



For Immediate Release: October 28, 2021

CWC ENERGY SERVICES CORP. ANNOUNCES THIRD QUARTER 2021 OPERATIONAL AND FINANCIAL RESULTS

CALGARY, ALBERTA – (TSXV: CWC) CWC Energy Services Corp. (“CWC” or the “Company”) announces the release of its operational and financial results for the three and nine months ended September 30, 2021. The Financial Statements and Management Discussion and Analysis (“MD&A”) for the three and nine months ended September 30, 2021 are filed on SEDAR at www.sedar.com.

Financial Highlights

\$ thousands, except shares, per share amounts, and margins	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Change %	2021	2020	Change %
FINANCIAL RESULTS						
Revenue						
Contract Drilling	8,437	543	1,454%	19,179	14,532	32%
Production Services	19,339	9,779	98%	49,763	33,296	49%
	27,776	10,322	169%	68,942	47,828	44%
Other income	1,118	2,635	(58%)	4,762	4,423	8%
Adjusted EBITDA ⁽¹⁾	5,394	1,953	176%	12,737	6,064	110%
Adjusted EBITDA margin (%) ⁽¹⁾	19%	19%		18%	13%	
Impairment of assets	-	-	n/m ⁽³⁾	(1,296)	(25,451)	(95%)
Net income (loss)	2,019	(810)	n/m ⁽³⁾	1,707	(23,721)	n/m ⁽³⁾
Net income (loss) margin (%) ⁽²⁾	7%	(8%)	15%	2%	(50%)	52%
Capital expenditures	1,530	1,022	50%	4,239	4,547	(7%)
Per share information:						
Weighted average number of shares outstanding – basic	504,764,797	507,543,333		505,110,980	509,239,883	
Weighted average number of shares outstanding – diluted	513,738,573	507,543,333		512,715,415	509,239,883	
Adjusted EBITDA ⁽¹⁾ per share – basic	\$ 0.01	\$ 0.00		\$ 0.03	\$ 0.01	
Adjusted EBITDA ⁽¹⁾ per share – diluted	\$ 0.01	\$ 0.00		\$ 0.02	\$ 0.01	
Net income (loss) per share - basic and diluted	\$ 0.00	\$ (0.00)		\$ 0.00	\$ (0.05)	

\$ thousands, except ratios	September 30, 2021	December 31, 2020
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) ⁽¹⁾	16,235	12,069
Working capital (excluding debt) ratio ⁽¹⁾	3.1:1	2.9:1
Total assets	200,777	202,223
Total long-term debt (including current portion)	24,688	30,321
Shareholders' equity	159,953	157,977

⁽¹⁾ Please refer to the “Reconciliation of Non-IFRS Measures” section for further information.

⁽²⁾ Net income (loss) margin is a Non-IFRS Measure which is calculated as net income (loss) divided by total revenue.

⁽³⁾ Not meaningful.

Highlights for the Three Months Ended September 30, 2021

- Average Q3 2021 crude oil price, as measured by West Texas Intermediate (“WTI”), of US\$70.64/bbl was 7% higher than the Q2 2021 average price of US\$66.19/bbl (Q3 2020: US\$40.90/bbl) and the price differential between Canadian heavy crude oil, as represented by Western Canadian Select (“WCS”), and WTI maintained a differential in the range of US\$11.84/bbl to US\$13.68/bbl during the third quarter of 2021. Natural gas prices, as measured by AECO of \$3.42/GJ was 16% higher than the Q2 2021 average of \$2.94/GJ (Q3 2020: \$2.14/GJ).
- CWC’s Canadian drilling rig utilization in Q3 2021 of 46% (Q3 2020: 4%) was higher than the Canadian Association of Energy Contractors (“CAOEC”) industry average of 27% (Q3 2020: 9%). Canadian activity levels were higher in Q3 2021 with 296 drilling rig operating days (Q3 2020: 28 drilling rig operating days) from seven Canadian drilling rigs as global demand for crude oil and natural gas returned when public health measures to slow the spread of COVID-19 were relaxed as a result of vaccinations becoming readily available. Average revenue per operating day of \$22,061 resulted in revenue of \$6.5 million (Q3 2020: \$0.5 million) from the Canadian drilling operations. CWC’s two U.S. drilling rigs had 58 operating days in Q3 2021 (Q3 2020: nil operating days) resulting in U.S. Contract Drilling revenue of \$1.9 million with an average revenue per operating day of US\$26,806, as travel restrictions implemented between Canada and the U.S. eased and our Canadian rig crews were able to return to the U.S. Service rig utilization in Q3 2021 of 64% (Q3 2020: 29%) was driven by 28,293 operating hours which were 78% higher than the 15,859 operating hours in Q3 2020.
- Revenue of \$27.8 million, an increase of \$17.5 million (169%) compared to \$10.3 million in Q3 2020. During Q3 2021, the Company earned \$1.4 million in revenue on 98 oil and gas sites requiring well decommissioning under the Alberta Site Rehabilitation Program (“SRP”) and 13 oil and gas sites under the Saskatchewan Accelerated Site Closure Program (“ASCP”). The \$1.0 billion Alberta SRP, the \$400 million ASCP and the \$100 million B.C. Dormant Sites Reclamation Program (“DSRP”) provide grants to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment until December 31, 2022. CWC’s Production Services segment is well positioned to provide well decommissioning work on these inactive wells.
- Adjusted EBITDA⁽¹⁾ of \$5.4 million, an increase of \$3.4 million (176%) compared to \$2.0 million in Q3 2020.
- Net income of \$2.0 million, an increase of \$2.8 million compared to a net loss of \$0.8 million in Q3 2020.
- On August 27, 2021, CWC announced the sale of its swabbing rig assets and business for gross proceeds of \$0.7 million, thereby further focusing the Company on its core assets and services of drilling rigs and service rigs.

Highlights for the Nine Months Ended September 30, 2021

- CWC’s Canadian drilling rig utilization for the first nine months of 2021 of 35% (2020: 23%) exceeded the CAOEC industry average of 23% (2020: 19%). Canadian activity levels for the first nine months of 2021 increased by 52% to 667 drilling rig operating days from seven Canadian drilling rigs (2020: 440 drilling rig operating days). Average revenue per operating day of \$22,495 resulted in revenue of \$15.0 million from the Canadian drilling operations. U.S. drilling rig activity levels for the first nine months of 2021 were 121 drilling rig operating days (2020: 144 drilling rig operating days) from two U.S. drilling rigs for a utilization of 22% (2020: 26%). U.S. Contract Drilling revenue of \$4.2 million represented 22% of CWC’s total Contract Drilling revenue in the first nine months of 2021 with an average revenue per operating day of US\$28,025. CWC’s service rig utilization for the first nine months of 2021 of 58% (2020: 31%) was driven by 75,843 operating hours, which were 51% higher than the 50,338 operating hours in the first nine months of 2020.
- Revenue of \$68.9 million, an increase of \$21.1 million (44%) compared to \$47.8 million in the first nine months of 2020.
- Adjusted EBITDA⁽¹⁾ of \$12.7 million, an increase of \$6.7 million (110%) compared to \$6.1 million in the first nine months of 2020.
- Net income of \$1.7 million, an increase of \$25.4 million compared to a net loss of \$23.7 million in the first nine months of 2020. The increase is primarily due to a charge for impairment of assets of \$25.5 million taken in Q1 2020.
- For the nine months ended September 30, 2021, the Company purchased 2,249,500 (2020: 7,787,500) common shares under the Normal Course Issuer Bid (“NCIB”) which were cancelled and returned to treasury (2020: 7,831,000 common shares were cancelled and returned to treasury).

⁽¹⁾ Please refer to the “Reconciliation of Non-IFRS Measures” section for further information.

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. Eight of nine rigs have top drives, three have pad rig walking systems, three have 7,500 psi pumping systems and two have carbon reduction bi-fuel capabilities. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. The Company also operates in select United States basins including the Eagle Ford, Denver-Julesburg and Bakken. One of the Company's strategic initiatives is to continue to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for faster drilling times and more environmentally friendly solutions at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

OPERATING HIGHLIGHTS	Three months ended							
	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Drilling Rigs – Canada								
Total drilling rigs, end of period	7	7	7	7	7	7	7	7
Revenue per operating day ⁽¹⁾	\$22,061	\$24,392	\$22,497	\$21,452	\$19,214	\$19,382	\$22,849	\$22,161
Drilling rig operating days	296	54	317	248	28	68	344	232
Drilling rig utilization % ⁽²⁾	46%	9%	50%	39%	4%	11%	54%	36%
CAOEC industry average utilization %	27%	15%	27%	16%	9%	4%	35%	23%
Wells drilled	25	7	28	23	4	4	26	18
Average days per well	11.9	9.0	11.3	10.8	7.1	17.1	13.2	12.9
Meters drilled (thousands)	101.2	22.0	112.4	88.5	13.7	20.2	99.6	75.6
Meters drilled per day	341	405	354	356	483	295	290	326
Average meters per well	4,048	3,664	4,014	3,848	3,412	5,053	3,831	4,199
Drilling Rigs – United States								
Total drilling rigs, end of period	2	2	2	2	2	2	2	2
Revenue per operating day (US\$) ⁽¹⁾	\$26,806	\$28,196	\$80,000 ⁽³⁾	-	-	-	\$25,139	\$34,448 ⁽³⁾
Drilling rig operating days	58	61	2	-	-	-	144	56
Drilling rig utilization % ⁽²⁾	31%	33%	1%	-	-	-	79%	31%
Wells drilled	6	5	-	-	-	-	10	5
Average days per well	9.6	12.1	-	-	-	-	14.4	11.3
Meters drilled (thousands)	11.8	19.3	-	-	-	-	40.5	14.5
Meters drilled per day	205.1	319	-	-	-	-	282	258
Average meters per well	1,969	3,867	-	-	-	-	4,053	2,942

⁽¹⁾ Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.

⁽²⁾ Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis).

⁽³⁾ Revenue is enhanced by one-time recovery of mobilization costs.

Canadian Contract Drilling revenue of \$6.5 million for Q3 2021 (Q3 2020: \$0.5 million) was achieved with a utilization rate of 46% (Q3 2020: 4%), compared to the CAOEC industry average of 27% (Q3 2020: 9%). CWC completed 296 Canadian drilling rig operating days in Q3 2021, compared to 28 Canadian drilling rig operating days in Q3 2020 as global demand for crude oil and natural gas returned when public health measures to slow the spread of COVID-19 were relaxed as a result of vaccinations becoming readily available.

U.S. Contract Drilling revenue of \$1.9 million for Q3 2021 (Q3 2020: \$nil) was achieved with a utilization rate of 31% with 58 U.S. drilling rig operating days (Q3 2020: nil) as travel restrictions implemented between Canada and the U.S. eased and our Canadian rig crews were able to return to the U.S.

Production Services

With a fleet of 144 service rigs, CWC is one of the largest well servicing companies in Canada as measured by active fleet and operating hours. CWC's service rig fleet consists of 75 single, 55 double, and 14 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. In 2021, CWC chose to park 77 of its service rigs and focus its sales and operational efforts on the remaining 67 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB and the tight labour market experienced in the industry for service rig crews.

OPERATING HIGHLIGHTS	Three months ended							
	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Service Rigs								
Active service rigs, end of period	67	68	66	81	82	82	83	84
Inactive service rigs, end of period	77	77	79	64	63	63	62	62
Total service rigs, end of period	144	145	145	145	145	145	145	146
Operating hours	28,293	20,463	27,087	22,273	15,859	4,037	30,442	33,656
Revenue per hour	\$675	\$623	\$630	\$645	\$605	\$619	\$666	\$664
Revenue per hour excluding top volume customers	\$704	\$663	\$668	\$659	\$623	\$653	\$673	\$682
Service rig utilization % ⁽¹⁾	64%	47%	64%	42%	29%	8%	56%	62%
Swabbing Rigs⁽²⁾								
Active swabbing rigs, end of period	-	5	5	5	5	5	5	5
Inactive swabbing rigs, end of period	-	5	7	7	7	7	7	8
Total swabbing rigs, end of period	-	10	12	12	12	12	12	13
Operating hours	849	1,137	976	1,339	686	513	1,088	1,141
Revenue per hour	\$275	\$282	\$286	\$280	\$271	\$288	\$300	\$282
Swabbing rig utilization % ⁽¹⁾	26%	35%	30%	41%	21%	16%	33%	35%

⁽¹⁾ Effective September 1, 2019, the CAOEC changed its methodology on how it calculates service rig utilization. Service rig and swabbing rig utilization is now calculated based on 10 operating hours a day x number of days per quarter x 5 days a week divided by 7 days in a week to reflect maximum utilization available due to hours of service restrictions on rig crews. Service and swabbing rigs requiring their 24,000 hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

⁽²⁾ During Q3 2021 the swabbing rig division had 5 active rigs in operation. On September 10, 2021 the Company closed the sale of the swabbing rig assets and business. The information shown relates to the operating results of the swabbing rig division prior to its disposition.

Production Services revenue of \$19.3 million in Q3 2021, up \$9.6 million (98%) compared to \$9.8 million in Q3 2020. The revenue increase in Q3 2021 was a result of the global demand for crude oil and natural gas returning when public health measures to slow the spread of COVID-19 were relaxed as a result of vaccinations becoming readily available.

CWC's service rig utilization in Q3 2021 of 64% (Q3 2020: 29%) with 28,293 operating hours was 78% higher than the 15,859 operating hours in Q3 2020. Average revenue per hour of \$675 in Q3 2021 was \$70 per hour (12%) higher than the \$605 per hour in Q3 2020 as the Company implemented pricing adjustments to offset increased labour costs in response to continued industry labour shortages. Q3 2021 average revenue per hour of \$704 excluding the Company's top volume customers was \$81 per hour (13%) higher than Q3 2020 average revenue per hour of \$623.

CWC's swabbing rig utilization in Q3 2021 of 26% (Q3 2020: 21%) with 849 operating hours was 24% higher than the 686 operating hours in Q3 2020. Average revenue per hour for swabbing rigs of \$275 in Q3 2021 was \$4 per hour (1%) higher compared to \$271 in Q3 2020. On August 27, 2021, CWC announced the sale of its non-core swabbing rig assets and business for total gross proceeds of \$0.7 million. The sale of the swabbing rig division allows CWC to focus on its core business of drilling rigs and service rigs.

Capital Expenditures

\$ thousands	Three months ended				Nine months ended			
	September 30, 2021	September 30, 2020	Change \$	Change %	September 30, 2021	September 30, 2020	Change \$	Change %
Capital expenditures								
Contract drilling	1,020	620	400	65%	3,015	1,714	1,301	76%
Production services	510	402	108	27%	1,220	2,807	(1,587)	(57%)
Other equipment	-	-	-	-	4	26	(22)	(85%)
	<u>1,530</u>	<u>1,022</u>	<u>508</u>	<u>50%</u>	<u>4,239</u>	<u>4,547</u>	<u>(308)</u>	<u>(7%)</u>
Growth capital	738	472	266	(56%)	1,729	1,489	240	16%
Maintenance and infrastructure capital	792	550	242	44%	2,510	3,058	(548)	(18%)
Total capital expenditures	<u>1,530</u>	<u>1,022</u>	<u>508</u>	<u>50%</u>	<u>4,239</u>	<u>4,547</u>	<u>(308)</u>	<u>(7%)</u>

Capital expenditures of \$1.5 million in Q3 2021, an increase of \$0.5 million compared to \$1.0 million in Q3 2020.

Capital expenditures of \$4.2 million for the nine months ended September 30, 2021, a decrease of \$0.3 million compared to \$4.6 million in the same period of 2020.

As part of its continued focus on its ESG initiative to reduce the Company's carbon footprint, in Q3 2021, CWC committed to converting two boilers to have carbon reduction bi-fuel capabilities.

Outlook

In March 2020, the World Health Organization declared a global health pandemic due to COVID-19. In response to the COVID-19 outbreak, governments around the world implemented measures to control the spread of the virus from Q2 2020 through Q4 2021 including closure of non-essential businesses, restricting travel and encouraging citizens to stay-at-home. These government actions contributed to a significant deterioration in the global economy including a material decline in the demand for crude oil, which initially resulted in a significant decrease in oil prices. The decline in oil prices negatively affected current and forecasted drilling and production service activities in Canada and the United States. In response to the decline in oil prices, OPEC+ and G20 oil producing nations reduced crude oil production resulting in a rebound in crude oil prices from the low US\$20/bbl in April 2020 to over US\$80/bbl in October 2021. In June 2021, Canadian provincial governments began to loosen their economic restrictions as the rising number of vaccinated Canadians helped reduce the number of active cases of COVID-19. Although optimism for the global economy rebounding has begun, caution remains as the number of active COVID-19 cases in certain areas of the world have recently increased as a result of the emergence of more infectious variants of the virus and the lower vaccination rates in certain countries. Such cautious optimism is reflected in the July 2021 OPEC+ agreement to add back approximately 4 million barrels per day of curtailed production in increments of 400,000 barrels per day each month into 2022, thereby eliminating the remaining COVID-19 induced production curtailments. With OPEC+'s measured monthly supply approach to gradually increase crude oil production, oil prices will likely remain strong as crude oil demand continues to increase into 2022. As a result, the North American oilfield services industry will likely experience increased activity for the remainder of 2021 and into 2022 as it is anticipated that E&P companies will increase their 2022 capital expenditure budgets compared to 2021.

CWC is experiencing a strong start to Q4 2021 with both the number of drilling rigs and service rigs back to the peak activity levels experienced this past winter in Q1 2021. As activity levels increase in the fourth quarter of 2021, CWC believes the labour market for rig crews will continue to be extremely limited resulting in increased pressure on field labour costs, which will need to be offset by further rate increases for our drilling and well services.

In June 2021, CWC released its inaugural Environmental, Social and Governance ("ESG") Report. Our commitment to ESG and sustainability has shown improvement over the last three years as outlined in our report. We will continue to work towards advancing these efforts further in future years, especially in the area of emission reductions and establishing goals and targets. One of the initial steps CWC has taken towards meeting its ESG targets has been to convert some of our field equipment to have carbon reduction bi-fuel capabilities. In addition, CWC is proud to announce that it has successfully secured work to drill helium, carbon capture and salt water disposal wells using current equipment for four new customers in 2021 and 2022, thereby reflecting the diversity and versatility of the nature of work for CWC's drilling rigs. Management is confident that CWC will continue to be regarded as a leader on ESG and sustainability matters in the oilfield services industry.

CWC continues to remain focused on its operational and financial performance in the short-term, but recognizes the need to pursue opportunities to create medium and longer-term value for CWC's shareholders. With the support of the Board of Directors, management continues to actively pursue consolidation opportunities in North America. CWC cautions that there can be no guarantees that strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

About CWC Energy Services Corp.

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in Canada and the United States with a complementary suite of oilfield services including drilling rigs and service rigs. The Company's corporate office is located in Calgary, Alberta, with a U.S. office in Denver, Colorado and operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

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Forward-Looking Information

This News Release contains certain forward-looking information and statements within the meaning of applicable Canadian securities legislation. Certain statements contained in this News Release, including most of those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this News Release contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to activity levels, expectations on the sustainability of future cash flow and earnings, expectations with respect to crude oil and natural gas prices, activity levels in various areas, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and U.S. basins, expectations regarding entering into long term drilling contracts and expanding its customer base, and expectations regarding the business, operations, revenue and debt levels of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the implications of the COVID-19 health pandemic on the Company's business, operations and personnel. These factors and risks include, but are not limited to, the risks associated with the COVID-19 health pandemic and their implications on the demand and supply in the drilling and oilfield services sector (i.e. demand, pricing and terms for oilfield drilling and services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks), significant expansion measures to stop the spread of COVID-19 further restricting or prohibiting the operations of the Company's facilities and operations, actions to ensure social distancing due to COVID-19, the Company's cash saving initiatives, integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this News Release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.

Reconciliation of Non-IFRS Measures

\$ thousands, except shares, per share amounts and margins	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
NON-IFRS MEASURES				
<u>Adjusted EBITDA:</u>				
Net income (loss)	2,019	(810)	1,707	(23,721)
Add:				
Stock based compensation	176	137	519	409
Finance costs	287	362	792	1,826
Depreciation and amortization	2,512	2,582	7,789	8,349
Impairment of assets	-	-	1,296	25,451
(Gain) loss on sale of equipment	(249)	(114)	(43)	860
Income tax expense (recovery)	649	(204)	677	(7,110)
Adjusted EBITDA⁽¹⁾	5,394	1,953	12,737	6,064
Adjusted EBITDA per share – basic⁽¹⁾	\$ 0.01	\$ 0.00	\$ 0.03	\$ 0.01
Adjusted EBITDA per share – diluted⁽¹⁾	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)⁽¹⁾	19%	19%	18%	13%
Weighted average number of shares outstanding - basic	504,764,797	507,543,333	505,110,980	509,239,883
Weighted average number of shares outstanding - diluted	513,738,573	507,543,333	512,715,415	509,239,883
<u>Gross margin:</u>				
Revenue	27,776	10,322	68,942	47,828
Less: Direct operating expenses	19,456	7,457	50,120	35,071
Gross margin⁽²⁾	8,320	2,865	18,822	12,757
Gross margin percentage⁽²⁾	30%	28%	27%	27%

\$ thousands	September 30, 2021	December 31, 2020
<u>Working capital (excluding debt):</u>		
Current assets	23,933	18,323
Less: Current liabilities	(8,468)	(7,004)
Add: Current portion of long-term debt	770	750
Working capital (excluding debt)⁽³⁾	16,235	12,069
Working capital (excluding debt) ratio⁽³⁾	3.1:1	2.9:1
<u>Net debt:</u>		
Long-term debt	23,918	29,481
Less: Current assets	(23,933)	(18,323)
Add: Current liabilities	8,468	7,004
Net debt⁽⁴⁾	8,453	18,162

⁽¹⁾ Adjusted EBITDA (earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, impairment of assets, goodwill impairment, stock based compensation and other one-time non-cash gains and losses) is not a recognized measure under IFRS. Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating Adjusted EBITDA may differ from other entities and accordingly, Adjusted EBITDA may not be comparable to measures used by other entities. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue and provides a measure of the percentage of Adjusted EBITDA per dollar of revenue. Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the weighted average number of shares outstanding as used for calculation of earnings per share.

⁽²⁾ Gross margin is calculated from the statement of comprehensive income (loss) as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

⁽³⁾ Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital (excluding debt) is used to assist management and investors in assessing the Company's liquidity. Working capital (excluding debt) does not have any meaning prescribed under IFRS and may not be comparable to similar measures provided by other companies. Working capital (excluding debt) ratio is calculated as current assets divided by the difference of current liabilities less the current portion of long-term debt.

⁽⁴⁾ Net debt is calculated based on long-term debt less current assets plus current liabilities. Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.