

# PHX Energy Announces Increase to its 2022 Capital Expenditure Program

**Calgary, Alberta** - PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announces that its Board of Directors (the "**Board**") has approved a \$10 million increase to the Corporation's 2022 capital expenditure program (the "**Program**"). With this increase the Corporation now anticipates spending \$40 million in capital expenditures during the 2022-year. PHX Energy will require greater fleet capacity to meet the activity levels expected in 2022 and to mitigate supply chain challenges that persist in the market. The increase will primarily be dedicated to further expanding the Atlas High Performance Drilling Motor ("**Atlas Motors**"), Velocity Real-Time System ("**Velocity**") and PowerDrive Orbit Rotary Steerable System ("**RSS**") fleets. Of the \$40 million program, \$12 million is anticipated to be spent on maintenance capital, while the remaining \$28 million is expected to be allocated towards growth.

Like many other industries, PHX Energy's supply chain has been disrupted by the COVID-19 pandemic and the Corporation is seeing increased costs, shortages and long lead times. The Corporation is leveraging its strong financial position to allow it to place orders well in advance and feels this is prudent given the issues it is already experiencing. Industry activity forecasts indicate that the North American rig count could increase by 20 percent in 2022 and currently, PHX Energy is operating at capacity and experiencing steady growth in both the US and Canada. Additionally, the Corporation anticipates that its technology partnership in the Middle East North Africa region will be awarded contracts in 2022 and this could require further equipment to be sent to the region; although, it will take time to gain significant momentum. The Corporation also expects to add to its RSS fleet in the US to maintain the strong utilization of its owned fleet to protect operating margins.

PHX Energy will continue to take a disciplined approach toward growth and believes the increase to the 2022 Program will aid in further improvements in profitability in the upcoming year. The 2022 Program is expected to be financed from a combination of cash and cash equivalents, cash flow from operations and the Corporation's unused credit facilities, if necessary.

## **About PHX Energy Services Corp.**

The Corporation, through its directional drilling subsidiary entities, provides horizontal and directional drilling technology and services to oil and natural gas producing companies in Canada, the US, Russia and Albania. PHX Energy also provides EDR technology and services.

## **Forward Looking Statements**

Certain statements contained in this document constitute "forward looking statements" and/or "forward looking information" within the meaning of applicable securities laws (collectively referred to as "forward looking statements"). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, are intended to identify forward looking statements. Such statements reflect the current views of PHX Energy with respect to future events, the Program and operating performance and speak only as of the date of this document. In particular, this document contains forward looking statements pertaining to

the amount of the Corporation's 2022 capital expenditure program, the source of funding the Program, the planned allocation of the Program, the anticipated 2022 activity and demand for the Corporation's services, the expected award of contract in the MENA region and the resulting activity, the anticipated growth into 2022 and beyond, and the continuation of supply chain disruptions.

Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward looking statements, including but not limited to those factors referred to under the heading "Risk Factors" in the Corporation's Annual Information Form ("**AIF**") for the year ended December 31, 2020 and the Corporation's management's discussion and analysis for the three-month period and year then ended December 31, 2020. Although forward looking statements contained in this press release are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward looking statements. The forward looking statements in this press release are expressly qualified by this cautionary statement. Unless otherwise required by law, PHX Energy does not intend, or assume any obligation, to update these forward looking statements.

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