Ensign Energy Services Inc. Reports 2025 Results

06.03.2026 | [CNW]

2025 FINANCIAL HIGHLIGHTS
(Unaudited, in thousands of Canadian dollars, except per share data)

	Three months ended December 31			Twelve months e	
	2025	2024	% change	2025	2024
Revenue	418,808	426,515	(2)	1,638,891	1,684
Adjusted EBITDA [1]	107,463	113,391	(5)	389,796	450,
Adjusted EBITDA per common share [1]					
Basic	$ 0.59	$ 0.62	(5)	$ 2.12	$ 2.4
Diluted	$ 0.58	$ 0.62	(6)	$ 2.11	$ 2.4
Net loss attributable to common shareholders	(12,785)	(20,216)	(37)	(38,760)	(20,7
Net loss attributable to common shareholders per common share					
Basic	$ (0.07)	$ (0.11)	(36)	$ (0.21)	$ (0.
Diluted	$ (0.07)	$ (0.11)	(36)	$ (0.21)	$ (0.
Cash provided by operating activities	67,732	148,312	(54)	329,977	471,
Funds flow from operations	112,824	112,574	-	370,103	436,
Funds flow from operations per common share					
Basic	$ 0.61	$ 0.61	-	$ 2.01	$ 2.3
Diluted	$ 0.61	$ 0.61	-	$ 2.00	$ 2.3
Weighted average common shares - basic (000s)	183,602	183,609	-	184,200	183,
Weighted average common shares - diluted (000s)	183,973	184,455	-	184,627	184,

nm - calculation not meaningful

1. Refer to Adjusted EBITDA calculation in Non-GAAP Measures.

- Revenue for 2025 was $1,638.9 million, a three percent decrease from 2024 revenue of $1,684.2 million.
- Revenue amounts and percentage of total by geographic area:
  - Canada - $511.0 million, 31 percent;
  - United States - $838.2 million, 51 percent; and
  - International - $289.7 million, 18 percent.
- Adjusted EBITDA for 2025 was $389.8 million, a 13 percent decrease from Adjusted EBITDA of $450.1 million fo
- Funds flow from operations for 2025 decreased 15 percent to $370.1 million from $436.2 million in the prior year.

- Net loss attributed to common shareholders for 2025 was $38.8 million, increased from net loss attributed to com shareholders of $20.8 million from the prior year.
- On September 29, 2025, the Company amended and restated its existing credit agreement with its syndicate of le which provides a revolving Credit Facility. The amendments include an extension to the maturity date of the now $ million Credit Facility to September 29, 2028.
- Total debt, net of cash decreased $104.9 million since December 31, 2024. With the reductions in Adjusted EBIT stated debt reduction target of $600.0 million for the period beginning of 2023 to the end of 2025 will now likely be the first half of 2026. The revision is the result of current industry conditions and the reinvesting into the Company capital expenditure. If industry conditions change, this target could be increased or decreased.
- Interest expense decreased by 23 percent to $74.8 million from $97.5 million. The decrease is the result of lower and effective interest rates.

OPERATING HIGHLIGHTS
(Unaudited)

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% change	2025	2024	% change
Drilling						
Number of marketed rigs						
Canada [1]	88	94	(6)	88	94	(6)
United States	71	77	(8)	71	77	(8)
International [2]	27	31	(13)	27	31	(13)
Total	186	202	(8)	186	202	(8)
Operating days [3]						
Canada [1]	3,212	3,494	(8)	13,218	13,558	(3)
United States	3,411	2,992	14	12,320	12,103	2
International [2]	1,066	1,153	(8)	4,231	4,996	(15)
Total	7,689	7,639	1	29,769	30,657	(3)
Well Servicing						
Number of rigs						
Canada	38	41	(7)	38	41	(7)
United States	47	47	-	47	47	-
Total	85	88	(3)	85	88	(3)
Operating hours						
Canada	13,374	12,596	6	51,385	48,710	5
United States	23,548	26,975	(13)	100,510	124,056	(19)
Total	36,922	39,571	(7)	151,895	172,766	(12)

1. Excludes coring rigs.

2. Includes workover rigs

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

- Canadian drilling recorded 13,218 operating days in 2025, a three percent decrease from 13,558 operating days i Canadian well servicing recorded 51,385 operating hours in 2025, a five percent increase from 48,710 operating 2024.
- United States drilling recorded 12,320 operating days in 2025, a two percent increase from 12,103 operating days United States well servicing recorded 100,510 operating hours in 2025, a 19 percent decrease from the 124,056 hours in 2024.
- International drilling recorded 4,231 operating days in 2025, a 15 percent decrease from 4,996 operating days rec 2024.

FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at ($ thousands)	2025	2024	2023
Working capital (deficit)[1]	89,618	(100,906)	15,780
Cash	16,189	28,113	20,501
Total debt, net of cash	918,613	1,023,498	1,189,848
Total assets	2,643,027	2,910,490	2,947,986
Total debt to total debt plus shareholder's equity ratio	0.42	0.43	0.48

[1] See Non-GAAP Measures section.

CAPITAL EXPENDITURES HIGHLIGHTS

	Three months ended December 31			Twelve months ended Decemb		
($ thousands)	2025	2024	% change	2025	2024	% char
Capital expenditures						
Upgrade/growth	17,970	9,534	88	48,082	18,705	nm
Maintenance	22,704	28,560	(21)	146,282	159,962	(9)
Proceeds from disposals of property and equipment	(5,415)	(15,805)	(66)	(10,643)	(31,036)	(66)
Net capital expenditures	35,259	22,289	58	183,721	147,631	24

nm - calculation not meaningful

- Net capital expenditures for the calendar year 2025 totaled $183.7 million, consisting of $48.1 million in upgrade c $146.3 million in maintenance capital, offset by proceeds of $10.6 million from equipment disposals.
- The Company has budgeted maintenance capital expenditures for 2026 of approximately $161.4 million and $32. selective upgrade capital, of which $24.0 million is customer funded. The upgrade capital is related to two rig upg Canada, one in Australia, six in the United States and the completion of one rig upgrade/reactivation in Oman tha year contract. The Company continues to consider rig relocation or upgrade projects in response to customer der under appropriate contract terms, which may impact capital expenditures.

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 measures from which they are derived or to which they are compared. See "Non-GAAP Measures" later in this news release.

OVERVIEW

Revenue for the year ended December 31, 2025, was $1,638.9 million, a decrease of three percent from 2024 revenue of $1,684.2 million. Adjusted EBITDA for 2025 totaled $389.8 million ($2.12 per common share), 13 percent lower than Adjusted EBITDA of $450.1 million ($2.45 per common share) for the year ended December 31, 2024.

Net loss attributed to common shareholders for the year ended December 31, 2025, was $38.8 million ($0.21 per common share) compared with a net loss attributed to common shareholders of $20.8 million ($0.11 per common share) for the year ended December 31, 2024.

The oilfield services sector maintains a generally constructive outlook despite a year-over-year activity decline in some operating regions. Geopolitical tensions and global trade uncertainties have kept activity in the United States subdued and reinforced customer capital discipline in regard to drilling programs. Volatile commodity prices and shifts in the United States trade policies under the current 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, keeping a ceiling on crude oil commodity prices.

Geopolitical tensions, hostilities in areas of the Middle East, 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 for the year ended December 31, 2025, when compared with the same periods in 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 $1.40 during 2025 (2024 - $1.37), higher than the prior year. The higher exchange rate helped offset the net loss for year ended December 31, 2025, with the positive foreign exchange translation on USD denominated earnings.

The Company exited 2025 with a working capital surplus of $89.6 million, compared with a working capital deficit of $100.9 million as of December 31, 2024. The change in working capital is the result of the classification of the current portion of long-term debt, following the recent amendment and restatement of the existing credit agreement. The Company's available liquidity consisting of cash and available borrowings under its Credit Facility totaled $51.8 million as of December 31, 2025, compared to $31.9 million at December 31, 2024. The available liquidity increased by $19.9 million primarily due to the recent amendment and restatement of the Company's Credit Facility and improved foreign exchange translation.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
Revenue						
Canada	128,518	133,661	(4)	511,022	496,521	3
United States	217,889	206,743	5	838,215	839,928	0
International	72,401	86,111	(16)	289,654	347,782	(17)
Total revenue	418,808	426,515	(2)	1,638,891	1,684,231	(3)
Oilfield services expense	296,887	300,038	(1)	1,193,600	1,176,666	1

Revenue for the year ended December 31, 2025 totaled $1,638.9 million, a decrease of three percent from $1,684.2 million recorded in the prior year. The decrease in total revenue during the year ended December 31, 2025, was primarily in the Company's international operations, as rigs came off contract. Offsetting the decrease is a positive foreign exchange translation of converting USD denominated revenue. The Company recorded revenue of $418.8 million for the three months ended December 31, 2025, a two percent decrease from the $426.5 million recorded in the three months ended December 31, 2024.

CANADIAN OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% change	2025	2024	% change
Marketed drilling rigs[1]						
Opening balance	88	94		94	117	
Transfers, net	-	-		(1)	-	
Placed into reserve	-	-		(5)	(23)	
Ending balance	88	94	(6)	88	94	(6)
Drilling operating days[2]	3,212	3,494	(8)	13,218	13,558	(3)
Drilling rig utilization (%)[1]	39.7	40.4	(2)	40.9	39.4	4
Well servicing rigs						
Opening balance	41	45		41	45	
Decommissions	(3)	(4)		(3)	(4)	
Ending balance	38	41	(7)	38	41	(7)
Well servicing operating hours	13,374	12,596	6	51,385	48,710	5
Well servicing utilization (%)	35.5	30.4	17	34.3	29.6	16

[1] Excludes coring rig fleet.

[2] Defined as contract drilling days, between spud to rig release.

The Company recorded revenue of $511.0 million in Canada for the year ended December 31, 2025, an increase of three percent from $496.5 million recorded in the prior year. Revenue generated in Canada increased by four percent to $128.5 million for the three months ended December 31, 2025, from $133.7 million for the three months ended December 31, 2024. For the year ended December 31, 2025, total revenue generated from the Company's Canadian operations was 31 percent of the Company's total revenue (2024: 29 percent). In the fourth quarter of 2025, Canadian revenues accounted for 31 percent of the total revenue consistent with the comparative period.

For the year ended December 31, 2025, the Company recorded 13,218 drilling operating days in Canada, a decrease of three percent as compared with 13,558 drilling operating days for the year ended December 31, 2024. Well servicing hours increased by five percent to 51,385 operating hours compared with 48,710 operating hours for the year ended December 31, 2024. During the fourth quarter of 2025 the Company recorded 3,212 operating days in Canada, a decrease of eight percent from 3,494 operating days recorded during the fourth quarter of the prior year. Well servicing hours in the fourth quarter of 2025 were up six percent to 13,374 compared to the 12,596 hours in the fourth quarter of the prior year.

The financial results for the Company's Canadian operations for 2025 slightly increased, compared to the prior year, despite a three percent decrease in operating activity. The Canadian operations continue to see growth opportunities following the completion of the Trans Mountain Pipeline expansion in May 2024 and the recent start of LNG Canada in July 2025, but economic uncertainty and commodity price volatility has tempered operating activity.

During 2025, the Company moved five under-utilized drilling rigs into its Canadian reserve fleet, transferred one drilling rig to the United States, decommissioned three well servicing rigs and sold its entire coring rig fleet.

UNITED STATES OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% change	2025	2024	% change
Marketed drilling rigs						
Opening balance	71	77		77	83	
Transfers, net	-	-		1	-	
Placed into reserve	-	-		(7)	(6)	
Ending balance	71	77	(8)	71	77	(8)
Drilling operating days[1]	3,411	2,992	14	12,320	12,103	2
Drilling rig utilization (%)	52.2	42.2	24	47.9	42.9	12
Well servicing rigs						
Opening balance	47	47		47	47	
Ending balance	47	47	-	47	47	-
Well servicing operating hours	23,548	26,975	(13)	100,510	124,056	(19)
Well servicing utilization (%)	54.5	62.4	(13)	58.6	72.1	(19)

[1] Defined as contract drilling days, between spud to rig release.

For the year ended December 31, 2025, revenue of $838.2 million was recorded in the United States, comparable to the $839.9 million recorded in the prior year. Revenues recorded in the United States were $217.9 million in the fourth quarter of 2025, a five percent increase from the $206.7 million recorded in the corresponding period of the prior year. The Company's United States operations accounted for 51 percent of the Company's total revenue in the 2025 fiscal year (2024 - 50 percent) and continues to be the largest contributor to the Company's total revenue. During the fourth quarter of 2025, United States operations accounted for 52 percent of the Company's revenue (2024 - 48 percent), the largest contributor to the Company's consolidated fourth quarter revenues and consistent with the prior year.

In the United States, drilling operating days increased by two percent to 12,320 drilling operating days in 2025 from 12,103 operating days in 2024. For the year ended December 31, 2025, well servicing activity decreased 19 percent to 100,510 operating hours, from 124,056 operating hours in 2024. During the fourth quarter, drilling operating days increased by 14 percent to 3,411 operating days in 2025 from 2,992 operating days in 2024. For the fourth quarter ended December 31, 2025, well servicing activity decreased 13 percent to 23,548 operating hours in 2025 from 26,975 operating hours in 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 two percent positive USD translation difference.

During 2025, the Company transferred seven under-utilized drilling rigs into its United States reserve fleet. Furthermore, the United States received one transferred drilling rig from Canada.

INTERNATIONAL OILFIELD SERVICES

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% change	2025	2024	% change
Marketed drilling and workover rigs						
Opening balance	27	31		31	32	
Reactivated from decommissioned	1	-		1	-	
Disposal	(1)	-		(1)	-	
Placed into reserve	-	-		(4)	(1)	
Ending balance	27	31	(13)	27	31	(13)
Drilling operating days[1]	1,066	1,153	(8)	4,231	4,996	(15)
Drilling rig utilization (%)	42.9	40.4	6	42.9	31.5	36

[1] Defined as contract drilling days, between spud to rig release.

The Company's international revenues for the year ended December 31, 2025, decreased 17 percent to $289.7 million from $347.8 million recorded in the year ended December 31, 2024. International revenue totaled $72.4 million in the fourth quarter of 2025, a 16 percent decrease from $86.1 million recorded in the corresponding period of the prior year. The Company's international operations accounted for 18 percent of the Company's total revenue in 2025 (2024 - 21 percent). The Company's international operations contributed 17 percent of the Company's fourth quarter revenue in 2025 (2024 - 20 percent).

International drilling operating days totaled 4,231 in 2025 compared with 4,996 drilling operating days for the prior year, a 15 percent decrease. International operating days for the three months ended December 31, 2025, decreased eight percent to 1,066 compared to 1,153 operating days in the fourth quarter of 2024.

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

During 2025, the Company transferred four under-utilized drilling rig into its international operations reserve fleet, reactivated a decommissioned drilling rig and sold two workover rigs, of which one was in the reserve fleet.

DEPRECIATION

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
Depreciation	93,337	94,031	(1)	345,353	355,824	(3)

Depreciation expense for the year decreased by three percent to $345.4 million compared with $355.8 million for the year ended 2024. Depreciation expense totaled $93.3 million for the fourth quarter of 2025 compared with $94.0 million for the fourth quarter of 2024, a decrease of one percent. 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 two percent translation effect on converting depreciation on USD denominated assets.

GENERAL AND ADMINISTRATIVE

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
General and administrative	14,458	13,086	10	55,495	57,447	(3)
% of revenue	3.5	3.1		3.4	3.4	

For the year ended December 31, 2025, general and administrative expense totaled $55.5 million (3.4 percent of revenue) compared with $57.4 million (3.4 percent of revenue) for the year ended December 31, 2024, a decrease of three percent. General and administrative expense increased 10 percent to $14.5 million (3.5 percent of revenue) for the fourth quarter of 2025. General and administrative expenses decreased due to non-recurring expenses incurred in the prior year. Offsetting the decrease is the annual wage increases and the negative two percent translation effect of converting USD denominated expenses.

FOREIGN EXCHANGE AND OTHER

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
Foreign exchange and other	(4,901)	22,760	nm	(11,385)	19,451	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 year ended December 31, 2025, the Company received $2.6 million in premiums from foreign exchange financial instruments offset by settlement costs of $6.9 million.

INTEREST EXPENSE

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
Interest expense	17,364	21,740	(20)	74,800	97,530	(23)

Interest expenses were incurred on the Company's Credit and previously held Term Facilities, capital lease and other obligations.

Interest expense decreased by 23 percent for the year ended December 31, 2025, compared with the same period in 2024. The decrease in expense compared to 2024 is the result of lower debt levels and reduced effective interest rates. Offsetting the decrease was the negative exchange translation on USD denominated debt. The Company remains committed to disciplined capital allocation and debt repayment. For the three months ended December 31, 2025, interest expense decreased 20 percent to $17.4 million compared with the fourth quarter of 2024 due to lower interest rates and overall debt.

INCOME TAX EXPENSE (RECOVERY)

	Three months ended December 31			Twelve months ended December 31		
($ thousands)	2025	2024	% change	2025	2024	% change
Current income tax	161	890	(82)	2,672	3,027	(12)
Deferred income tax (recovery) expense	11,776	(6,375)	nm	1,368	(8,346)	nm
Total income tax (recovery) expense	11,937	(5,485)	nm	4,040	(5,319)	nm
Effective income tax rate (%)	nm	21.5		(11.8)	20.8	

nm - calculation not meaningful

The effective income tax rate for the year ended December 31, 2025, was negative 11.8 percent compared with positive 20.8 percent for the year ended December 31, 2024 due to the loss for the year.

Following the resolution of a Canadian tax audit related to the 2019 acquisition of Trinidad Drilling Ltd., resulting in a reduction of tax loss carryforwards, impacted the deferred tax expense and the effective tax rate for the year.

In addition, the effective rate continues to be impacted by US state taxes, withholding taxes, valuation allowances, and operating earnings in foreign jurisdictions.

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

($ thousands, except per share amounts)	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% change	2025	2024	% change
Cash provided by operating activities	67,732	148,312	(54)	329,977	471,793	(30)
Funds flow from operations	112,824	112,574	-	370,103	436,176	(15)
Funds flow from operations per common share	$ 0.61	$ 0.61	-	$ 2.01	$ 2.37	(15)
Working capital	89,618	(100,906)	nm	89,618	(100,906)	nm

nm - calculation not meaningful

For the year ended December 31, 2025, the Company generated funds flow from operations of $370.1 million ($2.01 per common share) a decrease of 15 percent from $436.2 million ($2.37 per common share) for the year ended December 31, 2024. The Company generated funds flow from operations of $112.8 million ($0.61 per common share) in the three months ended December 31, 2025, compared with $112.6 million ($0.61 per common share) for the three months ended December 31, 2024. The decrease in funds flow from operations in 2025 compared with 2024 is largely due to decreases in operating activity and cost escalation year over year. Offsetting the decrease is the positive two percent translation effect on converting USD denominated earnings.

As of December 31, 2025, the Company's working capital was a surplus of $89.6 million, compared with a working capital deficit of $100.9 million as of December 31, 2024. The improvement in working capital is the result of the classification of the current portion of long-term debt, following the recent amendment and restatement of the existing credit agreement. The Company's Credit Facility provides for total borrowings of $950.0 million (2024: $775.0 million) of which $35.6 million was undrawn and available at December 31, 2025 (2024: $3.8 million).

INVESTING ACTIVITIES

	Three months ended December 31			Twelve months ended Decemb		
($ thousands)	2025	2024	% change	2025	2024	% cha
Purchase of property and equipment	(40,674)	(38,094)	7	(194,364)	(178,667)	9
Proceeds from disposals of property and equipment	5,415	15,805	(66)	10,643	31,036	(66)
Distribution to non-controlling interest	-	-	nm	(750)	(500)	50
Net change in non-cash working capital	(6,754)	(11,282)	(40)	21,597	17,343	25
Cash used in investing activities	(42,013)	(33,571)	25	(162,874)	(130,788)	25

nm - calculation not meaningful

Net purchases of property and equipment during the fiscal year ending 2025 totaled $183.7 million (2024 - $147.6 million) and net purchases of property and equipment totaled $35.3 million for the fourth quarter (2024 - $22.3 million). The purchase of property and equipment relates primarily to $146.3 million in maintenance capital and $48.1 million in upgrade capital (2024 - $160.0 million and $18.7 million, respectively).

FINANCING ACTIVITIES

	Three months ended December 31			Twelve months ended D	
($ thousands)	2025	2024	% change	2025	2024
Proceeds from long-term debt	31,494	29,773	6	287,736	95,902
Repayments of long-term debt	(27,990)	(139,428)	(80)	(367,998)	(340,578)
Proceeds from the issuance of the Convertible Debentures	-	25,000	nm	0	25,000
Lease obligation principal repayments	(4,173)	(3,811)	9	(17,963)	(14,062)
Interest paid	(25,108)	(23,049)	9	(78,000)	(99,036)
Purchase of common shares held in trust	(677)	(597)	13	(2,366)	(2,173)
Issuance of common shares under the share option plan	241	53	nm	295	279
Cash used in financing activities	(26,213)	(112,059)	(77)	(178,296)	(334,668)

nm - calculation not meaningful

As at December 31, 2025, the amount of available borrowings under the Credit Facility was $35.6 million.

On September 29, 2025, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility. The amendments include an extension to the maturity date of the now $950.0 million Credit Facility to September 29, 2028.

Furthermore, on September 29, 2025, the Company repaid the remaining balance of its previously held Term Credit Facility, which had an outstanding balance of $203.0 million at the time of repayment.

The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

The Company's amended and restated credit agreement includes a US $50.0 million secured Letter of Credit Facility. Furthermore, the Company has an additional US $25.0 million unsecured Letter of Credit Facility. As at December 31, 2025, the amount available was US $23.3 million on the Letter of Credit Facilities.

On December 31, 2024, the Company issued a non-brokered private placement of an 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 the 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 Facility 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 covenant calculations as at December 31, 2025:

	Covenant	December 31, 2025
The Credit Facility		
Consolidated Net Debt to Consolidated EBITDA[1]	≤ 3.50	2.41
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 3.00	5.48
Consolidated Net Senior Debt to Consolidated EBITDA[1,3]	≤ 2.50	2.30

[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 December 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 in 2026 remains constructive despite a complex macroeconomic and geopolitical backdrop. Global oil demand is expected to remain stable; however, ample supply conditions are likely to continue to limit upward pressure on crude oil prices. OPEC+ has signaled a gradual easing of production restraint, contributing to ongoing price volatility. West Texas Intermediate ("WTI") crude oil prices remained range‑bound in the low‑to‑mid $60/bbl range entering 2026. Trade policy uncertainty, global economic growth concerns, and OPEC+ production decisions continue to create uncertainty in oil and natural gas markets.

Producers continue to demonstrate capital discipline, resulting in relatively steady drilling and completion activity in the Company's United States operating regions. Canadian activity remains more resilient, supported by improved market access following the completion of the Trans Mountain Pipeline expansion in 2024. In addition, the start‑up of LNG Canada in mid‑2025 is expected to support longer‑term natural gas production growth and infrastructure‑led investment in Western Canada.

In this environment, the Company remains focused on disciplined capital allocation, free cash flow generation, and balance sheet strength. The Company continues to target a cumulative debt reduction of approximately $600.0 million, which, based on current conditions, is expected to be substantially achieved in the first half of 2026. The timing and magnitude of further debt reduction will remain subject to commodity prices, customer activity levels and capital allocation priorities.

The Company has budgeted maintenance capital expenditures for 2026 of approximately $161.4 million and $32.8 million of selective upgrade capital, of which $24.0 million is customer funded. The upgrade capital is related to two rig upgrades in Canada, one in Australia, six in the United States and the completion of one rig upgrade/reactivation in Oman that is on a five year contract. The Company continues to consider rig relocation or upgrade projects in response to customer demand and under appropriate contract terms, which may impact capital expenditures.

Subsequent to December 31, 2025, geopolitical conditions in the Middle East escalated, including military activity and regional instability. The extent and duration of these conditions cannot be reasonably predicted at this time. The Company continues to monitor the changes to the current geopolitical developments and has assessed the potential impacts on the Company's operations, cash flows, and asset recoverability and has not identified any matters requiring an adjustment. The situation remains highly uncertain, and the Company is unable to reasonably estimate the financial effect, if any, on future periods.

Canadian Activity

Canadian activity represented 31 percent of total revenue for the year ended 2025. Canadian activity is expected to remain steady through 2026 due to positive market conditions. 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 March 5, 2026, of our 76 marketed Canadian drilling rigs, approximately 52 percent were engaged under term contracts of various durations. Approximately 59 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 represented 51 percent of total revenue for the year ended 2025. Operating activity improved going into the fourth quarter and is expected to remain stable throughout the year with similar operating activity as 2025.

As of March 5, 2026, of our 70 marketed United States drilling rigs, approximately 52 percent were engaged under term contracts of various durations. Approximately 19 percent of our contracted rigs have a remaining term of six months or longer.

International Activity

International activity represented 18 percent of total revenue for the year ended 2025. Activity improved in the fourth quarter with growth in operating days in Latin America but was offset with less activity in the Middle East. International operations overall are expected to remain steady in 2026.

Activity in Oman increased in the fourth quarter with the addition of the fourth rig commencing operations at the end of December 2025. A fifth rig is expected to start operations in the first half of 2026. Operations in Bahrain are expected to remain steady with one rig operating with the potential for a second rig to commence operations in the second half of 2026. Kuwait is expected to remain steady in the first half of 2026, with activity declining as the two rigs will be coming off contract. The Company is currently working on tenders to recontract the two rigs.

Operations in Australia were steady in the fourth quarter and activity is expected to steadily improve into 2026 with additional rigs expected to be reactivated throughout the year.

Operations in Argentina remained steady with two rigs operating in the fourth quarter of 2025 and is expected to remain flat throughout 2026. In Venezuela there were two rigs operating in the fourth quarter of 2025. Activity levels in Venezuela remain subject to heightened political, regulatory and sanctions‑related risks, which may impact the timing and collectability of revenues.

As of March 5, 2026, of our 25 marketed international drilling rigs, approximately 70 percent were engaged under term contracts of various durations. Approximately 74 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 hereinbelow and 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, 2025, which will be 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. Additional information is contained in the Advisory Regarding Forward-Looking Statements herein below.

CONFERENCE CALL

A conference call will be held to discuss the Company's fourth quarter 2025 results at 10:00 a.m. MST (12:00 p.m. EST) on Friday, March 6, 2026. The conference call number is 1-888-510-2154 and the conference call ID is: 31074. A recording will be available until March 13, 2026, by dialing 1-888-660-6345 and entering the reservation number 31074#. A live broadcast 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 under the trading symbol ESI.

Ensign Energy Services Inc.
Consolidated Statements of Financial Position

As at	December 31 2025	December 31 2024
(Unaudited - in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	$ 16,189	$ 28,113
Accounts receivable	294,466	310,453
Inventories, prepaid, investments and other	44,194	50,473
Total current assets	354,849	389,039
Property and equipment	2,094,244	2,305,985
Deferred income taxes	193,934	215,466
Total assets	$ 2,643,027	$ 2,910,490
Liabilities		
Current Liabilities		
Accounts payable and accruals	$ 246,116	$ 280,627
Share-based compensation	5,711	8,730
Income taxes payable	452	5,811
Current portion of lease obligations	12,952	12,848
Current portion of long-term debt	-	181,929
Total current liabilities		

265,231

489,945

Lease obligations	19,281	11,469
Long-term debt	934,802	869,682
Share-based compensation	5,572	7,952
Income taxes payable	5,464	5,738
Deferred income taxes	128,939	156,165
Total liabilities	1,359,289	1,540,951
Shareholders' Equity		
Shareholder's capital	268,175	267,987
Contributed surplus	23,302	23,354
Accumulated other comprehensive income	289,010	336,187
Retained earnings	703,251	742,011
Total shareholders' equity	1,283,738	1,369,539
Total liabilities and shareholders' equity	$ 2,643,027	$ 2,910,490

Ensign Energy Services Inc.
Consolidated Statements of Income

	Three months ended		Twelve mo
	December 31 2025	December 31 2024	December 2025
(Unaudited - in thousands of Canadian dollars, except per share data)			
Revenue	$ 418,808	$ 426,515	$ 1,638,89
Expenses			
Oilfield services	296,887	300,038	1,193,600
Depreciation	93,337	94,031	345,353
General and administrative	14,458	13,086	55,495
Share-based compensation	82	4,214	3,134
Foreign exchange and other	(4,901)	22,760	(11,385)
Total expenses	399,863	434,129	1,586,197
Income (loss) before interest expense, accretion of deferred financing charges, other loss (gain) and income taxes	18,945	(7,614)	52,694
Loss (gain) loss on asset sale	1,782	(4,292)	10,445
Interest expense	17,364	21,740	74,800
Accretion of deferred financing charges	432	417	1,683
Loss before income tax	(633)	(25,479)	(34,234)
Income tax expense (recovery)			
Current income tax	161	890	2,672
Deferred income tax expense (recovery)	11,776	(6,375)	1,368
Total income tax expense (recovery)	11,937	(5,485)	4,040
Net loss	(12,570)	(19,994)	(38,274)
Net (loss) income attributable to:			
Common shareholders	(12,785)	(20,216)	(38,760)
Non-controlling interests	215	222	486
	$ (12,570)	$ (19,994)	$ (38,274)
Net income attributable to common shareholders per common share			
Basic	$ (0.07)	$ (0.11)	$ (0.21)
Diluted			

$ (0.07)

$ (0.11)

$ (0.21)

Ensign Energy Services Inc.
Consolidated Statements of Cash Flows

	Three months ended		Twelve months ended	
(Unaudited - in thousands of Canadian dollars)	December 31 2025	December 31 2024	December 31 2025	December 31 2024
Cash provided by (used in)				
Operating activities				
Net loss	$ (12,570)	$ (19,994)	$ (38,274)	$ (20,268)
Items not affecting cash				
Depreciation	93,337	94,031	345,353	355,824
Share-based compensation, net of cash settlements	(148)	2,764	(3,199)	1,325
Loss gain in asset sale	1,782	(4,292)	10,445	(10,523)
Unrealized foreign exchange and other	851	24,283	(22,073)	18,966
Accretion on deferred financing charges	432	417	1,683	1,668
Interest expense	17,364	21,740	74,800	97,530
Deferred income tax recovery	11,776	(6,375)	1,368	(8,346)
Funds flow from operations	112,824	112,574	370,103	436,176
Net change in non-cash working capital	(45,092)	35,738	(40,126)	35,617
Cash provided by operating activities	67,732	148,312	329,977	471,793
Investing activities				
Purchase of property and equipment	(40,674)	(38,094)	(194,364)	(178,667)
Proceeds from disposals of property and equipment	5,415	15,805	10,643	31,036
Distribution to non-controlling interest	-	-	(750)	(500)
Net change in non-cash working capital	(6,754)	(11,282)	21,597	17,343
Cash used in investing activities	(42,013)	(33,571)	(162,874)	(130,788)
Financing activities				
Proceeds from long-term debt	31,494	29,773	287,736	95,902
Repayments of long-term debt	(27,990)	(139,428)	(367,998)	(340,578)
Proceeds from the issuance of the Convertible Debentures	-	25,000	-	25,000
Lease obligation principal repayments	(4,173)	(3,811)	(17,963)	(14,062)
Interest paid	(25,108)	(23,049)	(78,000)	(99,036)
Purchase of common shares held in trust	(677)	(597)	(2,366)	(2,173)
Issuance of common shares under the share option plan				

241

53

295

279

Cash used in financing activities	(26,213)	(112,059)	(178,296)	(334,668)
Net (decrease) increase in cash	(494)	2,682	(11,193)	6,337
Effects of foreign exchange on cash	(50)	914	(731)	1,275
Cash - beginning of period	16,733	24,517	28,113	20,501
Cash - end of period	$ 16,189	$ 28,113	$ 16,189	$ 28,113

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 and Adjusted EBITDA per common share are 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 impaired 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 items to relate to its core drilling and well servicing business. Adjusted EBITDA is not intended to represent net income (loss) as calculated in accordance with IFRS.

Adjusted EBITDA

	Three months ended December 31		Twelve months ended December 31	
($ thousands)	2025	2024	2025	2024
Loss before income taxes	(633)	(25,479)	(34,234)	(25,587)
Add-back/(deduct)				
Interest expense	17,364	21,740	74,800	97,530
Accretion of deferred financing charges	432	417	1,683	1,668
Depreciation	93,337	94,031	345,353	355,824
Share-based compensation	82	4,214	3,134	11,755
Loss (gain) loss on asset sale	1,782	(4,292)	10,445	(10,523)
Foreign exchange and other	(4,901)	22,760	(11,385)	19,451
Adjusted EBITDA	107,463	113,391	389,796	450,118

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.

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. All statements other than statements of historic fact may be forward-looking statements.

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 2026 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 United States administration, including the impact of recent United States Government pronouncements regarding imposition of global tariffs and potential curtailment of our customer's license to operate in Venezuela, which have recently reactivated 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.

For additional information refer to the "Risks and Uncertainties" section herein and the "Risk Factors" section of the Company's Annual Information Form available on SEDAR+ at www.sedarplus.ca. Readers are cautioned that the lists of important factors and risks contained herein are not exhaustive. Unpredictable or unknown factors not discussed herein could also have material adverse effects on forward-looking statements.

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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