Q1 2024 MANAGEMENT'S DISCUSSION & ANALYSIS

CALFRAC WELL SERVICES

Three Months Ended March 31, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of May 6, 2024 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS) Accounting Standards.

The focus of this MD&A is a comparison of the financial performance for the three months ended March 31, 2024 and 2023. It should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2024, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2023.

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 12.

CALFRAC'S BUSINESS FROM CONTINUING OPERATIONS

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

The Company's reportable business segments during the three months ended March 31, 2024, were as follows:

Segment	Active	Idle	Total	Crewed Fleets
	(000's hhp)	*(000's hhp)*	*(000's hhp)*	*(#)*
North America	951	156	1,107	13
Argentina	139	—	139	7
Total	1,090	156	1,246	20

- The Company's North America segment provides fracturing services to oil and natural gas companies operating in the Williston Basin located in North Dakota as well as the broader Rockies region, which includes the Piceance Basin in Colorado, the Uinta Basin in Utah and the Powder River Basin in Wyoming. Calfrac also provides fracturing services in the United States to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West Virginia. The Company provides fracturing and coiled tubing services in Canada to a diverse group of oil and natural gas exploration and production companies operating in the Western Canadian Sedimentary Basin, primarily in Alberta and northeast British Columbia. At March 31, 2024, Calfrac's North America segment had 13 fracturing fleets utilizing combined active horsepower of approximately 1.0 million of which approximately 35 percent was dual-fuel capable. At the end of the first quarter, the North America segment had approximately 156,000 of idled horsepower.

- The Argentinean segment provides fracturing, coiled tubing and cementing services to oil and natural gas companies operating in the Neuquén, Las Heras, and Comodoro Rivadavia regions. The Company had one large and six conventional fracturing spreads utilizing approximately 139,000 active and total horsepower, 10 active cementing units and five active coiled tubing units in its Argentinean segment at March 31, 2024. The Company also had one idle cementing unit in Argentina.

- At March 31, 2024, Calfrac's continuing operations had 20 fracturing fleets utilizing combined active horsepower of approximately 1.1 million. The Company had the equivalent of two Tier IV dynamic gas blending ("DGB") fleets operating in North America at the end of the first quarter.

- The Company remains committed to its plan to sell its Russia segment, and the associated assets and liabilities continue to be classified as held for sale and presented as discontinued operations in the interim consolidated financial statements.

HIGHLIGHTS – CONTINUING OPERATIONS

Three Months Ended March 31,	**2024**	2023	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**330,096**	493,323	(33)
Adjusted EBITDA[1]	**26,057**	83,794	(69)
Consolidated cash flows provided by operating activities	**3,773**	40,894	(91)
Capital expenditures	**48,072**	34,474	39
Net (loss) income from continuing operations	**(2,903)**	36,313	(108)
Per share – basic	**(0.03)**	0.45	(107)
Per share – diluted	**(0.03)**	0.41	(107)

As at	**March 31 2024**	December 31 2023	Change
(C$000s)	***($)***	*($)*	*(%)*
(unaudited)			
Cash and cash equivalents	**58,239**	34,140	71
Working capital, end of period	**273,712**	236,392	16
Total assets, end of period	**1,166,363**	1,126,197	4
Long-term debt, end of period	**314,948**	250,777	26
Net debt[2]	**280,677**	241,065	16
Total equity, end of period	**623,743**	615,903	1

[1] *Refer to "Non-GAAP Measures" on page 12 for further information.*
[2] *Refer to note 10 of the consolidated interim financial statements for further information.*

FIRST QUARTER 2024 OVERVIEW

In the first quarter of 2024, the Company:

- generated revenue of $330.1 million, a decrease of 33 percent from the first quarter in 2023 resulting primarily from reduced activity in North America offset partially by higher activity in Argentina;
- reported Adjusted EBITDA of $26.1 million versus $83.8 million in the first quarter of 2023;
- reported a net loss from continuing operations of $2.9 million or $0.03 per share diluted compared to net income of $36.3 million or $0.41 per share diluted during the first quarter in 2023;
- idled two fracturing fleets in North America in response to lower activity due to the impact of lower natural gas prices and the deferral of customer work programs in the Rockies region into subsequent quarters;
- disposed of a non-core real estate asset in North America for net proceeds of $11.4 million which generated a gain on sale of $5.9 million;
- had a cash position of $58.2 million of which approximately 60 percent was held in Argentina. The Argentina cash balance includes an investment of US$18.0 million in Argentinean government bonds (Bopreal Bonds) that will allow for the repatriation of cash to Canada beginning in July 2024 over a 12-month period;
- reported an increase in period-end working capital to $273.7 million from $236.4 million at December 31, 2023, primarily due to the investment in Bopreal Bonds and higher inventory requirements; and
- incurred capital expenditures of $48.1 million, which included approximately $28.4 million related to the Company's fracturing fleet modernization program.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS

THREE MONTHS ENDED MARCH 31, 2024 VERSUS 2023

NORTH AMERICA

Three Months Ended March 31,	**2024**	2023	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**248,959**	413,047	(40)
Adjusted EBITDA[1]	**14,872**	76,487	(81)
Adjusted EBITDA (%)	**6.0**	18.5	(68)
Fracturing revenue per job ($)	**33,518**	43,237	(22)
Number of fracturing jobs	**7,176**	9,223	(22)
Active pumping horsepower, end of period (000s)	**951**	1,017	(6)
Idle pumping horsepower, end of period (000s)	**156**	79	97
Total pumping horsepower, end of period (000s)	**1,107**	1,096	1
Active coiled tubing units, end of period (#)	**6**	6	—
Idle coiled tubing units, end of period (#)	**1**	4	(75)
Total coiled tubing units, end of period (#)	**7**	10	(30)
US$/C$ average exchange rate[2]	**1.3486**	1.3526	—

[1] Refer to "Non-GAAP Measures" on page 12 for further information.
[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's North American operations decreased to $249.0 million during the first quarter of 2024 from $413.0 million in the comparable quarter of 2023. The significant reduction in first-quarter activity and financial performance was mainly due to a slower than expected start to the year as planned completion programs in the Rockies region were deferred until later in the year combined with the impact of the year-over-year decline in natural gas prices. As a result, Calfrac idled two fracturing fleets in February and operated an average of 10 crews in North America during the first quarter in 2024 compared to 15 fleets in the comparable quarter of 2023. In addition, an increase in activity where its customer provides the sand, as well as pricing pressure in the United States, contributed to the 22 percent decrease in average revenue per job in the first quarter of 2024 versus the same quarter in 2023. Coiled tubing revenue decreased by 40 percent as compared to the first quarter in 2023 mainly due to lower utilization of Calfrac's six deep coiled tubing units combined with a decrease in job size.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of $14.9 million or 6 percent of revenue during the first quarter of 2024 compared to $76.5 million or 19 percent of revenue in the same period in 2023. This decrease was due primarily to the significant decline in fracturing fleet utilization combined with slightly lower pricing relative to the same period in 2023.

ARGENTINA

Three Months Ended March 31,	**2024**	2023	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**81,137**	80,276	1
Adjusted EBITDA[1]	**16,100**	11,540	40
Adjusted EBITDA (%)	**19.8**	14.4	38
Fracturing revenue per job ($)	**74,354**	88,174	(16)
Number of fracturing jobs	**672**	555	21
Active pumping horsepower, end of period (000s)	**139**	139	—
Idle pumping horsepower, end of period (000s)	**—**	—	—
Total pumping horsepower, end of period (000s)	**139**	139	—
Active coiled tubing units, end of period (#)	**5**	5	—
Idle coiled tubing units, end of period (#)	**—**	1	(100)
Total coiled tubing units, end of period (#)	**5**	6	(17)
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**1**	1	—
Total cementing units, end of period (#)	**11**	11	—
US$/C$ average exchange rate[2]	**1.3486**	1.3526	—

[1] Refer to “Non-GAAP Measures” on page 12 for further information.
[2] Source: Bank of Canada.

REVENUE

Calfrac’s Argentinean operations generated revenue of $81.1 million during the first quarter of 2024 versus $80.3 million in the comparable quarter in 2023 as the Company maintained strong activity across all service lines. The slight increase in revenue was due to improved job mix for its fracturing service line. Coiled tubing and cementing revenue were consistent with the comparable quarter in 2023.

ADJUSTED EBITDA

The Company’s operations in Argentina generated Adjusted EBITDA of $16.1 million during the first quarter of 2024 compared to $11.5 million in the same quarter of 2023, while the Company’s Adjusted EBITDA margins also improved to 20 percent from 14 percent. This increase was primarily due to job mix in the Vaca Muerta shale play relative to the comparable period in 2023.

CORPORATE

Three Months Ended March 31,	**2024**	2023	Change
(C$000s) *(unaudited)*	*($)*	*($)*	*(%)*
Adjusted EBITDA(1)	**(4,915)**	(4,233)	16
% of revenue from continuing operations	**(1.5)**	(0.9)	67

(1) *Refer to "Non-GAAP Measures" on page 12 for further information.*

ADJUSTED EBITDA

Corporate expenses during the first quarter of 2024 were $4.9 million or $0.7 million higher than the first quarter of 2023 primarily due to an increase in professional fees and higher cash stock-based compensation.

DEPRECIATION

For the three months ended March 31, 2024, depreciation expense from continuing operations of $28.0 million was $2.2 million lower than the corresponding quarter in 2023 primarily due to the mix and timing of major component capital expenditures.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange gain from continuing operations of $1.0 million during the first quarter of 2024 versus a loss of $1.5 million in the comparative three-month period of 2023. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in pesos in Argentina and net monetary assets or liabilities that were held in U.S. dollars in Canada. The foreign exchange gain during the first quarter was mainly due to the revaluation of net monetary assets that were held in U.S. dollars in Canada as the Canadian dollar weakened relative to the U.S. dollar, 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. This gain also included a net gain on foreign currency forward contracts that did not qualify as a hedge (see note 8 of the interim consolidated financial statements).

INTEREST

The Company recorded a net interest expense from continuing operations of $6.0 million for the first quarter of 2024 compared to $8.2 million in the comparable period in 2023. The decrease in interest expense was primarily due to lower average revolving credit facility borrowings during the first quarter in 2024 which contributed to the reduction in interest expense despite slightly higher interest rates. The Company's interest expense during the first quarter of 2024 included $2.3 million of interest income generated primarily in Argentina compared to $0.9 million in the comparable quarter in 2023.

INCOME TAXES

The Company had a current income tax expense of $6.4 million during the first quarter of 2024, which was primarily related to taxable income in Argentina. This was offset by a deferred tax recovery of $6.4 million in the United States due to a net loss incurred during the quarter.

LIQUIDITY AND CAPITAL RESOURCES – CONSOLIDATED

	Three Months Ended Mar. 31,	
	2024	2023
(C$000s) *(unaudited)*	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**3,773**	40,894
Financing activities	**57,160**	5,883
Investing activities	**(44,670)**	(34,682)
Effect of exchange rate changes on cash and cash equivalents	**(1,464)**	(2,807)
Increase in cash and cash equivalents[1]	**14,799**	9,288

[1] *All amounts in the table above include the results from the Company's Russia operations.*

OPERATING ACTIVITIES

The Company's cash provided by operating activities for the three months ended March 31, 2024 was $3.8 million versus $40.9 million during the comparable period in 2023. The decrease in cash provided by operations was primarily due to lower operating results in North America, while the Company used $13.9 million to fund the Company's working capital during the quarter versus $36.2 million during the same period in 2023.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended March 31, 2024 was $57.2 million compared to $5.9 million in 2023. During the first quarter, the Company had a $60.0 million drawdown on its credit facility and paid lease principal payments of $2.8 million.

On September 28, 2023, the Company amended its revolving credit facility agreement, a copy of which is available on SEDAR+. The principal amendments to the $250.0 million credit facilities included the following items:

a. extension of the maturity date from July 1, 2024 to the earlier of: (a) July 1, 2026 or (b) six months prior to the maturity of the Company's Second Lien Notes on March 15, 2026;

b. an increase to the syndicated facility to $215.0 million from $205.0 million and decreased the operating facility to $35.0 million from $45.0 million;

c. removal of the borrowing base requirement as well as the Funded Debt to Capitalization and Current Ratio covenants; and

d. introduction of an Interest Coverage Ratio covenant of greater than 2.75:1:00 and a Total Debt to EBITDA Ratio covenant of less than 4.00:1:00, which along with a Funded Debt to EBITDA Ratio covenant of 3.00:1:00, based on EBITDA from continuing operations, comprises the amended financial covenant package.

The credit agreement 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 1.25 percent to prime plus 3.00 percent. For SOFR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 2.25 percent to 4.00 percent above the respective base rates.

At March 31, 2024, the Company had used $3.6 million of its credit facilities for letters of credit and had $155.0 million of borrowings under its credit facilities, leaving $91.4 million in available liquidity. The Company was in compliance with its financial covenants associated with its credit facilities at March 31, 2024 and based on currently available information, the Company anticipates maintaining compliance with these covenants during the next twelve months.

INVESTING ACTIVITIES

Calfrac's consolidated net cash used in investing activities was $44.7 million during the three months ended March 31, 2024, which included approximately $28.4 million related to the Company's fracturing fleet modernization program, versus $34.7 million in the comparable period in 2023. Capital expenditures from continuing operations were $48.1 million for the

quarter ended March 31, 2024 versus $34.5 million in the comparable quarter in 2023. Calfrac's Board of Directors approved a 2024 total capital budget of approximately $210.0 million in December 2023. This was an increase of $45.0 million from the previous year, primarily to continue its fracturing fleet modernization program in North America and dedicate $40.0 million to support its Argentinean operations while implementing new company-wide field-based technologies. On March 13, 2024, the Board of Directors approved a deferral of up to $50.0 million of capital allocated to its North American fleet modernization program to align with current market conditions.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the three months ended March 31, 2024 was a loss of $1.5 million versus a loss of $2.8 million in the comparable period in 2023. The loss was primarily related to the the devaluation of the Argentinean peso and the impact this movement had on cash, working capital and monetary liabilities held by the Company in that currency 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 2024 and beyond.

At March 31, 2024, the Company had a cash position of $58.2 million, of which approximately 60 percent was held in Argentina. The Company faces certain restrictions on the amount of cash that can be repatriated out of Argentina. However, these restrictions are not expected to have a material impact on the Company's liquidity position. The Argentina cash balance includes an investment of US$18.0 million in Bopreal bonds that are recorded as a short-term investment and will allow for the repatriation of cash to Canada beginning in July 2024 over a 12-month period. The remaining surplus cash in Argentina was held in Argentina in various short-term investments to protect against inflation and the devaluation of the peso. The Company's cash balance excludes all cash held in Russia. The Company is not expecting to repatriate any material cash amounts from Russia other than through any proceeds received through a sale of its Russian business.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Certain employees have been granted options to purchase common shares and performance share units under the Company's shareholder-approved omnibus incentive plan. The number of shares reserved for issuance under the plan is equal to 10 percent of the Company's issued and outstanding common shares. As at May 6, 2024, the Company had issued and outstanding 85,716,129 common shares, 1,218,384 performance share units, 2,842,895 performance-based options, and 3,251,654 stock options.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	**Mar. 31, 2024**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
(unaudited)	*Revised [1]*	*Revised [1]*						
Financial								
Revenue	318,511	438,338	447,847	493,323	466,463	483,093	421,402	**330,096**
Adjusted EBITDA[1][2][3]	40,734	94,289	75,954	83,794	87,785	91,286	62,591	**26,057**
Net income (loss)	(6,776)	45,352	14,757	36,313	50,531	97,523	13,202	**(2,903)**
Per share – basic	(0.18)	1.15	0.27	0.45	0.62	1.20	0.16	**(0.03)**
Per share – diluted	(0.18)	1.10	0.17	0.41	0.58	1.09	0.15	**(0.03)**
Capital expenditures[3]	15,240	24,745	35,810	34,474	30,718	50,825	49,397	**48,072**
Working capital (end of period)	144,456	207,974	183,580	232,370	282,850	283,680	236,392	**273,712**
Total equity (end of period)	292,515	358,866	422,972	458,826	502,928	596,141	615,903	**623,743**
Operating (end of period)								
Active pumping horsepower (000s)	934	1,010	1,112	1,155	1,159	1,174	1,173	**1,090**
Idle pumping horsepower (000s)	344	270	117	79	79	70	72	**156**
Total pumping horsepower (000s)	1,278	1,280	1,229	1,234	1,238	1,244	1,245	**1,246**
Active coiled tubing units (#)	13	12	11	11	11	11	11	**11**
Idle coiled tubing units (#)	6	7	5	5	2	2	1	**1**
Total coiled tubing units (#)	19	19	16	16	13	13	12	**12**
Active cementing units (#)	10	11	11	10	10	10	10	**10**
Idle cementing units (#)	2	1	1	1	1	1	1	**1**
Total cementing units (#)	12	12	12	11	11	11	11	**11**

[1] Adjusted EBITDA reflects a change in definition and excludes all foreign exchange gains and losses.
[2] Refer to "Non-GAAP Measures" on page 12 for further information.
[3] Effective January 1, 2023, recorded expenditures related to fluid end components as an operating expense rather than as a capital expenditure. This change in accounting estimate was recorded on a prospective basis.

VOLATILITY OF INDUSTRY CONDITIONS

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

SEASONALITY OF OPERATIONS

The Company's North American business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to "spring break-up" weather conditions and access to well sites may be reduced in Canada and the broader Rockies region in the United States where the Company operates (refer to "Business Risks" below). Activity in the fourth quarter is typically impacted by customer budget exhaustion and seasonal holidays in North America.

FOREIGN EXCHANGE FLUCTUATIONS

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

BUSINESS UPDATE AND OUTLOOK

Calfrac's financial results were lower than the same period last year primarily due to lower utilization in North America as several customers in the Rockies region chose to defer work out of the winter months into subsequent quarters. Low natural gas prices also contributed to the reduction in completions activity across the industry. As a result, Calfrac idled two fracturing fleets in North America during the first quarter and will only reactivate fleets at pricing levels that generate an adequate return on capital. The Company continued to safely and efficiently execute during the first quarter and reduced its trailing twelve-month Total Recordable Injury Frequency ("TRIF") from 1.05, as it exited 2023, to 0.87 as of March 31, 2024, which was the lowest in recent history.

NORTH AMERICA

Activity has significantly improved in the second quarter with the Company currently operating 12 fracturing fleets and anticipating high utilization of these crews and its six coiled tubing units across North America for the remainder of the year. Utilization in North America was impacted by typical spring break-up conditions to begin the quarter, but has subsequently built significant momentum which the Company expects to carry through the third quarter and into the fourth quarter. Pricing has stabilized lower in certain operating regions, due to the decline in natural gas-related activity, and is expected to remain at these levels to the end of 2024.

The Company continues to make progress on its strategic priorities by deploying additional Tier IV Dynamic Gas Blending ("DGB") fracturing pumps in North America as well as divesting of a non-core property for net proceeds of $11.4 million. With its revised capital program, Calfrac expects to operate up to five next-generation fleets in North America by the end of the year.

ARGENTINA

Calfrac's Argentinean operations leveraged high utilization with superior service quality to generate a divisional record for first-quarter Adjusted EBITDA of $16.1 million. During the quarter, this division also set a record for hours pumped in a day, while establishing a new country standard for lowest trailing twelve-month TRIF of 0.42 at quarter end. Calfrac expects to maintain this momentum throughout 2024 across all three service lines as operators seek to execute on their development plans. As government leaders in Argentina implement new economic reforms and encourage additional domestic oil and gas development, Calfrac expects to capitalize on future opportunities to improve its operating and financial performance.

CORPORATE

Calfrac expects to continue its transformation throughout 2024 as it remains focused on delivering on the Company's brand promise to make further progress on its three strategic priorities:

- maximizing consolidated net income and free cash flow through a disciplined returns-focused pricing strategy and stringent cost management;
- investing in new technologies that enhance Calfrac's service deliverability in the field and drive incremental profitability into the future; and
- dedicating all free cash flow to reducing the Company's long-term debt and evaluating additional strategies to improve its capital structure.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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. In conjunction with the ongoing sale process and in light of the Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at December 31, 2023 (see note 4 of the audited consolidated financial statements). Management will continue to revisit the fair value of the net assets at each reporting period and upon the close of the transaction.

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

	Three Months Ended Mar. 31,		
	2024	2023	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**36,799**	35,266	4
Adjusted EBITDA	**4,706**	4,613	2
Adjusted EBITDA (%)	**12.8**	13.1	(2)

In addition to monitoring and addressing, as applicable, the evolving laws and sanctions from the governments of Canada, the U.S., and other western nations, the Company's efforts to divest of its Russian operations have been impacted by domestic laws and sanctions of the Russian Federation, including without limitation, that any sale or any other transfer or alienation of its Russian subsidiary must be approved by the President of the Russian Federation pursuant to applicable decrees and rules setting out the requirements for exits of foreign investors from Russia (which are updated on a periodic basis). Within this dynamic context, the Company remains committed to the sale of its Russian subsidiary and is seeking to complete this transaction as soon as possible while complying with all applicable laws and sanctions. For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three months ended March 31, 2024 and the Company's Annual Information Form for the year ended December 31, 2023 under the heading "Discontinued Operations" which are available on the Company's SEDAR+ profile at www.sedarplus.ca.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A, including Adjusted EBITDA, Adjusted EBITDA Margin and net debt, do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA margin is the ratio of Adjusted EBITDA divided by revenue. Adjusted EBITDA for the period was calculated as follows:

Three Months Ended March 31,	**2024**	2023
(C$000s)		
(unaudited)		
Net (loss) income from continuing operations	**(2,903)**	36,313
Add back (deduct):		
Depreciation	**27,995**	30,162
Foreign exchange losses	**(1,049)**	1,486
(Gain) on disposal of property, plant and equipment	**(6,241)**	(537)
Litigation settlement	**—**	(6,805)
Restructuring charges	**—**	1,333
Stock-based compensation	**2,185**	544
Interest	**6,032**	8,174
Income taxes	**38**	13,124
Adjusted EBITDA[1]	**26,057**	83,794

[1] For bank covenant purposes, EBITDA includes the deduction of an additional $3.2 million of lease payments for the three months ended March 31, 2024 (three months ended March 31, 2023 – $2.9 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.
[2] Adjusted EBITDA reflects a change in definition effective October 1, 2022, and excludes all foreign exchange gains and losses.

The definition and calculation of net debt is disclosed in note 10 to the Company's interim financial statements for the corresponding period.

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 2023 annual consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's interim consolidated financial statements for the three months ended March 31, 2024, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's material accounting policies are described in note 2 to the Company's 2023 annual consolidated financial statements.

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

instruments, impairment of property, plant and equipment, income taxes, stock-based compensation expenses, functional currency and cash-generating units.

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

LOSS ALLOWANCE PROVISION

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the new impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument. Calfrac's management believes that the loss allowance provision for accounts receivable, which was $1.8 million at March 31, 2024, is adequate.

DEPRECIATION

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

FINANCIAL INSTRUMENTS

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

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the Second Lien Notes, as measured based on the quoted market price at March 31, 2024 was $161.3 million, which approximated their face value (December 31, 2023 – $144.0 million). The carrying value of the revolving term loan facility approximates its fair value as the interest rate is not significantly different from current interest rates for similar loans.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

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

IMPAIRMENT/REVERSAL OF IMPAIRMENT

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

As described in note 5 to the 2023 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.

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 Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at March 31, 2024. Management will continue to revisit the fair value of the net assets at each reporting period and upon the close of the transaction.

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

	Three Months Ended March 31,	
	2024	2023
(C$000s)	***($)***	*($)*
Impairment of property, plant and equipment	**693**	—
Impairment of inventory	**2,414**	1,100
Impairment of other assets	**235**	1,151
	3,342	2,251

INCOME TAXES

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

STOCK-BASED COMPENSATION

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

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

FUNCTIONAL CURRENCY

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

CASH-GENERATING UNITS

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

RELATED-PARTY TRANSACTIONS

Certain entities controlled by George S. Armoyan hold US$16.8 million of the Company's Second Lien Notes as at December 31, 2023. These holdings were sold prior to March 31, 2024. The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the three months ended March 31, 2024 was $0.2 million (three months ended March 31, 2023 – $0.2 million), as measured at the exchange amount, which is based on market rates at the time these 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, 2024 that had a material impact on the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

There are no recently issued accounting standards not yet applied that are applicable to the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended March 31, 2024 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.sedarplus.ca. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at Suite 500, 407 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E5, or at www.calfrac.com, or by facsimile at 403-266-7381.

The ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty and additional restrictions around the operations of the Company's Russian subsidiary. As a result of these changes in circumstances, the risks, restrictions, and uncertainties surrounding banking and limitations on the ability to repatriate funds to Canada from Russia, the Company's ownership and control over its Russian subsidiary, the physical security of property, plant and equipment in Russia, collectability of accounts receivable, the regulatory approvals to complete a sale transaction and overall business and operational risks are being monitored and addressed as circumstances evolve. For additional information related to Calfrac's assets held for sale, see note 3 of the interim consolidated financial statements for the three months ended March 31, 2024.

ADVISORIES

FORWARD-LOOKING STATEMENTS

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements").

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to the expectations regarding trends in, and growth prospects of, the global oil and gas industry; activity, demand, utilization and outlook for the Company's operating divisions; the supply and demand fundamentals of the pressure pumping industry; input costs, margin and service pricing trends and strategies; operating and financing strategies, performance, priorities, metrics and estimates such as the Company's strategic priorities to maximize the cash flow, repay debts and invest in new technologies, including with respect to the Company's fleet modernization program and timing thereof; the Company's Russian division, including the planned sale of the Russian division, the ongoing risks, uncertainties and restrictions relating to its business and operations, the regulatory approvals to complete a sale transaction and the Company's compliance with

applicable laws and sanctions; the Company's debt, liquidity and financial position; future financial resources and performance; future costs or potential liabilities; the Company's service quality; capital investment plans, including with respect to the Company's fleet modernization program and timing thereof; commodity prices and supply of raw materials, diesel fuel, and component parts; expectations regarding the Company's financing activities and restrictions, including with regard to its revolving credit facilities; the Company's growth prospects; operational execution and expectations regarding the Company's ability to maintain its competitive position; accounting policies, practices, standards and judgements of the Company; and treatment under government regulatory regimes.

These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, including the current state of the pressure pumping market; the Company's expectations for its customers' capital budgets, demand for services and geographical areas of focus; the effect of unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; the effect of environmental, social and governance factors on customer and investor preferences and capital deployment; the effect of the military conflict in the Ukraine and related international sanctions and counter-sanctions and restrictions by Russia on the Company's ownership and planned sale of the Russian division; industry equipment levels including the number of active fracturing fleets marketed by the Company's competitors and the timing of deployment of the Company's fleet upgrades; the Company's existing contracts and the status of current negotiations with key customers and suppliers; the continued effectiveness of cost reduction measures instituted by the Company; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include but are not limited to: (A) industry risks, including but not limited to, global economic conditions and the level of exploration, development and production for oil and natural gas in North America and Argentina; excess equipment levels; impacts of conservation measures and technological advances on the demand for the Company's services; an intensely competitive oilfield services industry; and hazards inherent in the industry; (B) business operations risks, including but not limited to, fleet reinvestment risk, including the ability of the Company to finance the capital necessary for equipment upgrades to support its operational needs while meeting government and customer requirements and preferences; difficulty retaining, replacing or adding personnel; failure to continuously improve equipment, proprietary fluid chemistries and other products and services; seasonal volatility and climate change; reliance on equipment suppliers and fabricators; cybersecurity risks; a concentrated customer base; obsolete technology; failure to maintain safety standards and records; constrained demand for the Company's services due to merger and acquisition activity; improper access to confidential information or misappropriation of Company's intellectual property rights; failure to realize anticipated benefits of acquisitions and dispositions; loss of one or more key employees; and growth related risk on internal systems or employee base; (C) financial risks, including but not limited to, restrictions on the Company's access to capital, including the impacts of covenants under the Company's lending documents; direct and indirect exposure to volatile credit markets, including interest rate risk; fluctuations in currency exchange rates and increased inflation; price escalation and availability of raw materials, diesel fuel and component parts; actual results which are materially different from management estimates and assumptions; insufficient internal controls; the Company's access to capital and common share price given a significant number of common shares are controlled by two directors of the Company; possible dilution of outstanding stock-based compensation, additional equity or debt securities; and changes in tax rates or reassessment risk by tax authorities; (D) geopolitical risks, including but not limited to, foreign operations exposure, including risks relating to unsettled political conditions, war, foreign exchange rates and controls; the sale of the discontinued operations in Russia may not occur or be delayed; and risk associated with non-compliance with applicable law; (E) legal and regulatory risks, including but not limited to, federal, provincial and state legislative and regulatory initiatives and laws; health, safety and environmental laws and regulations; and legal and administrative proceedings; and (F) environmental, social and governance risks, including but not limited to, failure to effectively and timely address the energy transition; the direct and indirect costs of various existing and proposed climate change regulations; various types of activism; and reputational risk or legal liability due to ESG commitments and disclosures. Further information about these and other risks and uncertainties may be found under the heading "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no

obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

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