

# KGEI Earnings Call Transcript

**Date: 2025-11-12**

**Quarter: 3**

Operator: Good day, and welcome to the Kolibri Global Energy's Third Quarter 2025 Financial Conference Call. [Operator Instructions] Please note this event is being recorded. It is advised that participants that this conference is being recorded today on November 12, 2025. This call will be available on the company's website at [www.kolibrienergy.com](http://www.kolibrienergy.com). Here is a disclaimer. This call may include forward-looking information regarding Kolibri's strategic plans, anticipated production, capital expenditures, exit rates and cash flows, results and other estimates and forecasts. Forward-looking information is subject to risks and uncertainties, and actual results will vary from the forward-looking statements. This call may include future-oriented financial information and financial outlook information, which Kolibri discloses in order to provide readers with a more complete perspective on Kolibri's potential future operations and such information may not be appropriate for further purposes. For a description of the assumptions on which forward-looking information is based and the applicable risks and uncertainties and Kolibri's policy for updating such statements. We direct you Kolibri's most recent annual information form and management's discussion and analysis for the period under discussion as well as the Kolibri's most recent corporate presentation all of which are available on Kolibri's website. Listeners should not place undue reliance on forward-looking information. Kolibri undertakes no obligation to update any forward-looking future oriented financial or financial outlook information other than as required by the applicable law. I would now like to turn the call over to Mr. Wolf Regener, the President and CEO of Kolibri Global Corporation. Thank you, and over to you.

Wolf E. Regener: Thank you, Myron, and thank you, everyone, for joining us today. With me on today's call is also Gary Johnson, our Chief Financial Officer. As I'm sure you're aware, we released our third quarter 2025 results this morning, and I'm happy to say that we're very pleased with what we've achieved this quarter, where we continue to build on our last few years of great results in multiple ways. Production from the field has been going well with our third quarter of over 4,250 barrels of oil equivalent per day. That's up from the second quarter of this year of 3,200 BOE per day and also an increase of over 40% from the third quarter of 2024. Other operating expenses remaining low, with just over \$7.15 of BOE. It would have been even lower at \$6.57 of BOE if we exclude the onetime production tax adjustments from the prior periods. Despite of the oil prices being lower, our line of credit was reaffirmed at \$65 million from our banking syndicate led by Bank of Oklahoma. And we're in the middle of fracture stimulating the 4 new wells that we expect to come on production in early December, which are expected to further increase our production, where we're expecting to exit the year at an all-time high production rate. So things are going very well. With that, now I'll turn the call over to Gary to discuss our financial results. Gary?

Gary W. Johnson: Thanks, Wolf, and thanks to everyone for joining the call. I'm going to go over a few highlights for the quarter and September year-to-date results, and then we'll take questions at the end. All amounts are in U.S. dollars unless otherwise stated. As you will see from the results, we continue to increase our revenue and cash flow year-over-year despite the price declines we have experienced in 2025. I'll start with the third quarter comparisons. Average production was up 40% and to 4,254 BOE per day compared to 3,032 BOE per day in the prior year quarter. The increase was due to production from the wells that were drilled in 2025. Revenue was up 15% to \$15 million in the third quarter of 2025 due to the higher production, which was partially offset by lower prices, which were down 18%.

Adjusted EBITDA reached -- sorry, \$11.1 million compared to \$10.1 million in the prior year quarter, which was an increase of 9% due to the higher revenue, which was partially offset by an increase in operating expenses due to the increase in production. Our net income was \$3.6 million and basic EPS was \$0.10 per share in the third quarter of 2025 compared to \$5.1 million or \$0.14 per share -- basic share in the prior year quarter. This decrease was due to a \$1.8 million negative swing in the noncash unrealized mark-to-market adjustments on our hedges between the third quarter 2025 and the third quarter of last year. The increase we added revenues was offset by the increase in depreciation expense and operating expense due to the increase in production. Netbacks for the quarter decreased 23% to \$30.84 per BOE compared to \$40.01 per BOE in the prior year quarter, due primarily to the lower prices. Operating expense was \$7.37 per BOE for the quarter compared to \$6.63 per BOE in the prior year third quarter, which was an increase of 11%. Which was due to reassessed production tax adjustments, which added \$0.80 per BOE to the third quarter 2025 number. Excluding those adjustments, operating costs would have been \$6.57 per BOE, which was a 1% decrease from the prior year. Now moving on to the year-to-date September results. Average production was up 22% to 3,851 BOE per day for the 9 months ended September 30 compared to 3,154 BOE per day in the comparable prior year period. Revenue was up 2% to \$42.1 million compared to \$41.2 million in 2024, due to the higher production, which was partially offset by lower prices, which decreased by 16%. Adjusted EBITDA increased by 3% to \$31.6 million compared to \$30.5 million in 2024 due to the increase in revenues, which were partially offset by higher operating expense due to the increase in production. Net income was \$12.2 million, with basic EPS of \$0.34 per share, which compares to \$12.5 million and basic EPS of 35% per share last year as the higher depreciation and operating expense from the increase in production offset the increase in revenue. Netbacks from operations decreased 17% to \$32.86 per BOE compared to \$39.78 per BOE last year due to lower average prices. Operating expense was \$7.20 per BOE for the year-to-date September compared to \$7.84 per BOE in the prior year period, which was a decrease of 8%. In October, our credit facility was redetermined at the same \$65 million borrowing base. Our net debt at the end of September was \$42.8 million, and we had \$18.5 million of available borrowing capacity. Since we started our stock buyback program in September of last year, we have repurchased a total of about 568,000 shares. We will continue to repurchase additional shares to enhance shareholder value as our working capital allows. And looking back over the last several years, our average production has increased by almost 300% since the end of 2021 as we continue to demonstrate the value of our deal. As Wolf said, when the last 4 wells of our 2025 drilling program start production in December, we expect to exit the year with record high production, which should lead to a further increase in production in the first quarter of 2026. And with that, I'll hand it back to Wolf.

Wolf E. Regener: Thanks, Gary. As Gary laid out, we had a very solid third quarter, while oil prices were lower, our revenue and cash flow is still increasing year-over-year, and we're looking to continue the success we've had over the last few years. The company has had quite the growth. And with the activity we have going on, we're looking to continue that. Along with the production revenue and cash flow growth, we're intending to continue returning capital to shareholders in the form of share buybacks, where we've started buying back the shares, as Gary mentioned, over about 570,000 shares. Our plan is to continue to grow all value for shareholders, and we'll continue to get the word out about the company to shareholders and potential shareholders. This actually concludes the formal part of our presentation, and we'll be happy to answer any questions you may now have.

Operator: [Operator Instructions]We have the first question from the line of Steve Ferazani from Sidoti.

Steve Ferazani: Wolf, if I want to ask about the timing of the 4 new wells, I know you've drilled 2 wells, you're also going to simultaneously complete 2 others you previously drilled, where is that timing-wise? When are you expecting production this year?

Wolf E. Regener: Good to hear from you. Yes, so we're on schedule with where we thought we would be now. We're in the middle of fracture stimulating the wells. Everything is going well on that. And we look to see that production coming on in early December. So everything is moving along.

Steve Ferazani: As far as you updated your guidance in early October. Any changes, any thoughts to the expectations sort of gets us to about a 1x leverage year-end. Any of those numbers change significantly? Or are you still comfortable with around 1x net leverage year-end?

Wolf E. Regener: Yes. I know that we should be right in that number. And then I think as we put in our guidance, we're expecting to pay down \$8 million to \$10 million in the first quarter just because the timing of when we're spending all this money bringing these other wells online.

Andrew Louis DeAngelis: Got it. That's helpful. Can you give us an update on the Ferguson well? I know you mentioned it in the press release, just where you are with that and how that might impact your thoughts on drilling in the East side in the future?

Wolf E. Regener: Yes. So we'll keep monitoring where it is. Production has been fairly flat on it. And so we'll see as more fracture stimulation fluid comes back to see how flat that actually stays. I don't see us drilling another well over there where we dropped to do today with oil. Great timing on putting our financials as oil drops 4%. So yes, we're in the high 50s, I can't see us drilling well over there for a while, we made higher prices of these numbers. So we'll just see where it turns out to be here in another month or 2, but it will definitely take higher prices in order to do other activities over there. So we definitely -- we won't be focusing on it, let's put it that way. We've got a new presentation up on the website too, which shows the other potential that we have, not only the Eastside but these other things as well. [indiscernible] more information that's out there and then also people kind of tend to forget about the T-zone. So I put that back on there. I think that's a proven table that is in the reserve report.

Steve Ferazani: I'll check it out. It sort of leads into -- I know it's only November. I know things changed and the market has been volatile. Can you provide any color to what's going to guide your thinking on a 2026 drilling program?

Wolf E. Regener: Sure. I mean I'll speak for just myself and Gary, what we're likely to be recommending to the Board will depend on where prices are in December or early January, right? I didn't quite expect the drop here today. I thought we were at the lows and coming up already. So it looks like it's going to take a little bit longer. So really, I think from our point of view, we'll probably be recommending something more along the lines of keeping production kind of flat to where we end up here near the end of the year. The lower the prices are, the less capital you kind of want to put in the ground, but you want to make sure you're still flat to slightly growth, I think. And that's at least my view of it. So we'll have a good Board discussion about it, and we'll see where we end up in the long term.

Steve Ferazani: The October hedges, you sort of changed how you're approaching that? And I'm assuming that's a reflection on pricing. It looks like around -- it looks like October was primarily \$50 puts. Can you talk about your -- the shift?

Wolf E. Regener: Yes. Just -- I mean, the forward curve is so bad that it's hard to even put collars in place on that. I'd hate to see us cap up because I think oil is going to turn around. We want to protect for the downside still in our bank that makes us do a certain amount of hedges. And so I'm grateful that we can do some puts so that our upside isn't capped. Just where the costless collars were, it just made more sense to put puts in place rather than having a very low cap on prices going forward because I don't know if it's going to take 2 weeks, a month or 6 months, but I'm sure prices are going to turn around. They can't stay down there. I don't think anybody in the world wants that on the producer [indiscernible] that way.

Steve Ferazani: That's fair. Gary, you mentioned that the higher OpEx, it sounded like there was a tax adjustment. Can you just give us a brief explanation on what that was? And is that onetime only?

Gary W. Johnson: It is onetime only. This is a true-up of production taxes. Our purchaser reassesses costs sometimes going back, they're allowed to do that. So they did that adjustment. So with that, like I said, a onetime thing that we don't expect. I mean, it could happen again, but it's not going to be a recurring thing. It's just a onetime.

Wolf E. Regener: One clarification is in Oklahoma, the purchaser pays the gas and NGL taxes not the producer. And so that's why the accounting had accrued for a chunk of it, but a piece of it that tend to be higher at the -- than what was accrued for.

Steve Ferazani: That's helpful. So general trends on...

Wolf E. Regener: [indiscernible] Taxes in that way, we'd know right away.

Steve Ferazani: I don't like to talk about taxes in general. So if we back that out, general trend, you're comfortable with being able to continue if production is up that OpEx per barrel should typically trend down over the long term?

Wolf E. Regener: Yes. Yes. I'd kind of keep it flat in this range where we're at. If you set dollars, you're probably conservative on what we're doing. So...

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Mr. Wolf Regener for closing remarks.

Wolf E. Regener: Thank you, again, everyone, for participating and always happy to answer questions at any time. Feel free to contact us and reach out. So thank you, everyone, for the time, and have a good rest of your day.

Operator: Thank you. The conference call has now concluded. Thank you for attending today's presentation. You may now disconnect.