

PHX Energy Announces Withdrawal from Russia

CALGARY, ALBERTA - PHX Energy Services Corp. ("**PHX Energy**" "**we**" "**our**" or the "**Corporation**") (TSX: PHX) announces that it has withdrawn from the Russian market. This decision was made as a result of the Russian government's invasion of Ukraine (the "**Invasion**"), and in the context of international sanctions that have followed, including the comprehensive sanctions program imposed by Canada. The withdrawal follows actions that the Corporation has taken over the past few months to limit operational activities in Russia, in view of the introduction and expansion of international sanctions against Russia, while maintaining duties to employees and existing customers. The disposition of our Russian subsidiary, Phoenix TSR LLC ("**Phoenix TSR**"), was undertaken in an orderly fashion for a negligible amount of consideration and in compliance with applicable sanctions laws. With the exit transaction now complete, the Corporation has no further ongoing business in Russia.

The Russian operations were immaterial to the consolidated results of the Corporation, and in 2021 Russia's revenue represented less than 3 percent of consolidated revenue.

As a result of the transaction the Corporation expects to realize a loss on disposition of the Phoenix TSR assets of approximately \$4 million and a foreign exchange loss of approximately \$11 million.

The Corporation is deeply saddened by the events of the Invasion and continues to hope for a resolution that will end the war and allow for peace to return to the region and its people.

About PHX Energy Services Corp.

PHX Energy is a growth oriented, public oil and natural gas services company. The Corporation, through its directional drilling subsidiary entities provides horizontal and directional drilling services to oil and natural gas exploration and development companies principally in Canada and the US. In connection with the services it provides, PHX Energy engineers, develops and manufactures leading-edge technologies. In recent years, PHX Energy has developed various new technologies that have positioned the Corporation as a technology leader in the horizontal and directional drilling services sector in North America.

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, financial and operating performance and speak only as of the date of this document. In particular, this document contains forward looking statements pertaining to compliance with applicable sanctions laws, and the anticipated impact of the disposition of Phoenix TSR.

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 defer 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, 2021 and the Corporation's management's discussion and analysis for the three-month period ended March 31, 2022. 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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