Essential Energy Services Announces Fourth Quarter and Year End Financial Results and Its 2023 Capital Budget

CALGARY, Alberta, March 03, 2023 -- Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces fourth quarter and year end financial results and its 2023 capital budget.

SELECTED INFORMATION

(in thousands of dollars except per share and percentages)	For the three months ended December 31,		For the years ended December 31,		
	2022	2021	**2022**	2021	2020
Revenue	**$ 40,345**	$ 35,104	**$ 150,097**	$ 121,208	$ 96,173
Gross margin	**7,759**	5,105	**28,090**	23,228	20,418
Gross margin %	**19%**	15%	**19%**	19%	21%
EBITDAS [1]	**5,103**	2,423	**18,056**	15,181	13,530
EBITDAS % [1]	**13%**	7%	**12%**	13%	14%
Net loss	**(1,483)**	(4,469)	**(1,755)**	(11,397)	(16,810)
Per share - basic and diluted	**$ (0.01)**	$ (0.03)	**$ (0.01)**	$ (0.08)	$ (0.12)
Operating hours					
Coiled tubing rigs	**8,864**	7,630	**34,509**	31,489	28,468
Pumpers	**11,190**	10,228	**44,228**	42,305	35,977

	As at December 31,		
	2022	2021	2020
Working capital [1]	**$ 44,734**	$ 45,290	$ 47,502
Cash	**2,063**	6,462	6,082
Long-term debt	**950**	-	53

(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$83 per barrel in the fourth quarter of 2022, compared to an average of US$77 per barrel in the fourth quarter of 2021. Canadian natural gas prices ("AECO") averaged $4.94 per gigajoule during the fourth quarter of 2022, compared to an average of $4.47 per gigajoule during the comparative prior year quarter.

Fourth quarter 2022 industry drilling and well completion activity in the Western Canadian Sedimentary Basin ("WCSB") was ahead[a] 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 were the highest since the early 1990s[b] which has increased overall cost structures.

As is typical in the fourth quarter, oilfield service industry activity was negatively impacted by seasonal slowdown, customer budget exhaustion and extreme cold weather in December.

HIGHLIGHTS

Revenue for the three months ended December 31, 2022 was $40.3 million, 15% higher than the same prior year quarter due to improved industry conditions. Management is pleased to report fourth quarter EBITDAS[1] of $5.1 million, $2.7 million higher than the same prior year quarter.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") fourth quarter 2022 revenue was $22.9 million, 51% higher than the same prior year quarter due to improved customer pricing and increased activity. ECWS recorded gross margin of $4.9 million, $2.8 million higher than the same prior year quarter.

- Tryton fourth quarter 2022 revenue was $17.4 million, 13% lower than the same prior year quarter due to lower Multi-Stage Fracturing System ("MSFS®") activity, partially offset by increased conventional tool activity. During the quarter, Tryton was able to pass-through some cost recovery with improved pricing. This, combined with a beneficial mix of work, resulted in fourth quarter 2022 gross margin relatively in line with the same prior year quarter despite lower revenue.

For the year ended December 31, 2022, Essential reported revenue of $150.1 million, 24% higher than the prior year as a result of higher activity and improved customer pricing. 2022 EBITDAS[(1)] was $18.1 million, $2.9 million higher than the prior year. Higher activity and improved pricing in the latter half of the year was partially offset by higher operating costs due to inflation and lower funding from Government Subsidy Programs[(c)]. For the year ended December 31, 2021, Essential received $4.4 million funding from Government Subsidy Programs. These programs were completed by the end of 2021.

During the year ended December 31, 2022, Essential acquired and cancelled 8,490,216 common shares ("Shares"), under its Normal Course Issuer Bid ("NCIB") with a weighted average price of $0.40 per share for a total cost of $3.4 million. The number of Shares purchased during the year was 6% of the total issued and outstanding Shares at January 1, 2022. These purchases were pursuant to the NCIB implemented in December 2021.

On December 21, 2022, Essential announced the renewal of its NCIB for the 12-month period commencing December 23, 2022 and ending December 22, 2023, or until such earlier time as the NCIB is completed or terminated at the option of Essential. Under the terms of the renewed NCIB, Essential may purchase up to 12,965,027 Shares, representing 10% of the public float.

Cash and Working Capital

At December 31, 2022, Essential continued to be in a strong financial position with positive cash, net of long-term debt[(1)], of $1.1 million and working capital[(1)] of $44.7 million. On March 3, 2023, Essential had $1.5 million of long-term debt, net of cash [(1)]. During periods of high activity, accounts receivable tends to build, resulting in a lower cash balance.

RESULTS OF OPERATIONS

Segment Results – *Essential Coil Well Service*

(in thousands of dollars, except percentages, hours and fleet data)	For the three months ended December 31, 2022	2021	For the years ended December 31, 2022	2021
Revenue	**$ 22,915**	$ 15,134	**$ 81,439**	$ 59,253
Operating expenses	**17,973**	13,020	**65,605**	48,221
Gross margin	**$ 4,942**	$ 2,114	**$ 15,834**	$ 11,032
Gross margin %	**22%**	14%	**19%**	19%
Operating hours				
Coiled tubing rigs	**8,864**	7,630	**34,509**	31,489
Pumpers	**11,190**	10,228	**44,228**	42,305
Active equipment fleet (i)				
Coiled tubing rigs (ii)	**12**	12	**12**	12
Fluid pumpers	**11**	10	**11**	10
Nitrogen pumpers	**4**	4	**4**	4
Total equipment fleet (i) (iii)				
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) Active equipment fleet was reduced in the first quarter of 2023 for one Generation I coiled tubing rig that was removed from service.

(iii) Total equipment fleet was reduced in the third quarter of 2022 for Generation II coiled tubing rigs and lower capacity fluid pumpers which are no longer expected to be reactivated.

Fourth quarter 2022 ECWS revenue was $22.9 million, 51% higher than the same prior year quarter as a result of significantly improved revenue per operating hour combined with higher activity. Revenue per operating hour improved in the quarter as a result of customer price increases and the nature of work performed during the quarter.

Gross margin for the fourth quarter of 2022 was $4.9 million, $2.8 million higher than the same prior year quarter due to improved customer pricing and higher activity. Cost inflation resulted in higher operating costs in the current quarter related to wages, fuel and inventory. Gross margin percentage was 22%, a significant improvement compared to 14% in the same prior year quarter.

For the year ended December 31, 2022, ECWS revenue was $81.4 million, 37% higher than the year ended December 31, 2021 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 the year. Gross margin was $15.8 million, $4.8 million higher than 2021 due to increased activity and improved revenue per operating hour, partially offset by higher operating costs as a result of inflation and no funding from Government Subsidy Programs. For the year ended December 31, 2022, ECWS received no funding from Government Subsidy Programs compared to $2.2 million in the prior year. Gross margin percentage was 19%, consistent with the prior year.

Segment Results – *Tryton*

(in thousands of dollars, except percentages)	For the three months ended December 31,		For the years ended December 31,	
	2022	2021	**2022**	2021
Revenue	**$ 17,430**	$ 19,970	**$ 68,658**	$ 61,955
Operating expenses	**14,356**	16,703	**55,304**	49,202
Gross margin	**$ 3,074**	$ 3,267	**$ 13,354**	$ 12,753
Gross margin %	**18%**	16%	**19%**	21%
Tryton revenue - % of revenue				
Conventional Tools & Rentals	**75%**	**55%**	**75%**	65%
Tryton MSFS®	**25%**	**45%**	**25%**	35%

Fourth quarter 2022 Tryton revenue was $17.4 million, a 13% decrease compared to the same prior year quarter due to a decrease in MSFS® activity, partially offset by increased conventional tool activity in the U.S. and Canada. MSFS® activity was below the same prior year quarter due to lower customer activity. Implications of customer spending patterns are noticeable within quarters given the small customer base for MSFS® tools. Conventional tool revenue was stronger than the same prior year quarter due to improved industry conditions which resulted in increased customer spending on production-related and wellsite restoration activities.

Fourth quarter gross margin was $3.1 million, relatively in line with the same prior year quarter despite the revenue decline. Gross margin percentage for the year was 18%, ahead of 16% in the same prior year period. During the quarter, Tryton was able to pass-through some cost recovery with improved pricing. As well, a beneficial mix of work with higher conventional tool activity helped to preserve gross margin.

For the year ended December 31, 2022, Tryton revenue was $68.7 million, 11% higher than the prior year due to increased conventional tool activity in the U.S. and Canada. Gross margin was $13.4 million, an increase of $0.6 million compared to December 31, 2021, due to increased conventional tool activity, offset by increased operating costs as a result of inflation and $1.5 million lower funding from Government Subsidy Programs. Gross margin percentage was 19%, compared to 21% in the prior year.

Purchase of Property and Equipment

(in thousands of dollars)	For the three months ended December 31,		For the years ended December 31,	
	2022	2021	**2022**	2021
ECWS	**$ 1,637**	$ 1,375	**$ 6,897**	$ 5,620
Tryton	**798**	836	**2,694**	1,888
Corporate	**-**	10	**154**	72
Purchase of property and equipment	**$ 2,435**	$ 2,221	**$ 9,745**	$ 7,580
Less: proceeds on disposal of equipment	**(334)**	(259)	**(3,310)**	(1,351)
Net equipment expenditures [1]	**$ 2,101**	$ 1,962	**$ 6,435**	$ 6,229

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

(in thousands of dollars)	For the three months ended December 31,		For the years ended December 31,	
	2022	2021	**2022**	2021
Growth capital [1]	**$ -**	$ 970	**$ 3,020**	$ 3,807
Maintenance capital [1]	**2,435**	1,251	**6,725**	3,773
Purchase of property and equipment	**$ 2,435**	$ 2,221	**$ 9,745**	$ 7,580

For the year ended December 31, 2022, Essential's growth capital[1] spending of $3.0 million was for the purchase and technical upgrade of two 1,000 horsepower quintuplex fluid pumpers in ECWS. During the fourth quarter, technical upgrades were completed and both fluid pumpers were put into service.

For the three and twelve months ended December 31, 2022, Essential incurred maintenance capital spending related to the ECWS active fleet and to replace pickup trucks in both ECWS and Tryton.

2023 CAPITAL BUDGET

Essential's 2023 capital budget of $8 million is for the purchase of property and equipment and relates entirely to maintenance capital[1], including pickup truck replacement. Essential will continue to monitor fleet activity and industry opportunities and adjust its spending as appropriate. The 2023 capital budget is expected to be funded with cash, operational cashflow and, if needed, its credit facility.

OUTLOOK

It is generally expected that the oilfield service sector will see a modest increase in activity in 2023 compared to 2022. Early signs show increased drilling activity to date in Canada compared to the prior year. Commodity prices have been relatively stable for WTI so far in 2023, but the recent decrease in natural gas prices is concerning. Despite some commodity price volatility, E&P company spending on drilling and completions activity in 2023 is expected to modestly improve. For the longer-term outlook, there is positive optimism coming from the recent announcement of the Blueberry River First Nations Implementation Agreement and progress on the LNG Canada project.

For 2023, the Canadian oilfield service sector is expected to continue to be affected by labor shortages, cost inflation and supply chain issues. As well, the economic implications of recession risk remain uncertain. However, oilfield service company activity may be somewhat resilient to recessionary concerns given ongoing reservoir declines and Canadian E&P strategic objectives. A low ratio of E&P cash flow allocated to capital spending expected for 2023 reflects the capital discipline already built into E&P capital budgets and may limit the influence that commodity price volatility and recessionary concerns could have on E&P capital spending plans.

ECWS has one of the industry's largest active and deep coiled tubing fleets. ECWS's active fleet includes 11 coiled tubing rigs and 11 quintuplex 1,000 horsepower fluid pumpers. The fluid pumpers support ECWS's deep-capacity Generation III and Generation IV coiled tubing rigs. ECWS is not crewing the entire active fleet. As E&P customers continue to require greater pumping fluid capacity and pressure capability, ECWS's fleet is well positioned to meet customer demand. ECWS introduced service pricing increases to customers during the second quarter of 2022. These higher prices, combined with increased activity, are expected to benefit gross margin in 2023.

Tryton conventional tool 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. Growth of production-related E&P capital spending and continuation of wellsite restoration activity is expected in 2023. Tryton expects to continue pursuing inflation driven cost recovery through pricing.

Essential is well-positioned to participate in improving oilfield services activity. Essential's strengths include its well-trained workforce, industry leading coiled tubing fleet, value-adding downhole tool technologies and sound financial footing. Essential will continue to focus on obtaining appropriate pricing for its services including the pursuit of cost inflation pass-through. Essential is committed to meeting the demands of its key customers, efficient and safe operations, a continued focus on ESG and maintaining its strong financial position. On March 3, 2023, Essential had long-term debt, net of cash[1] of $1.5 million. As the industry is anticipated to experience modest growth, Essential's ongoing financial stability is a strategic advantage.

The fourth quarter and year end 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", "long-term debt, net of cash" and "cash, net of long-term debt", 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, 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 Bank EBITDA and EBITDAS to net loss:

(in thousands of dollars)	For the three months ended December 31,		For the years ended December 31,	
	2022	2021	**2022**	2021
Bank EBITDA	**$ 3,773**	$ 1,128	**$ 12,646**	$ 10,436
Impact of lease accounting under IFRS	**(1,332)**	(1,295)	**(5,461)**	(4,895)
Permitted Adjustments	**2**	-	**51**	150
EBITDAS	**$ 5,103**	$ 2,423	**$ 18,056**	$ 15,181
Share-based compensation expense	**1,915**	2,307	**4,203**	7,653
Other expense (income)	**208**	(61)	**(2,134)**	(31)
Depreciation and amortization	**4,179**	4,268	**16,793**	17,874
Finance costs	**252**	370	**917**	1,071
Loss before taxes	**$ (1,451)**	$ (4,461)	**$ (1,723)**	$ (11,386)
Income tax expense	**32**	8	**32**	11
Net loss	**$ (1,483)**	$ (4,469)	**$ (1,755)**	$ (11,397)

The following table calculates EBITDAS %:

(in thousands of dollars, except percentages)	For the three months ended December 31,		For the years ended December 31,	
	2022	2021	**2022**	2021
EBITDAS	**$ 5,103**	$ 2,423	**$ 18,056**	$ 15,181
Revenue	**$ 40,345**	$ 35,104	**$ 150,097**	$ 121,208
EBITDAS %	**13%**	7%	**12%**	13%

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of dollars)	**As at December 31, 2022**	As at December 31, 2021
Assets		
Current		
Cash	**$ 2,063**	$ 6,462
Trade and other accounts receivable	**27,085**	29,341
Inventory	**34,617**	31,111
Prepayments and deposits	**2,264**	1,826
	66,029	68,740
Non-current		
Property and equipment	**76,180**	81,532
Right-of-use lease assets	**8,317**	8,814

		84,497		90,346
Total assets	**$**	**150,526**	$	159,086
Liabilities				
Current				
Trade and other accounts payable	**$**	**14,307**	$	14,399
Share-based compensation		**2,721**		4,115
Income taxes payable		**30**		23
Current portion of lease liabilities		**4,237**		4,913
		21,295		23,450
Non-current				
Share-based compensation		**5,357**		6,188
Long-term debt		**950**		-
Long-term lease liabilities		**5,542**		6,622
		11,849		12,810
Total liabilities		**33,144**		36,260
Equity				
Share capital		**256,409**		272,732
Deficit		**(158,362)**		(156,607)
Other reserves		**19,335**		6,701
Total equity		**117,382**		122,826
Total liabilities and equity	**$**	**150,526**	$	159,086

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

		For the years ended December 31,		
(in thousands of dollars, except per share amounts)		**2022**		2021
Revenue	**$**	**150,097**	$	121,208
Operating expenses		**122,007**		97,980
Gross margin		**28,090**		23,228
General and administrative expenses		**10,034**		8,047
Depreciation and amortization		**16,793**		17,874
Share-based compensation expense		**4,203**		7,653
Other income		**(2,134)**		(31)
Operating loss		**(806)**		(10,315)
Finance costs		**917**		1,071
Loss before taxes		**(1,723)**		(11,386)
Income tax expense		**32**		11
Net loss		**(1,755)**		(11,397)
Unrealized foreign exchange (loss) gain		**(242)**		35
Comprehensive loss	**$**	**(1,997)**	$	(11,362)
Net loss per share				
Basic and diluted	**$**	**(0.01)**	$	(0.08)
Comprehensive loss per share				
Basic and diluted	**$**	**(0.01)**	$	(0.08)

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)		For the years ended December 31, **2022**	2021
Operating Activities:			
Net loss	**$**	**(1,755)**	$ (11,397)
Non-cash adjustments to reconcile net loss to operating cash flow:			
Depreciation and amortization		**16,793**	17,874
Share-based compensation		**-**	10
Recovery of provision of trade accounts receivable		**(25)**	(525)
Finance costs		**917**	1,071
Gain on disposal of assets		**(1,298)**	(88)
Funds flow		**14,632**	6,945
Changes in non-cash operating working capital:			
Trade and other accounts receivable before provision		**1,994**	(6,747)
Inventory		**(3,588)**	960
Income taxes payable (recovery)		**7**	(2)
Prepayments and deposits		**(438)**	(201)
Trade and other accounts payable		**(139)**	5,377
Share-based compensation		**(2,225)**	5,491
Changes in non-cash operating working capital		**(4,389)**	4,878
Net cash provided by operating activities		**10,243**	11,823
Investing Activities:			
Purchase of property and equipment		**(9,745)**	(7,580)
Non-cash investing working capital in trade and other accounts payable		**45**	120
Proceeds on disposal of equipment		**3,310**	1,351
Net cash used in investing activities		**(6,390)**	(6,109)
Financing Activities:			
Increase (decrease) in long-term debt		**950**	(53)
Shares repurchased and cancelled under normal course issuer bid		**(3,447)**	-
Finance costs paid		**(298)**	(377)
Payments of lease liabilities		**(5,461)**	(4,895)
Net cash used in financing activities		**(8,256)**	(5,325)
Foreign exchange gain (loss) on cash held in a foreign currency		**4**	(9)
Net (decrease) increase in cash		**(4,399)**	380
Cash, beginning of year		**6,462**	6,082
Cash, end of year	**$**	**2,063**	$ 6,462

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”, “strategy”, “intends”, “estimates”, “continues”, “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 budget, expectations of how it will be funded and continued monitoring; the NCIB; oil and natural gas prices, oil and natural gas industry outlook, industry drilling and completion activity and outlook and oilfield services sector activity and outlook; 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 and crew counts; 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: Daily Oil Bulletin – March 2, 2023.
(b) Source: Bank of Canada – Consumer Price Index.
(c) 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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