Essential Energy Services Announces Third Quarter Financial Results

CALGARY, Alberta, Nov. 02, 2022 (GLOBE NEWSWIRE) -- Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces third quarter financial results.

SELECTED INFORMATION

(in thousands of dollars except per share and percentages)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Revenue	**$ 43,369**	$ 33,513	**$ 109,752**	$ 86,104
Gross margin	**10,090**	6,094	**20,331**	18,123
Gross margin %	**23%**	18%	**19%**	21%
EBITDAS [(1)]	**7,418**	4,441	**12,953**	12,758
EBITDAS % [(1)]	**17%**	13%	**12%**	15%
Net income (loss)	**$ 5,225**	$ 684	**$ (272)**	$ (6,928)
Per share - basic and diluted	**$ 0.04**	$ 0.00	**$ (0.00)**	$ (0.05)
Operating hours				
Coiled tubing rigs	**9,424**	7,816	**25,645**	23,859
Pumpers	**11,580**	10,827	**33,038**	32,077

	As at September 30, 2022	As at September 30, 2021
Working capital [(1)]	**$ 50,290**	$ 48,683
Cash	**620**	10,885
Long-term debt	**5,300**	-

[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$92 per barrel in the third quarter of 2022, compared to an average of US$71 per barrel in the third quarter of 2021. Canadian natural gas prices ("AECO") averaged $4.01 per gigajoule during the third quarter of 2022, compared to an average of $3.42 per gigajoule during the comparative prior year quarter.

Third 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 2022 have been the highest since the early 1990s[(a)] which has increased overall cost structures.

HIGHLIGHTS

Revenue for the three months ended September 30, 2022 was $43.4 million, 29% higher than the same prior year quarter due to improved industry conditions. Management is pleased to report third quarter EBITDAS[(1)] of $7.4 million, $3.0 million higher than the same prior year quarter due to improved customer pricing and higher activity. The third quarter of 2022 included no funding from Government Subsidy Programs[(b)] (2021 - $0.8 million) and continued to experience higher operating costs as a result of cost inflation.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") third quarter 2022 revenue was $23.5 million, 58% higher than the same prior year quarter due to higher revenue per operating hour combined with increased activity. Revenue per operating hour improved significantly in the current quarter due to increased customer pricing and nature of work performed. Management is pleased to report ECWS gross margin of $6.1 million, $4.3 million higher than the same prior year quarter.
- Tryton third quarter 2022 revenue was $19.9 million, 7% higher than the same prior year quarter due to increased conventional tool activity in Canada and the U.S., offset by lower Multi-Stage Fracturing System ("MSFS®") activity. Gross margin was $4.4 million, an increase of $0.3 million compared to the same prior year quarter due to increased activity.

For the nine months ended September 30, 2022, Essential reported revenue of $109.8 million, 27% higher than the same prior year period as a result of higher industry activity and improved customer pricing. For the nine months ended September 30, 2022, EBITDAS(1) was $13.0 million, $0.2 million higher than the prior year period. Higher activity and improved pricing during the third quarter was offset by $4.5 million lower funding from Government Subsidy Programs and higher operating costs due to inflation.

During the nine months ended September 30, 2022, Essential acquired and cancelled 3,468,516 common shares ("Shares") under its Normal Course Issuer Bid with a weighted average price of $0.41 per share for a total cost of $1.4 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

At September 30, 2022, Essential continued to be in a strong financial position with long-term debt, net of cash**(1)** of $4.7 million and working capital**(1)** of $50.3 million. During periods of high activity, accounts receivable tends to build, resulting in a lower cash balance. On November 2, 2022 Essential had $4.6 million of long-term debt, net of cash**(1)**.

RESULTS OF OPERATIONS

Segment Results – *Essential Coil Well Service*

(in thousands of dollars, except percentages, hours and fleet data)	For the three months ended September 30, 2022	2021	For the nine months ended September 30, 2022	2021
Revenue	**$ 23,508**	$ 14,908	**$ 58,524**	$ 44,119
Operating expenses	**17,367**	13,026	**47,632**	35,201
Gross margin	**$ 6,141**	$ 1,882	**$ 10,892**	$ 8,918
Gross margin %	**26%**	13%	**19%**	20%
Operating hours				
Coiled tubing rigs	**9,424**	7,816	**25,645**	23,859
Pumpers	**11,580**	10,827	**33,038**	32,077
Active equipment fleet (i)				
Coiled tubing rigs	**12**	12	**12**	12
Fluid pumpers	**9**	9	**9**	9
Nitrogen pumpers	**4**	4	**4**	4
Total equipment fleet (i) (ii)				
Coiled tubing rigs	**19**	25	**19**	25
Fluid pumpers	**11**	13	**11**	13
Nitrogen pumpers	**5**	6	**5**	6

(i) Fleet data represents the number of units at the end of the period. Crewed equipment is less than active equipment.
(ii) Total equipment fleet was reduced in the third quarter of 2022 for Generation II coiled tubing rigs and lower capacity pumpers which are no longer expected to be reactivated.

Third quarter 2022 ECWS revenue was $23.5 million, 58% higher than the same prior year quarter as a result of improved revenue per operating hour combined with higher activity. Revenue per operating hour improved significantly in the quarter as a result of customer price increases, implemented in the second quarter of 2022, combined with nature of work performed.

Gross margin for the third quarter of 2022 was $6.1 million, $4.3 million higher than the same prior year quarter due to significantly improved revenue per operating hour and higher activity, combined with a continued focus on cost management. Cost inflation resulted in higher operating costs related to wages, fuel and inventory, compared to the same prior year quarter. ECWS received no funding from Government Subsidy Programs in the third quarter of 2022 (2021 - $0.2 million). Improved revenue per operating hour and higher activity resulted in a gross margin percentage of 26% in the current period, a significant improvement compared to 13% in the same prior year quarter.

On a year-to-date basis, ECWS revenue was $58.5 million, 33% higher than the same prior year period due to higher revenue per operating hour and increased activity. Revenue per operating hour was higher due to customer price increases and the nature of work performed in 2022. Gross margin was $10.9 million, $2.0 million higher than 2021 due to increased activity and improved revenue per operating hour. Improved customer service pricing only partially offset the impact of higher operating costs as the price increases came into effect in the latter half of the second quarter. ECWS received no funding from Government Subsidy Programs in the current year (2021 - $2.2 million). Gross margin percentage was 19%, compared to 20% for the same prior year period.

Segment Results – *Tryton*

(in thousands of dollars, except percentages)	For the three months ended September 30,	For the nine months ended September 30,

		2022	2021	2022	2021
Revenue	**$**	**19,861**	$ 18,605	**$ 51,228**	$ 41,985
Operating expenses		**15,430**	14,509	**40,948**	32,499
Gross margin	**$**	**4,431**	$ 4,096	**$ 10,280**	$ 9,486
Gross margin %		**22%**	22%	**20%**	23%
Tryton revenue - % of revenue					
Conventional Tools & Rentals		**74%**	**61%**	**76%**	69%
Tryton MSFS®		**26%**	**39%**	**24%**	31%

Third quarter 2022 Tryton revenue was $19.9 million, an increase of 7% 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 resulted in increased customer spending on production-related activity. Tryton MSFS® revenue was lower than the same prior year quarter due to lower activity. Implications of customer spending patterns for MSFS® activities are noticeable within discrete quarters given the limited customer base for MSFS® tools.

Third quarter gross margin was $4.4 million, $0.3 million higher than the same prior year quarter as a result of increased conventional tool activity in Canada and the U.S., offset by higher operating costs related to inventory and wages and no funding from Government Subsidy Programs (2021 - $0.5 million). Gross margin percentage was 22% in the current period, consistent with the same prior year quarter.

On a year-to-date basis, Tryton revenue was $51.2 million, 22% higher than the same prior year period due to increased activity in the U.S. and Canada. Gross margin was $10.3 million, an increase of $0.8 million compared to the same prior year period due to increased activity, offset by $1.5 million lower funding from Government Subsidy Programs and higher operating costs. Gross margin percentage was 20%, compared to 23% in the same prior year quarter.

Purchase of Property and Equipment

(in thousands of dollars)		For the three months ended September 30,		For the nine months ended September 30,	
		2022	2021	2022	2021
ECWS	**$**	**4,230**	$ 1,086	**$ 5,260**	$ 4,245
Tryton		**629**	761	**1,896**	1,052
Corporate		**19**	48	**154**	62
Purchase of property and equipment	**$**	**4,878**	$ 1,895	**$ 7,310**	$ 5,359
Less proceeds on disposal of equipment		**(1,468)**	(506)	**(2,976)**	(1,092)
Net equipment expenditures (1)	**$**	**3,410**	$ 1,389	**$ 4,334**	$ 4,267

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

(in thousands of dollars)		For the three months ended September 30,		For the nine months ended September 30,	
		2022	2021	2022	2021
Growth capital (1)	**$**	**3,020**	$ 843	**$ 3,020**	$ 2,837
Maintenance capital (1)		**1,858**	1,052	**4,290**	2,522
Purchase of property and equipment	**$**	**4,878**	$ 1,895	**$ 7,310**	$ 5,359

For the three and nine months ended September 30, 2022, Essential's growth capital spending was for the purchase and technical upgrades of two 1,000 horsepower quintuplex fluid pumpers in ECWS. Early in the fourth quarter, ECWS completed technical upgrades on both fluid pumpers, which are now in service.

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

Essential's 2022 capital forecast remains unchanged at $9 million, which includes $3 million for growth capital(1) and $6 million for maintenance capital(1). The remaining equipment expenditures are mainly focused on the maintenance of ECWS's active fleet and replacement of pickup trucks. The supply chain for pickup trucks has been unpredictable. Essential's capital forecast may fluctuate as a result of securing pickup trucks earlier or later than anticipated. The 2022 capital forecast is expected to be funded with cash, operational cash flow and its credit facility.

OUTLOOK

While commodity prices have softened, they remain strong from a historical perspective. It is generally expected that these relatively strong commodity prices, combined with the constant degradation effect of well declines, should drive a modest increase in E&P spending on drilling and completions activity into 2023. E&P 2023 capital spending plans have generally not been announced. The outlook for activity is expected to become clearer towards the end of 2022 and into the early part of 2023.

The recession risk and implications are uncertain. However, oilfield service company activity may be somewhat resilient to recessionary concerns given ongoing reservoir declines and limited recent production growth. In addition, the industry E&P capital reinvestment ratio (capital spending as a percentage of cash flow) is projected to be 28%[c] in 2022. This low ratio of E&P cash flow allocated to capital spending may provide a buffer for capital spending if commodity price volatility continues and customer cash flows are negatively impacted.

ECWS has one of the industry's largest active and deep coiled tubing fleets. ECWS's active fleet includes 12 coiled tubing rigs and 11 fluid pumpers. In the third quarter of 2022, ECWS purchased two 1,000 horsepower quintuplex fluid pumpers. Technical upgrades on the pumpers were completed early in the fourth quarter and both fluid pumpers are now in service. The quintuplex fluid pumpers 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. ECWS introduced service pricing increases to customers during the second quarter of 2022. These higher prices, combined with improved activity in the third quarter, resulted in significantly improved gross margin for ECWS.

Tryton activity in both Canada and the U.S. improved in 2022 mainly due to increased customer spending on production-related activities 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. Service pricing for downhole tools remains competitive. 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 as activity improves as anticipated.

For Essential, fourth quarter activity to date has been steady. However, as is typical with seasonality factors impacting the fourth quarter, activity is expected to slow as the quarter progresses with anticipated E&P capital budget exhaustion.

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 including pursuing cost inflation pass-through. Essential is committed to meeting the demands of its key customers, a continued focus on Environmental, Social and Governance, efficient and safe operations and maintaining its strong financial position. On November 2, 2022, Essential had long-term debt, net of cash [1] of $4.6 million. Essential's ongoing financial stability is a strategic advantage as the industry continues to transition into a period of expected growth.

The third 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", "working capital" and "long-term debt, net of cash", 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 income (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 to net income (loss):

(in thousands of dollars)	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	**2022**	2021
EBITDAS	**$ 7,418**	$ 4,441	**$ 12,953**	$ 12,758
Share-based compensation (recovery) expense	**(740)**	(604)	**2,288**	5,346

Other (income) expense	**(1,566)**	(230)	**(2,342)**	30
Depreciation and amortization	**4,265**	4,345	**12,614**	13,606
Finance costs	**234**	246	**665**	701
Income (loss) before taxes	**$ 5,225**	$ 684	**$ (272)**	$ (6,925)
Current income tax expense	**-**	-	**-**	3
Net income (loss)	**$ 5,225**	$ 684	**$ (272)**	$ (6,928)

The following table calculates EBITDAS %:

(in thousands of dollars, except percentages)	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	**2022**	2021
EBITDAS	**$ 7,418**	$ 4,441	**$ 12,953**	$ 12,758
Revenue	**$ 43,369**	$ 33,513	**$ 109,752**	$ 86,104
EBITDAS %	**17%**	13%	**12%**	15%

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

(in thousands of dollars)	**As at September 30, 2022**	As at December 31, 2021
Assets		
Current		
Cash	**$ 620**	$ 6,462
Trade and other accounts receivable	**35,658**	29,341
Inventory	**34,900**	31,111
Prepayments and deposits	**2,688**	1,826
	73,866	68,740
Non-current		
Property and equipment	**77,401**	81,532
Right-of-use lease assets	**7,189**	8,814
	84,590	90,346
Total assets	**$ 158,456**	$ 159,086
Liabilities		
Current		
Trade and other accounts payable	**$ 16,580**	$ 14,399
Share-based compensation	**2,405**	4,115
Income taxes payable	**-**	23
Current portion of lease liabilities	**4,591**	4,913
	23,576	23,450
Non-current		
Share-based compensation	**4,356**	6,188
Long-term debt	**5,300**	-
Long-term lease liabilities	**4,377**	6,622
	14,033	12,810
Total liabilities	**37,609**	36,260
Equity		
Share capital	**266,064**	272,732
Deficit	**(156,879)**	(156,607)
Other reserves	**11,662**	6,701
Total equity	**120,847**	122,826
Total liabilities and equity	**$ 158,456**	$ 159,086

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, except per share amounts)	**2022**	2021	**2022**	2021
Revenue	**$ 43,369**	$ 33,513	**$ 109,752**	$ 86,104
Operating expenses	**33,279**	27,419	**89,421**	67,981
Gross margin	**10,090**	6,094	**20,331**	18,123
General and administrative expenses	**2,672**	1,653	**7,378**	5,365
Depreciation and amortization	**4,265**	4,345	**12,614**	13,606
Share-based compensation (recovery) expense	**(740)**	(604)	**2,288**	5,346
Other (income) expense	**(1,566)**	(230)	**(2,342)**	30
Operating income (loss)	**5,459**	930	**393**	(6,224)
Finance costs	**234**	246	**665**	701
Income (loss) before taxes	**5,225**	684	**(272)**	(6,925)
Current income tax expense	**-**	-	**-**	3
Income tax expense	**-**	-	**-**	3
Net income (loss)	**5,225**	684	**(272)**	(6,928)
Unrealized foreign exchange (loss) gain	**(212)**	(137)	**(278)**	7
Comprehensive income (loss)	**$ 5,013**	$ 547	**$ (550)**	$ (6,921)
Net income (loss) per share				
Basic and diluted	**$ 0.04**	$ 0.00	**$ (0.00)**	$ (0.05)
Comprehensive income (loss) per share				
Basic and diluted	**$ 0.04**	$ 0.00	**$ (0.00)**	$ (0.05)

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

	For the nine months ended September 30,	
(in thousands of dollars)	**2022**	2021
Operating Activities:		
Net loss	**$ (272)**	$ (6,928)
Non-cash adjustments to reconcile net loss to operating cash flow:		
Depreciation and amortization	**12,614**	13,606
Share-based compensation	**-**	7
Provision (recovery) of impairment of trade accounts receivable	**5**	(525)
Finance costs	**665**	701
(Gain) loss on disposal of assets	**(1,335)**	76
Funds flow	**11,677**	6,937
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**(6,655)**	(3,830)
Inventory	**(3,837)**	1,279
Income taxes payable	**(22)**	(25)
Prepayments and deposits	**(863)**	(656)
Trade and other accounts payable	**2,201**	5,570

Share-based compensation	**(3,542)**	3,186
Changes in non-cash operating working capital	**(12,718)**	5,524
Net cash (used in) provided by operating activities	**(1,041)**	12,461
Investing Activities:		
Purchase of property and equipment	**(7,310)**	(5,359)
Non-cash investing working capital in trade and other accounts payable	**(22)**	456
Proceeds on disposal of equipment	**2,976**	1,092
Net cash used in investing activities	**(4,356)**	(3,811)
Financing Activities:		
Increase (decrease) in long-term debt	**5,300**	(53)
Repurchase of shares under normal course issuer bid	**(1,429)**	-
Finance costs paid	**(190)**	(188)
Payments of lease liabilities	**(4,129)**	(3,600)
Net cash used in financing activities	**(448)**	(3,841)
Foreign exchange gain (loss) on cash held in a foreign currency	**3**	(6)
Net (decrease) increase in cash	**(5,842)**	4,803
Cash, beginning of period	**6,462**	6,082
Cash, end of period	**$ 620**	$ 10,885

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”, “forecast”, “future”, “outlook”, “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 and expectations of how it will be funded; 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 recovery cycle; E&P capital spending; recession risk and implications; 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”)
(c) Source: ARC Energy Charts – November 1, 2022

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

PDF available:

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