

# Epsilon Announces Third Quarter 2025 Results

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HOUSTON, Nov. 05, 2025 - [Epsilon Energy Ltd.](#) ("Epsilon" or the "Company") (NASDAQ: EPSN) today reported third quarter 2025 financial and operating results.

## Third Quarter 2025 Highlights:

### Epsilon - Q3 2025

		Q3 2025	Q2 2025	Q3 2024	QoQ%	YoY%	YTD 2025
<b>NRI Production</b>							
Gas	MMcf	2,136	2,752	1,304	-22 %	64 %	7,628
Oil	Mbbl	39	44	53	-11 %	-26 %	129
NGL	Mbbl	14	8	17	78 %	-18 %	38
Total	Mmcf	2,456	3,064	1,727	-20 %	42 %	8,629
Daily	Mmcf/d	26.7	33.7	18.8			31.6
<b>Revenues</b>							
	\$M						
Gas		4,758	6,910	1,904	-31 %	150 %	22,282
Oil		2,511	2,725	3,965	-8 %	-37 %	8,505
NGL		267	145	335	84 %	-20 %	799
Midstream <sup>1</sup>		1,445	1,845	1,084	-22 %	33 %	5,183
Total		8,981	11,625	7,288	-23 %	23 %	36,769
<b>Realized Prices<sup>2</sup></b>							
Gas	\$/Mcf	2.23	2.51	1.46	-11 %	53 %	2.92
Oil	\$/Bbl	63.73	61.72	74.27	3 %	-14 %	65.87
NGL	\$/Bbl	19.12	18.51	19.56	3 %	-2 %	21.26
Adj. EBITDA	\$M	4,365	7,396	3,744	-41 %	17 %	22,370
Cash + STI <sup>3</sup>	\$M	13,236	10,378	8,775	28 %	51 %	
Capex <sup>4</sup>	\$M	2,885	2,698	3,908	7 %	-26 %	13,618
Dividend	\$M	1,379	1,376	1,374	0 %	0 %	4,130
Share Buybacks	\$M	0	0	628	0 %	-100 %	0
Adj Net Income <sup>5</sup>	\$M	1,904	4,146	406			10,023
p/share	\$	0.09	0.19	0.02			0.45

1) Net of elimination entry for fees paid by Epsilon

2) Excludes impact of hedge realizations

3) Includes restricted cash balance

4) Includes acquisitions

5) Excludes one-time expenses for transaction costs and impairment

## Operations Update:

Epsilon's capital expenditures were \$2.9 million for the quarter ended September 30, 2025. These were primarily related to the completion of 1 gross (0.25 net) well in Texas. The well in Texas is the eighth Barnett well developed in the project and is performing in-line with pre-drill expectations with a 30-day gross IP rate of over 870 Boe/d (82% oil). Offset wells were shut-in for approximately 20 days during the quarter during the completion, with a net impact of approximately 3,000 net barrels.

In the Marcellus, operator elected shut-ins occurred in the second half of the quarter in response to lower gas prices during the shoulder season, with a net impact of approximately 110 MMcf.

Jason Stabell, Epsilon's Chief Executive Officer, commented, "Over the last several weeks, net wellhead pricing in the Marcellus has moved up strongly as we exit the shoulder season, providing a strong setup for enhanced cash flows in the coming quarters. In the Permian, we continue to deliver good results. The eighth well in the project was brought online in September and performance is consistent with other wells developed in the project area. The next well in Texas is planned for development in the first quarter next year.

The big news during the quarter was our announcement of the acquisition of the operated business in the Powder River Basin. This transaction represents a major milestone in our strategic objectives to add scale, capital control and highly economic inventory at an attractive valuation. The transaction complements our non-operated portfolio and delivers on all these objectives. Integration planning and due diligence have progressed on schedule. We are excited to welcome a capable operating team from Peak and a premier long term focused energy investor in Yorktown as an anchor shareholder. The transaction is expected to close in November."

#### Current Hedge Book:

Date	Natural Gas		Basis Swaps		Costless Collars		Sold
	Swaps	Price (\$/MMBtu)	Volume (MMcf)	Basis (\$/MMBtu)	Volume (MMcf)	Bought Put (\$/MMBtu)	
4Q 2025	597	3.69	414	(0.96 )	286	3.46	5
FY 2025	597	\$3.69	414	(\$0.96 )	286	\$3.46	\$5.
1Q 2026	270	4.66	-	-	567	3.36	5
2Q 2026	273	4.10	-	-	459	3.35	5
3Q 2026	276	4.10	-	-	439	3.35	5
4Q 2026	93	4.10	-	-	590	3.33	5
FY 2026	912	\$4.27	-	-	2,055	\$3.35	\$5.
1Q 2027	-	-	-	-	619	3.43	5
2Q 2027	-	-	-	-	553	3.25	5
3Q 2027	-	-	-	-	229	3.16	4
4Q 2027	-	-	-	-	75	3.16	4
FY 2027	-	-	-	-	1,477	\$3.31	\$5.

#### Earning's Call:

The Company will host a conference call to discuss its results on Thursday, November 6, 2025, at 10:00 a.m. Central Time (11:00 a.m. Eastern Time).

Interested parties in the United States and Canada may participate toll-free by dialing (833) 816-1385. International parties may participate by dialing (412) 317-0478. Participants should ask to be joined to the "Epsilon Energy Third Quarter 2025 Earnings Conference Call."

A webcast can be viewed at: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=Z4tohzO8>. A webcast replay will be available on the Company's website ([www.epsilonenergy ltd.com](http://www.epsilonenergy ltd.com)) following the call.

#### About Epsilon

Epsilon Energy Ltd. is a North American onshore natural gas and oil production and gathering company with assets in Pennsylvania, Texas, Alberta CA, New Mexico, and Oklahoma.

#### Forward-Looking Statements

Certain statements contained in this news release constitute forward looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated. Forward-looking statements are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this news release should not be unduly relied upon.

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EPSILON ENERGY LTD.  
Unaudited Consolidated Statements of Operations  
(All amounts stated in US\$)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenues from contracts with customers:				
Gas, oil, NGL, and condensate revenue	\$ 7,536,248	\$ 6,203,953	\$ 31,586,766	\$ 18,452,111
Gas gathering and compression revenue	1,445,211	1,083,988	5,182,566	4,123,456
Total revenue	8,981,459	7,287,941	36,769,332	22,575,567
Operating costs and expenses:				
Lease operating expenses	2,397,052	2,099,501	7,615,735	5,123,456
Gathering system operating expenses	563,542	490,325	1,729,988	1,234,567
Depletion, depreciation, amortization, and accretion	2,570,462	2,698,812	9,247,973	7,890,123
Impairment expense	-	-	2,676,669	-
General and administrative expenses:				
Stock based compensation expense	376,613	309,109	1,148,289	987,654
Other general and administrative expenses	2,467,785	1,449,576	5,748,081	4,123,456
Total operating costs and expenses	8,375,454	7,047,323	28,166,735	19,239,113
Operating income	606,005	240,618	8,602,597	3,336,454
Other income (expense):				
Interest income	84,894	60,693	117,440	43,210
Interest expense	(11,666)	(17,598)	(43,783)	(32,109)
Gain on derivative contracts, net	964,307	440,712	2,076,000	2,123,456
Other income (expense), net	5,252	9,994	(28,086)	12,345
Other income, net	1,042,787	493,801	2,121,571	757,102
Net income before income tax expense	1,648,792	734,419	10,724,168	3,907,012
Income tax expense	576,497	368,398	4,084,378	890,123
NET INCOME	\$ 1,072,295	\$ 366,021	\$ 6,639,790	\$ 3,016,889
Currency translation adjustments	(42,676)	39,845	(168,288)	62,345
Unrealized loss on securities	-	-	-	(12,345)
NET COMPREHENSIVE INCOME	\$ 1,029,619	\$ 405,866	\$ 6,471,502	\$ 3,066,889
Net income per share, basic	\$ 0.05	\$ 0.02	\$ 0.30	\$ 0.12

Net income per share, diluted	\$ 0.05	\$ 0.02	\$ 0.30	\$ 0.0
Weighted average number of shares outstanding, basic	22,017,310	21,948,519	22,028,248	21,948,519
Weighted average number of shares outstanding, diluted	22,159,532	22,155,292	22,170,223	22,155,292

EPSILON ENERGY LTD.  
Unaudited Consolidated Statements of Cash Flows  
(All amounts stated in US\$)

	September 2024	September 2025
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents		\$ 12,766,500
Accounts receivable		4,515,100
Fair value of derivatives		889,187
Prepaid income taxes		-
Other current assets		965,970
Total current assets		19,136,757
<i>Non-current assets</i>		
Property and equipment:		
Oil and gas properties, successful efforts method		
Proved properties		200,066,000
Unproved properties		33,396,000
Accumulated depletion, depreciation, amortization and impairment		(134,180,000)
Total oil and gas properties, net		99,282,000
Gathering system		43,540,000
Accumulated depletion, depreciation, amortization and impairment		(37,271,000)
Total gathering system, net		6,269,000
Land		637,764
Buildings and other property and equipment, net		221,901
Total property and equipment, net		106,409,764
Other assets:		
Operating lease right-of-use assets, long term		272,298
Restricted cash		470,000
Prepaid drilling costs		4,673
Total non-current assets		107,156,735
Total assets		\$ 126,293,516
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<i>Current liabilities</i>		
Accounts payable trade		\$ 2,963,800
Gathering fees payable		978,890
Royalties payable		1,481,500
Income taxes payable		1,556,700
Accrued capital expenditures		1,605,700
Accrued compensation		726,213
Other accrued liabilities		490,970
Fair value of derivatives		-
Operating lease liabilities		120,799
Total current liabilities		9,924,672
<i>Non-current liabilities</i>		
Asset retirement obligations		3,822,000

Deferred income taxes	12,062,0
Operating lease liabilities, long term	266,263
Total non-current liabilities	16,150,3
Total liabilities	26,074,9
Commitments and contingencies (Note 11)	
<i>Shareholders' equity</i>	
Preferred shares, no par value, unlimited shares authorized, none issued or outstanding	-
Common shares, no par value, unlimited shares authorized and 22,058,574 shares issued and outstanding at September 30, 2025 and 22,008,766 issued and outstanding at December 31, 2024	116,081
Additional paid-in capital	13,267,4
Accumulated deficit	(38,995)
Accumulated other comprehensive income	9,864,9
Total shareholders' equity	100,218
Total liabilities and shareholders' equity	\$ 126,293

EPSILON ENERGY LTD.  
Unaudited Consolidated Statements of Cash Flows  
(All amounts stated in US\$)

	Nine months ended September	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 6,639,790	\$ 2,688,5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, amortization, and accretion	9,247,973	7,127,6
Impairment expense	2,676,669	-
Accretion of discount on available for sale securities	-	(297,63
Gain on derivative contracts	(2,076,000 )	(245,09
Settlement received on derivative contracts	699,265	1,245,9
Settlement of asset retirement obligation	(1,600 )	(88,992
Stock-based compensation expense	1,148,289	944,267
Deferred income tax (benefit) expense	(676,523 )	584,088
Changes in assets and liabilities:		
Accounts receivable	1,328,523	1,545,4
Prepaid income taxes	-	(67,878
Other assets and liabilities	(191,487 )	(94,360
Accounts payable, royalties payable, gathering fees payable, and other accrued liabilities	(430,885 )	(1,520,7
Income taxes payable	2,532,686	-
Net cash provided by operating activities	20,896,700	11,821,
Cash flows from investing activities:		
Additions to unproved oil and gas properties	(5,032,558 )	(3,100,2
Additions to proved oil and gas properties	(5,901,411 )	(28,728
Additions to gathering system properties	(384,124 )	(76,625
Additions to land, buildings and property and equipment	(12,102 )	(13,912
Purchases of short term investments - available for sale	-	(4,045,7
Proceeds from short term investments - held to maturity	-	23,116,
Prepaid drilling costs	978,044	1,813,8
Net cash used in investing activities	(10,352,151 )	(11,034
Cash flows from financing activities:		
Buyback of common shares	-	(1,831,2
Dividends paid	(4,129,887 )	(4,116,7

Net cash used in financing activities	(4,129,887 )	(5,947,9
Effect of currency rates on cash, cash equivalents, and restricted cash	(168,288 )	62,438
Increase (decrease) in cash, cash equivalents, and restricted cash	6,246,374	(5,098,6
Cash, cash equivalents, and restricted cash, beginning of period	6,989,793	13,873,
Cash, cash equivalents, and restricted cash, end of period	\$ 13,236,167	\$ 8,774,9
Supplemental cash flow disclosures:		
Income tax paid - federal	\$ 1,417,860	\$ -
Income tax paid - state (PA)	\$ 755,138	\$ -
Income tax paid - state (other)	\$ 26,710	\$ 4,000
Interest paid	\$ 9,935	\$ 16,832
Non-cash investing activities:		
Change in proved properties accrued in accounts payable	\$ 2,266,859	\$ 818,504
Change in gathering system accrued in accounts payable	\$ 39,805	\$ 173,193
Asset retirement obligation asset additions and adjustments	\$ 25,196	\$ 39,597

	Three months ended September 30, Ni		
	2025	2024	20
Net income	\$ 1,072,295	\$ 366,021	\$
Add Back:			
Interest income, net	(73,228 )	(43,095 )	
Income tax expense	576,497	368,398	
Depreciation, depletion, amortization, and accretion	2,570,462	2,698,812	
Impairment expense	-	-	
Stock based compensation expense	376,613	309,109	
(Gain) loss on derivative contracts net of cash received or paid on settlement	(156,659 )	44,677	
Foreign currency translation loss	(710 )	-	
Adjusted EBITDA	\$ 4,365,270	\$ 3,743,922	\$

Epsilon defines Adjusted EBITDA as earnings before (1) net interest expense, (2) taxes, (3) depreciation, depletion, amortization and accretion expense, (4) impairments of natural gas and oil properties, (5) non-cash stock compensation expense, (6) gain or loss on derivative contracts net of cash received or paid on settlement, and (7) other income. Adjusted EBITDA is not a measure of financial performance as determined under U.S. GAAP and should not be considered in isolation from or as a substitute for net income or cash flow measures prepared in accordance with U.S. GAAP or as a measure of profitability or liquidity.

Additionally, Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Epsilon has included Adjusted EBITDA as a supplemental disclosure because its management believes that EBITDA provides useful information regarding its ability to service debt and to fund capital expenditures. It further provides investors with a helpful measure for comparing operating performance on a "normalized" or recurring basis with the performance of other companies, without giving effect to certain non-cash expenses and other items. This provides management, investors and analysts with comparative information for evaluating the Company in relation to other natural gas and oil companies providing corresponding non-U.S. GAAP financial measures or that have different financing and capital structures or tax rates. These non-U.S. GAAP financial measures should be considered in addition to, but not as a substitute for, measures for financial performance prepared in accordance with U.S. GAAP.

	Q125	Q225	Q325	YTD 2025
Net Income	3,965,918	1,475,965	1,029,619	6,471,502
Adjustments				
Transaction Costs	0	0	874,541	874,541
Impairment - Canada	6,669	2,670,000		2,676,669
Adjusted Net Income	3,972,587	4,145,965	1,904,160	10,022,712

WA Shares O/S - Diluted	22,109,819	22,202,315	22,159,532	22,170,223
P/Share	\$ 0.18	\$ 0.19	\$ 0.09	\$ 0.45

Epsilon defines Adjusted Net Income Per Share as reported U.S. GAAP Net Income Per Share adding back expenses related to (1) transaction expenses related to the Peak acquisitions and (2) impairments of natural gas and oil properties. Adjusted Net Income Per Share is not a measure of financial performance as determined under U.S. GAAP and should not be considered in isolation from or as a substitute for net income or cash flow measures prepared in accordance with U.S. GAAP or as a measure of profitability or liquidity.

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