



AKITA announces second quarter results with net income of \$2.3 million, debt repayment of \$10 million and commencement of a normal course issuer bid

CALGARY, AB, July 31, 2025 /CNW/ - **AKITA Drilling Ltd.** (TSX: AKT.A)

AKITA Drilling Ltd. ("AKITA" or the "Company") announces net income of \$2.3 million for the three months ended June 30, 2025, reversing a loss of \$0.5 million during the same period in 2024. The Company saw a notable increase in activity in its US operating segment during Q2 2025 compared to the prior year. Adjusted funds flow from operations increased to \$9.8 million in the second quarter of 2025 from \$6.4 million in the second quarter of 2024. Net cash from operations increased to \$18.2 million for the three months ended June 30, 2025, compared to \$10.9 million in the same period of 2024, driven by a significant release of working capital, which totalled \$11.5 million in Q2 2025, compared to \$7.0 million in 2024.

During the quarter, total debt decreased to \$39.7 million from \$52.4 million during the same period in 2024, resulting in a debt to EBITDA ratio of 0.53:1. This achievement brings the Company within its internal leverage threshold, triggering the initiation of the Company's return of capital strategy in the form of a normal course issuer bid ("NCIB"), the details of which are available in a separate release, to commence August 6, 2025.

Colin Dease, AKITA's President and Chief Executive Officer stated: "We have made significant progress in de-leveraging the Company over the past three years, reducing debt from \$95 million at March 31, 2022 to \$39.7 million at June 30, 2025. We are pleased with this accomplishment and appreciate our shareholders' patience during this deleveraging phase. We are excited to announce the launch of an NCIB as the first step to return value to our shareowners."

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$Thousands, except per share amounts	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Revenue	49,574	38,336	11,238	29 %	114,660	84,641	30,019	35 %
Operating and maintenance expenses	37,635	29,806	7,829	26 %	83,664	63,317	20,347	32 %
Operating margin	11,939	8,530	3,409	40 %	30,996	21,324	9,672	45 %
Margin %	24 %	22 %	2 %	9 %	27 %	25 %	2 %	8 %
Net cash from operating activities	18,209	10,913	7,296	67 %	27,218	17,861	9,357	52 %
Adjusted funds flow from operations ⁽¹⁾	9,863	6,387	3,476	54 %	26,892	17,647	9,245	52 %
Per share	0.25	0.16	0.09	56 %	0.68	0.44	0.24	55 %
Net income (loss)	2,297	(478)	2,775	581 %	10,929	2,149	8,780	409 %
Per share	0.06	(0.01)	0.07	700 %	0.28	0.05	0.23	460 %
Capital expenditures	7,609	7,126	483	7 %	14,617	11,061	3,556	32 %
Weighted average shares outstanding	39,734	39,734	-	0 %	39,734	39,725	9	0 %
Total assets	258,006	242,353	15,653	6 %	258,006	242,353	15,653	6 %
Total debt	39,780	52,404	(12,624)	(24 %)	39,780	52,404	(12,624)	(24 %)

⁽¹⁾ See "Non-GAAP and Supplementary Financial Measures" near the end of this release for further detail.

Canadian Drilling Division

\$Thousands, except per day amounts	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Revenue Canada	10,886	9,820	1,066	11 %	34,549	25,369	9,180	36 %

Revenue from joint venture drilling rigs	8,098	9,631	(1,533)	(16 %)	21,108	22,148	(1,040)	(5 %)
Flow through charges ⁽¹⁾	(1,013)	(1,055)	42	4 %	(2,067)	(1,684)	(383)	(23 %)
Adjusted revenue Canada ⁽¹⁾	17,971	18,396	(425)	(2 %)	53,590	45,833	7,757	17 %
Operating and maintenance expenses Canada	8,511	8,166	345	4 %	24,883	18,479	6,404	35 %
Operating and maintenance expenses from joint venture drilling rigs	6,113	6,907	(794)	(11 %)	15,473	15,261	212	1 %
Flow through charges ⁽¹⁾	(1,013)	(1,055)	42	4 %	(2,067)	(1,684)	(383)	(23 %)
Adjusted operating and maintenance expenses Canada	13,611	14,018	(407)	(3 %)	38,289	32,056	6,233	19 %
Adjusted operating margin Canada ⁽¹⁾	4,360	4,378	(18)	(0 %)	15,301	13,777	1,524	11 %
Margin % ⁽¹⁾	24 %	24 %	0 %	0 %	29 %	30 %	(1 %)	(3 %)
Operating days	490	473	17	4 %	1,418	1,122	296	26 %
Adjusted revenue per operating day ⁽¹⁾	36,664	38,892	(2,228)	(6 %)	37,796	40,849	(3,053)	(7 %)
Adjusted operating and maintenance expenses per operating day ⁽¹⁾	27,768	29,636	(1,868)	(6 %)	27,004	28,570	(1,566)	(5 %)
Adjusted operating margin per operating day ⁽¹⁾	8,896	9,256	(360)	(4 %)	10,792	12,279	(1,487)	(12 %)
Utilization ⁽¹⁾	32 %	31 %	1 %	3 %	46 %	36 %	10 %	28 %
Rig count	17	17	-	0 %	17	17	-	0 %

⁽¹⁾ See "Non-GAAP and Supplementary Financial Measures" near the end of this release for further detail.

During the second quarter of 2025, AKITA's adjusted operating margin remained essentially flat at \$4,360,000, compared to \$4,378,000 in the same quarter of 2024. Despite the consistent operating margin, activity levels increased, with 490 operating days recorded in Q2 2025 compared to 473 operating days in the second quarter of 2024.

Adjusted operating margin per operating day decreased to \$8,896 in Q2 2025 from \$9,256 in the same period of 2024. This decrease reflects the absence of a labour contract that contributed to margin in 2024 that was not active in the first half of 2025. Excluding the profit from this contract, adjusted operating margin per operating day increased by 4% year over year, consistent with the modest day rate increases secured throughout the year.

United States Drilling Division

\$Thousands, except per day amounts	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Revenue US	38,688	28,516	10,172	36 %	80,111	59,272	20,839	35 %
Flow through charges ⁽¹⁾	(4,812)	(3,583)	(1,229)	(34 %)	(10,322)	(7,342)	(2,980)	(41 %)
Adjusted revenue US ⁽¹⁾	33,876	24,933	8,943	36 %	69,789	51,930	17,859	34 %
Operating and maintenance expenses US	28,929	21,640	7,289	34 %	58,404	44,837	13,567	30 %
Flow through charges ⁽¹⁾	(4,812)	(3,583)	(1,229)	(34 %)	(10,322)	(7,342)	(2,980)	(41 %)
Adjusted operating and maintenance expenses US	24,117	18,057	6,060	34 %	48,082	37,495	10,587	28 %
Adjusted operating margin US ⁽¹⁾	9,759	6,876	2,883	42 %	21,707	14,435	7,272	50 %
Margin % ⁽¹⁾	29 %	28 %	1 %	4 %	31 %	28 %	3 %	11 %
Operating days	875	623	252	40 %	1,794	1,342	452	34 %
Adjusted revenue per operating day ⁽¹⁾	38,706	40,021	(1,315)	(3 %)	38,895	38,696	199	1 %
Adjusted operating and maintenance expenses per operating day ⁽¹⁾	27,555	28,984	(1,429)	(5 %)	26,798	27,940	(1,142)	(4 %)
Adjusted operating margin per operating day ⁽¹⁾	11,151	11,037	114	1 %	12,097	10,756	1,341	12 %
Utilization ⁽¹⁾	65 %	46 %	19 %	41 %	66 %	49 %	17 %	35 %
Rig count	15	15	-	0 %	15	15	-	0 %

⁽¹⁾ See "Non-GAAP and Supplementary Financial Measures" near the end of this release for further detail.

Despite a decline in the active rig count across the US industry, AKITA's operating days in the second quarter of 2025 improved by 40% to 875, up from 623 in the same period of 2024. This significant increase in activity drove higher adjusted operating margin, which increased to \$9,759,000 in Q2 2025 from \$6,876,000 in the same period of 2024.

Adjusted revenue per operating day decreased to \$38,706 in the second quarter of 2025 from \$40,021 in the second quarter of 2024, largely due to pricing pressure across AKITA's US fleet amid a declining industry rig count. Adjusted revenue in Q2 2025 includes one-time drill pipe revenue of \$1,061,000. Excluding this amount, adjusted revenue per day decreased by 6% year over year.

Adjusted operating expense per operating day decreased to \$27,555 in the second quarter of 2025 from \$28,984 in the second quarter of 2024. This reduction reflects AKITA's continued focus on cost control and operational efficiency across its fleet.

FURTHER INFORMATION

This news release shall be used as preparation for reading the full disclosure documents. AKITA's unaudited interim condensed consolidated financial statements and management's discussion and analysis for the quarter ended June 30, 2025 will be available on the AKITA website (www.akita-drilling.com) and via SEDAR (www.sedarplus.ca) or can be requested in print from the Company.

Non-GAAP and Supplementary Financial Measures

Non-GAAP Financial Measures

Adjusted Revenue and Adjusted Operating and Maintenance Expenses

Revenue and operating and maintenance expenses in AKITA's Canadian operating segment include revenue and expenses from AKITA's wholly-owned drilling rigs as well as its share of joint venture revenue and expenses. Excluded from the revenue and expenses in AKITA's Canadian and US operating segment are flow through charges that are billed to operators and repaid to the Company. The volume and timing of the flow through charges can artificially impact the operational per day analysis and as a result management and certain investors may find the comparability between periods is improved when these flow through charges are excluded from revenue per day and operating and maintenance expense per day. The flow through charges do not have any impact on the Company's net earnings as the amounts offset each other.

Adjusted Funds Flow from Operations and Adjusted EBITDA

Adjusted funds flow from operations is not a recognized GAAP measure under IFRS and readers should note that AKITA's method of determining adjusted funds flow from operations may differ from methods used by other companies, and includes cash flow from operating activities before working capital changes, equity income from joint ventures, and income tax amounts paid or recovered during the period. Nonetheless, management and certain investors may find adjusted funds flow from operations to be a useful measurement to evaluate the Company's operating results at year-end and within each year, since the seasonal nature of the business affects the comparability of non-cash working capital changes both between and within periods. Adjusted earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("Adjusted EBITDA") is not a recognized GAAP measure under IFRS and readers should note that AKITA's method of determining adjusted EBITDA may differ from methods used by other companies, and removes the aspect of how the Company finances its operations from adjusted funds flow from operations.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
\$Thousands	2025	2024	2025	2024
Net cash from operating activities	18,209	10,913	27,218	17,861
Interest paid	806	1,175	1,694	2,385
Interest expense	(854)	(1,224)	(1,790)	(2,483)
Post-employment benefits paid	79	79	158	158
Equity income from joint ventures	1,917	2,632	5,419	6,675
Unrealized loss on foreign exchange	1,227	(194)	1,210	(602)
Change in non-cash working capital	(11,521)	(6,994)	(7,017)	(6,347)
Adjusted funds flow from operations	9,863	6,387	26,892	17,647

Non-GAAP Ratios

"Adjusted funds flow from operations per share" is calculated on the same basis as net loss per class A and class B share basic and diluted, utilizing the basic and diluted weighted average number of class A and class B shares outstanding during the periods presented.

"Adjusted revenue per operating day" may be useful to analysts, investors, other interested parties and management as a measure of pricing strength and is calculated by dividing adjusted revenue by the number of operating days for the period.

"Adjusted operating and maintenance expenses per operating day" may be useful to analysts, investors, other interested parties and management as it demonstrates a degree of cost control and provides a proxy for specific inflation rates incurred by the Company

FORWARD-LOOKING INFORMATION:

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. In particular, forward-looking information in this news release includes, but is not limited to, references to the outlook for the drilling industry (including activity levels and day rates), the Company's relationships and customers and vendors, advantages associated with the percentage of pad drilling rigs in the Company's Canadian drilling fleet, the renewal of drilling contracts, debt repayment and the Company's NCIB.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. By their nature, these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and therefore carry the risk that the predictions and other forward-looking statements will not be realized. Readers of this news release are cautioned not to place undue reliance on these statements as a number of important factors could cause actual future results to differ materially from the plans, objectives, estimates and intentions expressed in such forward-looking statements.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of, among other things, prevailing economic conditions; the level of exploration and development activity carried on by AKITA's customers, world crude oil prices and North American natural gas prices; global liquefied natural gas (LNG) demand, weather, access to capital markets; and government policies. We caution that the foregoing list of factors is not exhaustive and that while relying on forward-looking statements to make decisions with respect to AKITA, investors and others should carefully consider the foregoing factors, as well as other uncertainties and events, prior to making a decision to invest in AKITA. Except where required by law, the Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by it or on its behalf.

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