Essential Energy Services Announces Second Quarter Financial Results

CALGARY, Alberta, Aug. 03, 2023 (GLOBE NEWSWIRE) -- Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces second quarter financial results.

SELECTED INFORMATION

(in thousands of dollars except per share and percentages)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
Revenue	**$ 28,573**	$ 28,642	**$ 74,435**	$ 66,383
Gross margin	**3,208**	4,220	**12,066**	10,241
Gross margin %	**11%**	15%	**16%**	15%
EBITDAS [(1)]	**630**	1,920	**6,453**	5,535
EBITDAS % [(1)]	**2%**	7%	**9%**	8%
Net loss	**$ (4,825)**	$ (1,576)	**$ (2,790)**	$ (5,497)
Per share - basic and diluted	**$ (0.04)**	$ (0.01)	**$ (0.02)**	$ (0.04)
Operating hours				
Coiled tubing rigs	**6,558**	6,205	**16,212**	16,221
Pumpers	**8,524**	8,444	**20,916**	21,458

	As at June 30,	
	2023	2022
Working capital [(1)]	**$ 46,437**	$ 43,065
Cash	**2,153**	2,107
Long-term debt	**6,250**	-

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

INDUSTRY OVERVIEW

Commodity prices for each of oil and natural gas were significantly lower in the second quarter of 2023 compared to the same prior year quarter. The price of oil (Western Texas Intermediate "WTI") averaged US$74 per barrel in the second quarter of 2023, compared to an average of US$108 per barrel in the second quarter of 2022. Canadian natural gas prices ("AECO") averaged $2.39 per gigajoule during the second quarter of 2023, compared to an average of $6.83 per gigajoule during the comparative prior year quarter.

Activity in the second quarter is traditionally slower with melting snow and thawing ground-frost rendering many roadways incapable of supporting heavy equipment. In addition, wildfires in Alberta and British Columbia during the second quarter of 2023 caused some exploration and production ("E&P") companies to shut-in production which further impacted oilfield service activity. Overall, second quarter 2023 industry well completion activity in the Western Canadian Sedimentary Basin ("WCSB") was 15%[(a)] below the same prior year quarter.

HIGHLIGHTS

Essential's revenue for the three months ended June 30, 2023 was $28.6 million, in line with the same prior year quarter. Second quarter EBITDAS[(1)] was $0.6 million, $1.3 million lower than the same prior year quarter.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") second quarter 2023 revenue was $17.2 million, 12% higher than the same prior year quarter due to improved customer pricing and a slight increase in activity. ECWS's gross margin was $1.5 million, $0.5 million lower than the same prior year quarter due to higher operating costs.
- Tryton Tool Services ("Tryton") second quarter 2023 revenue was $11.3 million, 15% lower than the same prior year quarter primarily due to lower Canadian downhole tool activity, partially offset by higher rental activity and stronger activity within Tryton's U.S. downhole tool business. Tryton's gross margin was $2.0 million, $0.4 million lower than the same prior year quarter due to lower revenue.

For the six months ended June 30, 2023, Essential reported revenue of $74.4 million, 12% higher than the same prior year period primarily as a result of improved customer service pricing in ECWS. For the six months ended June 30, 2023, EBITDAS[(1)] was $6.5 million, $0.9 million higher than the same prior year period as a result of higher revenue in ECWS during the first half of 2023, partially offset by inflation driven cost increases across the organization.

During the first half of 2023, Essential acquired and cancelled 7,640,000 common shares ("Shares") under its Normal Course Issuer Bid ("NCIB"), 6% of the total issued and outstanding Shares at January 1, 2023, with a weighted average price of $0.36 per share for a total cost of $2.8 million. Essential is limited to a daily maximum number of 20,542 Shares that may be purchased each business day, subject to the weekly block purchase exception.

On June 29, 2023, Essential released its inaugural Environmental, Social and Governance ("ESG") report. While Essential has been reporting its ESG accomplishments through the Company's Annual Information Form ("AIF") since 2019, this formalized report is a significant milestone for Essential as it demonstrates to shareholders and other stakeholders its commitment to meeting evolving ESG reporting expectations. The ESG Report can be accessed on Essential's website at www.essentialenergy.ca.

Cash and Working Capital

At June 30, 2023, Essential continued to be in a strong financial position with long-term debt, net of cash[(1)] of $4.1 million and working capital[(1)] of $46.4 million. On August 3, 2023, Essential had $4.5 million of long-term debt, net of cash[(1)]. Long-term debt, net of cash, remains relatively flat compared to May 4, 2023, when it was last publicly reported, largely due to spending under the NCIB and execution of the Company's capital program.

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, **2023**	For the three months ended June 30, 2022	For the six months ended June 30, **2023**	For the six months ended June 30, 2022
Revenue	**$ 17,230**	$ 15,337	**$ 43,619**	$ 35,016
Operating expenses	**15,778**	13,362	**36,651**	30,265
Gross margin	**$ 1,452**	$ 1,975	**$ 6,968**	$ 4,751
Gross margin %	**8%**	13%	**16%**	14%
Operating hours				
Coiled tubing rigs	**6,558**	6,205	**16,212**	16,221
Pumpers	**8,524**	8,444	**20,916**	21,458
Active equipment fleet [(i)]				
Coiled tubing rigs[(ii)]	**9**	12	**9**	12
Fluid pumpers	**9**	11	**9**	11
Nitrogen pumpers	**4**	4	**4**	4
Total equipment fleet [(i)(iii)]				
Coiled tubing rigs	**15**	25	**15**	25
Fluid pumpers	**11**	13	**11**	13
Nitrogen pumpers	**5**	5	**5**	5

(i) Fleet data represents the number of units at the end of the period.
(ii) Active equipment fleet was reduced in 2023 for one Generation I coiled tubing rig, two Generation III coiled tubing rigs and two quintuplex pumpers that were removed from service in order to optimize operational efficiency. Certain inactive equipment can be reactivated relatively quickly to meet future demand when required.
(iii) Total equipment fleet was reduced for equipment which was no longer expected to be reactivated or was sold.

Second quarter 2023 ECWS revenue was $17.2 million, a 12% increase when compared to the second quarter of 2022. Customer price increases resulted in higher revenue per operating hour when compared to the same prior year quarter. ECWS activity was 3% higher when compared to the same prior year quarter and was significantly higher than the 15%[(a)] decline in industry well completions. ECWS second quarter 2023 activity was impacted by wet weather, spring breakup and wildfires in Alberta and British Columbia with unusually slow activity in May.

Gross margin for the second quarter of 2023 was $1.5 million, $0.5 million lower than the same prior year quarter. Despite improved pricing and activity, the increased revenue was insufficient to cover higher costs in the quarter. As well, an unusually slow May impacted gross margin. Costs increased for the quarter as a result of crew retention, higher repairs & maintenance and inflation associated with wages and supplies. Gross margin percentage was 8%, compared to 13% in the same prior year quarter.

On a year-to-date basis, ECWS revenue was $43.6 million, an increase of 25% compared to the same prior year period due to an increase in revenue per operating hour. Revenue per operating hour was higher due to customer price increases and the nature of work performed in 2023. In the first six months of 2023, activity remained relatively flat to 2022. Gross margin was $7.0 million, $2.2 million higher than 2022 due to an increase in revenue per operating hour, partially offset by higher operating costs. Gross margin percentage was 16%, compared to 14% for the same prior year period.

Segment Results – *Tryton*

(in thousands of dollars, except percentages)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
Revenue	**$ 11,343**	$ 13,305	**$ 30,816**	$ 31,367
Operating expenses	**9,317**	10,838	**25,108**	25,518
Gross margin	**$ 2,026**	$ 2,467	**$ 5,708**	$ 5,849
Gross margin %	**18%**	19%	**19%**	19%

Second quarter 2023 Tryton revenue was $11.3 million, a 15% decrease compared to the same prior year quarter primarily due to lower Canadian conventional and multi-stage fracturing system (“MSFS®”) downhole tool activity, partially offset by higher activity in Tryton’s Rental and U.S. downhole tool operations. Activity in Canada was negatively impacted by spring breakup and wet weather conditions in the quarter, as well as wildfires in Alberta which caused certain customers to delay work. In addition, demand for Tryton’s MSFS® tools was lower than the prior year quarter due to competitive pricing and completion technology preferences of certain customers. MSFS® activity has been volatile and a decreasing portion of Tryton’s revenue in the last year.

Second quarter gross margin was $2.0 million, $0.4 million lower than the same prior year quarter due to lower activity in Tryton’s Canadian downhole tool business. Gross margin percentage for the quarter was 18%, in line with the same prior year quarter of 19% due to higher activity in Tryton’s U.S. downhole tool operations and Rentals.

On a year-to-date basis, Tryton revenue was $30.8 million, slightly below the same prior year period due to lower activity in Canada, partially offset by higher U.S. activity. Gross margin was $5.7 million, similar to the same prior year period. Gross margin percentage was 19%, in line with the same prior year period.

Purchase of Property and Equipment

(in thousands of dollars)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
ECWS	**$ 2,291**	$ 465	**$ 3,781**	$ 1,030
Tryton	**996**	471	**1,462**	1,267
Corporate	**41**	135	**41**	135
Purchase of property and equipment	**$ 3,328**	$ 1,071	**$ 5,284**	$ 2,432
Less: proceeds on disposal of equipment	**(1,367)**	(1,343)	**(1,981)**	(1,508)
Net equipment expenditures (proceeds) [1]	**$ 1,961**	$ (272)	**$ 3,303**	$ 924

For the three and six months ended June 30, 2023, Essential’s capital spending was entirely related to maintenance capital[1] on ECWS’s active fleet and replacement pickups in both ECWS and Tryton.

Essential’s 2023 capital budget for the purchase of property and equipment remains unchanged at $8 million and relates entirely to maintenance capital[1]. 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 cash flow and, if needed, its credit facility.

OUTLOOK

The price of WTI has recently traded up to US$81 per barrel but natural gas prices continue to be low. It is generally expected that activity in the Canadian oilfield service sector will be similar in 2023, compared to 2022. This is a function of the relatively low ratio of Canadian E&P cash flow allocated to capital spending, which has decreased spending sensitivity to changing commodity prices. As well, Canadian natural gas-directed activity is in-part driven by natural-gas liquids economics, which are correlated with the price of WTI. For the longer-term outlook, there is optimism related to the Blueberry River First Nations Implementation Agreement and continued progress on the LNG Canada project.

Inflation has largely eased. However, supply chain constraints and labor shortages are still expected to impact 2023. Recession risk and the implications this may have on oilfield service activity remain a concern. Oilfield service activity may be somewhat resilient to recessionary concerns given ongoing reservoir declines and Canadian E&P strategic objectives. The low ratio of E&P cash flow allocated to capital spending in 2023 may continue to limit the influence that commodity price volatility has on E&P capital spending plans.

ECWS has one of the industry's largest active deep coiled tubing fleets. ECWS's active fleet includes 9 coiled tubing rigs and 9 quintuplex 1,000 horsepower fluid pumpers. As E&P customers continue to require greater pumping fluid capacity and pressure capability, ECWS's active fleet remains suitable to meet customer demand with activity expected to be steady through the second half of 2023. During the second quarter, ECWS reduced the active fleet to optimize efficiency. Certain inactive equipment can be reactivated relatively quickly to meet future demand when required. As activity returns to seasonal norms in the third and fourth quarter, ECWS's gross margin, which was down in the second quarter, is expected to improve.

Tryton provides a wide range of downhole tools and rental services across both Canada and the U.S. This work is primarily focused on production, abandonment and wellsite restoration activities. E&P capital spending on these activities is expected to be relatively steady in the second half of the year. Tryton's MSFS® operations are expected to continue to experience volatility given the reducing customer base for Ball & Seat tools and completion technology preferences of Tryton's customers.

On June 29, 2023, Essential released its inaugural ESG Report. While Essential has been reporting its ESG accomplishments through the Company's AIF since 2019, this formalized report is a significant milestone for Essential as it demonstrates to shareholders and other stakeholders its commitment to enhanced ESG reporting and the Company's continued commitment to provide ESG responsible services in the communities in which the Company and its employees work and live.

Essential is well-positioned to participate in improving oilfield service activity as the long-term industry outlook remains relatively positive. 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 seek appropriate pricing for its services. 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 August 3, 2023, Essential had long-term debt, net of cash[1] of $4.5 million. Essential's ongoing financial stability is a strategic advantage.

The second quarter 2023 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.sedarplus.ca.

[1]Non-IFRS and Other Financial Measures

Certain specified financial measures in this news release, including "EBITDAS", "EBITDAS %", "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.sedarplus.ca), 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. 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 loss:

(in thousands of dollars)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
EBITDAS	**$ 630**	$ 1,920	**$ 6,453**	$ 5,535
Share-based compensation expense (recovery)	**1,685**	(11)	**1,448**	3,028
Other income	**(610)**	(869)	**(875)**	(776)
Depreciation and amortization	**4,134**	4,163	**8,197**	8,349
Finance costs	**246**	213	**473**	431
Net loss	**$ (4,825)**	$ (1,576)	**$ (2,790)**	$ (5,497)

The following table calculates EBITDAS %:

(in thousands of dollars, except percentages)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
EBITDAS	**$ 630**	$ 1,920	**$ 6,453**	$ 5,535
Revenue	**$ 28,573**	$ 28,642	**$ 74,435**	$ 66,383

EBITDAS %	**2%**	7%	**9%**	8%

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

(in thousands of dollars)	**As at June 30, 2023**	As at December 31, 2022
Assets		
Current		
Cash	**$ 2,153**	$ 2,063
Trade and other accounts receivable	**22,161**	27,085
Inventory	**37,688**	34,617
Prepayments and deposits	**3,650**	2,264
	65,652	66,029
Non-current		
Property and equipment	**74,008**	76,180
Right-of-use lease assets	**6,900**	8,317
	80,908	84,497
Total assets	**$ 146,560**	$ 150,526
Liabilities		
Current		
Trade and other accounts payable	**$ 13,735**	$ 14,307
Share-based compensation	**2,311**	2,721
Income taxes payable	**30**	30
Current portion of lease liabilities	**3,139**	4,237
	19,215	21,295
Non-current		
Share-based compensation	**4,771**	5,357
Long-term debt	**6,250**	950
Long-term lease liabilities	**4,448**	5,542
	15,469	11,849
Total liabilities	**34,684**	33,144
Equity		
Share capital	**241,721**	256,409
Deficit	**(161,152)**	(158,362)
Other reserves	**31,307**	19,335
Total equity	**111,876**	117,382
Total liabilities and equity	**$ 146,560**	$ 150,526

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)	**2023**	2022	**2023**	2022
Revenue	**$ 28,573**	$ 28,642	**$ 74,435**	$ 66,383
Operating expenses	**25,365**	24,422	**62,369**	56,142
Gross margin	**3,208**	4,220	**12,066**	10,241
General and administrative expenses	**2,578**	2,300	**5,613**	4,706
Depreciation and amortization	**4,134**	4,163	**8,197**	8,349
Share-based compensation expense (recovery)	**1,685**	(11)	**1,448**	3,028
Other income	**(610)**	(869)	**(875)**	(776)
Operating loss	**(4,579)**	(1,363)	**(2,317)**	(5,066)

Finance costs	**246**	213	**473**	431
Net loss	**(4,825)**	(1,576)	**(2,790)**	(5,497)
Unrealized foreign exchange gain (loss)	**54**	(130)	**58**	(66)
Comprehensive loss	**$ (4,771)**	$ (1,706)	**$ (2,732)**	$ (5,563)
Net loss per share				
Basic and diluted	**$ (0.04)**	$ (0.01)	**$ (0.02)**	$ (0.04)
Comprehensive loss per share				
Basic and diluted	**$ (0.04)**	$ (0.01)	**$ (0.02)**	$ (0.04)

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

(in thousands of dollars)	For the six months ended June 30, **2023**	2022
Operating Activities:		
Net loss	**$ (2,790)**	$ (5,497)
Non-cash adjustments to reconcile net loss to operating cash flow:		
Depreciation and amortization	**8,197**	8,349
Provision (recovery) of trade accounts receivable	**150**	(100)
Finance costs	**473**	431
Gain on disposal of assets	**(1,125)**	(601)
Funds flow	**4,905**	2,582
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**4,851**	6,170
Inventory	**(3,071)**	(3,798)
Income taxes payable	**-**	(22)
Prepayments and deposits	**(1,386)**	(1,110)
Trade and other accounts payable	**(624)**	(799)
Share-based compensation	**(996)**	(2,531)
Changes in non-cash operating working capital	**(1,226)**	(2,090)
Net cash provided by operating activities	**3,679**	492
Investing Activities:		
Purchase of property and equipment	**(5,284)**	(2,432)
Non-cash investing working capital in trade and other accounts payable	**54**	(43)
Proceeds on disposal of equipment	**1,981**	1,508
Net cash used in investing activities	**(3,249)**	(967)
Financing Activities:		
Increase in long-term debt	**5,300**	-
Shares repurchased and cancelled under normal course issuer bid	**(2,774)**	(981)
Finance costs paid	**(214)**	(99)
Payments of lease liabilities	**(2,647)**	(2,793)
Net cash used in financing activities	**(335)**	(3,873)
Foreign exchange loss on cash held in a foreign currency	**(5)**	(7)
Net increase (decrease) in cash	**90**	(4,355)
Cash, beginning of period	**2,063**	6,462
Cash, end of period	**$ 2,153**	$ 2,107

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”, “budget”, “believes”, “strategy”, “intends”, “estimates”, “committed”, “continues”, “future”, “opportunity”, “outlook”, “ongoing”, “plans”, “provides” and similar expressions, or are events or conditions that “will”, “would”, “may”, “might”, “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, including future Share-based compensation; Essential’s capital spending budget, expectations of how it will be funded and continued monitoring; the NCIB; ESG reporting expectations and ESG commitments; critical accounting estimates and the impact thereof; oil and natural gas prices, oil and natural gas industry outlook; 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 continued focus on appropriate pricing; Essential’s commitments, strategic position, strengths, focus, outlook and activity levels; the impact of inflation; supply chain implications; active and inactive equipment, suitability of equipment and potential reactivation of equipment; market share; ability to optimize efficiency; ECWS gross margin; demand for Essential’s services; crewing and labor markets; demand for MSFS® tools; non-IFRS and other financial measures; 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: 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 AIF (a copy of which can be found under Essential’s profile on SEDAR+ at www.sedarplus.ca); 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 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.sedarplus.ca.

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 active coiled tubing fleets in Canada. Further information can be found at www.essentialenergy.ca.

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

Note:

(a) Source: Daily Oil Bulletin – August 2, 2023.

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

For further information, please contact:

Garnet K. Amundson
President and CEO
Phone: (403) 513-7272
service@essentialenergy.ca