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High Arctic Announces 2025 Second Quarter Results

CALGARY, Alberta – August 11, 2025, High Arctic Energy Services Inc. (TSX: HWO) (the "Corporation" or "High Arctic") released its second quarter 2025 financial and operating results. The unaudited condensed interim consolidated financial statements, and the management discussion & analysis ("MD&A"), for the three and six months ended June 30, 2025 will be available on SEDAR+ at www.sedarplus.ca, and on High Arctic's website at www.haes.ca. All amounts are denominated in thousands of Canadian dollars ("CAD"), unless otherwise indicated.

Mike Maguire, Interim Chief Executive Officer commented:

> *"High Arctic has maintained its solid start to 2025 with a second quarter performance consistent with the first quarter. We have now operated for twelve months following the spin-out of the PNG Business and demonstrated that the Corporation has the resilience and a solid base business that positions it well to benefit from anticipated increases in upstream energy service activity levels in the western Canadian oil and gas industry."*

In the following, the three months ended June 30, 2025 may be referred to as the "quarter" or "Q2 2025" and the comparative three months ended June 30, 2024 may be referred to as "Q2 2024". References to other quarters may be presented as "QX 20XX" with X/XX being the quarter/year to which the commentary relates. Additionally, the six months ended June 30, 2025 maybe referred to as "YTD" or "YTD-2025". References to other six-month periods ended June 30 may be presented as "YTD-20XX" with XX being the year to which the six-month period ended June 30 commentary relates.

2025 Q2 Highlights

- Revenue from continuing operations of $2,391, a decrease of 6% compared to Q2 2024.
- Achieved an increase in oilfield services operating margin percentage for Q2 2025 of 49.1% compared to 45.5% in Q2 2024.
- Realized adjusted EBITDA from continuing operations of $482 in the quarter, 20% of revenue.
- Maintained operational excellence and safety, as evidenced by the continuation of recordable incident-free work.
- Achieved expected reductions in general and administrative expenses, a reduction of 52% compared to Q2 2024.
- High Arctic's 42% equity share of Team Snubbing's net loss for Q2 2025 was $348, lower than the $889 incurred in Q2 2024. The change was primarily attributable to improved profitability in the Alaskan operations, partially offset by reduced results in the Canadian operations.
- Exited Q2 2025 with positive working capital of $3,380, inclusive of cash of $2,428.

2025 YTD Highlights

- Revenue from continuing operations of $4,726, a decrease of 14% compared to YTD-2024.
- Achieved an increase in oilfield services operating margin percentage for YTD-2025 of 51.1% compared to 47.7% for YTD-2024.
- Realized Adjusted EBITDA from continuing operations of $986 for YTD-2025, 21% of revenue.
- Maintained operational excellence and safety, as evidenced by the continuation of recordable incident-free work.
- Achieved expected reductions in general and administrative expenses, a reduction of 56% compared to the YTD-2024 period.
- High Arctic's share of Team Snubbing's net loss for YTD-2025 was $336 comparable to a loss of $399 for YTD-2024. The modest change was primarily a result of improved operating activity in Alaska, offset by lower demand in the Canadian operations driven by the deferral of activity by a key customer.

2025 Strategic Objectives

The Corporation's 2025 strategic objectives include:

- Relentless focus on safety excellence and quality service delivery;
- Grow the core businesses through selective and opportunistic investments;
- Actively manage direct operating costs and general and administrative costs;
- Steward capital to preserve balance sheet strength and financial flexibility; and
- Execute on accretive acquisitions in Canada to drive shareholder value.

Results Overview

The following is a summary of select financial information of the Corporation:

	Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian Dollars, except per share amounts)	2025	2024	2025	2024
Operating results from continuing operations:				
Revenue – continuing operations	2,391	2,533	4,726	5,521
Net loss - continuing operations	(295)	(1,709)	(415)	(1,527)
Per share (basic & diluted) (1)	*(0.02)*	*(0.14)*	*(0.03)*	*(0.12)*
Oilfield services operating margin - continuing operations (2)	1,126	1,110	2,313	2,541
Oilfield services operating margin as a % of revenue (2)	*49.1%*	*45.5%*	*51.1%*	*47.7%*
EBITDA - continuing operations (2)	333	(1,465)	792	(1,233)
Per share (basic & diluted) (1) (4)	0.03	(0.12)	*0.06*	*(0.10)*
Adjusted EBITDA - continuing operations (2)	482	187	986	280
Per share (basic & diluted) (1) (4)	0.04	0.02	*0.08*	*0.02*
Operating loss - continuing operations (2)	(254)	(1,363)	(382)	(2,433)
Per share (basic & diluted) (1) (4)	(0.02)	(0.11)	*(0.03)*	*(0.20)*
Cash flow from continuing operations:				
Cash flow from (used in) operating activities – continuing operations	(477)	(761)	407	(490)
Per share (basic & diluted) (1) (4)	*(0.04)*	*(0.06)*	*0.03*	*(0.04)*
Funds flow from (used in) operating activities – continuing operations (2)	310	(293)	805	(96)
Per share (basic & diluted) (1) (4)	*0.02*	*(0.02)*	*0.06*	*(0.01)*
Capital expenditures - continuing operations	411	507	793	815

		As at
(thousands of Canadian Dollars, except per share amounts and common shares outstanding)	Jun 30, 2025	Dec 31, 2024
Financial position:		
Working capital (2)	3,380	2,692
Cash and cash equivalents	2,428	3,123
Total assets	28,755	30,867
Long-term debt (non-current)	3,090	3,178
Shareholders' equity	21,068	21,105
Per share (5)	*1.66*	*1.70*
Common shares outstanding (3)(5)	12,696,959	12,448,166

(1) The weighted average number of common shares used in calculating both basic and diluted net income (loss) per share, EBITDA (Earnings before interest, tax, depreciation and amortization) per share, Adjusted EBITDA per share, operating income (loss) per share, cash flow from operating activities per share, and funds flow from operating activities per share is detailed in Note 13(b) of the Financial Statements.

(2) Readers are cautioned that oilfield services operating margin, oilfield services operating margin as percentage of revenue, EBITDA (earnings before interest, tax, depreciation, and amortization), Adjusted EBITDA, operating income (loss), funds flow from operating activities and working capital do not have standardized meanings prescribed by IFRS. See "Non-IFRS Measures" for additional details on the calculations of these measures.

(3) Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding and all per-share amounts have been retroactively adjusted to effect the common share consolidation for all prior period comparatives.

(4) The number of weighted average common shares used in per share basic calculations for the three months ended June 30, 2025, was 12,696,959 (13,217,959 diluted per share) and for the three months ended June 30, 2024, was 12,286,101 (12,593,400 diluted per share). The number of weighted average common shares used in the per share basic calculation for the six month ended June 30, 2025 was 12,608,988 (13,183,988 diluted per share) and for the six months ended June 30, 2024 was 12,283,338 (12,608,906 diluted per share).

(5) Shareholders' equity per share calculated based on common shares outstanding as at the relevant date.

2025 Q2 Summary

- Revenue from continuing operations for Q2 2025 was $2,391 compared to $2,533 in Q2 2024.
    - Revenue was negatively impacted by softening demand driven primarily by deferral of some completions activity as customers have taken a cautious approach to the timing of the deployment of their 2025 capital budgets given recent commodity price volatility and general economic uncertainty.
    - High Arctic obtained some larger high-pressure stimulation work from a new customer in Q2 2025 that served to partially offset some of these market headwinds.
- Oilfield services operating margin from continuing operations was $1,126 in the current year quarter consistent with the $1,110 realized in the prior year quarter.
    - Operating margin percentage improved to 49.1% for Q2 2025 compared to 45.5% for Q2 2024, benefiting from a reduction in lower margin third-party rentals in the current year quarter.
- Adjusted EBITDA from continuing operations was $482 in the current year quarter compared to $187 in the prior year quarter. EBITDA from continuing operations benefitted the significant reduction in general and administrative expenses.
- Operating loss from continuing operations of $254 for Q2 2025 compared to $1,363 in Q2 2024. The decrease in operating loss is attributable to significantly reduced general and administrative expense. Prior year quarter general and administrative expenses were impacted by elevated corporate and professional fees related to the Arrangement.
- Net loss from continuing operations was $295 in Q2 2025 compared to net loss from continuing operations of $1,709 in Q2 2024. Net loss from continuing operations was impacted by the same items impacting operating loss, as above, combined with a reduced loss from equity-accounted investments, a reduction to contingent consideration partially offset with reduced interest income.

2025 Second Quarter YTD Summary

- Revenue from continuing operations for YTD-2025 was $4,726 compared to $5,521 in YTD-2024.
    - Revenue was negatively impacted by softening demand driven primarily by deferral of some completions activity as customers have taken a cautious approach to the timing of the deployment of their 2025 capital budgets given volatility in oil and natural gas prices and global economic uncertainty, including impacts from ongoing geopolitical events.
- Year to date oilfield services operating margin from continuing operations was $2,313 in 2025 compared to $2,541 for YTD-2024.
    - Operating margin percentage improved to 51.1% for YTD-2025 compared to 47.7% for YTD-2024, benefiting from a reduction in lower margin third-party rentals in the current year quarter.
- Year to date Adjusted EBITDA from continuing operations was $986 compared to $280 in the prior year period. Adjusted EBITDA from continuing operations benefitted from the significant reduction in general and administrative expenses.
- Operating loss from continuing operations for YTD-2025 was $382 compared to $2,433 in YTD-2024. The decrease in operating loss is attributable to significantly reduced general and administrative expenses. YTD-2024 general and administrative expenses were impacted by elevated corporate and professional fees related to the Arrangement and integration costs related to the acquisition of Delta.
- Net loss from continuing operations for YTD-2025 was $415 compared to $1,527 in YTD-2024. Net loss from continuing operations was impacted by the same items impacting operating loss, as above, combined with reduced interest income.

Outlook

The first half of 2025 has been an important period for High Arctic to address priorities following the 2024 reorganization and spinout. General and administrative expenses have been reduced as planned. The rentals business has provided a foothold in the WCSB from which to reset strategy, beginning with tactical equipment additions. High Arctic's 42% equity investment in Team Snubbing is significant with reported assets totalling $9.2 million as at June 30, 2025. Team Snubbing generated revenue in the first half of 2025 of $14.0 million, a 15% increase over the prior year comparative period. Although High Arctic's revenues, Adjusted EBITDA and liquidity are not directly impacted by the results of Team Snubbing because of its minority equity ownership, the management of the liquidity/capitalization of Team Snubbing, including its debt leverage levels continues to be a challenge and top priority for High Arctic. All of these areas remain as a primary focus for the balance of 2025.

High Arctic's business is driven by the underlying economics associated with its customers' cash flows. These cash flows are driven by their oil and natural gas commodity price hedging and expectations. As customers embark on drilling new oil and natural gas wells, High Arctic's business outlook is reliant on decisions on the subsequent activity to complete these wells for production. Therefore, the financial and operational performance of High Arctic's rental assets and investment in the snubbing industry are highly dependent on fundamentals associated with both drilling and hydraulic fracturing completion trends in the WCSB.

As the industry exited the seasonal second quarter spring breakup period in Canada, activity and well licensing has softened when compared to 2024 levels. Customer capital allocation decisions to complete wells continue to show signs of deferral. These deferrals have been influenced by factors that include industry consolidation with successor entities revisiting previously planned projects, OPEC moves to increase oil supply, global trade tariffs, and geopolitical risks that have collectively served to increase investment uncertainty.

While global economic uncertainty persists, Canada has opportunity for future and is benefiting from recent energy infrastructure developments. The completion of the Trans Mountain pipeline system expansion in 2024, and recent commencement of west coast LNG exports are positive developments supporting improved long-term fundamentals for High Arctic's business and the upstream energy services.

In summary, the Corporation expects to continue to execute on the initial phases of its strategic objectives, with progress to date being evidenced by strong safety performance, balance sheet preservation, general and administrative expense reductions, selective capital expenditure investments, and oversight of its equity investments.

Non-IFRS Measures

This Press Release contains references to certain financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to the same or similar measures used by other companies. High Arctic uses these financial measures to assess performance and believes these measures provide useful supplemental information to shareholders and investors. These financial measures are computed on a consistent basis for each reporting period and include EBITDA (Earnings before interest, tax, depreciation and amortization), Adjusted EBITDA, oilfield services operating margin, operating income (loss), Funds flow from operating activities and working capital. These do not have standardized meanings.

These financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash from operating activities, current assets or current liabilities, cash and/or other measures of financial performance as determined in accordance with IFRS.

For additional information regarding non-IFRS measures, including their use to management and investors and reconciliations to measures recognized by IFRS, please refer to the Corporation's MD&A, which is available online at www.sedar.com and through High Arctic's website at www.haes.ca.

Forward-Looking Statements

This Press Release contains forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Corporation’s actual results, performance, or achievements to vary from those described in this Press Release.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Press Release as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this Press Release include, among others, statements pertaining to the following: general economic and business conditions, which will include, among other things, the outlook for the energy industry inclusive of commodity prices, producer activity levels (inclusive of drilling and completions activity) and general energy supply and demand fundamentals that may impact the energy industry as a whole and more specifically as it relates to the Corporation’s customers in western Canada and Alaska, United States; expectations related to current and future LNG export projects; the impact (if any) of geo-political events, changes in government, changes to tariffs or related trade policies and the potential impact on the Corporation’s ability to execute its 2025 strategic objectives; fluctuations in commodity prices; and the performance of the Corporation’s investment in Team Snubbing.

With respect to forward-looking statements contained in this Press Release, the Corporation has made assumptions regarding, among other things, its ability to: maintain its ongoing relationship with major customers; successfully market its services to current and new customers; devise methods for, and achieve its primary objectives; source and obtain equipment from suppliers; successfully manage, operate, and thrive in an environment which is facing uncertainty; remain competitive in all its operations; attract and retain skilled employees; obtain equity and debt financing on satisfactory terms and manage its liquidity risk; raise capital and manage its debt finance agreements; manage general and administrative costs; maintain a strong balance sheet and related financial flexibility; scale the Canadian business; and seek and execute accretive acquisitions in a timely manner and achieve operational and financial benefits therefrom.

Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: economic and financial conditions, including volatility in commodity prices; volatility in interest and exchange rates and capital markets; the level of demand and financial performance of the energy industry; changes in customer demand; and developments and changes in laws and regulations, including in the energy industry.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set out in the most recent AIF filed on SEDAR+ at www.sedarplus.ca.

The forward-looking statements contained in this Press Release are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this Press Release. The Corporation does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

About High Arctic Energy Services

High Arctic is an energy services provider. High Arctic provides pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells and other oilfield equipment on a rental basis to exploration and production companies, from its bases in Whitecourt and Red Deer, Alberta.

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