High Arctic Announces 2026 Second Quarter Results

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CALGARY, Alberta, Aug. 28, 2026 -- High Arctic Overseas Holdings Corp. (TSXV: HOH) ("High Arctic" or the "Corporation") has released its second quarter financial and operating results. The unaudited condensed interim consolidated financial statements (the “Financial Statements”) and management’s discussion & analysis (“MD&A”) for the quarter ended June 30, 2026, will be available on SEDAR+ at www.sedarplus.ca. All amounts are denominated in United States Dollars (“USD”), unless otherwise indicated.

The common shares of the Corporation began trading on the TSXV on August 16, 2024 under the trading symbol HOH.

Mike Maguire, Chief Executive Officer, commented on the Corporation’s second quarter of 2026 financial and operating results and outlook:

> *“This quarter’s results reflect the low activity levels in PNG. However, we have reached the inflection point and have expectations for improved performance in the second half of 2026 and optimism for continued momentum through 2027. Crews are being increasingly deployed through Q3 to prepare and deploy drilling Rig 103 to drill the first of four confirmed wells, possibly followed by further wells which may include the first exploration well in PNG since Covid. With the Papua-LNG project progressing through the development forum towards a Final Investment Decision this year, we anticipate that other drilling activity including more exploration wells will follow in the coming years.*
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> *Recent investment in our Equipment Rentals division will contribute to meaningful earnings improvement through the deployment of a refurbished 100-bed camp on a multi-year contract as well as an assortment of other assets now preparing for service on key customer projects. We continue to expand our Fire Services business, executing contracts with new customers in the mining, processing and commercial properties sectors. We are also responding to many requests to quote Atlas Copco Power Technique products in PNG following a recent joint marketing push. All of this contributes meaningfully to realising the objectives of our diversification strategy.*
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> *I believe that High Arctic is about to start to realise a return on the investment we have made in maintaining an active presence and fostering the capability of our people in PNG through Covid and the lean years that have followed.”*

2026 Second Quarter Highlights

- Readiness activities commenced during the quarter to remobilize and reactivate Rig103 in Q3 2026;
- Contract received for a multi-year hire of a 100-man camp facility with deployment expected in Q3 2026;
- Continued Fire Services division growth across extractive industry sites and now actively expanding into major urban facilities;
- Invested in our equipment and personnel in preparation for projects that commence in early Q3, resulting in an operating margin reduction from 21.5% to (1.7%) on 6% softer revenue compared to Q2 2025; and
- Exit Q2 with a strong working capital position of $15.7 million to support the continued ramp up of new activities and other strategic objectives.

In the above results discussion, the three months ended June 30, 2026 may be referred to as the “quarter” or “Q2 2026” and the comparative three months ended June 30, 2025 may be referred to as “Q2 2025”. References to other quarters may be presented as “QX 20XX” with X/XX being the quarter/year to which the commentary relates.

RESULTS OVERVIEW

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

	Three months ended June 30,	
(thousands of USD except per share amounts)	2026	2025
Operating results		
Revenue	**2,215**	2,368
Net loss	**(1,613)**	(522)
Per share (basic and diluted)[(1)]	**($0.13)**	($0.04)
Operating margin[(2)]	**(38)**	509
Operating margin as a % of revenue[(2)]	***(1.7%)***	*21.5%*
EBITDA[(2)]	**(1,119)**	19
EBITDA as a % of revenue[(2)]	***(50.5%)***	*0.8%*
Per share (basic and diluted)[(1)]	***($0.09)***	*$0.00*

Adjusted EBITDA(2)	**(1,096)**	(184)
Adjusted EBITDA as a % of revenue(2)	***(49.5%)***	*(7.8%)*
Per share (basic and diluted)(1)	***($0.09)***	*($0.02)*
Operating loss(2)	**(1,623)**	(967)
Per share (basic and diluted)(1)	***($0.13)***	*($0.08)*
Cash flow from operations:		
Cash flow (used in) from operating activities	**(1,279)**	161
Per share (basic & diluted)(1)	**($0.10)**	$0.01
Funds flow (used in) from operating activities(2)	**(1,091)**	(19)
Per share (basic & diluted)(1)	**($0.09)**	($0.00)
Capital expenditures	**63**	159

(thousands of USD except per share amounts and shares outstanding)	As at June 30, 2026	As at Dec 31, 2025
Financial position:		
Working capital(2)	**15,719**	18,705
Cash and cash equivalents	**9,559**	11,954
Total assets	**28,682**	30,284
Shareholder's equity	**23,765**	27,011
Per share(3)	**$1.91**	$2.17
Weighted average common shares outstanding (000's)	**12,280**	12,432
Weighted average diluted shares outstanding (000's)	**12,280**	12,432
Common shares outstanding (000's)(3)	**12,417**	12,429

(1) For periods when the Corporation incurs a net loss or equivalent negative measure, certain potentially dilutive instruments were excluded from the calculation of diluted per share metrics as the inclusion would be anti-dilutive.

(2) Operating margin, EBITDA (Earnings before interest, tax, depreciation, and amortization), Adjusted EBITDA, Operating income (loss), Funds flow from operating activities and Working capital do not have a standardized meanings prescribed by IFRS. See "Non IFRS Measures" in the Corporation's Q2 2026 MD&A for calculations of these measures.

(3) Shareholder's equity per share calculated based on common shares outstanding as at the relevant date.

Operating Results

	Three months ended June 30,	
(thousands of USD, unless otherwise noted)	2026	2025
Revenue	**2,215**	2,368
Operating expenses	**(2,253)**	(1,859)
Operating margin(1)	**(38)**	509
Operating margin (%)	***(1.7%)***	*21.5%*

(1) See "Non-IFRS Measures" in the Corporation's Q2 2026 MD&A for calculations of these measures.

Revenues totalled $2,215 for the three months ended June 30, 2026, compared to $2,368 for the comparative periods in 2025. Customer-owned rig 103 has been suspended since the second half of 2024. The majority of Q2 2026 revenue is from the provision of equipment rental and fire services. Margins have been squeezed due to repairs and maintenance costs incurred preparing equipment ready for hire in adjacent industries such as mining and the recruitment, onboarding and training for manpower projects commencing in June 2026.

The Corporation owns two heli-portable drilling rigs (Rigs 115 and 116) which remain preserved and maintained ready for deployment.

Liquidity and Capital Resources

	Three months ended June 30,	
(thousands of USD)	2026	2025
Cash provided by (used in) operations:		
Operating activities	**(1,279)**	161

Investing activities	**(63)**	(159)
Financing activities	**(125)**	(113)
Effect of foreign exchange rate changes	**15**	8
(Decrease) in cash	**(1,452)**	(103)

(thousands of USD, unless otherwise noted)	As at June 30, 2026	As at Dec 31, 2025
Current assets	**20,433**	21,978
Working capital(1)	**15,719**	18,705
Working capital ratio(1)	**4.3:1**	6.7:1
Cash and cash equivalents	**9,559**	11,954

(1) See “Non-IFRS Measures”

Cash flows from Operating Activities

For the three months ended June 30, 2026, cash used in operating activities was $1,279 (Q2 2025 – $161). The change in operating cash flow was driven by a change in mix of revenue generating activities, cost of deploying assets into new markets, fixed costs associated with the Fire Services division establishing a market presence, costs associated with the commencement of the Atlas Copco distributorship, professional fees related to strategic activity, corporate services, equipment readiness and changes in non-cash working capital. Changes in non-cash working capital are listed in Note 13 of the Financial Statements and represent temporary differences as inventory previously purchased in support of anticipated sales, deferred revenue is earned and related party balances post the Arrangement is reduced.

Cash flows from Investing Activities

For the three months ended June 30, 2026, the Corporation’s cash used in investing activities was $63 (Q2 2025 – $159). Cash outflows associated with investing activities were directed towards capital expenditure on rental equipment assets. The increase in capital expenditures in 2026 is predominantly investment in rental equipment assets to supply increasing customer activity. The Corporation will continue to seek opportunities to invest in additional capital assets where there is strong market demand.

Cash flows from Financing Activities

For the three months ended June 30, 2026, the Corporation’s cash used in financing activities was $125 (Q2 2025 – $113). Cash outflows associated with finance activities were mainly directed towards lease obligation payments and share repurchases via Normal Course Issuer Bid program.

Outlook

Entering the second half of 2026 there are several developments that point to significant improvement in performance for High Arctic. These include a return to active drilling operations, deployment of a significant camp asset into long term service, quarter over quarter growth in Fire Services, the continued diversification of our rental equipment customer base in PNG, establishment of supply of Atlas Copco products under our sole distributorship in PNG and updated guidance for a Papua LNG final investment decision (“FID”) in Q4 2026.

We commenced the process of bringing drilling Rig 103 out of cold stack at the beginning of July, preparing it for the recommencement of drilling activities in Q4, pursuant to the two-year contract extension with our principal customer in PNG. As the reactivation of Rig 103 progresses through Q3, the Corporation will be ramping up crews to full operational levels and start commissioning the package ready for active drilling early in Q4. The drilling campaign is expected to include four approved wells with the potential to add several additional wells that are currently unapproved.

High Arctic was recently awarded a contract to supply project accommodation for one of the large independent mines in PNG. The contract minimum term is 2 years and it represents the first service offering by High Arctic to this particular customer. We will supply, through our Equipment Rental division, one of our modular 100-bed remote site camps capable of catering for around the clock 24-hour activity. The camp has been undergoing refurbishment to prepare it for service and is expected to commence operation later in Q3. The camp contract award is a highlight arising from the quarter where operating results were largely driven by equipment rental and fire services solutions delivered to the Corporation’s increasingly diversified base of new customers in PNG, including services at two new mine sites.

We are buoyed by the ongoing demand for these services and the negotiation of several minor services contracts across these revenue streams which have the added benefit of being within adjacent industries such as mining and industrial construction. Exposure to these adjacent industries is a key aspect of the Corporations diversification strategy. We aim to leverage the beachheads captured at these new mine sites by marketing other solutions High Arctic can deliver to address our customers challenges and aspirations.

In Q2, we announced appointment as the sole authorized distributor of Atlas Copco Power Technique products for Papua New Guinea, a key part of our diversification strategy. Supported by Atlas Copco's regional technical specialists, High Arctic showcased the Atlas Copco product line at the recent PNG Chamber of Resources and Energy conference and exhibition in Port Moresby. The Corporation is consequently following up several exciting opportunities for deployment of Atlas Copco Power Technique products. High Arctic is well positioned to provide in-country sales, rentals & after-market solutions and compete for a significant share of the current sizeable and expanding PNG light equipment market.

The Papua-LNG project has continued to move closer to FID. The Project Development Forum is underway to agree on benefit sharing and development commitments with the affected landowners from communities impacted by the project. Project partner Santos recently stated that the project is on schedule for a final investment decision in the fourth quarter of 2026. The Corporation drilled the last 4 appraisal wells in the Antelope gas field, which will be the primary gas source for the project. We expect High Arctic to offer a highly competitive and compelling case for drilling the Papua-LNG development wells.

While there is currently substantive market volatility, circumstances appear favourable for international commodity pricing into the future and PNG presents an attractive proven and secure supply source for Asian buyers seeking alternatives to sources impacted by war or sanctions. This should provide the Corporation's customers with confidence in a healthy return on the cost of developing both new and backfill production.

Business Strategy

Our business strategy focused on Papua New Guinea is underpinned by the following cornerstones:

- Leveraging our core PNG planning and logistics capability to diversify our service offerings;
- Deploying idle assets into profitable operations;
- Strengthening local content & participation in the PNG finance and investment communities;
- An established and efficient corporate structure; and
- Seeking opportunities to expand and root the business in the Australasian region.

2026 Strategic Objectives

- Relentless focus on safety excellence and quality service delivery;
- Grow the Equipment Rentals and Fire Services business offerings;
- Pursue pathways to return idle drilling assets into service;
- Maximize potential participation in future major Papua New Guinea projects; and
- Pursue expansionary transactions that increase shareholder value.

Our rationale for a business strategy focussed on PNG is unchanged. Papua New Guinea possesses substantial deposits of natural resources including significant reserves of oil and natural gas and has emerged as a reliable low-cost energy exporter to Asian markets, particularly for liquefied natural gas ("LNG"). A significant investment in the country's oil and gas industry was evidenced by the successful construction of the PNG-LNG project in 2014, with the primary partners in the venture being customers of the Corporation. In the period following, the Corporation's predecessor company committed to the purchase and upgrade of drilling rigs 115 and 116 and expansion of the Corporation's fleet of rentable equipment including camps, material handling equipment and worksite matting. These investments contributed to a substantive lift in revenues and earnings as PNG enjoyed its highest period of exploration and development activity.

Since the onset of COVID-19 in early 2020, there has been a substantive reduction in drilling services in PNG. This follows some consolidation among the active exploration and production companies and evolving political and economic influences. In the longer term, High Arctic believes PNG is on the precipice of a new round of large-scale projects in the natural resources sector. There is an expectation for increased drilling activity through the latter half of this decade, not only to develop wells for the supply of gas to the Papua-LNG export facility, but also to explore for and appraise other discoveries. The Corporation is strategically positioned to support these developments, given its dominant position for drilling and associated services in PNG, existing work relationships with the operating companies, and proximity to the proposed sites of operation. The Corporation's drilling rigs 115 and 116 are portable by helicopter and have been maintained and preserved for future use.

There are a number of other petroleum and mining projects and substantive nation-building projects including infrastructure, electrification, telecommunications and defence projects planned for the development of PNG. These projects will require access to transport and material handling machinery, both temporary and permanent power generation assets, quality worksite and temporary road mats and personnel. High Arctic's business continues to position itself to be a meaningful supplier of services and equipment for this market.

Reflecting upon 2025 and our views on the emerging PNG market, we identified a substantive appetite beyond our traditional customers for in-country solutions for the provision of rental equipment and fire services, particularly in the mining sector and for the provision of reliable power generation equipment, for which we are experiencing demand beyond our capacity to supply. Agreeing terms to become the authorized distributor of Atlas Copco Power Technique products in PNG positions us well to meet these demands both in terms of sales and equipment rentals. We are currently focussed on investing in the renewal and expansion of our rental equipment fleet to meet these needs. We have found fire services in PNG to be under-serviced and we are focussed on expanding our capacity and adding depth to our team with an aim of becoming the premier provider of fire safety solutions in PNG. We believe that this renewed focus will deliver our diversification goals and will provide a solid, profitable and sustainable business foundation in the absence of continuous drilling activity.

Non-IFRS Measures

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

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

For additional information regarding non-IFRS measures, including their use to management and investors and reconciliations to measures recognized by IFRS, please refer to the Corporation's Q2 2026 MD&A, which is available online at www.sedarplus.ca.

About High Arctic Overseas Holdings Corp.

High Arctic delivers drilling, equipment rentals, fire protection services, asset management and workforce solutions across Papua New Guinea. Together, we combine international standards with local expertise and an unwavering focus on quality, to support oil and gas, mining, and infrastructure projects nationwide.

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Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements are based on management's current expectations, estimates, projections, beliefs and assumptions as of the date of this press release. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

Forward-looking statements are often identified by words such as "may", "will", "would", "could", "should", "intend", "plan", "anticipate", "believe", "estimate", "expect", "forecast", "project", "seek", "continue", "target", "aim", "potential and similar expressions. In this press release, forward-looking statements include, among other things, statements regarding the outlook for the energy services industry in Papua New Guinea ("PNG"); the timing, scope and level of customer drilling, development and other project activity in PNG; the reactivation and return to service of Rig 103 and the potential deployment of other drilling assets; the deployment of the Corporation's camp assets and rental equipment into new and existing customer operations; the growth and diversification of the Corporation's Equipment Rentals, Fire Services and other business activities; opportunities arising from the Corporation's Atlas Copco distributorship and other strategic initiatives; the timing and impact of major resource and infrastructure projects in PNG, including Papua LNG and other natural resource developments; customer demand, commodity prices, foreign exchange rates, liquidity, working capital and capital allocation decisions; the Corporation's ability to execute its strategic objectives, pursue growth opportunities and maintain adequate financial resources; and the anticipated impact of new accounting standards, including IFRS 18.

- volatility in crude oil, natural gas and LNG prices
- delays in the deployment or underutilization of drilling, rental and camp assets
- reliance on a limited number of significant customers
- risks associated with diversification initiatives and new business opportunities
- geopolitical events, trade restrictions and global economic uncertainty
- cybersecurity risks
  inflationary pressures and supply chain constraints
- uncertainty regarding customer activity and future project approvals
- foreign exchange volatility and PNG foreign currency restrictions
- changes in government policy, taxation, environmental and climate-related regulation
- risks associated with tenders, acquisitions and other strategic or expansionary transactions
- operational, safety, environmental and legal risks
- access to capital and liquidity risks

and labour availability

Additional risks and uncertainties are described elsewhere in this press release under “Business Risks and Uncertainties” and “Financial Risk Management” of the Corporation’s Q2 2026 MD&A.

In preparing the forward-looking statements contained in this press release, the Corporation has made assumptions including, without limitation, assumptions regarding: customer demand, commodity prices, the timing of project activity in PNG, the availability and performance of equipment and personnel, the successful execution of strategic initiatives, the availability of goods and services on commercially reasonable terms, the Corporation’s ability to obtain required regulatory approvals, manage foreign exchange exposures and maintain adequate liquidity.

Although the Corporation believes that the expectations reflected in these forward-looking statements and the assumptions on which they are based are reasonable, there can be no assurance that such expectations or assumptions will prove to be correct. Actual results may differ materially from those expressed or implied by forward-looking statements as a result of the factors discussed above and elsewhere in this press release.

The Corporation’s actual results may differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this press release and in the Corporation’s Listing Application dated August 12, 2024, which is available on SEDAR+.

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