Epsilon Announces Third Quarter 2026 Results and Fourth Quarter 2026 Update

HOUSTON, Nov. 23, 2026 (GLOBE NEWSWIRE) -- Epsilon Energy Ltd. ("**Epsilon**" or the "**Company**") (NASDAQ: EPSN) today reported third quarter 2026 financial and operating results.

Q3 2026 & Q4 2026 Update Highlights:

- **Q3 2026 Adj. EPS of $0.13, up $0.16 quarter over quarter (up $0.05, 61% year over year)**
- **Q3 2026 Adj. EBITDA of $8.7MM, up 50% quarter over quarter (up 67% year over year)**
- **Q3 2026 oil sales of 1,638 BOPD, up 20% quarter over quarter (up 282% year over year)**
- **Q4 2026 net total production of approximately 7,900 BOEPD through Nov 15**
- **Q4 2026 net oil production of approximately 3,100 BOPD through Nov 15**
- **Full year 2026 oil and total production guidance affirmed**

Q3 2026 Key Metrics

Epsilon Energy - Q3 2026 Summary		Three Months Ended			Nine Months Ended		%Change		
($ in thousands unless noted)		Q3 2026	Q2 2026	Q3 2025	9M 2026	9M 2025	QoQ%	YoY% (Q3)	YoY% (9M)
NRI Production									
Gas	MMcf	1,960	2,082	2,136	6,500	7,629	*(6%)*	*(8%)*	*(15%)*
Oil	MBbl	151	126	39	408	129	*20%*	*282%*	*216%*
NGL	MBbl	45	42	14	128	38	*6%*	*220%*	*240%*
Total[1]	MBoe	**522**	**515**	**409**	**1,619**	**1,438**	*1%*	*28%*	*13%*
Daily Total	Boe/d	5,675	5,655	4,450	5,931	5,268	*0%*	*28%*	*13%*
Daily Gas	Mcf/d	21.3	22.9	23.2	23.8	27.9	*(7%)*	*(8%)*	*(15%)*
Daily Oil	Bbl/d	1,638	1,380	428	1,494	473	*19%*	*282%*	*216%*
Daily NGL	Bbl/d	487	463	152	468	138	*5%*	*220%*	*240%*
Total % Oil		*29%*	*24%*	*10%*	*25%*	*9%*	*18%*	*200%*	*181%*
Revenues									
Gas	$M	3,946	3,767	4,759	21,116	22,282	*5%*	*(17%)*	*(5%)*
Oil		12,685	11,771	2,511	33,918	8,505	*8%*	*405%*	*299%*
NGL		1,507	1,387	267	3,967	799	*9%*	*464%*	*396%*
Midstream[2]		1,300	1,337	1,445	4,294	5,183	*(3%)*	*(10%)*	*(17%)*
Total		**19,438**	**18,262**	**8,981**	**63,295**	**36,769**	*6%*	*116%*	*72%*
Realized Hedge Gain / (Loss)[3]	$M	(923)	(1,731)	808	(3,701)	699	*(47%)*	*n/m*	*n/m*
Realized Prices[4]									
Gas	$/Mcf	2.01	1.81	2.23	3.25	2.92	*11%*	*(10%)*	*11%*
Oil	$/Bbl	84.19	93.73	63.72	83.15	65.88	*(10%)*	*32%*	*26%*
NGL	$/Bbl	33.63	32.94	19.07	31.04	21.26	*2%*	*76%*	*46%*
Adj. EBITDA	$M	**8,740**	**5,818**	**5,240**	**27,952**	**23,245**	*50%*	*67%*	*20%*
Cash[5]	$M	8,409	11,722	13,236	8,409	13,236	*(28%)*	*(36%)*	*(36%)*
Capex[6]	$M	18,304	8,484	2,885	31,680	11,330	*116%*	*534%*	*180%*
Total Debt	$M	42,500	40,500	-	42,500	-	*5%*	*n/m*	*n/m*
Dividend	$M	1,893	1,891	1,379	5,668	4,130	*0%*	*37%*	*37%*
Share Buybacks	$M	-	-	-	-	-	-	-	-
Adj. Net Income[7]	$M	**3,959**	**(815)**	**1,790**	**11,827**	**8,814**	*n/m*	*121%*	*34%*
Per share[8]	$	*0.13*	*(0.03)*	*0.08*	*0.39*	*0.40*	*n/m*	*61%*	*(2%)*

1) Natural gas converted to barrels of oil equivalent at 6 Mcf : 1 Bbl
2) Net of elimination entry for fees paid by Epsilon
3) Net cash received / (paid) on settlement of hedging contracts during the period
4) Excludes impact of hedge realizations
5) Includes restricted cash balance
6) Accrual basis, excludes acquisitions
7) Excludes the impact of transaction costs, impairments, gain / loss on asset sales, and unrealized hedge gain / loss
8) Calculated on weighted average diluted shares outstanding for the period

Jason Stabell, Epsilon's Chief Executive Officer, commented, "I am pleased to report that our oil production grew 20% sequentially in the third quarter and nearly fourfold year over year, driven by our recent Permian and Powder River Basin ("PRB") development. Third-quarter production would have been even higher had it not been for temporary shut-ins in the PRB due to pump conversions and offset frac activity, and shut-ins in the Marcellus, where the operator took advantage of low natural gas prices to complete offset frac operations, compression upgrades and workovers. Our impacted Niobrara wells have since returned to production and are performing above pre-drill expectations, and most of our shut-in Marcellus production was back online in October.

At the end of the quarter, we brought online our first operated Parkman pad in the PRB a month ahead of schedule and on budget, with initial rates well above our type curve. Building on that success, we accelerated our next operated Parkman pad by two months and are currently drilling. Our Parkman inventory generates some of the highest returns in our portfolio, and it will be the focus of our operated program through 2027.

We also executed several transactions with large, scaled operators in the PRB that high-grade our investment program by accelerating development of our significant PRB inventory beyond the Parkman, particularly in the highly prospective Niobrara and Mowry formations.

Through November 15th, fourth quarter net production is approximately 7,900 Boe per day, including approximately 3,100 barrels of oil per day, setting up the fourth quarter for material sequential growth in production, revenue and cash flow. As a result, we are affirming our full-year production guidance. With new wells expected online across the PRB, Permian and Marcellus, Epsilon is well positioned for significant growth in production, cash flow and shareholder value in 2027 as well."

Quarter Details:

Epsilon's capital expenditures were $18.3MM for the quarter ended September 30, 2026.

The Company successfully drilled and completed 3 gross (2.2 net) Parkman wells in the Powder River Basin during the quarter. Initial production began on September 27.

The Company successfully completed and turned in line 2 gross (0.7 net) Niobrara DUCs in the Powder River Basin in early July.

The Company started construction on a large water impoundment facility in the Powder River Basin which will facilitate development in the future in one of the Company's core development corridors in Converse Co. Wyoming.

The Company participated in the drilling of 2 gross (0.5 net) Barnett wells in the Permian Basin; the remaining drilling and completions will occur in the fourth quarter, with initial production expected in early Q1 2027.

Production from Q3 2026 activity will have a larger contribution to results in the fourth quarter, led by the 3-well operated Parkman pad in the Powder River Basin.

Marcellus gas production was down 10% quarter over quarter due to no incremental development and shut-ins related to

offset activity and well work.

Powder River Basin production was up 19% quarter over quarter, due to new volumes from the Niobrara DUC completions (partially offset by shut-ins related to offset activity).

Permian production was up 13% quarter over quarter, due to the new well volumes online starting in June.

The Auburn Gas Gathering System (Epsilon is a 35% owner) gathered and delivered 7.0 Bcf gross of natural gas volumes during the quarter, or 76 MMcf/d.

General and administrative expenses were down over 20% quarter over quarter, due to the roll-off of transition costs related to the 2025 acquisition of the Peak companies.

During the quarter, the Company made a $2MM draw on the credit facility, bringing the balance to $42.5MM. Through the first nine months of the year, the Company made net repayments on the facility of $8MM.

Net debt to trailing twelve month Adjusted EBITDA was 0.96x at September 30, 2026.

FY 2026 Production and Capital Guidance Update

FY 2026 Production (MMcfe): 13,740 - 14,280 (2,290 - 2,380 MBOE)
FY 2026 Oil Production (MBbl): 640 - 670
FY 2026 Capital: $50 - $55MM (previously $42-$47MM)

The Company reaffirms full-year 2026 total and oil production guidance figures.

The Company also updates full-year capital guidance to $50-55MM (up $8MM) due to the acceleration of drilling on the second operated Parkman pad in the Powder River Basin and the accelerated Barnett development anticipated by the new operator in the Permian Basin.

Q4 2026 Update - Production Update, Powder River Basin Operated Activity, Powder River Basin Joint Ventures, and New Operator Activity in the Permian

The Company's 3-well Parkman pad in Campbell Co. Wyoming was brought online on September 27. The wells were drilled and completed early and on budget. The Company holds 72% working interest in these wells.

Driven by the Parkman volumes, quarter to date (through November 15th) oil and total production are approximately 3,100 BOPD and 7,900 BOEPD, respectively. This is expected to drive quarter over quarter oil volume growth of over 50% in the fourth quarter.

The Company is currently drilling a second 3-well Parkman pad in Converse Co. Wyoming. The completions and initial production are expected in the second quarter of 2027. The Company holds 75% working interest in these wells.

On November 17, 2026, the Company executed a Joint Development Agreement ("JDA") with a scaled private Powder River Basin operator covering the Niobrara and Mowry formations across approximately 5,200 gross acres in Campbell County, Wyoming. Under the JDA, Epsilon will assign a majority of its interest in the area in exchange for a carried interest in 24 gross wells, to be developed by the partner operator. The total expected capital carried is approximately $12.4MM. Pursuant to the JDA, the 24 gross wells are required to be developed over four years (2028 - 2031), with the first 8 gross wells developed before March 31, 2029. The Company also has the option to participate with an incremental heads-up working interest in the development (alongside the carried interest).

The primary benefits for the Company are to pull forward inventory that is not included in the Company's near-term operated plans at a lower cost structure alongside the partner operator at an attractive implied per acre value.

In October, an acreage trade was executed with a scaled public operator in the Powder River Basin to optimize interest in the Company's operated units. As a part of the deal, the Company will hold an 8% working interest in the partner's operated unit, where 2027 activity is planned for 8 four-mile Niobrara wells.

Following the closing of the acquisition of Firebird II on September 30, Continental Resources, one of the most active operators in the Permian Basin, is now the operator of the Company's Pradera Fuego project in Ector Co. Texas. As mentioned, there are two gross wells currently drilling with completions anticipated for late in the fourth quarter (with production online in early Q1 2027). The Company expects to participate in the drilling and completion of 1-3 additional wells in the project during the fourth quarter of 2026 and first quarter of 2027.

Current Hedge Book (Total):

	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)
Q4 2026	28.5	3.61	291.4	3.42	5.23	30.2	64.56	56.4	69.39	81.09
FY 2026	**28.5**	**3.61**	**291.4**	**3.42**	**5.23**	**30.2**	**64.56**	**56.4**	**69.39**	**81.09**
Q1 2027	87.4	4.12	817.8	3.41	5.23	31.9	63.49	77.3	67.97	80.34
Q2 2027	91.0	3.49	792.7	3.21	4.81	39.3	64.94	57.2	64.87	77.42
Q3 2027	89.5	3.58	773.1	3.11	4.31	57.2	72.30	38.7	62.46	73.68
Q4 2027	44.4	3.95	806.5	3.32	4.78	34.2	71.32	55.9	63.41	75.30
FY 2027	**312.3**	**3.76**	**3,190.2**	**3.26**	**4.79**	**162.5**	**68.59**	**229.1**	**65.15**	**77.26**
Q1 2028	28.0	4.46	806.0	3.38	5.13	54.0	73.15	18.1	64.42	75.86
Q2 2028	272.0	3.01	-	-	-	19.6	74.57	14.9	70.05	84.16
Q3 2028	-	-	-	-	-	-	-	-	-	-
Q4 2028	-	-	-	-	-	-	-	-	-	-
FY 2028	**300.0**	**3.14**	**806.0**	**3.38**	**5.13**	**73.5**	**73.53**	**32.9**	**66.96**	**79.61**

Current Hedge Book (2026 Trades Only - Also Included in Total Above):

	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)
Q4 2026	-	-	-	-	-	6.4	73.00	38.1	74.38	86.89
FY 2026	**-**	**-**	**-**	**-**	**-**	**6.4**	**73.00**	**38.1**	**74.38**	**86.89**
Q1 2027	-	-	-	-	-	4.7	75.28	43.5	74.76	88.79
Q2 2027	-	-	-	-	-	3.1	75.30	34.7	70.66	84.80
Q3 2027	-	-	458.7	3.05	4.24	29.0	78.08	12.5	73.27	86.45
Q4 2027	-	-	605.5	3.33	4.91	19.8	77.90	20.3	74.13	88.91
FY 2027	**-**	**-**	**1,064.2**	**3.21**	**4.62**	**56.5**	**77.63**	**111.0**	**73.20**	**87.30**
Q1 2028	-	-	778.0	3.37	5.14	45.7	75.01	9.8	70.24	82.58
Q2 2028	272.0	3.01	-	-	-	19.6	74.57	14.9	70.05	84.16
Q3 2028	-	-	-	-	-	-	-	-	-	-
Q4 2028	-	-	-	-	-	-	-	-	-	-
FY 2028	**272.0**	**3.01**	**778.0**	**3.37**	**5.14**	**65.2**	**74.88**	**24.6**	**70.12**	**83.53**

Earnings Call:

The Company will host a conference call to discuss its results on Tuesday, November 24, 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 Third Quarter 2026 Earnings Conference Call."

A webcast can be viewed at: https://event.choruscall.com/mediaframe/webcast.html?webcastid=ZeZjRfnX. 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.

Unaudited Consolidated Statements of Operations

(All amounts stated in US$)

Consolidated Statements of Operations	**Three Months Ended Sept. 30,**		**Nine Months Ended Sept. 30,**	
(Unaudited; all amounts in US$, except share and per share data)	**2026**	**2025**	**2026**	**2025**
Revenues from contracts with customers:				
Gas, oil, NGL, and condensate revenue	$ 18,138,162	$ 7,536,248	$ 59,001,088	$ 31,586,766
Gas gathering and compression revenue	1,299,750	1,445,211	4,294,267	5,182,566
Total revenue	**19,437,912**	**8,981,459**	**63,295,355**	**36,769,332**
Operating costs and expenses:				
Lease operating expenses	7,476,354	2,397,052	21,001,860	7,615,735
Gathering system operating expenses	472,159	563,542	1,575,080	1,729,988
Depletion, depreciation, amortization, and accretion	3,466,306	2,570,462	9,272,752	9,247,973
Impairment expense	-	-	-	2,676,669
Gain on sale of oil and gas properties	-	-	(4,174,368)	-
Transaction costs	-	-	273,952	-
Stock based compensation expense	433,920	376,613	1,528,974	1,148,289
Other general and administrative expenses	2,916,431	2,467,785	9,959,387	5,748,081
Total operating costs and expenses	**14,765,170**	**8,375,454**	**39,437,637**	**28,166,735**
Operating income	**4,672,742**	**606,005**	**23,857,718**	**8,602,597**
Other income (expense):				
Interest income	12,938	84,894	83,265	117,440
Interest expense	(879,195)	(11,666)	(2,698,043)	(43,783)
(Loss) gain on derivative contracts, net	(4,790,601)	964,307	(11,474,959)	2,076,000
Other income (expense), net	1,112,462	5,252	920,232	(28,086)
Total other income (expense)	**(4,544,396)**	**1,042,787**	**(13,169,505)**	**2,121,571**
Net income before income tax expense	**128,346**	**1,648,792**	**10,688,213**	**10,724,168**
Income tax expense	37,683	576,497	2,734,654	4,084,378
Net income	**$ 90,663**	**$ 1,072,295**	**$ 7,953,559**	**$ 6,639,790**
Currency translation adjustments	(1,597)	(42,676)	(5,948)	(168,288)
Net comprehensive income	**89,066**	**1,029,619**	**7,947,611**	**6,471,502**
Net income per share, basic	$ 0.00	$ 0.05	$ 0.26	$ 0.30
Net income per share, diluted	$ 0.00	$ 0.05	$ 0.26	$ 0.30
Weighted average shares outstanding, basic	30,283,015	22,017,310	30,257,459	22,028,248
Weighted average shares outstanding, diluted	30,530,192	22,159,532	30,418,903	22,170,223

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

Consolidated Balance Sheets

(Unaudited; all amounts in US$)	September 30, 2026	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,855,527	$ 8,959,954
Accounts receivable	17,716,532	16,132,501
Fair value of derivatives	494,801	2,694,340
Prepaid income taxes	2,995,350	2,949,311
Other current assets	2,066,797	1,847,672
Total current assets	**31,129,007**	**32,583,778**
Non-current assets		
Proved properties	264,475,789	233,334,212
Unproved properties	79,812,048	79,307,169
Accumulated DD&A and impairment	(139,728,290)	(131,636,141)
Total oil and gas properties, net	**204,559,547**	**181,005,240**
Gathering system	43,573,765	43,540,389
Accumulated DD&A and impairment	(38,001,499)	(37,472,139)
Total gathering system, net	**5,572,266**	**6,068,250**
Land	1,231,965	1,231,965
Buildings and other property and equipment, net	4,008,698	4,132,732
Total property and equipment, net	**215,372,476**	**192,438,187**
Operating lease right-of-use assets, long term	312,730	488,949
Restricted cash	553,000	553,000
Fair value of derivatives, long term	21,322	1,154,936
Deferred financing costs	639,664	774,347
Prepaid drilling costs	2,019,029	246,220
Total non-current assets	**218,918,221**	**195,655,639**
Total assets	**$ 250,047,228**	**$ 228,239,417**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable trade	22,851,764	11,148,050
Gathering fees payable	968,107	1,076,143
Royalties payable	12,259,369	8,702,526
Accrued capital expenditures	1,849,750	24,888
Accrued compensation	1,617,094	1,056,304
Other accrued liabilities	3,842,325	2,682,090
Fair value of derivatives	3,767,676	-
Operating lease liabilities	272,107	271,494
Total current liabilities	**47,428,192**	**24,961,495**
Non-current liabilities		
Credit facility payable	42,500,000	50,500,000
Ad valorem taxes, long term	7,411,971	7,411,971
Asset retirement obligations	7,796,937	7,437,960
Fair value of derivatives, long term	672,873	-
Deferred income taxes	15,563,114	12,855,585
Operating lease liabilities, long term	132,953	340,052
Total non-current liabilities	**74,077,848**	**78,545,568**
Total liabilities	**121,506,040**	**103,507,063**
Shareholders' equity		
Common shares, no par value	154,274,125	154,274,125
Additional paid-in capital	15,392,798	13,863,824
Accumulated deficit	(51,016,354)	(53,302,162)
Accumulated other comprehensive income	9,890,619	9,896,567
Total shareholders' equity	**128,541,188**	**124,732,354**
Total liabilities and shareholders' equity	**$ 250,047,228**	**$ 228,239,417**

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

Consolidated Statements of Cash Flows	**Nine Months Ended September 30,**	
(Unaudited; all amounts in US$)	**2026**	**2025**
Cash flows from operating activities:		
Net income	$ 7,953,559	$ 6,639,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, amortization, and accretion	9,272,752	9,247,973
Impairment expense	-	2,676,669
Amortization of deferred financing costs	134,683	-
Gain on sale of oil and gas properties	(4,174,368)	-
Loss (gain) on derivative contracts	11,474,959	(2,076,000)
Settlement (paid) received on derivative contracts	(3,701,257)	699,265
Settlement of asset retirement obligation	-	(1,600)
Stock-based compensation expense	1,528,974	1,148,289
Deferred income tax expense (benefit)	2,707,529	(676,523)
Changes in assets and liabilities:		
Accounts receivable	(1,584,031)	1,328,523
Prepaid income taxes	(46,039)	-
Other assets and liabilities	(361,156)	(191,487)
Accounts payable, royalties, gathering fees and other accrued liabilities	14,888,790	(430,885)
Income taxes payable	-	2,532,686
Net cash provided by operating activities	**38,094,395**	**20,896,700**
Cash flows from investing activities:		
Additions to unproved oil and gas properties	(1,808,263)	(5,032,558)
Additions to proved oil and gas properties	(26,078,522)	(5,901,411)
Additions to gathering system properties	(1,111)	(384,124)
Deductions (additions) to land, buildings and PP&E	(38,786)	(12,102)
Proceeds from sale of oil and gas properties	4,174,368	-
Prepaid drilling costs	(1,772,809)	978,044
Net cash used in investing activities	**(25,525,123)**	**(10,352,151)**
Cash flows from financing activities:		
Borrowings on credit facility	7,000,000	-
Payment on credit facility	(15,000,000)	-
Dividends paid	(5,667,751)	(4,129,887)
Net cash used in financing activities	**(13,667,751)**	**(4,129,887)**
Effect of currency rates on cash, cash equivalents, and restricted cash	(5,948)	(168,288)
(Decrease) increase in cash, cash equivalents, and restricted cash	**(1,104,427)**	**6,246,374**
Cash, cash equivalents, and restricted cash, beginning of period	9,512,954	6,989,793
Cash, cash equivalents, and restricted cash, end of period	**$ 8,408,527**	**$ 13,236,167**
Supplemental cash flow disclosures:		
Income tax paid - federal	-	1,417,860
Income tax paid - state (PA)	10,933	755,138
Income tax paid - state (other)	50,025	26,710
Interest paid	2,555,756	9,935
Non-cash investing activities:		
Change in proved properties accrued in accounts payable	3,777,353	2,266,859
Change in gathering system accrued in accounts payable	32,265	39,805
Asset retirement obligation asset additions and adjustments	9,135	25,196

Reconciliation of Net Income to Adjusted EBITDA	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
(Unaudited; all amounts in US$)	**2026**	**2025**	**2026**	**2025**
Net income	$ 90,663	$ 1,072,295	$ 7,953,559	$ 6,639,790
Add back:				
Interest expense (income), net	866,257	(73,228)	2,614,778	(73,657)
Income tax expense	37,683	576,497	2,734,654	4,084,378
Depreciation, depletion, amortization, and accretion	3,466,306	2,570,462	9,272,752	9,247,973
Impairment expense	-	-	-	2,676,669
Stock based compensation expense	433,920	376,613	1,528,974	1,148,289
Gain on sale of oil and gas properties	-	-	(4,174,368)	-
Transaction costs[1]	-	874,541	273,952	874,541
Loss (gain) on derivative contracts, net of cash received or paid on settlement	3,867,960	(156,659)	7,773,702	(1,376,735)
Foreign currency translation (gain) loss	(23,026)	(710)	(26,102)	23,601
Adjusted EBITDA	**$ 8,739,763**	**$ 5,239,811**	**$ 27,951,901**	**$ 23,244,849**

1) 2025 periods recast to add back $874,541 of transaction costs previously included in G&A, consistent with the Adjusted EBITDA methodology adopted in Q4 2025 and with the Adjusted Net Income calculation.

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) transaction costs, (7) gain or loss on derivative contracts net of cash received or paid on settlement, (8) gain or loss on sale of assets, and (9) gain or loss on foreign currency translations. Adjusted EBITDA is not a measure of financial performance as determined under U.S. GAAP and should not be considered in isolation from or as a substitute for net income or cash flow measures prepared in accordance with U.S. GAAP or as a measure of profitability or liquidity.

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

Adjusted Net Income and Adjusted EPS Reconciliation	Three Months Ended			Nine Months Ended	
(Unaudited; $ in thousands, except per share data)	**Q3 2026**	**Q2 2026**	**Q3 2025**	**9M 2026**	**9M 2025**
GAAP net income	$ 91	$ 7,133	$ 1,072	$ 7,954	$ 6,640
Adjustments:					
Transaction costs	-	203	875	274	875
Impairment	-	-	-	-	2,677
Asset sale (gain) / loss	-	(4,174)	-	(4,174)	-
Unrealized hedge (gain) / loss	3,868	(3,976)	(157)	7,774	(1,377)
Adjusted net income	**$ 3,959**	**$ (815)**	**$ 1,790**	**$ 11,827**	**$ 8,814**
Weighted average diluted shares outstanding (000s)	30,530	30,415	22,160	30,419	22,170
Adjusted EPS (diluted)	$ 0.13	$ (0.03)	$ 0.08	$ 0.39	$ 0.40

Epsilon defines Adjusted Net Income as reported U.S. GAAP Net Income adjusting for items related to (1) transaction expenses, (2) impairments of natural gas and oil properties, (3) gain or loss on sale of assets, and (4) unrealized gain or

loss on hedges. 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.



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