



Q1 2025 MANAGEMENT'S DISCUSSION & ANALYSIS CALFRAC WELL SERVICES



Three Months Ended March 31, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of May 14, 2025 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The focus of this MD&A is a comparison of the financial performance for the three months ended March 31, 2025 and 2024. It should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2025, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2024.

Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used are included on page 13.

CALFRAC'S BUSINESS FROM CONTINUING OPERATIONS

Calfrac is an independent provider of specialized oilfield services, including hydraulic fracturing and coiled tubing in North America, as well as hydraulic fracturing, coiled tubing, cementing and other well stimulation services in Argentina.

The Company's operating segments during the three months ended March 31, 2025, were as follows:

Segment	Active (000's hhp)	Idle (000's hhp)	Total (000's hhp)	Crewed Fleets (#)
North America	898	116	1,014	12
Argentina	153	—	153	5
Total	1,051	116	1,167	17

- The Company's North America segment provides fracturing services to oil and natural gas companies operating in the Williston Basin located in North Dakota as well as the broader Rockies region, which includes the Piceance Basin in Colorado, the Uinta Basin in Utah and the Powder River Basin in Wyoming. Calfrac also provides fracturing services in the United States to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West Virginia. The Company provides fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in the Western Canadian Sedimentary Basin, primarily in Alberta, northeast British Columbia and southeast Saskatchewan. At March 31, 2025, Calfrac's North America segment had 12 fracturing fleets utilizing combined active and total horsepower of approximately 0.9 million and 1.0 million, respectively. The Company also had six active coiled tubing fleets operating in North America.
- The Argentinean segment provides fracturing, coiled tubing, cementing services and other well stimulation services to oil and natural gas companies operating in the Neuquén and Comodoro Rivadavia regions. The Company closed its Las Heras base during the first quarter due to the expiry of a long-term contract with a major customer in that region. The Company operated the equivalent of five fracturing spreads varying in size utilizing approximately 153,000 active and total horsepower, nine active cementing units and six active coiled tubing units in its Argentinean segment at March 31, 2025.
- At March 31, 2025, Calfrac's continuing operations had 17 crewed fracturing fleets utilizing combined active horsepower of approximately 1.1 million. The Company had 74 Tier IV pumps, giving it the ability to operate the equivalent of five Tier IV dynamic gas blending ("DGB") fleets in North America at the end of the first quarter. The Company also had 0.1 million idle horsepower at the end of the first quarter.

HIGHLIGHTS – CONTINUING OPERATIONS

Three Months Ended March 31,	2025	2024	Change
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	370,057	330,096	12
Adjusted EBITDA ⁽¹⁾	55,317	26,057	112
Cash flows provided by operating activities	(7,050)	11,958	NM
Capital expenditures	42,132	48,072	(12)
Net income (loss)	7,796	(2,903)	NM
Per share – basic	0.09	(0.03)	NM
Per share – diluted	0.09	(0.03)	NM
As at	March 31	December 31	Change
	2025	2024	
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Cash and cash equivalents	15,463	44,045	(65)
Working capital, end of period ⁽²⁾	266,087	229,856	16
Total assets, end of period	1,254,979	1,234,840	2
Long-term debt, end of period	341,095	320,908	6
Net debt ⁽¹⁾⁽³⁾	348,674	300,347	16
Total equity, end of period	660,262	653,330	1

⁽¹⁾ Refer to “Non-GAAP Measures” on page 13 for further information.

⁽²⁾ Working capital excludes cash and cash equivalents and the current portion of long-term debt of \$341.1 million.

⁽³⁾ Refer to note 10 of the consolidated interim financial statements for further information.

FIRST QUARTER 2025 OVERVIEW

In the first quarter of 2025, the Company:

- generated revenue of \$370.1 million, an increase of 12 percent from the first quarter in 2024 resulting primarily from higher pricing and activity in Argentina, offset partially by lower pricing in North America;
- reported Adjusted EBITDA of \$55.3 million versus \$26.1 million in the first quarter of 2024 due to record quarterly financial results in Argentina with the commencement of a second large fracturing fleet in the Vaca Muerta shale play during a portion of the first quarter;
- had cash flow from operating activities of negative \$7.1 million, which included \$12.7 million of interest paid and cash used for working capital purposes of \$35.0 million, as compared to \$12.0 million in the first quarter of 2024, which was net of \$9.7 million of interest paid and cash used for working capital purposes of \$1.6 million;
- reported net income from continuing operations of \$7.8 million or \$0.09 per share diluted compared to a net loss of \$2.9 million or \$0.03 per share diluted during the first quarter in 2024;
- had a cash position of \$15.5 million of which approximately 70 percent was held in Argentina. The Argentina cash balance includes an investment of US\$6.1 million in Argentinean government bonds (BOPREAL Bonds) that will be repatriated to Canada before the end of the third quarter in 2025;
- reported an increase in period-end working capital to \$266.1 million from \$229.9 million at December 31, 2024, primarily due to an increase in revenue in the first quarter of 2025 with a greater proportion generated from Argentina, which has longer lead times to collection than North America; and

- incurred capital expenditures of \$42.1 million, which included approximately \$22.3 million of expansion capital in Argentina and \$9.3 million related to the Company's fracturing fleet modernization program in North America, including auxiliary support equipment.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS

THREE MONTHS ENDED MARCH 31, 2025 VERSUS 2024

NORTH AMERICA

Three Months Ended March 31,	2025	2024	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	227,902	248,959	(8)
Adjusted EBITDA ⁽¹⁾	6,131	14,872	(59)
Adjusted EBITDA (%) ⁽¹⁾	2.7	6.0	(55)
Fracturing revenue per job (\$)	25,060	33,518	(25)
Number of fracturing jobs	8,709	7,176	21
Active pumping horsepower, end of period (000s)	898	951	(6)
Idle pumping horsepower, end of period (000s)	116	156	(26)
Total pumping horsepower, end of period (000s)	1,014	1,107	(8)
Active coiled tubing units, end of period (#)	6	6	—
Idle coiled tubing units, end of period (#)	—	1	(100)
Total coiled tubing units, end of period (#)	6	7	(14)
US\$/C\$ average exchange rate ⁽²⁾	1.4352	1.3486	6

⁽¹⁾ Refer to "Non-GAAP Measures" on page 13 for further information.

⁽²⁾ Source: Bank of Canada.

REVENUE

Revenue from Calfrac's North American operations decreased to \$227.9 million during the first quarter of 2025 from \$249.0 million in the comparable quarter of 2024. The Company's North American activity was impacted by extreme cold weather and was significantly lower than the comparable quarter in 2024 despite the 21 percent increase in the number of jobs completed. The Company's client mix was different than the comparable period in 2024 with the completion of a larger quantity of smaller jobs, which also impacted the fracturing revenue per job. The Company reduced its operating footprint to 11 active fracturing fleets to begin the first quarter to address the seasonal challenges experienced in the Rockies region. The Company recommenced operations in the Appalachian basin in January with an additional fracturing crew, which helped offset the lower revenue experienced in the Rockies. Pricing in North America was lower relative to the comparable quarter in 2024, which contributed to the 8 percent reduction in revenue. Coiled tubing revenue was consistent with the first quarter in 2024 as slightly lower activity was offset by the completion of larger jobs.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of \$6.1 million or 3 percent of revenue during the first quarter of 2025 compared to \$14.9 million or 6 percent of revenue in the same period in 2024. This decrease was primarily due to the decline in fracturing fleet utilization and lower pricing.

ARGENTINA

Three Months Ended March 31,	2025	2024	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	142,155	81,137	75
Adjusted EBITDA ⁽¹⁾	53,265	16,100	231
Adjusted EBITDA (%) ⁽¹⁾	37.5	19.8	89
Fracturing revenue per job (\$)	124,874	74,354	68
Number of fracturing jobs	741	672	10
Active pumping horsepower, end of period (000s)	153	139	10
Idle pumping horsepower, end of period (000s)	—	—	—
Total pumping horsepower, end of period (000s)	153	139	10
Active coiled tubing units, end of period (#)	6	5	20
Idle coiled tubing units, end of period (#)	—	—	—
Total coiled tubing units, end of period (#)	6	5	20
Active cementing units, end of period (#)	9	10	(10)
Idle cementing units, end of period (#)	—	1	(100)
Total cementing units, end of period (#)	9	11	(18)
US\$/C\$ average exchange rate ⁽²⁾	1.4352	1.3486	6

⁽¹⁾ Refer to “Non-GAAP Measures” on page 13 for further information.

⁽²⁾ Source: Bank of Canada.

REVENUE

Calfrac’s Argentinean operations generated revenue of \$142.2 million during the first quarter of 2025 versus \$81.1 million in the comparable quarter in 2024. The 75 percent increase in revenue was driven by improved pricing for spot work and an increase in the number of fracturing jobs completed during the quarter. The Company operated two unconventional fracturing fleets in the Vaca Muerta shale play for a portion of the first quarter. The Company also demonstrated growth in activity across its other service lines as the Company permanently transferred equipment from Las Heras to Neuquén following the completion of a long-term contract. The Company’s offshore coiled tubing unit also contributed to the increase in revenue versus the comparable quarter in 2024.

ADJUSTED EBITDA

The Company’s operations in Argentina generated Adjusted EBITDA of \$53.3 million during the first quarter of 2025 compared to \$16.1 million in the same quarter of 2024, while the Company’s Adjusted EBITDA margins increased to 37 percent from 20 percent. This increase was primarily due to the significant revenue growth and efficiencies resulting from operating two unconventional fracturing fleets simultaneously during parts of the quarter and higher pricing for spot work. In addition, the Company received an early termination fee related to the closure of its operations in Las Heras following the completion of a long-term contract with a major client in that region. This revenue offset costs that were incurred in 2024 to permanently close this district.

CORPORATE

Three Months Ended March 31,	2025	2024	Change
(C\$000s)	(\$)	(\$)	(%)
(unaudited)			
Adjusted EBITDA ⁽¹⁾	(4,079)	(4,915)	(17)
% of revenue from continuing operations	(1.1)	(1.5)	(27)

⁽¹⁾ Refer to "Non-GAAP Measures" on page 13 for further information.

ADJUSTED EBITDA

Corporate expenses during the first quarter of 2025 were \$4.1 million or \$0.8 million lower than the first quarter of 2024 primarily due to a decrease in performance-based compensation.

DEPRECIATION

For the three months ended March 31, 2025, depreciation expense from continuing operations of \$31.9 million was \$3.9 million higher than the corresponding quarter in 2024. The increase was due to the higher asset base resulting from the Company's fleet modernization program.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange loss from continuing operations of \$1.7 million during the first quarter of 2025 versus a gain of \$1.0 million in the comparative three-month period of 2024. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in pesos in Argentina and net monetary assets or liabilities that were held in U.S. dollars in Canada. The foreign exchange loss during the first quarter was mainly due to net monetary assets that were held in pesos in Argentina as the peso also devalued against the U.S. dollar during this period, offset partially by the revaluation of net monetary assets that were held in U.S. dollars in Canada as the Canadian dollar weakened relative to the U.S. dollar.

INTEREST

The Company recorded net interest expense from continuing operations of \$7.9 million for the first quarter of 2025 compared to \$6.0 million in the comparable period in 2024. The increase in reported interest expense was primarily due to lower interest income. The Company's interest expense during the first quarter of 2025 included \$0.3 million of interest income generated primarily in Argentina compared to \$2.3 million in the comparable quarter in 2024.

INCOME TAXES

The Company had a current income tax expense from continuing operations of \$14.2 million during the first quarter of 2025, which related to net income generated in Argentina. The Company also recorded a deferred tax recovery of \$8.0 million in the United States due to the net loss incurred during the quarter.

LIQUIDITY AND CAPITAL RESOURCES – CONTINUING OPERATIONS

	Three Months Ended Mar. 31,	
	2025	2024
(C\$000s)	(\$)	(\$)
(unaudited)		
Cash provided by (used in):		
Operating activities	(7,050)	11,958
Investing activities	(36,739)	(43,992)
Financing activities	16,827	57,160
Effect of exchange rate changes on cash and cash equivalents	3,407	(1,525)
Increase (decrease) in cash and cash equivalents ⁽¹⁾	(23,555)	23,601

⁽¹⁾ All amounts in the table above exclude the results from the Company's Russia operations.

OPERATING ACTIVITIES

The Company's cash used in operating activities for the three months ended March 31, 2025 was \$7.1 million versus cash provided of \$12.0 million in 2024. The decrease was primarily due to the Company using \$35.0 million to fund the Company's working capital during the period versus \$1.6 million in the comparable period in 2024, offset partially by improved operating results in Argentina. The greater use of funds for working capital was due to the increase in revenue during the first quarter of 2025 with a greater proportion generated from Argentina, which has longer lead times to collection than North America.

INVESTING ACTIVITIES

Calfrac's net cash used in investing activities was \$36.7 million during the three months ended March 31, 2025, which included approximately \$22.3 million of expansion capital in Argentina and \$9.3 million related to the Company's fracturing fleet modernization program in North America, including auxiliary support equipment. Capital expenditures from continuing operations were \$42.1 million for the three months ended March 31, 2025 versus \$48.1 million in the comparable period in 2024.

Calfrac's Board of Directors approved a 2025 capital budget totalling approximately \$135.0 million. The program includes approximately \$50.0 million to facilitate the expansion of the Company's fracturing operations in the Vaca Muerta shale play in Argentina that will be funded locally from cash flow. The 2025 Argentina capital program includes additional fracturing pumping units, an expansion of the Company's deep coiled tubing capabilities and the introduction of in-house wireline services. The balance of the 2025 program will fund maintenance capital for all operating divisions as well as additional investments in the North American Tier IV fleet modernization program and coiled tubing fleet. Due to a delay in spending related to the Company's 2024 capital program, approximately \$30.0 million of 2024 capital commitments will be funded in 2025, mainly related to the expansion in Argentina, of which approximately \$20.0 million occurred during the first quarter.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended March 31, 2025 was \$16.8 million compared to \$57.2 million in the comparable period in 2024. During the quarter, the Company borrowed \$20.0 million on its credit facility, received \$0.1 million from the issuance of common shares upon exercise of stock options, and paid lease principal payments of \$3.2 million.

As at March 31, 2025, the Company had credit facilities with a syndicate of lenders comprised of a \$215.0 million syndicated facility and a \$35.0 million operating facility. The maturity date of the Credit Facilities is the earlier of: (a) July 1, 2026; or (b) two months prior to the maturity of the Second Lien Notes on March 15, 2026 (see Note 4 of the interim consolidated financial statements).

On March 11, 2025, an amendment to the revolving credit facility was executed with the Company's lending syndicate to change the springing maturity date from six months' to two months' prior to the maturity of the Second Lien Notes. This amendment provided the Company with additional flexibility to refinance or repay its Second Lien Notes by extending the springing maturity of the revolving credit facility balances from September 15, 2025 to January 15, 2026.

The Company was in full compliance with the financial covenants related to its revolving credit facilities as at March 31, 2025. See below for further details on the covenants in respect of the Company's long-term debt.

During the first quarter of 2025, the Company reclassified its Second Lien Notes from long-term debt to current liabilities to reflect the maturity date of March 15, 2026. In addition, the Company's draw on its revolving credit facilities was reclassified from long-term debt to current liabilities, in accordance with the two-month springing maturity provision under the revolving credit facility agreement. See note 8 of the interim consolidated financial statements for further details.

The Company is currently evaluating various financing options to address the maturity of its Second Lien Notes. Although the Company is still exploring options on the optimal path forward for refinancing as of the approval date of this MD&A, management believes that it will refinance and/or repay its Second Lien Notes prior to the springing maturity date of the revolving credit facility.

The failure of the Company to refinance or repay its Second Lien Notes, prior to January 15, 2026, would have a material adverse impact on the Company's business, financial condition, results from operations and cash flows.

The Second Lien Notes indenture restricts the ability to incur additional indebtedness, although there are a number of exceptions to this prohibition, including the incurrence of additional debt under the credit facilities up to the greater of \$375.0 million or 30 percent of the Company's consolidated tangible assets plus a general basket equal to the greater of 4 percent of the consolidated tangible assets and US\$60.0 million.

On June 25, 2024, the Company amended and restated its revolving credit facility agreement, a copy of which is available on SEDAR+, in anticipation of the benchmark rate reforms that occurred on June 28, 2024. The Canadian Dollar Offered Rate (CDOR) ceased publication on June 28, 2024 and was replaced by the Canadian Overnight Repo Rate Average (CORRA). In addition, the amendments included a change to the Company's Adjusted EBITDA definition for financial covenant calculation purposes ("Bank EBITDA"). The revised definition of Bank EBITDA restricts Adjusted EBITDA derived from the Company's Argentina operations to a maximum of 25 percent of total Adjusted EBITDA from continuing operations. The amendments also included the additional requirement that the Company maintain a minimum of \$750.0 million of net tangible assets in North America or, as previously applied, have 75 percent of its net tangible assets from continuing operations located in North America.

The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 1.25 percent to prime plus 3.00 percent. For SOFR-based loans and CORRA-based loans, the margin thereon ranges from 2.25 percent to 4.00 percent above the respective base rates.

At March 31, 2025, the Company had used \$2.9 million of its credit facilities for letters of credit and had \$170.0 million of borrowings under its credit facilities, leaving \$77.1 million in available liquidity.

The Company is subject to certain financial covenants relating to leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities at March 31, 2025.

As at March 31,	Covenant	Actual
	2025	2025
Interest coverage ratio not to fall below ⁽¹⁾	2.75x	3.46x
Funded Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	3.00x	1.48x
Total Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	4.00x	2.99x

⁽¹⁾ Interest Coverage is defined as the ratio of Bank EBITDA for the trailing twelve months to net interest expense as reported under IFRS.

⁽²⁾ Funded Debt is defined as Total Debt excluding all outstanding Second Lien Notes and lease obligations. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Funded Debt to Bank EBITDA ratio and the Total Debt to Bank EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of the Company's cash held on hand with the lenders and certain accounts of its U.S. operating subsidiary.

⁽³⁾ Bank EBITDA is defined in non-GAAP measures section on page 13.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the three months ended March 31, 2025 was a gain of \$3.4 million versus a loss of \$1.5 million in the comparable period in 2024. The gain was due to the impact of foreign exchange rate movements on cash, working capital and monetary liabilities held by the Company in U.S. dollars and Argentinean pesos during the quarter.

With its working capital position, available credit facilities, access to debt and equity markets, and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures.

At March 31, 2025, the Company had a cash position of \$15.5 million from continuing operations, of which approximately 70 percent was held in Argentina. The Company faces certain restrictions on the amount and timing of cash that can be repatriated out of Argentina. These rules continue to moderate and have allowed for the repayment of new intercompany liabilities on an accelerated timeline. As the Argentinean economy and operations continue to improve, the Company will look to repatriate excess funds generated in Argentina, to the extent allowed, in order to reduce its debt position. The Argentina cash balance was primarily comprised of an investment in Argentinean government bonds (BOPREAL Bonds) that were recorded as a short-term investment due to the high degree of liquidity of the bonds. These bonds allow for the repatriation of this amount in cash to Canada which began in July 2024 over a 12-month period of which the first nine payments have been received. The Company's cash balance excludes all cash held in Russia (see note 3 of the interim consolidated financial statements). The Company is not expecting to repatriate any material cash amounts from Russia other than through any proceeds received through a sale of its Russian business.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Certain employees have been granted options to purchase common shares and performance share units under the Company's shareholder-approved omnibus incentive plan. The number of shares reserved for issuance under the plan is equal to 10 percent of the Company's issued and outstanding common shares. As at May 14, 2025, the Company had issued and outstanding 85,889,459 common shares, 798,672 performance share units, 1,863,569 performance stock options, and 2,731,659 stock options.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Jun. 30,	Sep. 30,	Dec. 31,	Mar. 31,	Jun. 30,	Sep. 30,	Dec. 31,	Mar. 31,
	2023	2023	2023	2024	2024	2024	2024	2025
<i>(C\$000s, except per share and operating data)</i>	<i>(\$)</i>							
<i>(unaudited)</i>								
Financial								
Revenue	466,463	483,093	421,402	330,096	426,047	430,109	381,230	370,057
Adjusted EBITDA ⁽¹⁾	87,785	91,286	62,591	26,057	65,386	65,039	34,512	55,317
Net income (loss)	50,531	97,523	13,202	(2,903)	24,549	(6,687)	(6,424)	7,796
Per share – basic	0.62	1.20	0.16	(0.03)	0.29	(0.08)	(0.07)	0.09
Per share – diluted	0.58	1.09	0.15	(0.03)	0.29	(0.08)	(0.07)	0.09
Capital expenditures	30,718	50,825	49,397	48,072	66,753	22,509	32,955	42,132
Working capital (end of period) ⁽²⁾	280,728	260,372	202,252	215,474	260,234	289,456	229,856	266,087
Total equity (end of period)	502,928	596,141	615,903	623,743	653,498	643,776	653,330	660,262
Operating (end of period)								
Active pumping horsepower (000s)	1,159	1,174	1,173	1,090	1,103	1,148	1,155	1,051
Idle pumping horsepower (000s)	79	70	72	156	156	111	—	116
Total pumping horsepower (000s)	1,238	1,244	1,245	1,246	1,259	1,259	1,155	1,167
Active coiled tubing units (#)	11	11	11	11	11	12	12	12
Idle coiled tubing units (#)	2	2	1	1	1	1	—	—
Total coiled tubing units (#)	13	13	12	12	12	13	12	12
Active cementing units (#)	10	10	10	10	10	10	10	9
Idle cementing units (#)	1	1	1	1	1	1	1	—
Total cementing units (#)	11	11	11	11	11	11	11	9

⁽¹⁾ Refer to “Non-GAAP Measures” on page 13 for further information.

⁽²⁾ Working capital excludes cash and cash equivalents and the current portion of long-term debt.

VOLATILITY OF INDUSTRY CONDITIONS

The demand, pricing and terms for the Company's services largely depend upon the level of expenditures made by oil and gas companies on exploration, development and production activities in North America and Argentina. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas. Generally, when commodity prices and demand are predicted to be, or are relatively, high, demand for the Company's services is high. The converse is also true (refer to “Business Risks” below).

SEASONALITY OF OPERATIONS

The Company's North American business is seasonal. Historically, the lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to “spring break-up” weather conditions and access to well sites may be reduced in Canada and the broader Rockies region in the United States where the Company operates (refer to “Business Risks” below). Activity in the fourth quarter is typically impacted by customer budget exhaustion and seasonal holidays in North America. Over the last few years, a trend has been developing in North Dakota and the broader Rockies region in the United States for customers to delay the ramp-up of their completion programs in the early part of the year due to increased costs and challenges operating in extreme cold weather that can prevail in the region in January and February. This trend, coupled with wellsite access enhancements, longer pad completions and the focus of core customers in Canada, has caused a shifting of activity levels for the Company from Q1 into Q2, and appears to be normalizing the impacts of spring-up break-up that had previously been significant.

FOREIGN EXCHANGE FLUCTUATIONS

The Company's financial statements are reported in Canadian dollars. Accordingly, the quarterly results from Calfrac's continuing operations are directly affected by fluctuations in the United States and Argentinean foreign currency exchange rates (refer to “Business Risks” below).

OUTLOOK

NORTH AMERICA

The uncertainty caused by geopolitical tensions, OPEC+ supply increases, and changes to the United States trade and tariff regimes, have affected the economic outlook for the global economy and triggered a recent decline in near-term crude oil prices. While activity in North America has not been significantly impacted as yet, oil-weighted completion activity is expected to be lower year-over-year, but more resilient than past cycles as a focus on capital discipline by the E&P sector has resulted in activity that only supports the maintenance of current production levels. However, completions activity within the Company's natural gas producing regions in North America is anticipated to be slightly higher than the previous year given the relative strength in natural gas prices.

The Company has been evaluating the implication of tariffs across its North American operations over the last few months and has commenced with mitigation efforts, wherever possible, including seeking applicable tariff exemptions for critical items that are sourced from the United States.

Calfrac's previously announced Tier IV modernization program is nearing completion. These strategic investments in next-generation Dynamic Gas Blending ("DGB") pumping technology have resulted in the Company exiting the quarter with the equivalent of five Tier IV DGB fleets operating in the field. Calfrac's dual-fuel capable fracturing fleets in North America are expected to remain in high demand during the second quarter, despite the current headwinds, and fleet utilization is expected to increase sequentially from the first quarter as certain clients in the Rockies region commence with their 2025 programs.

ARGENTINA

Argentina continued to demonstrate year-over-year operational and financial improvement by achieving record quarterly financial performance during the first quarter of 2025. Calfrac expects its full-year financial results in Argentina will be very strong, building on the significant momentum generated during the first quarter. The Company benefited from spot work for its second large fracturing fleet in the Vaca Muerta shale play during the first quarter at operating margins that are not expected to be maintained during the remainder of the year. The Company's 2025 capital program also contemplates the addition of in-house wireline capabilities in Argentina during the fourth quarter which will further bolster its service offering in Neuquén. Recent Argentina government announcements related to the cash repatriation regime in that country reaffirm the Company's expectations of a greater ability to repatriate excess cash flow following the completion of its significant 2025 capital program.

CORPORATE

Calfrac remains committed to its strategic priorities of maximizing net income and deploying excess free cash flows to reduce its long-term debt. The Company is currently evaluating various financing options to address its long-term debt and believes that it will successfully address these debt obligations prior to their maturities in 2026. Management also continues to maintain a stringent focus on cost management and prudent capital allocation throughout the current cycle to maximize long-term returns for its shareholders.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the first quarter of 2022, management committed to a plan to sell its Russian division. The associated assets and liabilities were consequently presented as held for sale in these financial statements in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

In addition to monitoring and addressing, as applicable, the evolving laws and sanctions from the governments of Canada, the U.S., and other western nations, the Company's efforts to divest of its Russian operations have been impacted by domestic laws and sanctions of the Russian Federation, including without limitation, that any sale or any other transfer or alienation of its Russian subsidiary must be approved by the President of the Russian Federation pursuant to applicable decrees and rules setting out the requirements for exits of foreign investors from Russia (which are updated on a periodic basis). Within this dynamic context, the Company remains committed to the sale of its Russian subsidiary and is seeking to complete this transaction as soon as possible while complying with all applicable laws and sanctions.

In conjunction with the ongoing sale process and in light of the Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry and the foreign investor exit rules of the Russian Federation, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at March 31, 2025 (see note 3 of the interim consolidated financial statements). Management will continue to revisit the fair value of the net assets at each reporting period and upon the close of the transaction.

It is management's judgement, that based on the facts and circumstances, the Company continues to control and therefore consolidate the Russian subsidiary.

	Three Months Ended Mar. 31,		
	2025	2024	Change
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	30,984	36,799	(16)
Adjusted EBITDA	2,651	4,706	(44)
Adjusted EBITDA (%)	8.6	12.8	(33)

For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three months ended March 31, 2025 and the Company's Annual Information Form for the year ended December 31, 2024 under the heading "Discontinued Operations" which are available on the Company's SEDAR+ profile at www.sedarplus.ca.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A, including Adjusted EBITDA, Adjusted EBITDA percentage and Net Debt 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 as net income or loss for the period less interest, 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 gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA is used by management to evaluate the performance of the Company and is also used as a basis for monitoring the Company's compliance with covenants under the revolving credit facility. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended March 31,	
	2025	2024
(C\$000s)	(\$)	(\$)
Net income (loss) from continuing operations	7,796	(2,903)
Add back (deduct):		
Depreciation	31,922	27,995
Foreign exchange losses (gains)	1,693	(1,049)
Loss (gain) on disposal of property, plant and equipment	124	(6,241)
Restructuring charges	516	—
Stock-based compensation	(925)	2,185
Interest, net	7,944	6,032
Income taxes	6,247	38
Adjusted EBITDA from continuing operations	55,317	26,057
Less: IFRS 16 lease payments	(3,679)	(3,235)
Less: Argentina EBITDA threshold adjustment ⁽¹⁾	(45,397)	(5,428)
Bank EBITDA for covenant purposes	6,241	17,394

⁽¹⁾ Refer to note 4 of the Company's interim consolidated financial statements for the three months ended March 31, 2025.

Adjusted EBITDA percentage is a non-GAAP financial ratio that is determined by dividing Adjusted EBITDA by revenue for the corresponding period.

Net Debt is defined as long-term debt less unamortized debt issuance costs plus lease obligations, less cash and cash equivalents from continuing operations. The calculation of net debt is disclosed in note 10 to the Company's interim consolidated financial statements for the corresponding period.

OTHER NON-STANDARD FINANCIAL TERMS

MAINTENANCE AND EXPANSION CAPITAL

Maintenance capital refers to expenditures in respect of capital additions, replacements or improvements required to maintain ongoing business operations. Expansion capital refers to expenditures primarily for new items, upgrades and/or equipment that will expand the Company's revenue and/or reduce its expenditures through operating efficiencies. The determination of what constitutes maintenance capital expenditures versus expansion capital involves judgement by management.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and property, plant and equipment as disclosed in the Company's 2024 annual consolidated financial statements.

RELATED-PARTY TRANSACTIONS

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the three months ended March 31, 2025 was \$0.2 million (three months ended March 31, 2024 – \$0.2 million), as measured at the exchange amount, which is based on market rates at the time these lease arrangements were made.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's interim consolidated financial statements for the three months ended March 31, 2025, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's material accounting policies are described in note 2 to the Company's 2024 annual consolidated financial statements.

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is gained or the environment in which the Company operates changes. The accounting policies and practices requiring estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts receivable, depreciation, the fair value of financial instruments, impairment of property, plant and equipment, income taxes, stock-based compensation expenses, functional currency and cash-generating units.

Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

LOSS ALLOWANCE PROVISION

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the new impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument. Calfrac's management believes that the loss allowance provision for accounts receivable, which was \$1.3 million at March 31, 2025, is adequate.

DEPRECIATION

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

FINANCIAL INSTRUMENTS

Financial instruments included in the Company's consolidated balance sheets are cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, long-term debt and lease obligations.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the Second Lien Notes, as measured based on the quoted market price at March 31, 2025 was \$172.6 million, which approximated their face value

(December 31, 2024 – \$171.6 million). The carrying value of the revolving term loan facility approximates its fair value as the interest rate is not significantly different from current interest rates for similar loans.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset is recognized at the date of derecognition.

Assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities directly associated with assets classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

During the first quarter of 2022, management committed to a plan to sell its Russian division. The associated assets and liabilities were consequently presented as held for sale in the Company's financial statements, effective March 31, 2022, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

In conjunction with the ongoing sale process and in light of the Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at March 31, 2025. Management will continue to revisit the fair value of the net assets at each reporting period and upon the close of the transaction.

It is management's judgement, that based on the facts and circumstances, the Company continues to control and therefore consolidate the Russian subsidiary.

	Three Months Ended Mar. 31,	
	2025	2024
(C\$000s)	(\$)	(\$)
Impairment of property, plant and equipment	1,461	693
Impairment of inventory	3,330	2,414
Impairment of other assets	340	235
	5,131	3,342

IMPAIRMENT

Assessment of impairment is based on management's judgment of whether there are internal and external factors that would indicate that an asset or CGU is impaired.

As described in note 5 to the 2024 annual consolidated financial statements, the Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. As well, the Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset or CGU may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that CGU to determine if the reversal of impairment loss is supported.

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. The realizability of deferred income tax assets is an estimate and requires judgments to be made by management. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many factors as well as the Company's interpretation of relevant tax legislation and regulations.

STOCK-BASED COMPENSATION

The fair value of stock options and performance share units are estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

The fair value of the deferred share units is recognized based on the market value of the Company's shares underlying such compensation program.

FUNCTIONAL CURRENCY

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard to the currency that influences and determines sales prices, labour, material and other costs as well as financing and receipts from operating activities.

CASH-GENERATING UNITS

The determination of CGUs is based on management's judgment regarding shared equipment, mobility of equipment, geographical proximity and materiality.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 are specifically incorporated by reference herein.

The Annual Information Form is available through the Internet on the Canadian System for Electronic Data Analysis and Retrieval (SEDAR+), which can be accessed at www.sedarplus.ca. 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 months ended March 31, 2025.

ADVISORIES

FORWARD-LOOKING STATEMENTS

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

similar words suggesting future outcomes, are forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, “forward-looking statements”).

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to the expectations regarding trends in, and prospects of, the global oil and gas industry; activity, demand, utilization and outlook for the Company’s continuing operations, including the potential impacts of, and mitigation strategies for, the trade tariffs implemented by the U.S. and Canada on the Company’s North American segment and the strong activity and profitability outlook for the Argentina segment; the Company’s debt, liquidity and financial position, including intentions for a long-term financing solution for the Company’s long-term debt, including the Second Lien Notes; the Company’s capital structure, restrictions under its lending documents and the Company’s ability to raise capital; the supply and demand fundamentals of the pressure pumping industry; input costs, margin and service pricing trends and strategies; operating and financing strategies, performance, priorities, metrics and estimates, such as the Company’s strategic priorities to reduce debt, to manage its cost structure and prudently deploy capital to maximize long-term returns to shareholders; the Company’s ability to repatriate cash from Argentina and the timing thereof; the Company’s Russian segment, including the planned sale of the Russian division, the ongoing risks, uncertainties and restrictions relating to its business and operations, the regulatory approvals to complete a sale transaction and the Company’s compliance with applicable laws and sanctions; future financial resources and performance; future costs or potential liabilities; the Company’s service quality; capital investment plan, including the progress of the Company’s fleet modernization plan in North America and planned wireline investments to bolster the Company’s service offering in Argentina; accounting policies, practices, standards and judgements of the Company; and treatment under government regulatory regimes; and the Company’s expectations and intentions 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, including the continued implementation of Argentina economic reforms and liberalization of its oil and gas industry as well as the current state of the trade war between Canada and the U.S. and its expected impact on the pressure pumping market in North America; the Company’s expectations for its customers’ capital budgets, demand for services and geographical areas of focus; the level of merger and acquisition activity among oil and gas producers and its impact on the demand for well completion services; the anticipated effects of artificial intelligence power requirements and the commissioning of liquefied natural gas terminals on supply and demand fundamentals for oil and natural gas; the ability of newly deployed Tier IV DGB pumping units to achieve manufacturer claims with respect to operational performance, diesel displacement and costs savings in the field; the effect of environmental, social and governance factors on customer and investor preferences and capital deployment; the status of the military conflict in the Ukraine and related Canadian, United States and international sanctions and restrictions involving Russia and counter-sanctions, restrictions, and political measures that may be undertaken in respect of 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 and the timing of deployment of the Company’s fleet upgrades; the continued effectiveness of cost reduction measures instituted by the Company; the Company’s existing contracts and the status of current negotiations with key customers and suppliers; 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; a shift in strategy by exploration and production companies prioritizing shareholders returns over production growth; excess equipment levels; impacts of conservation measures and technological advances on the demand for the Company’s services; an intensely competitive oilfield services industry; and hazards inherent in the industry; (B) geopolitical risks, including but not limited to, the impacts of the trade war between Canada and United States; foreign operations exposure, including risks relating to repatriation of cash from foreign jurisdictions, unsettled political conditions, war, foreign exchange rates and controls; and risks that the sale of the discontinued operations in Russia may not occur or may be delayed; (C) financial risks, including but not limited to, 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, including interest rate risk; fluctuations in currency exchange rates; price escalation and availability of raw materials, diesel fuel and component parts; actual results which are materially different from management estimates and assumptions; the Company’s access to capital and common share price given a significant number of common shares are controlled by two directors of the Company; possible dilution from outstanding stock-based compensation, additional equity or debt securities; and changes in tax rates or reassessment risk

by tax authorities; (D) 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; risks of delays and quality of equipment due to Company's reliance on equipment manufacturers, suppliers and fabricators; seasonal volatility; constrained demand for the Company's services due to merger and acquisition activity; a concentrated customer base; cybersecurity risks; difficulty retaining, replacing or adding personnel; failure to continuously improve equipment, proprietary fluid chemistries and other products and services; climate change; failure to maintain safety standards and records; improper access to confidential information; failure to effectively and timely address the energy transition; risks of various types of activism; and failure to realize anticipated benefits of acquisitions and dispositions; (E) legal and regulatory risks, including but not limited to, federal, provincial and state legislative and regulatory initiatives and laws; health, safety and environmental laws and regulations; the direct and indirect costs of various existing and proposed climate change regulations; and legal and administrative proceedings. Further information about these and other risks and uncertainties may be found under the heading "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A 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 MD&A 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.

ADDITIONAL INFORMATION

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at www.calfrac.com or under the Company's public filings found at www.sedarplus.ca.