NEWS RELEASE

ACT Energy Technologies Reports Fourth Quarter, Record Annual 2024 Results, and CFO Transition

March 25, 2025
Calgary, Alberta

(TSX:ACX) ACT Energy Technologies Ltd, formerly Cathedral Energy Services Ltd., (the "Company" or "ACT") news release contains "forward-looking statements" within the meaning of applicable Canadian securities laws. For a full disclosure of forward-looking statements and the risks to which they are subject, see the "Forward-Looking Statements" section in this news release. This news release contains references to Adjusted gross margin, Adjusted gross margin %, Adjusted EBITDAS, Adjusted EBITDAS margin %, Free cash flow, Working capital and Net capital expenditures. These terms do not have standardized meanings prescribed under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and may not be comparable to similar measures used by other companies. See the "Non-GAAP Measures" section in this news release for definitions and tabular calculations.

2024 KEY HIGHLIGHTS

The Company achieved the following 2024 results and highlights:

- Revenues of $571.8 million in 2024, were the highest annual revenues in the Company's history and increased 5%, compared to $545.3 million in 2023.
- Adjusted EBITDAS (1) of $93.8 million in 2024, also established a new corporate record, increasing 3%, compared to $90.9 million in 2023.
- Record levels of revenues and Adjusted EBITDAS (1) achievin 2024 despite a 9% decline in average levels of North American land drilling versus 2023 (i.e., Western Canada and United States ("U.S.") land rig counts (2)).
- Canadian operating days increased 20% in 2024, compared to 2023, which was favourable in comparison to a 6% increase in the Western Canadian rig count (2). ACT remains highly active in oil plays where wells have a high multilateral count.
- U.S. operating days decreased 10% in 2024, compared to 2023, which was slightly better than the 13% decline in the U.S. land rig count (2).
- An increase in the Canadian average revenue per operating day of 3% in 2024, compared to 2023.
- An increase in the U.S. average revenue per operating day of 8% in 2024, compared to 2023, owing to an increasing focus on the higher-value parts of the market such as the use of rotary steerable tools.
- Net income of $57.9 million in 2024, compared to $10.6 million in 2023. The increase is mainly due to increased revenue and the recognition of previously unrecorded Canadian tax pools, resulting in a deferred income tax recovery of $10.2 million. Refer to the 'Income tax' section of this news release.
- Cash flow - operating activities of $90.2 million in 2024, compared to $70.0 million in 2023.
- Free cash flow (1) of $17.2 million in 2024, compared to Free cash flow (1) of $28.7 million in 2023.
- The Company purchased 1,144,250 common shares of ACT under its Normal Course Issuer Bid ("NCIB") for a total amount of $7.0 million, at an average price of $6.08 per common share. Subsequent to December 31, 2024, the Company purchased 706,099 common shares for a total purchase amount of $4.3 million, at an average purchase price of $6.13 per common share.
- Loans and borrowings less cash was $50.7 million as at December 31, 2024, compared to $67.9 million as at December 31, 2023. The Company will remain focused on reducing its loans and borrowings and generating Free cash flow (1) in 2025.

(1) As defined in the "Non-GAAP measures" section of this news release.
(2) Per Baker Hughes and Rig Locator.

- Subsequent to December 31, 2024, the Company amended and expanded its Credit Agreement with its syndicate co-lead by ATB Financial and Royal Bank of Canada. The amendment provided for an increased credit facility to approximately $124.3 million lending capacity, a lower interest rate, more flexible financial covenants, and an extended maturity date. In addition, the Company's term loans were converted to a revolving credit facility eliminating contracted debt repayments and providing the Company with additional flexibility. Refer to the 'Liquidity and capital resources' section of this news release for more details.
- The Company continues to see a significant opportunity for margin expansion in its U.S. directional business by using Rime Downhole Technologies ("Rime") supplied Measurement-While-Drilling ("MWD") systems to reduce its third-party rental costs. To date, seventeen Rime MWD systems have been deployed with an additional thirty-three MWD systems expected to be deployed by the end of 2025 Q2. A substantial majority of the capital required to complete the build-out of these systems was spent as part of the 2024 capital plan, with minimal amounts required in 2025.
- The Company purchased ten additional Rotary Steerable Systems ("RSS") Orbit tools, expanding its owned U.S. fleet to twenty-six RSS tools.

The Company achieved the following 2024 Q4 results and highlights:

- Revenues of $128.1 million in 2024 Q4, compared to $145.4 million in 2023 Q4.
- Adjusted EBITDAS (1) of $17.6 million in 2024 Q4, compared to $27.4 million in 2023 Q4.
- U.S. operating days decreased 22% in 2024 Q4, compared to 2023 Q4.
- Canadian operating days increased 2% in 2024 Q4, compared to 2023 Q4.
- An increase in the U.S. average revenue per operating day of 1% in 2024 Q4, compared to 2023 Q4.
- An increase in the Canadian average revenue per operating day of 5% in 2024 Q4, compared to 2023 Q4.
- Net income of $14.9 million in 2024 Q4, compared to $1.8 million in 2023 Q4.
- Cash flow - operating activities of $20.9 million in 2024 Q4, compared to $16.6 million in 2023 Q4.
- Free cash flow (1) of $8.1 million in 2024 Q4, compared to Free cash flow (1) of $14.2 million in 2023 Q4 mainly due to changes in working capital.

Overall, the fourth quarter was impacted by the effects of customer consolidation in the U.S. and general effects of budget exhaustion on both sides of the border. Industry rig activity in the U.S. market continued to decline in the quarter and appears to have stabilized at levels which will continue at least into the first half of 2025. The dynamic around budget exhaustion in the fourth quarter is driven by exploration and production ("E&P") capital discipline and is a trend that is expected again in 2025, while being somewhat offset by increased activity in the second quarter as budgets are "level-loaded" in Canada. The decline in activity in the fourth quarter in Canada was also accompanied by the typical increase in repairs and maintenance late in the quarter as the Company prepared for the busy winter season.

PRESIDENT'S MESSAGE

To my fellow Shareholders:

"The year 2024 was a very active one for ACT, featuring both a name change and a share consolidation to better position the Company for an even brighter future in the North American directional drilling technology space. Fourth quarter results were weaker year-over-year and showed the impact of E&P client budget exhaustion on both sides of the border. Daily job counts started to decrease relatively early compared to historical trends in mid-November and did not begin ramping again until just before the new year. This temporary activity reduction is a product of capital discipline in the E&P sector and is likely a trend that will continue in the future. In addition, the Company's U.S. client mix started to see an impact of customer consolidation resulting in reduced field spending levels for certain of these impacted customers. The full year 2024 demonstrated excellent progress in many important areas including the achievement of record revenues and Adjusted EBITDAS (1). These records were attained against a market backdrop of volatile oil prices, low natural gas prices for most of the year and further declines in the U.S. land rig count.

(1) As defined in the "Non-GAAP measures" section of this news release.

“Beginning with Canada, the Company generated 24% growth in revenues for the full year 2024 versus 2023. Canadian revenues reached just under $200 million in 2024 as compared to $161.4 million in 2023. ACT’s operating days grew approximately 20% over the course of the year against a backdrop of a much more modest 6% growth in the underlying Western Canadian active rig count [(1)]. Driving these results is ACT’s extensive experience combined with a leading technology offering suited for the growing number and depth of wells drilled in multi-lateral oil plays.

“In the U.S., the Company also outperformed the underlying market in 2024, achieving just under $372 million in U.S. revenues, a modest decline of 3% versus $383.9 million in 2023 amidst a backdrop of a decline in the U.S. land rig count of 13% in 2024 versus 2023 [(1)]. A year-over-year decline in operating days of 10% was partially offset by an 8% increase in revenue per operating day as ACT continue to pursue the higher-value RSS market.

“As we move into 2025, we also have an opportunity for margin expansion as we commence the deployment of the Company’s own MWD units developed by Rime (acquired in 2023). ACT is currently on target to complete the construction of fifty MWD systems by the end of the second quarter of 2025. The provision of an in-house MWD solution for ACT’s clients is very important to strengthen the durability of the Company’s cash flow, replacing rented third-party systems. The deployment of tools into an operating environment for ACT’s customers will happen incrementally throughout 2025 and into 2026. We remain intently focused on ACT’s customer execution and service delivery, supporting ACT’s market positioning as a strong technology performer.

“ACT’s business focus remains consistent, we are committed to delivering ultra-high-performance directional drilling and related down-hole services, leveraging ACT’s proprietary technologies and experienced team. This focus will allow us to deliver value to our shareholders through the cycles. To maximize returns, we expect to allocate capital as follows:

- Expand margins: utilize selective capital investment, primarily related to RSS and MWD, replacing rental equipment with optimized solutions.
- Return of capital: repurchase of shares through the Company’s NCIB.
- Further strengthen the Company’s financial position: Although the Company’s debt remains low, further modest reduction of debt will allow for business resiliency through the cycles allowing the Company to counter-cyclical with respect to long-term investment decisions.

“By having each of this diverse approach to capital allocation, we believe we will create a durable business model, focused on ensuring an effective use of capital.

“Lastly, I believe that our people remain our strongest asset, we continue to thank them for their contribution, support, and dedication as we deliver value for our Shareholders,” stated Tom Connors, ACT President and Chief Executive Officer.

CHIEF FINANCIAL OFFICER APPOINTMENT AND TRANSITION

The Company announced that, effective April 1, 2025, Mr. Robert Skilnick will be appointed as Chief Financial Officer (“CFO”) of ACT, replacing Scott MacFarlane who has been serving as Interim CFO.

Mr. Skilnick brings extensive experience as a CFO in the TSX-listed energy services sector, with a strong background in drilling and completions businesses. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a member of the Chartered Professional Accountants of Alberta and Canada.

Mr. Tom Connors said “On behalf of the entire Company, I would like to sincerely thank Scott MacFarlane for his service, professionalism, and dedication. Scott has been a stalwart leader who has helped guide the organization with a steady hand through significant change. Scott’s contribution to ACT simply cannot be overstated, and we deeply appreciate his effort, commitment, and significant impact on the organization. We are pleased that Scott will continue to support the business on a part-time consulting basis, ensuring a smooth transition.”

On the appointment of Mr. Skilnick, Mr. Connors added, "I've known Rob for many years and we're certainly excited to have someone with his experience, credibility, and track record join our team. His extensive and successful track record as a public-company CFO in the Canadian energy services sector, combined with his strong leadership skills, will complement and strengthen our team. I look forward to working with him in this next phase of our business."

FINANCIAL HIGHLIGHTS

Canadian dollars in 000's except for per share amounts

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Revenues	$ 128,083	$ 145,419	$ 571,785	$ 545,297
Gross margin %	17%	20%	21%	19%
Adjusted gross margin % [(1)]	22%	29%	27%	27%
Adjusted EBITDAS [(1)]	$ 17,582	$ 27,369	$ 93,805	$ 90,884
Per share - basic [(2)]	$ 0.50	$ 0.79	$ 2.70	$ 2.68
Per share - diluted [(2)]	$ 0.45	$ 0.72	$ 2.44	$ 2.52
Adjusted EBITDAS margin % [(1)]	14%	19%	16%	17%
Net income	$ 14,892	$ 1,767	$ 57,907	$ 10,628
Per share - basic [(2)]	$ 0.43	$ 0.05	$ 1.67	$ 0.31
Per share - diluted [(2)]	$ 0.38	$ 0.05	$ 1.51	$ 0.29
Cash flow - operating activities	$ 20,934	$ 16,589	$ 90,177	$ 69,984
Free cash flow [(1)]	$ 8,065	$ 14,205	$ 17,172	$ 28,710
Weighted average common shares outstanding:				
Basic (000s) [(2)]	35,027	34,610	34,705	33,938
Diluted (000s) [(2)]	38,800	38,263	38,468	36,086

Balance,	December 31, 2024	December 31, 2023
Working capital, excluding current portion of loans and borrowings [(1)]	$ 84,417	$ 74,865
Total assets	$ 472,881	$ 403,733
Loans and borrowings	$ 63,527	$ 78,598
Shareholders' equity	$ 241,580	$ 179,468

[(1)] Refer to the 'Non-GAAP Measures' section in this news release.

[(2)] Restated to reflect the 7:1 share consolidation on July 3, 2024. Refer to the 'Share Consolidation' section in this news release.

OUTLOOK

Despite the recent uncertainty introduced into global markets related to proposed U.S. trade policy revisions, the longer-term outlook for North American energy-related activity is positive and global demand continues to rise while geopolitical events continue to increase uncertainty around supply. In Canada, the commissioning of the Trans Mountain pipeline expansion in May 2024, followed by Liquified Natural Gas ("LNG") Canada anticipated in 2025, will provide significant tidewater and global market access for both Canadian crude and natural gas. Both projects should translate to more consistent and slightly improved activity levels for oilfield service providers over time. LNG also represents a significant area of growth for the U.S. market as upwards of 11 billion cubic feet per day of export capacity will be added from 2025 to 2028 supporting incremental growth in drilling activity and less volatility in activity related to the cyclicality of domestic gas prices. The potential growth in energy demand related to the evolving market for artificial intelligence data centers is also a developing trend that could further support natural gas related drilling activity.

With a strong start and peak job count in Canada near 65 jobs in the first quarter, activity for the year is currently expected to be similar to 2024. If uncertainty or increased costs due to trade policy persist, some potential for downside risk exists but is expected to be somewhat offset by a weaker Canadian dollar benefiting ACT's customers. With ACT's industry leading position in multi-lateral drilling, the compelling economics of multi-lateral wells is expected to support continued activity through the summer despite potential headwinds related to weaker commodity prices or market uncertainties. In recent years, the Company also has experienced improving activity levels in the traditionally slow second quarter as ACT's customers level-load their drilling programs and utilize more pad-style drilling. The Company expects to see this trend continue with modestly improved activity levels again this year over last year through the second quarter. Similar to the fourth quarter of 2024, the Company also anticipates that operator discipline will remain a factor and likely result in some degree of budget exhaustion and a potential decline in activity in the fourth quarter of this year.

In the U.S. the Company was operating in a range of 50 to 60 jobs in the first half of 2024 reducing to a range between 40 and 50 in the back half of the year. Job counts in 2025 are anticipated to continue at the same levels as those in the second half of as drilling activity remains somewhat constrained because of customer consolidation and concern over commodity price volatility. Current market conditions are likely to be short-term in nature as some optimism exists in the longer term with improving gas prices and the commencement of new Gulf Coast LNG in 2025, which may support some increase in incremental rig activity later this year or into 2026.

While unpredictable on a quarterly basis, reimbursements positively affecting Adjusted EBITDAS [(1)] for equipment lost-in-hole and damaged beyond repair (commonly referred to as net lost-in-hole equipment reimbursements) have historically been achieved at relatively consistent levels as a percentage of revenue over the past decade. However, during the first quarter of 2025, the Company has been experiencing an unusually low rate of net lost-in-hole equipment reimbursements, by comparison 2024 Q1 experienced an unusually high level of net lost-in-hole equipment reimbursements (2024 Q1 - $10.6 million).

While the Company feels reasonably positioned to navigate a relatively flat macroeconomic environment in North America and feels positive about the potential upside related to the deployment of ACT's own technology in the U.S. market, the Company remains cautious on the impact of tariffs and are evaluating the potential impact on ACT's business. Given ACT's supply chains are generally resident in each nation and 65% to 70% of ACT's revenues are U.S. based, the Company expects the impact will be somewhat limited but there may be certain elements of ACT's supply chain that will increase in cost. While tariffs and their potential impact may persist or prove to be short-term in nature, the underlying risk is the negative impact on the investment climate and overall consumer sentiment.

RESULTS OF OPERATIONS

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Revenues				
United States	$ 79,300	$ 100,106	$ 371,879	$ 383,904
Canada	48,783	45,313	199,906	161,393
Total revenues	128,083	145,419	571,785	545,297
Cost of sales				
Direct costs	(99,676)	(104,216)	(418,399)	(398,031)
Depreciation and amortization	(6,677)	(11,171)	(30,924)	(41,019)
Share-based compensation	(145)	(249)	(610)	(918)
Cost of sales	(106,498)	(115,636)	(449,933)	(439,968)
Gross margin	$ 21,585	$ 29,783	$ 121,852	$ 105,329
Gross margin %	17%	20%	21%	19%
Adjusted gross margin % [(1)]	22%	29%	27%	27%

[(1)] Refer to the 'Non-GAAP Measures' section in this news release.

SEGMENTED INFORMATION

United States

Revenues

U.S. revenues were $79.3 million in the three months ended December 31, 2024, a decrease of $20.8 million or 21%, compared to $100.1 million for the same period in 2023. The Company realized a 22% decrease in operating days in the three months ended December 31, 2024 (2024 - 2,841 days; 2023 - 3,625 days). The decrease in operating days was due to a declining U.S. market in the three months ended December 31, 2024. The average revenue per operating day increased 1% in the three months ended December 31, 2024 (2024 - $27,913 per day; 2023 - $27,615 per day).

U.S. revenues were $371.9 million in 2024, a decrease of $12.0 million or 3%, compared to $383.9 million in 2023. The Company realized a 10% decrease in operating days (2024 - 13,337 days; 2023 - 14,858 days). The decrease is mainly related to a declining U.S. market in 2024. The average revenue per operating day increased 8% in 2024 (2024 - $27,883 per day; 2023 - $25,838 per day), mainly due to a change in job mix.

Direct costs

U.S. direct costs included in cost of sales were $62.7 million in the three months ended December 31, 2024, a decrease of $11.5 million or 15%, compared to $74.2 million for the same period in 2023. The decrease is mainly due to lower MWD third-party rental costs, mainly as a result of the Rime MWD build-out, in addition to lower labour and repair costs related to lower activity in 2024. As a percentage of revenues, direct costs increased to 79% in the three months ended December 31, 2024, compared to 74% for the same period in 2023, mainly due to higher labour and repair costs as a percentage of revenues, offset by lower third-party MWD rental costs as a percentage of revenues.

U.S. direct costs included in cost of sales were $284.0 million in 2024, a decrease of $6.4 million or 2%, compared to $290.4 million in 2023. The decrease is mainly due to lower labour due to lower activity and third-party rental costs mainly as a result of the Rime MWD build-out. The decrease was offset by higher repair and manufacturing costs. The manufacturing costs are attributable to the Rime acquisition (acquired in July 2023). As a percentage of revenues, direct costs were 76% in 2024 and 2023, mainly as a result of higher repair costs as a percentage of revenues, offset by lower third-party MWD rental costs as a percentage of revenues.

Canadian

Revenues

Canadian revenues were $48.8 million in the three months ended December 31, 2024, an increase of $3.5 million or 8%, compared to $45.3 million for the same period in 2023. The Company realized a 2% increase in operating days in the three months ended December 31, 2024 (2024 - 3,471 days; 2023 - 3,389 days). The increase in operating days is mainly attributable to higher market demand in the three months ended December 31, 2024. The average revenue per operating day increased 5% in the three months ended December 31, 2024 (2024 - $14,054 per day; 2023 - $13,371 per day). The increase in the average revenue per operating day is mainly attributed to higher proceeds from lost-in-hole reimbursements from customers and a change in job mix.

Canadian revenues were $199.9 million in 2024, an increase of $38.5 million or 24%, compared to $161.4 million in 2023. The Company realized a 20% increase in operating days in 2024 (2024 - 14,502 days; 2023 - 12,098 days). The increase in operating days is mainly attributable to higher market demand in 2024. The average revenue per operating day increased 3% (2024 - $13,785 per day; 2023 - $13,341 per day). The increase in the average revenue per operating day is mainly attributed to higher proceeds from lost-in-hole reimbursements from customers and a change in job mix.

Direct costs

Canadian direct costs included in cost of sales were $37.0 million in the three months ended December 31, 2024, an increase of $6.9 million or 23%, compared to $30.1 million for the same period in 2023. The increase is mainly due to higher labour and repair costs in the three months ended December 31, 2024. As a percentage of revenues, direct costs were 76% in the three months ended December 31, 2024, compared to 66% for the same period in 2023 mainly due to higher repair and third-party rental costs as a percentage of revenues.

Canadian direct costs included in cost of sales were $134.4 million in 2024, an increase of $26.8 million or 25%, compared to $107.6 million in 2023. The increase is mainly due to higher labour and repair costs in 2024. As a percentage of revenues, direct costs were 67% in 2024 and 2023.

CONSOLIDATED

Revenues

The Company recognized $128.1 million of revenues in the three months ended December 31, 2024, a decrease of $17.3 million or 12%, compared to $145.4 million for the same period in 2023. The decrease is due to a 10% decrease in operating days (2024 - 6,312 days; 2023 - 7,014 days), and a decrease of 2% in the average revenue per operating day (2024 - $20,292 per day; 2023 - $20,733 per day).

The Company recognized $571.8 million of revenues in 2024, an increase of $26.5 million or 5%, compared to $545.3 million in 2023. The increase is due to a 3% increase in operating days (2024 - 27,839 days; 2023 - 26,956 days) and an increase of 2% in the average revenue per operating day (2024 - $20,539 per day; 2023 - $20,229 per day).

Direct costs

The Company recognized $99.7 million of direct costs in the three months ended December 31, 2024, a decrease of $4.5 million or 4%, compared to $104.2 million for the same period in 2023. The decrease is mainly due to lower labour costs related to the decrease in operating days, and lower third-party MWD rental costs mainly related to the Rime MWD build-out.

The Company recognized $418.4 million of direct costs in 2024, an increase of $20.4 million or 5%, compared to $398.0 million in 2023. The increase is mainly due to higher repair and labour costs related to the increase in operating days, and the inclusion of manufacturing costs related to Rime (acquired in July 2023), offset by lower third-party MWD rental costs.

Direct costs as a percentage of revenues increased to 78% in the three months ended December 31, 2024, compared to 72% for the same period in 2023, mainly due to higher labour and repair costs as a percentage of revenues. Direct costs as a percentage of revenue were 73% in 2024 and 2023, as a result of higher repair costs as a percentage of revenues, offset by lower third-party MWD rental costs as a percentage of revenues.

Gross margin and adjusted gross margin

The Gross margin % decreased to 17% in the three months ended December 31, 2024, compared to 20% for the same period in 2023. The Gross margin % increased to 21% in 2024, compared to 19% in 2023.

The Adjusted gross margin % decreased to 22% in the three months ended December 31, 2024, compared to 29% for the same period in 2023. The Adjusted gross margin % was 27% in 2024 and 2023. The Company remains focused on reducing third-party MWD and motor rental costs by investing capital to build out its MWD and motor fleet.

Depreciation and amortization expense

Depreciation and amortization expense included in cost of sales decreased to $6.7 million and $30.9 million in the three months and year ended December 31, 2024, compared to $11.2 million and $41.0 million for the same periods in 2023, respectively. The decrease is mainly due to a change in depreciation methodology, as described below.

In 2024 Q1, the Company assessed its depreciation methodology related to its property, plant and equipment. As a result, the Company determined that using a straight-line method of depreciation, rather than the declining balance method, more accurately reflects the future economic benefits of the related assets. The depreciation expense included in cost of sales decreased due to the change in methodology.

Depreciation and amortization expense included in cost of sales as a percentage of revenues was 5% in the three months and year ended December 31, 2024, compared to 8% for the same periods in 2023, respectively.

Selling, general and administrative ("SG&A") expenses

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Selling, general and administrative expenses:				
Direct costs	$ 10,559	$ 14,801	$ 54,540	$ 52,502
Depreciation and amortization	2,670	2,289	10,109	7,596
Share-based compensation	605	1,004	2,565	4,183
Selling, general and administrative expenses	$ 13,834	$ 18,094	$ 67,214	$ 64,281

The Company recognized direct costs included in SG&A expenses of $10.6 million and $54.5 million in the three months and year ended December 31, 2024, a decrease of $4.2 million and an increase of $2.0 million, compared to $14.8 million and $52.5 million for the same periods in 2023, respectively. The decrease for the three months ended December 31, 2024 is related to a lower discretionary incentive expense. The increase for 2024 is mainly related to higher promotional and information technology costs, and the inclusion of SG&A expenses related to Rime (acquired in July 2023).

Direct costs included in SG&A expenses as a percentage of revenues were 8% and 10% in the three months and year ended December 31, 2024, compared to 10% for the same periods in 2023, respectively.

Depreciation and amortization included in SG&A expenses were $2.7 million and $10.1 million in the three months and year ended December 31, 2024, compared to $2.3 million and $7.6 million for the same periods in 2023, respectively. The increases are mainly due to amortization expense related to the intangible assets acquired in the Rime transaction.

Stock-based compensation included in SG&A expenses were $0.6 million and $2.6 million in the three months and year ended December 31, 2024, compared to $1.0 million and $4.2 million for the same periods in 2023, respectively. The decrease is mainly due to certain stock options being fully vested in 2024.

Provision

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Provision	$ —	$ 1,126	$ —	$ 5,417

The Company recognized a provision of $7.6 million, included in trade and other payables, related to a U.S. tax audit matter during the year ended December 31, 2023. A portion of the provision was recognized as an expense of $5.4 million and a portion was recognized as property, plant and equipment and inventory of $2.2 million during the year ended December 31, 2023. The carrying value of the provision included in trade and other payables increased by $0.7 million to $8.3 million due to the effects of movements in exchange rates during the year ended December 31, 2024.

In relation to a pre-closing sales tax issue related to the July 14, 2022 acquisition of Altitude, as a result of a preliminary assessment, the Company has recognized a provision of $15.5 million in Trade and other payables. Pursuant to the Equity Purchase Agreement related to the Altitude acquisition, the sellers provided the Company with an indemnity related to pre-closing tax issues, including the sales tax issue noted. Accordingly, the Company has recognized an offsetting indemnity receivable of $15.5 million in Other receivable.

The Company is also involved in various other legal claims associated with the normal course of operations. The Company believes that any liabilities that may arise pertaining to such matters would not have a material impact on its financial position.

LIQUIDITY AND CAPITAL RESOURCES

Share Consolidation

On May 9, 2024, the shareholders of the Company approved the consolidation of the issued and outstanding common shares of the Company, on the basis of one post-consolidation common share for a range of five to ten pre-consolidation common shares. On June 10, 2024, the Board of Directors approved a consolidation ratio of one post-consolidation share for seven pre-consolidation common shares (the "Consolidation"). As a result, on July 3, 2024, 243,383,392 common shares issued and outstanding prior to the Consolidation were reduced to 34,769,056 common shares. No fractional common shares were issued in connection with the Consolidation, and all fractional common shares that otherwise would have been issued was rounded to the nearest whole common share. The number of shares and per share amounts in this news release were restated to reflect the Consolidation.

Normal course issuer bid

On July 3, 2023, the Company received approval from the TSX to purchase up to 1,737,144, or 5%, of the 34,742,882 issued and outstanding common shares of the Company under the NCIB. The ability to purchase common shares under the NCIB commenced on July 17, 2023, and terminated on July 16, 2024. The actual number of common shares purchased under the NCIB, the timing of purchases and the price at which the common shares purchased were subject to management's discretion.

On July 25, 2024, the Company received approval from the TSX to purchase up to 1,902,008 common shares, or 10%, of the 19,020,083 common shares of the Company's public float under the NCIB. The ability to purchase common shares under the NCIB commenced on July 29, 2024, and will terminate no later than July 28, 2025. The actual number of common shares purchased under the NCIB, the timing of purchases and the price at which the common shares are purchased will be subject to management's discretion.

Under the TSX rules, the Company is entitled to purchase up to the greater of: 25% of the average daily trading volume of the respective class of shares; or 1,000 shares on any trading day; or a larger amount of shares per calendar week, subject to the maximum number that may be acquired under the NCIB, if the transaction meets the block purchase exception rule under TSX rules. Accordingly, unless a block purchase meets the block purchase exception under TSX rules, the Company is entitled to purchase up to 11,137 common shares on any trading day (2023 - 14,232).

During the year ended December 31, 2024, 1,144,250 (2023 - 613,557) common shares were purchased under the NCIB for a total purchase amount of $7.0 million (2023 - $3.8 million) at an average price of $6.08 (2023 - $5.74) per common share. A portion of the purchase amount reduced share capital by $6.5 million (2023 - $3.5 million), and the residual purchase amount of $0.4 million (2023 - $0.3 million) was recorded to the surplus (deficit).

In connection with the NCIB, the Company established an automatic securities purchase plan ("the Plan"). Accordingly, the Company may repurchase its common shares under the Plan on any trading day during the NCIB, including during regulatory restrictions or self-imposed trading blackout periods. The Plan commenced on July 29, 2024 and will terminate on July 28, 2025. As at December 31, 2024, the Company recognized $2.1 million as an accrued liability ($1.9 million reduced share capital, and $0.2 million was recorded to the surplus) for the maximum common shares to be purchased under the Plan.

Subsequent to December 31, 2024, the Company purchased 706,099 common shares for a total purchase amount of $4.3 million, at an average purchase price of $6.13 per common share.

Amended Credit Agreement

On March 21, 2025, the Company entered into a Fifth Amended and Restated Credit Agreement with its existing syndicate of lenders co-lead by ATB Financial and Royal Bank of Canada ("Amended Credit Agreement"). The Amended Credit Agreement provided for the following:

i) A revolving facility with an approximate principal amount of $124.3 million comprised of: i) $100.0 million Syndicated Revolving Facility ("CAD Syndicated Revolving Facility") and ii) $10.0 million revolving facility provided by ATB Financial ("ATB Revolving Facility"), and iii) USD $10.0 million (approximately

CAD $14.3 million equivalent) provided by HSBC Bank USA, N.A. (“HSBC Revolving Facility”). The revolving facility replaced the Company’s existing facilities (CAD Syndicated Term Facility of $59.0 million, USD Syndicated Term Facility of USD $21.0 million, Syndicated Operating Facility of $35.0 million, Revolving Operating Facility of $15.0 million and USD Revolving Operating Facility of $10.0 million). As such, the contractual repayments of the CAD Syndicated Term Facility and USD Syndicated Term Facility are no longer required;

ii) A lower amended interest rate updated to the financial institution’s prime rate plus 1.0% to 1.75% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.0% to 2.75% (previously prime rate plus 1.5% to 2.25% or Canadian Overnight Repo Rate Average rate / Secured Overnight Financing Rate plus 2.5% to 3.25%);

iii) The maturity date extended from July 11, 2026 to March 21, 2028;

iv) Replaced the financial covenant of Consolidated Fixed Charge Coverage ratio (previously required to be no less than 1.25:1) with a Consolidated Interest Coverage Ratio, which is required to be no less than 3.00:1. The Consolidated Funded Debt to Consolidated Credit Agreement EBITDA ratio remained unchanged and shall not exceed 2.50:1; and

v) The syndicate of lenders remained unchanged with the exception of Royal Bank of Canada joining ATB Financial as the syndicate co-lead.

Capital structure

As at March 25, 2025, the Company has 33,929,461 common shares, 2,831,516 stock options and EP Notes that are exchangeable into a maximum of 3,510,000 common shares outstanding.

NET CAPITAL EXPENDITURES

The following table details the Company’s Net capital expenditures:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
MWD and related equipment	$ 35	$ 4,364	$ 19,413	$ 14,218
Motors and related equipment	1,738	2,818	18,147	25,604
Shop and automotive equipment	223	151	703	2,235
Other	840	988	3,664	4,097
Gross capital expenditures	2,836	8,321	41,927	46,154
Less: net lost-in-hole equipment reimbursements	(5,062)	(5,078)	(25,277)	(20,338)
Net capital expenditures [1]	$ (2,226)	$ 3,243	$ 16,650	$ 25,816

[1] Refer to the ‘Non-GAAP Measures’ section in this news release.

During the year ended December 31, 2024, the Company had additional capitalized costs recognized as intangible assets related to RSS licenses of $13.5 million (2023 - $nil), which are not included in the Net capital expenditures in the above table.

As at December 31, 2024, property, plant and equipment included $12.3 million (2023 - $4.6 million) of directional drilling equipment not yet being depreciated as they are currently being manufactured and tested. Depreciation of the assets will commence upon the assets being fully operational.

The Company’s 2025 Net capital expenditure budget, including capital costs related to RSS licenses, is expected to be approximately $30 million to $35 million (2024 - $30 million to $35 million), excluding any potential acquisitions. The Net capital expenditure budget is targeted at growing ACT’s high-performance mud motors, MWD in both Canada and the U.S., and RSS in the U.S. ACT intends to fund its 2025 capital plan from cash flow - operating activities.

NON-GAAP MEASURES

ACT uses certain performance measures throughout this news release that are not defined under IFRS Accounting Standards or Generally Accepted Accounting Principles (“GAAP”). These non-GAAP measures do not have a standardized meaning and may differ from that of other organizations, and accordingly, may not be comparable. Investors should be cautioned that these measures should not be construed as alternatives to IFRS Accounting Standards measures as an indicator of ACT’s performance.

These measures include the Adjusted gross margin, Adjusted gross margin %, Adjusted EBITDAS, Adjusted EBITDAS margin %, Adjusted EBITDAS per diluted share, Free cash flow, Working capital and Net capital expenditures. Management believes these measures provide supplemental financial information that is useful in the evaluation of ACT’s operations.

These non-GAAP measures are defined as follows:

i) **“Adjusted gross margin”** - calculated as gross margin before non-cash costs (write-down of inventory included in cost of sales, depreciation and amortization and share-based compensation); is considered a primary indicator of operating performance (see tabular calculation);

ii) **“Adjusted gross margin %”** - calculated as Adjusted gross margin divided by revenues; is considered a primary indicator of operating performance (see tabular calculation);

iii) **“Adjusted EBITDAS”** - calculated as net income before finance costs, unrealized foreign exchange gain (loss), foreign exchange gain (loss) on intercompany balances, income tax expense, depreciation and amortization, gain on settlement of lease liabilities, non-recurring costs, write-down of inventory included in cost of sales and share-based compensation; provides supplemental information to net income that is useful in evaluating the results and financing of the Company’s business activities before considering certain charges (see tabular calculation);

iv) **“Adjusted EBITDAS margin %”** - calculated as Adjusted EBITDAS divided by revenues; provides supplemental information to net income that is useful in evaluating the results and financing of the Company’s business activities before considering certain charges as a percentage of revenues (see tabular calculation);

v) **“Adjusted EBITDAS per basic and diluted share”** - calculated as Adjusted EBITDAS divided by the basic and diluted weighted average common shares outstanding; provides supplemental information to net income that is useful in evaluating the results and financing of the Company’s business activities before considering certain charges on a per basic and diluted common share basis;

vi) **“Free cash flow”** - calculated as cash flow - operating activities prior to: i) changes in non-cash working capital, ii) income tax paid (refund) and iii) non-recurring costs less: i) property, plant and equipment (“PP&E”) and intangible asset additions, excluding assets acquired in business combinations, ii) required repayments on loans and borrowings, in accordance with the Company’s credit facility agreement, and iii) repayments of lease liabilities, net of finance costs, offset by proceeds on disposal of PP&E. Management uses this measure as an indication of the Company’s ability to generate funds from its operations to support future capital expenditures, additional repayments of loans and borrowings or other initiatives (see tabular calculation).

   The Company has deducted intangible asset additions from its Free cash flow calculation in 2024 Q1, compared to being excluded in prior periods. The change of the calculation is mainly due to increasingly more significant additions as the Company expanded its RSS tool fleet and the related licenses, as well as expected cash outflows in the future related to intangible assets as the Company expands its technology offerings.

vii) **“Working capital”** - calculated as current assets less current liabilities, excluding the current portion of loans and borrowings. Management uses this measure as an indication of the Company’s financial and cash liquidity position.

viii) **“Net capital expenditures**” - calculated as the gross capital expenditures less reimbursements from customers and insurance proceeds related to equipment lost-in-hole and damaged beyond repair, net of payments to vendors for insurance coverage and third-party rental equipment lost-in-hole or damaged beyond repair - refer to the “Capital expenditures” section of this news release.

The following tables provide reconciliations from the IFRS Accounting Standards to non-GAAP measures included in this news release.

Adjusted gross margin

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Gross margin	$ 21,585	$ 29,783	$ 121,852	$ 105,329
Add non-cash items included in cost of sales:				
Write-down of inventory included in cost of sales	355	524	782	1,501
Depreciation and amortization	6,677	11,171	30,924	41,019
Share-based compensation	145	249	610	918
Adjusted gross margin	$ 28,762	$ 41,727	$ 154,168	$ 148,767
Adjusted gross margin %	22%	29%	27%	27%

Adjusted EBITDAS

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Net income	$ 14,892	$ 1,767	$ 57,907	$ 10,628
Add (deduct):				
Income tax (recovery) expense	(3,458)	5,617	(10,103)	9,559
Depreciation and amortization - cost of sales	6,677	11,171	30,924	41,019
Depreciation and amortization - selling, general and administrative expenses	2,670	2,289	10,109	7,596
Share-based compensation - cost of sales	145	249	610	918
Share-based compensation - selling, general and administrative expenses	605	1,004	2,565	4,183
Finance costs - loans and borrowings and exchangeable promissory notes	1,963	2,446	8,771	7,948
Finance costs - lease liabilities	308	214	899	848
Unrealized foreign exchange (gain) loss	(6,575)	69	(8,692)	(930)
Gain on settlement of lease liabilities	—	—	(391)	—
Non-recurring expenses, including inventory write-off	355	2,543	1,206	9,115
Adjusted EBITDAS	$ 17,582	$ 27,369	$ 93,805	$ 90,884
Adjusted EBITDAS margin %	14%	19%	16%	17%

Free cash flow

		Three months ended December 31,			Year ended December 31,	
		2024		2023		2024		2023

		Three months ended December 31, 2024		Three months ended December 31, 2023		Year ended December 31, 2024		Year ended December 31, 2023
Cash flow - operating activities	$	20,934	$	16,589	$	90,177	$	69,984
Add (deduct):								
Income tax paid		398		4,633		4,363		5,479
Changes in non-cash operating working capital		(3,235)		4,928		2,191		12,141
Non-recurring expenses		—		2,019		424		7,614
Proceeds on disposal of property, plant and equipment		235		454		1,768		1,187
Less:								
Property, plant and equipment and intangible asset additions (1)		(3,959)		(8,425)		(57,450)		(46,433)
Required repayments on loans and borrowings (2)		(5,239)		(5,118)		(20,700)		(17,727)
Repayments of lease liabilities, net of finance costs		(1,069)		(875)		(3,601)		(3,535)
Free cash flow	$	8,065	$	14,205	$	17,172	$	28,710

(1) Property, plant and equipment additions exclude any non-cash additions.

(2) Required repayments on loans and borrowings in accordance with the credit facility agreement, which excludes discretionary debt repayments.

FORWARD LOOKING STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “achieve”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “may”, “will”, “project”, “should” or similar words suggesting future outcomes. In particular, this news release contains forward-looking statements relating to, among other things:

- Future commitments;
- The 2025 Net capital expenditure budget and financing thereof;
- We also have an opportunity for margin expansion as we commence the deployment of the Company’s own MWD units developed by Rime (acquired in 2023).
- The Company continues to see a significant opportunity for margin expansion in its U.S. directional business by using Rime supplied MWD systems to reduce its third-party rental costs. To date, seventeen Rime MWD systems have been deployed with an additional thirty-three MWD systems expected to be deployed by the end of 2025 Q2. A substantial majority of the capital required to complete the build-out of these systems was spent as part of the 2024 capital plan, with minimal amounts required in 2025.
- The dynamic around budget exhaustion in the fourth quarter is driven by E&P capital discipline and is a trend that is expected again in 2025, while being somewhat offset by increased activity in the second quarter as budgets are “level-loaded” in Canada.
- The decline in activity in the fourth quarter in Canada was also accompanied by the typical increase in repairs and maintenance late in the quarter as the Company prepared for the busy winter season.
- The provision of an in-house MWD solution for ACT’s clients is very important to strengthen the durability of the Company’s cash flow, replacing rented third-party systems.
- The deployment of tools into an operating environment for ACT’s customers will happen incrementally throughout 2025 and into 2026.
- We remain intently focused on ACT’s customer execution and service delivery, supporting ACT’s market positioning as a strong technology performer.

- ACT's business focus remains consistent, we are committed to delivering ultra-high-performance directional drilling and related down-hole services, leveraging ACT's proprietary technologies and experienced team. This focus will allow us to deliver value to our shareholders through the cycles. To maximize returns, we expect to allocate capital as follows:
  - Expand margins: utilize selective capital investment, primarily RSS and MWD, replacing rental equipment with optimized in-house solutions.
  - Return of capital: repurchase of shares through the Company's NCIB.
  - Further strengthen the Company's financial position: Although debt remains low, further modest reduction of debt will allow for business resiliency through the cycles allowing the Company to counter-cyclical with respect to long-term investment decisions.
- By having each of this diverse approach to capital allocation, the Company believes it will create a durable business model, focused on ensuring an effective use of capital.
- The longer-term outlook for North American energy-related activity is positive and global demand continues to rise while geopolitical events continue to increase uncertainty around supply.
- In Canada, the commissioning of the Trans Mountain pipeline expansion in May 2024, followed by LNG Canada anticipated in 2025, will provide significant tidewater and global market access for both Canadian crude and natural gas. Both projects should translate to more consistent and slightly improved activity levels for oilfield service providers over time.
- LNG also represents a significant area of growth for the U.S. market as upwards of 11 billion cubic feet per day of export capacity will be added from 2025 to 2028 supporting incremental growth in drilling activity and less volatility in activity related to the cyclicality of domestic gas prices.
- The potential growth in energy demand related to the evolving market for artificial intelligence data centers is also a developing trend that could further support natural gas related drilling activity.
- In Canada, activity for the year is currently expected to be similar to 2024, with a strong start and peak job count in Canada near 65 jobs in the first quarter.
- If uncertainty or increased costs due to trade policy persist, some potential for downside risk exists but is expected to be somewhat offset by a weaker Canadian dollar benefiting ACT's customers.
- Compelling economics of multi-lateral wells is expected to support continued activity through the summer despite potential headwinds related to weaker commodity prices or market uncertainties.
- The Company expects to experience a traditionally slow second quarter as ACT's customers level-load their drilling programs and utilize more pad-style drilling, with modestly improved activity levels over last year through the second quarter.
- The Company anticipates that operator discipline will remain a factor and likely result in some degree of budget exhaustion and a potential decline in activity in the fourth quarter of 2025.
- Job counts in 2025 are anticipated to continue at the same levels as those in the second half of as drilling activity remains somewhat constrained because of customer consolidation and concern over commodity price volatility.
- Current market conditions are likely to be short-term in nature as some optimism exists in the longer term with improving gas prices and the commencement of new Gulf Coast LNG in 2025, which may support some increase in incremental rig activity later this year or into 2026.
- While the Company feels reasonably positioned to navigate a relatively flat macroeconomic environment in North America and feels positive about the potential upside related to the deployment of ACT's own technology in the U.S. market, the Company remains cautious on the impact of tariffs and are evaluating the potential impact on ACT's business.
- Given ACT's supply chains are generally resident in each nation and 65% to 70% of ACT's revenues is U.S. based, the Company expects the impact will be somewhat limited but there may be certain elements of ACT's supply chain that will increase in cost.
- While tariffs and their potential impact may persist or prove to be short-term in nature, the underlying risk is the negative impact on the investment climate and overall consumer sentiment.

The Company believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and material factors are presented elsewhere in this news release in connection with the forward-looking statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. Specific material factors and assumptions include, but are not limited to:

- the performance of ACT's business;
- impact of economic and social trends;
- oil and natural gas commodity prices and production levels;
- capital expenditure programs and other expenditures by ACT and its customers;
- the ability of ACT to attract and retain key management personnel;
- the ability of ACT to retain and hire qualified personnel;
- the ability of ACT to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities;
- the ability of ACT to maintain good working relationships with key suppliers;
- the ability of ACT to retain customers, market its services successfully to existing and new customers and reliance on major customers;
- risks associated with technology development and intellectual property rights;
- obsolescence of ACT’s equipment and/or technology;
- the ability of ACT to maintain safety performance;
- the ability of ACT to obtain adequate and timely financing on acceptable terms;
- the ability of ACT to comply with the terms and conditions of its credit facility;
- the ability to obtain sufficient insurance coverage to mitigate operational risks;
- currency exchange and interest rates;
- risks associated with future foreign operations;
- the ability of ACT to integrate its transactions and the benefits of any acquisitions, dispositions and business development efforts;
- environmental risks;
- business risks resulting from weather, disasters and related to information technology;
- changes under governmental regulatory regimes, including tariffs and tax, environmental, climate and other laws in Canada and the U.S.; and
- competitive risks.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified in this news release and in the Company's Annual Information Form under the heading “Risk Factors”. Any forward-looking statements are made as of the date hereof and, except as required by law, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

All forward-looking statements contained in this news release are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements is available in the Company's current Annual Information Form that has been filed with Canadian provincial securities commissions and is available on www.sedarplus.ca and the Company's website (www.actenergy.com).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2024 and 2023

Canadian dollars in '000s

Balance,	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	$ 12,792	$ 10,731
Trade receivables	105,872	111,846
Other receivable	15,526	—
Current taxes receivable	2,417	—
Prepaid expenses	6,678	5,839
Inventories	51,498	44,976
Total current assets	194,783	173,392
Property, plant and equipment	129,243	113,853
Intangible assets	77,352	66,366
Right-of-use assets	15,359	10,138
Goodwill	43,444	39,984
Deferred tax asset	12,700	—
Total non-current assets	278,098	230,341
Total assets	$ 472,881	$ 403,733
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 106,242	$ 93,661
Current taxes payable	—	1,425
Loans and borrowings, current	21,435	21,023
Lease liabilities, current	4,124	3,441
Total current liabilities	131,801	119,550
Loans and borrowings, long-term	42,092	57,575
Exchangeable promissory notes	26,962	23,923
Lease liabilities, long-term	16,037	12,323
Deferred tax liability	14,409	10,894
Total non-current liabilities	99,500	104,715
Total liabilities	231,301	224,265
Shareholders' equity:		
Share capital	195,516	197,380
Treasury shares	(469)	(709)
Exchangeable promissory notes	1,242	1,242
Contributed surplus	17,408	17,002
Accumulated other comprehensive income	19,151	13,088
Surplus (deficit)	8,732	(48,535)
Total shareholders' equity	241,580	179,468
Total liabilities and shareholders' equity	$ 472,881	$ 403,733

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2024 and 2023

Canadian dollars in '000s except per share amounts

		Three months ended December 31, 2024		2023		Year ended December 31, 2024		2023
Revenues	$	128,083	$	145,419	$	571,785	$	545,297
Cost of sales:								
Direct costs		(99,676)		(104,216)		(418,399)		(398,031)
Depreciation and amortization		(6,677)		(11,171)		(30,924)		(41,019)
Share-based compensation		(145)		(249)		(610)		(918)
Total cost of sales		(106,498)		(115,636)		(449,933)		(439,968)
Gross margin		21,585		29,783		121,852		105,329
Selling, general and administrative expenses:								
Direct costs		(10,559)		(14,801)		(54,540)		(52,502)
Depreciation and amortization		(2,670)		(2,289)		(10,109)		(7,596)
Share-based compensation		(605)		(1,004)		(2,565)		(4,183)
Total selling, general and administrative expenses		(13,834)		(18,094)		(67,214)		(64,281)
Provision		—		(1,126)		—		(5,417)
Research and development costs		(388)		(317)		(2,833)		(1,754)
Write-off of property, plant and equipment		(642)		(1,028)		(3,508)		(4,952)
Gain on disposal of property, plant and equipment		127		228		158		618
Gain on settlement of lease liabilities		—		—		391		—
Income from operating activities		6,848		9,446		48,846		29,543
Finance costs - loans and borrowings and exchangeable promissory notes		(1,963)		(2,446)		(8,771)		(7,948)
Finance costs - lease liabilities		(308)		(214)		(899)		(848)
Foreign exchange gain		6,857		622		8,628		768
Acquisition and restructuring costs		—		(24)		—		(1,328)
Income before income taxes		11,434		7,384		47,804		20,187
Income tax recovery (expense):								
Current		2,318		(4,163)		(141)		(8,411)
Deferred		1,140		(1,454)		10,244		(1,148)
Income tax recovery (expense)		3,458		(5,617)		10,103		(9,559)
Net income		14,892		1,767		57,907		10,628
Other comprehensive income (loss)								
Foreign currency translation differences on foreign operations		4,759		(4,892)		6,063		(4,301)
Total comprehensive income (loss)	**$**	**19,651**	**$**	**(3,125)**	**$**	**63,970**	**$**	**6,327**
Net income per share - basic [(1)]	$	0.43	$	0.05	$	1.67	$	0.31
Net income per share - diluted [(1)]	$	0.38	$	0.05	$	1.51	$	0.29

[(1)] Restated to reflect the 7:1 share consolidation on July 3, 2024. Refer to the 'Share Consolidation' section in this news release.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, 2024 and 2023

Canadian dollars in '000s

	Share capital	Treasury Shares	Exchangeable promissory ("EP") Notes	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
Balance, December 31, 2022	$180,484	$ (959)	$ —	$ 15,854	$ 17,389	$ (58,871)	$ 153,897
Comprehensive (loss) income	—	—	—	—	(4,301)	10,628	6,327
EP Notes issued for business combination	—	—	1,242	—	—	—	1,242
Repurchased pursuant to normal course issuer bid	(3,501)	—	—	—	—	(292)	(3,793)
Cancelled pursuant to acquisition-related settlement	(168)	—		—	—	—	(168)
Contributed surplus on treasury shares	—	250	—	(250)	—	—	—
Issued pursuant to warrant exercises	19,840	—	—	(3,433)	—	—	16,407
Issued pursuant to stock option exercises	725	—	—	(270)	—	—	455
Share-based compensation	—	—	—	5,101	—	—	5,101
Balance, December 31, 2023	$197,380	$ (709)	$ 1,242	$ 17,002	$ 13,088	$ (48,535)	$ 179,468

	Share capital	Treasury shares	EP Notes	Contributed surplus	Accumulated other comprehensive income	(Deficit) Surplus	Total shareholders' equity
Balance, December 31, 2023	$197,380	$ (709)	$ 1,242	$ 17,002	$ 13,088	$ (48,535)	$ 179,468
Comprehensive income	—	—	—	—	6,063	57,907	63,970
Repurchased pursuant to normal course issuer bid	(6,533)	—	—	—	—	(426)	(6,959)
Accrued purchases under the normal course issuer bid	(1,855)	—	—	—	—	(214)	(2,069)
Contributed surplus on treasury shares vested	—	240	—	(240)	—	—	—
Issued pursuant to stock options exercised	6,524	—	—	(2,529)	—	—	3,995
Share-based compensation	—	—	—	3,175	—	—	3,175
Balance, December 31, 2024	$195,516	$ (469)	$ 1,242	$ 17,408	$ 19,151	$ 8,732	$ 241,580

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024 and 2023

Canadian dollars in '000s

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Cash provided by (used in):				
Operating activities:				
Net income	$ 14,892	$ 1,767	$ 57,907	$ 10,628
Non-cash adjustments:				
Income tax (recovery) expense	(3,458)	5,617	(10,103)	9,559
Depreciation and amortization	9,347	13,460	41,033	48,615
Share-based compensation	750	1,253	3,175	5,101
Write-off of property, plant and equipment	642	1,028	3,508	4,952
Gain on disposal of property, plant and equipment	(127)	(228)	(158)	(618)
Gain on settlement of lease liabilities	—	—	(391)	—
Write-down of inventory - cost of sales	355	524	782	1,501
Finance costs - loans and borrowings and exchangeable promissory notes	1,963	2,446	8,771	7,948
Finance costs - lease liabilities	308	214	899	848
Income tax paid	(398)	(4,633)	(4,363)	(5,479)
Unrealized foreign exchange (loss) gain	(6,575)	69	(8,692)	(930)
	17,699	21,517	92,368	82,125
Changes in non-cash working capital	3,235	(4,928)	(2,191)	(12,141)
Cash flow - operating activities	20,934	16,589	90,177	69,984
Investing activities:				
Cash paid on acquisitions, net of cash acquired	—	—	—	(27,426)
Property, plant and equipment additions	(2,836)	(8,327)	(41,927)	(46,177)
Intangible asset additions	(1,123)	(98)	(15,523)	(256)
Proceeds on disposal of property, plant and equipment	235	454	1,768	1,187
Changes in non-cash working capital	(10,297)	462	(800)	2,730
Cash flow - investing activities	(14,021)	(7,509)	(56,482)	(69,942)
Financing activities:				
Advances of loans and borrowings, net of upfront financing fees	—	1,507	10,000	28,805
Repayments on loans and borrowings	(5,243)	(5,091)	(27,259)	(31,017)
Payments on lease liabilities, net of finance costs	(1,069)	(875)	(3,601)	(3,535)
Interest paid	(1,968)	(2,069)	(8,469)	(8,205)
Common shares repurchased pursuant to normal course issuer bid	(4,951)	162	(9,028)	(3,793)
Proceeds on common share and warrant issuances, net of issuance costs	305	30	3,995	16,862
Changes in non-cash working capital	985	(1,765)	2,069	—
Cash flow - financing activities	(11,941)	(8,101)	(32,293)	(883)
Effect of exchange rate on changes in cash	328	(1,420)	659	397
Change in cash	(4,700)	(441)	2,061	(444)
Cash, beginning of period/year	17,492	11,172	10,731	11,175
Cash, end of period/year	$ 12,792	$ 10,731	$ 12,792	$ 10,731

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ACT Energy Technologies Ltd., based in Calgary, Alberta, Canada, is incorporated under the Business Corporations Act (Alberta) and operates in the U.S. and Canada under Altitude Energy Partners, Discovery Downhole Services in the U.S., and Rime Downhole Technologies, LLC in the U.S.. ACT's common shares are publicly-traded on the Toronto Stock Exchange under the symbol "ACX".

ACT is a trusted partner to North American energy companies requiring high performance directional drilling services and related downhole technologies. We work in partnership with our customers to tailor our equipment and expertise to meet their specific geographical and technical needs. Our experience, technologies and responsive personnel enable our customers to achieve higher efficiencies and lower project costs. For more information, visit www.actenergy.com.