 by dialing 1-888-660-6345 and entering the reservation number 63918#. A live webcast may be accessed through the Company's web site at www.ensignenergy.com/presentations/.

Ensign Energy Services Inc. is an international oilfield services contractor and is listed on the Toronto Stock Exchange.

Ensign Energy Services Inc.
Consolidated Statements of Financial Position

As at	March 31 2025	December 31 2024
(Unaudited - in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	$ 16,666	$ 28,113
Accounts receivable	309,510	310,453
Inventories, prepaid, investments and other	49,136	50,473
Total current assets	375,312	389,039
Property and equipment	2,268,942	2,305,985
Deferred income taxes	212,699	215,466

Total assets	$ 2,856,953	$ 2,910,490
Liabilities		
Current Liabilities		
Accounts payable and accruals	$ 257,327	$ 280,627
Share-based compensation	4,831	8,730
Income taxes payable	5,052	5,811
Current portion of lease obligations	11,737	12,848
Current portion of long-term debt	194,361	181,929
Total current liabilities	473,308	489,945
Share-based compensation	4,708	7,952
Long-term debt	833,199	869,682
Lease obligations	16,350	11,469
Income tax payable	5,728	5,738
Deferred income taxes	152,034	156,165
Total liabilities	$ 1,485,327	$ 1,540,951
Shareholders' Equity		
Shareholders' capital	$ 269,487	$ 267,987
Contributed surplus	21,971	23,354
Accumulated other comprehensive income	334,472	336,187
Retained earnings	745,696	742,011
Total shareholders' equity	1,371,626	1,369,539
Total liabilities and shareholders' equity	$ 2,856,953	$ 2,910,490

Ensign Energy Services Inc.
Consolidated Statements of (Loss) Income

For the three months ended	March 31 2
(Unaudited - in thousands of Canadian dollars, except per common share data)	
Revenue	$ 436,511
Expenses	
Oilfield services	319,102
Depreciation	81,893
General and administrative	15,026
Share-based compensation	(1,611)
Foreign exchange and other	(1,899)
Total expenses	412,511
Income before interest expense, accretion of deferred financing charges and other gains and income taxes	24,000
Gain on asset sale	(1,225)
Interest expense	20,501
Accretion of deferred financing charges	417
Income (loss) before income taxes	4,307
Income tax (recovery)	
Current income tax	1,415
Deferred income tax (recovery)	(1,006)
Total income tax (recovery)	409
Net income (loss)	3,898
Net income (loss) attributable to:	
Common shareholders	3,685
Non-controlling interests	213
	3,898
Net income (loss) attributable to common shareholders per common share	
Basic	$ 0.02
Diluted	$ 0.02

Ensign Energy Services Inc.
Consolidated Statements of Cash Flows

For the three months ended	March 31 2025	March 31 2024
(Unaudited - in thousands of Canadian dollars)		
Cash provided by (used in)		
Operating activities		
Net income (loss)	$ 3,898	$ (1,041)
Items not affecting cash		
Depreciation	81,893	88,253
Gain on asset sale	(1,225)	(1,745)
Share-based compensation, net of cash settlements	(6,480)	(4,890)
Unrealized foreign exchange and other	(1,407)	5,735
Accretion of deferred financing charges	417	417
Interest expense	20,501	26,480
Deferred income tax (recovery)	(1,006)	(4,771)
Funds flow from operations	96,591	108,438
Net change in non-cash working capital	(42,300)	(14,560)
Cash provided by operating activities	54,291	93,878
Investing activities		
Purchase of property and equipment	(38,636)	(54,769)
Proceeds from disposals of property and equipment	1,773	3,271
Net change in non-cash working capital	19,706	17,796
Cash used in investing activities	(17,157)	(33,702)
Financing activities		
Proceeds from long-term debt	9,756	43,474
Repayments of long-term debt	(32,992)	(54,898)
Lease obligations principal repayments	(4,492)	(2,287)
Purchase of common shares held in trust	(552)	(582)
Issuance of common share under the share option plan	-	48
Interest paid	(20,197)	(27,503)
Cash used in financing activities	(48,477)	(41,748)
Net (decrease) increase in cash	(11,343)	18,428
Effects of foreign exchange on cash	(104)	179

Cash		
Beginning of period	28,113	20,501
End of period	$ 16,666	$ 39,108

Ensign Energy Services Inc.

Non-GAAP Measures

Adjusted EBITDA, Adjusted EBITDA per common share, working capital and Consolidated EBITDA. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this news release should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared.

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based compensation expense, the sale of assets and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its core drilling and well services business. Adjusted EBITDA is not intended to represent net income as calculated in accordance with IFRS.

ADJUSTED EBITDA	Three months ended March 31	
($ thousands)	2025	2024
Income (loss) before income taxes	$ 4,307	$ (4,658)
Add-back/(deduct):		
Interest expense	20,501	26,480
Accretion of deferred financing charges	417	$ 417
Depreciation	81,893	88,253
Gain on asset sale	(1,225)	(1,745)
Share-based compensation	(1,611)	3,825
Foreign exchange and other	(1,899)	4,884
Adjusted EBITDA	$ 102,383	$ 117,456

Consolidated EBITDA

Consolidated EBITDA, as defined in the Company's Credit Facility agreement, is used in determining the Company's compliance with its covenants. The Consolidated EBITDA is substantially similar to Adjusted EBITDA. Consolidated EBITDA is calculated on a rolling twelve-month basis.

Working Capital

Working capital is defined as current assets less current liabilities as reported on the consolidated statements of financial position.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements herein constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements generally can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule", "contemplates" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosure related to expected future commodity pricing or trends, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other prospective guidance provided herein including, but not limited to, information provided in the "Funds Flow from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for 2025 and beyond, are examples of forward-looking statements.

Forward-looking statements are not representations or guarantees of future performance and are subject to certain risks and unforeseen results. The reader should not place undue reliance on forward-looking statements as there can be no assurance that the plans, initiatives, projections, anticipations or expectations upon which they are based will occur. The forward-looking statements are based on current assumptions, expectations, estimates and projections about the Company and the industries and environments in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained. These assumptions include, among other things: the fluctuation in commodity prices which may pressure customers to modify their capital programs; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; royalty regimes and effects of regulation by government agencies; existing term contracts that may not be renewed or are terminated prematurely; the Company's ability to provide services on a timely basis and successfully bid on new contracts; successful integration of acquisitions; future operating costs; the general stability of the economic and political environments in the jurisdictions where we operate; tariffs, economic sanctions, inflation, interest rate and exchange rate expectations; pandemics; and impacts of geopolitical events such as the hostilities in the Middle East and between Ukraine and the Russian Federation, and the global community responses thereto; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; and other matters.

The forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Such risk factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding commodity prices; foreign exchange exposure; fluctuations in currency and interest rates; inflation; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; the Company's ability to implement its business strategy; impact of competition and industry conditions; risks associated with long-term contracts; force majeure events; artificial intelligence development and implementation; cyber-attacks; determinations the by Organization of Petroleum Exporting Countries ("OPEC") and other countries (OPEC and various other countries are referred to as "OPEC+") regarding production levels; loss of key customers; litigation risks, including the Company's defence of lawsuits; risks associated with contingent liabilities and potential unknown liabilities; availability and cost of labour and other equipment, supplies and services; business interruption and casualty losses; the Company's ability to complete its capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing and insurance; access to credit facilities and debt capital markets; availability of sufficient cash flow to service and repay its debts; impairment of capital assets; the Company's ability to amend or comply with covenants under the credit facility and other debt instruments; actions by governmental authorities; impact of and changes to laws and regulations impacting the Company and the Company's customers, and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); safety performance; environmental contamination; shifting interest to alternative energy sources; environmental activism; the adequacy of the Company's provision for taxes; tax challenges; the impact of, and the Company's response to future pandemics; workforce and reliance on key management; technology; cybersecurity risks; seasonality and weather risks; risks associated with acquisitions and ability to successfully integrate acquisitions; risks associated with internal controls over financial reporting; the impact of the ongoing hostilities in the Middle East and between Ukraine and the Russian Federation and the global community responses thereto; the economic and tariff policies pursued by the new United States administration, including the impact of recent United States Government pronouncements regarding imposition of global tariffs and curtailment of our customer's license to operate in Venezuela, which may suspend our operations in the area, along with any retaliatory policies by other governments and other risks and uncertainties affecting the Company's business, revenues and expenses.

In addition, the Company's operations and levels of demand for its services have been, and at times in the future may be, affected by political risks and developments, such as tariffs, economic sanctions, expropriation, nationalization, or regime change, and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies, environmental protection regulations, pandemics, pandemic mitigation strategies and the impact thereof upon the Company, its customers and its business, ongoing hostilities in the Middle East and between Ukraine and the Russian Federation, including recent developments in discussions regarding cessation of hostilities in Ukraine and pursuit of a resolution of the dispute, related potential future impact on the supply of oil and natural gas to Europe by Russia and the impact of global community responses to the ongoing conflicts, including the impact of shipping through the Red Sea and governmental energy policies, laws, rules or regulations that limit, restrict or impede exploration, development, production, transportation or consumption of hydrocarbons and/or incentivize development, production, transportation or consumption of alternative fuel or energy sources.

Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results from operations may vary in material respects from those expressed or implied by the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements.

Readers are cautioned that the lists of important factors contained herein are not exhaustive. For additional information on these and other factors that could affect the Company's business, operations or financial condition, refer to the "Risk Factors" section of the Company's Annual Information Form for the year ended December 31, 2024 available on SEDAR+ at www.sedarplus.ca.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

SOURCE Ensign Energy Services Inc.

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