Epsilon Announces Full Year 2025 Results

HOUSTON, March 24, 2026 (GLOBE NEWSWIRE) -- Epsilon Energy Ltd. ("**Epsilon**" or the "**Company**") (NASDAQ: EPSN) today reported financial results for the fourth quarter and full-year ended December 31, 2025.

Full Year and Q4 2025 Highlights:

Epsilon - Full-Year 2025 & Q4 2025		2025	2024	Q4 2025	Q3 2025	YoY%	QoQ%
NRI Production							
Gas	MMcf	10,001	6,142	2,373	2,136	*63%*	*11%*
Oil	MBbl	223	187	94	39	*20%*	*138%*
NGL	MBbl	81	69	43	14	*17%*	*211%*
Total	MMcfe	11,825	7,676	3,196	2,456	*54%*	*30%*
Daily	MMcfe/d	32.4	21.0	34.7	26.7		
Revenues	$M						
Gas		29,121	10,786	6,839	4,758	*170%*	*44%*
Oil		13,804	13,731	5,299	2,511	*1%*	*111%*
NGL		1,979	1,482	1,180	267	*34%*	*342%*
Midstream[1]		6,684	5,524	1,501	1,445	*21%*	*4%*
Total		51,588	31,523	14,818	8,981	*64%*	*65%*
Realized Prices[2]							
Gas	$/Mcf	2.91	1.76	2.88	2.23	*66%*	*29%*
Oil	$/Bbl	61.90	73.61	56.44	63.73	*-16%*	*-11%*
NGL	$/Bbl	24.43	21.41	27.17	19.12	*14%*	*42%*
Adj. EBITDA[3]	$M	30,744	17,578	7,553	5,240	*75%*	*44%*
Cash + STI[4]	$M	9,513	6,990	9,513	13,236	*36%*	*-28%*
Capex[5]	$M	15,259	18,926	1,641	2,885	*-19%*	*-43%*
Dividend	$M	5,998	5,487	1,868	1,379	*9%*	*36%*
Adj Net Income[6]	$M	21,294	3,639	11,103	1,947		
p/share[7]	$	0.92	0.17	0.43	0.09		

1) Net of elimination entry for fees paid by Epsilon
2) Excludes impact of hedge realizations
3) Excludes transaction costs
4) Includes restricted cash balance
5) Excludes acquisitions
6) Excludes one-time / non-recurring expenses for transaction costs, impairments, and loss on asset sale
7) Calculated on weighted average shares outstanding for the period

Note: The acquisition of the Peak companies was closed on November 14, 2025 and the Powder River Basin (Wyoming) results are reflected from the closing date to year-end.

Jason Stabell, Epsilon's Chief Executive Officer, commented, "Over the past three years, we have repositioned Epsilon into a differentiated, multi-basin platform that is unique among small-cap energy companies. Building on our legacy position in the Marcellus-where we are partnered with a premier operator in one of the lowest-cost natural gas basins in the world-we have added exposure and meaningful organic growth potential in one of the most attractive emerging plays in the Permian. Recent announcements from leading public Permian operators, including Occidental and Diamondback, further underscore the industry's growing enthusiasm for the Barnett oil play.

In January, a leading private-equity-backed operator assumed operations of our 16,600-gross-acre Ector County

Barnett project, a transition we expect will accelerate development cadence and improve capital efficiency. In 2026, we expect to participate in up to 4 gross wells (1 net). The first well was drilled and cased this month as a 3-mile completion (the first 3-mile well in the project), which is expected to begin production by June. Based on preliminary discussions with the operator, we see an additional 8-10 gross wells (2-2.5 net) drilled and completed in 2027. Going forward, we anticipate all Barnett wells in the project will be 3-mile laterals.

In late 2025, we closed the transformative acquisition of the Peak companies, with assets in the Powder River Basin ("PRB"), adding a new focus area with approximately 40,000 net acres in the core of the basin, along with an experienced operating team. Across the PRB, we now control over 100 highly economic net locations, with near-term development focused on 21 gross (15 net) Parkman locations that generate rates of return in excess of 60% at $65 oil. Our current 2026 plans include completing 2 gross Niobrara DUCs (0.7 net) in the second quarter, followed in the third and fourth quarters by the drilling and completion of up to 3 gross (2.8 net) Parkman wells, with production expected in the fourth quarter.

Looking ahead, we intend to build on the momentum created in 2025 when we grew adjusted EBITDA 75% and production 53% year over year. Our portfolio provides shareholders with a large and diversified portfolio of high-quality oil and natural gas inventory; non-operated partnerships with leading operators in the Permian and Marcellus; a minority interest in a free cash flow generating PA midstream asset; and a highly economic, operated, largely held by production (~75%) acreage position in the PRB.

We believe Epsilon now represents one of the most compelling organic growth opportunities in the North American onshore upstream sector. We remain committed to our fixed dividend and expect to deliver meaningful per-share growth in earnings, cash flow, and production over the coming years, while targeting an average annual leverage ratio below 1.5X."

$M	**Q125**	**Q225**	**Q325**	**Q425**	**2025**
GAAP Net Income (Loss)	4,016	1,551	1,072	-11,486	-4,847
One-time adjustments					
Transaction Costs			875	2,073	2,948
Impairment - NM				700	700
Impairment - Canada	7	2,670		559	3,236
Loss - Oklahoma Sale				19,257	19,257
Adj. Net Income	4,023	4,221	1,947	11,103	21,294
WA Shares O/S	22,110	22,202	22,160	25,966	23,021
P/Share	$ 0.18	$ 0.19	$ 0.09	$ 0.43	$ 0.92

Reported net income (loss) is adjusted in the tables above by one-time expenses during the year. Adjusted net income is presented to show normalized performance over the year.

Transaction costs include advisory and legal services incurred by the Company related to the acquisition of the Peak companies.

The impairments in New Mexico and Canada impacted a total of 4 gross (0.7 net) wells and are the result of an offset frac hit impacting production (New Mexico) and low forward oil prices on December 31, 2025, which are required to be used in impairment testing.

Management believes the consideration received in the divestiture of the Oklahoma assets was very attractive (cash received + cash tax savings together were over 8X expected 2026 cash-flow from the assets). The write-off was primarily the balance held in undeveloped leasehold. The Oklahoma assets did not compete for capital in the Company portfolio. The divested Oklahoma assets represented 3% of the year-end 2025 Proved Developed Produced reserves and 3% of 2025 total Company production.

2025 Operations:

Epsilon's capital expenditures were $15.3 million for the year ended December 31, 2025 (excluding acquisitions), a 19% increase year over year. The spending was primarily related to the drilling and completion of 2 gross (0.5 net) Glauconitic wells in the Garrington area of Alberta, Canada ($9 million, including $4.9 million of drilling carry in favor of the operator) in the first half of the year, and the drilling and completion of 1 gross (0.25 net) Barnett well in Texas ($3.6 million, the eighth well in the project).

The Company expects the level of spending in 2026 will increase meaningfully year over year, with accelerated activity in the Permian, with up to 4 gross wells (including three 3-mile Barnett wells), the first operated activity in the PRB, with the completion of 2 gross (0.7 net) Niobrara wells and the drilling and completion of 3 gross (2.8 net) Parkman wells, and resumed activity in PA, with 5 gross (0.38 net) Marcellus wells to be developed during the year by our operating partner.

The Auburn Gas Gathering System (Epsilon is a 35% owner) gathered and delivered 40.5 Bcf gross natural gas volumes during the year, or 111 MMcf/d.

Q1 2026 Update:

During January 2026, the Company earned $11.4 million of revenue driven by very strong regional cash gas pricing in PA during the end of the month. While gas prices did not maintain those levels into the following month, the company expects strong quarter over quarter revenue and cash flow growth.

In March 2026, the Company made a $5 million repayment on its outstanding debt balance, leaving the current outstanding balance at $45.5 million.

The Company received 5 well proposals from our operating partner in PA (Expand Energy), totaling 0.38 net wells, with a weighted average lateral length of ~15,000 CLL ft. The wells are planned to spud in late Q1 and Q2, with completion dates in the second half of the year.

Additionally, the Company went under contract to sell its owned office building in Durango, Colorado (which was acquired in the Peak acquisition), for $3 million. The sale is expected to close in the second quarter.

Reserves:

The Company has received the year-end 2025 third-party reserves reports completed by the engineering firms DeGolyer & MacNaughton ("D&M") and Cawley Gillespie & Associates ("CG&A"). The CG&A report only includes the Wyoming assets. CG&A was the third-party engineer for the assets before the acquisition by the Company. The table below summarizes the reports.

Epsilon Net Year End Reserves

	12/31/2024				12/31/2025				YoY Change				
	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total	Total
	Mbbl	Mbbl	MMcf	Mmcfe	Mbbl	Mbbl	MMcf	Mmcfe	Mbbl	Mbbl	MMcf	Mmcfe	%
Proved Developed	847	490	56,851	64,872	4,000	1,599	75,849	109,444	3,153	1,109	18,998	44,572	69%
Proved Undeveloped	725	387	12,551	19,225	5,259	753	10,523	46,594	4,534	366	(2,028)	27,369	142%
Total Proved	**1,572**	**877**	**69,402**	**84,097**	**9,259**	**2,352**	**86,372**	**156,037**	**7,687**	**1,475**	**16,970**	**71,940**	**86%**
Total Probable	**380**	**384**	**137,906**	**142,487**	**26,318**	**13,090**	**262,283**	**498,729**	**25,938**	**12,706**	**124,377**	**356,242**	**250%**
Total Proved + Probable	**1,952**	**1,261**	**207,308**	**226,584**	**35,576**	**15,442**	**348,655**	**654,766**	**33,624**	**14,181**	**141,347**	**428,182**	**189%**

As shown in the table above, Company Proved reserves increased 86% year over year, and Company Probable reserves increased by 250% year over year. The increase was driven by the acquisition of the Wyoming assets, adding 12.8 Mboe of Proved and 57.3 Mboe of Probable reserves.

The majority of the Company's inventory in Texas is not included in the reserve report, due to no offset producing wells in the Southern (undeveloped) portion of the project. The Company and the operating partner believe the unaccounted-for inventory is comparable to the existing wells in the project and expects to add meaningful reserves in Texas with incremental development.

Proved reserves for the Wyoming (PRB) assets for year-end 2025 (77,028 MMcfe or 12,838 MBoe) were 40% lower than the year-end 2024 report, also provided by CG&A. This revision is almost entirely attributable to a more measured approach in the development pace assumption, which removed 25 gross wells and approximately $130 million of capital from the 5-year forward SEC window for the development of Proved reserves. The change is not due to reserve prospectivity. The development pace assumptions included in the reserve reports are subject to change.

The majority of the Company's inventory in PA and Wyoming is included in Probable reserves, due to the development of those reserves occurring outside of the 5-year forward SEC window for the development of Proved reserves.

Current Hedge Book:

	Natural Gas					Crude Oil				
	Swaps		Costless Collars			Swaps		Costless Collars		
Date	Volume (MMcf)	Price ($/MMBtu)	Volume (MMcf)	Bought Put ($/MMBtu)	Sold Call ($/MMBtu)	Volume (MBbl)	Price ($/Bbl)	Volume (MBbl)	Bought Put ($/Bbl)	Sold Call ($/Bbl)
1Q 2026	-	-	-	-	-	16	62.62	11	59.31	68.89
2Q 2026	455	3.89	581	3.34	4.94	79	62.83	3	59.78	70.01
3Q 2026	451	3.93	551	3.35	4.95	80	65.16	0	60.00	70.10
4Q 2026	178	3.87	783	3.35	5.10	39	62.71	28	59.00	69.00
FY 2026	**1,084**	**$3.90**	**1,916**	**$3.34**	**$5.01**	**214**	**$63.67**	**43**	**$59.15**	**$69.06**
1Q 2027	87	4.12	818	3.41	5.23	27	61.45	34	59.23	69.47
2Q 2027	91	3.49	793	3.21	4.81	36	64.05	22	55.94	66.02
3Q 2027	90	3.58	626	3.12	4.32	28	66.36	26	57.32	67.60
4Q 2027	44	3.95	201	3.28	4.39	14	62.32	36	57.30	67.55
FY 2027	**312**	**$3.76**	**2,437**	**$3.26**	**$4.79**	**106**	**$63.76**	**118**	**$57.60**	**$67.82**
1Q 2028	28	4.46	28	3.65	4.70	8	62.97	8	57.58	67.96

Earning's Call:

The Company will host a conference call to discuss its results on Wednesday, March 25, 2026, 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 2025 Year End Earnings Conference Call."

A webcast can be viewed at: https://event.choruscall.com/mediaframe/webcast.html?webcastid=EHvW1sm9. A webcast replay will be available on the Company's website (www.epsilonenergyltd.com) following the call.

About Epsilon

Epsilon Energy Ltd. is a North American onshore natural gas and oil production and gathering company with assets across the Appalachian, Powder River, Permian, and Western Canadian Sedimentary basins.

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.
Consolidated Statements of Operations
(All amounts stated in US$)

	Year ended December 31, 2025	Year ended December 31, 2024
Revenues from contracts with customers:		
Gas, oil, NGL, and condensate revenue	$ 44,903,821	$ 25,998,712
Gas gathering and compression revenue	6,683,735	5,524,063
Total revenue	51,587,556	31,522,775
Operating costs and expenses:		
Lease operating expenses	12,518,325	7,264,824
Gathering system operating expenses	2,362,036	2,265,190
Depletion, depreciation, amortization, and accretion	12,170,320	10,185,119
Impairment expense	3,936,669	1,450,076
Loss on sale of oil and gas properties	19,256,530	-
Transaction costs	2,947,907	-
General and administrative expenses:		
Stock based compensation expense	1,744,917	1,244,416
Other general and administrative expenses	7,168,235	5,688,714
Total operating costs and expenses	62,104,939	28,098,339
Operating (loss) income	(10,517,383)	3,424,436
Other income (expense):		
Interest income	188,369	493,277
Interest expense	(624,160)	(46,400)
Gain (loss) on derivative contracts, net	5,500,486	(391,147)
Other income, net	16,556	76,727
Other income, net	5,081,251	132,457
Net (loss) income before income tax expense	(5,436,132)	3,556,893
Income tax (benefit) expense	(589,535)	1,629,093
NET (LOSS) INCOME	$ (4,846,597)	$ 1,927,800
Currency translation adjustments	(136,700)	262,588
Unrealized loss on securities	-	(1,598)
NET COMPREHENSIVE (LOSS) INCOME	$ (4,983,297)	$ 2,188,790
Net (loss) income per share, basic	$ (0.21)	$ 0.09
Net (loss) income per share, diluted	$ (0.21)	$ 0.09
Weighted average number of shares outstanding, basic	23,020,672	21,930,277
Weighted average number of shares outstanding, diluted	23,020,672	21,930,277

EPSILON ENERGY LTD.
Consolidated Balance Sheets
(All amounts stated in US$)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,959,954	$ 6,519,793
Accounts receivable	16,132,501	5,843,722
Fair value of derivatives	2,694,340	-
Prepaid income taxes	2,949,311	975,963
Other current assets	1,847,672	792,041
Total current assets	32,583,778	14,131,519
Non-current assets		
Property and equipment:		
Oil and gas properties, successful efforts method		
Proved properties	233,334,212	191,879,210
Unproved properties	79,307,169	28,364,186
Accumulated depletion, depreciation, amortization and impairment	(131,636,141)	(123,281,395)
Total oil and gas properties, net	181,005,240	96,962,001
Gathering system	43,540,389	43,116,371
Accumulated depletion, depreciation, amortization and impairment	(37,472,139)	(36,449,511)
Total gathering system, net	6,068,250	6,666,860
Land	1,231,965	637,764
Buildings and other property and equipment, net	4,132,732	259,335
Total property and equipment, net	192,438,187	104,525,960
Other assets:		
Operating lease right-of-use assets, long term	488,949	344,589
Restricted cash	553,000	470,000
Fair value of derivatives, long term	1,154,936	-
Deferred financing costs	774,347	-
Prepaid drilling costs	246,220	982,717
Total non-current assets	195,655,639	106,323,266
Total assets	$ 228,239,417	$ 120,454,785
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable trade	$ 11,148,050	$ 2,334,732
Gathering fees payable	1,076,143	997,016
Royalties payable	8,702,526	1,400,976
Accrued capital expenditures	24,888	572,079
Accrued compensation	1,056,304	695,018
Other accrued liabilities	2,682,090	371,503
Fair value of derivatives	-	487,548
Operating lease liabilities	271,494	121,135
Total current liabilities	24,961,495	6,980,007
Non-current liabilities		
Credit facility payable	50,500,000	-
Ad valorem taxes, long term	7,411,971	-
Asset retirement obligations	7,437,960	3,652,296
Deferred income taxes	11,903,319	12,738,577
Operating lease liabilities, long term	340,052	355,776
Total non-current liabilities	77,593,302	16,746,649
Total liabilities	102,554,797	23,726,656
Commitments and contingencies (Note 11)		
Shareholders' equity		
Preferred shares, no par value, unlimited shares authorized, none issued or outstanding	-	-
Common shares, no par value, unlimited shares authorized and 30,239,980 shares issued and outstanding at December 31, 2025 and 22,008,766 issued and outstanding at December 31, 2024	154,274,125	116,081,031
Additional paid-in capital	13,863,824	12,118,907

Accumulated deficit	(52,349,896)	(41,505,076)
Accumulated other comprehensive income	9,896,567	10,033,267
Total shareholders' equity	125,684,620	96,728,129
Total liabilities and shareholders' equity	$ 228,239,417	$ 120,454,785

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

	Year ended December 31, 2025	2024
Cash flows from operating activities:		
Net income	$ (4,846,597)	$ 1,927,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, amortization, and accretion	12,190,729	10,185,119
Impairment expense	3,936,669	1,450,076
Accretion of discount on available for sale securities	-	(297,637)
Amortization on deferred financing costs	44,510	-
Loss on sale of oil and gas properties	19,256,530	-
(Gain) loss on derivative contracts	(5,500,486)	391,147
Settlement received on derivative contracts	1,163,662	1,196,656
Settlement of asset retirement obligation	(1,600)	(88,992)
Stock-based compensation expense	1,744,917	1,244,416
Deferred income tax (benefit) expense	(835,258)	1,184,634
Changes in assets and liabilities, net of assets and liabilities acquired in business combination:		
Accounts receivable	(1,608,792)	171,726
Prepaid income taxes	(1,973,348)	(23,662)
Other assets and liabilities	(10,365)	(17,828)
Accounts payable, royalties payable, gathering fees payable, and other accrued liabilities	(2,940,888)	(493,176)
Net cash provided by operating activities	20,619,683	16,830,279
Cash flows from investing activities:		
Additions to unproved oil and gas properties	(6,999,905)	(4,507,280)
Additions to proved oil and gas properties	(7,929,773)	(31,695,651)
Additions to gathering system properties	(465,203)	(341,452)
Additions to land, buildings and property and equipment	270,488	(16,513)
Purchases of short term investments - available for sale	-	(4,045,785)
Proceeds from short term investments - held to maturity	-	6,743,178
Proceeds from short term investments - available for sale	-	16,373,752
Net asset acquired in business combination	(49,754,846)	-
Proceeds from sale of oil and gas properties	2,500,000	-
Prepaid drilling costs	736,497	831,091
Net cash used in investing activities	(61,642,742)	(16,658,660)
Cash flows from financing activities:		
Buyback of common shares	-	(1,831,208)
Borrowings on credit facility	50,500,000	-
Dividends paid	(5,998,223)	(5,486,834)
Deferred financing costs	(818,857)	-
Net cash provided by (used in) financing activities	43,682,920	(7,318,042)
Effect of currency rates on cash, cash equivalents, and restricted cash	(136,700)	262,588
Increase (decrease) in cash, cash equivalents, and restricted cash	2,523,161	(6,883,835)
Cash, cash equivalents, and restricted cash, beginning of period	6,989,793	13,873,628
Cash, cash equivalents, and restricted cash, end of period	$ 9,512,954	$ 6,989,793
Supplemental cash flow disclosures:		
Income tax paid - federal	$ 1,417,860	$ 414,250
Income tax paid - state (PA)	$ 755,138	$ -
Income tax paid - state (other)	$ 3,986	$ (2,071)
Interest paid	$ 9,935	$ 16,832
Non-cash investing activities:		
Change in proved properties accrued in accounts payable	$ (937,079)	$ (862,744)
Change in gathering system accrued in accounts payable	$ (41,186)	$ 36,645
Asset retirement obligation asset additions and adjustments	$ 25,195	$ 54,902

	Year ended December 31,	
	2025	2024
Net (loss) income	$ (4,846,597)	$ 1,927,800
Add Back:		
Interest expense (income), net	435,791	(446,877)
Income tax (benefit) expense	(589,535)	1,629,093
Depreciation, depletion, amortization, and accretion	12,170,320	10,185,119
Impairment expense	3,936,669	1,450,076
Stock based compensation expense	1,744,917	1,244,416
Loss on sale of assets	19,256,530	-
Transaction costs	2,947,907	
(Gain) loss on derivative contracts net of cash received or paid on settlement	(4,336,824)	1,587,803
Foreign currency translation loss	24,805	570
Adjusted EBITDA	**$ 30,743,983**	**$ 17,578,000**

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 sale of assets, (7) gain or loss on derivative contracts net of cash received or paid on settlement, (8) transaction costs, and (9) gain or loss on foreign currency translation. 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 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.

Epsilon defines Adjusted Net Income as reported U.S. GAAP Net Income adding back expenses related to (1) transaction expenses related to the Peak companies acquisition, (2) impairments of natural gas and oil properties, and (3) gain or less on sale of assets. Adjusted Net Income 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.

EPSILON Energy

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