Calfrac Reports $91 Million of Adjusted EBITDA With Best Margin Percentage Since 2012

CALGARY, AB, November 2, 2022/CNW/ - 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, 2022. The following press release should be read in conjunction with the management's discussion and analysis and unaudited consolidated interim financial statements and notes thereto as at September 30, 2022. 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.sedar.com, including the Company's Annual Information Form for the year ended December 31, 2021 dated March 18, 2022.

CEO'S MESSAGE

The third quarter was the culmination of hard work and commitment to the Company's Brand Promise as the Calfrac team efficiently executed its customers' development programs to generate the Company's best quarterly Adjusted EBITDA margin in over a decade. The top priority of the Company's leadership has been to align the organization's strategy to focus on increasing cash flow while maintaining its strong safety and service quality performance, and these latest financial results demonstrate that these efforts are progressing according to plan. The Company looks to further that momentum in the fourth quarter as operators are continuing to maintain a steady pace of development in a tight oilfield services market. Calfrac is encouraged by the strong operating cash flow that its returns-focused strategy is producing and looks to build upon it throughout 2023.

Calfrac's Chief Executive Officer, Pat Powell commented: "I am proud of the tremendous effort that our employees have shown this quarter and so far this year. While we have to remain focused on finishing this year strong, I am looking forward to 2023 and building on the solid foundation that we have laid this year. This quarter, Calfrac delivered premier service to our clients and made significant strides towards the Company's financial goals."

Calfrac also announces today that Mr. Lindsay Link, President, Chief Operating Officer and a director, will retire from the Company and the board of directors on January 4, 2023. Mr. Link has been President and Chief Operating Officer of Calfrac since June 2019, after joining the Company as President, U.S. Operating Division in February 2013 and subsequently serving as Chief Operating Officer in January 2015.

Ron Mathison, Chairman of Calfrac, commented "Lindsay has played an important role in growing our U.S. franchise as well as helping the Company navigate the unprecedented operational challenges of the past few years, positioning Calfrac to take advantage of the current market recovery. On behalf of Calfrac, I would like to thank Lindsay for his dedication and leadership and wish him well in his retirement."

"I am proud of the Calfrac Team. Their commitment and teamwork day in and day out enabled us to consistently deliver on our core values of safety and service quality regardless of the challenges we faced," said Mr. Link. "I look forward to working together with Pat and the rest of the team over the next few months as I transition to retirement, and watching the Company succeed into the future on the strength of the culture that we worked together to create."

SELECT FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

	Three months ended Sep. 30,			Nine months ended Sep. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)		*Revised*			*Revised*	
Revenue	**438,338**	262,865	67	**1,051,373**	650,588	62
Adjusted EBITDA[(1)]	**91,322**	29,758	207	**151,405**	39,500	283
Consolidated cash flows provided by (used in) operating activities	**13,753**	(17,935)	NM	**38,694**	(18,969)	NM
Capital expenditures	**24,745**	24,133	3	**52,130**	51,707	1
Net income (loss)	**45,352**	(7,054)	NM	**20,546**	(65,599)	NM
Per share – basic	**1.15**	(0.19)	NM	**0.53**	(1.75)	NM
Per share – diluted	**0.60**	(0.19)	NM	**0.31**	(1.75)	NM

As at	**September 30, 2022**	December 31, 2021	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Cash and cash equivalents	**11,879**	—	NM
Working capital, end of period	**207,974**	121,934	71
Total debt, end of period	**412,030**	388,479	6

[(1)] Refer to "Non-GAAP Measures" on page 7 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 classified as held for sale and presented as discontinued operations. Results from discontinued operations have not been included in the table above, unless otherwise noted.

During the quarter, Calfrac:

- exceeded the high end of its published guidance for revenue and Adjusted EBITDA from continuing operations by $8.3 million and $6.3 million, respectively;
- generated revenue of $438.3 million, an increase of 67 percent from the third quarter in 2021, resulting primarily from improved fracturing activity in North America and improved pricing in all of the Company's operating divisions;
- reported Adjusted EBITDA of $91.3 million versus $29.8 million in the comparable period in 2021, mainly as a result of significantly improved performance in North America;
- generated consolidated cash flow from operating activities of $13.8 million, which included $13.2 million of interest paid and cash used for working capital of $57.9 million;
- reported net income of $45.4 million or $0.60 per share diluted compared to a net loss of $7.1 million or $0.19 per share diluted in the third quarter in 2021;
- amended and restated its credit agreement, which included an extension of the maturity date to July 1, 2024;
- incurred capital expenditures of $24.7 million, focused on maintenance activities to primarily support the Company's fracturing operations, including $4.5 million of reactivation costs in the United States; and
- reported period-end working capital of $208.0 million and a cash balance of $11.9 million.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 VERSUS 2021

UNITED STATES

	Three months ended Sep. 30,			Nine months ended Sep. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational and exchange rate information)				*($)*	*($)*	*(%)*
(unaudited)						
Revenue	**237,075**	138,339	71	**563,216**	317,940	77
Adjusted EBITDA[(1)]	**54,866**	13,812	297	**98,660**	8,316	NM
Adjusted EBITDA (%)	**23.1**	10.0	131	**17.5**	2.6	NM
Fracturing revenue per job ($)	**56,038**	33,308	68	**49,650**	29,387	69
Number of fracturing jobs	**4,228**	4,156	2	**11,340**	10,820	5
Active pumping horsepower, end of period (000s)	**601**	576	4	**601**	576	4
US$/C$ average exchange rate[(2)]	**1.3056**	1.2600	4	**1.2830**	1.2514	3

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

OUTLOOK

The Company's financial results for the United States division exemplified its operational strength with the best third quarter profitability on a fleet basis since 2014. Calfrac leveraged consistent utilization and improved pricing across its nine fracturing fleets to generate significant free cash flow. To meet the increasing demand for the Company's services as well as capitalize on the early phase of an anticipated multi-year margin expansion cycle, Calfrac began reactivating an additional fleet and initiating a strategic transition to Tier IV DGB equipment. The Company anticipates both investments to start paying dividends before year-end. Calfrac believes that its practical approach towards capital allocation will increase cash flow and generate sustainable returns for its stakeholders.

THREE MONTHS ENDED SEP. 30, 2022 COMPARED TO THREE MONTHS ENDED SEP. 30, 2021

REVENUE

Revenue from Calfrac's United States operations increased significantly to $237.1 million during the third quarter of 2022 from $138.3 million in the comparable quarter of 2021. The 71 percent increase in revenue can be attributed to a combination of a 68 percent increase in revenue per job period-over-period combined with a 2 percent increase in the number of fracturing jobs completed. The higher revenue per job was the result of improved pricing for its services as the Company passed through higher input costs to its customers while also achieving net pricing gains, combined with the impact of job mix. The slight increase in job count was mainly due to the Company operating all nine of its marketed fleets for the entire quarter with consistent utilization. Activity in the Rockies region increased relative to the comparable quarter in 2021 while activity in North Dakota and Pennsylvania was relatively consistent with the comparable quarter in 2021.

ADJUSTED EBITDA

The Company's operations in the United States generated Adjusted EBITDA of $54.8 million during the third quarter of 2022 compared to $13.8 million in the same period in 2021. This increase in Adjusted EBITDA was largely driven by strong net pricing gains and a dedicated focus on cost control which supported significant margin expansion relative to the comparable quarter in 2021. The Company was able to achieve an Adjusted EBITDA margin of 23 percent compared to 10 percent in the comparable quarter in 2021 through strong pricing and utilization for its nine active fracturing fleets across its three operating districts.

NINE MONTHS ENDED SEP. 30, 2022 COMPARED TO NINE MONTHS ENDED SEP. 30, 2021

REVENUE

Revenue from Calfrac's United States operations increased to $563.2 million in the first nine months in 2022 from $317.9 million in the same period in 2021 primarily due to higher pricing and a 5 percent increase in the number of completed fracturing jobs. A total of four active fleets were operating in the United States at the beginning of the year but increased to eight fleets exiting the first quarter with a ninth fracturing crew commencing operations in May. The higher fracturing revenue per job was reflective of improved pricing as the Company passed on higher input costs to its clients and was able to attain net pricing increases during the second and third quarters.

ADJUSTED EBITDA

The Company's United States division generated Adjusted EBITDA of $98.7 million in the first nine months of 2022 compared to $8.3 million in the same period of 2021 primarily due to a larger number of operating fleets, a higher number of operating days per fleet and improved pricing, offset partially by a slow start to the year and adverse weather in April 2022.

CANADA

	Three months ended Sep. 30,			Nine months ended Sep. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational information) *(unaudited)*				*($)*	*($)*	*(%)*
Revenue	**137,082**	76,574	79	**315,805**	212,924	48
Adjusted EBITDA(1)	**36,697**	14,968	145	**57,079**	33,991	68
Adjusted EBITDA (%)	**26.8**	19.5	37	**18.1**	16.0	13
Fracturing revenue per job ($)	**32,570**	23,823	37	**26,440**	21,156	25
Number of fracturing jobs	**3,864**	2,949	31	**10,685**	9,139	17
Active pumping horsepower, end of period (000s)	**270**	202	34	**270**	202	34

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

OUTLOOK

The Company's operations in Canada achieved strong utilization and increased pricing during the third quarter and generated significant year-over-year profitability growth. Calfrac anticipates consistent activity for its four large fracturing fleets and five coiled tubing units through the end of the year and into 2023. As visibility for next year improves, the Company expects to leverage steady pricing with robust demand to produce strong financial returns as operators prioritize safe and reliable service providers.

THREE MONTHS ENDED SEP. 30, 2022 COMPARED TO THREE MONTHS ENDED SEP. 30, 2021

REVENUE

Revenue from Calfrac's Canadian operations during the third quarter of 2022 was $137.1 million compared to $76.6 million in the same period of 2021 primarily due to higher pricing and activity. The number of fracturing jobs increased by 31 percent from the comparable period in 2021 due to improved utilization of its four active fleets. Revenue per fracturing job was 37 percent higher than the comparable quarter due to a combination of pricing increases and the impact of job mix during the quarter. The number of coiled tubing jobs increased by 6 percent versus the third quarter in 2021. The 76 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 the type of work completed during the quarter.

ADJUSTED EBITDA

Adjusted EBITDA in Canada during the third quarter of 2022 was $36.7 million compared to $15.0 million in the same period of 2021. The Canadian division's Adjusted EBITDA as a percentage of revenue improved to 27 percent compared to 20 percent in the third quarter of 2021 as a result of higher utilization and pricing for its four active fleets. The Company introduced price increases during the first and second quarters to address significant input cost inflation that was in effect for the entire third quarter in 2022. The improvement in financial performance was significant and did not include any benefit from the Canadian Emergency Wage Subsidy program in the third quarter of 2022, while the comparable quarter included a benefit of $2.4 million.

NINE MONTHS ENDED SEP. 30, 2022 COMPARED TO NINE MONTHS ENDED SEP. 30, 2021

REVENUE

Revenue from Calfrac's Canadian operations during the first nine months in 2022 was $315.8 million, an increase from $212.9 million in the comparable period in 2021, primarily due to improved pricing and increased activity. Revenue per fracturing job was 25 percent higher than the comparable period in 2021 as price increases were implemented during the period to recover the significant inflation in operating costs. The number of fracturing jobs increased by 17 percent as the Company's four fracturing fleets were highly utilized in the first quarter prior to the onset of spring break-up conditions and improved significantly beginning in the month of June. This positive momentum in activity was maintained throughout the third quarter. The number of coiled tubing jobs increased by 7 percent from the comparable period in 2021 due to higher activity while revenue per job increased by 55 percent due to improved pricing and changes in job mix.

ADJUSTED EBITDA

The Company's Canadian division generated Adjusted EBITDA of $57.1 million compared to $34.0 million in the comparable period in 2021. The improvement in Adjusted EBITDA was the result of higher pricing and activity relative to the comparable period in 2021. The Company introduced price increases during the first quarter that were in effect for the entire second and third quarters, which combined with higher utilization of its four crewed fleets, resulted in a 68 percent improvement in Adjusted EBITDA.

ARGENTINA

	Three months ended Sep. 30,			Nine months ended Sep. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational and exchange rate information) *(unaudited)*				*($)*	*($)*	*(%)*
Revenue	**64,181**	47,952	34	**172,352**	119,724	44
Adjusted EBITDA(1)	**8,720**	6,589	32	**16,409**	15,923	3
Adjusted EBITDA (%)	**13.6**	13.7	(1)	**9.5**	13.3	(29)
Fracturing revenue per job ($)	**84,843**	54,820	55	**70,133**	55,336	27
Number of fracturing jobs	**471**	534	(12)	**1,415**	1,332	6
Active pumping horsepower, end of period (000s)	**140**	121	16	**140**	121	16
US$/C$ average exchange rate(2)	**1.3056**	1.2600	4	**1.2830**	1.2514	3

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

OUTLOOK

Calfrac's division in Argentina combined operational excellence with a renewed contract for a dedicated fracturing fleet in the Vaca Muerta shale play to generate significant year-over-year financial improvement during the third quarter. As the pressure pumping market tightens in Argentina, the Company expects the positive momentum experienced in the third quarter to continue throughout the remainder of the year and into 2023 enabling Calfrac to deliver strong financial returns.

THREE MONTHS ENDED SEP. 30, 2022 COMPARED TO THREE MONTHS ENDED SEP. 30, 2021

REVENUE

Calfrac's Argentinean operations generated revenue of $64.2 million during the third quarter of 2022 compared to $48.0 million in the comparable quarter in 2021 primarily due to higher fracturing and cementing revenue. Fracturing revenue increased due to a combination of higher pricing, as the Company entered into a new contract at the beginning of the third quarter at pricing levels that covered higher costs caused by inflationary pressures during the quarter, and the completion of larger jobs on average. This was partially offset by the completion of 12 percent fewer jobs than the comparable period in 2021. Activity in the Company's cementing operations increased by 39 percent and revenue per job increased by 33 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 third quarter of 2022. The number of coiled tubing jobs decreased by 27 percent due to reduced customer activity in Neuquén while revenue per job improved by 50 percent primarily due to job mix and higher pricing due to inflation.

ADJUSTED EBITDA

The Company's operations in Argentina achieved Adjusted EBITDA of $8.7 million during the third quarter of 2022 compared to $6.6 million in the comparable quarter of 2021, while the Company's EBITDA margins as a percentage of revenue remained consistent at approximately 14 percent. The Company entered into a new contract at the beginning of the third quarter with pricing adjusted for inflation, which allowed it to maintain consistent EBITDA margins relative to the comparable period in 2021.

NINE MONTHS ENDED SEP. 30, 2022 COMPARED TO NINE MONTHS ENDED SEP. 30, 2021

REVENUE

Calfrac's Argentinean operations generated revenue of $172.4 million during the first nine months of 2022 compared to $119.7 million in the comparable period in 2021. Activity in the first nine months of 2022 improved from the comparable period in 2021 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 was relatively consistent for the first half of 2022 but improved significantly in the third quarter. Overall fracturing activity increased by 6 percent compared to the first nine months in 2021 along with 27 percent higher revenue per job resulting primarily from inflation. Revenue from the Company's coiled tubing and cementing service lines continued to improve relative to the same period in 2021. The number of coiled tubing jobs increased by 32 percent as activity increased in Neuquén and southern Argentina while revenue per job was 24 percent higher primarily due to job mix and inflation. Activity in the Company's cementing operations increased by 29 percent and revenue per job increased by 50 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 half of 2022.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $16.4 million during the first nine months of 2022 compared to $15.9 million in the comparable period 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 13 percent to 10 percent primarily due to inflationary salary increases for one major contract that were paid in pesos but not fully offset by the devaluation in the official peso exchange rate during the first half of 2022. However, the Company was able to implement pricing increases to offset these cost pressures beginning in the third quarter. The Company also incurred $0.6 million of severance costs during the first nine months of 2022 that were added back in the calculation of Adjusted EBITDA.

CAPITAL EXPENDITURES

	Three months ended Sep. 30,			Nine months ended Sep. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s)	***($)***			***($)***	*($)*	*($)*
Canada	**3,874**	5,766	(33)	**10,250**	8,606	19
United States	**18,069**	14,689	23	**36,039**	34,667	4
Argentina	**2,802**	3,678	(24)	**5,841**	8,434	(31)
Continuing Operations	**24,745**	24,133	3	**52,130**	51,707	1

Capital expenditures were $24.7 million for the quarter ended September 30, 2022. Calfrac's Board of Directors have approved a 2022 capital budget of approximately $97.0 million of which $52.1 million has been incurred during the first nine months in 2022. The Company's fourth-quarter capital expenditures are expected to be comprised of maintenance items, combined with additional expenditures related to fleet reactivations and the commencement of Tier IV dual-fuel upgrades in the United States.

OTHER DEVELOPMENTS

On September 29, 2022, the Company amended and restated its credit agreement, which included an extension of the maturity date to July 1, 2024. The Company's revolving credit facilities consist of an operating facility of $45.0 million and a syndicated facility of $205.0 million.

Subsequent to September 30, 2022, $8.6 million of 1.5 Lien Notes were converted into common shares. Following this conversion, the remaining principal amount outstanding was $47.4 million.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	**Sep. 30, 2022**
(C$000s, except per share and operating data) *(unaudited)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Financial								
Revenue	153,773	213,954	173,769	262,865	229,661	294,524	318,511	**438,338**
Adjusted EBITDA(1)	9,554	10,821	(1,080)	29,758	7,961	20,831	39,252	**91,322**
Net income (loss)	121,616	(23,029)	(35,516)	(7,055)	(29,132)	(18,030)	(6,776)	**45,352**
Per share – basic(2)	14.91	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	**1.15**
Per share – diluted(2)	2.22	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	**0.60**
Capital expenditures	6,053	10,503	17,166	24,133	14,868	12,145	15,241	**24,745**

(1) Refer to "Non-GAAP Measures" on page 7 for further information.
(2) Comparative amounts were adjusted to reflect the Company's fifty-to-one common share consolidation that occurred on December 18, 2020.
(3) All comparative amounts exclude the impact from the Company's Russia operations, which have been classified as held for sale and presented as discontinued operations.

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 in the Company's credit agreement 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 Sep. 30,		**Nine Months Ended Sep. 30,**	
	2022	2021	**2022**	2021
(C$000s)			***($)***	*($)*
(unaudited)		*Revised*		*Revised*
Net income (loss) from continuing operations	**45,352**	(7,054)	**20,546**	(65,599)
Add back (deduct):				
Depreciation	**29,394**	33,098	**89,733**	95,991
Unrealized foreign exchange gains	**(10,073)**	(3,157)	**(13,086)**	(315)
(Gain) loss on disposal of property, plant and equipment	**(406)**	159	**4,382**	513
Litigation settlements in Canadian division	**8,258**	—	**11,258**	(700)
Restructuring charges	**597**	198	**1,563**	671
Stock-based compensation	**366**	1,079	**2,319**	1,356
Interest	**10,804**	9,677	**31,537**	28,077
Income taxes	**7,030**	(4,242)	**3,153**	(20,494)
Adjusted EBITDA from continuing operations (1)	**91,322**	29,758	**151,405**	39,500

(1) For bank covenant purposes, EBITDA includes $11.0 million income from discontinued operations for the nine months ended September 30, 2022 (nine months ended September 30, 2021 – $12.7 million) and the deduction of an additional $7.5 million of lease payments for the nine months ended September 30, 2022 (nine months ended September 30, 2021 – $6.5 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

CONSOLIDATED BALANCE SHEETS

	September 30, 2022	December 31, 2021
(C$000s) (unaudited)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**11,879**	—
Accounts receivable	**280,226**	189,835
Income taxes recoverable	**—**	2,859
Inventories	**100,194**	101,840
Prepaid expenses and deposits	**16,486**	12,999
	408,785	307,533
Assets classified as held for sale	**46,975**	—
	455,760	307,533
Non-current assets		
Property, plant and equipment	**554,392**	563,423
Right-of-use assets	**22,723**	22,005
	577,115	585,428
Total assets	**1,032,875**	892,961
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	**—**	1,351
Accounts payable and accrued liabilities	**192,527**	127,441
Income taxes payable	**296**	—
Current portion of lease obligations	**7,988**	8,004
	200,811	136,796
Liabilities directly associated with assets classified as held for sale	**19,561**	—
	220,372	136,796
Non-current liabilities		
Long-term debt	**412,030**	388,479
Lease obligations	**12,838**	12,560
Deferred income tax liabilities	**28,769**	26,286
	453,637	427,325
Total liabilities	**674,009**	564,121
Total equity	**358,866**	328,840
Total liabilities and equity	**1,032,875**	892,961

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2022	2021	**2022**	2021
(C$000s, except per share data) (unaudited)	***($)***	*($)*	***($)***	*($)*
		Revised		*Revised*
Revenue	**438,338**	262,865	**1,051,373**	650,588
Cost of sales	**365,536**	256,106	**956,526**	674,735
Gross profit (loss)	**72,802**	6,759	**94,847**	(24,147)
Expenses				
Selling, general and administrative	**17,128**	10,209	**41,933**	29,976
Foreign exchange (gains) losses	**(7,106)**	(1,990)	**(6,704)**	3,380
(Gain) loss on disposal of property, plant and equipment	**(406)**	159	**4,382**	513
Interest	**10,804**	9,677	**31,537**	28,077
	20,420	18,055	**71,148**	61,946
Income (loss) before income tax	**52,382**	(11,296)	**23,699**	(86,093)
Income tax expense (recovery)				
Current	**1,647**	52	**2,633**	222
Deferred	**5,383**	(4,294)	**520**	(20,716)
	7,030	(4,242)	**3,153**	(20,494)
Net income (loss) from continuing operations	**45,352**	(7,054)	**20,546**	(65,599)
Net income (loss) from discontinued operations	**4,746**	5,513	**(28,178)**	11,105
Net income (loss) for the period	**50,098**	(1,541)	**(7,632)**	(54,494)
Earnings (loss) per share – basic				
Continuing operations	**1.15**	(0.19)	**0.53**	(1.75)
Discontinued operations	**0.12**	0.15	**(0.73)**	0.30
	1.27	(0.04)	**(0.20)**	(1.45)
Earnings (loss) per share – diluted				
Continuing operations	**0.60**	(0.19)	**0.31**	(1.75)
Discontinued operations	**0.12**	0.14	**(0.27)**	0.20
	0.66	(0.04)	**(0.02)**	(1.45)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2022	2021	**2022**	2021
(C$000s) (unaudited)	*($)*	*($)*	*($)*	*($)*
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) for the period	**50,098**	(1,541)	**(7,632)**	(54,494)
Adjusted for the following:				
Depreciation	**29,394**	33,248	**89,932**	96,287
Stock-based compensation	**366**	1,079	**2,319**	1,356
Unrealized foreign exchange gains	**(9,629)**	(3,607)	**(18,697)**	(620)
(Gain) loss on disposal of property, plant and equipment	**(409)**	159	**4,378**	513
Impairment of property, plant and equipment	**—**	—	**5,634**	—
Impairment of inventory	**1,201**	—	**28,749**	—
(Recovery) impairment of other assets	**(2,312)**	—	**7,336**	—
Interest	**10,801**	9,677	**31,534**	28,075
Interest paid	**(13,229)**	(12,379)	**(27,693)**	(24,053)
Deferred income taxes	**5,383**	(4,294)	**520**	(20,716)
Changes in items of working capital	**(57,911)**	(40,277)	**(77,686)**	(45,317)
Cash flows provided by (used in) operating activities	**13,753**	(17,935)	**38,694**	(18,969)
FINANCING ACTIVITIES				
Bridge loan proceeds	**—**	—	**15,000**	—
Issuance of long-term debt, net of debt issuance costs	**12,825**	28,716	**19,782**	50,907
Bridge loan repayments	**—**	—	**(15,000)**	—
Long-term debt repayments	**(15,000)**	(5,000)	**(15,000)**	(6,050)
Lease obligation principal repayments	**(2,328)**	(2,129)	**(6,587)**	(5,674)
Proceeds on issuance of common shares from the exercise of warrants and stock options	**621**	1	**1,884**	90
Cash flows (used in) provided by financing activities	**(3,882)**	21,588	**79**	39,273
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(18,479)**	(21,530)	**(45,588)**	(46,988)
Proceeds on disposal of property, plant and equipment	**882**	275	**1,657**	923
Proceeds on disposal of right-of-use assets	**716**	266	**1,627**	1,025
Cash flows used in investing activities	**(16,881)**	(20,989)	**(42,304)**	(45,040)
Effect of exchange rate changes on cash and cash equivalents	**7,388**	2,714	**27,811**	949
Increase (decrease) in cash and cash equivalents	**378**	(14,622)	**24,280**	(23,787)
Cash and cash equivalents (bank overdraft), beginning of period	**22,551**	20,665	**(1,351)**	29,830
Cash and cash equivalents, end of period	**22,929**	6,043	**22,929**	6,043

ADVISORIES

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of applicable securities laws. The use of any of the words “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 activity, demand, utilization and outlook for the Company’s operating divisions in Canada, the United States and Argentina; the supply and demand fundamentals and prospects of the pressure pumping industry; input costs, margin and service pricing trends, projections and strategies; the Company’s service quality, operational execution, financial performance and competitive position; operating and financial strategies, performance, priorities, metrics, estimates and targets; the planned sale of the Company’s Russia division, including its accounting treatment; capital expenditure programs, including planned equipment investments; the Company’s debt, liquidity and financial position; future oil and natural gas development activity in the Company’s operating jurisdictions; 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, the effect of the military conflict in the Ukraine and related Canadian, U.S. and international sanctions and restrictions involving Russia and counter-sanctions and restrictions by Russia on the Company’s ownership and planned sale of the Russian division and the broader markets for the Company’s services, 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 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: volatility of industry conditions including the level of exploration, development and production for oil and natural gas in Canada, the U.S. and Argentina and market prices for oil and natural gas impacting the demand for oilfield services; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; oilfield equipment utilization levels; risks associated with foreign operations, including risks relating to unsettled political conditions, war, including the ongoing Russia and Ukraine conflict and any expansion of that conflict, foreign exchange rates and controls, international trade and regulatory controls and sanctions, and doing business with national oil companies; failure to receive any applicable regulatory approvals, including in respect of the sale of the Company’s Russian division; the impacts of the Russia-Ukraine conflict on the supply and demand for oil and gas produced in Russia and globally; and those other risk factors discussed or incorporated by reference under the heading “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 and additional restrictions around the operations of the Company's Russian subsidiary. As a result of these changes in circumstances, the risks, restrictions, and uncertainties surrounding banking and limitations on 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 in Russia, collectability of accounts receivable, the regulatory approvals to complete a sale transaction and overall business and operational risks are being monitored and addressed as circumstances evolve. For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three and nine months ended September 30, 2022.

ADDITIONAL INFORMATION

Calfrac's common shares and warrants are publicly traded on the Toronto Stock Exchange under the trading symbols "CFW" and "CFW.WT", respectively.

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 consolidated interim financial statements for the three and nine months ended September 30, 2022 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.sedar.com.

THIRD QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2022 third-quarter results at 10:00 a.m. (Mountain Time) on Wednesday, November 2, 2022. The conference call dial-in number is 1-888-664-6383 or 416-764-8650. The seven-day replay numbers are 1-888-390-0541 or 416-764-8677 (once connected, enter (206612#). A webcast of the conference call may be accessed via the Company's website at www.calfrac.com.

For further information, please contact:

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