Q1 2023 MANAGEMENT'S DISCUSSION & ANALYSIS

CALFRAC WELL SERVICES

Three Months Ended March 31, 2023

DO IT SAFELY, DO IT RIGHT, DO IT PROFITABLY

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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 8, 2023 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 March 31, 2023 and 2022. It should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2023, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2022.

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, 2023, were as follows:

Segment	Active	Idle	Total	Crewed Fleets
	(000's hhp)	*(000's hhp)*	*(000's hhp)*	*(#)*
North America	1,017	79	1,096	15
Argentina	139	—	139	7
Total	1,156	79	1,235	22

- 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 to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West Virginia. It also provides fracturing and coiled tubing services in Canada to a diverse group of oil and natural gas exploration and production companies operating in Alberta and northeast British Columbia. At March 31, 2023, Calfrac's North America operations had 15 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 79,000 idled horsepower.

- The Argentinean segment 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 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, 2023. The Company also had one idle cementing unit and one idle coiled tubing unit in Argentina.

- At March 31, 2023, Calfrac's continuing operations had 22 fracturing fleets utilizing combined active horsepower of approximately 1.2 million. The Company has committed to the conversion of 50 Tier II fracturing pumps from its North American operations into Tier IV DGB units, and those units are all expected to be deployed by the end of the first quarter of 2024.

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

HIGHLIGHTS – CONTINUING OPERATIONS

Three Months Ended March 31,	**2023**	2022	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*
(unaudited)		*Revised* [1]	
Revenue	**493,323**	294,524	67
Adjusted EBITDA[2]	**83,794**	22,764	268
Consolidated cash flows provided by operating activities	**40,894**	15,753	160
Capital expenditures	**34,474**	12,145	184
Net income (loss) from continuing operations	**36,313**	(18,030)	(301)
Per share – basic	**0.45**	(0.47)	(196)
Per share – diluted	**0.41**	(0.47)	(187)

As at	**March 31 2023**	December 31 2022	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Cash and cash equivalents	**23,169**	8,498	173
Working capital, end of period	**232,370**	183,580	27
Total assets, end of period	**1,096,597**	995,753	10
Long-term debt, end of period	**339,471**	329,186	3
Total equity, end of period	**458,826**	422,972	8

[1] Adjusted EBITDA reflects a change in definition and excludes realized foreign exchange gains and losses.
[2] Refer to "Non-GAAP Measures" on page 12 for further information.

FIRST QUARTER 2023 OVERVIEW

In the first quarter of 2023, the Company:

- began reporting the financial and operating performance for the United States and Canada under a single North America division as part of its strategy to streamline its operations and reporting structure;
- generated revenue of $493.3 million, an increase of 67 percent from the first quarter in 2022 resulting primarily from improved pricing and activity in North America and better pricing in Argentina;
- reported Adjusted EBITDA of $83.8 million versus $22.8 million in the first quarter of 2022;
- reported net income from continuing operations of $36.3 million or $0.41 per share diluted compared to a net loss of $18.0 million or $0.47 per share diluted during the first quarter in 2022;
- reported period-end working capital of $232.4 million versus $183.6 million at December 31, 2022; and
- incurred capital expenditures of $34.5 million, which included approximately $17.3 million related to the Company's fracturing fleet modernization program.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS

THREE MONTHS ENDED MARCH 31, 2023 VERSUS 2022

NORTH AMERICA

Three Months Ended March 31,	**2023**	2022	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)		*Revised* [(1)]	
Revenue	**413,047**	239,945	72
Adjusted EBITDA[(2)]	**76,487**	21,416	257
Adjusted EBITDA (%)	**18.5**	8.9	108
Fracturing revenue per job ($)	**43,237**	29,699	46
Number of fracturing jobs	**9,223**	7,690	20
Active pumping horsepower, end of period (000s)	**1,017**	797	28
Idle pumping horsepower, end of period (000s)	**79**	346	(77)
Total pumping horsepower, end of period (000s)	**1,096**	1,143	(4)
Active coiled tubing units, end of period (#)	**6**	8	(25)
Idle coiled tubing units, end of period (#)	**4**	4	—
Total coiled tubing units, end of period (#)	**10**	12	(17)
US$/C$ average exchange rate[(3)]	**1.3526**	1.2663	7

[(1)] Prior period amounts revised due to changes in segment reporting.
[(2)] Refer to "Non-GAAP Measures" on page 12 for further information.
[(3)] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's North American operations increased significantly to $413.0 million during the first quarter of 2023 from $239.9 million in the comparable quarter of 2022. The 72 percent increase in revenue can be attributed to a combination of a 46 percent increase in revenue per job period-over-period, combined with a 20 percent increase in the number of fracturing jobs completed. The higher revenue per job was the result of improved pricing for its services as the Company passed through higher input costs to its customers while also achieving net pricing gains beginning in the second quarter in 2022, combined with the impact of job mix. The increase in job count was mainly due to the Company operating 15 fleets during the quarter with more consistent utilization compared to an average of 10 operating fleets in the comparable quarter in 2022. The Company activated a 5th fleet in Canada in January with consistent utilization throughout the quarter. Despite the improved utilization relative to the comparable quarter, the first quarter in 2023 was impacted by severe weather conditions, resulting in the loss of approximately 6 operating days per fleet operating in the United States. Coiled tubing revenue also increased by 35 percent as compared to the first quarter in 2022 due to increased utilization and a larger number of crewed fleets operating in Canada.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of $76.5 million during the first quarter of 2023 compared to $21.4 million in the same period in 2022. This increase in Adjusted EBITDA was largely driven by strong net pricing gains and a dedicated focus on cost control which supported significant margin expansion relative to the comparable quarter in 2022. The Company was able to achieve an Adjusted EBITDA margin of 19 percent compared to 9 percent in the comparable quarter in 2022 through strong pricing and utilization for all of its active fleets, including an incremental 15th fleet that was activated at the beginning of the quarter.

ARGENTINA

Three Months Ended March 31,	**2023**	2022	Change
(C$000s, except operational and exchange rate information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**80,276**	54,579	47
Adjusted EBITDA[1]	**11,540**	5,789	99
Adjusted EBITDA (%)	**14.4**	10.6	36
Fracturing revenue per job ($)	**88,174**	56,907	55
Number of fracturing jobs	**555**	532	4
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**	1	—
Total coiled tubing units, end of period (#)	**6**	6	—
Active cementing units, end of period (#)	**10**	10	—
Idle cementing units, end of period (#)	**1**	2	(50)
Total cementing units, end of period (#)	**11**	12	(8)
US$/C$ average exchange rate[2]	**1.3526**	1.2663	7

[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 $80.3 million during the first quarter of 2023 compared to $54.6 million in the comparable quarter in 2022 primarily due to higher fracturing and coiled tubing revenue. Fracturing revenue increased due to a combination of larger job sizes and higher pricing, as the Company entered into a new contract at the beginning of the third quarter of 2022 at pricing levels that covered higher costs caused by inflationary pressures during the quarter. The Company also completed 4 percent more jobs than the comparable period in 2022 with the majority of the increase attributed to its operations in southern Argentina. Activity in the Company's cementing operations increased by 20 percent offset partially by a 10 percent decrease in revenue per job due to job mix. The number of coiled tubing jobs decreased by 11 percent while revenue per job improved by 54 percent primarily due to job mix and higher pricing due to inflation.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of $11.5 million during the first quarter of 2023 compared to $5.8 million in the comparable quarter of 2022, while the Company's Adjusted EBITDA margins as a percentage of revenue also improved to 14 percent from 11 percent. The Company entered into a new contract for its large fracturing fleet servicing the Vaca Muerta play at the beginning of the third quarter of 2022 with higher utilization and improved pricing which resulted in higher Adjusted EBITDA margins relative to the comparable period in 2022.

CORPORATE

Three Months Ended March 31,	**2023**	2022	Change
(C$000s)	*($)*	*($)*	*(%)*
(unaudited)			
Adjusted EBITDA[1]	**(4,233)**	(4,441)	(5)
% of Revenue from Continuing Operations	**(0.9)**	(1.5)	(40)

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

ADJUSTED EBITDA

Adjusted EBITDA for the first quarter of 2023 was negative $4.2 million compared to negative $4.4 million in the first quarter of 2022. The reduction in corporate expenses was primarily due to lower professional fees and insurance costs.

DEPRECIATION

For the three months ended March 31, 2023, depreciation expense of $30.2 million was consistent with the corresponding quarter in 2022.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange loss from continuing operations of $1.5 million during the first quarter of 2023 versus a loss of $3.8 million in the comparative three-month period of 2022. 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 loss during the first quarter was mainly due to net monetary assets that were held in pesos in Argentina as the peso devalued against the U.S. dollar during this period combined with the revaluation of net monetary assets that were held in U.S. dollars as the Canadian dollar strengthened relative to the U.S. dollar.

INTEREST

The Company's net interest expense of $8.2 million for the first quarter of 2023 was $1.6 million lower than the comparable period in 2022. The decrease in interest expense was primarily due to a reduction in the number of 1.5 Lien Notes outstanding following the Company's early conversion incentive program that was completed during the fourth quarter in 2022. In addition, the Company had $15.0 million outstanding under a secured bridge loan during the first quarter of 2022, which had an interest rate of 8.0 percent and was repaid during the second quarter in 2022.

INCOME TAXES

The Company recorded an income tax expense of $13.1 million during the first quarter of 2023 compared to a tax recovery of $5.6 million in the first quarter of 2022. The Company had a current income tax expense of $4.4 million during the first quarter of 2023, which was primarily related to Argentina, and to a lesser extent, the United States. The Company recorded a deferred tax expense of $8.7 million during the first quarter of 2023, of which $5.8 million related to Canada and the remaining $2.9 million was recorded in the United States.

LIQUIDITY AND CAPITAL RESOURCES – CONSOLIDATED

	Three Months Ended Mar. 31,	
	2023	2022
(C$000s) *(unaudited)*	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**40,894**	15,753
Financing activities	**5,883**	22,052
Investing activities	**(34,682)**	(15,497)
Effect of exchange rate changes on cash and cash equivalents	**(2,807)**	(7,020)
Increase in cash and cash equivalents[1]	**9,288**	15,288

[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, 2023 was $40.9 million versus $15.8 million during the comparable period in 2022. The increase in cash provided by operations was primarily due to improved operating results in North America and Argentina, offset by $36.2 million used to fund the Company's working capital requirements during the first quarter in 2023 as compared to working capital providing $9.2 million of cash during the same period in 2022.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended March 31, 2023 was $5.9 million compared to $22.1 million in the comparable period in 2022. During the first quarter, the Company had a net drawdown of $8.2 million on its credit facility, paid lease principal payments of $2.6 million, and received proceeds of $0.3 million from the exercise of a portion of the Company's outstanding warrants and stock options.

During 2022, the Company reduced the principal amount of its 1.5 Lien Notes by $56.1 million. This reduction was achieved, in part, through a 1.5 Lien Notes early conversion incentive program that was completed during the fourth quarter which resulted in the conversion of $44.8 million of 1.5 Lien Notes, the issuance of 33.6 million common shares and a reduction of future interest payments otherwise payable by $2.3 million. An additional $11.3 million of 1.5 Lien Notes were converted into equity in 2022 outside of the early conversion program. The Company made all interest payments on the 1.5 Lien Notes in cash rather than utilizing the payment-in-kind option.

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.

The Company's revolving credit facilities consist of an operating facility of $45.0 million and a syndicated facility of $205.0 million. On September 29, 2022, the Company amended and restated its credit agreement, which included an extension of the maturity date to July 1, 2024. 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 1.00 percent to prime plus 3.50 percent. For SOFR-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 EBITDA ratio is above 4.00:1.00. As at March 31, 2023, the Company's Total Debt to EBITDA ratio for bank covenant purposes was 1.07:1.00.

At March 31, 2023, the Company had used $3.5 million of its credit facilities for letters of credit and had $180.0 million of borrowings under its credit facilities, leaving $66.5 million in available liquidity. The Company's credit facilities are subject to a monthly borrowing base, which at March 31, 2023 was above the maximum availability of $250.0 million under its credit facilities. The Company was in compliance with its financial covenants associated with its credit facilities at March 31, 2023.

INVESTING ACTIVITIES

Calfrac's consolidated net cash used in investing activities was $34.7 million during the quarter ended March 31, 2023 versus $15.5 million in the comparable period in 2022. Capital expenditures were $34.5 million for the three months ended March 31, 2023 compared to $12.1 million in the comparable period in 2022. Calfrac's Board of Directors have approved a 2023 capital budget of approximately $155.0 million, which excludes expenditures related to fluid end components as these have been recorded as maintenance expenses beginning in January 2023 for all continuing reporting segments. This change in accounting estimate was based on new information surrounding the useful life of these components.

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 quarter ended March 31, 2023 was a loss of $2.8 million versus a loss of $7.0 million in the comparable period in 2022. The loss was primarily related to the impact this movement had on cash, working capital and monetary liabilities held by the Company in a foreign 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 2023 and beyond.

At March 31, 2023, the Company had a cash position of $23.2 million, which excludes all cash held in Russia. 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.

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 May 8, 2023, the Company had issued and outstanding 80,858,857 common shares, 5,133,797 common share purchase warrants and 3,374,436 options to purchase common shares.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	**Mar. 31, 2023**
(C$000s, except per share and operating data)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
(unaudited)	*Revised [1]*	*Revised [1]*	*Revised [1]*	*Revised [1]*	*Revised [1]*	*Revised [1]*		
Financial								
Revenue	173,769	262,865	229,661	294,524	318,511	438,338	447,847	**493,323**
Adjusted EBITDA[2]	550	30,925	8,382	22,763	48,992	86,032	75,954	**83,794**
Net income (loss)	(35,516)	(7,055)	(29,132)	(18,030)	(6,776)	45,352	14,757	**36,313**
Per share – basic	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	1.15	0.27	**0.45**
Per share – diluted	(0.95)	(0.19)	(0.77)	(0.47)	(0.18)	0.60	0.17	**0.41**
Capital expenditures	17,166	24,133	14,868	12,145	15,241	24,745	35,810	**34,474**
Working capital (end of period)	105,085	130,213	121,934	130,246	144,456	207,974	183,580	**232,370**
Total equity (end of period)	350,631	357,830	328,840	302,195	292,515	358,866	422,972	**458,826**
Operating (end of period)								
Active pumping horsepower (000s)	873	899	942	936	934	1,010	1,112	**1,155**
Idle pumping horsepower (000s)	393	383	337	346	344	270	117	**79**
Total pumping horsepower (000s)	1,266	1,282	1,279	1,282	1,278	1,280	1,229	**1,234**
Active coiled tubing units (#)	12	12	13	13	13	12	11	**11**
Idle coiled tubing units (#)	8	8	7	6	6	7	5	**5**
Total coiled tubing units (#)	20	20	20	19	19	19	16	**16**
Active cementing units (#)	10	10	10	10	10	11	11	**10**
Idle cementing units (#)	6	6	5	4	2	1	1	**1**
Total cementing units (#)	16	16	15	14	12	12	12	**11**

[1] Adjusted EBITDA reflects a change in definition and excludes realized foreign exchange gains and losses.
[2] Refer to "Non-GAAP Measures" on page 12 for further information.

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 in Canada and North Dakota is reduced (refer to "Business Risks" below).

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 built upon the significant momentum generated in the second half of 2022 by continuing to leverage its execution in the field to produce solid year-over-year growth in net income and free cash flow during the first quarter of 2023. The Company generated Adjusted EBITDA from continuing operations of $83.8 million and consolidated cash flow from operations of $40.9 million during the first quarter of 2023, despite an increase of $36.2 million in consolidated working capital resulting from seasonal cash requirements in North America. Calfrac exited the quarter with net debt to Adjusted EBITDA of 1.16x as compared to 1.48x at year-end and the Company anticipates that its leverage will continue to decrease significantly throughout the remainder of the year. Calfrac is currently in the final stages of deploying seven repowered Tier IV dynamic gas blending ("DGB") units and two new Tier IV DGB units into its current fracturing fleets in North America. Calfrac has also committed to the conversion of an additional 50 Tier II fracturing pumps from its North American operations into Tier IV DGB units as a part of the Company's multi-year fracturing fleet modernization plan. These units are all expected to be deployed by the end of the first quarter of 2024. Calfrac expects continued robust activity in North America and Argentina will drive improved profitability and free cash flow growth in 2023. Any excess free cash flow will be dedicated to further debt repayment and, in turn, provide a strong return for shareholders.

NORTH AMERICA

Although adverse weather impacted Calfrac's operations in North America earlier this year, the Company's commitment to safe and high quality operations resulted in the generation of its highest first-quarter Adjusted EBITDA margin since 2012. Calfrac's focus on operational excellence during the first quarter set Company records for both stages completed in a day and sand pumped during a month. While the rate of input cost inflation has abated since last year, the Company continues to closely manage its field expenses to maximize operating margins and overall financial returns.

One of the Company's most effective tools for maximizing shareholder returns is by leveraging its large operating scale to transfer equipment between districts and capitalize on seasonality factors as well as any dislocation in commodity prices. Calfrac expects consistent utilization and pricing for its 15 large fracturing fleets and six coiled tubing units in North America throughout 2023 as operators seek out high performing service companies to execute their development plans.

Calfrac is in the process of deploying its new Tier IV DGB equipment and anticipates capitalizing on enhanced demand from customers for this type of engine technology as it assists them in reaching their Environmental, Social and Governance ("ESG") targets. Despite the recent volatility in commodity prices, the Company believes that the North American pressure pumping market can remain resilient given limited industry net capacity additions.

ARGENTINA

Calfrac's Argentina division anticipates higher profitability through increased utilization and job mix with dedicated contract work across all service lines in the Vaca Muerta shale play and the conventional basins of southern Argentina to generate improved year-over-year financial performance.

RUSSIA

Calfrac has taken steps towards divesting its Russian subsidiary and is focused on completing this transaction as soon as possible while complying with all applicable laws and sanctions.

CORPORATE

Calfrac remains committed to progressing on its three strategic priorities throughout the rest of 2023:

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

The Company believes that continuing to focus on its brand promise of *"Do it safely, Do it right, Do it profitably"* will not only make Calfrac a better company from an ESG perspective, it will also drive improved long-term financial returns for shareholders.

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 additional 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, 2023. 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 have legal control and therefore consolidates the Russian subsidiary.

	Three Months Ended Mar. 31,		
	2023	2022	Change
(C$000s, except per share amounts)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**35,266**	22,096	60
Adjusted EBITDA	**4,613**	(377)	NM
Adjusted EBITDA (%)	**13.1**	(1.7)	NM

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 continues to make progress toward a 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 4 of the audited consolidated financial statements for the year ended December 31, 2022 and the Company's Annual Information Form for the year ended December 31, 2022 under the heading "General Development of the Business – Description of the Business – Discontinued Operations" which are available on the Company's SEDAR profile at www.sedar.com.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A, including Adjusted EBITDA, Adjusted EBITDA Margin and the ratio of net debt to Adjusted EBITDA, 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.

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 for the period was calculated as follows:

Three Months Ended March 31,	**2023**	2022
(C$000s)		
(unaudited)		*Revised*
Net income (loss) from continuing operations	**36,313**	(18,030)
Add back (deduct):		
Depreciation	**30,162**	29,954
Foreign exchange losses	**1,486**	3,837
(Gain) loss on disposal of property, plant and equipment	**(537)**	1,038
Litigation settlement	**(6,805)**	—
Restructuring charges	**1,333**	701
Stock-based compensation	**544**	1,034
Interest	**8,174**	9,816
Income taxes	**13,124**	(5,586)
Adjusted EBITDA[1]	**83,794**	22,764

[1] For bank covenant purposes, EBITDA includes $4.6 million income from discontinued operations for the three months ended March 31, 2023 (three months ended March 31, 2022 – $0.4 million loss from discontinued operations) and the deduction of an additional $2.9 million of lease payments for the three months ended March 31, 2023 (three months ended March 31, 2022 – $2.4 million) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

The definition and calculation of the ratio of net debt to Adjusted EBITDA for the year ended December 31, 2022, is disclosed in Note 15 to the Company's year-end consolidated financial statements. The definition and calculation of this ratio for the twelve months ended March 31, 2023, 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 2022 annual consolidated financial statements.

GREEK LITIGATION

As described in note 15 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three months ended March 31, 2023, 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 interim 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 $0.5 million at March 31, 2023, 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.

Effective January 1, 2023, expenditures related to fluid ends will be recorded as an operating expense rather than as a capital expenditure. This change in accounting estimate was based on new information surrounding the useful life of this component. This change was adopted prospectively and is not expected to have any material impact on the financial statements as the fluid end component was previously depreciated over a one-year useful life.

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 March 31, 2023 was $145.3 million (December 31, 2022 – $147.4 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 March 31, 2023, there have been no trades in the 1.5 Lien Notes of which the Company is aware to provide an alternative fair value reference; however, the conversion price is significantly higher than the exercise price which indicates that the fair value of the 1.5 Lien Notes would be significantly higher than its carrying amount.

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 5 to the 2022 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's cash-generating units from continuing operations are determined to be at the country level, consisting of Canada, the United States, and Argentina.

As at March 31, 2023, the Company determined that there are no events or changes in circumstances indicating that an estimate of the recoverable amount of property, plant and equipment is required for the three months ended March 31, 2023.

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, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at March 31, 2023. Management will continue to revisit the fair value of the net assets at each reporting period and upon the close of the transaction.

	Three Months Ended Mar. 31,	
	2023	2022
(C$000s)	***($)***	*($)*
Impairment of inventory	**1,100**	—
Impairment of other assets	**1,151**	—
	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 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$16.4 million of the Company's Second Lien Notes (December 31, 2022 – 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 three months ended March 31, 2023 was $0.2 million (three months ended March 31, 2022 – $0.2 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, 2023 that had a material impact on the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company did not adopt any recently issued accounting standards before the mandatory effective date that have a material impact 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, 2023 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 under the heading "Risk Factors" which is available on the SEDAR website 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.

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 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 plan 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 sanctions and counter-sanctions; the Company's compliance with applicable laws and sanctions; the Company's approach and strategy with respect to environmental, social and governance matters; 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 plan 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; the impacts of environmental regulations and economic sanctions on the Company's business; 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 upcycle; the Company's expectations for its customers' capital budgets 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; hazards inherent in the industry; the ongoing impacts of the COVID-19 pandemic; the actions of activist shareholders and the increasing reluctance of institutional investors to invest in the industry in which the Company operates; and an intensely competitive oilfield services 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 improve and adapt equipment, proprietary fluid chemistries and other products and services; reliance on equipment suppliers and fabricators for timely delivery and quality of equipment; a concentrated customer base; seasonal volatility and climate change; cybersecurity risks, and activism; (C) financial risks, including but not limited to, price escalation and availability of raw materials, diesel fuel and component parts; 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; fluctuations in currency exchange

rates and increased inflation; actual results which are materially different from management estimates and assumptions; insufficient internal controls; and possible impacts on 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; (D) geopolitical risks, including but not limited to, foreign operations exposure, including risks relating to unsettled political conditions, war, including the ongoing Russia and Ukraine conflict and any expansion of that conflict, foreign exchange rates and controls, and international trade and regulatory controls and sanctions; the impacts of a delay of sale or failure to sell the Company's discontinued operations in Russia, including failure to receive any applicable regulatory approvals and reputational risks; foreign legal actions and unknown consequences of such actions; and risk associated with compliance with applicable law; (E) legal and regulatory risks, including but not limited to, federal, provincial and state legislative and regulatory initiatives; 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; legal and regulatory initiatives to limit greenhouse gas emissions; and the direct and indirect costs of various existing and proposed climate change regulations. 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.sedar.com.