Calfrac Reports Best Ever Annual Net Income and Full-Year Adjusted EBITDA of $325 Million

March 14, 2024 10:00 AM EDT

CALGARY, Alberta, March 14, 2024 (GLOBE NEWSWIRE) -- **Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX: CFW)** announces its financial and operating results for the three months and year ended December 31, 2023. The following press release should be read in conjunction with the management's discussion and analysis and audited consolidated financial statements and notes thereto as at December 31, 2023. Readers should also refer to the "Forward-looking statements" legal advisory and the section regarding "Non-GAAP Measures" at the end of this press release. All financial amounts and measures are expressed in Canadian dollars unless otherwise indicated. Additional information about Calfrac is available on the SEDAR+ website at www.sedarplus.ca, including the Company's Annual Information Form for the year ended December 31, 2023.

CEO'S MESSAGE

Calfrac's operations during 2023 generated a new Company record for net income from continuing operations of $197.6 million. The Company converted these strong results into significant free cash flow which it deployed towards reducing long-term debt to its lowest level since 2009, as well as improving the quality of its assets through the deployment of two new Tier IV Dynamic Gas Blending ("DGB") fracturing fleets into North America. This operating performance combined with substantial debt repayment resulted in a trailing twelve-month net debt to Adjusted EBITDA from continuing operations ratio of 0.74x, the lowest in recent years. In addition, Calfrac's commitment to safe and efficient operations decreased the Total Recordable Injury Frequency ("TRIF") rate for continuing operations from 1.19 in 2022 to 1.05 in 2023. This excellent result was accomplished despite adding two fracturing fleets to its operations in North America during the year. The Company expects to continue delivering on its brand promise of "Do it Safely, Do it Right, Do it Profitably" in the year ahead and generate strong, sustainable long-term returns for its shareholders.

Calfrac's Chief Executive Officer, Pat Powell commented: "The Calfrac team took additional steps towards accomplishing our long-term goals this quarter and I am excited about our future as we continue to execute on our brand promise to generate strong returns for our shareholders, reduce debt, and improve our asset quality in the field."

SELECT FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

	Three Months Ended Dec. 31,			**Years Ended Dec. 31,**		
	2023	2022	Change	**2023**	2022	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)		*Revised* (1)			*Revised* (1)	
Revenue	**421,402**	447,847	(6)	**1,864,281**	1,499,220	24
Adjusted EBITDA(1)(2)(3)	**62,591**	75,954	(18)	**325,456**	233,741	39
Consolidated cash flows provided by operating activities	**121,284**	68,838	76	**281,634**	107,532	162
Capital expenditures(3)	**49,397**	35,810	38	**165,414**	87,940	88
Net income	**13,202**	14,757	(11)	**197,569**	35,303	460
Per share – basic	**0.16**	0.27	(41)	**2.43**	0.83	193
Per share – diluted	**0.15**	0.17	(12)	**2.24**	0.47	377

As at	**Dec. 31, 2023**	Dec. 31, 2022	Change
(C$000s)	***($)***	*($)*	*(%)*
(unaudited)			
Cash and cash equivalents	**34,140**	8,498	302
Working capital, end of period	**236,392**	183,580	29
Total assets, end of period	**1,126,197**	995,753	13
Long-term debt, end of period	**250,777**	329,186	(24)
Net debt(4)	**241,065**	346,414	(30)
Total consolidated equity, end of period	**615,903**	422,972	46

(1) Adjusted EBITDA reflects a change in definition and excludes all foreign exchange gains and losses.

(2) Refer to "Non-GAAP Measures" on page 6 for further information.

(3) Effective January 1, 2023, the Company recorded expenditures related to fluid end components as an operating expense rather than as a capital expenditure. This change in accounting estimate was recorded on a prospective basis.

(4) *Refer to note 14 of the consolidated annual financial statements for further information.*

During the quarter, Calfrac:

- generated revenue of $421.4 million, a decrease of 6 percent from the comparative quarter in 2022 primarily due to a larger proportion of jobs completed in North America where sand was supplied by the customer, which resulted in a 29 percent reduction in revenue per job compared with the same period in 2022;
- reported Adjusted EBITDA of $62.6 million versus $76.0 million in the fourth quarter of 2022 primarily due to the change in accounting estimate that was adopted for fluid ends at the beginning of 2023. In the fourth quarter of 2023, Calfrac incurred $12.6 million of maintenance expense related to fluid end components during the quarter;
- deployed the equivalent of two Tier IV Dynamic Gas Blending ("DGB") fracturing fleets in North America;
- received cash proceeds of $11.4 million during the quarter from the exercise of warrants;
- reduced its outstanding credit facility borrowings by $55.0 million that resulted in a total draw amount of $95.0 million at the end of the year;
- reduced its net debt to Adjusted EBITDA ratio to 0.74:1.00;
- reported net income of $13.2 million or $0.15 per share diluted compared to a net income of $14.8 million or $0.17 per share diluted in 2022;
- reported period-end working capital of $236.4 million versus $183.6 million at December 31, 2022; and
- incurred capital expenditures of $49.4 million which included $33.7 million related to the Tier IV fleet modernization program.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS
THREE MONTHS AND YEARS ENDED DECEMBER 31, 2023 VERSUS 2022

NORTH AMERICA

	Three Months Ended Dec. 31,			**Years Ended Dec. 31,**		
	2023	2022	Change	**2023**	2022	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)						
Revenue	**331,688**	369,126	(10)	**1,522,348**	1,248,147	22
Adjusted EBITDA(1)	**48,070**	68,839	(30)	**282,863**	224,434	26
Adjusted EBITDA (%)	**14.5**	18.6	(22)	**18.6**	18.0	3
Fracturing revenue per job ($)	**38,678**	54,481	(29)	**42,329**	42,071	1
Number of fracturing jobs	**8,343**	6,532	28	**34,815**	28,557	22
Active pumping horsepower, end of year (000s)	**1,034**	973	6	**1,034**	973	6
US$/C$ average exchange rate(2)	**1.3622**	1.3578	—	**1.3497**	1.3011	4

(1) *Refer to "Non-GAAP Measures" on page 6 for further information.*
(2) *Source: Bank of Canada.*

OUTLOOK
Calfrac's North America division generated revenue of $1.5 billion and Adjusted EBITDA of $282.9 million in 2023, both of which were some of the best full-year financial results in its history. However, the Company is anticipating a significant year-over-year reduction in first-quarter activity and financial performance due to the impact of lower natural gas prices combined with a slower than expected start to the year as completion programs were deferred until later in the year. As a result, Calfrac idled two fracturing fleets in February and expects to operate an average of five crews in the United States for the first quarter. The Company expects customer demand for its services will improve from the first quarter and support its revised operating footprint for the remainder of the year. Calfrac's operations in Canada expects to continue deploying five large fracturing fleets and six coiled tubing units throughout 2024 and deliver consistent financial results with the prior year.

Calfrac believes that it will generate lower profitability in North America in 2024 due to the anticipated shortfall from the first quarter and its reduced operating scale. In order to maintain its long-term debt reduction targets, the Board of Directors approved a deferral of up to $50.0 million of capital expenditures related to the Company's fleet modernization program.

THREE MONTHS ENDED DECEMBER 31, 2023 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2022

REVENUE
Revenue from Calfrac's North American operations decreased to $331.7 million during the fourth quarter of 2023 from $369.1 million in the comparable quarter of 2022. The lower revenue was primarily due to a larger proportion of jobs completed where sand was supplied by the customer, which resulted in a 29 percent reduction in revenue per job compared with the same period in 2022. The impact on revenue was partially offset by a 28 percent increase in the number of completed fracturing jobs. The increase in job count was mainly due to the Company operating 15 fracturing fleets during the quarter, including deploying the equivalent of two new Tier IV DGB fleets, compared to an average of 13.5 operating fleets in the respective quarter of 2022. Coiled tubing revenue decreased by 32 percent as compared to the fourth quarter in 2022 mainly due to lower utilization of Calfrac's six deep coiled tubing units.

ADJUSTED EBITDA
The Company's operations in North America generated Adjusted EBITDA of $48.1 million or 14 percent of revenue during the fourth quarter of 2023 compared to $68.8 million or 19 percent of revenue in the same period in 2022. This decrease was partially due to the change in accounting estimate that was adopted for fluid ends at the beginning of 2023. In the fourth quarter of 2023, Calfrac incurred $11.4 million of maintenance expense related to fluid end components versus $8.8 million of capital expenditures in the same quarter of 2022. Additionally, utilization during the fourth quarter of 2023 was impacted by a reduction in activity, mainly in Canada, as a result of customer budget exhaustion.

YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022

REVENUE
Revenue from Calfrac's North American operations increased significantly to $1.5 billion during 2023 from $1.2 billion in 2022. The 22 percent increase in revenue was primarily due to higher customer activity and a larger operating scale as the Company operated 15 fracturing fleets during the year with more consistent utilization compared to 13 fleets in 2022. Pricing during 2023 was relatively consistent with the second half of 2022, but was partially offset by job mix as a greater amount of customer-supplied product resulted in a similar year-over-year fracturing revenue per job. Coiled tubing revenue increased by 7 percent as compared to 2022 mainly due to higher utilization for its six crewed units.

ADJUSTED EBITDA
The Company's operations in North America generated Adjusted EBITDA of $282.9 million during 2023 compared to $224.4 million in 2022. This increase in Adjusted EBITDA was largely driven by higher fracturing and coiled tubing utilization. In 2023, Calfrac's Adjusted EBITDA included $37.7 million of maintenance expense related to fluid ends versus $27.7 million of capital expenditures that were recorded in the comparable period in 2022. The Company's North American operations generated an Adjusted EBITDA percentage of 19 percent compared to 16 percent in 2022, after adjusting for the change in fluid end accounting treatment.

ARGENTINA

	Three Months Ended Dec. 31,			Years Ended Dec. 31,		
	2023	2022	Change	**2023**	2022	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)						
Revenue	**89,714**	78,721	14	**341,933**	251,073	36
Adjusted EBITDA(1)	**19,946**	14,616	36	**63,569**	30,979	105
Adjusted EBITDA (%)	**22.2**	18.6	19	**18.6**	12.3	51
Fracturing revenue per job ($)	**75,225**	84,445	(11)	**80,989**	74,181	9
Number of fracturing jobs	**697**	558	25	**2,481**	1,973	26
Active pumping horsepower, end of year (000s)	**139**	139	—	**139**	139	—
US$/C$ average exchange rate(2)	**1.3622**	1.3578	—	**1.3497**	1.3011	4

(1) Refer to "Non-GAAP Measures" on page 6 for further information.
(2) Source: Bank of Canada.

OUTLOOK
Calfrac's Argentinean operations leveraged higher efficiencies across all three service lines to generate divisional records for revenue and Adjusted EBITDA of $341.9 million and $63.6 million, respectively, in 2023. The Company's position as a leader in this pressure pumping market was enhanced through the start-up of simul-frac operations in the fourth quarter as well as setting internal records for coiled tubing maximum depth achieved and highest cementing customer satisfaction. Calfrac anticipates that, absent any impacts from the devaluation in the Argentinean peso, the momentum from this year will be carried into 2024 driven by expected strong utilization across all service lines in the Vaca Muerta shale play and the conventional basins of southern Argentina.

THREE MONTHS ENDED DECEMBER 31, 2023 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2022

REVENUE
Calfrac's Argentinean operations generated revenue of $89.7 million during the fourth quarter of 2023 versus $78.7 million in the comparable quarter in 2022 primarily due to higher activity across all service lines. This increase in revenue was due to the strategic repositioning of certain fracturing and cementing equipment from southern Argentina into the Vaca Muerta shale play during the first half of 2023. Coiled tubing revenue also increased due to an increase in overall activity with both existing and new customers.

ADJUSTED EBITDA
The Company's operations in Argentina generated Adjusted EBITDA of $19.9 million during the fourth quarter of 2023 compared to $14.6 million in the comparable quarter of 2022, while the Company's Adjusted EBITDA margins also improved to 22 percent from 19 percent. This improvement in Adjusted EBITDA was primarily due to the higher revenue base and changes in the Company's customer and geographic mix which resulted in higher profitability relative to the comparable period in 2022. The significant devaluation of the peso in December also contributed to the margin improvement during the quarter.

YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022

REVENUE

Calfrac's Argentinean operations generated revenue of $341.9 million during 2023 compared to $251.1 million in 2022. Activity in the Vaca Muerta shale play continued to increase while activity in southern Argentina also achieved significant growth compared to 2022. Overall fracturing activity increased by 26 percent compared to 2022 while revenue per job was 9 percent higher primarily due to overall inflation in operating costs and better pricing that was realized during the second half of 2022 combined with a stronger U.S. dollar. Higher coiled tubing and cementing revenue also contributed to the overall increase in revenue. The number of coiled tubing jobs increased by 32 percent as activity increased in Neuquén and southern Argentina while revenue per job was consistent with the prior year. Cementing activity increased by 7 percent and revenue per job increased by 9 percent due to changes in job mix as a greater number of pre-fracturing projects, which are typically larger job sizes, were completed during 2023.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $63.6 million or 19 percent of revenue in 2023 versus $31.0 million or 12 percent of revenue in 2022 primarily due to higher utilization and pricing across all service lines and, to a lesser extent, the impact of the peso devaluation that occurred in the fourth quarter of 2023. Adjusted EBITDA in 2023 included $5.8 million of maintenance expense related to fluid end components that would have been recorded as capital expenditures in 2022.

CAPITAL EXPENDITURES

	Three Months Ended Dec. 31,			**Years Ended Dec. 31,**		
	2023	2022	Change	**2023**	2022	Change
(C$000s)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
North America	**45,845**	31,382	46	**153,886**	77,671	98
Argentina	**3,552**	4,428	(20)	**11,528**	10,269	12
Continuing Operations(1)	**49,397**	35,810	38	**165,414**	87,940	88

(1) Effective January 1, 2023, the Company recorded expenditures related to fluid end components as an operating expense rather than as a capital expenditure. This change in accounting estimate was recorded on a prospective basis. The Company capitalized $29.3 million of fluid end components in 2022.

Capital expenditures were $49.4 million for the three months ended December 31, 2023 versus $35.8 million in the comparable period in 2022. Calfrac's Board of Directors approved a 2024 total capital budget of approximately $210.0 million in December 2023, which was an increase of $45.0 million from the previous year, primarily to continue its fracturing fleet modernization program in North America and dedicate $40.0 million to support its Argentinean operations while implementing new company-wide field-based technologies. On March 13, 2024, the Board of Directors approved a deferral of up to $50.0 million of capital allocated to its North American fleet modernization program to align with current market conditions.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	**Dec. 31, 2023**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
(unaudited)	*Revised (1)*	*Revised (1)*	*Revised (1)*	*Revised (1)*				
Financial								
Revenue	294,524	318,511	438,338	447,847	493,323	466,463	483,093	**421,402**
Adjusted EBITDA(1)(2)(3)	22,763	40,734	94,289	75,954	83,794	87,785	91,286	**62,591**
Net income (loss)	(18,030)	(6,776)	45,352	14,757	36,313	50,531	97,523	**13,202**
Per share – basic	(0.47)	(0.18)	1.15	0.27	0.45	0.62	1.20	**0.16**
Per share – diluted	(0.47)	(0.18)	1.10	0.17	0.41	0.58	1.09	**0.15**
Capital expenditures(3)	12,145	15,240	24,745	35,810	34.474	30,718	50,825	**49,397**

(1) Adjusted EBITDA reflects a change in definition and excludes all foreign exchange gains and losses.

(2) Refer to "Non-GAAP Measures" on page 6 for further information.

(3) Effective January 1, 2023, recorded expenditures related to fluid end components as an operating expense rather than as a capital expenditure. This change in accounting estimate was recorded on a prospective basis.

NON-GAAP MEASURES

Certain supplementary measures presented in this press release do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended Dec. 31,		**Years Ended Dec. 31**	
	2023	2022	**2023**	2022
(C$000s)	***($)***	*($)*	***($)***	*($)*
(unaudited)				
Net income from continuing operations	**13,202**	14,757	**197,569**	35,303
Add back (deduct):				
Depreciation	**30,435**	32,294	**116,641**	122,027
Foreign exchange losses (gains)(2)	**14,494**	3,732	**22,378**	(2,972)

(Gain) loss on disposal of property, plant and equipment	**1,042**	951	**(4,625)**	5,333
(Reversal of) impairment of property, plant and equipment	**—**	10,670	**(41,563)**	10,670
Impairment of inventory	**—**	8,477	**—**	8,477
Impairment of other assets	**—**	64	**—**	64
Litigation settlements	**—**	—	**(6,805)**	11,258
Restructuring charges	**—**	3,710	**2,991**	5,273
Stock-based compensation	**2,307**	457	**5,117**	2,776
Interest	**6,671**	15,018	**29,694**	46,555
Income taxes	**(5,560)**	(14,176)	**4,059**	(11,023)
Adjusted EBITDA from continuing operations (1)	**62,591**	75,954	**325,456**	233,741

(1) For bank covenant purposes, EBITDA includes the deduction of an additional $12.5 million of lease payments for the year ended December 31, 2023 (year ended December 31, 2022 – $10.4 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

(2) Adjusted EBITDA reflects a change in definition effective October 1, 2022, and excludes all foreign exchange gains and losses.

The definition and calculation of net debt at December 31, 2023 and the ratio of net debt to Adjusted EBITDA for the year ended December 31, 2023, is disclosed in note 14 to the Company's year-end consolidated financial statements. The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of net debt to Adjusted EBITDA. The ratio of net debt to Adjusted EBITDA does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

ADVISORIES

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements relate to future events or the future performance of the Company (as hereinafter defined). All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar expressions.

In particular, forward-looking statements in this press release include, but are not limited to, statements with respect to activity, demand, utilization and outlook for the Company's operating divisions in North America and Argentina; the supply and demand fundamentals of the pressure pumping industry; input costs, margin and service pricing trends and strategies; operating and financing strategies, performance, priorities, metrics and estimates, such as the Company's strategic priorities to maximize free cash flow, repay debt and capital investment plans, including the Company's fleet modernization program and timing thereof; the Company's debt, liquidity and financial position; the Company's service quality and the Company's intentions and expectations with respect to the foregoing.

These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, including the current state of the pressure pumping market; the Company's expectations for its customers' capital budgets, demand for services and geographical areas of focus; the effect of unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; the effect of environmental factors on customer and investor preferences and capital deployment; the effect of the military conflict in the Ukraine and related international sanctions and counter-sanctions and restrictions by Russia on the Company's ownership and planned sale of the Russian division; industry equipment levels including the number of active fracturing fleets marketed by the Company's competitors and the timing of deployment of the Company's fleet upgrades; the Company's existing contracts and the status of current negotiations with key customers and suppliers; the continued effectiveness of cost reduction measures instituted by the Company; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include but are not limited to: (A) industry risks, including but not limited to, global economic conditions and the level of exploration, development and production for oil and natural gas in North America and Argentina; excess equipment levels; impacts of conservation measures and technological advances on the demand for the Company's services; intensely competitive oilfield services industry; and hazards inherent in the industry; (B) business operations risks, including but not limited to, fleet reinvestment risk, including the ability of the Company to finance the capital necessary for equipment upgrades to support its operational needs while meeting government and customer requirements and preferences; difficulty retaining, replacing or adding personnel; failure to continuously improve equipment, proprietary fluid chemistries and other products and services; seasonal volatility and climate change; reliance on equipment suppliers and fabricators; cybersecurity risks; concentrated customer base; obsolete technology; failure to maintain safety standards and records; constrained demand for the Company's services due to merger and acquisition activity; improper access to confidential information or misappropriation of Company's intellectual property rights; failure to realize anticipated benefits of acquisitions and dispositions; loss of one or more key employees; and growth related risk on internal systems or employee base; (C) financial risks, including but not limited to, restrictions on the Company's access to capital, including the impacts of covenants under the Company's lending documents; direct and indirect exposure to volatile credit markets, including interest rate risk; fluctuations in currency exchange rates and increased inflation; price escalation and availability of raw materials, diesel fuel and component parts; actual results which are materially different from management estimates and assumptions; insufficient internal controls; the Company's access to capital and common share price given a significant number of common shares are controlled by two directors of the Company; possible dilution of outstanding stock-based compensation, additional equity or debt securities; and changes in tax rates or reassessment risk by tax authorities; (D) geopolitical risks, including but not limited to, foreign operations exposure, including risks relating to unsettled political conditions, war, foreign exchange rates and controls; the sale of the discontinued operations in Russia may not occur or be delayed; and risk associated with compliance with applicable law; (E) legal and regulatory risks, including but not limited to, federal, provincial and state legislative and regulatory initiatives and laws; health, safety and environmental laws and regulations; and legal and administrative proceedings; and (F) environmental, social and governance risks, including but not limited to, failure to effectively and timely address the energy transition; the direct and indirect costs of various existing and proposed climate change regulations; various types of activism; and reputational risk or legal liability resulting from ESG commitments and disclosures. Further information about these and other risks and uncertainties are set forth in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which is available on the SEDAR+ website at www.sedarplus.ca under Company's profile.

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this press release or the document by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

BUSINESS RISKS
The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which is available on the SEDAR+ website at www.sedarplus.ca under the Company's profile. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E5, or at www.calfrac.com.

ADDITIONAL INFORMATION
Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW".

Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells with continuing operations focused throughout western Canada, the United States and Argentina. During the first quarter of 2022, management committed to a plan to sell the Company's Russian division, resulting in the associated assets and liabilities being classified as held for sale and presented in the Company's financial statements as discontinued operations. The results of the Company's discontinued operations are excluded from the discussion and figures presented above unless otherwise noted. See Note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2023 for additional information on the Company's discontinued operations.

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at www.calfrac.com or under the Company's public filings found at www.sedarplus.ca.

FOURTH QUARTER CONFERENCE CALL
Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2023 fourth-quarter results at 10:00 a.m. (Mountain Time) on Thursday, March 14, 2024. To participate in the conference call, please register at the URL link below. Once registered, you will receive a dial-in number and a unique PIN, which will allow you to ask questions.

https://register.vevent.com/register/BIb7e60e048aa64f3bbc25b0b89cab73b2

The call will also be webcast and can be accessed through the link below. A replay of the webcast call will also be available on Calfrac's website for at least 90 days.

https://edge.media-server.com/mmc/p/eiysg8kq/

CONSOLIDATED BALANCE SHEETS

	As at December 31,	
	2023	2022
(C$000s)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**34,140**	8,498
Accounts receivable	**243,187**	238,769
Income taxes recoverable	**794**	—
Inventories	**123,015**	108,866
Prepaid expenses and deposits	**22,799**	12,297
	423,935	368,430
Assets classified as held for sale	**34,084**	45,940
	458,019	414,370
Non-current assets		
Property, plant and equipment	**614,555**	543,475
Right-of-use assets	**24,623**	22,908
Deferred income tax assets	**29,000**	15,000
	668,178	581,383
Total assets	**1,126,197**	995,753
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**176,817**	171,603
Income taxes payable	**—**	964
Current portion of long-term debt	**—**	2,534
Current portion of lease obligations	**10,726**	9,749
	187,543	184,850
Liabilities directly associated with assets classified as held for sale	**20,858**	18,852
	208,401	203,702
Non-current liabilities		
Long-term debt	**250,777**	329,186
Lease obligations	**13,702**	13,443
Deferred income tax liabilities	**37,414**	26,450
	301,893	369,079
Total liabilities	**510,294**	572,781
Capital stock	**910,908**	865,059
Conversion rights on convertible notes	**—**	212
Contributed surplus	**78,667**	70,141
Warrants	**—**	36,558
Accumulated deficit	**(389,872)**	(580,544)

Accumulated other comprehensive income	**16,200**	31,546
Total equity	**615,903**	422,972
Total liabilities and equity	**1,126,197**	995,753

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Dec. 31,		Years Ended Dec. 31,	
	2023	2022	**2023**	2022
(C$000s, except per share data)	***($)***	*($)*	***($)***	*($)*
Revenue	**421,402**	447,847	**1,864,281**	1,499,220
Cost of sales	**373,782**	388,088	**1,596,155**	1,344,614
Gross profit	**47,620**	59,759	**268,126**	154,606
Expenses				
Selling, general and administrative	**17,771**	20,266	**60,614**	62,199
Foreign exchange losses (gains)	**14,494**	3,732	**22,378**	(2,972)
Loss (gain) on disposal of property, plant and equipment	**1,042**	951	**(4,625)**	5,333
Impairment (reversal of impairment) of property, plant and equipment	**—**	10,670	**(41,563)**	10,670
Impairment of inventory	**—**	8,477	**—**	8,477
Impairment of other assets	**—**	64	**—**	64
Interest, net	**6,671**	15,018	**29,694**	46,555
	39,978	59,178	**66,498**	130,326
Income before income tax	**7,642**	581	**201,628**	24,280
Income tax expense (recovery)				
Current	**(7,501)**	2,810	**6,246**	5,443
Deferred	**1,941**	(16,986)	**(2,187)**	(16,466)
	(5,560)	(14,176)	**4,059**	(11,023)
Net income from continuing operations	**13,202**	14,757	**197,569**	35,303
Net (loss) income from discontinued operations	**(700)**	4,552	**(6,897)**	(23,626)
Net income for the period	**12,502**	19,309	**190,672**	11,677
Earnings (loss) per share – basic				
Continuing operations	**0.16**	0.27	**2.43**	0.83
Discontinued operations	**(0.01)**	0.08	**(0.08)**	(0.55)
	0.15	0.36	**2.35**	0.27
Earnings (loss) per share – diluted				
Continuing operations	**0.15**	0.17	**2.24**	0.47
Discontinued operations	**(0.01)**	0.04	**(0.08)**	(0.28)
	0.14	0.22	**2.16**	0.19

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Dec. 31,		Years Ended Dec. 31,	
	2023	2022	**2023**	2022
(C$000s)	***($)***	*($)*	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income for the period	**12,502**	19,309	**190,672**	11,677
Adjusted for the following:				
Depreciation	**30,435**	32,294	**116,641**	122,226
Stock-based compensation	**2,307**	457	**5,117**	2,776
Unrealized foreign exchange losses (gains)	**16,039**	2,363	**16,763**	(16,334)
Loss (gain) on disposal of property, plant and equipment	**1,027**	951	**(4,667)**	5,329
Impairment (reversal of impairment) of property, plant and equipment	**1,576**	11,042	**(39,448)**	16,676
Impairment of inventory	**1,889**	9,987	**5,566**	38,736
Impairment of other assets	**2,603**	(2,852)	**20,057**	4,484
Interest	**6,568**	14,977	**29,409**	46,511
Interest paid	**(356)**	(5,356)	**(21,095)**	(33,049)
Deferred income taxes	**1,941**	(16,986)	**(2,187)**	(16,466)
Changes in items of working capital	**44,753**	2,652	**(35,194)**	(75,034)
Cash flows provided by operating activities	**121,284**	68,838	**281,634**	107,532
FINANCING ACTIVITIES				
Bridge loan proceeds	**—**	—	**—**	15,000
Issuance of long-term debt, net of debt issuance costs	**18,717**	(2,020)	**92,202**	17,762
Bridge loan repayments	**—**	—	**—**	(15,000)

Long-term debt repayments	**(77,453)**	(30,000)	**(177,453)**	(45,000)
Lease obligation principal repayments	**(2,805)**	(2,579)	**(11,217)**	(9,166)
Proceeds on issuance of common shares from the exercise of warrants and stock options	**11,369**	987	**12,336**	2,871
Cash flows used in financing activities	**(50,172)**	(33,612)	**(84,132)**	(33,533)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(40,190)**	(34,222)	**(168,637)**	(79,810)
Proceeds on disposal of property, plant and equipment	**163**	1,919	**22,546**	3,576
Proceeds on disposal of right-of-use assets	**74**	282	**1,321**	1,909
Cash flows used in investing activities	**(39,953)**	(32,021)	**(144,770)**	(74,325)
Effect of exchange rate changes on cash and cash equivalents	**(16,566)**	(7,741)	**(25,935)**	20,070
Increase in cash and cash equivalents	**14,593**	(4,536)	**26,797**	19,744
Cash and cash equivalents (bank overdraft), beginning of period	**30,597**	22,929	**18,393**	(1,351)
Cash and cash equivalents, end of period	**45,190**	18,393	**45,190**	18,393
Included in the cash and cash equivalents per the balance sheet	**34,140**	8,498	**34,140**	8,498
Included in the assets held for sale/discontinued operations	**11,050**	9,895	**11,050**	9,895

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