Calfrac Reports $76.0 Million Adjusted EBITDA With Best Fourth-Quarter Margin Percentage Since 2014

CALGARY, AB, March 16, 2023/CNW/ - Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX: CFW) announces its financial and operating results for the three and twelve months ended December 31, 2022. The following press release should be read in conjunction with the management's discussion and analysis and audited consolidated annual financial statements and notes thereto as at December 31, 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, 2022, dated March 16, 2023.

CEO'S MESSAGE

Calfrac's strong financial performance in 2022, particularly in the second half of the year, confirmed its returns-focused strategy, and the Company expects further earnings growth throughout 2023 as the pressure pumping market is anticipated to remain tight. Last year, the Company leveraged its strong execution and customer relationships to generate free cash flow from continuing operations of approximately $36 million, which it employed towards strengthening its balance sheet in conjunction with commencing a multi-year fleet modernization program to upgrade its fracturing equipment to Tier IV dynamic gas blending ("DGB") technology. This investment capitalizes on growing demand for this type of equipment while allowing the Company and its customers to reduce fuel costs and is expected to begin yielding positive results as the initial phase of repowered pumps are deployed into the United States during the first quarter. Calfrac expects to deliver on its brand promise this year across its diversified operating areas in North America and Argentina and drive substantially improved year-over-year financial performance as its continues to focus on generating sustainable long-term returns for its shareholders.

Calfrac's Chief Executive Officer, Pat Powell commented: "I am proud of the significant milestones achieved last year and look forward to taking additional steps towards our long-term goals in 2023 as we begin deploying our next-generation equipment into our operating areas in North America and continue to execute on our brand promise."

SELECT FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

	Three months ended Dec. 31,			Years ended Dec. 31,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
(unaudited)		*Revised* (1)			*Revised* (1)	
Revenue	**447,847**	229,661	95	**1,499,220**	880,249	70
Adjusted EBITDA(2)	**75,954**	8,382	806	**233,741**	51,577	353
Consolidated cash flows provided by (used in) operating activities	**68,838**	3,632	NM	**107,532**	(15,337)	NM
Capital expenditures	**35,810**	14,868	143	**87,940**	66,575	32
Net income (loss)	**14,757**	(29,132)	NM	**35,303**	(94,731)	NM
Per share – basic	**0.27**	(0.77)	NM	**0.83**	(2.52)	NM
Per share – diluted	**0.17**	(0.77)	NM	**0.47**	(2.52)	NM

As at	December 31, 2022	December 31, 2021	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Cash and cash equivalents	**8,498**	—	NM
Working capital, end of period	**183,580**	121,934	51
Total debt, end of period	**329,186**	388,479	(15)

(1) All comparative amounts exclude the impact from the Company's Russia operations.
(2) Refer to "Non-GAAP Measures" on page 7 for further information.

During the quarter, Calfrac:

- generated revenue of $447.8 million, an increase of 95 percent from the comparative quarter in 2021 resulting primarily from improved pricing and activity in North America;
- reported Adjusted EBITDA of $76.0 million versus $8.4 million in the fourth quarter of 2021;
- completed the early conversion of its 1.5 Lien Notes resulting in $44.8 million in notes converted to shares, leaving a remaining principal amount of $2.6 million at the end of 2022;
- reduced its outstanding debt since the end of the third quarter by over $80.0 million through the conversion of a majority of its 1.5 Lien Notes and the repayment of $30.0 million on its outstanding credit facility borrowings;
- reduced its Total Debt and Funded Debt to Adjusted EBITDA ratios to 1.38:1.00 and 0.69:1.00, respectively;
- recorded an impairment of property, plant and equipment of $10.7 million in the United States to permanently retire 54 obsolete fracturing pumps and recognized an impairment of inventory of $8.5 million in North America to write-down spare parts and product inventory to their respective net realizable value;
- reported net income of $14.8 million or $0.17 per share diluted, compared to a net loss of $29.1 million or $0.77 per share diluted in 2021;
- reported period-end working capital of $183.6 million versus $121.9 million at December 31, 2021; and
- incurred capital expenditures of $35.8 million, which included $8.3 million of reactivation costs in the United States and $3.5 million related to the Tier IV fleet modernization program.

Subsequent to the quarter ended December 31, 2022, the Company and Wilks Brothers, LLC resolved all outstanding legal disputes between the parties and their affiliates on a confidential basis and without admission of fault or liability by any party.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS
THREE MONTHS AND YEARS ENDED DECEMBER 31, 2022 VERSUS 2021

UNITED STATES

	Three Months Ended Dec. 31,			Years ended Dec. 31,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational and exchange rate information) *(unaudited)*				*($)*	*($)*	*(%)*
Revenue	**242,651**	110,581	119	**805,867**	428,521	88
Adjusted EBITDA(1)	**46,123**	2,060	2,139	**144,672**	10,268	NM
Adjusted EBITDA (%)	**18.8**	1.9	889	**17.9**	2.4	NM
Fracturing revenue per job ($)	**65,316**	36,709	78	**53,515**	30,982	73
Number of fracturing jobs	**3,714**	3,013	23	**15,054**	13,833	9
Active pumping horsepower, end of period (000s)	**746**	579	29	**746**	579	29
US$/C$ average exchange rate(2)	**1.3578**	1.2603	8	**1.3011**	1.2535	4

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

OUTLOOK

After a transformative 2022 where Calfrac's United States operations produced one of its highest financial returns per fleet in its history, intense winter storms in the Rockies region impacted activity in December and during some points of the first quarter of 2023. The division reactivated existing equipment in early January to replace the 10th fracturing fleet that had been temporarily mobilized from Canada during the fourth quarter. Calfrac anticipates steady utilization of its ten fracturing fleets throughout the remainder of the year and expects financial performance to remain strong. Even with the constructive long-term outlook for the United States pressure pumping industry, the Company expects to navigate any potential activity reduction in its natural gas concentrated regions by remaining steadfast in its disciplined returns-focused strategy and will either relocate equipment to more active regions or decrease its operational fleet count according to demand. Calfrac plans to deploy its upgraded Tier IV DGB pumps gradually through the next 18 months to assist with meeting the operational and ESG goals of its clients while leveraging the repowered equipment with sustainable compensation for the investment incurred to generate increased returns for its shareholders.

THREE MONTHS ENDED DEC. 31, 2022 COMPARED TO THREE MONTHS ENDED DEC. 31, 2021

REVENUE

Revenue from Calfrac's United States operations increased significantly to $242.7 million during the fourth quarter of 2022 from $110.6 million in the comparable quarter of 2021. The 119 percent increase in revenue can be attributed to a combination of a 78 percent increase in revenue per job period-over-period, combined with a 23 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 increase in job count was mainly due to the Company operating nine of its marketed fleets during the quarter with more consistent utilization, although December was impacted by severe weather conditions resulting in the loss of approximately 10 operating days per fleet. A 10th fleet was temporarily transferred from Canada in November, which also contributed to the increase in jobs completed during the quarter. Activity in the Rockies and North Dakota regions increased relative to the comparable quarter in 2021 while activity in Pennsylvania was lower than the comparable quarter in 2021 due to weather-related down time and job mix.

ADJUSTED EBITDA

The Company's operations in the United States generated Adjusted EBITDA of $46.1 million during the fourth quarter of 2022 compared to $2.1 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 19 percent compared to 2 percent in the comparable quarter in 2021 through strong pricing and utilization for its nine active fracturing fleets across its three operating districts plus an incremental 10th fleet that was activated part way through the quarter.

YEAR ENDED DEC. 31, 2022 COMPARED TO YEAR ENDED DEC. 31, 2021

REVENUE

Revenue from Calfrac's United States operations increased to $805.9 million in 2022 from $428.5 million in 2021 primarily due to higher pricing combined with a 9 percent increase in the number of completed fracturing jobs. The Company operated nine fleets for the full year in the United States during 2022 and added a 10th fleet in November with equipment that was temporarily transferred from Canada. The 73 percent increase in 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. The stronger U.S. dollar during 2022 also contributed to the higher reported revenue.

ADJUSTED EBITDA

The Company's United States division generated Adjusted EBITDA of $144.7 million in 2022 compared to $10.3 million in 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 combined with further weather-related disruptions in December.

CANADA

	Three Months Ended Dec. 31,			Years ended Dec. 31,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational information) *(unaudited)*				*($)*	*($)*	*(%)*
Revenue	**126,475**	67,334	88	**442,280**	280,258	58
Adjusted EBITDA[1]	**22,716**	4,769	376	**79,762**	38,614	107
Adjusted EBITDA (%)	**18.0**	7.1	154	**18.0**	13.8	30
Fracturing revenue per job ($)	**40,200**	23,259	73	**29,312**	21,626	36
Number of fracturing jobs	**2,818**	2,630	7	**13,503**	11,769	15
Active pumping horsepower, end of period (000s)	**227**	227	—	**227**	227	—

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

OUTLOOK

Calfrac's operations in Canada generated significant profitability improvement in 2022 and the Company anticipates the momentum to continue into 2023 as it has activated a large fracturing fleet, utilizing equipment that was temporarily mobilized to the United States during the fourth quarter, to meet growing customer demand during the first quarter. While weather and client budget exhaustion reduced activity towards the end of last year, Calfrac expects a strong first quarter with consistent utilization for its five large fracturing fleets and six coiled tubing units into the second half of the year. The Company believes that the re-opening of the Blueberry River First Nation territorial lands could also be a positive catalyst for growth in completions activity over the next few years. As a market leader, Calfrac is looking forward to incorporating its upgraded Tier IV DGB units with its best-in-class service quality to execute its customers' development programs safely, efficiently, and profitably.

THREE MONTHS ENDED DEC. 31, 2022 COMPARED TO THREE MONTHS ENDED DEC. 31, 2021

REVENUE

Revenue from Calfrac's Canadian operations during the fourth quarter of 2022 was $126.5 million compared to $67.3 million in the same period of 2021 primarily due to higher pricing and activity. The number of fracturing jobs increased by 7 percent from the comparable period in 2021 due to improved utilization of its four active fleets. Revenue per fracturing job was 73 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 12 percent versus the fourth quarter in 2021. The 93 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 fourth quarter of 2022 was $22.7 million compared to $4.8 million in the same period of 2021. The Canadian division's Adjusted EBITDA as a percentage of revenue improved to 18 percent compared to 7 percent in the fourth 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 fourth 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 fourth quarter of 2022, while the comparable quarter included a benefit of $0.7 million.

YEAR ENDED DEC. 31, 2022 COMPARED TO YEAR ENDED DEC. 31, 2021

REVENUE

Revenue from Calfrac's Canadian operations increased from $280.3 million in 2021 to $442.3 million in 2022 primarily due to improved pricing and higher activity. Revenue per fracturing job was 36 percent higher than 2021 as pricing increases were implemented during the year to compensate for significant inflation in the Company's operating costs. The number of fracturing jobs also increased by 15 percent as the Company's four fracturing fleets were better utilized versus 2021. The number of coiled tubing jobs increased by 9 percent from 2021 due to higher activity while revenue per job increased by 64 percent due to improved pricing and changes in job mix.

ADJUSTED EBITDA

The Company's Canadian division generated Adjusted EBITDA of $79.8 million compared to $38.6 million in 2021 resulting mainly from higher pricing and crew utilization for its four fracturing fleets relative to the prior year. The Company temporarily transferred one fleet to the United States during the fourth quarter in 2022.

ARGENTINA

	Three Months Ended Dec. 31,			Years ended Dec. 31,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except operational and exchange rate information) *(unaudited)*				***($)***	*($)*	*(%)*
Revenue	**78,721**	51,746	52	**251,073**	171,470	46
Adjusted EBITDA(1)	**14,616**	6,900	112	**30,979**	22,804	36
Adjusted EBITDA (%)	**18.6**	13.3	40	**12.3**	13.3	(8)
Fracturing revenue per job ($)	**84,445**	63,476	33	**74,181**	57,453	29
Number of fracturing jobs	**558**	468	19	**1,973**	1,800	10
Active pumping horsepower, end of period (000s)	**139**	137	1	**139**	137	1
US$/C$ average exchange rate(2)	**1.3578**	1.2603	8	**1.3011**	1.2535	4

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

OUTLOOK

Calfrac's Argentina division exited last year with very strong momentum and anticipates increased utilization combined with a full year of improved pricing for its fracturing fleets in the Vaca Muerta shale play and the conventional basins in southern Argentina to produce enhanced financial returns in 2023.

THREE MONTHS ENDED DEC. 31, 2022 COMPARED TO THREE MONTHS ENDED DEC. 31, 2021

REVENUE

Calfrac's Argentinean operations generated revenue of $78.7 million during the fourth quarter of 2022 compared to $51.7 million in the comparable quarter in 2021 primarily due to higher fracturing and coiled tubing 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. The Company also completed 19 percent more jobs than the comparable period in 2021. Activity in the Company's cementing operations increased by 8 percent offset partially by a 5 percent decrease in revenue per job. The number of coiled tubing jobs was consistent with the comparable period while revenue per job improved by 84 percent primarily due to job mix and higher pricing due to inflation.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $14.6 million during the fourth quarter of 2022 compared to $6.9 million in the comparable quarter of 2021, while the Company's Adjusted EBITDA margins as a percentage of revenue also improved to19 percent from 13 percent. The Company entered into a new contract at the beginning of the third quarter with higher utilization and improved pricing which resulted in higher Adjusted EBITDA margins relative to the comparable period in 2021.

YEAR ENDED DEC. 31, 2022 COMPARED TO YEAR ENDED DEC. 31, 2021

REVENUE

Calfrac's Argentinean operations generated revenue of $251.1 million during 2022 compared to $171.5 million in 2021. 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 second half of the year. Overall fracturing activity increased by 10 percent compared to 2021 while revenue per job was 29 percent higher primarily due to overall inflation in operating costs and better pricing in the second half of 2022 combined with a stronger U.S. dollar. Revenue from the Company's coiled tubing and cementing service lines also continued to improve relative to the previous year. The number of coiled tubing jobs increased by 22 percent as activity increased in Neuquén and southern Argentina while revenue per job was 39 percent higher primarily due to job mix and inflation. Activity in the Company's cementing operations increased by 23 percent and revenue per job increased by 28 percent due to changes in job mix as a greater number of pre-fracturing projects, which are typically larger job sizes, were completed in 2022.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $31.0 million during 2022 versus $22.8 million in 2021 as utilization of the Company's equipment improved across all service lines. The Company's operating margins as a percentage of revenue decreased slightly from 13 percent to 12 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.

CAPITAL EXPENDITURES

	Three Months Ended Dec. 31,			Years ended Dec. 31,		
	2022	2021	Change	**2022**	2021	Change
(C$000s)	*($)*			*($)*	*($)*	*($)*
Canada	**6,821**	3,583	90	**17,071**	12,189	40
United States	**24,561**	7,366	233	**60,600**	42,033	44
Argentina	**4,428**	3,919	13	**10,269**	12,353	(17)
Continuing Operations	**35,810**	14,868	141	**87,940**	66,575	32

Capital expenditures were $35.8 million for the quarter ended December 31, 2022. Calfrac's Board of Directors have approved a 2023 capital budget of approximately $155.0 million, which excludes expenditures related to fluid end components as these will be recorded as maintenance expenses beginning in January 2023 for all continuing reporting segments. This change in accounting estimate is based on new information surrounding the useful life of these components.

OTHER DEVELOPMENTS

During the fourth quarter of 2022, the Company completed an early conversion incentive program in respect of its 1.5 Lien Notes resulting in $44.8 million in notes converted to shares at a price of $1.3325 per share, leaving approximately $2.6 million principal amount of 1.5 Lien Notes outstanding. As a result of the program, the Company issued approximately 33.6 million common shares associated with the conversion of the participating 1.5 Lien Notes and will realize interest savings of approximately $2.3 million otherwise payable on the 1.5 Lien Notes to the maturity date.

As part of Calfrac's strategy to streamline and simplify its operational and administrative structure, the Company has decided to evaluate and report the financial and operating performance for the United States and Canada under a single North America division beginning with the interim financial statements and management's discussion and analysis for the three months ending March 31, 2023.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	**Dec. 31, 2022**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	***($)***	***($)***	*($)*	*($)*	***($)***
(unaudited)	*Revised [(1)]*	*Revised [(1)]*	*Revised [(1)]*	*Revised [(1)]*	*Revised [(1)]*	*Revised [(1)]*	*Revised [(1)]*	
Financial								
Revenue	213,954	173,769	262,865	229,661	294,524	318,511	438,338	**447,847**
Adjusted EBITDA[(2)]	11,720	550	30,925	8,382	22,763	48,992	86,032	**75,954**
Net income (loss)	(23,029)	(35,516)	(7,055)	(29,132)	(18,030)	(6,776)	45,352	**14,757**
Per share – basic	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	1.15	**0.27**
Per share – diluted	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	0.60	**0.17**
Capital expenditures	10,503	17,166	24,133	14,868	12,145	15,241	24,745	**36,182**

[(1)] 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. In addition, Adjusted EBITDA reflects a change in definition and excludes realized foreign exchange gains and losses.
[(2)] Refer to "Non-GAAP Measures" on page 7 for further information.

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, 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 Dec. 31,		**Years Ended Dec. 31**	
	2022	2021	**2022**	2021
(C$000s)			***($)***	*($)*
(unaudited)		*Revised*		*Revised*
Net income (loss) from continuing operations	**14,757**	(29,132)	**35,303**	(94,731)
Add back (deduct):				
Depreciation	**32,294**	31,440	**122,027**	127,431
Foreign exchange losses (gains)[(2)]	**3,732**	1,278	**(2,972)**	4,658
Loss (gain) on disposal of property, plant and equipment	**951**	(108)	**5,333**	405
Impairment of property, plant and equipment	**10,670**	—	**10,670**	—
Impairment of inventory	**8,477**	—	**8,477**	—
Impairment of other assets	**64**	705	**64**	705
Litigation settlements in Canadian division	**—**	—	**11,258**	(700)
Restructuring charges	**3,710**	2	**5,273**	673
Stock-based compensation	**457**	916	**2,776**	2,272
Interest	**15,018**	9,662	**46,555**	37,739
Income taxes	**(14,176)**	(6,381)	**(11,023)**	(26,875)
Adjusted EBITDA from continuing operations [(1)]	**75,954**	8,382	**233,741**	51,577

[(1)] For bank covenant purposes, EBITDA includes $16.4 million income from discontinued operations for the twelve months ended December 31, 2022 (twelve months ended December 31, 2021 – $14.4 million) and the deduction of an additional $10.4 million of lease payments for the twelve months ended December 31, 2022 (twelve months ended December 31, 2021 – $9.0 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.
[(2)] Adjusted EBITDA reflects a change in definition and excludes realized foreign exchange gains and losses.

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 North America 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 services, service quality, operational execution, financial performance and competitive position; operating and financial strategies, performance, priorities, metrics, estimates and targets; the Company’s Russian division, including the planned sale of the Russian division, the ongoing risks, uncertainties and restrictions relating to its business and operations, the regulatory approvals and Company’s compliance with applicable sanctions and counter-sanctions; capital expenditure programs, including planned equipment investments and useful life expectancy of component parts; the Company’s approach and strategy with respect to its environmental, social and governance matters; 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 Company’s expectations for its customers’ capital budgets and geographical areas of focus; the effect of unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; the effect of environmental, 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; 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: (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; hazards inherent in the industry; the ongoing impacts of the COVID-19 pandemic; the actions of activist shareholders and the increasing reluctance of institutional investors to invest in the industry in which the Company operates; and an intensely competitive oilfield services 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 improve and adapt equipment, proprietary fluid chemistries and other products and services; reliance on equipment suppliers and fabricators for timely delivery and quality of equipment; a concentrated customer base; seasonal volatility and climate change; cybersecurity risks, and activism; (C) financial risks, including but not limited to, price escalation and availability of raw materials, diesel fuel and component parts; 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; fluctuations in currency exchange rates; actual results which are materially different from management estimates and assumptions; insufficient internal controls; and possible impacts on the Company’ access to capital and common share price given a significant number of common shares are controlled by two directors of the Company; (D) geopolitical risks, including but not limited to, foreign operations exposure, 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, and international trade and regulatory controls and sanctions; the impacts of a delay of sale or failure to sell the Company's discontinued operations in Russia, including failure to receive any applicable regulatory approvals and reputational risks; foreign legal actions and unknown consequences of such actions; 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; 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; legal and regulatory initiatives to limit greenhouse gas emissions; and the direct and indirect costs of various existing and proposed climate change regulations. 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.sedar.com under Company's profile.

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

BUSINESS RISKS

The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form under the heading "Risk Factors" which is available on the SEDAR website at www.sedar.com under 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, or by facsimile at 403-266-7381.

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 4 to the Company's audited consolidated financial statements for the year ended December 31, 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.

FOURTH QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2022 fourth-quarter results at 10:00 a.m. (Mountain Time) on Thursday, March 16, 2023. 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 (285704#). A webcast of the conference call may be accessed via the Company's website at www.calfrac.com.

CONSOLIDATED BALANCE SHEETS

	As at December 31,	
	2022	2021
(C$000s)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**8,498**	—
Accounts receivable	**238,769**	189,835
Income taxes recoverable	**—**	2,859
Inventories	**108,866**	101,840
Prepaid expenses and deposits	**12,297**	12,999
	368,430	307,533
Assets classified as held for sale	**45,940**	—
	414,370	307,533
Non-current assets		
Property, plant and equipment	**543,475**	563,423
Right-of-use assets	**22,908**	22,005
Deferred income tax assets	**15,000**	—
	581,383	585,428
Total assets	**995,753**	892,961
LIABILITIES		
Current liabilities		
Bank overdraft	**—**	1,351
Accounts payable and accrued liabilities	**171,603**	127,441
Income taxes payable	**964**	—
Current portion of long-term debt	**2,534**	—
Current portion of lease obligations	**9,749**	8,004
	184,850	136,796
Liabilities directly associated with assets classified as held for sale	**18,852**	—
	203,702	136,796
Non-current liabilities		
Long-term debt	**329,186**	388,479
Lease obligations	**13,443**	12,560
Deferred income tax liabilities	**26,450**	26,286
	369,079	427,325
Total liabilities	**572,781**	564,121

	As at December 31,	
	2022	2021
(C$000s)	***($)***	*($)*
EQUITY		
Equity attributable to the shareholders of Calfrac		
Capital stock	**865,059**	801,178
Conversion rights on convertible notes	**212**	4,764
Contributed surplus	**70,141**	68,258
Warrants	**36,558**	40,282
Loan receivable for purchase of common shares	**—**	(2,500)
Accumulated deficit	**(580,544)**	(592,221)
Accumulated other comprehensive income	**31,546**	9,079
Total equity	**422,972**	328,840
Total liabilities and equity	**995,753**	892,961

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Dec. 31,		Years Ended Dec. 31,	
	2022	2021	**2022**	2021
(C$000s, except per share data)	***($)***	*($)*	***($)***	*($)*
		Revised [1]		*Revised* [1]
Revenue	**447,847**	229,661	**1,499,220**	880,249
Cost of sales	**388,088**	240,852	**1,344,614**	915,587
Gross profit (loss)	**59,759**	(11,191)	**154,606**	(35,338)
Expenses				
Selling, general and administrative	**20,266**	12,785	**62,199**	42,761
Foreign exchange losses (gains)	**3,732**	1,278	**(2,972)**	4,658
Loss (gain) on disposal of property, plant and equipment	**951**	(108)	**5,333**	405
Impairment of property, plant and equipment	**10,670**	—	**10,670**	—
Impairment of inventory	**8,477**	—	**8,477**	—
Impairment of other assets	**64**	705	**64**	705
Interest	**15,018**	9,662	**46,555**	37,739
	59,178	24,322	**130,326**	86,268
Income (loss) before income tax	**581**	(35,513)	**24,280**	(121,606)
Income tax expense (recovery)				
Current	**2,810**	(64)	**5,443**	158
Deferred	**(16,986)**	(6,317)	**(16,466)**	(27,033)
	(14,176)	(6,381)	**(11,023)**	(26,875)
Net income (loss) from continuing operations	**14,757**	(29,132)	**35,303**	(94,731)
Net income (loss) from discontinued operations	**4,552**	814	**(23,626)**	11,919
Net income (loss) for the period	**19,309**	(28,318)	**11,677**	(82,812)
Earnings (loss) per share – basic				
Continuing operations	**0.27**	(0.77)	**0.83**	(2.52)
Discontinued operations	**0.08**	0.02	**(0.55)**	0.32
	0.36	(0.75)	**0.27**	(2.21)
Earnings (loss) per share – diluted				
Continuing operations	**0.17**	(0.77)	**0.47**	(2.52)
Discontinued operations	**0.04**	0.01	**(0.28)**	0.14
	0.22	(0.75)	**0.19**	(2.21)

[1] *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.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Dec. 31,		Years Ended Dec. 31,	
	2022	2021	**2022**	2021
(C$000s)	*($)*	*($)*	*($)*	*($)*
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) for the period	**19,309**	(28,318)	**11,677**	(82,812)
Adjusted for the following:				
Depreciation	**32,294**	31,638	**122,226**	127,925
Stock-based compensation	**457**	916	**2,776**	2,272
Unrealized foreign exchange losses (gains)	**2,363**	1,338	**(16,334)**	718
Loss (gain) on disposal of property, plant and equipment	**951**	(110)	**5,329**	403
Impairment of property, plant and equipment	**11,042**	—	**16,676**	—
Impairment of inventory	**9,987**	—	**38,736**	—
(Recovery) impairment of other assets	**(2,852)**	705	**4,484**	705
Interest	**14,977**	9,662	**46,511**	37,737
Interest paid	**(5,356)**	(1,074)	**(33,049)**	(25,127)
Deferred income taxes	**(16,986)**	(6,317)	**(16,466)**	(27,033)
Changes in items of working capital	**2,652**	(4,808)	**(75,034)**	(50,125)
Cash flows provided by (used in) operating activities	**68,838**	3,632	**107,532**	(15,337)
FINANCING ACTIVITIES				
Bridge loan proceeds	**—**	—	**15,000**	—
Issuance of long-term debt, net of debt issuance costs	**(2,020)**	8,648	**17,762**	59,555
Bridge loan repayments	**—**		**(15,000)**	
Long-term debt repayments	**(30,000)**	—	**(45,000)**	(6,050)
Lease obligation principal repayments	**(2,579)**	(2,162)	**(9,166)**	(7,836)
Proceeds on issuance of common shares from the exercise of warrants and stock options	**987**	93	**2,871**	183
Cash flows (used in) provided by financing activities	**(33,612)**	6,579	**(33,533)**	45,852
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(34,222)**	(16,446)	**(79,810)**	(63,434)
Proceeds on disposal of property, plant and equipment	**1,919**	15	**3,576**	938
Proceeds on disposal of right-of-use assets	**282**	177	**1,909**	1,202
Cash flows used in investing activities	**(32,021)**	(16,254)	**(74,325)**	(61,294)
Effect of exchange rate changes on cash and cash equivalents	**(7,741)**	(1,351)	**20,070**	(402)
(Decrease) increase in cash and cash equivalents	**(4,536)**	(7,394)	**19,744**	(31,181)
Cash and cash equivalents (bank overdraft), beginning of period	**22,929**	6,043	**(1,351)**	29,830
Cash and cash equivalents (bank overdraft), end of period	**18,393**	(1,351)	**18,393**	(1,351)
Included in the cash and cash equivalents per the balance sheet	**8,498**		**8,498**	
Included in the assets held for sale/discontinued operations	**9,895**		**9,895**	

For further information, please contact:

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