2022

SECOND QUARTER

CALFRAC WELL SERVICES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 2022

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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 July 27, 2022 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three months ended June 30, 2022 and 2021. It should be read in conjunction with the unaudited consolidated financial statements for the three and six months ended June 30, 2022, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2021.

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 17.

CALFRAC'S BUSINESS FROM CONTINUING OPERATIONS

Calfrac is an independent provider of specialized oilfield services in the United States, Canada and Argentina, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services.

The Company's reportable business segments during the three months ended June 30, 2022, were as follows:

Segment	Active	Idle	Total	Crewed Fleets
	(000's hhp)	*(000's hhp)*	*(000's hhp)*	*(#)*
United States	568	301	869	9
Canada	227	43	270	4
Argentina	139	—	139	6
Total	934	344	1,278	19

- The Company's United States segment provides fracturing services to energy companies operating in the Bakken shale play located in North Dakota as well as the broader Rockies region, which includes the Uinta Basin in Utah and the Powder River Basin in Wyoming. Calfrac also provides fracturing services to natural gas-focused customers operating in the Marcellus and Utica shale plays in Pennsylvania, Ohio and West Virginia. At June 30, 2022, Calfrac's United States operations had combined active horsepower of approximately 568,000 and no active cementing or coiled tubing units. At the end of the second quarter, the United States segment had idled approximately 301,000 horsepower, one cementing unit and one coiled tubing unit.

- The Canadian segment is focused on the provision of fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and Manitoba. The Company's customer base in Canada ranges from large multinational public companies to small private companies. At June 30, 2022, Calfrac's Canadian operations had active horsepower of approximately 227,000 and eight active coiled tubing units. At the end of the second quarter, the Canadian segment had idled approximately 43,000 horsepower and four coiled tubing units.

- The Argentinean segment provides pressure pumping services from its operating bases in Argentina. The Company provides fracturing, cementing and coiled tubing services to oil and natural gas companies operating in the Neuquén, Las Heras, Comodoro and Añelo regions. The Company had approximately six fracturing spreads utilizing 139,000 active horsepower, 10 active cementing units and five active coiled tubing units in its Argentinean segment at June 30, 2022. The Company also had one idle cementing unit and one idle coiled tubing unit in Argentina.

- The Company has committed to a plan to sell its Russia division, resulting in the associated assets and liabilities being classified as held for sale and presented as discontinued operations inn the interim consolidated financial statements.

HIGHLIGHTS – CONTINUING OPERATIONS

	Three months ended Jun. 30,			Six months ended Jun. 30,		
	2022	2021	Change	**2022**	2021	Change
(C$000s, except per share amounts)	*($)*	*($)*	*(%)*	*($)*	*($)*	*(%)*
(unaudited)		*Revised*			*Revised*	
Revenue	**318,511**	173,769	83	**613,035**	387,723	58
Operating income[1]	**36,550**	756	NM	**57,579**	12,220	NM
Per share – basic	**0.95**	0.02	NM	**1.50**	0.33	NM
Per share – diluted	**0.43**	0.01	NM	**0.68**	0.15	NM
Adjusted EBITDA[1]	**39,252**	(1,080)	NM	**60,083**	9,741	NM
Per share – basic	**1.02**	(0.03)	NM	**1.57**	0.26	NM
Per share – diluted	**0.46**	(0.03)	NM	**0.71**	0.12	NM
Net loss	**(6,776)**	(35,516)	(81)	**(24,806)**	(58,545)	(58)
Per share – basic	**(0.18)**	(0.95)	(81)	**(0.65)**	(1.56)	(58)
Per share – diluted	**(0.18)**	(0.95)	(81)	**(0.65)**	(1.56)	(58)

As at	**June 30, 2022**	December 31, 2021	Change
(C$000s) *(unaudited)*	*($)*	*($)* *Revised*	*(%)*
Working capital, end of period	**144,456**	121,934	18
Total assets, end of period	**863,599**	822,368	5
Long-term debt, end of period	**402,683**	388,479	4
Total consolidated equity, end of period	**292,515**	328,840	(11)

(1) Refer to "Non-GAAP Measures" on page 17 for further information.
(2) During the first quarter of 2022, management committed to a plan to sell its Russian division, resulting in the associated assets and liabilities being classified as held for sale and presented as discontinued operations. Results from discontinued operations have not been included in the table above, unless otherwise noted.

SECOND QUARTER OVERVIEW

In the second quarter of 2022, the Company:

- generated revenue of $318.5 million, an increase of 83 percent from the second quarter in 2021, resulting primarily from improved activity in all of the Company's operating divisions and improved pricing in North America;
- reported adjusted EBITDA of $39.3 million versus negative $1.1 million in the comparable period in 2021, mainly as a result of improved performance in North America;
- repaid and cancelled its $25.0 million secured bridge loan from G2S2 Capital Inc., of which the Company had drawn $15.0 million prior to repayment;
- reduced its Funded Debt and Total Debt leverage to levels that will terminate the covenant relief period under its revolving credit facility agreement upon filing its second quarter compliance certificate, which is anticipated to occur before the end of July 2022;
- filed a short-form base shelf prospectus that allows Calfrac to issue up to $500.0 million of equity or debt securities over a 25-month period commencing May 19, 2022;
- reported a net loss of $6.8 million or $0.18 per share diluted compared to a net loss of $35.5 million or $0.95 per share diluted in the second quarter in 2021;
- reported period-end working capital of $144.5 million; and
- incurred capital expenditures of $15.2 million, focused on maintenance and sustaining activities to primarily support the Company's United States fracturing operations.

In the six months ended June 30, 2022, the Company:

- generated revenue of $613.0 million, an increase of 58 percent from the first six months in 2021, resulting from higher activity in all operating divisions, most notably in the United States;
- reported adjusted EBITDA of $60.1 million versus $9.7 million in the comparable period in 2021, mainly as a result of higher utilization of equipment in all operating divisions;
- reported a net loss of $24.8 million or $0.65 per share diluted, compared to a net loss of $58.5 million or $1.56 per share diluted in the first six months in 2021; and
- incurred capital expenditures of $27.4 million focused on maintenance and sustaining activities to primarily support the Company's United States fracturing operations.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS – THREE MONTHS ENDED JUNE 30, 2022 VERSUS 2021

CANADA

Three Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**71,089**	50,766	40
Expenses			
Operating	**65,068**	47,422	37
SG&A	**2,159**	(951)	NM
	67,227	46,471	45
Operating income[1]	**3,862**	4,295	(10)
Operating income (%)	**5.4**	8.5	(36)
Fracturing revenue per job ($)	**28,595**	28,191	1
Number of fracturing jobs	**2,118**	1,621	31
Active pumping horsepower, end of period (000s)	**227**	202	12
Idle pumping horsepower, end of period (000s)	**43**	70	(39)
Total pumping horsepower, end of period (000s)	**270**	272	(1)
Coiled tubing revenue per job ($)	**31,765**	18,231	74
Number of coiled tubing jobs	**326**	278	17
Active coiled tubing units, end of period (#)	**8**	7	14
Idle coiled tubing units, end of period (#)	**4**	6	(33)
Total coiled tubing units, end of period (#)	**12**	13	(8)

[1] *Refer to "Non-GAAP Measures" on page 17 for further information.*

REVENUE

Revenue from Calfrac's Canadian operations during the second quarter of 2022 was $71.1 million compared to $50.8 million in the same period of 2021 primarily due to higher pricing. The number of fracturing jobs increased by 31 percent from the comparable period in 2021 due to changes in job mix as the Company completed a larger number of smaller jobs during the second quarter in 2022. As expected, activity in April was slow due to spring break-up conditions but increased significantly as the quarter progressed. Revenue per fracturing job was one percent higher than the comparable quarter as pricing increases more than offset the impact of job mix during the quarter. The number of coiled tubing jobs increased by 17 percent versus the second quarter in 2021. The 74 percent increase in the coiled tubing revenue per job as compared to the same quarter in 2021 was due to a combination of higher pricing and the type of work completed during the quarter.

OPERATING INCOME

Operating income in Canada during the second quarter of 2022 was $3.9 million compared to $4.3 million in the same period of 2021. The Canadian division's operating income as a percentage of revenue was five percent compared to eight percent in the second quarter of 2021. The Company recorded a $3.0 million expense accrual during the quarter to reflect the potential outcome of ongoing litigation associated with product purchase commitments made in a prior year. In addition, the Company did not receive any benefit from the Canadian Emergency Wage Subsidy ("CEWS") in the second quarter of 2022 while the comparable quarter included a benefit of $2.5 million. The Company introduced price increases during the first quarter that were in effect for the entire second quarter in 2022. SG&A expenses increased as the comparable quarter included a recovery of a litigation settlement while the second quarter in 2022 included the reinstatement of salary and benefit rollbacks and the elimination of the CEWS benefit in 2022.

UNITED STATES

Three Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**193,830**	86,688	124
Expenses			
Operating	**154,971**	86,366	79
SG&A	**3,033**	2,876	5
	158,004	89,242	77
Operating income (loss)[1]	**35,826**	(2,554)	NM
Operating income (loss) (%)	**18.5**	(2.9)	NM
Fracturing revenue per job ($)	**46,986**	27,737	69
Number of fracturing jobs	**4,125**	3,123	32
Active pumping horsepower, end of period (000s)	**568**	550	3
Idle pumping horsepower, end of period (000s)	**301**	323	(7)
Total pumping horsepower, end of period (000s)	**869**	873	—
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**1**	1	—
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**1**	3	(67)
Total cementing units, end of period (#)	**1**	3	(67)
US$/C$ average exchange rate[2]	**1.2768**	1.2282	4

(1) Refer to "Non-GAAP Measures" on page 17 for further information.
(2) Source: Bank of Canada.

REVENUE

Revenue from Calfrac's United States operations increased significantly to $193.8 million during the second quarter of 2022 from $86.7 million in the comparable quarter of 2021. The 124 percent increase in revenue can be attributed to a combination of a 69 percent increase in revenue per job period-over-period combined with a 32 percent increase in the number of completed fracturing jobs. The higher revenue per job was due to improved pricing for its services as the Company passed through higher input costs to its customers while also achieving net pricing gains, combined with the impact of job mix. The overall increase in job count was mainly due to the Company operating eight of its nine marketed fleets for the entire quarter while the ninth fleet began work during May. Activity in the Rockies region and North Dakota increased relative to the comparable quarter in 2021, although activity in North Dakota during April was impacted by snow storms that resulted in the loss of 24 operating days. Activity in Pennsylvania was relatively consistent with the comparable quarter in 2021.

OPERATING INCOME (LOSS)

The Company's operations in the United States generated operating income of $35.8 million during the second quarter of 2022 compared to an operating loss of $2.6 million in the same period in 2021. This significant increase in operating income was largely driven by improved fracturing crew utilization and strong net pricing gains, which supported significant margin expansion relative to the comparable quarter in 2021. SG&A expenses increased by five percent primarily due to the reinstatement of previously reduced salaries and benefits near the end of 2021.

ARGENTINA

Three Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**53,592**	36,314	48
Expenses			
Operating	**49,417**	29,612	67
SG&A	**2,572**	1,774	45
	51,989	31,386	66
Operating income [(1)]	**1,603**	4,928	(67)
Operating income (%)	**3.0**	13.6	(78)
Fracturing revenue per job ($)	**70,395**	57,105	23
Number of fracturing jobs	**412**	395	4
Active pumping horsepower, end of period (000s)	**139**	121	15
Idle pumping horsepower, end of period (000s)	**—**	—	—
Total pumping horsepower, end of period (000s)	**139**	121	15
Coiled tubing revenue per job ($)	**29,475**	23,483	26
Number of coiled tubing jobs	**354**	206	72
Active coiled tubing units, end of period (#)	**5**	5	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**6**	6	—
Cementing revenue per job ($)	**76,363**	48,095	59
Number of cementing jobs	**135**	116	16
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**1**	3	(67)
Total cementing units, end of period (#)	**11**	13	(15)
US$/C$ average exchange rate[(2)]	**1.2768**	1.2282	4

(1) Refer to "Non-GAAP Measures" on page 17 for further information.
(2) Source: Bank of Canada.

REVENUE

Calfrac's Argentinean operations generated revenue of $53.6 million during the second quarter of 2022 compared to $36.3 million in the comparable quarter in 2021 as activity in the Neuquén region improved across all service lines but was offset partially by lower activity in southern Argentina. Overall fracturing activity increased by 4 percent compared to the second quarter in 2021 as the Company did not experience similar disruptions in the current quarter as it did during 2021. Average fracturing revenue per job increased by 23 percent primarily due to higher pricing generated by inflation. The number of coiled tubing jobs increased by 72 percent due to higher customer activity in Neuquén and southern Argentina while revenue per job also improved by 26 percent primarily due to job mix. Activity in the Company's cementing operations increased by 16 percent and revenue per job increased by 59 percent due to changes in job mix as a greater number of pre-fracturing projects, which are typically larger job sizes, were completed in the second quarter of 2022.

OPERATING INCOME

The Company's operations in Argentina generated operating income of $1.6 million during the second quarter of 2022 compared to operating income of $4.9 million in the comparable quarter of 2021. Utilization of the Company's equipment improved across all service lines versus the same period in 2021. However, the Company's operating margins as a percentage of revenue decreased from 13.6 percent to 3.0 percent due to inflationary salary increases that are paid in pesos but were not offset by the devaluation in the official peso exchange rate. The Company also incurred $0.3 million of severance costs during the second quarter in 2022.

CORPORATE

Three Months Ended June 30,	**2022**	2021	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Expenses			
Operating	**324**	353	(8)
SG&A	**4,417**	5,560	(21)
	4,741	5,913	(20)
Operating loss[1]	**(4,741)**	(5,913)	(20)
% of Revenue from Continuing Operations	**1.5**	3.4	(56)

[1] Refer to "Non-GAAP Measures" on page 17 for further information.

OPERATING LOSS

Corporate expenses for the second quarter of 2022 were $4.7 million compared to $5.9 million in the second quarter of 2021. The lower SG&A expense was due to a $1.3 million reduction in legal fees incurred during the second quarter in 2022 offset partially by higher stock-based compensation expense.

DEPRECIATION

For the three months ended June 30, 2022, depreciation expense of $30.4 million was relatively consistent with the corresponding quarter in 2021. The slight decrease in second-quarter depreciation expense was primarily due to the mix and timing of capital expenditures related to major components.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange gain from continuing operations of $3.4 million during the second quarter of 2022 versus a loss of $2.8 million in the comparative three-month period of 2021. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada and net monetary assets or liabilities that were held in pesos in Argentina. The foreign exchange gain during the second quarter was mainly due to the revaluation of net monetary assets that were held in U.S. dollars as the Canadian dollar weakened relative to the U.S. dollar, offset partially by net monetary assets that were held in pesos in Argentina as the peso devalued against the U.S. dollar during this period.

INTEREST

The Company's net interest expense of $10.9 million for the second quarter of 2022 was $1.6 million higher than the comparable period in 2021. The increase in interest expense was primarily due to higher borrowings and interest rates under the Company's revolving credit facilities combined with interest on outstanding draws made under the secured bridge loan from G2S2 Capital Inc. during the second quarter in 2022.

INCOME TAXES

The Company recorded an income tax expense of $1.7 million during the second quarter of 2022 compared to a tax recovery of $7.9 million in the comparable period of 2021. The Company had a current tax expense of $0.9 million and a deferred tax expense of $0.8 million both of which were related to its United States operations. All other divisions are in a net deferred tax asset position and the deferred tax assets continue to not be recognized for accounting purposes.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the first quarter, management committed to a plan to sell its Russian division, resulting in the associated assets and liabilities being classified as held for sale and presented as discontinued operations. In conjunction with the ongoing sale process and in light of the additional Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry during the second quarter, the Company has recorded an impairment of $42.8 million to write down the Russian division's current and long-term assets to their expected recoverable amount. Results from operations held for sale have not been included in the preceding tables.

For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three and six months ended June 30, 2022.

Revenue from Calfrac's discontinued Russian operations decreased by 2 percent during the second quarter of 2022 to $33.0 million from $33.5 million in the corresponding period of 2021. Fracturing revenue was consistent with the comparable quarter while coiled tubing revenue decreased slightly due to lower activity.

The Company's Russian division had an operating income of $4.9 million during the second quarter of 2022 compared to operating income of $5.3 million in the comparable quarter in 2021. The slightly lower operating performance was primarily due to higher overhead costs as the rouble appreciated during the second quarter in 2022 compared to the same period in 2021.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	**Jun. 30, 2022**
(C$000s, except per share and operating data) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Financial								
Revenue	99,246	153,773	213,954	173,769	262,865	229,661	294,524	**318,511**
Operating income[(1)]	1,977	11,149	11,464	756	29,647	7,465	21,029	**36,550**
Per share – basic[(2)]	0.68	1.37	0.31	0.02	0.79	0.20	0.55	**0.95**
Per share – diluted[(2)]	0.68	0.19	0.14	0.01	0.36	0.09	0.25	**0.43**
Adjusted EBITDA[(1)]	2,852	9,554	10,821	(1,080)	29,756	7,961	20,831	**39,252**
Per share – basic[(2)]	0.98	1.17	0.29	(0.03)	0.79	0.21	0.55	**1.02**
Per share – diluted[(2)]	0.98	0.17	0.13	(0.01)	0.36	0.09	0.25	**0.46**
Net loss from continuing operations	(52,832)	121,616	(23,029)	(35,516)	(7,055)	(29,132)	(18,030)	**(6,776)**
Per share – basic[(2)]	(18.18)	14.91	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	**(0.18)**
Per share – diluted[(2)]	(18.18)	2.11	(0.62)	(0.95)	(0.19)	(0.77)	(0.47)	**(0.18)**
Capital expenditures	2,608	6,053	10,503	17,166	24,070	14,868	12,145	**15,241**
Working capital (end of period)	95,344	117,841	129,942	105,085	130,213	121,934	130,246	**144,456**
Total equity (end of period)	(81,033)	410,234	384,562	350,631	357,830	328,840	302,195	**292,515**
Operating (end of period)								
Active pumping horsepower (000s)	775	837	856	873	899	942	936	**934**
Idle pumping horsepower (000s)	493	432	413	393	383	337	346	**344**
Total pumping horsepower (000s)	1,268	1,268	1,268	1,266	1,282	1,279	1,282	**1,278**
Active coiled tubing units (#)	12	13	12	12	12	13	13	**13**
Idle coiled tubing units (#)	8	7	8	8	8	7	6	**6**
Total coiled tubing units (#)	20	20	20	20	20	20	19	**19**
Active cementing units (#)	12	12	10	10	10	10	10	**10**
Idle cementing units (#)	4	4	6	6	6	5	4	**2**
Total cementing units (#)	16	16	16	16	16	15	14	**12**

(1) Refer to "Non-GAAP Measures" on page 17 for further information.
(2) Comparative amounts were adjusted to reflect the Company's fifty-to-one common share consolidation that occurred on December 18, 2020.
(3) All comparative amounts exclude the impact from the Company's Russia operations, which have been classified as held for sale and presented as discontinued operations.

SEASONALITY OF OPERATIONS

The Company's North American business is seasonal. 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 in Canada and North Dakota is reduced (refer to "Business Risks - Seasonality" in the 2021 Annual Report).

FOREIGN EXCHANGE FLUCTUATIONS

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the exchange rates for United States and Argentinean currency (refer to "Business Risks - Fluctuations in Foreign Exchange Rates" in the 2021 Annual Report).

FINANCIAL OVERVIEW – CONTINUING OPERATIONS – SIX MONTHS ENDED JUNE 30, 2022 VERSUS 2021

CANADA

Six Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**178,723**	136,349	31
Expenses			
Operating	**157,021**	116,165	35
SG&A	**4,320**	710	NM
	161,341	116,875	38
Operating income[(1)]	**17,382**	19,474	(11)
Operating income (%)	**9.7**	14.3	(32)
Fracturing revenue per job ($)	**22,968**	19,886	15
Number of fracturing jobs	**6,821**	6,190	10
Active pumping horsepower, end of period (000s)	**227**	202	12
Idle pumping horsepower, end of period (000s)	**43**	70	(39)
Total pumping horsepower, end of period (000s)	**270**	272	(1)
Coiled tubing revenue per job ($)	**30,535**	20,940	46
Number of coiled tubing jobs	**683**	633	8
Active coiled tubing units, end of period (#)	**8**	7	14
Idle coiled tubing units, end of period (#)	**4**	6	(33)
Total coiled tubing units, end of period (#)	**12**	13	(8)

(1) *Refer to "Non-GAAP Measures" on page 17 for further information.*

REVENUE

Revenue from Calfrac's Canadian operations during the first six months in 2022 was $178.7 million, an increase from $136.3 million in the comparable period in 2021, primarily due to improved pricing and increased activity. Revenue per fracturing job was 15 percent higher than the comparable period in 2021 as price increases were implemented during the period to recover significant inflation in operating costs. The number of fracturing jobs increased by 10 percent as the Company's four fracturing fleets were highly utilized in the first quarter prior to the onset of spring break-up conditions and improved significantly in the month of June. The number of coiled tubing jobs increased by 8 percent from the comparable period in 2021 due to higher activity while revenue per job increased by 46 percent due to improved pricing and changes in job mix.

OPERATING INCOME

The Company's Canadian division generated operating income of $17.4 million compared to $19.5 million in the comparable period in 2021. The Company recorded a $3.0 million expense accrual during the quarter to reflect the potential outcome of ongoing litigation associated with product purchase commitments made in a prior year. In addition, the Company did not receive any CEWS benefits in the first six months of 2022 while the comparable period included a benefit of $3.9 million. Excluding these items, operating income improved relative to the comparable period in 2021 primarily due to improved pricing. The Company introduced price increases during the first quarter that were in effect for the entire second quarter. SG&A expenses increased as the comparable six month period included a recovery of a litigation settlement while the first six months in 2022 included the reinstatement of salary and benefit rollbacks and the elimination of the CEWS benefit in 2022.

UNITED STATES

Six Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational and exchange rate information)	*($)*	*($)*	*(%)*
(unaudited)			
Revenue	**326,141**	179,601	82
Expenses			
Operating	**276,479**	179,520	54
SG&A	**5,941**	5,647	5
	282,420	185,167	53
Operating income (loss)[1]	**43,721**	(5,566)	NM
Operating income (loss) (%)	**13.4**	(3.1)	NM
Fracturing revenue per job ($)	**45,852**	26,941	70
Number of fracturing jobs	**7,112**	6,664	7
Active pumping horsepower, end of period (000s)	**568**	550	3
Idle pumping horsepower, end of period (000s)	**301**	323	(7)
Total pumping horsepower, end of period (000s)	**869**	873	—
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**1**	1	—
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**1**	3	(67)
Total cementing units, end of period (#)	**1**	3	(67)
US$/C$ average exchange rate[2]	**1.2714**	1.2471	2

[1] Refer to "Non-GAAP Measures" on page 17 for further information.
[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's United States operations increased to $326.1 million in the first six months in 2022 from $179.6 million in the same period in 2021 primarily due to higher pricing and a 7 percent increase in the number of completed fracturing jobs. A total of four active fleets were operating in the United States at the beginning of the year but increased to eight fleets exiting the first quarter with a ninth fracturing crew commencing operations in May. The higher fracturing revenue per job was reflective of improved pricing as the Company passed on higher input costs to its clients and was able to attain net pricing increases during the second quarter.

OPERATING INCOME (LOSS)

The Company's United States division generated operating income of $43.7 million in the first half of 2022 compared to an operating loss of $5.6 million in the same period of 2021 primarily due to a larger number of operating fleets, a higher number of operating days per fleet and improved pricing, offset partially by a slow start to the year and adverse weather in April 2022. SG&A expenses increased by 5 percent primarily due to the reinstatement of previously reduced salaries and benefits during the fourth quarter in 2021.

ARGENTINA

Six Months Ended June 30,	**2022**	2021	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**108,171**	71,772	51
Expenses			
Operating	**96,483**	59,342	63
SG&A	**4,616**	3,588	29
	101,099	62,930	61
Operating income[1]	**7,072**	8,842	(20)
Operating income (%)	**6.5**	12.3	(47)
Fracturing revenue per job ($)	**62,794**	55,682	13
Number of fracturing jobs	**944**	798	18
Active pumping horsepower, end of period (000s)	**139**	121	15
Idle pumping horsepower, end of period (000s)	**—**	—	—
Total pumping horsepower, end of period (000s)	**139**	121	15
Coiled tubing revenue per job ($)	**25,770**	20,973	23
Number of coiled tubing jobs	**747**	442	69
Active coiled tubing units, end of period (#)	**5**	5	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**6**	6	—
Cementing revenue per job ($)	**78,587**	49,239	60
Number of cementing jobs	**257**	209	23
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**1**	3	(67)
Total cementing units, end of period (#)	**11**	13	(15)
US$/C$ average exchange rate[2]	**1.2714**	1.2471	2

[1] Refer to "Non-GAAP Measures" on page 17 for further information.
[2] Source: Bank of Canada.

REVENUE

Calfrac's Argentinean operations generated revenue of $108.2 million during the first six months of 2022 compared to $71.8 million in the comparable period in 2021. Activity in the first half of 2022 improved from the comparable period in 2021 across all service lines with the vast majority of the improvement occurring in the Neuquén region. Activity in the Vaca Muerta shale play continued to increase while activity in southern Argentina remained relatively consistent with the comparable period in 2021. Overall fracturing activity increased by 18 percent compared to the first six months in 2021 along with 13 percent higher revenue per job. Revenue from the Company's coiled tubing and cementing service lines continued to improve relative to the comparable period in 2021. The number of coiled tubing jobs increased by 69 percent as activity increased in Neuquén and southern Argentina while revenue per job improved by 23 percent primarily due to job mix. Activity in the Company's cementing operations increased by 23 percent and revenue per job increased by 60 percent due to changes in job mix as a greater number of pre-fracturing projects, which are typically larger job sizes, were completed in the first half of 2022.

OPERATING INCOME

The Company's operations in Argentina generated operating income of $7.1 million during the first six months of 2022 compared to operating income of $8.8 million in the comparable period of 2021. Utilization of the Company's equipment improved across all service lines compared to the same period in 2021. However, the Company's operating margins as a percentage of revenue decreased from 12 percent to 7 percent due to inflationary salary increases that are paid in pesos that were not offset by the devaluation in the official peso exchange rate. The Company also incurred $0.6 million of severance costs during the first half of 2022.

CORPORATE

Six Months Ended June 30,	**2022**	2021	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Expenses			
Operating	**668**	708	(6)
SG&A	**9,928**	9,822	1
	10,596	10,530	1
Operating loss[1]	**(10,596)**	(10,530)	1
% of Revenue from Continuing Operations	**1.7**	2.7	(37)

[1] *Refer to "Non-GAAP Measures" on page 17 for further information.*

OPERATING LOSS

Corporate expenses during the first six months of 2022 were $10.6 million versus $10.5 million in the comparable period in 2021 due to higher stock-based compensation expenses combined with no benefit from Canadian COVID-19 government subsidy programs which were $0.8 million in the same period of 2021. These items were mainly offset by lower professional fees in 2022.

DEPRECIATION

Depreciation expense decreased by $2.6 million from $62.9 million in the first six months in 2021 to $60.3 million in the first half of 2022 primarily due to the mix and timing of major component capital expenditures.

FOREIGN EXCHANGE LOSSES

The Company recorded a foreign exchange loss of $0.4 million in the first six months in 2022 versus a loss of $5.4 million in the comparable period in 2021. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, net monetary assets or liabilities that were held in pesos in Argentina. The Company's foreign exchange loss in the first six months in 2022 was largely attributable to net monetary assets that were held in pesos in Argentina as the peso 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 as the Canadian dollar weakened relative to the U.S. dollar.

INTEREST

The Company's interest expense of $20.7 million in the first six months in 2022 was $2.3 million higher than the comparable period in 2021. The increase in interest expense was primarily due to higher borrowings and interest rates under the Company's revolving credit facilities combined with interest related to draws made under the secured bridge loan that was entered into with G2S2 Capital Inc. during the first quarter of 2022 and repaid in the second quarter.

INCOME TAXES

The Company recorded an income tax recovery of $3.9 million in the first six months in 2022 compared to a $16.3 million tax recovery in the comparable period in 2021. The Company had current tax expense of $0.9 million in the United States while the deferred tax recovery of $4.9 million was recorded due to the liability position in the United States. All other divisions are in a net deferred tax asset position which are not recognized for accounting purposes.

DISCONTINUED OPERATIONS

Revenue from Calfrac's discontinued Russian operations decreased by 10 percent during the first six months of 2022 to $55.1 million from $61.2 million in the corresponding six-month period of 2021. Fracturing revenue decreased due to changes in job mix while coiled tubing revenue decreased slightly due to lower activity.

The Company's Russian division had an operating income of $4.3 million during the first six months of 2022 versus operating income of $6.8 million in the comparable period in 2021. The lower operating performance was primarily due to lower fracturing equipment utilization as operations were impacted by the start of the conflict in Ukraine. In addition, the Company halted plans to reactivate an additional fracturing and coiled tubing fleet in the first quarter. Coiled tubing activity was comprised of lower margin work during the first six months in 2022, which had a negative impact on overall margins as a percentage of revenue. The Company incurred $0.2 million of severance costs during the first six months in 2022.

LIQUIDITY AND CAPITAL RESOURCES – CONSOLIDATED

	Three Months Ended Jun. 30,		Six Months Ended Jun. 30,	
	2022	2021	**2022**	2021
(C$000s) *(unaudited)*	***($)***	*($)*	***($)***	*($)*
Cash provided by (used in):				
Operating activities	**9,188**	18,828	**24,941**	(1,034)
Financing activities	**(18,091)**	1,704	**3,961**	17,685
Investing activities	**(9,926)**	(13,545)	**(25,423)**	(24,051)
Effect of exchange rate changes on cash and cash equivalents	**27,443**	(287)	**20,423**	(1,765)
Increase (decrease) in cash and cash equivalents	**8,614**	6,700	**23,902**	(9,165)

OPERATING ACTIVITIES

The Company's cash provided by operating activities for the three months ended June 30, 2022 was $9.2 million versus $18.8 million during the same period in 2021. The decrease in cash provided by operations was primarily due to improved operating results in all divisions, offset by $28.9 million used to fund the Company's working capital requirements during the second quarter as compared to working capital providing $15.8 million of cash during the same period in 2021. At June 30, 2022, Calfrac's working capital was $144.5 million, compared to $121.9 million at December 31, 2021.

FINANCING ACTIVITIES

Net cash used in financing activities for the three months ended June 30, 2022 was $18.1 million compared to net cash provided of $1.7 million in the second quarter in 2021. During the quarter, the Company repaid $15.0 million of bridge loan financing, paid lease principal payments of $2.2 million, and received proceeds of $0.6 million from the exercise of a portion of the Company's outstanding warrants and stock options.

During the second quarter of 2022, the Company repaid and cancelled the $25.0 million secured bridge loan from G2S2 Capital Inc., of which the Company had drawn $15.0 million prior to its repayment. The loan was executed during the first quarter of 2022 to fund the Company's short-term working capital requirements during a period of improved activity in North America.

During the first quarter of 2021, the Company recorded the rescission of $1.0 million of its 1.5 lien senior secured 10% payment-in-kind convertible notes ("1.5 Lien Notes"). For accounting purposes, the $1.0 million principal amount was recorded on a proportional basis as a reduction of the liability and equity portion of the 1.5 Lien Notes. Since inception, the Company has opted to pay all interest payments on the 1.5 Lien Notes in cash rather than utilizing the payment-in-kind option. In addition, a total of $1.5 million of 1.5 Lien Notes have been converted into equity since issuance.

The Company's revolving credit facilities consist of an operating facility of $45.0 million and a syndicated facility of $205.0 million. The Company's credit facilities mature on July 1, 2023, and can be extended by one or more years at the Company's request and lenders' acceptance. 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 1.00 percent to prime plus 3.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 2.00 percent to 4.50 percent above the respective base rates. The Company incurs interest at the high end of the ranges outlined above if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00, certain restrictions apply including the following, among others: (a) acquisitions are subject to consent of the lenders; (b) distributions are restricted other than those relating to the Company's equity compensation plans; (c) no increase in the rate of dividends are permitted; and (d) additional permitted debt is restricted to $5.0 million, subject to certain exceptions. As at June 30, 2022, the Company's net Total Debt to Adjusted EBITDA ratio was below 4.00:1.00.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the sum of the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for a specified purpose, including a potential equity cure; and

iii. 35 percent of the net book value of PP&E of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is subject to a maximum contribution of $150.0 million.

At June 30, 2022, the Company had used $0.9 million of its credit facilities for letters of credit and had $200.0 million of borrowings under its credit facilities, leaving $49.1 million in available liquidity. As described above, the Company's credit facilities are subject to a monthly borrowing base, which at June 30, 2022 was above the maximum availability of $250.0 million under its credit facilities. At June 30, 2022, the Company was required to have minimum available liquidity of $15.0 million.

The Company's credit facilities contain certain financial covenants. As per the amended credit facility agreement, the Company's Funded Debt to Adjusted EBITDA covenant is 3.00x for the quarter ended June 30, 2022 and each quarter end thereafter. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities as at June 30, 2022. Upon filing its second quarter compliance certificate, the Company will no longer be subject to the covenant relief terms within its revolving credit facility agreement, as described in further detail in the Company's first quarter MD&A.

	Covenant	**Actual**
As at June 30,	2022	**2022**
Working capital ratio not to fall below	1.15x	**1.98x**
Funded Debt to Adjusted EBITDA not to exceed(1)(2)	3.00x	**1.83x**
Funded Debt to Capitalization not to exceed(1)(3)	0.30x	**0.27x**

(1) Funded Debt is defined as Total Debt excluding all outstanding 10.875% second lien secured notes ("Second Lien Notes"), 1.5 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 Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for a specified purpose, including a potential equity cure).
(2) Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
(3) Capitalization is Total Debt plus equity.

The revolving credit facility agreement provides that proceeds from equity offerings may be applied, as an equity cure, in the calculation of Adjusted EBITDA towards the Funded Debt to Adjusted EBITDA covenant for any of the quarters ending prior to and including June 30, 2023, subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;

ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;

iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a trailing four-quarter basis and $25.0 million; and

iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

To utilize an equity cure, the Company must provide notice of any such election to the lending syndicate at any time prior to the filing of its quarterly financial statements for the applicable quarter on SEDAR. Amounts used as an equity cure prior to June 30, 2023 will increase Adjusted EBITDA over the relevant twelve-month rolling period and may also serve to reduce Funded Debt unless used for other purposes.

The Company's credit facilities also require majority lender consent for dispositions of property or assets in Canada and the United States if the aggregate market value exceeds $20.0 million in a calendar year, subject to certain exceptions. There are no restrictions pertaining to dispositions of property or assets outside of Canada and the United States, except that if advances under the credit facilities exceed $50.0 million at the time of any such dispositions, Calfrac must use the resulting proceeds to reduce the advances to less than $50.0 million before using the balance for other purposes.

The indentures governing the 1.5 Lien Notes and Second Lien Notes and any amendments thereto (the "Indentures"), which are available on SEDAR, contain restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company and make certain restricted investments, that are not defined as Permitted Investments under the Indentures, in circumstances where:

i. the Company is in default under the Indentures or the making of such payment would result in a default;

ii. the Company would not meet the Fixed Charge Coverage Ratio[1] under the Indentures of at least 2:1 for the most recent four fiscal quarters, after giving pro forma effect to such restricted payment as if it had been made at the beginning of the applicable four fiscal quarter period; or

iii. there is insufficient room for such payment within the builder baskets included in the Indentures.

[1] The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the Indentures as net income (loss) from continuing operations before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment or reversal of impairment of assets, restructuring charges, stock-based compensation, interest, and income taxes. Interest expense is adjusted to exclude any non-recurring charges associated with redeeming or retiring any indebtedness prior to its maturity.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20.0 million in the Indentures. As at June 30, 2022, the US$20.0 million basket was not utilized. The Indentures also restrict the ability to incur indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of indebtedness, including debt incurred under credit facilities up to the greater of $375.0 million or 30 percent of the Company's consolidated tangible assets as well as a general permitted debt basket equal to the greater of 4 percent of consolidated tangible assets and US$60.0 million. The 1.5 Lien Notes indenture includes additional restrictions on certain investments, including certain investments in subsidiary entities, however the indenture includes several exceptions to this prohibition, including a general basket of US$10.0 million and baskets related to prepayments and certain capital commitments which aggregate over US$12.0 million. The 1.5 Lien Notes indenture also contains a restriction that any indebtedness incurred in excess of $290.0 million under the credit facilities basket shall be junior in priority to the 1.5 Lien Notes.

As at June 30, 2022, the Company's Fixed Charge Coverage Ratio of 2.44:1 was above the required 2:1 ratio.

INVESTING ACTIVITIES

Calfrac's consolidated net cash used in investing activities was $9.9 million for the three months ended June 30, 2022 versus $13.5 million in the comparable period in 2021. Cash outflows relating to capital expenditures were $11.0 million for the quarter ended June 30, 2022 compared to $14.6 million in the second quarter in 2021. Calfrac's Board of Directors have approved a 2022 capital budget of approximately $97.0 million, which is comprised primarily of maintenance capital, and is subject to fluctuations based on operating activity.

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 June 30, 2022 was a gain of $27.4 million versus a loss of $0.3 million in the second quarter in 2021. The significant gain was primarily related to the nearly 70 percent appreciation in the Russian rouble since the end of the first quarter and the impact this movement had on cash, working capital and monetary liabilities held by the Company's foreign subsidiary during the period.

With its working capital position, available credit facilities, access to capital markets and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2022 and beyond.

At June 30, 2022, the Company had a cash position of $17.4 million, which excludes cash held in Russia.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares 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

July 27, 2022, the Company had issued and outstanding 39,059,493 common shares, 5,465,154 common share purchase warrants and 3,144,995 options to purchase common shares.

BUSINESS UPDATE AND OUTLOOK

During the second quarter of 2022, the Company continued to grow its North American fracturing operating scale as it exited the period with nine fracturing fleets operating in the United States and four large fleets in Canada. Throughout the past few months, Calfrac was able to achieve pricing gains with its clients that have compensated for significant increases in its operating expenses and are now beginning to contribute to an overall improvement in the Company's consolidated financial performance. The Company expects strong utilization of its North American and Argentinean fleets for the remainder of 2022 and 2023 and remains focused on the provision of top tier pressure pumping services, while generating enhanced returns for its shareholders in a market that is more supportive of a profitable services sector on a full cycle basis.

CANADA

The Company's operations in Canada began the second quarter at a slower rate due to spring break-up but exceeded expectations with a strong exit and Calfrac anticipates full utilization in the third quarter for its four large fracturing fleets. Calfrac's Canadian Division expects robust demand for its services throughout the remainder of 2022 and into 2023 as customers have already begun to inquire about equipment availability in the new year. While Calfrac has the ability to increase its operating scale in Canada, the Company is committed to its current fleet capacity for the foreseeable future and will only consider additional fleet reactivations if they are supported by a committed customer agreement.

UNITED STATES

The Company's United States division overcame weather disruptions early in the second quarter in its largest operating district to exit the quarter with fleet profitability not seen since the same period in 2017. Calfrac expects to benefit from consistent utilization for its nine sold out fracturing fleets for the remainder of the year and anticipates that the pressure pumping market will remain tight through 2023 as demand exceeds supply. While the Company has the option to reactivate additional idle equipment, Calfrac remains focused on improving cash flows and returns for its existing fleets rather than market share.

ARGENTINA

Calfrac has a significant presence in Argentina's pressure pumping market. The Company recently signed a multi-year contract with a major client operating in the Vaca Muerta shale play and expects utilization as well as profitability to improve significantly from the first six months of the year. With the strength in commodity prices, Calfrac anticipates that this market will remain tight and support further growth opportunities in the Neuquén region and southern Argentina over the next several years.

RUSSIA

The Company has made progress related to the sale of its Russian subsidiary and is seeking to close this transaction as soon as possible in compliance with applicable laws and sanctions.

CORPORATE

Calfrac's priority is to leverage its geographical scale and superior execution focus in both North America and Argentina to drive profitable growth, margin expansion and strong free cash flow generation, which will be dedicated to strengthening the Company's balance sheet. Calfrac believes that the services industry is entering a multi-year up cycle and the Company is well-positioned to advance its strategy and maximize shareholder returns.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A 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 in order 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.

Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, gains or losses on exchange or settlement of debt, impairment of property, plant and equipment, impairment of other assets, interest, and income taxes. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or taxed. Operating income for the period was calculated as follows:

	Three Months Ended Jun. 30,		**Six Months Ended Jun. 30,**	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
(unaudited)		*Revised*		*Revised*
Net loss	**(6,776)**	(35,516)	**(24,806)**	(58,545)
Add back (deduct):				
Depreciation	**30,385**	31,324	**60,339**	62,893
Foreign exchange losses (gains)	**(3,435)**	2,780	**402**	5,370
Loss on disposal of property, plant and equipment	**3,750**	741	**4,788**	354
Interest	**10,917**	9,297	**20,733**	18,400
Income taxes	**1,709**	(7,870)	**(3,877)**	(16,252)
Operating income from continuing operations	**36,550**	756	**57,579**	12,220

Adjusted EBITDA is defined in the Company's credit facilities for covenant purposes as net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it is used in the calculation of the Company's bank covenants. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended Jun. 30,		**Six Months Ended Jun. 30,**	
	2022	2021	**2022**	2021
(C$000s)			***($)***	*($)*
(unaudited)		*Revised*		*Revised*
Net loss	**(6,776)**	(35,516)	**(24,806)**	(58,545)
Add back (deduct):				
Depreciation	**30,385**	31,324	**60,339**	62,893
Unrealized foreign exchange (gains) losses	**(4,917)**	1,149	**(3,013)**	2,841
Loss on disposal of property, plant and equipment	**3,750**	741	**4,788**	354
Litigation expense (income)	**3,000**	(700)	**3,000**	(700)
Restructuring charges	**265**	218	**966**	473
Stock-based compensation	**919**	277	**1,953**	277
Interest	**10,917**	9,297	**20,733**	18,400
Income taxes	**1,709**	(7,870)	**(3,877)**	(16,252)
Adjusted EBITDA(1)	**39,252**	(1,080)	**60,083**	9,741

(1) For bank covenant purposes, EBITDA includes $5.5 million income from discontinued operations for the six months ended June 30, 2022 (six months ended June 30, 2021 – $6.6 million) and the deduction of an additional $4.9 million of lease payments for the six months ended June 30, 2022 (six months ended June 30, 2021 – $4.1 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

UPDATE ON CHAPTER 15 PROCEEDINGS

Subsequent to the quarter, Wilks Brothers, LLC ("Wilks Brothers") filed a request with the United States Court of Appeals for the Fifth Circuit ("Fifth Circuit") on July 26, 2022, to reinstate its appeal to the Fifth Circuit ("Fifth Circuit Appeal") in respect of the enforcement order granted pursuant to Chapter 15 of the United States Bankruptcy Code in relation to the Company's Recapitalization Transaction completed on December 18, 2020. On January 27, 2022, following the parties' January 25, 2022 Joint Motion to Stay Further Appellate Proceedings Pending Settlement Discussions, the Fifth Circuit had entered an order dismissing the Fifth Circuit Appeal without prejudice to either party seeking to reinstate the appeal within 180 days. The Company believes it is well-positioned to prevail on the merits of the appeal upon its reinstatement to the Court's active docket. See the Company's most recent Annual Information Form, which is available on SEDAR, for more information on the Fifth Circuit Appeal and the Company's Recapitalization Transaction.

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 2021 annual consolidated financial statements.

GREEK LITIGATION

As described in note 16 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision was recorded in the consolidated financial statements.

VENDOR CONTRACT DISPUTE

A complaint for money damages was filed against the Company by a vendor in the United States District Court for the District of Delaware in July 2021. The complaint, which was amended in February 2022, alleges the Company failed to satisfy certain volume commitments and associated shortfall payment obligations under a sand supply agreement and the vendor is seeking at least US$10.2 million in damages together with interest and unspecified other relief. The Company has filed an answer to the complaint (as amended) and a counter-claim. The case is still in the early stages, but the Company intends to pursue its counter-claim and vigorously defend against the vendor's allegations.

Given the stage of the proceedings and the existence of available defenses, the magnitude of the financial consequences of the claims in the complaint cannot be determined at this time. While management does not believe that this complaint will have a material adverse effect on the business or financial condition of the Company, no assurance can be given as to the outcome of the proceedings.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three and six months ended June 30, 2022, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the 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 $0.6 million at June 30, 2022, 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 closing market price at June 30, 2022 was $144.7 million (December 31, 2021 – $139.6 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. As at June 30, 2022, there have been no trades in the 1.5 Lien Notes of which the Company is aware of that would provide an alternative fair value reference; therefore, the carrying value approximates its fair value.

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.

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 4 to the 2021 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 other than goodwill 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. The Company reviewed all CGUs for impairment as at March 31, 2022 and based on its review, there was no impairment or reversal of impairment of assets or CGUs.

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, 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 additional Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry during the second quarter, the Company has recorded an impairment of $42.8 million at June 30, 2022 to write down the Russian division's current and long-term assets to their expected recoverable amount. Management will revisit the fair value of the net assets upon the close of the transaction.

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.

GOVERNMENT SUBSIDIES

The Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy and Canadian Emergency Rent Subsidy programs. Government subsidies are recognized when there is reasonable assurance that the Company will comply with the relevant conditions and that subsidy will be received. Government subsidies related to period expenses are recorded as a reduction of related expenses. These programs ended in late 2021 and did not provide any benefit in the first six months in 2022, while in the comparable six month period in 2021, the Company recognized $4.3 million as a reduction of salaries and wages expense and $0.4 million as a reduction of rent expense.

STOCK-BASED COMPENSATION

The fair value of stock options 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 income.

CASH-GENERATING UNITS

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

RELATED-PARTY TRANSACTIONS

Ronald P. Mathison, the Chairman of the Company, and entities controlled by George S. Armoyan, a member of the Board of Directors, hold 20 percent and 45 percent, respectively, of the Company's 1.5 Lien Notes.

In connection with the 1.5 Lien Notes offering, the Company issued 1,125,703 common shares to certain investors that backstopped the issuance of the 1.5 Lien Notes. Certain entities controlled by George S. Armoyan received 734,413 shares for their participation in backstopping the 1.5 Lien Notes, of which 38,023 shares were sold during the first quarter of 2021.

Certain entities controlled by George S. Armoyan hold US$16.4 million of the Company's Second Lien Notes (December 31, 2021 – US$16.4 million).

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the six months ended June 30, 2022 was $0.5 million (six months ended June 30, 2021 – $0.5 million), as measured at the exchange amount, which is based on market rates at the time the lease arrangements were made.

CHANGES IN ACCOUNTING POLICIES

No new IFRS or interpretations from the International Financial Reporting Interpretations Committee came into effect for the year beginning on or after January 1, 2022 that had a material impact on the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

IAS 1 *Presentation of Financial Statements* has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment is effective for the years beginning on or after January 1, 2023.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* has been amended to clarify what costs an entity considers in assessing whether a contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises of the incremental or allocated costs that relate directly to the fulfillment of the contract. Adoption of the amendment is in effect for annual periods beginning on or after January 1, 2022.

IAS 16 *Property, Plant and Equipment* has been amended to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures. These amendments are effective for periods beginning on or after January 1, 2022.

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 June 30, 2022 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 Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at Suite 500, 407 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E5, or at www.calfrac.com, or by facsimile at 403-266-7381.

The ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty around the Company's operations in Russia. As a result of these changes in circumstances, the risk and uncertainty surrounding banking restrictions and 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, collectability of accounts receivable, and overall business and operational risks are being monitored. For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three and six months ended June 30, 2022.

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.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to the outlook for the Company's operating divisions in 2022 and beyond, the supply and demand fundamentals of the pressure pumping industry, expected operating strategies and targets, anticipated pricing for the Company's services, projections of market prices and costs, anticipated equipment demand and utilization levels, commodity prices, the planned sale of the Company's Russia division and its accounting treatment, capital expenditure programs, the Company's debt, liquidity and financial position, future financial resources and performance, future oil and natural gas well activity in the Company's operating jurisdictions, future costs or potential liabilities, the Company's competitive position, expectations regarding the Company's financing activities and restrictions, including with regard to its revolving credit facility agreement and the Indentures, treatment under government regulatory regimes, anticipated outcomes of specific events (including exposure and positioning under existing legal proceedings), expectations regarding trends in, and the growth prospects of, the global oil and natural gas industry, and accounting policies, practices, standards and judgements of the Company and the impact on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the effect of the military conflict in the Ukraine and related Canadian, U.S. and international sanctions involving Russia and counter-sanctions by Russia on the Company's ownership and planned sale of the Russian division and the broader markets for the Company's services, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the effect of environmental, social and governance factors on customer and investor preferences and capital deployment, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the continued effectiveness of cost reduction measures instituted by the Company and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: volatility of industry conditions including the level of exploration, development and production for oil and natural gas in Canada, the US and Argentina and market prices for oil and natural gas impacting the demand for oilfield services; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; oilfield equipment utilization levels; risks associated with foreign operations including but not limited to the sanctions and restrictive measures against Russia by Canada, US and other governments in response to Russia's invasion of Ukraine and counter-actions taken by Russia in response thereto; the impacts of the Russia-Ukraine conflict on the supply and demand for oil and gas produced in Russia and globally; failure to manage growth related risks; the Company's ability to continue to manage the effects of the COVID-19 pandemic on its operations; the availability of capital on satisfactory terms and managing restrictions resulting from compliance with or breach of debt covenants and risk of acceleration of indebtedness, including under the Company's credit facilities and the Indentures; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; direct and indirect exposure to volatile credit markets, including credit rating risk; ability to employ and retain skilled and unskilled labour to meet the Company's needs; the Company's ability to address the energy transition and adapting equipment and technology based on government and customer requirements and preferences; dilution risks associated with the conversion of outstanding convertible securities and additional equity or debt financings; regional competition; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; greenhouse gas regulation risks; fluctuations in foreign exchange rates; dependence on, and concentration of major customers; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; the Company's ability to expand operations; liabilities relating to legal and/or administrative proceedings including the decisions by securities regulators and/or the courts; changes in legislation and the regulatory environment; failure to maintain the Company's safety standards and record; activist shareholder risks; liabilities and risks associated with prior operations; ability to maintain continuous improvements in operating equipment and proprietary fluid chemistries; intellectual property risk; unauthorized access or breach of confidential information; third party credit risk; cybersecurity risks; loss of reputation in the marketplace; merger and acquisition activity amongst oil and natural gas exploration and production companies; retaining key employees; failure to realize anticipated benefits of acquisitions and dispositions; and unfavorable tax assessments or changes in administrative tax practices. Further information about these and other risks and uncertainties may be found under “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.sedar.com.

2022

SECOND QUARTER
CALFRAC WELL SERVICES LTD.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2022

DO IT SAFELY • DO IT RIGHT • DO IT PROFITABLY

CONSOLIDATED BALANCE SHEETS

	Note	**June 30, 2022**	December 31, 2021
(C$000s) (unaudited)		***($)***	*($)*
ASSETS			
Current assets			
Cash and cash equivalents		**17,436**	—
Accounts receivable		**203,918**	189,835
Income taxes recoverable		**1,278**	2,859
Inventories		**79,575**	101,840
Prepaid expenses and deposits		**10,667**	12,999
		312,874	307,533
Assets classified as held for sale	3	**59,704**	—
		372,578	307,533
Non-current assets			
Property, plant and equipment		**530,262**	563,423
Right-of-use assets	8	**20,463**	22,005
		550,725	585,428
Total assets		**923,303**	892,961
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft		—	1,351
Accounts payable and accrued liabilities		**160,451**	127,441
Current portion of lease obligations	8	**7,967**	8,004
		168,418	136,796
Liabilities directly associated with assets classified as held for sale	3	**27,489**	—
		195,907	136,796
Non-current liabilities			
Long-term debt	5	**402,683**	388,479
Lease obligations	8	**10,474**	12,560
Deferred income tax liabilities		**21,724**	26,286
		434,881	427,325
Total liabilities		**630,788**	564,121
Capital stock	6	**806,023**	801,178
Conversion rights on convertible notes	5	**4,665**	4,764
Contributed surplus		**69,893**	68,258
Warrants	7	**38,281**	40,282
Loan receivable for purchase of common shares		**(2,500)**	(2,500)
Accumulated deficit		**(649,951)**	(592,221)
Accumulated other comprehensive income		**26,104**	9,079
Total equity		**292,515**	328,840
Total liabilities and equity		**923,303**	892,961

Contingencies (note 16)
See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	**2022**	2021	**2022**	2021
(C$000s, except per share data) (unaudited)		***($)***	*($)*	***($)***	*($)*
	3		*Revised*		*Revised*
Revenue	13	**318,511**	173,769	**613,035**	387,723
Cost of sales	14	**300,166**	195,078	**590,990**	418,629
Gross profit (loss)		**18,345**	(21,309)	**22,045**	(30,906)
Expenses					
Selling, general and administrative		**12,180**	9,259	**24,805**	19,767
Foreign exchange (gains) losses		**(3,435)**	2,780	**402**	5,370
Loss on disposal of property, plant and equipment		**3,750**	741	**4,788**	354
Interest		**10,917**	9,297	**20,733**	18,400
		23,412	22,077	**50,728**	43,891
Loss before income tax		**(5,067)**	(43,386)	**(28,683)**	(74,797)
Income tax expense (recovery)					
Current		**942**	142	**986**	170
Deferred		**767**	(8,012)	**(4,863)**	(16,422)
		1,709	(7,870)	**(3,877)**	(16,252)
Net loss from continuing operations		**(6,776)**	(35,516)	**(24,806)**	(58,545)
Net (loss) income from discontinued operations	3	**(29,416)**	4,981	**(32,924)**	5,592
Net loss for the period		**(36,192)**	(30,535)	**(57,730)**	(52,953)
(Loss) earnings per share – basic	6				
Continuing operations		**(0.18)**	(0.95)	**(0.65)**	(1.56)
Discontinued operations		**(0.76)**	0.13	**(0.86)**	0.15
		(0.94)	(0.82)	**(1.51)**	(1.41)
(Loss) earnings per share – diluted	6				
Continuing operations		**(0.18)**	(0.95)	**(0.65)**	(1.56)
Discontinued operations		**(0.76)**	0.06	**(0.86)**	0.07
		(0.94)	(0.82)	**(1.51)**	(1.41)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
(C$000s) (unaudited)	***($)***	*($)*	***($)***	*($)*
Net loss for the period	**(36,192)**	(30,535)	**(57,730)**	(52,953)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss:				
Change in foreign currency translation adjustment	**24,416**	(3,693)	**17,025**	(6,931)
Comprehensive income (loss)	**(11,776)**	(34,228)	**(40,705)**	(59,884)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital	Conversion Rights on Convertible Notes	Contributed Surplus	Warrants	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity
(C$000s) (unaudited)		*($)*		*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2022		**801,178**	**4,764**	**68,258**	**40,282**	**(2,500)**	**9,079**	**(592,221)**	**328,840**
Net loss		—		—	—	—	—	(57,730)	**(57,730)**
Other comprehensive income (loss):									
Cumulative translation adjustment		—	—	—	—	—	17,025	—	**17,025**
Comprehensive income (loss)		—	—	—	—	—	17,025	(57,730)	**(40,705)**
Stock options:									
Stock-based compensation recognized		—	—	1,953	—	—	—	—	**1,953**
Proceeds from issuance of shares	5	867	—	(318)	—	—	—	—	**549**
Conversion of 1.5 Lien Notes into shares	5	1,263	(99)	—	—	—	—	—	**1,164**
Warrants:									
Proceeds from issuance of shares	7	2,715	—	—	(2,001)	—	—	—	**714**
Balance – June 30, 2022		**806,023**	**4,665**	**69,893**	**38,281**	**(2,500)**	**26,104**	**(649,951)**	**292,515**
Balance – January 1, 2021		800,184	4,873	65,986	40,797	(2,500)	10,303	(509,409)	410,234
Net loss		—	—	—	—	—	—	(52,953)	(52,953)
Other comprehensive income (loss):									
Cumulative translation adjustment		—	—	—	—	—	(6,931)	—	(6,931)
Comprehensive loss		—	—	—	—	—	(6,931)	(52,953)	(59,884)
Stock options:									
Stock-based compensation recognized		—	—	277	—	—	—	—	277
Rescission of equity portion of 1.5 Lien Notes		—	(85)	—	—	—	—	—	(85)
Warrants:									
Proceeds from issuance of shares	6	338	—	—	(249)	—	—	—	89
Balance – June 30, 2021		**800,522**	**4,788**	**66,263**	**40,548**	**(2,500)**	**3,372**	**(562,362)**	**350,631**

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	**2022**	2021	**2022**	2021
(C$000s) (unaudited)		***($)***	*($)*	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Net loss for the period		**(36,192)**	(30,535)	**(57,730)**	(52,953)
Adjusted for the following:					
Depreciation		**30,385**	31,415	**60,538**	63,039
Stock-based compensation		**919**	277	**1,953**	277
Unrealized foreign exchange (gains) losses		**(13,241)**	901	**(9,068)**	2,987
Loss on disposal of property, plant and equipment		**3,750**	741	**4,787**	354
Impairment of property, plant and equipment	3	**5,634**	—	**5,634**	—
Impairment of inventory	3	**27,548**	—	**27,548**	—
Impairment of other assets	3	**9,648**	—	**9,648**	—
Interest		**10,917**	9,297	**20,733**	18,398
Interest paid		**(2,001)**	(1,038)	**(14,464)**	(11,674)
Deferred income taxes		**767**	(8,012)	**(4,863)**	(16,422)
Changes in items of working capital	10	**(28,946)**	15,782	**(19,775)**	(5,040)
Cash flows provided by (used in) operating activities		**9,188**	18,828	**24,941**	(1,034)
FINANCING ACTIVITIES					
Bridge loan proceeds	4	**—**	—	**15,000**	—
Issuance of long-term debt, net of debt issuance costs	5	**(1,474)**	3,421	**6,957**	22,191
Bridge loan repayments	4	**(15,000)**	—	**(15,000)**	—
Long-term debt repayments	5	**—**	—	**—**	(1,050)
Lease obligation principal repayments		**(2,176)**	(1,738)	**(4,259)**	(3,545)
Proceeds on issuance of common shares from the exercise of warrants and stock options		**559**	21	**1,263**	89
Cash flows (used in) provided by financing activities		**(18,091)**	1,704	**3,961**	17,685
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	10	**(11,005)**	(14,584)	**(27,109)**	(25,458)
Proceeds on disposal of property, plant and equipment		**472**	461	**775**	648
Proceeds on disposal of right-of-use assets		**607**	578	**911**	759
Cash flows used in investing activities		**(9,926)**	(13,545)	**(25,423)**	(24,051)
Effect of exchange rate changes on cash and cash equivalents		**27,443**	(287)	**20,423**	(1,765)
Increase (decrease) in cash and cash equivalents		**8,614**	6,700	**23,902**	(9,165)
Cash and cash equivalents (bank overdraft), beginning of period		**13,937**	13,965	**(1,351)**	29,830
Cash and cash equivalents, end of period		**22,551**	20,665	**22,551**	20,665
Cash flows of discontinued operations	3				

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2022 and 2021

(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company was originally incorporated on June 28, 1999 and amalgamated with Denison Energy Inc. on March 24, 2004) and Dominion Land Projects Ltd. on January 1, 2011 under the Business Corporations Act (Alberta). The Company was continued under the Canada Business Corporations Act on December 17, 2020. The Company's principal place of business is at Suite 500, 407 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E5. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia and Argentina.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2021. Unless otherwise noted, the Company has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These financial statements were approved for issuance by the Board of Directors on July 27, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

(a) Income Taxes

For purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income tax becomes payable.

(b) Non-current Assets Held for Sale and Discontinued Operations

Non-current 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 non-current asset is recognized at the date of derecognition.

Non-current 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.

Non-current 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 coordinated 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.

3. ASSETS HELD FOR SALE

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, 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 additional Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry during the second quarter, the Company has recorded an impairment of $42,830 to write down the Russian division's current and long-term assets to their expected recoverable amount.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
Impairment of property, plant and equipment	**5,634**	—	**5,634**	—
Impairment of inventory	**27,548**	—	**27,548**	—
Impairment of other assets	**9,648**	—	**9,648**	—
	42,830	—	**42,830**	—

(a) Financial Information

The financial performance and cash flow information of the Russia operating division for the three months ended June 30, 2022 and 2021 are:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
Revenue	**32,990**	33,542	**55,086**	61,163
Expenses	**18,367**	27,912	**43,971**	54,865
Impairment	**42,830**	—	**42,830**	—
(Loss) income before income tax	**(28,207)**	5,630	**(31,715)**	6,298
Income tax expense	**1,209**	649	**1,209**	706
Net (loss) income from discontinued operations	**(29,416)**	4,981	**(32,924)**	5,592

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
Net cash used in operating activities	**(11,251)**	(1,497)	**(8,369)**	(217)
Net cash provided by (used in) financing activities	**—**	—	**—**	—
Net cash used in investing activities	**(1)**	(1,520)	**—**	(2,603)
Effect of exchange rate changes on cash and cash equivalents	**(1,511)**	(4)	**(1,312)**	179
Decrease in cash and cash equivalents from discontinued operations	**(12,763)**	(3,021)	**(9,681)**	(2,641)

The financial performance and cash flow information of the Russia operating division for the years ended December 31, 2021 and 2020 are:

	Years Ended December 31,	
	2021	2020
(C$000s)	*($)*	*($)*
Revenue	122,146	100,407
Expenses	108,894	123,480
Income (loss) before income tax	13,252	(23,073)
Income tax expense	1,333	5,756
Net income (loss) from discontinued operations	11,919	(28,829)

	Years Ended December 31,	
	2021	2020
(C$000s)	***($)***	*($)*
Net cash provided by operating activities	**6,457**	5,781
Net cash provided by (used in) financing activities	**—**	—
Net cash used in investing activities	**(4,648)**	(1,201)
Effect of exchange rate changes on cash and cash equivalents	**156**	5,090
Increase in cash and cash equivalents from discontinued operations	**1,965**	9,670

(b) Assets and Liabilities of Disposal Group Held for Sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at June 30, 2022:

(C$000s)	*($)*
Assets classified as held for sale	
Cash and cash equivalents	5,115
Accounts receivable	54,589
	59,704
Liabilities directly associated with assets classified as held for sale	
Accounts payable and accrued liabilities	27,489
	27,489

The cumulative foreign exchange gains recognized in other comprehensive income in relation to the discontinued operations as at June 30, 2022 was $1,075.

4. BRIDGE LOAN

During the second quarter of 2022, the Company repaid and cancelled its $25,000 secured bridge loan (“Bridge Loan”) with G2S2 Capital Inc. (“G2S2”), a company controlled by George S. Armoyan, a member of the Board of Directors. Prior to repayment, the Company had drawn $15,000. The loan was executed during the first quarter of 2022 to fund the Company’s short-term working capital requirements during a period of improved activity in North America.

5. LONG-TERM DEBT

	June 30, 2022	December 31, 2021
(C$000s)	***($)***	*($)*
$250,000 extendible revolving term loan facility, secured by the Canadian and U.S. assets of the Company on a first priority basis	**200,000**	190,000
$57,435 1.5 Lien Notes due December 18, 2023, bearing interest at 10.00% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis ahead of the Second Lien Notes	**55,003**	55,385
US$120,000 Second Lien Notes due March 15, 2026, bearing interest at 10.875% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis	**154,632**	152,136
Less: unamortized debt issuance costs	**(6,952)**	(9,042)
	402,683	388,479

The fair value of the Second Lien Notes (as defined below), as measured based on the closing market price at June 30, 2022 was $144,737 (December 31, 2021 – $139,640). 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. As at June 30, 2022, there have been no trades in the 1.5 Lien Notes of which the Company is aware to provide an alternative fair value reference; therefore, the carrying value approximates its fair value.

(a) 1.5 Lien Notes

On December 18, 2020, the Company issued $60,000 of 1.5 lien senior secured 10% payment-in-kind convertible notes (“1.5 Lien Notes”) due December 18, 2023 on a private placement basis. The terms of the 1.5 Lien Notes enable the holders to convert each $1,000 principal amount into approximately 750 common shares at their discretion. Interest is payable in cash semi-annually on March 15 and September 15 of each year. On each interest payment date, the Company may elect to defer and pay in-kind any interest accrued as of such interest payment date by increasing the unpaid principal amount of the 1.5 Lien Notes as at such date (each, a "PIK Interest Payment"). Following each such increase in the principal amount of the 1.5 Lien Notes as a result of any PIK Interest Payment, the 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash.

The liability portion of the 1.5 Lien Notes was recorded at an initial fair value of $55,127 using a discount rate of 13.4 percent, representing the discount rate of a comparable debt instrument without a conversion feature. The remaining $4,873 is the difference between the initial principal amount and the fair value of the liability component and was recorded as the equity portion of the conversion feature in shareholders’ equity. The Company incurred transaction costs of $7,596 associated with the issuance of the 1.5 Lien Notes which was allocated to debt issuance costs and share issuance costs on a proportional basis to the initial fair value of the liability and equity components.

During the six months ended June 30, 2022, $1,223 principal amount of the 1.5 Lien Notes was converted into 917,814 common shares. For accounting purposes, the conversion was recorded on a proportional basis as a reduction of the liability and equity portion of the 1.5 Lien Notes for $1,164 and $99, respectively, with a corresponding increase to share capital.

Since inception, the Company has opted to pay all interest payments on the 1.5 Lien Notes in cash rather than utilizing the payment-in-kind option.

(b) Second Lien Notes

On February 24, 2020, the Company completed an exchange offer of US$120,000 of new 10.875% second lien secured notes (“Second Lien Notes”) due March 15, 2026 to holders of its 8.50% senior unsecured notes due 2026 (“Unsecured Notes”). The exchange was completed at an average exchange price of US$550 per each US$1,000 of Unsecured Notes resulting in US$218,182 being exchanged for US$120,000 of Second Lien Notes, resulting in a non-cash gain on exchange of debt of $130,444 that was recorded in 2020.

(c) Revolving Credit Facility

On June 30, 2021, the Company amended its revolving credit facility agreement to reduce its total facility capacity from $290,000 to $225,000 and extended the maturity date to July 1, 2023. On November 25, 2021, the Company further amended its revolving credit facility agreement to increase its total facility capacity to $250,000.

The facilities consist of an operating facility of $45,000 and a syndicated facility of $205,000. The Company's credit facilities mature on July 1, 2023, and can be extended by one or more years at the Company's request and lenders' acceptance. 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 1.00 percent to prime plus 3.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 2.00 percent to 4.50 percent above the respective base rates. The Company incurs interest at the high end of the ranges outlined above if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00, certain restrictions apply including the following: (a) acquisitions are subject to consent of the lenders; (b) distributions are restricted other than those relating to the Company's equity compensation plans; (c) no increase in the rate of dividends are permitted; and (d) additional permitted debt is restricted to $5,000. As at June 30, 2022, the Company's net Total Debt to Adjusted EBITDA ratio was below 4.00:1.00.

Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the six months ended June 30, 2022 was $20,522 (six months ended June 30, 2021 – $18,529).

The following table sets out an analysis of long-term debt and the movements in long-term debt:

	2022
(C$000s)	*($)*
Balance, January 1	388,479
Issuance of long-term debt, net of debt issuance costs	6,957
Long-term debt repayments	—
Conversion of 1.5 Lien Notes into shares	(1,164)
Amortization of compound financial instrument discount	781
Amortization of debt issuance costs and debt discount	5,182
Foreign exchange adjustments	2,448
Balance, June 30	402,683

At June 30, 2022, the Company had utilized $942 of its loan facility for letters of credit, had $200,000 outstanding under its revolving term loan facility, leaving $49,058 in available credit. The Company's credit facilities are subject to a monthly borrowing base, which at June 30, 2022 was above the maximum availability of $250,000 under its credit facilities. At June 30, 2022, the Company was required to have a minimum of $15,000 in available liquidity. See note 11 for further details on the covenants in respect of the Company's long-term debt.

6. CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares.

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	*($000s)*	*(#)*	*($000s)*
Balance, beginning of period	**37,700,972**	**801,178**	37,408,490	800,184
Issued upon exercise of warrants	**285,702**	**2,715**	73,460	698
Conversion of 1.5 Lien Notes into shares (note 5)	**917,814**	**1,263**	219,136	296
Issued upon exercise of stock options	**155,005**	**867**	—	—
Cancellation of fractional shares upon 50:1 share consolidation	**—**	**—**	(114)	—
Balance, end of period	**39,059,493**	**806,023**	37,700,972	801,178

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
	($)	*($)*	*(#)*	*(#)*
Weighted average number of common shares outstanding				
Basic	**38,644,035**	37,434,240	**38,356,816**	37,428,050
Diluted	**84,576,547**	83,422,250	**84,378,816**	83,625,449

The difference between basic and diluted shares is attributable to: warrants issued as disclosed in note 7, the dilutive effect of the conversion of the 1.5 Lien Notes as disclosed in note 5, and the dilutive effect of stock options issued by the Company as disclosed in note 7.

7. SHARE-BASED PAYMENTS

(a) Stock Options

Six Months Ended June 30,	2022		2021	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	*($)*	*(#)*	*($)*
Balance, January 1	**3,300,000**	**3.54**	—	—
Granted	**—**	**—**	3,540,000	3.54
Exercised for common shares	**(155,005)**	**3.54**	—	—
Balance, June 30	**3,144,995**	**3.54**	3,540,000	3.54

Stock options vest equally over three years and expire five years from the date of grant. The exercise price of outstanding options range from $3.41 to $3.54 with a weighted average remaining life of 3.94 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

(b) Share Units

	Six Months Ended June 30,	
	2022	2021
Continuity of Deferred Share Units		
	(#)	*(#)*
Balance, January 1	**107,400**	2,400
Granted	**—**	105,000
Exercised	**(1,600)**	—
Balance, June 30	**105,800**	107,400

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
	($)	*($)*	***($)***	*($)*
Stock options	**919**	277	**1,953**	277
Deferred share units	**117**	36	**252**	55
Total stock-based compensation expense	**1,036**	313	**2,205**	332

Stock-based compensation expense is included in selling, general and administrative expenses.

The Company grants deferred share units to its outside directors. These units vest on the first anniversary of the date of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At June 30, 2022, the liability pertaining to deferred share units was $512 (December 31, 2021 – $269).

Changes in the Company's obligations under the deferred share unit plans, which arise from fluctuations in the market value of the Company's shares underlying these compensation programs, are recorded as the share value changes.

(c) Warrants

The Company issued 5,824,433 warrants to shareholders of record (i.e. registered shareholders) as of market close on December 17, 2020. Each warrant is exercisable for a period of three years into one common share at a price of $2.50 per common share, subject to customary adjustments and restrictions. The fair value of the warrants at issuance was estimated using a Black-Scholes pricing model, in the amount of $40,797, and accounted for as a reduction of the gain on settlement of debt during the fourth quarter of 2020. The Company applied the following Black-Scholes model inputs:

Expected life (years)	**3.00**
Share price at grant date ($)	**9.00**
Exercise price ($)	**2.50**
Expected volatility (%)	**73.90**
Risk-free interest rate (%)	**1.27**
Expected dividends ($)	**—**

During the six months ended June 30, 2022, 285,702 warrants were exercised for total proceeds of $714.

Six Months Ended June 30,		**2022**		2021
Continuity of Warrants	**Warrants**	**Average Exercise Price**	Warrants	Average Exercise Price
	(#)	***($)***	*(#)*	*($)*
Balance, January 1	**5,750,856**	**2.50**	5,824,433	2.50
Exercised for common shares	**(285,702)**	**2.50**	(35,517)	2.50
Cancelled	**—**	**—**	(117)	2.50
Balance, June 30	**5,465,154**	**2.50**	5,788,799	2.50

8. LEASES

The Company's leasing activities comprise of buildings and various field equipment including railcars and motor vehicle leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The recognized right-of-use assets relate to the following types of assets:

	June 30, 2022	December 31, 2021
(C$000s)	***($)***	*($)*
Field equipment	**13,148**	13,599
Buildings	**7,315**	8,406
	20,463	22,005

The following table sets out the movement in the lease obligation:

	2022
(C$000s)	*($)*
Balance, January 1	20,564
Additions	4,397
Disposals/retirements	(2,415)
Principal portion of payments	(4,259)
Foreign exchange adjustments	154
Balance, June 30	18,441

9. FINANCIAL INSTRUMENTS

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

(a) 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 and carrying value of the Second Lien Notes, as measured based on the closing market price at June 30, 2022 was $144,737 and $154,632, respectively (December 31, 2021 – $139,640 and $152,136).

The fair values of the remaining long-term debt approximate their carrying values, as described in note 5.

(b) Credit Risk

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. At June 30, 2022, the Company had a loss allowance provision for accounts receivable of $642 (December 31, 2021 – $569).

IFRS 9 *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment using the lifetime expected credit loss model, a loan loss allowance of $69 was recorded during the six months ended June 30, 2022. The expected credit loss rates are based on actual credit loss experience over the past several years for each operating segment.

The loss allowance provision for trade accounts receivable as at June 30, 2022 reconciles to the opening loss allowance provision as follows:

	2022
(C$000s)	*($)*
At January 1, 2022	569
Increase in loan loss allowance recognized in statement of operations	69
Specific receivables deemed as uncollectible and written off	—
Foreign exchange adjustments	4
At June 30, 2022	642

(c) Liquidity Risk

The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities, new secured or unsecured debt, and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending to maintain liquidity. See note 11 for further details on the Company's capital structure.

(d) Country Risk

The ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty around the Company's operations in Russia. As a result of these changes in circumstances, the risk and uncertainty surrounding banking restrictions and 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, collectibility of accounts receivable, and overall business and operational risks are being monitored. The impact of these risks will be reflected in the financial statements as required.

The situation in Russia remains dynamic and additional sanctions or restrictions may be issued against or by Russia as the conflict evolves. Additional sanctions or restrictions could have a material impact on the Company's assets, business, financial condition and cash flows in Russia and the Company has determined that it will sell its Russian operations as noted in note 3.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
(C$000s)	*($)*	*($)*	*($)*	*($)*
Accounts receivable	**(29,171)**	22,231	**(76,493)**	(22,954)
Inventory	**(9,469)**	(4,874)	**(5,283)**	(8,813)
Prepaid expenses and deposits	**(2,443)**	(6,480)	**662**	(3,345)
Accounts payable and accrued liabilities	**10,412**	4,421	**59,915**	29,769
Income taxes recoverable	**1,725**	484	**1,424**	303
	(28,946)	15,782	**(19,775)**	(5,040)

Purchase of property, plant and equipment is comprised of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
(C$000s)	*($)*	*($)*	*($)*	*($)*
Property, plant and equipment additions	**(15,241)**	(18,065)	**(27,386)**	(29,651)
Change in liabilities related to the purchase of property, plant and equipment	**4,236**	3,481	**277**	4,193
	(11,005)	(14,584)	**(27,109)**	(25,458)

11. CAPITAL STRUCTURE

The Company's capital structure is comprised of shareholders' equity and debt. The Company's objectives in managing capital are (i) to maintain flexibility so as to preserve its access to capital markets and its ability to meet its financial obligations, and (ii) to finance growth, including potential acquisitions.

The Company manages its capital structure and makes adjustments in light of changing market conditions and new opportunities, while remaining cognizant of the cyclical nature of the oilfield services sector. To maintain or adjust its capital structure, the Company may revise its capital spending, issue new shares or new debt or repay existing debt.

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of net debt to operating income. Operating income for this purpose is calculated on a 12-month trailing basis and is defined as follows:

	June 30,	December 31,
For the Twelve Months Ended	**2022**	2021
(C$000s)	*($)*	*($)*
Net loss from continuing operations	**(60,995)**	(94,734)
Adjusted for the following:		
Depreciation	**124,877**	127,431
Foreign exchange (gains) losses	**(309)**	4,659
Loss on disposal of property, plant and equipment	**4,839**	405
Impairment of other assets	**705**	705
Interest	**40,072**	37,739
Income taxes	**(14,500)**	(26,875)
Operating income from continuing operations	**94,689**	49,330

Net debt for this purpose is calculated as follows:

	June 30,	December 31,
	2022	2021
(C$000s)	*($)*	*($)*
Long-term debt, net of debt issuance costs and debt discount	**402,683**	388,479
Lease obligations	**18,441**	20,564
(Deduct) add: (cash and cash equivalents) bank overdraft	**(17,436)**	1,351
Net debt	**403,688**	410,394

The ratio of net debt to operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At June 30, 2022, the net debt to operating income ratio was 4.26:1 (December 31, 2021 – 8.32:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended	**June 30, 2022**	December 31, 2021
(C$000s, except ratio)	***($)***	*($)*
Net debt	**403,688**	410,394
Operating income	**94,689**	49,330
Net debt to operating income ratio	**4.26**	8.32

The Company is subject to certain financial covenants relating to working capital, 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 per the amended credit facility agreement as disclosed in note 5, the Company's Funded Debt to Adjusted EBITDA covenant is 3.00x for the quarter ended June 30, 2022 and each quarter end thereafter. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities as at June 30, 2022. Upon filing its second quarter compliance certificate, the Company will no longer be subject to the covenant relief terms within its revolving credit facility agreement, as described in further detail in the the Company's financial statements for the three months ended March 31, 2022.

As at June 30,	Covenant 2022	**Actual 2022**
Working capital ratio not to fall below	1.15x	**1.98x**
Funded Debt to Adjusted EBITDA not to exceed[1][2]	3.00x	**1.83x**
Funded Debt to Capitalization not to exceed[1][3]	0.30x	**0.27x**

[1] Funded Debt is defined as Total Debt excluding all outstanding Second Lien Notes, 1.5 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 Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for a specified purpose, including a potential equity cure).
[2] Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
[3] Capitalization is Total Debt plus equity.

Adjusted EBITDA is defined in the Company's credit facilities for covenant purposes as net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it is used in the calculation of the Company's bank covenants. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)			***($)***	*($)*
Net loss from continuing operations	**(6,776)**	(35,516)	**(24,806)**	(58,545)
Add back (deduct):				
Depreciation	**30,385**	31,324	**60,339**	62,893
Unrealized foreign exchange (gains) losses	**(4,917)**	1,149	**(3,013)**	2,841
Loss on disposal of property, plant and equipment	**3,750**	741	**4,788**	354
Litigation expense (income)	**3,000**	(700)	**3,000**	(700)
Restructuring charges	**265**	218	**966**	473
Stock-based compensation	**919**	277	**1,953**	277
Interest	**10,917**	9,297	**20,733**	18,400
Income taxes	**1,709**	(7,870)	**(3,877)**	(16,252)
Adjusted EBITDA [1]	**39,252**	(1,080)	**60,083**	9,741

[1] For bank covenant purposes, EBITDA includes $5,478 income from discontinued operations for the six months ended June 30, 2022 (six months ended June 30, 2021 – $6,587 income) and the deduction of an additional $4,863 of lease payments for the six months ended June 30, 2022 (six months ended June 30, 2021 – $4,099) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the sum of the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for a specified purpose, including a potential equity cure; and

iii. 35 percent of the net book value of property, plant and equipment (PP&E) of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is limited to $150,000.

The indentures governing the Second Lien Notes and 1.5 Lien Notes (the "Indentures") contain restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company and make certain restricted investments, that are not defined as Permitted Investments under the Indentures, in circumstances where:

i. the Company is in default under the Indentures or the making of such payment would result in a default;

ii. the Company would not meet the Fixed Charge Coverage Ratio(1) under the Indentures of at least 2:1 for the most recent four fiscal quarters, after giving pro forma effect to such restricted payment as if it had been made at the beginning of the applicable four fiscal quarter period; or

iii. there is insufficient room for such payment within the builder baskets included in the Indentures.

(1) The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the Indentures as net income (loss) from continuing operations before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment or reversal of impairment of assets, restructuring charges, stock-based compensation, interest, and income taxes. Interest expense is adjusted to exclude any non-recurring charges associated with redeeming or retiring any indebtedness prior to its maturity.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000 in the Indentures. As at June 30, 2022, the US$20,000 basket was not utilized.

The Indentures also restrict the ability to incur indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of indebtedness, including debt under credit facilities up to the greater of $375,000 or 30 percent of the Company's consolidated tangible assets as well as a general basket equal to the greater of 4 percent of consolidated tangible assets and US$60,000. The 1.5 Lien Notes indenture includes additional restrictions on certain investments including certain investments in subsidiary entities, however the indenture includes several exceptions to this prohibition, including a general basket of US$10,000 and baskets related to prepayments and and certain capital build commitments which aggregate over US$12,000. The 1.5 Lien Notes indenture also contains a restriction that any indebtedness incurred in excess of $290,000 under the credit facilities basket shall be junior in priority to the 1.5 Lien Notes.

As at June 30, 2022, the Company's Fixed Charge Coverage Ratio of 2.44:1 was above the required 2:1 ratio.

The credit facility agreement provides that proceeds from equity offerings may be applied, as an equity cure, in the calculation of Adjusted EBITDA towards the Funded Debt to Adjusted EBITDA covenant for any of the quarters ending prior to and including June 30, 2023, subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;

ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;

iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a rolling four-quarter basis and $25,000; and

iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

To utilize an equity cure, the Company must provide notice of any such election to the lending syndicate at any time prior to the filing of its quarterly financial statements for the applicable quarter on SEDAR. Amounts used as an equity cure prior to June 30, 2023 will increase Adjusted EBITDA over the relevant twelve-month rolling period and may also serve to reduce Funded Debt unless used for other purposes.

The Company's credit facilities also require majority lender consent for dispositions of property or assets in Canada and the United States if the aggregate market value exceeds $20,000 in a calendar year, subject to certain exceptions. There are no restrictions pertaining to dispositions of property or assets outside of Canada and the United States, except that if advances under the credit facilities exceed $50,000 at the time of any such dispositions, the Company must use the resulting proceeds to reduce the advances to less than $50,000 before using the balance for other purposes.

12. RELATED-PARTY TRANSACTIONS

Ronald P. Mathison, the Chairman of the Company, and entities controlled by George S. Armoyan, a member of the Board of Directors, hold 20 percent and 45 percent, respectively, of the Company's 1.5 Lien Notes.

In connection with the 1.5 Lien Notes offering, the Company issued 1,125,703 common shares to certain investors that backstopped the issuance of the 1.5 Lien Notes. Certain entities controlled by George S. Armoyan received 734,413 shares for their participation in backstopping the 1.5 Lien Notes, of which 38,023 shares were sold during the first quarter of 2021.

Certain entities controlled by George S. Armoyan hold US$16,371 of the Company's Second Lien Notes (December 31, 2021 – US$16,371).

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the six months ended June 30, 2022 was $478 (six months ended June 30, 2021 – $478), as measured at the exchange amount, which is based on market rates at the time the lease arrangements were made and is under the normal course of business.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives revenue from the provision of goods and services for the following major service lines and geographical regions:

	Canada	United States	Argentina	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Three Months Ended June 30, 2022						
Fracturing	**60,565**	**193,817**	**29,003**	**283,385**	**30,544**	**313,929**
Coiled tubing	**10,355**	**—**	**10,434**	**20,789**	**2,446**	**23,235**
Cementing	**—**	**—**	**10,309**	**10,309**	**—**	**10,309**
Product sales	**169**	**13**	**—**	**182**	**—**	**182**
Subcontractor	**—**	**—**	**3,846**	**3,846**	**—**	**3,846**
	71,089	**193,830**	**53,592**	**318,511**	**32,990**	**351,501**
Three Months Ended June 30, 2021						
Fracturing	45,699	86,623	22,556	154,878	30,715	185,593
Coiled tubing	5,068	—	4,838	9,906	2,827	12,733
Cementing	—	—	5,579	5,579	—	5,579
Product sales	—	65	—	65	—	65
Subcontractor	—	—	3,341	3,341	—	3,341
	50,767	86,688	36,314	173,769	33,542	207,311

	Canada	United States	Argentina	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Six Months Ended June 30, 2022						
Fracturing	**156,668**	**326,100**	**59,277**	**542,045**	**51,109**	**593,154**
Coiled tubing	**20,855**	**—**	**19,250**	**40,105**	**3,977**	**44,082**
Cementing	**—**	**—**	**20,197**	**20,197**	**—**	**20,197**
Product sales	**1,200**	**41**	**—**	**1,241**	**—**	**1,241**
Subcontractor	**—**	**—**	**9,447**	**9,447**	**—**	**9,447**
	178,723	**326,141**	**108,171**	**613,035**	**55,086**	**668,121**
Six Months Ended June 30, 2021						
Fracturing	123,092	179,536	44,434	347,062	55,840	402,902
Coiled tubing	13,255	—	9,270	22,525	5,323	27,848
Cementing	—	—	10,291	10,291	—	10,291
Product sales	3	65	—	68	—	68
Subcontractor	—	—	7,777	7,777	—	7,777
	136,350	179,601	71,772	387,723	61,163	448,886

The Company recognizes all its revenue from contracts with customers and no other sources (such as lease rental income).

The Company does not incur material costs to obtain contracts with customers and consequently, does not recognize any contract assets. The Company does not have any contract liabilities associated with its customer contracts.

14. PRESENTATION OF EXPENSES

The Company presents its expenses on the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations (cost of sales); and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)	*($)*	*($)*	*($)*	*($)*
Product costs	**93,460**	55,995	**183,979**	121,150
Personnel costs	**73,485**	49,243	**146,694**	99,922
Depreciation on property, plant and equipment	**28,494**	29,680	**56,642**	59,602
Depreciation on right-of-use assets	**1,891**	1,644	**3,697**	3,291
Other operating costs	**102,836**	58,516	**199,978**	134,664
Cost of sales from continuing operations	**300,166**	195,078	**590,990**	418,629

During the six months ended June 30, 2021, the Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs and recognized $4,261 as a reduction of salaries and wages expense and $318 as a reduction in rent expense, respectively. Both programs ended in 2021.

15. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
Salaries and short-term employee benefits	**81,951**	57,593	**160,754**	114,518
Post-employment benefits (group retirement savings plan)	**1,506**	—	**2,927**	—
Share-based payments	**1,036**	313	**2,205**	332
Termination benefits	**433**	581	**1,432**	1,009
	84,926	58,487	**167,318**	115,859

16. CONTINGENCIES

GREEK LITIGATION

As a result of the acquisition and amalgamation with Denison in 2004, the Company assumed certain legal obligations relating to Denison's Greek operations.

In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,220 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company was served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015.

Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of these orders on the basis they were improperly issued and are barred from a statute of limitations perspective. Hearings in respect of each of the orders have been held, and in each case, decisions were rendered accepting the Company's position. All of these decisions were appealed, but the favorable judgments have all been confirmed in the Company's favor. The plaintiffs have filed petitions for cassation (a form of appeal in Greece) against three of the appeal judgments, and will have 30 days to file a petition for cassation following the service of the remaining judgment in respect of the enforcement order once it has been certified. No hearings have been scheduled for the three pending cassation petitions.

NAPC is also the subject of a claim for approximately $2,965 (2,201 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision. That claim was upheld by judgment No. 99/2021 of the Administrative Court of Appeal in Komotini and a petition for cassation has been filed by NAPC partially challenging the aforementioned judgment and its quantum.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $778 (578 euros), amounted to $27,939 (20,746 euros) as at June 30, 2022.

Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision has been recorded in these consolidated financial statements.

VENDOR CONTRACT DISPUTE

A complaint for money damages was filed against the Company by a vendor in the United States District Court for the District of Delaware in July 2021. The complaint, which was amended in February 2022, alleges the Company failed to satisfy certain volume commitments and associated shortfall payment obligations under a sand supply agreement and the vendor is seeking at least US$10.2 million in damages together with interest and unspecified other relief. The Company has filed an answer to the complaint (as amended) and a counter-claim. The case is still in the early stages, but the Company intends to pursue its counter-claim and vigorously defend against the vendor's allegations.

Given the stage of the proceedings and the existence of available defenses, the magnitude of the financial consequences of the claims in the complaint cannot be determined at this time. While management does not believe that this complaint will have a material adverse effect on the business or financial condition of the Company, no assurance can be given as to the outcome of the proceedings.

17. SEGMENTED INFORMATION

The Company's activities are conducted in four geographical segments: Canada, the United States, Russia and Argentina. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

The business segments presented reflect the Company's management structure and the way its management reviews business performance. The Company evaluates the performance of its operating segments primarily based on operating income, as defined below.

	Canada	United States	Argentina	Corporate	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*			*($)*
Three Months Ended June 30, 2022							
Revenue	**71,089**	**193,830**	**53,592**	**—**	**318,511**	**32,990**	**351,501**
Operating income (loss)(1)	**3,862**	**35,826**	**1,603**	**(4,741)**	**36,550**	**4,946**	**41,496**
Segmented assets	**204,339**	**538,226**	**121,034**	**—**	**863,599**	**59,704**	**923,303**
Capital expenditures	**3,285**	**10,105**	**1,850**	**—**	**15,240**	**1**	**15,241**
Three Months Ended June 30, 2021							
Revenue	50,767	86,688	36,314	—	173,769	33,542	207,311
Operating income (loss)(1)	4,295	(2,554)	4,928	(5,913)	756	5,287	6,043
Segmented assets	221,043	511,361	85,846	—	818,250	72,555	890,805
Capital expenditures	1,747	11,935	3,389	—	17,071	994	18,065

	Canada	United States	Argentina	Corporate	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*			*($)*
Six Months Ended June 30, 2022							
Revenue	**178,723**	**326,141**	**108,171**	**—**	**613,035**	**55,086**	**668,121**
Operating income (loss)(1)	**17,382**	**43,721**	**7,072**	**(10,596)**	**57,579**	**4,348**	**61,927**
Segmented assets	**204,339**	**538,226**	**121,034**	**—**	**863,599**	**59,704**	**923,303**
Capital expenditures	**6,376**	**17,970**	**3,039**	**—**	**27,385**	**1**	**27,386**
Six Months Ended June 30, 2021							
Revenue	136,350	179,601	71,772	—	387,723	61,163	448,886
Operating income (loss)(1)	19,474	(5,566)	8,842	(10,530)	12,220	6,763	18,983
Segmented assets	221,043	511,361	85,846	—	818,250	72,555	890,805
Capital expenditures	2,840	19,978	4,756	—	27,574	2,077	29,651

[(1)] *Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, gains or losses on exchange or settlement of debt, impairment of property, plant and equipment, impairment of other assets, interest, and income taxes.*

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
(C$000s)	***($)***	*($)*	***($)***	*($)*
Net loss from continuing operations	**(6,776)**	(35,516)	**(24,806)**	(58,545)
Add back (deduct):				
Depreciation	**30,385**	31,324	**60,339**	62,893
Foreign exchange (gains) losses	**(3,435)**	2,780	**402**	5,370
Loss on disposal of property, plant and equipment	**3,750**	741	**4,788**	354
Interest	**10,917**	9,297	**20,733**	18,400
Income taxes	**1,709**	(7,870)	**(3,877)**	(16,252)
Operating income from continuing operations	**36,550**	756	**57,579**	12,220

Operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

18. SEASONALITY OF OPERATIONS

Certain of the Company's Canadian and United States businesses are seasonal in nature. The lowest activity levels in these areas are typically experienced during the second quarter of the year when road weight restrictions are in place and access to well sites in Canada and North Dakota is reduced.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald P. Mathison
Chairman
President & Chief Executive Officer
Matco Investments Ltd.

Douglas R. Ramsay (2)(3)
Vice Chairman
Calfrac Well Services Ltd.

George S. Armoyan (2)
Chairman, President and CEO
Clarke Inc.

Anuroop Duggal (1)(2)
Private Investor / Adjunct Professor
Columbia Business School

Lindsay R. Link
President & Chief Operating Officer
Calfrac Well Services Ltd.

Chetan R. Mehta (1)(3)
Managing Director
KD Energy Holdings LLC

Charles Pellerin (1)(2)
Partner, Pellerin Potvin Gagnon

Pat Powell (3)
Chief Executive Officer
Calfrac Well Services Ltd.

(1) Member of the Audit Committee
(2) Member of the Compensation, Governance and Nominating Committee
(3) Member of the Health, Safety, Environment and Quality Committee

OFFICERS

Pat Powell
Chief Executive Officer

Lindsay R. Link
President & Chief Operating Officer

Michael D. Olinek
Chief Financial Officer

Marco A. Aranguren
Director General, Argentina Division

Gordon T. Milgate
President, Canadian Division

Robert L. Sutherland
President, Russian Division

Mark R. Ellingson
Vice President, Sales & Marketing, United States Division

Edward L. Oke
Vice President, Human Resources

Gary J. Rokosh
Vice President, Business Development, Canadian Division

Mark D. Rosen
Vice President, Operations, United States Division

Fred L. Toney
Vice President, Executive Sales, United States Division

Jeffrey I. Ellis
General Counsel and Corporate Secretary

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Alberta Treasury Branches
Royal Bank of Canada
Export Development Canada
The Bank of Nova Scotia
Canadian Western Bank

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Common Share Trading Symbol: CFW
Warrant Trading Symbol: CFW.WT

REGISTRAR & TRANSFER AGENT

For information concerning lost share certificates and estate transfers, or for a change in share registration or address, please contact the transfer agent and registrar:

Computershare Investor Services Inc.
9th floor, 100 University Avenue
Toronto, ON M5J 2Y1
1-800-564-6253
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Neuquén