Calfrac Reports Third Quarter 2024 Results with Record Financial Performance in Argentina

November 6, 2024

CALGARY, Alberta, Nov. 06, 2024 (GLOBE NEWSWIRE) -- **Calfrac Well Services Ltd. (“Calfrac” or “the Company”) (TSX: CFW)** announces its financial and operating results for the three and nine months ended September 30, 2024. The following press release should be read in conjunction with the management’s discussion and analysis and interim consolidated financial statements and notes thereto as at September 30, 2024. 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 achieved revenue of $430.1 million during the third quarter, which was consistent on a sequential basis with the second quarter as growth across multiple service lines in Argentina offset lower utilization in North America. The Company’s Argentinean operations leveraged its second horizontal fracturing fleet in the Vaca Muerta shale play and commencement of its first offshore coiled tubing program to produce the highest quarterly profit in the country’s history. During the period, Calfrac improved upon its year-over-year safety record as it exited September with a trailing twelve-month Total Recordable Injury Frequency (“TRIF”) of 0.81, as compared to 1.14 in 2023. The Company expects to navigate the changing market conditions through 2025 by prudently deploying capital and maximizing net income to generate sustainable returns for its shareholders.

Calfrac’s Chief Executive Officer, Pat Powell commented: “I am proud of the way that the Calfrac team performed during the third quarter. I am looking forward to finishing the year strong as we continue to safely and efficiently execute on our client’s development plans in North America and Argentina to maximize returns for our shareholders.”

SELECT FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

	Three Months Ended Sep. 30,			**Nine Months Ended Sep. 30,**		
	2024	2023	Change	**2024**	2023	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*			
(unaudited)						
Revenue	**430,109**	483,093	(11)	**1,186,252**	1,442,879	(18)
Adjusted EBITDA(1)	**65,039**	91,286	(29)	**156,482**	262,865	(40)
Consolidated cash flows provided by operating activities	**23,910**	101,264	(76)	**42,713**	160,350	(73)
Capital expenditures	**22,509**	50,825	(56)	**137,334**	116,017	18
Net (loss) income	**(6,687)**	97,523	(107)	**14,959**	184,367	(92)
Per share – basic	**(0.08)**	1.20	(107)	**0.17**	2.28	(93)
Per share – diluted	**(0.08)**	1.09	(107)	**0.17**	2.12	(92)

As at	**Sep. 30, 2024**	Dec. 31, 2023	Change
(C$000s)	***($)***	*($)*	*(%)*
(unaudited)			
Cash and cash equivalents	**17,684**	34,140	(48)
Working capital, end of period	**307,139**	236,392	30
Total assets, end of period	**1,297,460**	1,126,197	15
Long-term debt, end of period	**349,964**	250,777	40
Net debt(1)(2)	**354,412**	241,065	47
Total consolidated equity, end of period	**643,776**	615,903	5

(1) *Refer to “Non-GAAP Measures” on page 7 for further information.*

(2) *Refer to note 10 of the consolidated interim financial statements for further information.*

THIRD QUARTER OVERVIEW

In the third quarter of 2024, the Company:

- generated revenue of $430.1 million, a decrease of 11 percent from the third quarter in 2023 resulting primarily from lower activity and a lower pricing environment in the United States;
- reported third-quarter Adjusted EBITDA of $65.0 million versus $91.3 million in the third quarter of 2023 mainly as a result of lower utilization in North America and pricing in the United States, offset partially by improved utilization in Argentina as the Company operated two unconventional fracturing spreads concurrently for portions of the third quarter;

- reported a net loss from continuing operations of $6.7 million or $0.08 per share diluted compared to net income of $97.5 million or $1.09 per share diluted during the third quarter in 2023;

- increased period-end working capital to $307.1 million from $236.4 million at December 31, 2023, due to a combination of higher activity and geographical mix; and

- incurred capital expenditures from continuing operations of $22.5 million, which included $8.7 million of expansion capital in Argentina.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 VERSUS 2023

NORTH AMERICA

	Three Months Ended Sep. 30,			Nine Months Ended Sep. 30,		
	2024	2023	Change	**2024**	2023	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*			
(unaudited)						
Revenue	**289,225**	401,291	(28)	**871,705**	1,190,660	(27)
Adjusted EBITDA[(1)]	**31,372**	83,023	(62)	**100,643**	234,793	(57)
Adjusted EBITDA (%)[(1)]	**10.8**	20.7	(48)	**11.5**	19.7	(42)
Fracturing revenue per job ($)	**35,452**	43,633	(19)	**35,563**	43,480	(18)
Number of fracturing jobs	**7,906**	8,870	(11)	**23,791**	26,472	(10)
Active pumping horsepower, end of year (000s)	**1,009**	1,035	(3)	**1,009**	1,035	(3)
US$/C$ average exchange rate[(2)]	**1.3641**	1.3411	2	**1.3604**	1.3456	1

(1) Refer to “Non-GAAP Measures” on page 7 for further information.
(2) Source: Bank of Canada.

OUTLOOK

Calfrac produced lower sequential profitability in the third quarter driven by decreased utilization in Canada combined with a change in customer mix in the United States. However, activity in the United States improved throughout the period and the Company expects this momentum to continue into the fourth quarter. In response to higher demand for the Company’s services, Calfrac temporarily transferred equipment from Canada to service clients in the Williston basin. However, the Company plans to return this large fracturing fleet to Canada late in the fourth quarter. Calfrac anticipates that solid utilization in the United States will drive improved sequential quarter-over-quarter profitability in North America.

The Company made further progress on its equipment modernization program and exited the third quarter with 60 Tier IV Dynamic Gas Blending (“DGB”) pumps and anticipates operating the equivalent of five Tier IV DGB fleets in the first quarter of 2025.

THREE MONTHS ENDED SEPTEMBER 30, 2024 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2023

REVENUE

Revenue from Calfrac’s North American operations decreased to $289.2 million during the third quarter of 2024 from $401.3 million in the comparable quarter of 2023. The Company’s operations in North America had a slow start to the quarter, but gained momentum as the quarter progressed. Utilization grew throughout the third quarter and the Company exited with high utilization of its 13 fracturing fleets in North America. The Company operated 15 fleets in the comparable quarter of 2023. Lower pricing in the United States contributed to the 19 percent decrease in average revenue per job in the third quarter of 2024 versus the same quarter in 2023. Coiled tubing revenue decreased by 37 percent as compared to the third quarter in 2023 mainly due to lower utilization of Calfrac’s six deep coiled tubing units combined with the completion of smaller jobs.

ADJUSTED EBITDA

The Company’s operations in North America generated Adjusted EBITDA of $31.4 million or 11 percent of revenue during the third quarter of 2024 compared to $83.0 million or 21 percent of revenue in the same period in 2023. This decrease was primarily due to the decline in fracturing fleet utilization in the United States combined with lower pricing relative to the same period in 2023.

NINE MONTHS ENDED SEPTEMBER 30, 2024 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2023

REVENUE

Revenue from Calfrac’s North American operations decreased to $871.7 million during the first nine months in 2024 from $1.2 billion in the comparable period in 2023. The 27 percent decrease in revenue was primarily due to lower activity in the United States combined with lower pricing. As a result, Calfrac idled two fracturing fleets during February 2024 and operated an average of 10 fleets in North America during the first nine months of 2024 as compared to 15 fleets in the comparable period in 2023. In addition, activity for the Company’s coiled tubing operations in North America decreased by 35 percent from the first nine months of 2023 due to lower industry demand for its six crewed units.

ADJUSTED EBITDA

The Company’s operations in North America generated Adjusted EBITDA of $100.6 million during the first nine months of 2024 compared to $234.8 million in the same period in 2023. This decrease in Adjusted EBITDA was largely driven by lower fracturing and coiled tubing utilization in North America during the first quarter of 2024 as well as lower overall pricing levels in the United States. However, utilization during the second quarter of 2024 improved for Calfrac’s fracturing fleets in North America, particularly in May and June, as the completion programs of the Company’s core clients significantly increased. The third quarter started slowly on both sides of the border, but gained momentum as the quarter progressed with the Company operating 13 fleets at near full utilization in September.

ARGENTINA

	Three Months Ended Sep. 30,			Nine Months Ended Sep. 30,		
	2024	2023	Change	**2024**	2023	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)						
Revenue	**140,884**	81,802	72	**314,547**	252,219	25
Adjusted EBITDA(1)	**37,463**	14,331	161	**68,222**	43,623	56
Adjusted EBITDA (%)(1)	**26.6**	17.5	52	**21.7**	17.3	25
Fracturing revenue per job ($)	**91,597**	78,634	16	**84,083**	83,242	1
Number of fracturing jobs	**837**	582	44	**2,090**	1,784	17
Active pumping horsepower, end of period (000s)	**139**	139	—	**139**	139	—
US$/C$ average exchange rate(2)	**1.3641**	1.3411	2	**1.3604**	1.3456	1

(1) Refer to "Non-GAAP Measures" on page 7 for further information.
(2) Source: Bank of Canada.

OUTLOOK

Calfrac's Argentinean operations leveraged the strong momentum from the second quarter to sequentially increase profitability by approximately three times, as it produced Adjusted EBITDA of $37.5 million, a record quarter for this operating division. Even with the expanded footprint, it improved upon its best-in-class safety record by exiting September with a TRIF of 0.33, a decrease from 0.41 in June. While the Company expects consistent utilization for its offshore coiled tubing unit through to the end of the year, activity for its fracturing operations in the Vaca Muerta shale play will experience a sequential decrease in available spot work. Currently, Calfrac is negotiating with its long-term customers on multi-year service contracts and plans to capitalize on the growing development in this country.

THREE MONTHS ENDED SEPTEMBER 30, 2024 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2023

REVENUE

Calfrac's Argentinean operations generated revenue of $140.9 million during the third quarter of 2024 versus $81.8 million in the comparable quarter in 2023. The 72 percent increase in revenue was driven by a significant increase in the number of fracturing jobs completed during the quarter and improved pricing for spot work. For the first time in the Company's history in Argentina, two unconventional fracturing spreads operated in the Vaca Muerta shale play at the same time. The successful operations and expanding customer base reinforces management's decision to add equipment into the country, allowing the Company to support and participate in the anticipated growth of Argentina's energy sector moving forward. The Company also demonstrated growth in activity across its other service lines primarily due to the additional revenue generated from its new offshore coiled tubing operations combined with the bundled nature of its service contracts.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $37.5 million during the third quarter of 2024 compared to $14.3 million in the same quarter of 2023, while the Company's Adjusted EBITDA margins increased to 27 percent from 18 percent. This increase was primarily due to the significant revenue growth and efficiencies resulting from operating two unconventional fracturing spreads simultaneously during the quarter.

NINE MONTHS ENDED SEPTEMBER 30, 2024 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2023

REVENUE

Calfrac's Argentinean operations generated revenue of $314.5 million during the first nine months of 2024 compared to $252.2 million in the first nine months of 2023 as the Company demonstrated strong activity growth across all service lines. The primary driver for the increase in revenue was higher fracturing activity as the Company operated two unconventional fracturing spreads simultaneously for portions of the third quarter combined with revenue generated from its newly commenced offshore coiled tubing operations. Cementing revenue also increased due to the bundled nature of the Company's contracted services in the Vaca Muerta shale play.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $68.2 million or 22 percent of revenue during the first nine months in 2024 versus $43.6 million or 17 percent of revenue in the comparable period in 2023. The Company continued to focus on growing its operating presence in the Vaca Muerta shale play, which more than offset lower utilization in Las Heras following the completion of its contract with a major client in that region during the second quarter of 2024.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024	**Sep. 30, 2024**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
(unaudited)								
Financial								
Revenue	447,847	493,323	466,463	483,093	421,402	330,096	426,047	**430,109**
Adjusted EBITDA(1)(2)	75,954	83,794	87,785	91,286	62,591	26,057	65,386	**65,039**
Net income (loss)	14,757	36,313	50,531	97,523	13,202	(2,903)	24,549	**(6,687)**
Per share – basic	0.27	0.45	0.62	1.20	0.16	(0.03)	0.29	**(0.08)**
Per share – diluted	0.17	0.41	0.58	1.09	0.15	(0.03)	0.29	**(0.08)**
Capital expenditures(2)	35,810	34,474	30,718	50,825	49,397	48,072	66,753	**22,509**

(1) Refer to "Non-GAAP Measures" on page 7 for further information.
(2) 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.

CAPITAL EXPENDITURES – CONTINUING OPERATIONS

	Three Months Ended Sep. 30,			Nine Months Ended Sep. 30,		
	2024	2023	Change	**2024**	2023	Change
(C$000s)	***($)***	*($)*	*(%)*			
North America	**13,027**	47,463	(73)	**108,541**	108,041	—
Argentina	**9,482**	3,362	182	**28,793**	7,976	261
Continuing Operations	**22,509**	50,825	(56)	**137,334**	116,017	18

Capital expenditures were $22.5 million for the three months ended September 30, 2024 versus $50.8 million in the comparable period in 2023. Calfrac's Board of Directors approved a 2024 total capital budget of approximately $210.0 million in December 2023. This 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 market conditions at that time. On July 31, 2024, the Board of Directors approved a reinstatement of $40.0 million of its original capital budget to facilitate expansion of the Company's fracturing operations in the Vaca Muerta shale play in Argentina and to accommodate incremental maintenance capital in North America, bringing the revised budget to $200.0 million.

OTHER DEVELOPMENTS

At the end of the third quarter, Marco Aranguren was appointed President, United States Operations in place of Mark Rosen who is no longer with the Company. Marco has been with Calfrac since 2010 and has held several senior management roles, most recently as Director General, Argentina Division since 2019. Marco's experience in Argentina is expected to help drive improvement in our operating and financial performance in the United States.

In conjunction with this transfer, Adrian Martinez was appointed Director General, Argentina Division. Adrian joined the Company in 2008 and has been a significant contributor throughout various senior operations roles during his time at Calfrac, most recently as Senior District Manager in Neuquén since 2017.

NON-GAAP MEASURES

Certain supplementary measures presented in this press release, including Adjusted EBITDA, Adjusted EBITDA percentage and Net Debt 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 Sep. 30,		Nine Months Ended Sep. 30,	
	2024	2023	**2024**	2023
(C$000s)			***($)***	*($)*
(unaudited)				
Net income (loss) from continuing operations	**(6,687)**	97,523	**14,959**	184,367
Add back (deduct):				
Depreciation	**34,837**	27,387	**90,865**	86,206
Foreign exchange losses	**6,062**	1,415	**4,578**	7,884
Gain on disposal of property, plant and equipment	**6,216**	(706)	**(168)**	(5,667)
Reversal of impairment of property, plant and equipment	**—**	(41,563)	**—**	(41,563)
Litigation settlements	**—**	—	**—**	(6,805)
Restructuring charges	**4,148**	1,059	**5,555**	2,991
Stock-based compensation	**1,271**	1,469	**5,574**	2,810
Interest	**9,089**	7,262	**23,015**	23,023
Income taxes	**10,103**	(2,560)	**12,104**	9,619
Adjusted EBITDA from continuing operations	**65,039**	91,286	**156,482**	262,865
Less: IFRS 16 lease payments	**(3,437)**	(2,925)	**(9,888)**	(9,313)
Less: Argentina EBITDA threshold adjustment(1)	**(39,775)**	—	**(48,351)**	—
Bank EBITDA for covenant purposes	**21,827**	**88,361**	**98,243**	**253,552**

(1) Refer to note 4 of the Company's consolidated interim financial statements for the three and nine months ended September 30, 2024.

Adjusted EBITDA percentage is a non-GAAP financial ratio that is determined by dividing Adjusted EBITDA by revenue for the corresponding period.

Net Debt is defined as long-term debt less unamortized debt issuance costs plus lease obligations, less cash and cash equivalents from continuing operations. The calculation of net debt is disclosed in note 10 to the Company's interim financial statements for the corresponding period.

OTHER NON-STANDARD FINANCIAL TERMS

MAINTENANCE AND EXPANSION CAPITAL

Maintenance capital refers to expenditures in respect of capital additions, replacements or improvements required to maintain ongoing business operations. Expansion capital refers to expenditures primarily for new items, upgrades and/or equipment that will expand the Company's revenue and/or reduce its expenditures through operating efficiencies. The determination of what constitutes maintenance capital expenditures versus expansion capital involves judgement by management.

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 3 to the Company's interim consolidated financial statements for the three and nine months ended September 30, 2024 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.

THIRD QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2024 third-quarter results at 10:00 a.m. (Mountain Time) on Wednesday, November 6, 2024.

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/u6rkjvae

To participate in the Q&A session, you may dial-in (toll free) 1-833-630-1956 (or at 1-412-317-1837 for international participants) fifteen (15) minutes prior to the start of the call and ask for the Calfrac Well Services Ltd. 2024 Third Quarter Earnings Release Conference Call to register.

CONSOLIDATED BALANCE SHEETS

	September 30, 2024	December 31, 2023
(C$000s)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**17,684**	34,140
Accounts receivable	**338,716**	243,187
Income taxes recoverable	**—**	794
Inventories	**152,241**	123,015
Prepaid expenses and deposits	**27,804**	22,799
	536,445	423,935
Assets classified as held for sale	**45,394**	34,084
	581,839	458,019
Non-current assets		
Property, plant and equipment	**666,740**	614,555
Right-of-use assets	**19,881**	24,623
Deferred income tax assets	**29,000**	29,000
	715,621	668,178
Total assets	**1,297,460**	1,126,197
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**202,576**	176,817
Income taxes payable	**17,295**	—
Current portion of lease obligations	**9,435**	10,726
	229,306	187,543
Liabilities directly associated with assets classified as held for sale	**31,895**	20,858
	261,201	208,401
Non-current liabilities		
Long-term debt	**349,964**	250,777
Lease obligations	**12,697**	13,702
Deferred income tax liabilities	**29,822**	37,414
	392,483	301,893

Total liabilities	**653,684**	510,294
Capital stock	**911,365**	910,908
Contributed surplus	**84,067**	78,667
Accumulated deficit	**(374,363)**	(389,872)
Accumulated other comprehensive income	**22,707**	16,200
Total equity	**643,776**	615,903
Total liabilities and equity	**1,297,460**	1,126,197

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Sep. 30,		**Nine Months Ended Sep. 30,**	
	2024	2023	**2024**	2023
(C$000s, except per share data)	***($)***	*($)*	***($)***	*($)*
Revenue	**430,109**	483,093	**1,186,252**	1,442,879
Cost of sales	**385,918**	403,803	**1,077,364**	1,222,373
Gross profit	**44,191**	79,290	**108,888**	220,506
Expenses				
Selling, general and administrative	**19,408**	17,919	**54,400**	42,843
Foreign exchange losses	**6,062**	1,415	**4,578**	7,884
Loss (gain) on disposal of property, plant and equipment	**6,216**	(706)	**(168)**	(5,667)
Reversal of impairment of property, plant and equipment	**—**	(41,563)	**—**	(41,563)
Interest, net	**9,089**	7,262	**23,015**	23,023
	40,775	(15,673)	**81,825**	26,520
Income before income tax	**3,416**	94,963	**27,063**	193,986
Income tax expense (recovery)				
Current	**10,706**	3,240	**20,517**	13,747
Deferred	**(603)**	(5,800)	**(8,413)**	(4,128)
	10,103	(2,560)	**12,104**	9,619
Net (loss) income from continuing operations	**(6,687)**	97,523	**14,959**	184,367
Net income (loss) from discontinued operations	**1,260**	(10,951)	**550**	(6,197)
Net (loss) income	**(5,427)**	86,572	**15,509**	178,170
Earnings (loss) per share – basic				
Continuing operations	**(0.08)**	1.20	**0.17**	2.28
Discontinued operations	**0.01**	(0.14)	**0.01**	(0.08)
	(0.06)	1.07	**0.18**	2.20
Earnings (loss) per share – diluted				
Continuing operations	**(0.08)**	1.09	**0.17**	2.12
Discontinued operations	**0.01**	(0.14)	**0.01**	(0.08)
	(0.06)	0.97	**0.18**	2.05

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Sep. 30,		**Nine Months Ended Sep. 30,**	
	2024	2023	**2024**	2023
(C$000s)	***($)***	*($)*	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net (loss) income	**(5,427)**	86,572	**15,509**	178,170
Adjusted for the following:				
Depreciation	**34,837**	27,387	**90,865**	86,206
Stock-based compensation	**1,271**	1,469	**5,574**	2,810
Unrealized foreign exchange losses (gains)	**4,636**	(2,650)	**8,400**	724
Loss (gain) on disposal of property, plant and equipment	**6,216**	(709)	**(184)**	(5,694)
Impairment (reversal of) of property, plant and equipment	**590**	(41,024)	**1,767**	(41,024)
Impairment of inventory	**2,206**	985	**9,574**	3,677
Impairment of other assets	**5,093**	14,768	**10,568**	17,454
Interest	**8,769**	7,171	**22,505**	22,841
Interest paid	**(13,038)**	(9,254)	**(25,417)**	(20,739)
Deferred income taxes	**(603)**	(5,800)	**(8,413)**	(4,128)

Changes in items of working capital	**(20,640)**	22,349	**(88,035)**	(79,947)
Cash flows provided by operating activities	**23,910**	101,264	**42,713**	160,350
FINANCING ACTIVITIES				
Issuance of long-term debt, net of debt issuance costs	**14,979**	22,029	**119,966**	73,485
Long-term debt repayments	**(25,000)**	(50,000)	**(25,000)**	(100,000)
Lease obligation principal repayments	**(3,043)**	(2,613)	**(8,710)**	(8,412)
Proceeds on issuance of common shares from the exercise of warrants and stock options	**—**	610	**283**	967
Cash flows (used in) provided by financing activities	**(13,064)**	(29,974)	**86,539**	(33,960)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(28,383)**	(50,121)	**(150,338)**	(128,447)
Proceeds on disposal of property, plant and equipment	**2,398**	695	**14,215**	22,383
Proceeds on disposal of right-of-use assets	**727**	138	**1,055**	1,247
Cash flows used in investing activities	**(25,258)**	(49,288)	**(135,068)**	(104,817)
Effect of exchange rate changes on cash and cash equivalents	**(6,366)**	1,841	**(7,481)**	(9,369)
(Decrease) increase in cash and cash equivalents	**(20,778)**	23,843	**(13,297)**	12,204
Cash and cash equivalents, beginning of period	**52,671**	6,754	**45,190**	18,393
Cash and cash equivalents, end of period	**31,893**	30,597	**31,893**	30,597
Included in the cash and cash equivalents per the balance sheet	**17,684**	23,308	**17,684**	23,308
Included in the assets held for sale/discontinued operations	**14,209**	7,289	**14,209**	7,289

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, including with respect to Argentina's economic and political outlook and the anticipated impact of management changes in the United States; 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 prudently deploy capital and maximize returns to shareholders; 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 continued implementation of Argentina economic reforms and liberalization of its oil and gas industry as well as the current state of the pressure pumping market in North America; the Company's expectations for its customers' capital budgets, demand for services and geographical areas of focus; the level of merger and acquisition activity among oil and gas producers and its impact on the demand for well completion services; the effect of unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; the effect of environmental, social and governance 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; an 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; a 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 from 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 repatriation of cash from foreign jurisdictions, unsettled political conditions, war, foreign exchange rates and controls; risks that 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.

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