

# Cathedral Announces Delay in Filing its 2022 Annual Financial Statements

---

NEWS PROVIDED BY

**Cathedral Energy Services Ltd.** →


Mar 30, 2023, 23:55 ET

---

CALGARY, AB, March 30, 2023 /CNW/ - CATHEDRAL ENERGY SERVICES LTD. (TSX: CET)

("Cathedral" or the "Company") announced today that it will not be filing its annual financial statements, accompanying management's discussion and analysis and related chief executive officer ("**CEO**") and chief financial officer ("**CFO**") certifications and annual information form for the financial year ended December 31, 2022 (collectively, the "Annual Filings"), within the period prescribed for the filing of such documents under Parts 4, 5 and 6 of National Instrument 51-102 *Continuous Disclosure Obligations* and pursuant to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, namely within 90 days of year-end, being March 31, 2023 (the "Filing Deadline").

Due to the volume of auditing work related to the significant acquisition activity, related financing activities, growth and transformation of the Company during the 2022 year, Cathedral's audit remains ongoing at this time. Cathedral does not anticipate any material change from the operational results and financial performance previously reported on January 13, 2023. Cathedral is working closely with its auditor and is making every effort to file the Annual Filings in a timely fashion and expects to file the Annual Filings by April 14, 2023.

Following a record third quarter, Cathedral once again anticipates reporting record results for the 25-year history of the Company in both the fourth quarter and the complete year of 2022. Consolidated revenues for the fourth quarter will increase greater than 18% over the third quarter as a result of pricing increases, increased RSS activity in the US, and new mud motor technology introduced in the Canadian market. This increased Q4 revenue should result in 

increased overall results, including net income and Adjusted EBITDAS. Despite a lower than expected rig count in the fourth quarter in Canada, market share reached a new high averaging almost 28%. Market share in the U.S. in the fourth quarter maintained approximately 6%. Operating days in Canada were 3,617 for the quarter and 10,844 for the year. Operating days in the U.S. were 3,205 for the quarter and considering the Altitude acquisition started in July 2022, 6,818 for the year.

The Company is providing this default announcement in accordance with National Policy 12-203 Management Cease Trade Orders ("NP 12-203"). The Company has made an application to the Alberta Securities Commission, as principal regulator of the Company, a management cease trade order ("MCTO") under NP 12-203 in respect of the default regarding the Annual Filings. The MCTO will prohibit the CEO and the interim CFO from trading in securities of Cathedral for so long as the Annual Filings are not filed. The issuance of the MCTO, if issued, does not affect the ability of persons other than the CEO and the interim CFO of the Company to trade in the Company's securities. The application for the MCTO remains subject to the risk factors described in "*Forward Looking Information and Risk Factors*" below, including the risk that the MCTO application may not be successful or may not be completed prior to a securities commission issuing a failure-to-file cease trade order against the Company following the Filing Deadline.

The Company confirms that it intends to satisfy the provisions of the alternative information guidelines found at sections 9 and 10 of NP 12-203 respecting Cease Trade Orders for Continuous Disclosure Defaults for so long as it remains in default as a result of the late filing of the Annual Filings. During the period of default, the Company will issue biweekly default status reports in the form of further news releases, which will also be filed on SEDAR. The Company confirms that there are no insolvency proceedings against it as of the date of this news release. The Company also confirms that there is no other material information concerning the affairs of the Company that has not been generally disclosed as of the date of this news release.

## **ABOUT CATHEDRAL**

Cathedral Energy Services Ltd., based in Calgary, Alberta is incorporated under the *Business Corporations Act* (Alberta) and operates in the US under Discovery Downhole Services, a division of Cathedral Energy Services Inc. and Altitude Energy Partners, LLC. Cathedral is publicly-traded on the Toronto Stock Exchange under the symbol "CET". Cathedral is a trusted

partner to North American energy companies requiring high performance directional drilling services. We work in partnership with our customers to tailor our equipment and expertise to meet their specific geographical and technical needs. Our experience, technologies and responsive personnel enable our customers to achieve higher efficiencies and lower project costs. For more information, visit [www.cathedralenergyservices.com](http://www.cathedralenergyservices.com)

## **Forward Looking Information and Risk Factors**

This news release contains statements and information that may constitute "forward-looking information" within the meaning of applicable securities legislation, including statements identified by the use of words such as "will", "expects", "positions", "believe", "potential" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts.

Such forward-looking information is not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information concerning the estimated filing date of the Annual Filings, the Company's application for an MCTO, statements regarding Cathedral's business plans and strategies for growth, and estimates regarding Cathedral's business performance in Q4, 2022.

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements. Some of these risks include, but are not limited to, the risk that the Annual Filings are filed later than anticipated, the risk that the Company's application for an MCTO is not completed shortly or is not successful for any reason, in which case there is a

risk that trading in the Company's securities may be halted by the Toronto Stock Exchange and/or cease trading temporarily by the Canadian securities commissions after the Filing Deadline until such time as the Annual Filings are filed on SEDAR.

Actual results could also differ materially due to a number of factors and risks including, but not limited to: the ability of management to execute and fund its business strategy, the impact of general economic conditions in Canada and the United States, oil and natural gas commodity prices and production levels, the ongoing impact of the global health crisis and COVID-19, capital expenditure programs and other expenditures by Cathedral and its customers, the ability of Cathedral to retain and hire qualified personnel, the ability of Cathedral to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities, the ability of Cathedral to maintain good working relationships with key suppliers, the ability of Cathedral to retain customers, market its services successfully to existing and new customers and reliance on major customers, risks associated with technology development and intellectual property rights, obsolescence of Cathedral's equipment and/or technology, the ability of Cathedral to maintain safety performance, the ability of Cathedral to obtain adequate and timely financing on acceptable terms, the ability of Cathedral to comply with the terms and conditions of its credit facility, the ability to obtain sufficient insurance coverage to mitigate operational risks, currency exchange and interest rates, risks associated with future foreign operations, the ability of Cathedral to integrate its transactions and the benefits of any acquisitions, dispositions and business development efforts, environmental risks, business risks resulting from weather, disasters and related to information technology, changes under governmental regulatory regimes and tax, environmental, climate and other laws in Canada and the U.S.; and competitive risks.

Except as updated by this news release, references herein to Cathedral's January 13, 2023 news release remain subject to all of the assumptions and risk factors regarding forward-looking statements and financial outlook information ("FOFI") set forth in Cathedral's January 13, 2023 news release, which is available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

Additional information regarding risks and uncertainties of the Company's business are contained under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2021 and the Company's other public filings which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company's

has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information contained in this news release, the Company has made certain assumptions. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information contained in this news release are made as of the date of this news release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

This press release also contains financial outlook information ("FOFI") about prospective results of operations for Q4, 2022, including anticipated consolidated revenues for Q4, 2022, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. Readers are cautioned that revenue figures are a component of results of operations, do not include expenditure or cost numbers, and therefore are not a substitute for net income. The Corporation expects to release full audited financial information for the year ended December 31, 2022 by April 14, 2023. FOFI contained in this press release was made as of the date of this press release to provide information about management's expectations regarding Cathedral's current operations and readers are cautioned that such information may not appropriate for any other purpose. Cathedral disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, except as required by applicable law.

## **NON-GAAP MEASURES**

Cathedral uses certain performance measures in this document that are not defined under International Financial Reporting Standards (IFRS). Management believes that these measures provide supplemental financial information that is useful in the evaluation of Cathedral's operations and are commonly used by other oilfield services companies. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of Cathedral's performance. Cathedral's method of calculating these measures may differ from that of other organizations, and accordingly, may not be comparable.

"Adjusted EBITDAS" is a non-GAAP measure calculated as earnings before finance costs, unrealized foreign exchange on intercompany balances, taxes, depreciation, non-recurring costs (including acquisition and restructuring costs and non-cash provision for bad debts), write-down of equipment, write-down of inventory and share-based compensation; and is considered an indicator of the Company's ability to generate funds flow from operations prior to consideration of how activities are financed, how the results are taxed and non-cash expenses. Further information regarding how Cathedral calculates and uses Adjusted EBITDAS is contained in Cathedral's Q3, 2022 Management Discussion & Analysis under the heading "Non-GAAP Measurements" and is available on SEDAR under Cathedral's profile at [www.sedar.com](http://www.sedar.com).

SOURCE Cathedral Energy Services Ltd.

For further information: Tom Connors, President & Chief Executive Officer; P. Scott MacFarlane, Interim Chief Financial Officer; Cathedral Energy Services Ltd., 6030 3 Street S.E., Calgary, Alberta T2H 1K2; Telephone: 403.265.2560, Fax: 403.262.4682; [www.cathedralenergyservices.com](http://www.cathedralenergyservices.com)