Schachter Energy Conference

Garnet Amundson

October 22, 2022

ESSENTIAL ENERGY SERVICES

Presentation dated October 3, 2022

Essential (ESN)

A "modestly-valued" TSX-listed micro-cap Oilfield Service (OFS) Company

Services: Well completions, production and restoration
Diverse Customer Base: Oil and natural gas producers
Geographic Exposure: Primarily Canada; small U.S. footprint

Who am I ?

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Garnet Amundson

- Co-founder, CEO and Board member since 2004*
- Have never sold a share
- Second largest insider (behind Board Chair)

My background….

Experienced leadership team

Diverse, experienced, long-serving Board of Directors

* Co-founder of Builders Energy Services Trust (Builders) in 2004; Builders and Essential merged in 2008.

Who is Essential Energy Services?

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- Leading Canadian market position in two service lines:
  - **Coiled Tubing** (Essential Coil Well Service (ECWS)):
    - Strong market share in the deep coiled tubing market
  - **Downhole Tools** (Tryton):
    - Estimated #1 market share in Canadian conventional tools
    - Established market presence in Canadian multi-stage completion tools
- Skilled workforce (325 employees); ongoing recruiting in a tight labor market
- Navigated multiple downturns and growth cycles with proven expertise in cost control – valuable during this inflationary period
- Strong financial position: $2 million cash, no long-term debt, $43 million working capital[(a)] (Jun 30/22)

(a) See Non-IFRS and Other Financial Measures

Where We Operate

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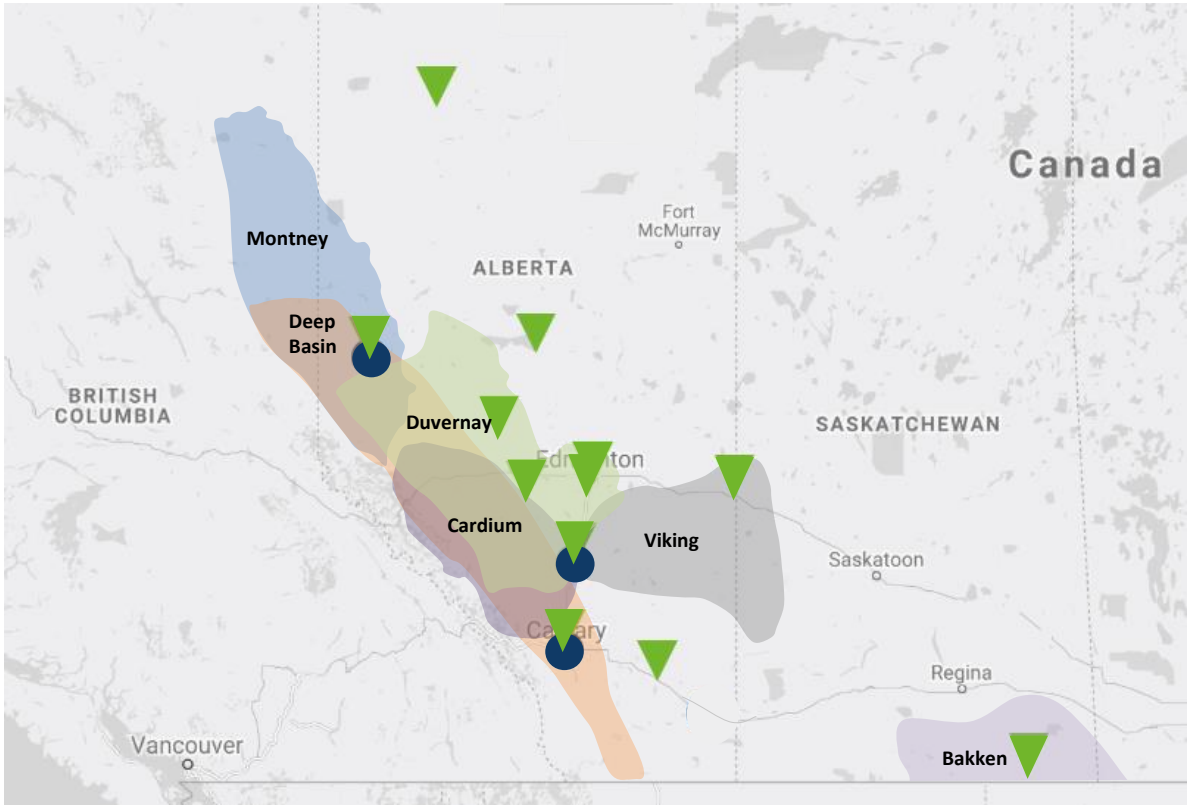
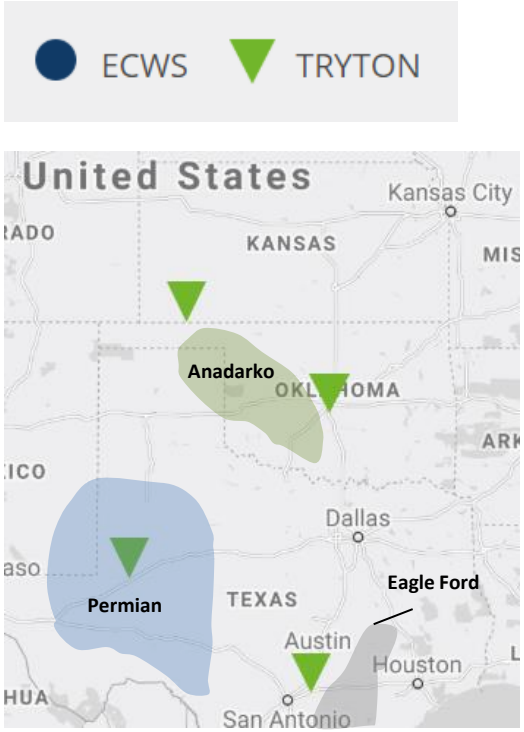


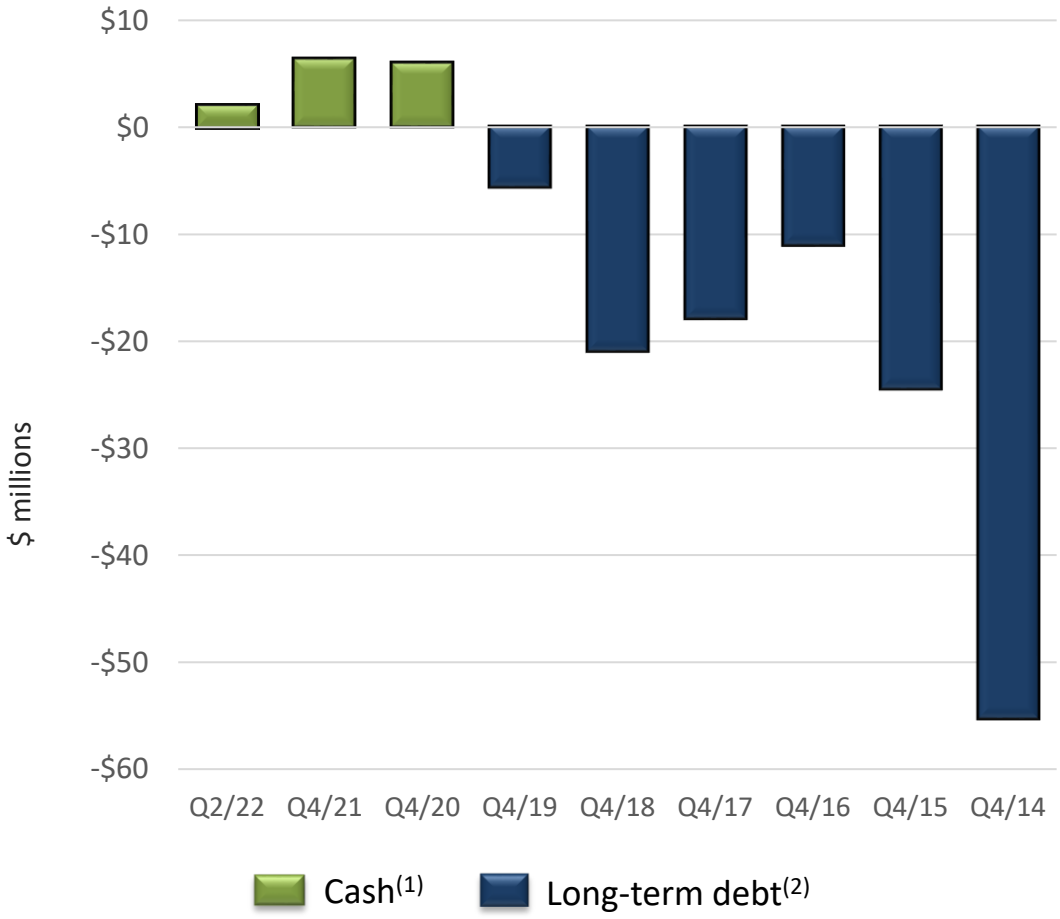
Canada: The key areas in the Western Canadian Sedimentary Basin (WCSB) including the Montney, Deep Basin, Duvernay, Bakken, Cardium and Viking



U.S.: The Permian, Eagle Ford and Anadarko basins

Operations throughout the WCSB; U.S. exposure

Financial Stability - After 7+ Years of Downturn



(1) Cash, net of long-term debt [a]
(2) Long-term debt, net of cash [a]

At Jun 30/22:

- $2 million cash; no long-term debt
- Prudent cost management and strategic decisions through the downturn

Credit Facility:

- $25MM revolving credit facility matures Nov/24
- Not used at Jun 30/22

Share Buyback Program:

- Announced Dec/21
- 3.5 million shares purchased to Sep 30/22

(a) See Non-IFRS and Other Financial Measures

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ESN Valuation

Valuation Metrics

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TSX: ESN	Oct 3/22
Market capitalization	$48 million
Cash (Jun 30/22)[1] [2]	$2 million
Enterprise value[3] [a]	**$46 million**
Working capital (Jun 30/22) [2] [a]	**$43 million**
Valuation metrics:	
EV/2023 EBITDAS[4] [a]	1.9x
Price/book[5]	0.4x

(1) There was no long-term debt at Jun 30/22; lease liabilities under IFRS 16 are excluded from long-term debt
(2) Q3/22 earnings release planned for Nov 2/22
(3) Oct 3/22 market capitalization less Jun 30/22 cash
(4) Enterprise value[a] divided by Oct 3/22 analyst consensus for 2023 EBITDAS[a] of $25 million
(5) Oct 3/22 share price divided by Jun 30/22 book value of shareholders' equity per share

(a) See Non-IFRS and Other Financial Measures

Low valuation: enterprise value similar to working capital

Our Valuation

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Valuation:

- Trading value (enterprise value on Oct 3/22) is similar to the value of working capital (Jun 30/22)
  - Nominal value recognized for our industry leading coiled tubing and fluid pumping fleet
  - Nominal value recognized for our Downhole Tools & Rentals business
  - Trading at one of the lowest EV/EBITDAS multiples in the OFS sector
  - Price/book of 0.4x

Low valuation relative to peer average and industry outlook

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Alignment with Shareholders

"We care about the safety of each other and our environment"

Alignment with Shareholders

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- **ESG:** Environmental, Social, Governance – a priority
  - *"We care about the safety of each other and our environment"* – part of our culture statement
- **Normal course issuer bid:** purchased 3.5 million shares to Sep 30/22 (YTD)
- **Insider share ownership:** 3%
- **Board and executive increased equity exposure through the downturn:**
  - Insider equity alignment: From 2015 to 2021, insider investment position (shares plus deferred share units (DSUs)) increased significantly as a portion of cash compensation was replaced with DSUs and restricted share units (RSUs)
  - DSUs are a long-term commitment; cannot be exercised until the individual leaves Essential
  - RSUs and DSUs are non-dilutive (settle with cash)

ESG: Our Way of Conducting Business

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Environmental

- **Strict regard for:** environmental laws, industry standards, Essential's policies
- **Best practices:** spill prevention, noise mitigation, fluid handling, water management, recycling programs
- **Training:** well-control to prevent unintended releases, spill containment

Social

- **Safety:** integral to operations; established targets, measurement, follow-up, continuous improvement
- **Training programs:** new employees, specific skills, leadership
- **Supporting local charities:** STARS Air Ambulance, Calgary Drop-in Centre, United Way, local Food Banks, Adopt a Family…to name a few

Governance

- **Board oversight for ESG**
- **Code of Conduct / Whistleblower Policy**
- **Board of Director commitment**
- **Safety** factors into management compensation
- **Diversity** in the workplace – gender, background, ethnicity; gender diverse Board and management

See Essential's Annual Information Form dated Mar 9/22 for further detail.

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Outlook

Outlook - Industry

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Commodity Price Strength:

- Price of oil (WTI) and natural gas has softened – however, historically strong:
  - WTI – recent prices (monthly) stronger than 2015 – 2021
  - Natural gas (Henry Hub) – recent prices (monthly) stronger than past 10 years
  - Natural gas (AECO) – recent egress issues but 2022 prices (monthly) generally stronger than past 10 years

Canadian E&P Spending:

- Analysts generally anticipate E&P spending to be marginally higher in 2023 than 2022
- E&P's continue to focus on strengthening balance sheets and returns to shareholders
  - Projected 2022 spending ratio (capex/cash flow) approx. 30%
- Recession risk is uncertain

Outlook - Industry

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OFS Sector:

- OFS activity may be somewhat resilient to commodity price volatility and recessionary concerns due to:
  - Recent limited production growth
  - Lower ratio of E&P cash flow spending on capex provides a buffer for commodity price volatility
  - Ongoing reservoir declines
- Customers, finally, recently accepted price increases – bodes well for future margin expansion and cash flow
- Some service lines are getting close to a “balanced” supply / demand scenario
- Challenges:
  - Cost inflation
  - Attracting new labour
  - Supply chain issues

Outlook - Essential

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Activity: Essential is well-positioned to participate in strong WCSB activity

- **ECWS:**
  - Active fleet of 12 coiled tubing rigs and 11 fluid pumpers ensures equipment is available for differing customer / regional needs
- **Tryton:**
  - Conventional tools benefit from E&P focus on production maximization and industry initiatives related to wellsite restoration and closure
  - Demand for multi-stage fracturing system (MSFS®) activity is expected to improve with anticipated growth in industry well completions

Pricing:

- ECWS - service price increases in the latter part of Q2/22; positively impact margins in Q3/22 and forward
- ECWS and Tryton - continued dialogue with customers pursuing cost inflation pass-through

Essential is well-positioned for strong WCSB activity

Our Current Focus

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Operational Execution:

- Maintain strong market position in coiled tubing market
- Efficient and safe operations
- Continued focus on cost management and operational efficiency
- Cost inflation pass-through
- Labour attraction and retention

Financial Stability:

- Focus on increasing free cash flow through operational efficiency, cost management and improved margins
- Maintain strong financial position
- Returns to shareholders through the share buyback

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H1/22 Financial Results

H1/22 vs. H1/21

($MM)	6 Months	
Essential	**H1/22**	H1/21
Revenue	**$66**	$53
Gross margin	**$10**	$12
EBITDAS [(a)]	**$6**	$8
EBITDAS % [(a)]	**8%**	16%
Net loss	**$(5)**	$(8)
ECWS		
Revenue	**$35**	$29
Gross margin	**$5**	$7
Gross margin %	**14%**	24%
Tryton		
Revenue	**$31**	$23
Gross margin	**$6**	$5
Gross margin %	**19%**	23%

WCSB:

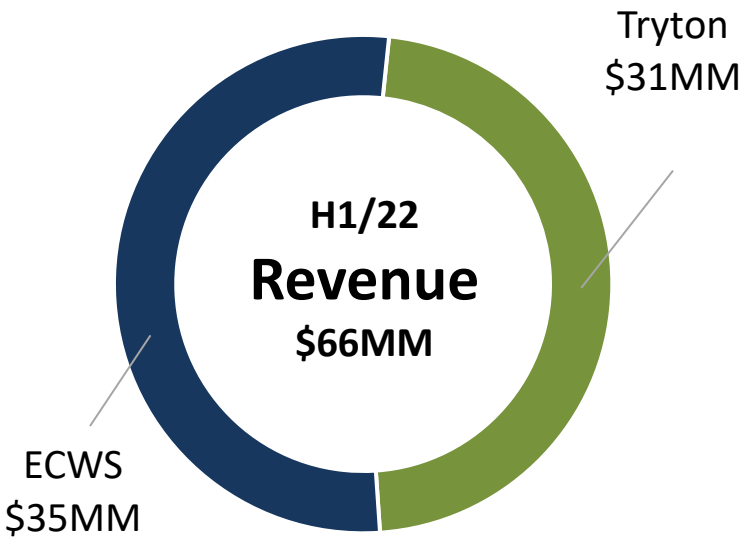
- Stronger commodity prices and improved industry activity

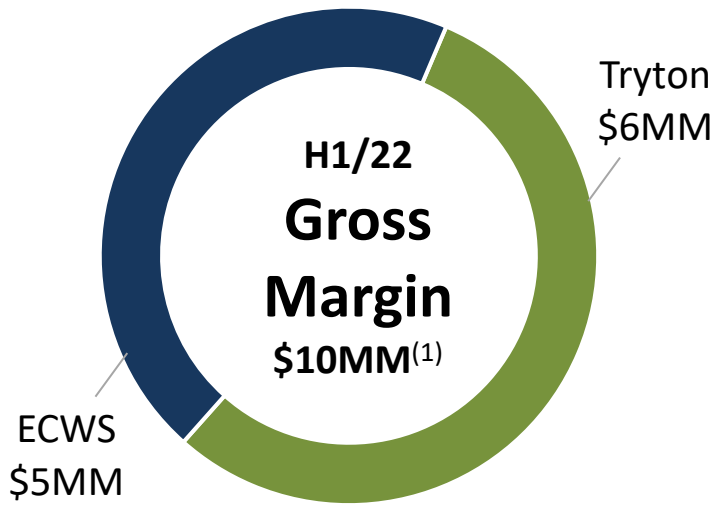
Essential:

- Higher revenue – driven by:
  - Mix of work, price increases in latter part of Q2/22 (ECWS)
  - Stronger activity (Tryton)
- Lower margins:
  - Higher costs/inflation for wages, fuel, supplies and inventory
  - Lower government subsidy funding:
    - ECWS: no funding ($2.0MM H1/21)
    - Tryton: $0.2MM ($1.2MM H1/21)
  - H1/22 revenue insufficient to cover inflationary costs and lower government funding (ECWS price increases were late in H1/22)

(a) See Non-IFRS and Other Financial Measures

Segmented Results – H1/22





ECWS H1/22 margins only reflect a pro-rata portion of the Q2/22 price increases

Gross Margin as a % of Revenue	**H1/22**	Annual 2021	Annual 2020	Annual 2019
ECWS	**14%**	19%	27%	20%
Tryton	**19%**	21%	18%	18%

(1) Consolidated gross margin is net of centralized overhead costs.

Capital Spending

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Modest Capital Spending:

- Forecast: includes growth capital to purchase two quintuplex fluid pumpers (1,000 hp) to further support the deep-capacity coiled tubing rigs

($MM)	2022 Forecast	2021 Actual	2020 Actual
Growth capital [(a)]	$3	$4	$-
Maintenance capital [(a)]	6	4	2
Purchase of property and equipment	$9	$8	$2

(a) See Non-IFRS and Other Financial Measures

Financial stability facilitates capital spending

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Our Services

Essential - Customers

Customers are Looking for:

- The right technology for the task
- Crew competency and continuity (in a tight labor market)
- Competitive pricing despite inflation
- Strong safety record (e.g. low TRIF)
- Efficiencies

Proud to have Customers like:

ARC RESOURCES LTD.

NUVISTA ENERGY LTD

Ovintiv

kelt exploration

TOURMALINE OIL CORP.

Shell Canada

SPARTAN DELTA CORP.

ECWS - Business Overview

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ECWS

- One of the largest deep coiled tubing fleets in Canada
- Strongest demand for long-reach (5,200+ meter) rigs and high-rate (quintuplex) fluid pumpers
- Work with a variety of fracturing companies and independently
- Requires skilled, experienced crews with a focus on safety
- Completions work
- Canadian operations only
- 205 employees (Sep 30)

ECWS - Coiled Tubing Fleet

At Jun 30/22	**Active Fleet**	Maximum Reach/ Depth (m at 2 ⅜”)	Target Market	Total Fleet
Gen I	**1**	2,700	Cleanouts	2
Gen II	**1**	4,500	Bakken, Cardium, Montney, Viking	10
Gen III	**8**	6,600	Montney, Duvernay	8
Gen IV (1)	**2**	8,000+(2)	Montney, Duvernay	5
Total Coiled Tubing Rigs	**12**			25

(1) ECWS has a reel trailer, that when paired with a Gen II rig can reach Gen IV depths, providing the capability of a third active Gen IV rig
(2) 8,000+ m when coiled tubing is transported on the rig; 9,400 m if coiled tubing is transported separately

- 12 active coiled tubing rigs and 11 fluid pumpers are paired in “packages”
- Fewer crewed packages than active; varies with demand
- Equipment can be re-activated and re-enter service as demand dictates
- Coiled tubing fleet includes masted and conventional rigs
- Greatest customer demand for the Gen III and IV rigs

Active and crewed fleet is managed based on economics and demand

ECWS - Pumper Fleet

At Jun 30/22	**Active Fleet**	Rated Horsepower[2]	Total Fleet
Triplex [1]	**2**	660	4
Quintuplex [1]	**9**	800 – 1,500	9
Total Fluid Pumpers	**11**		13

(1) Two quintuplex pumpers acquired in Q3/22 and in-service early Q4/22 will be added to the quintuplex active and total count; the two triplex pumpers will be removed from the active count
(2) Horsepower per pumping chamber

- Greatest customer demand for the high-rate (quintuplex) fluid pumpers
- Two quintuplex pumpers acquired in Q3/22 and in-service early Q4/22 – will replace the active triplex pumpers
- ECWS also has 4 active nitrogen pumpers
- The fluid pumpers and nitrogen pumpers support the coiled tubing fleet

Tryton Tools - Business Overview

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Tryton

- Experienced toolhands, extensive inventory
- Conventional downhole tools and MSFS® tools
- Completions, production and wellsite restoration work
- Canada, U.S., international
- 95 employees (Sep 30)

MSFS®: Composite Bridge Plug

MSFS®: Ball & Seat "Cut-away"

Conventional Packers

Tryton Tools

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Conventional Tools:

- Production and wellsite restoration work
- Large and diverse customer base
- Estimated market share:
  - **Canada:** Estimated #1 market share in Canada for conventional tools
  - **U.S.:** Extensive client list with Master Service Agreements (MSA) established; operations predominantly in the Permian Basin

MSFS® Tools:

- Completions work (ball & seat; plug & perf; hybrid of the two)
- Allows producers to isolate and fracture intervals of a horizontal well

Innovative tool business

Why Invest in Essential?

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Industry Leading Coiled Tubing Fleet

- One of the industry's largest fleets of active, deep coiled tubing rigs
- Suitable for complex, long-reach horizontal wells

Innovative Tool Business

- Variety of tools provide customers a choice
- Completions, production and wellsite restoration work

Customer Diversity

- Strong customer relationships
- Spectrum of small to large; regional to multi-national

Financial Stability

- Cash: $2 million at Jun 30/22; no long-term debt
- Working capital[(a)]: $43 million at Jun 30/22
- Active share buyback program

(a) See Non-IFRS and Other Financial Measures

Disclaimer

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements and forward-looking information ("forward-looking statements") regarding Essential Energy Services Ltd. ("Essential", the "Company" or the "Corporation") within the meaning of applicable securities laws. 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 "anticipate", "budget", "continue", "estimate", "expect", "forward", "ongoing", "optimistic", "outlook" and similar expressions, or are events or conditions that "will", "would", "may", "likely", "could", "should", "can", "typically", "traditionally" or "tends to" occur or be achieved. This presentation contains forward-looking statements, pertaining to, among other things, the following: expectations regarding 2022 capital spending and in-service timing; commodity prices; industry outlook including improving activity, E&P expected uses of cash flow, E&P capital spending, spending ratio and the potential for increased spending; oilfield services sector outlook, impact of price increases on margins and cash flow, service line supply and demand and sector challenges; expectations regarding Essential's businesses/service lines, areas of growth, opportunities, activity, equipment, equipment availability and potential re-activations, ongoing recruiting and challenges attracting labour, labour retention, cost management, operational efficiency, cost inflation and pass-through, outlook, market share, competitive advantages, services offered, the demand for those services, pricing for services and margin implications, focus on increasing cash flow; Essential's planned Q3/22 earnings release date; Essential's active share buyback program, financial stability and the implications.

By their nature, forward-looking statements and information involve known and unknown risks and uncertainties that may cause actual results to differ materially from those anticipated. Many of these factors and risks are described under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2021 and the Corporation's other filings on record with the securities regulatory authorities, which may be accessed through the SEDAR website (www.sedar.com). Although the Corporation believes the expectations and assumptions on which such forward-looking statements and information are based are reasonable, the Corporation can not provide assurance these expectations will prove to be correct. Accordingly, readers should not place undue reliance on the forward-looking statements and are cautioned that the foregoing factors are not exhaustive. The forward-looking statements and information contained in this presentation are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-IFRS and Other Financial Measures

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(a) NON-IFRS AND OTHER FINANCIAL MEASURES

Certain specified financial measures in this presentation, including "Working Capital", "Cash, net of Long-term Debt", "Long-term Debt, net of Cash", "Growth Capital", "Maintenance Capital", "EBITDAS", "EBITDAS %", "Enterprise Value ("EV")" and "EV/EBITDAS", 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.

The most directly comparable IFRS measure for "EBITDAS" is net loss.

"EBITDAS" is the non-IFRS financial measure component of EBITDAS %.

"Working capital", "Growth Capital", "Maintenance Capital", "EBITDAS" and "EBITDAS %" are further explained in the Non-IFRS and Other Financial Measures section of the Corporation's Management's Discussion and Analysis ("MD&A") for the quarter ended Jun 30/22 (available on the Corporation's profile on SEDAR at www.sedar.com), which section is incorporated by reference herein.

"Cash, net of Long-term Debt", "Long-term Debt, net of Cash", "EV" and "EV/EBITDAS" are identified in this presentation but are not in the Corporation's MD&A.

"Cash, net of Long-term Debt" is calculated as Cash less Long-term Debt at the referenced point in time.

"Long-term Debt, net of Cash" is calculated as Long-term Debt less Cash at the referenced point in time.

"EV" is calculated as the Corporation's share price (at close of market Oct 3/22) times the number of shares outstanding (at Sep 30/22) minus Cash (at Jun 30/22).

"EV/EBITDAS" is a non-IFRS ratio and is calculated as EV divided by EBITDAS. EBITDAS is a non-IFRS financial measure component of the EV/EBITDAS calculation. EV/EBITDAS is used by management and investors as a supplemental measure to assess the valuation of the Corporation's shares. EBITDAS used in this ratio is based on analyst consensus estimates for a future EBITDAS as of a particular point in time. The Corporation includes this measure for reference only and not for the purpose of endorsement. The estimates underlying the EBITDAS estimate reflect the views and calculations of the analysts and may not reflect the views of Essential as at the point in time when the applicable estimate was given or as of the date of this presentation.

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