Calfrac Announces First Quarter Results

CALGARY, AB, May 3, 2022/CNW/ - Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX: CFW) announces its financial and operating results for the three months ended March 31, 2022.

HIGHLIGHTS - CONTINUING OPERATIONS

Three Months Ended March 31,	**2022**	2021	Change
(C$000s, except per share amounts)	*($)*	*($)*	*(%)*
(unaudited)		*Revised*	
Revenue	**294,524**	213,954	38
Operating income[1]	**21,029**	11,464	83
Per share – basic	**0.55**	0.31	77
Per share – diluted	**0.25**	0.14	79
Adjusted EBITDA[1]	**20,831**	10,821	93
Per share – basic	**0.55**	0.29	90
Per share – diluted	**0.25**	0.13	92
Net loss from continuing operations	**(18,030)**	(23,029)	(22)
Per share – basic and diluted	**(0.47)**	(0.62)	(24)
Weighted average common shares outstanding (000s)			
Basic	**38,066**	37,422	2
Diluted	**84,675**	83,814	1

As at	**March 31 2022**	December 31 2021	Change
(C$000s)	*($)*	*($)*	*(%)*
(unaudited)		*Revised*	
Working capital, end of period	**130,246**	121,934	7
Total assets, end of period	**862,519**	822,368	5
Long-term debt, end of period	**397,060**	388,479	2
Total equity, end of period	**302,195**	328,840	(8)

[1] *Refer to "Non-GAAP Measures" on pages 10 and 11 for further information.*
[2] *During the first quarter of 2022, management committed to a plan to sell its Russian division, resulting in the associated assets and liabilities being presented as held for sale. Results from operations held for sale have not been included in the table above.*

PRESIDENT'S MESSAGE

Calfrac's President and Chief Operating Officer, Lindsay Link commented: "Calfrac finished the first quarter with significant momentum driven by high levels of utilization and increases in pricing in North America as we worked primarily with our longer term customers in a tightening market for services. With a positive commodity price outlook for the oil and gas industry, the Company expects this positive momentum to continue throughout the remainder of 2022, which should result in a significant improvement in year-over-year operational and financial performance. I would like to thank our employees for their commitment and dedication, which has resulted in Calfrac continuing to deliver safe, efficient and effective service and allowing it to maintain its brand promise and license to operate."

FIRST QUARTER 2022 OVERVIEW

In the first quarter of 2022, the Company:

- generated revenue of $294.5 million, an increase of 38 percent from the first quarter in 2021 resulting primarily from improved pricing in North America and higher activity in the United States and Argentina;
- reported adjusted EBITDA of $20.8 million versus $10.8 million in the first quarter of 2021;
- committed to a plan to sell its Russian division, resulting in such associated assets and liabilities being presented as held for sale in the interim consolidated financial statements;
- reported a net loss from continuing operations of $18.0 million or $0.47 per share diluted compared to a net loss of $23.0 million or $0.62 per share diluted during the first quarter in 2021;
- executed a secured bridge loan with G2S2 Capital Inc. (the G2S2 Loan), a company controlled by George Armoyan, in order to fund its short-term working capital requirements. As of March 31, 2022, the Company had drawn $15.0 million on the loan and can request further draws up to an additional $10.0 million, for maximum proceeds of $25.0 million, at an interest rate of 8.0 percent. Subsequent to the end of the quarter, the maturity date of this loan was extended to June 28, 2022;
- reported period-end working capital of $130.2 million versus $121.9 million at December 31, 2021;
- incurred capital expenditures of $12.1 million primarily to support the Company’s United States fracturing operations; and
- negotiated additional waivers and amendments to its revolving credit facilities in order to fund expected future working capital requirements in North America.

CONSOLIDATED HIGHLIGHTS - CONTINUING OPERATIONS

Three Months Ended	**March 31, 2022**	December 31, 2021	Change
(C$000s, except operational information) *(unaudited)*	***($)***	*($)* *Revised*	*(%)*
Revenue	**294,524**	229,661	28
Expenses			
Operating	**260,871**	209,410	25
SG&A	**12,624**	12,786	(1)
	273,495	222,196	23
Operating income(1)	**21,029**	7,465	182
Operating income (%)	**7.1**	3.3	115
Adjusted EBITDA(1)	**20,831**	7,961	162
Adjusted EBITDA (%)	**7.1**	3.5	103
Fracturing revenue per job ($)	**31,460**	32,971	(5)
Number of fracturing jobs	**8,222**	6,111	35
Active pumping horsepower, end of period (000s)	**936**	943	(1)
Idle pumping horsepower, end of period (000s)	**346**	337	3
Total pumping horsepower, end of period (000s)	**1,282**	1,280	—
Coiled tubing revenue per job ($)	**25,755**	17,434	48
Number of coiled tubing jobs	**750**	730	3
Active coiled tubing units, end of period (#)	**13**	13	—
Idle coiled tubing units, end of period (#)	**6**	7	(14)
Total coiled tubing units, end of period (#)	**19**	20	(5)
Cementing revenue per job ($)	**81,047**	83,848	(3)
Number of cementing jobs	**122**	123	(1)
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**4**	5	(20)
Total cementing units, end of period (#)	**14**	15	(7)

(1) *Refer to "Non-GAAP Measures" on pages 10 and 11 for further information.*

First-quarter revenue in 2022 of $294.5 million represented an increase of 28 percent from the fourth quarter of 2021, primarily due to higher fracturing activity in Canada and Argentina combined with improved pricing in the United States. Revenue per fracturing job was 5 percent lower than the fourth quarter of 2021 due to the completion of smaller jobs in Argentina, offset partially by pricing increases in the United States and Canada.

In Canada, revenue increased by 60 percent from the fourth quarter of 2021 to $107.6 million in the first quarter of 2022 as the Company increased its marketed asset base to four large fracturing fleets and operated a fifth coiled tubing unit in the first quarter in 2022. Operating income as a percentage of revenue was 13 percent, compared to 7 percent in the fourth quarter of 2021.

In the United States, revenue in the first quarter of 2022 was $132.3 million, a 20 percent increase from the fourth quarter of 2021. The first quarter began slowly with some scheduling gaps in January. However, the Company achieved more consistent activity as the quarter progressed. As a result, the Company began the quarter with a total of four active fleets in the United States and exited the quarter with eight of its nine active fleets fully utilized across its three operating districts. The Company continued to implement pricing increases during the first quarter in order to cover higher input costs across most operating cost categories. Operating income was $7.9 million in the first quarter compared to $2.1 million in the fourth quarter of 2021.

In Argentina, revenue increased by 5 percent from the fourth quarter in 2021 to $54.6 million in the first quarter of 2022. The ongoing improvement in operating conditions resulted in a sequential increase in overall activity particularly for the Company's fracturing and coiled tubing operations. Operating income decreased from $6.9 million in the fourth quarter of 2021 to $5.5 million in the first quarter of 2022 due to inflationary salary increases that are paid in pesos that were not immediately offset by the devaluation in the official peso exchange rate.

Adjusted EBITDA from continuing operations of $20.8 million for the first quarter of 2022 increased from $8.0 million in the fourth quarter of 2021, primarily due to better utilization and pricing in North America.

BUSINESS UPDATE AND OUTLOOK

As crude oil and natural gas prices remain at multi-year highs, demand for Calfrac's services has improved as customers prioritize quality execution in selecting service providers. In North America, the Company built momentum throughout the first quarter, and looks to improve upon its strong finish through the remainder of 2022. Calfrac's diverse operational footprint positions it to take advantage of the world's increased reliance on North American onshore oil and gas production. The Company is excited to leverage its culture and people to seize upon this current cycle of improving market fundamentals and increase financial returns by providing superior services to its customers.

CANADA

Calfrac's Canadian division generated momentum through the quarter and ended the first quarter operating at full capacity for its active equipment. While seasonal break-up is affecting April's activity, the Company expects utilization for its four large fracturing fleets and four coiled tubing units to increase towards the end of the quarter, setting up for a strong second half in 2022. The Company expects its diverse customer base will allow it to take advantage of the undersupplied services market and increase net pricing to the benefit of Calfrac's shareholders. Even though costs are inflating at a more subdued rate than experienced in the first quarter in 2022, the Company continues to pass-through input cost increases to its customers. Although the pressure pumping sector has achieved recent net price improvement, Calfrac believes that industry pricing is still below the necessary level for sustainable capital investment.

UNITED STATES

The Company's United States operations leveraged improving activity and pricing to exit the first quarter with its strongest fleet profitability in recent years. The first quarter's momentum is expected to continue for the remainder of the year as Calfrac showcases its reputation as a desirable service provider through its nine sold out fracturing fleets, which are anticipated to drive robust year-over-year increases in operating cash flow. The Company is well-positioned to capitalize on what is anticipated to be a multi-year activity expansion through its operational excellence, and a customer base that values a viable services sector. As the pressure pumping market in the United States continues to tighten, Calfrac will carefully evaluate any opportunities to increase its operating scale to ensure that the anticipated returns will exceed its internal financial thresholds.

ARGENTINA

Calfrac's operations in Argentina have experienced strong equipment utilization in the Vaca Muerta shale play and southern Argentina. The Company has recently renewed a contract with an existing customer, beginning in July 2022, for two years for a dedicated fracturing fleet and coiled tubing unit that incorporates improved market pricing. The Company expects its positive momentum to deliver an increase in financial performance as the year progresses in 2022.

CORPORATE

Calfrac remains focused on optimizing its operating efficiencies as well as prudent capital allocation in order to drive an increase in operating cash flow which will be dedicated to debt repayment. The Company will consider additional fleet reactivations or growth investments only if the financial returns exceed its internal financial benchmarks and properly account for macroeconomic, industry and operation-specific risk factors.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended Mar. 31,	
	2022	2021
(C$000s) *(unaudited)*	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**15,753**	(19,862)
Financing activities	**22,052**	15,981
Investing activities	**(15,497)**	(10,506)
Effect of exchange rate changes on cash and cash equivalents	**(7,020)**	(1,478)
Increase (decrease) in cash and cash equivalents	**15,288**	(15,865)

OPERATING ACTIVITIES

The Company's consolidated cash provided by operating activities for the three months ended March 31, 2022 was $15.8 million versus cash used of $19.9 million in the comparable period in 2021. The increase in cash from operations was primarily due to an inflow of cash from working capital during the period. In the first quarter in 2022, $9.2 million of cash was provided by reductions in working capital versus requiring $20.8 million of cash in the same period in 2021. At March 31, 2022, Calfrac's working capital from continuing operations was $130.2 million compared to $121.9 million at December 31, 2021.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended March 31, 2022 was $22.1 million compared to net cash provided of $16.0 million in the same period in 2021. During the quarter, the Company borrowed $8.4 million on a net basis under its credit facilities, received $15.0 million of bridge loan financing, paid lease principal payments of $2.1 million and received proceeds of $0.7 million from the exercise of a portion of the Company's outstanding warrants.

On June 30, 2021, the Company amended its revolving credit facility agreement, a copy of which is available on SEDAR, to reduce its total facility capacity from $290.0 million to $225.0 million and extended the maturity date to July 1, 2023. On November 25, 2021, the Company further amended its revolving credit facility agreement to increase its total facility capacity to $250.0 million.

During the first quarter of 2022, the Company negotiated additional waivers and amendments to its revolving credit facilities in order to fund expected future working capital requirements in North America. The waivers and amendments included the following:

i. The Company's Funded Debt to Adjusted EBITDA covenant was increased to 3.75x for the quarter ended March 31, 2022;

ii. The minimum $15.0 million liquidity requirement was temporarily waived through March 15, 2022 and reinstated through the term of an extended Covenant Relief Period. The extended Covenant Relief Period terminates on June 30, 2022 to the extent Calfrac has provided a compliance certificate to its lenders certifying compliance with all applicable financial covenants at such quarter end;

iii. G2S2 Capital Inc. ("G2S2") was added as a lender to permit the incurrence of a secured bridge loan from G2S2 under the credit agreement, with such debt being excluded from the definitions of Funded Debt, Total Debt and Current Liabilities for the purposes of financial covenant calculations; and

iv. The eligible portion of the net book value of PP&E for the purposes of the borrowing base calculation was increased from 25 percent to 35 percent, subject to a maximum contribution of $150.0 million.

Additionally, the Company executed a secured bridge loan with G2S2, a company controlled by George Armoyan, in order to fund its short-term working capital requirements. As of March 31, 2022, the Company had drawn $15.0 million on the loan and can request further draws up to an additional $10.0 million, for maximum proceeds of $25.0 million, at an interest rate of 8.00 percent. Subsequent to the end of the quarter, the maturity date of this loan was extended to June 28, 2022. The G2S2 Loan is secured by the existing security interests securing the obligations under the credit agreement, provided that in the event of an enforcement of such security interests, G2S2's right to any realization proceeds is subordinate to the prior repayment in full of all of the other lenders. G2S2 has no voting rights as a lender under the credit agreement for any purpose.

The Company's revolving credit facilities consist of an operating facility of $45.0 million and a syndicated facility of $205.0 million. The Company's credit facilities mature on July 1, 2023, and can be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 1.00 percent to prime plus 3.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 2.00 percent to 4.50 percent above the respective base rates. The Company incurs interest at the high end of the ranges outlined above during the Covenant Relief Period or if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00 and also during the Covenant Relief Period, certain restrictions apply including the following, among others: (a) acquisitions are subject to consent of the lenders; (b) distributions are restricted other than those relating to the Company's equity compensation plans; (c) no increase in the rate of dividends are permitted; and (d) additional permitted debt is restricted to $5.0 million, subject to certain exceptions. As at March 31, 2022, the Company's net Total Debt to Adjusted EBITDA ratio exceeded the 5.00:1.00 threshold and the Company was also subject to the Covenant Relief Period restrictions.

At March 31, 2022, the Company had used $0.9 million of its credit facilities for letters of credit and had $200.0 million of borrowings under its credit facilities. As described above, the Company's credit facilities are subject to a monthly borrowing base, which at March 31, 2022 was $243.8 million. Under the terms of the Company's amended credit facility agreement, Calfrac must maintain a minimum liquidity amount of $15.0 million during the Covenant Relief Period.

The Company's credit facilities contain certain financial covenants. As per the most recently amended credit facility agreement, the Company's Funded Debt to Adjusted EBITDA covenant is 3.75x for the quarter ended March 31, 2022 and 3.00x for each quarter end thereafter. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities as at March 31, 2022.

	Covenant	**Actual**
As at March 31,	2022	**2022**
Working capital ratio not to fall below	1.15x	**2.16x**
Funded Debt to Adjusted EBITDA not to exceed(1)(2)	3.75x	**3.26x**
Funded Debt to Capitalization not to exceed(1)(3)	0.30x	**0.28x**

(1) Funded Debt is defined as Total Debt excluding all outstanding 10.875% second lien senior secured notes due 2026 ("Second Lien Notes"), 10.00% convertible 1.5 lien senior secured PIK notes due 2023 ("1.5 Lien Notes"), the G2S2 Loan and lease obligations. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for a specified purpose, including a potential equity cure).
(2) Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
(3) Capitalization is Total Debt plus equity.

INVESTING ACTIVITIES

Calfrac's consolidated net cash used in investing activities was $15.5 million for the three months ended March 31, 2022 versus $10.5 million in the comparable period in 2021. Cash outflows relating to capital expenditures were $16.1 million for the quarter ended March 31, 2022 compared to $10.9 million in 2021. Calfrac's Board of Directors have approved a 2022 capital budget of approximately $97.0 million, which is comprised primarily of maintenance capital, and is subject to fluctuations based on operating activity.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the three months ended March 31, 2022 was a loss of $7.0 million versus a loss of $1.5 million in the comparable period in 2021. These losses relate to movements of cash and cash equivalents held by the Company in a foreign currency during the period.

With its working capital position, available credit facilities, remaining availability under the G2S2 Loan, access to capital markets and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2022 and beyond.

At March 31, 2022, the Company had a cash position of $11.8 million, which excludes cash held in Russia.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS – THREE MONTHS ENDED MARCH 31, 2022 VERSUS 2021

CANADA

Three Months Ended March 31,	**2022**	2021	Change
(C$000s, except operational information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**107,634**	85,583	26
Expenses			
Operating	**91,953**	68,743	34
SG&A	**2,161**	1,661	30
	94,114	70,404	34
Operating income[(1)]	**13,520**	15,179	(11)
Operating income (%)	**12.6**	17.7	(29)
Fracturing revenue per job ($)	**20,434**	16,939	21
Number of fracturing jobs	**4,703**	4,569	3
Active pumping horsepower, end of period (000s)	**227**	202	12
Idle pumping horsepower, end of period (000s)	**43**	73	(41)
Total pumping horsepower, end of period (000s)	**270**	275	(2)
Coiled tubing revenue per job ($)	**29,412**	23,062	28
Number of coiled tubing jobs	**357**	355	1
Active coiled tubing units, end of period (#)	**8**	7	14
Idle coiled tubing units, end of period (#)	**4**	6	(33)
Total coiled tubing units, end of period (#)	**12**	13	(8)

[(1)] *Refer to “Non-GAAP Measures” on pages 10 and 11 for further information.*

REVENUE

Revenue from Calfrac’s Canadian operations during the first quarter of 2022 was $107.6 million compared to $85.6 million in the same period of 2021 primarily due to higher pricing as a result of inflationary costs being passed through to the customer. The number of fracturing jobs increased by 3 percent from the comparable period in 2021 as the Company’s four fracturing fleets were highly utilized during the quarter. Revenue per fracturing job was 21 percent higher than the comparable quarter primarily due to the recovery of inflation in its operating costs. The number of coiled tubing jobs was consistent with the first quarter in 2021. The 28 percent increase in the coiled tubing revenue per job as compared to the same quarter in 2021 was due to a combination of higher pricing and a greater proportion of milling work, which are typically larger jobs than other coiled tubing services.

OPERATING INCOME

Operating income in Canada during the first quarter of 2022 was $13.5 million compared to $15.2 million in the same period of 2021. The Canadian division’s operating income as a percentage of revenue was 13 percent compared to 18 percent in the first quarter of 2021 due to significant inflationary cost pressures during the first quarter that impacted the majority of the Company’s cost categories including fuel, sand, chemicals, trucking and personnel costs. In addition, the Company did not receive any benefit from the Canadian Emergency Wage Subsidy (“CEWS”) in the first quarter of 2022 while the comparable quarter included a benefit of $1.4 million. The Company introduced price increases of approximately 10 percent during the quarter. However, the impact of these price increases were mainly realized in the second half of the quarter. SG&A expenses increased 30 percent year-over-year primarily due to the reinstatement of salary and benefit rollbacks and the elimination of the CEWS benefit in 2022.

UNITED STATES

Three Months Ended March 31,	**2022**	2021	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**132,311**	92,913	42
Expenses			
Operating	**121,508**	93,154	30
SG&A	**2,908**	2,771	5
	124,416	95,925	30
Operating income (loss)[1]	**7,895**	(3,012)	NM
Operating income (loss) (%)	**6.0**	(3.2)	NM
Fracturing revenue per job ($)	**44,286**	26,239	69
Number of fracturing jobs	**2,987**	3,541	(16)
Active pumping horsepower, end of period (000s)	**570**	532	7
Idle pumping horsepower, end of period (000s)	**303**	338	(10)
Total pumping horsepower, end of period (000s)	**873**	870	—
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**1**	1	—
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**1**	3	(67)
Total cementing units, end of period (#)	**1**	3	(67)
US$/C$ average exchange rate[2]	**1.2663**	1.2660	—

[1] Refer to "Non-GAAP Measures" on pages 10 and 11 for further information.
[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's United States operations increased to $132.3 million during the first quarter of 2022 from $92.9 million in the comparable quarter of 2021. The 42 percent increase in revenue can be attributed to a combination of a 69 percent increase in revenue per job period-over-period offset partially by a 16 percent decrease in the number of fracturing jobs completed. The higher revenue per job was the result of significantly higher gross pricing for its services as the Company passed through higher input costs to its customers, combined with the impact of job mix. The overall reduction in job count was mainly due to the slow commencement of a significant customer's pumping schedule in North Dakota to begin the quarter. As a result, the Company began the quarter with a total of four active fleets in the United States and exited the quarter with eight of its nine active fleets fully utilized across its three operating districts. Activity in Colorado increased relative to the comparable quarter in 2021 while activity was relatively consistent in the remaining areas where the Company operates.

OPERATING INCOME (LOSS)

The Company's operations in the United States generated operating income of $7.9 million during the first quarter of 2022 compared to an operating loss of $3.0 million in the same period in 2021. This increase in operating income was largely driven by better utilization in the second half of the quarter and improved pricing. As stated, activity during the quarter started very slowly and supported utilization for only four of the Company's nine marketed fleets in January. However, the Company was able to offset the slow start with high utilization of eight fleets during the second half of the quarter. The Company also continued to increase pricing in all of its operating regions in order to offset the significant inflationary cost pressures experienced across most operating cost drivers. The average rig count in the United States increased from approximately 390 rigs in the first quarter of 2021 to over 600 rigs in the same period in 2022. In response, the pressure pumping market continued to tighten which allowed the Company to achieve net pricing improvements in the range of 10 percent relative to the comparable quarter in 2021. SG&A expenses increased by 5 percent primarily due to the reinstatement of previously reduced salaries and benefits during the quarter.

ARGENTINA

Three Months Ended March 31,	**2022**	2021	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**54,579**	35,458	54
Expenses			
Operating	**47,066**	29,730	58
SG&A	**2,044**	1,814	13
	49,110	31,544	56
Operating income [(1)]	**5,469**	3,914	40
Operating income (%)	**10.0**	11.0	(9)
Fracturing revenue per job ($)	**56,907**	54,288	5
Number of fracturing jobs	**532**	403	32
Active pumping horsepower, end of period (000s)	**139**	123	13
Idle pumping horsepower, end of period (000s)	**—**	—	—
Total pumping horsepower, end of period (000s)	**139**	123	13
Coiled tubing revenue per job ($)	**22,433**	18,781	19
Number of coiled tubing jobs	**393**	236	67
Active coiled tubing units, end of period (#)	**5**	5	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**6**	6	—
Cementing revenue per job ($)	**81,047**	50,665	60
Number of cementing jobs	**122**	93	31
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**2**	3	(33)
Total cementing units, end of period (#)	**12**	13	(8)
US$/C$ average exchange rate[(2)]	**1.2663**	1.2660	—

(1) Refer to "Non-GAAP Measures" on pages 10 and 11 for further information.
(2) Source: Bank of Canada.

REVENUE

Calfrac's Argentinean operations generated revenue of $54.6 million during the first quarter of 2022 compared to $35.5 million in the comparable quarter in 2021. Activity in the first quarter of 2022 improved year-over-year across all service lines with the vast majority of the improvement occurring in the Neuquén region. Activity in the Vaca Muerta shale play continued to increase while activity in southern Argentina remained relatively consistent with the comparable quarter in 2021. Overall fracturing activity increased by 32 percent compared to the first quarter in 2021 along with 5 percent higher revenue per job. Revenue from the Company's coiled tubing and cementing service lines continued to improve relative to the comparable period in 2021. The number of coiled tubing jobs increased by 67 percent as customer activity picked up in Neuquén and in southern Argentina while revenue per job improved by 19 percent primarily due to job mix. Activity in the Company's cementing operations increased by 31 percent and revenue per job increased by 60 percent due to changes in job mix as a greater number of pre-fracturing projects, which are typically larger job sizes, were completed in the first quarter of 2022.

OPERATING INCOME

The Company's operations in Argentina generated operating income of $5.5 million during the first quarter of 2022 compared to operating income of $3.9 million in the comparable quarter of 2021. Utilization of the Company's equipment improved across all service lines compared to the same period in 2021. The Company's operating margins as a percentage of revenue decreased from 11.0 percent to 10.0 percent due to inflationary salary increases that are paid in pesos that were not offset by the devaluation in the official peso exchange rate. The Company also incurred $0.3 million of severance costs during the first quarter of 2022.

CORPORATE

Three Months Ended March 31,	**2022**	2021	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Expenses			
Operating	**344**	355	(3)
SG&A	**5,511**	4,262	29
	5,855	4,617	27
Operating loss[1]	**(5,855)**	(4,617)	27
% of Revenue from Continuing Operations	**2.0**	2.2	(9)

[1] *Refer to "Non-GAAP Measures" on pages 10 and 11 for further information.*

OPERATING LOSS

Corporate expenses for the first quarter of 2022 were $5.9 million compared to $4.6 million in the first quarter of 2021. The higher SG&A expense was due to an increase in stock-based compensation expense of $1.2 million in the first quarter in 2022 compared to the same period in 2021, primarily due to the issuance of new equity-based awards under the omnibus incentive plan during the second quarter in 2021. The Company also recorded severance costs of $0.4 million during the first quarter of 2022.

ASSETS HELD FOR SALE

During the first quarter, management committed to a plan to sell its Russian division, resulting in the associated assets and liabilities being presented as held for sale. As at March 31, 2022, the carrying value of these assets was $58.8 million and the carrying value of the liabilities was $13.9 million. Results from operations held for sale have not been included in the preceding tables.

Revenue from Calfrac's Russian operations, being held for sale, decreased by 20 percent during the first quarter of 2022 to $22.1 million from $27.6 million in the corresponding period of 2021. Fracturing revenue decreased due to changes in job mix combined with an 11 percent depreciation in the Russian rouble. Coiled tubing revenue also decreased as activity was concentrated on port openings rather than cleanouts during the quarter, which resulted in fewer jobs completed at a lower revenue per job.

The Company's Russian division had an operating loss of $0.6 million during the first quarter of 2022 compared to operating income of $1.5 million in the comparable quarter in 2021. The lower operating margin performance was primarily due to lower than expected fracturing equipment utilization as operations were impacted by the start of the war with Ukraine. In addition, the Company halted plans to reactivate an additional fracturing and coiled tubing fleet in the quarter. Coiled tubing activity was comprised of lower margin work during the quarter, which had a negative impact on overall margins as a percentage of revenue. The Company incurred $0.2 million of severance costs during the first quarter in 2022.

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 in order 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.

Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, gains or losses on exchange or settlement of debt, impairment of property, plant and equipment, impairment of other assets, interest, and income taxes. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or taxed. In addition, management believes this measure allows investors to more accurately compare the Company's performance with its peers by providing an indication of its financial results prior to consideration of the age or size of its asset base, or the investment and accounting policies associated with its assets. Operating income (loss) for the period was calculated as follows:

Three Months Ended March 31,	**2022**	2021
(C$000s)	***($)***	*($)*
(unaudited)		*Revised*
Net loss from continuing operations	**(18,030)**	(23,029)
Add back (deduct):		
Depreciation	**29,954**	31,569
Foreign exchange losses	**3,837**	2,590
Loss (gain) on disposal of property, plant and equipment	**1,038**	(387)
Interest	**9,816**	9,103
Income taxes	**(5,586)**	(8,382)
Operating income from continuing operations	**21,029**	11,464

Adjusted EBITDA is defined in the Company's credit facilities for covenant purposes as net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, unrealized 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 is used in the calculation of the Company's bank covenants. Adjusted EBITDA for the period was calculated as follows:

Three Months Ended March 31,	**2022**	2021
(C$000s)		
(unaudited)		*Revised*
Net loss from continuing operations	**(18,030)**	(23,029)
Add back (deduct):		
Depreciation	**29,954**	31,569
Unrealized foreign exchange losses	**1,904**	1,692
Loss (gain) on disposal of property, plant and equipment	**1,038**	(387)
Restructuring charges	**701**	255
Stock-based compensation	**1,034**	—
Interest	**9,816**	9,103
Income taxes	**(5,586)**	(8,382)
Adjusted EBITDA	**20,831**	10,821

[1] For bank covenant purposes, EBITDA includes $0.8 million loss from discontinued operations for the three months ended March 31, 2022 (three months ended March 31, 2021 – $1.1 million income) and the deduction of an additional $2.4 million of lease payments for the three months ended March 31, 2022 (three months ended March 31, 2021 – $2.1 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

CONSOLIDATED BALANCE SHEETS

	March 31, 2022	December 31, 2021
(C$000s) (unaudited)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**11,821**	—
Accounts receivable	**205,378**	189,835
Income taxes recoverable	**2,168**	2,859
Inventories	**79,027**	101,840
Prepaid expenses and deposits	**8,392**	12,999
	306,786	307,533
Assets classified as held for sale	**58,752**	—
	365,538	307,533
Non-current assets		
Property, plant and equipment	**534,871**	563,423
Right-of-use assets	**20,862**	22,005
	555,733	585,428
Total assets	**921,271**	892,961
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	—	1,351
Accounts payable and accrued liabilities	**153,572**	127,441
Bridge loan	**15,000**	—
Current portion of lease obligations	**7,968**	8,004
	176,540	136,796
Liabilities directly associated with assets classified as held for sale	**13,929**	—
	190,469	136,796
Non-current liabilities		
Long-term debt	**397,060**	388,479
Lease obligations	**11,199**	12,560
Deferred income tax liabilities	**20,348**	26,286
	428,607	427,325
Total liabilities	**619,076**	564,121
Capital stock	**804,446**	801,178
Conversion rights on convertible notes	**4,717**	4,764
Contributed surplus	**69,292**	68,258
Warrants	**38,311**	40,282
Loan receivable for purchase of common shares	**(2,500)**	(2,500)
Accumulated deficit	**(613,759)**	(592,221)
Accumulated other comprehensive income	**1,688**	9,079
Total equity	**302,195**	328,840
Total liabilities and equity	**921,271**	892,961

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2022	2021
(C$000s, except per share data)	***($)***	*($)*
		Revised
Revenue	**294,524**	213,954
Cost of sales	**290,824**	223,551
Gross profit (loss)	**3,700**	(9,597)
Expenses		
Selling, general and administrative	**12,625**	10,508
Foreign exchange losses	**3,837**	2,590
Loss (gain) on disposal of property, plant and equipment	**1,038**	(387)
Interest	**9,816**	9,103
	27,316	21,814
Loss before income tax	**(23,616)**	(31,411)
Income tax expense (recovery)		
Current	**44**	28
Deferred	**(5,630)**	(8,410)
	(5,586)	(8,382)
Net loss from continuing operations	**(18,030)**	(23,029)
Net (loss) income from discontinued operations	**(3,508)**	611
Net loss for the period	**(21,538)**	(22,418)
(Loss) earnings per share – basic		
Continuing operations	**(0.47)**	(0.62)
Discontinued operations	**(0.09)**	0.02
	(0.56)	(0.60)
(Loss) earnings per share – diluted		
Continuing operations	**(0.47)**	(0.62)
Discontinued operations	**(0.09)**	0.01
	(0.56)	(0.60)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended March 31,	
	2022	2021
(C$000s) (unaudited)	***($)***	*($)*
Net loss for the period	**(21,538)**	(22,418)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**(7,391)**	(3,238)
Comprehensive loss	**(28,929)**	(25,656)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Conversion Rights on Convertible Notes	Contributed Surplus	Warrants	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	**Total Equity**
(C$000s) (unaudited)	*($)*		*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2022	**801,178**	**4,764**	**68,258**	**40,282**	**(2,500)**	**9,079**	**(592,221)**	**328,840**
Net loss	—		—	—	—	—	(21,538)	**(21,538)**
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	—	—	(7,391)	—	**(7,391)**
Comprehensive loss	—	—	—	—	—	(7,391)	(21,538)	**(28,929)**
Stock options:								
Stock-based compensation recognized	—	—	1,034	—	—	—	—	**1,034**
Conversion of 1.5 Lien Notes into shares	593	(47)	—	—	—	—	—	**546**
Warrants:								
Proceeds from issuance of shares	2,675	—	—	(1,971)	—	—	—	**704**
Balance – March 31, 2022	**804,446**	**4,717**	**69,292**	**38,311**	**(2,500)**	**1,688**	**(613,759)**	**302,195**
Balance – January 1, 2021	800,184	4,873	65,986	40,797	(2,500)	10,303	(509,409)	410,234
Net loss	—	—	—	—	—	—	(22,418)	(22,418)
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	—	—	(3,238)	—	(3,238)
Comprehensive loss	—	—	—	—	—	(3,238)	(22,418)	(25,656)
Rescission of equity portion of 1.5 Lien Notes	—	(85)	—	—	—	—	—	(85)
Warrants:								
Proceeds from issuance of shares	260	—	—	(192)	—	—	—	68
Balance – March 31, 2021	**800,444**	**4,788**	**65,986**	**40,605**	**(2,500)**	**7,065**	**(531,827)**	**384,561**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2022	2021
(C$000s) (unaudited)	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	**(21,538)**	(22,418)
Adjusted for the following:		
Depreciation	**30,153**	31,624
Stock-based compensation	**1,034**	—
Unrealized foreign exchange losses	**4,173**	2,086
Loss (gain) on disposal of property, plant and equipment	**1,037**	(387)
Interest	**9,816**	9,101
Interest paid	**(12,463)**	(10,636)
Deferred income taxes	**(5,630)**	(8,410)
Changes in items of working capital	**9,171**	(20,822)
Cash flows provided by (used in) operating activities	**15,753**	(19,862)
FINANCING ACTIVITIES		
Bridge loan proceeds	**15,000**	—
Issuance of long-term debt, net of debt issuance costs	**8,431**	18,770
Long-term debt repayments	**—**	(1,050)
Lease obligation principal repayments	**(2,083)**	(1,807)
Proceeds on issuance of common shares from the exercising of warrants	**704**	68
Cash flows provided by financing activities	**22,052**	15,981
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(16,104)**	(10,874)
Proceeds on disposal of property, plant and equipment	**303**	187
Proceeds on disposal of right-of-use assets	**304**	181
Cash flows used in investing activities	**(15,497)**	(10,506)
Effect of exchange rate changes on cash and cash equivalents	**(7,020)**	(1,478)
Increase (decrease) in cash and cash equivalents	**15,288**	(15,865)
(Bank overdraft) cash and cash equivalents, beginning of period	**(1,351)**	29,830
Cash and cash equivalents, end of period	**13,937**	13,965

ADVISORIES

FORWARD-LOOKING STATEMENTS

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this press release, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this press release include, but are not limited to, statements with respect to the Company's debt, liquidity and financial position, and the Company's expectations and intentions with respect to the foregoing, expected operating strategies and targets, anticipated pricing for the Company's services, capital expenditure programs, future financial resources, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, the planned sale of the Company's Russia division and its accounting treatment, results of acquisitions and dispositions, the impact of environmental regulations, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's financing activities and restrictions, including with regard to its Credit Agreement and the indentures pursuant to which its 1.5 Lien Notes and Second Lien Notes were issued, and its ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events (including exposure and positioning under existing and potential legal proceedings), expectations regarding trends in, and the growth prospects of, the global oil and natural gas industry, the Company's growth strategy and prospects, intentions and strategies with respect to legal proceedings, evaluation of disclosure controls and procedures and internal controls over financial reporting. 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, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the effect of environmental, social and governance factors on customer and investor preferences and capital deployment; the Company's existing contracts and the status of current negotiations with key customers and suppliers, the 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: volatility of industry conditions including the level of exploration, development and production for oil and natural gas in Canada, the United States, Argentina and Russia and market prices for oil and natural gas impacting the demand for oilfield services generally; the availability of capital on satisfactory terms and managing restrictions resulting from compliance with or breach of debt covenants and risk of acceleration of indebtedness, including under the Company's credit facilities, G2S2 Loan, 1.5 Lien Notes indenture and/or Second Lien Notes indenture; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; the Company's ability to continue to manage the effect of the COVID-19 pandemic on its operations; excess oilfield equipment levels; direct and indirect exposure to volatile credit markets, including credit rating risk; risks associated with foreign operations including but not limited to the sanctions and restrictive measures against Russia by Canada, US and other governments in response to Russia's invasion of Ukraine; counter-actions taken by Russia in response to the sanctions and other restrictive measures taken by Canada, US and European governments; the impacts of the Russia-Ukraine conflict on the supply and demand for oil and gas produced in Russia and globally; ability to employ and retain skilled and unskilled labour to meet the Company's needs; the Company's ability to address the energy transition and adapting equipment and technology based on government and customer requirements and preferences; dilution risks associated with the conversion of outstanding convertible securities and additional equity or debt financings; regional competition; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; greenhouse gas regulation risks; fluctuations in foreign exchange rates; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; the Company's ability to expand operations; liabilities relating to legal and/or administrative proceedings including the decisions by securities regulators and/or the courts; changes in legislation and the regulatory environment; failure to maintain the Company's safety standards and record; activist shareholder risks; risk relating to the Plan of Arrangement; liabilities and risks associated with prior operations; ability to maintain continuous improvements in operating equipment and proprietary fluid chemistries; intellectual property risk; unauthorized access or breach of confidential information; third party credit risk; cybersecurity risks; loss of reputation in the marketplace; merger and acquisition activity amongst oil and natural gas exploration and production companies; retaining key employees; failure to realize anticipated benefits of acquisitions and dispositions; unfavorable tax assessments or changes in administrative tax practices; and failure to manage growth related risks. Further information about these and other risks and uncertainties may be found under “Business Risks” below.

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 incorporated 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, which is specifically incorporated by reference herein. The Annual Information Form is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. 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, or by facsimile at 403-266-7381.

The ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty around the Company’s operations in Russia. As a result of these changes in circumstances, the risk and uncertainty surrounding banking restrictions and the ability to repatriate funds to Canada from Russia, the Company’s ownership and control over its Russian subsidiary, the physical security of property, plant and equipment, collectability of accounts receivable, and overall business and operational risks are being monitored.

ADDITIONAL INFORMATION

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.sedar.com.

FIRST QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2022 first-quarter results at 10:00 a.m. (Mountain Time) on Tuesday, May 3, 2022. The conference call dial-in number is 1-888-204-4368 or 647-794-4605. The seven-day replay numbers are 1-888-203-1112 or 647-436-0148 (once connected, enter 8730471). A webcast of the conference call may be accessed via the Company’s website at www.calfrac.com.

For further information, please contact:

George Armoyan, Interim Chief Executive Officer
Mike Olinek, Chief Financial Officer

Telephone: 403-266-6000 Fax: 403-266-7381
www.calfrac.com