Essential Energy Services Announces Second Quarter Financial Results and Updated 2022 Capital Spending Forecast

CALGARY, Alberta, Aug. 03, 2022 (GLOBE NEWSWIRE) -- Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces second quarter financial results and its updated 2022 capital spending forecast.

SELECTED INFORMATION

(in thousands of dollars except per share and percentages)	For the three months ended June 30, **2022**	2021	For the six months ended June 30, **2022**	2021
Revenue	**$ 28,642**	$ 22,441	**$ 66,383**	$ 52,591
Gross margin	**4,220**	5,291	**10,241**	12,029
Gross margin %	**15%**	24%	**15%**	23%
EBITDAS [(1)]	**1,920**	3,429	**5,535**	8,317
EBITDAS % [(1)]	**7%**	15%	**8%**	16%
Net loss	**$ (1,576)**	$ (5,019)	**$ (5,497)**	**$** (7,612)
Per share - basic and diluted	**$ (0.01)**	$ (0.04)	**$ (0.04)**	**$** (0.05)
Operating hours				
Coiled tubing rigs	**6,205**	7,414	**16,221**	16,043
Pumpers	**8,444**	9,647	**21,458**	21,250

	As at June 30, **2022**	2021
Working capital [(1)]	**$ 43,065**	$ 47,670
Cash	**2,107**	11,627
Long-term debt	**-**	301

[1] Non-IFRS and Other Financial Measures. Refer to "Non-IFRS and Other Financial Measures" section for further information.

INDUSTRY OVERVIEW

The price of West Texas Intermediate ("WTI") averaged US$108 per barrel in the second quarter of 2022, with prices exceeding US$120 per barrel at the start of June 2022, compared to an average of US$66 per barrel in the second quarter of 2021. Canadian natural gas prices ("AECO") averaged $6.83 per gigajoule during the second quarter of 2022, compared to an average of $2.96 per gigajoule during the comparative prior year quarter.

Activity is traditionally slowest in the second quarter with melting snow and thawing ground-frost rendering many roadways incapable of supporting heavy equipment. Second quarter 2022 industry drilling and well completion activity in the Western Canadian Sedimentary Basin ("WCSB") was ahead of the same prior year quarter as higher commodity prices resulted in increased exploration and production ("E&P") company spending.

Inflation rates in Canada during the first half of 2022 have been the highest since the early 1990s[(a)] which has increased overall cost structures. There have been several oilfield service companies that have reported improved service pricing during the quarter; but rising costs due to significant inflation continued to be a concern.

HIGHLIGHTS

Revenue for the three months ended June 30, 2022 was $28.6 million, 28% higher than the same prior year quarter due to improved industry conditions. Second quarter EBITDAS[(1)] was $1.9 million, $1.5 million lower than the same prior year period mainly due to no funding from Government Subsidy Programs[(b)] (2021 - $2.1 million) and increased operating costs as a result of significant inflation.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") second quarter 2022 revenue was $15.3 million, 15% higher than the same prior year quarter due to higher revenue per operating hour, offset slightly by lower activity. Revenue per operating hour improved in the current quarter, compared to the prior year quarter, due to the nature of work performed and improved service pricing in the latter half of the quarter. ECWS activity decreased in the quarter, compared to the same prior year quarter, as certain customer work scheduled for June 2022 was deferred on short notice until the third quarter. Gross margin was $2.0 million, $1.4 million lower than the same prior year quarter due to no funding from Government Subsidy Programs (2021 - $1.1 million) and higher operating costs.

- Tryton second quarter 2022 revenue was $13.3 million, 46% higher than the same prior year quarter due to increased activity in Canada and the U.S. Gross margin was $2.5 million, an increase of $0.3 million compared to the same prior year quarter due to higher revenue, offset by no funding from Government Subsidy Programs (2021 - $0.7 million) and higher operating costs.

For the six months ended June 30, 2022, Essential reported revenue of $66.4 million, 26% higher than the same prior year period as a result of improved industry activity in the first half of the year and improved customer service pricing in the latter half of the second quarter. For the six months ended June 30, 2022, EBITDAS[1] was $5.5 million, $2.8 million lower than the prior year period as higher activity during the first half of 2022 was offset by $3.5 million lower Government Subsidy Program benefits and higher operating costs.

During the first half of 2022, Essential acquired and cancelled 2,285,516 common shares ("Shares") under its Normal Course Issuer Bid with a weighted average price of $0.42 per share for a total cost of $1.0 million. Essential is limited to a daily maximum number of 23,482 Shares that may be purchased each business day, subject to the weekly block purchase exemption.

Cash and Working Capital**[1]**

At June 30, 2022, Essential continued to be in a strong financial position with no long-term debt outstanding, cash of $2.1 million and working capital**[1]** of $43.1 million. On August 3, 2022 Essential had $1.7 million of cash, with no long-term debt outstanding.

RESULTS OF OPERATIONS

Segment Results – *Essential Coil Well Service*

(in thousands of dollars, except percentages, hours and fleet data)	For the three months ended June 30, **2022**	2021	For the six months ended June 30, **2022**	2021
Revenue	**$ 15,337**	$ 13,355	**$ 35,016**	$ 29,211
Operating expenses	**13,362**	10,028	**30,265**	22,175
Gross margin	**$ 1,975**	$ 3,327	**$ 4,751**	$ 7,036
Gross margin %	**13%**	25%	**14%**	24%
Operating hours				
Coiled tubing rigs	**6,205**	7,414	**16,221**	16,043
Pumpers	**8,444**	9,647	**21,458**	21,250
Active equipment fleet (i) (ii)				
Coiled tubing rigs	**12**	12	**12**	12
Fluid pumpers	**11**	9	**11**	9
Nitrogen pumpers	**4**	4	**4**	4
Total equipment fleet (i) (iii)				
Coiled tubing rigs	**25**	29	**25**	29
Fluid pumpers	**13**	17	**13**	17
Nitrogen pumpers	**5**	8	**5**	8

(i) Fleet data represents the number of units at the end of the period. Crewed equipment is less than active equipment.
(ii) In January 2022, one additional quintuplex fluid pumper went into service.
(iii) Total equipment fleet was reduced in the third quarter of 2021 for shallow coiled tubing rigs and lower capacity pumpers which are no longer expected to be reactivated.

Second quarter 2022 ECWS revenue was $15.3 million, an increase of 15% compared to the same prior year quarter. Revenue per operating hour was higher due to the nature of the work performed combined with improved customer service pricing. During the quarter, ECWS successfully negotiated higher customer pricing; however, these price increases only came into effect during the latter half of the quarter. Second quarter activity was lower than expected as certain customer work scheduled for June 2022 was deferred on short notice until the third quarter.

Gross margin for the second quarter of 2022 was $2.0 million, $1.4 million lower than the same prior year quarter due to no funding from Government Subsidy Programs (2021 - $1.1 million) and higher operating costs. Cost inflation resulted in higher operating costs related to wages, fuel, supplies and coiled tubing inventory. The improved customer service pricing only partially offset the impact of higher operating costs as the increases came into effect during the latter half of the quarter. Gross margin percentage was 13% in the current period, compared to 25% in the same prior year quarter.

On a year-to-date basis, ECWS revenue was $35.0 million, 20% higher than the same prior year period due to an increase in revenue per operating hour. Revenue per operating hour was higher due to the nature of work performed in 2022 and customer price increases implemented during the latter half of the second quarter. Activity remained flat to 2021 largely due to lower activity in the second quarter as certain customer work scheduled for June was deferred to the third quarter. Gross margin was $4.8 million, $2.3 million lower than 2021 due to no Government Subsidy Program benefits in the current year (2021 - $2.0 million) and overall cost inflation. Gross margin percentage was 14%, compared to 24% for the same prior year period.

Segment Results – *Tryton*

(in thousands of dollars, except percentages)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Revenue	**$ 13,305**	$ 9,086	**$ 31,367**	$ 23,380
Operating expenses	**10,838**	6,884	**25,518**	17,990
Gross margin	**$ 2,467**	$ 2,202	**$ 5,849**	$ 5,390
Gross margin %	**19%**	24%	**19%**	23%
Tryton revenue - % of revenue				
Tryton MSFS®	**18%**	**10%**	**23%**	25%
Conventional Tools & Rentals	**82%**	**90%**	**77%**	75%

Second quarter 2022 Tryton revenue was $13.3 million, an increase of 46% compared to the same prior year quarter. Conventional tool revenue in Canada and the U.S. was stronger than the same prior year quarter due to improved industry conditions which increased customer spending on production-related activity. Tryton Multi-Stage Fracturing System ("MSFS®") revenue was higher than the same prior year quarter due to increased completion-related activity. Pricing continued to be competitive during the quarter.

Second quarter gross margin was $2.5 million, $0.3 million higher than the same prior year quarter as a result of increased activity and a beneficial mix of work, offset by no funding from Government Subsidy Programs (2021 - $0.7 million) and cost inflation which increased operating costs related to inventory and wages. Despite significant inflation, pricing remained competitive during the quarter and Tryton was unable to recover increased operating costs through higher customer pricing. Gross margin percentage was 19% in the current period, compared to 24% in the same prior year quarter.

On a year-to-date basis, Tryton revenue was $31.4 million, 34% higher than the same prior year period due to increased in activity in Canada and the U.S. Gross margin was $5.8 million, an increase of $0.5 million compared to the same prior year period due to increased activity, offset by $1.0 million lower Government Subsidy Program benefits and higher operating costs. Gross margin percentage was 19%, compared to 23% in the same prior year quarter.

Purchase of Property and Equipment

(in thousands of dollars)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
ECWS	**$ 465**	$ 979	**$ 1,030**	$ 3,159
Tryton	**471**	227	**1,267**	291
Corporate	**135**	14	**135**	14
Purchase of property and equipment	**$ 1,071**	$ 1,220	**$ 2,432**	$ 3,464
Less proceeds on disposal of equipment	**(1,343)**	(283)	**(1,508)**	(586)
Net equipment (proceeds) expenditures (1)	**$ (272)**	$ 937	**$ 924**	$ 2,878

Essential classifies its purchase of property and equipment as growth capital(1) and maintenance capital(1):

(in thousands of dollars)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Growth capital (1)	**$ -**	$ 331	**$ -**	$ 1,994
Maintenance capital (1)	**1,071**	889	**2,432**	1,470
Purchase of property and equipment	**$ 1,071**	$ 1,220	**$ 2,432**	$ 3,464

For the three and six months ended June 30, 2022, Essential's maintenance capital spending was focused on costs incurred to maintain the ECWS active fleet and replace pickup trucks in Tryton.

Updated 2022 Capital Spending Forecast

Essential's 2022 capital forecast has increased from $6 million to $9 million, which includes $3 million for growth capital[(1)] and $6 million for maintenance capital[(1)]. Early in the third quarter, ECWS committed to purchasing two 1,000 horsepower quintuplex fluid pumpers. The total cost for this project is expected to be $3 million. ECWS will complete technical upgrades on the pumpers with an expectation that they will be available for use by early in the fourth quarter. The remaining equipment expenditures are mainly focused on the maintenance of ECWS's active fleet and replacement of pickup trucks. The 2022 capital forecast is expected to be funded with cash, operational cashflow and, if needed, its credit facility.

OUTLOOK

With the continued strong commodity price environment, the outlook for industry drilling and completion activity in 2022 and beyond continues to be quite optimistic. It is generally expected that these strong commodity prices, combined with the constant degradation effect of well declines, should drive an increase in spending on drilling and completions for the remainder of 2022 and potentially lead to a strong multi-year oil and gas performance cycle.

To date in 2022, E&P company surplus cash flow has been significant with a large portion of these funds applied to debt reduction and returning funds to shareholders through dividends and share repurchases. General industry expectations suggest that as E&P companies continue to significantly reduce debt, capital investment may increase as they shift their focus back to incremental drilling and completion or production-related spending.

During the first half of 2022, cost inflation in Canada was significant for most businesses, including oilfield services companies. Supply chain disruptions have increased costs and created logistical challenges of providing oilfield services, which is expected to continue for the remainder of the year. The oilfield services sector in Canada is also experiencing labor shortages. Retaining and attracting personnel to the oilfield services sector continues to be a challenge in today's market. Despite this, E&P companies, until very recently, had been reluctant to accept oilfield service price increases.

ECWS has one of the industry's largest active and total deep coiled tubing fleets. ECWS's active fleet includes 12 coiled tubing rigs and 11 fluid pumpers. ECWS is not crewing this entire active fleet. Maintenance of an active fleet above what is currently crewed allows customers to have access to preferred, efficient equipment for differing completion techniques and formation/well pad needs.

Early in the third quarter of 2022, ECWS purchased two 1,000 horsepower ("hp") quintuplex fluid pumpers. ECWS will complete technical upgrades on the pumpers with an expectation that they will be available for use by early in the fourth quarter. Once the new pumpers are ready, they will replace two existing 600 hp triplex fluid pumpers. The 1,000 hp quintuplex fluid pumpers will appropriately support the ECWS deep-capacity Generation III and Generation IV coiled tubing rigs as E&P customers continue to require greater pumping fluid capacity and pressure capability.

During the latter portion of the second quarter of 2022, ECWS introduced service pricing increases to customers. These higher prices, combined with improved E&P company capital spending and activity anticipated for the second half of 2022, are expected to positively impact ECWS margins and financial results. The price increase strategy is striving to offset recent significant inflationary impacts. Going forward, ECWS and Tryton will be in regular dialogue with E&P customers pursuing cost inflation pass-through.

In the first half of 2022, Tryton activity in both Canada and the U.S. improved largely due to higher commodity prices. Customer spending on production-related activity improved as E&P companies continued to seek cash-flow growth. It is expected that Tryton's conventional downhole tool business in Canada and the U.S. will continue to benefit from this form of increased activity. With an expected increase in E&P company completion spending, Tryton anticipates increased demand for its MSFS® downhole tools in the second half of 2022. Tryton's long-tenured work-force and ability to expand through the use of sub-contractors in a strengthening industry cycle, despite the broader sectoral tight labor market, is expected to provide Tryton with the ability to execute on operational demands in the second half of 2022 if activity improves as anticipated.

Essential is well-positioned to benefit from the oilfield services sector recovery cycle. Essential's strengths include its well-trained workforce, industry leading coiled tubing fleet, value-adding downhole tool technologies and sound financial footing. As industry activity improves, Essential will continue to focus on obtaining appropriate pricing for its services. Essential is committed to meeting the demands of its key customers, a continued focus on Environmental, Social and Governance, and maintaining its strong financial position. On August 3, 2022, Essential had cash of $1.7 million, with no long-term debt outstanding. Essential's ongoing financial stability is a strategic advantage as the industry continues to transition into a period of expected growth.

The second quarter 2022 Management's Discussion and Analysis ("MD&A") and Financial Statements are available on Essential's website at www.essentialenergy.ca and on SEDAR at www.sedar.com.

[(1)]Non-IFRS and Other Financial Measures

Certain specified financial measures in this news release, including "EBITDAS", "EBITDAS %", "growth capital", "maintenance capital", "net equipment expenditures" and "working capital", do not have a standardized meaning as prescribed under International Financial Reporting Standards ("IFRS"). These measures should not be used as an alternative to IFRS measures because they may not be comparable to similar financial measures used by other companies. These specified financial measures used by Essential are further explained in the Non-IFRS and Other Financial Measures section of the MD&A (available on the Company's profile on SEDAR at www.sedar.com), which section is incorporated by reference herein.

EBITDAS and EBITDAS % – EBITDAS and EBITDAS % are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies. Management believes that in addition to net loss, the most directly comparable IFRS measure, EBITDAS is a useful measure to enhance investors understanding of Essential's results from its principal business activities prior to consideration of how those activities are financed, how the results are taxed and how the results are impacted by non-cash charges. EBITDAS is generally defined as earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal, write-down of assets, impairment loss, foreign exchange gains or losses, and share-based compensation, which includes both equity-settled and cash-settled transactions. These adjustments are relevant as they provide another measure which is considered an indicator of Essential's results from its principal business activities. EBITDAS % is a non-IFRS ratio and is calculated as EBITDAS divided by total revenue. It is used as a supplemental financial measure by management to evaluate cost efficiency.

The following table reconciles EBITDAS[1] to net loss:

(in thousands of dollars)	For the three months ended June 30, **2022**	2021	For the six months ended June 30, **2022**	2021
EBITDAS	**$ 1,920**	$ 3,429	**$ 5,535**	$ 8,317
Share-based compensation(recovery) expense	**(11)**	3,641	**3,028**	5,950
Other (income) expense	**(869)**	133	**(776)**	260
Depreciation and amortization	**4,163**	4,448	**8,349**	9,261
Finance costs	**213**	224	**431**	455
Loss before income tax	**$ (1,576)**	$ (5,017)	**$ (5,497)**	$ (7,609)
Income tax expense	**-**	2	**-**	3
Net loss	**$ (1,576)**	$ (5,019)	**$ (5,497)**	$ (7,612)

The following table calculates EBITDAS %:

(in thousands of dollars, except percentages)	For the three months ended June 30, **2022**	2021	For the six months ended June 30, **2022**	2021
EBITDAS	**$ 1,920**	$ 3,429	**$ 5,535**	$ 8,317
Revenue	**$ 28,642**	$ 22,441	**$ 66,383**	$ 52,591
EBITDAS %	**7%**	15%	**8%**	16%

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(in thousands of dollars)	**As at June 30, 2022**	As at December 31, 2021
Assets		
Current		
Cash	**$ 2,107**	$ 6,462
Trade and other accounts receivable	**23,205**	29,341
Inventory	**34,880**	31,111
Prepayments and deposits	**2,936**	1,826
	63,128	68,740
Non-current		
Property and equipment	**76,561**	81,532
Right-of-use lease assets	**8,052**	8,814
	84,613	90,346
Total assets	**$ 147,741**	$ 159,086
Liabilities		
Current		
Trade and other accounts payable	**$ 13,558**	$ 14,399
Share-based compensation	**1,813**	4,115
Income taxes payable	**-**	23
Current portion of lease liabilities	**4,692**	4,913
	20,063	23,450

Non-current		
Share-based compensation	**5,958**	6,188
Long-term lease liabilities	**5,438**	6,622
	11,396	12,810
Total liabilities	**31,459**	36,260
Equity		
Share capital	**268,338**	272,732
Deficit	**(162,104)**	(156,607)
Other reserves	**10,048**	6,701
Total equity	**116,282**	122,826
Total liabilities and equity	**$ 147,741**	$ 159,086

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of dollars, except per share amounts)	**2022**	2021	**2022**	2021
Revenue	**$ 28,642**	$ 22,441	**$ 66,383**	$ 52,591
Operating expenses	**24,422**	17,150	**56,142**	40,562
Gross margin	**4,220**	5,291	**10,241**	12,029
General and administrative expenses	**2,300**	1,862	**4,706**	3,712
Depreciation and amortization	**4,163**	4,448	**8,349**	9,261
Share-based compensation (recovery) expense	**(11)**	3,641	**3,028**	5,950
Other (income) expense	**(869)**	133	**(776)**	260
Operating loss	**(1,363)**	(4,793)	**(5,066)**	(7,154)
Finance costs	**213**	224	**431**	455
Loss before taxes	**(1,576)**	(5,017)	**(5,497)**	(7,609)
Current income tax expense	**-**	2	**-**	3
Income tax expense	**-**	2	**-**	3
Net loss	**(1,576)**	(5,019)	**(5,497)**	(7,612)
Unrealized foreign exchange (loss) gain	**(130)**	78	**(66)**	144
Comprehensive loss	**$ (1,706)**	$ (4,941)	**$ (5,563)**	$ (7,468)
Net loss per share				
Basic and diluted	**$ (0.01)**	**$** (0.04)	**$ (0.04)**	$ (0.05)
Comprehensive loss per share				
Basic and diluted	**$ (0.01)**	**$** (0.03)	**$ (0.04)**	$ (0.05)

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	For the six months ended June 30,	
(in thousands of dollars)	**2022**	2021
Operating Activities:		
Net loss	**$ (5,497)**	$ (7,612)
Non-cash adjustments to reconcile net loss to operating cash flow:		

Depreciation and amortization	**8,349**	9,261
Share-based compensation	**-**	5
Recovery of impairment of trade accounts receivable	**(100)**	(50)
Finance costs	**431**	455
Gain on disposal of assets	**(601)**	(72)
Funds flow	**2,582**	1,987
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**6,170**	3,603
Inventory	**(3,798)**	607
Income taxes payable	**(22)**	(25)
Prepayments and deposits	**(1,110)**	(1,225)
Trade and other accounts payable	**(799)**	1,646
Share-based compensation	**(2,531)**	3,876
Net cash provided by operating activities	**492**	10,469
Investing Activities:		
Purchase of property and equipment	**(2,432)**	(3,464)
Non-cash investing working capital in trade and other accounts payable	**(43)**	151
Proceeds on disposal of equipment	**1,508**	586
Net cash used in investing activities	**(967)**	(2,727)
Financing Activities:		
Increase in long-term debt	**-**	248
Repurchase of shares under normal course issuer bid	**(981)**	-
Finance costs paid	**(99)**	(123)
Payments of lease liabilities	**(2,793)**	(2,310)
Net cash used in financing activities	**(3,873)**	(2,185)
Foreign exchange loss on cash held in a foreign currency	**(7)**	(12)
Net (decrease) increase in cash	**(4,355)**	5,545
Cash, beginning of period	**6,462**	6,082
Cash, end of period	**$ 2,107**	$ 11,627

FORWARD-LOOKING STATEMENTS AND INFORMATION

This news release contains “forward-looking statements” and “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of material factors, assumptions, risks and uncertainties, many of which are beyond the control of the Company.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “anticipates”, “believes”, “forward”, “intends”, “estimates”, “continues”, “future”, “outlook”, “opportunity”, “budget”, “ongoing” and similar expressions, or are events or conditions that “will”, “would”, “may”, “likely”, “could”, “can”, “typically”, “traditionally” or “tends to” occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: the carrying values of Essential’s assets and liabilities; Essential’s capital spending forecast, expectations of how it will be funded and the cost and the timing for the quintuplex fluid pumpers going into service; critical accounting estimates and the impact thereof; oil and natural gas prices, oil and natural gas industry outlook, industry drilling and completion activity and outlook and oilfield services sector activity, outlook and performance cycle; the impact of E&P surplus cashflow, the deployment of cash flow and E&P capital spending; the Company’s capital management strategy and financial position; Essential’s pricing, including timing of and benefit from increases and continued focus on appropriate pricing; Essential’s commitments, strategic position, strengths, focus, outlook, activity levels and margins; the impact of inflation; supply chain implications; active and inactive equipment, market share, crew counts and use of sub-contractors; demand for Essential’s services; labor markets; and Essential’s financial stability as a strategic advantage.

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Essential including, without limitation: the potential impact of the COVID-19 pandemic on Essential; supply chain disruptions; oil and natural gas industry exploration and development and the geographic region of such activity; that Essential will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; availability of debt and/or equity sources to fund Essential's capital and operating requirements as needed; and certain cost assumptions.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Company's Annual Information Form ("AIF") (a copy of which can be found under Essential's profile on SEDAR at www.sedar.com); a significant expansion of COVID-19 pandemic and the impacts thereof; the risks associated with the oilfield services sector, including demand, pricing and terms for oilfield services; current and expected oil and natural gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety, market, climate and environmental risks; integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation including, but not limited to, tax laws, royalties, incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; the ability of the Company's subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions including those in the event of an epidemic, natural disaster or other event; global economic events; changes to Essential's financial position and cash flow, and the higher degree of uncertainty related to the estimates and judgements made in the preparation of financial statements; the availability of qualified personnel, management or other key inputs; cost increases of key inputs; currency exchange fluctuations; changes in political and security stability; potential industry developments; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive and should refer to "Risk Factors" set out in the AIF.

Statements, including forward-looking statements, contained in this news release are made as of the date they are given and the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Essential's profile on SEDAR at www.sedar.com.

ABOUT ESSENTIAL

Essential provides oilfield services to oil and natural gas producers, primarily in western Canada. Essential offers completion, production and wellsite restoration services to a diverse customer base. Services are offered with coiled tubing, fluid and nitrogen pumping and the sale and rental of downhole tools and equipment. Essential offers one of the largest coiled tubing fleets in Canada. Further information can be found at www.essentialenergy.ca.

MSFS® is a registered trademark of Essential Energy Services Ltd.

Notes:
(a) Source: Bank of Canada – Consumer Price Index
(b) Government subsidy programs include the Canadian Emergency Wage Subsidy, Canadian Emergency Rent Subsidy and the Employee Retention Tax Credit program and Paycheque Protection Program in the U.S. (collectively, "Government Subsidy Programs")

The TSX has neither approved nor disapproved the contents of this news release.

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