



2024 ANNUAL REPORT

CALFRAC WELL SERVICES



DO IT SAFELY • DO IT RIGHT • DO IT PROFITABLY

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CALFRAC WELL SERVICES LTD.

ANNUAL GENERAL MEETING

May 15, 2025

1:30 pm

Devonian Room

Calgary Petroleum Club

319 - 5th Avenue SW

Calgary, Alberta

CEO'S MESSAGE

To Our Valued Stakeholders:

Despite a challenging 2024, we are focused on our strategic priorities by remaining committed to the Company's brand promise to "Do it Safely, Do it Right, Do it Profitably". The significant efforts of the Company's 2,200+ employees over the past year were a testament to their commitment to excellence and the positive culture at Calfrac, which will serve us well in 2025, despite some uncertainty in North America to start the year.

SAFETY IS FIRST AT CALFRAC

Safety has always been paramount at Calfrac and is the cornerstone of our Company's culture. This culture is underpinned by a constant focus on extensive pre-job training, coupled with a safety management program while on location that either mitigates or removes risk exposures. I am pleased to report that the Company's Total Recordable Injury Frequency rate in 2024 decreased to 0.92 as compared to 1.05 in 2023, which is a record low on a calendar year basis for Calfrac. This excellent result could not have been achieved without a company-wide commitment to the foundational element of our brand promise to "Do it Safely".

MAXIMIZE NET INCOME AND FREE CASH FLOW TO STRENGTHEN THE BALANCE SHEET

We leveraged strong safety and operational performance to generate revenue, adjusted EBITDA and net income from continuing operations of approximately \$1.6 billion, \$191 million and \$9 million, respectively. The Company's operations in North America during 2024 were impacted by significant pricing pressure and lower utilization in the United States, particularly during the first quarter of the year, as some E&P clients deferred their completion programs to avoid the costs of operating during the cold winter months. However, the year was highlighted by record performance in Argentina which generated revenue of over \$400 million and adjusted EBITDA of approximately \$84 million, which was the highest in the Company's history. The market conditions in Argentina continue to improve and 2025 is expected to be an exciting year with the full deployment of a second large fracturing fleet in the Vaca Muerta shale play that is planned for the end of the first quarter. Although long-term debt increased year-over-year, we remain focused on strengthening the balance sheet through improving our asset quality and divesting of non-core assets, which generated proceeds of \$14.7 million in 2024.

IMPROVE ASSET QUALITY

In 2024, we continued our multi-year fracturing fleet modernization program that focused our North American capital investments on the transition to Tier IV Dynamic Gas Blending ("DGB") technology in order to meet increasing customer demand for next generation, lower emission dual-fuel efficient equipment. We are now operating the equivalent of four Tier IV DGB fleets and are planning to deploy a fifth fleet by the end of the first quarter of 2025. The Company plans to continue the equipment modernization program into 2025, as market conditions dictate, while assessing all areas of operations to ensure that we are investing in the right technologies across the entire business.

LOOKING FORWARD

Calfrac is looking forward to 2025 and will continue to build on our brand promise and operational expertise to make further progress on our key strategic priorities. We are excited about the prospects in North America and Argentina and believe that continued investment in next-generation technologies coupled with planned debt reduction will move the Company towards realizing our vision of becoming a best-in-class oilfield service company.



Pat Powell
Chief Executive Officer

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 March 12, 2025 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The focus of this MD&A is a comparison of the financial performance for the three months and years ended December 31, 2024 and 2023. It should be read in conjunction with the audited consolidated financial statements for the year ended December 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 17.

CALFRAC'S BUSINESS FROM CONTINUING OPERATIONS

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

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

Segment	Active (000's hhp)	Idle (000's hhp)	Total (000's hhp)	Crewed Fleets (#)
North America	1,018	—	1,018	13
Argentina	137	—	137	4
Total	1,155	—	1,155	17

- The Company's North America segment provides fracturing services to oil and natural gas companies operating in the Williston Basin located in North Dakota as well as the broader Rockies region, which includes the Piceance Basin in Colorado, the Uinta Basin in Utah and the Powder River Basin in Wyoming. Calfrac also provides fracturing services in the United States to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West Virginia. The Company provides fracturing and coiled tubing services 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 December 31, 2024, Calfrac's North America segment had 13 fracturing fleets utilizing combined active and total horsepower of approximately 1.0 million. The Company also had six active coiled tubing fleets operating in Canada.
- 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 operates the equivalent of four fracturing spreads varying in size utilizing approximately 137,000 active and total horsepower, 10 active cementing units and six active coiled tubing units, including one offshore coiled tubing unit, in its Argentinean segment at December 31, 2024. The Company also had one idle cementing unit in Argentina.
- At December 31, 2024, Calfrac's continuing operations had 17 fracturing fleets utilizing combined active horsepower of approximately 1.2 million. The Company had 66 Tier IV pumps and operated the equivalent of four Tier IV dynamic gas blending ("DGB") fleets in North America at the end of the fourth quarter.

HIGHLIGHTS – CONTINUING OPERATIONS

Years Ended December 31,	2024	2023	Change
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	1,567,482	1,864,281	(16)
Adjusted EBITDA ⁽¹⁾	190,994	325,456	(41)
Consolidated cash flows provided by operating activities	127,184	281,634	(55)
Capital expenditures	170,289	165,414	3
Net income	8,535	197,569	(96)
Per share – basic	0.10	2.43	(96)
Per share – diluted	0.10	2.24	(96)
Cash and cash equivalents	44,045	34,140	29
Working capital, end of year ⁽²⁾	273,901	236,392	16
Total assets, end of year	1,234,840	1,126,197	10
Long-term debt, end of year	320,908	250,777	28
Net debt ⁽¹⁾⁽³⁾	300,347	241,065	25
Total consolidated equity, end of year	653,330	615,903	6

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

⁽²⁾ Working capital excludes the current portion of long-term debt of \$150.0 million.

⁽³⁾ Refer to note 14 of the consolidated annual financial statements for further information.

2024 OVERVIEW

In 2024, the Company:

- generated revenue of \$1.6 billion, a decrease of 16 percent from 2023 resulting primarily from lower activity and pricing in North America, offset partially by higher activity in Argentina;
- reported Adjusted EBITDA of \$191.0 million versus \$325.5 million in 2023, mainly due to a decrease in utilization and pricing in North America, offset partially by higher utilization in Argentina;
- generated consolidated cash flow from operating activities of \$127.2 million, which was net of \$28.6 million of interest paid and cash used for working capital purposes of \$42.8 million, compared to \$281.6 million in 2023, which was net of \$21.1 million of interest paid and cash used for working capital purposes of \$35.2 million;
- reported net income from continuing operations of \$8.5 million or \$0.10 per share diluted, which included a write-off of \$12.7 million related to obsolete equipment in the United States, compared to net income of \$197.6 million or \$2.24 per share diluted in 2023, which included an impairment recovery of \$41.6 million related to an improved business outlook in Canada;
- idled two fracturing fleets in North America in response to lower activity due to the impact of lower natural gas prices;
- sold non-core assets in North America for net proceeds of \$14.7 million;
- incurred capital expenditures of \$170.3 million, which included \$74.9 million related to the Tier IV fleet modernization program in North America, \$30.1 million of expansion capital in Argentina and \$13.2 million in Canada to upgrade its fleet of sand transportation equipment; and
- reported year-end working capital of \$273.9 million and a cash balance of \$44.0 million.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS

YEARS ENDED DECEMBER 31, 2024 VERSUS 2023

NORTH AMERICA

Years Ended December 31,	2024	2023	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	1,161,588	1,522,348	(24)
Adjusted EBITDA ⁽¹⁾	123,764	282,863	(56)
Adjusted EBITDA (%) ⁽¹⁾	10.7	18.6	(42)
Fracturing revenue per job (\$)	35,481	42,329	(16)
Number of fracturing jobs	31,766	34,815	(9)
Active pumping horsepower, end of period (000s)	1,018	1,034	(2)
Idle pumping horsepower, end of period (000s)	—	72	(100)
Total pumping horsepower, end of period (000s)	1,018	1,106	(8)
Active coiled tubing units, end of period (#)	6	6	—
Idle coiled tubing units, end of period (#)	—	1	(100)
Total coiled tubing units, end of period (#)	6	7	(14)
US\$/C\$ average exchange rate ⁽²⁾	1.3698	1.3497	1

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

⁽²⁾ Source: Bank of Canada.

REVENUE

Revenue from Calfrac's North American operations decreased to \$1.2 billion in 2024 from \$1.5 billion in 2023. The 24 percent decrease in revenue was primarily due to lower activity in the United States, especially during the first quarter in the Rockies region, combined with lower pricing. In response to these market conditions, Calfrac idled two fracturing fleets in February and operated an average of 13 fleets in North America during 2024 as compared to 15 fleets in 2023. The third quarter of 2024 began slower than the prior year in North America, but gained momentum as the year progressed with the Company operating at near full utilization in September through to the end of November. After which, activity slowed due to a combination of customer budget exhaustion and a normal seasonal slowdown in December. In addition, activity for the Company's coiled tubing operations decreased by 29 percent from 2023 due to lower demand for its six crewed units.

ADJUSTED EBITDA

The Company's operations in North America generated Adjusted EBITDA of \$123.8 million during 2024 compared to \$282.9 million in 2023. This decrease in Adjusted EBITDA was largely driven by lower fracturing and coiled tubing utilization in 2024 as well as lower overall pricing levels in the United States. However, utilization was particularly strong for Calfrac's fracturing fleets operating in Canada during May and June, as the completion programs of its core clients significantly increased.

ARGENTINA

Years Ended December 31,	2024	2023	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	405,894	341,933	19
Adjusted EBITDA ⁽¹⁾	83,858	63,569	32
Adjusted EBITDA (%) ⁽¹⁾	20.7	18.6	11
Fracturing revenue per job (\$)	87,309	80,989	8
Number of fracturing jobs	2,561	2,481	3
Active pumping horsepower, end of period (000s)	137	139	(1)
Idle pumping horsepower, end of period (000s)	—	—	—
Total pumping horsepower, end of period (000s)	137	139	(1)
Active coiled tubing units, end of period (#)	6	5	20
Idle coiled tubing units, end of period (#)	—	—	—
Total coiled tubing units, end of period (#)	6	5	20
Active cementing units, end of period (#)	10	10	—
Idle cementing units, end of period (#)	1	1	—
Total cementing units, end of period (#)	11	11	—
US\$/C\$ average exchange rate ⁽²⁾	1.3698	1.3497	1

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

⁽²⁾ Source: Bank of Canada.

REVENUE

Calfrac’s Argentinean operations generated revenue of \$405.9 million during 2024 compared to \$341.9 million in 2023 as the Company demonstrated strong activity growth across all service lines. The primary driver for the increase in revenue was higher fracturing activity in the Vaca Muerta shale play combined with the commencement of its offshore coiled tubing operations that began during the third quarter. Cementing revenue also increased due to the bundled nature of the Company’s contracted services in the Vaca Muerta shale play.

ADJUSTED EBITDA

The Company’s operations in Argentina generated Adjusted EBITDA of \$83.9 million or 21 percent of revenue during 2024 versus \$63.6 million or 19 percent of revenue in 2023 mainly due to a larger operating presence in the Vaca Muerta shale play during the third quarter and, to a lesser degree, the commencement of offshore coiled tubing operations during the third quarter.

CORPORATE

Years Ended December 31,	2024	2023	Change
(C\$000s)	(\$)	(\$)	(%)
(unaudited)			
Adjusted EBITDA ⁽¹⁾	(16,628)	(20,976)	(21)
% of revenue from continuing operations	(1.1)	(1.1)	—

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

ADJUSTED EBITDA

Corporate expenses from continuing operations were \$16.6 million during 2024 versus \$21.0 million in 2023. The \$4.4 million decrease in corporate expenses was primarily due to a reduction in financial performance-based compensation during 2024 as compared to 2023.

DEPRECIATION

Depreciation expense from continuing operations increased by \$19.3 million from \$116.6 million in 2023 to \$135.9 million in 2024 primarily due to the replacement of certain key components related to its fracturing operations in North America prior to the end of their estimated useful lives, which resulted in \$4.5 million of additional depreciation expense being recorded in 2024. In addition, the Company revised its salvage value estimate for certain of its fracturing equipment components to align with current operational experience. This resulted in a one-time impact to depreciation expense of \$12.2 million related to fully depreciated components. The remaining increase was due to the higher asset base resulting from the Company's fleet modernization program.

WRITE-OFF OF PROPERTY, PLANT & EQUIPMENT

During 2024, the Company carried out a comprehensive review of its property, plant and equipment and identified assets that were permanently idle or obsolete, and therefore, no longer able to generate cash inflows. This review resulted in the write-off of \$12.7 million related to specific U.S. fracturing assets.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange gain from continuing operations of \$4.1 million in 2024 versus a loss of \$22.4 million in 2023. 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 Company's foreign exchange gain during 2024 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 the year. This gain also included a net gain on foreign currency forward contracts of \$0.9 million.

INTEREST

The Company's interest expense from continuing operations of \$31.2 million in 2024 was \$1.5 million higher than in 2023. The Company incurred higher interest expense on its revolving credit facilities as a result of higher average borrowings during the year, offset slightly by higher interest income generated from excess cash held in Argentina. The Company's reported interest expense included \$5.2 million of interest income generated in Argentina versus \$5.0 million of interest income in the comparable year of 2023.

INCOME TAXES

The Company recorded an income tax recovery from continuing operations of \$3.5 million during 2024 compared to an expense of \$4.1 million in 2023. The Company had current tax expense of \$14.1 million which was primarily related to Argentina. The Company recorded a deferred tax recovery of approximately \$17.6 million in the United States due to the loss incurred during the year.

LIQUIDITY AND CAPITAL RESOURCES – CONSOLIDATED

	Years Ended Dec. 31,	
	2024	2023
(C\$000s)		
(unaudited)	(\$)	(\$)
Cash provided by (used in):		
Operating activities	127,184	281,634
Financing activities	43,944	(84,132)
Investing activities	(169,653)	(144,770)
Effect of exchange rate changes on cash and cash equivalents	4,111	(25,935)
Increase in cash and cash equivalents ⁽¹⁾	5,586	26,797

⁽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 year ended December 31, 2024 was \$127.2 million versus \$281.6 million in 2023. The decrease in cash provided by operations was primarily due to lower operating results in North America combined with the Company using \$42.8 million to fund the Company's working capital during the year versus \$35.2 million in 2023. The greater use of funds for working capital was due to the geographic mix and timing of the Company's revenue during the year with a greater proportion generated in Argentina, which has longer lead times and collection terms than North America.

FINANCING ACTIVITIES

Net cash provided by financing activities for the year ended December 31, 2024 was \$43.9 million compared to a use of cash totalling \$84.1 million in 2023. During the year, the Company borrowed \$55.0 million on its credit facility, received \$0.5 million from the issuance of common shares upon exercise of stock options, and paid lease principal payments of \$11.6 million.

As at December 31, 2024, the Company had credit facilities with a syndicate of lenders comprised of a \$215.0 million syndicated facility and a \$35.0 million operating facility. The maturity date of the Credit Facilities is the earlier of: (a) July 1, 2026; or (b) six months prior to the maturity of the Second Lien Notes (see Note 6 of the annual consolidated financial statements), which mature on March 15, 2026.

At December 31, 2024, the Company reclassified the draw on its revolving credit facilities from long-term debt to current liabilities to reflect the six-month springing maturity provision under its credit facility agreement. Subsequent to year end, an amendment to the revolving credit facility agreement was executed with the Company's lending syndicate to shorten the springing maturity date to two months prior to the maturity date of the Second Lien Notes or January 15, 2026.

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

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

The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 1.25 percent

to prime plus 3.00 percent. For SOFR-based loans and CORRA-based loans, the margin thereon ranges from 2.25 percent to 4.00 percent above the respective base rates.

At December 31, 2024, the Company had used \$2.9 million of its credit facilities for letters of credit and had \$150.0 million of borrowings under its credit facilities, leaving \$97.1 million in available liquidity.

The Company is subject to certain financial covenants relating to leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities at December 31, 2024.

	Covenant	Actual
	2024	2024
As at December 31,		
Interest coverage ratio not to fall below ⁽¹⁾	2.75x	4.03x
Funded Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	3.00x	1.03x
Total Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	4.00x	2.40x

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

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

⁽³⁾ Bank EBITDA is defined in non-GAAP measures section on page 17.

INVESTING ACTIVITIES

Calfrac's consolidated net cash used in investing activities was \$169.7 million during the year ended December 31, 2024, which included \$74.9 million related to the Company's fracturing fleet modernization program in North America (2023 – \$97.8 million), approximately \$30.1 million of expansion capital in Argentina and \$13.2 million in Canada to upgrade its fleet of sand transportation equipment. Capital expenditures from continuing operations were \$170.3 million for the year ended December 31, 2024 versus \$165.4 million in 2023.

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

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 year ended December 31, 2024 was a gain of \$4.1 million versus a loss of \$25.9 million in 2023. The gain was due to the impact of foreign exchange rate movements on cash, working capital and monetary liabilities held by the Company in U.S. dollars and Argentinean pesos during the year.

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.

At December 31, 2024, the Company had a cash position of \$44.0 million from continuing operations, of which approximately 40 percent was held in Argentina. The Company faces certain restrictions on the amount and timing of cash that can be repatriated out of Argentina. These rules have moderated significantly since the fourth quarter of 2023 and have allowed for the repayment of new intercompany liabilities on an accelerated timeline. As the Argentinean economy and operations continue to improve, the Company will look to repatriate excess funds generated in Argentina, to the extent allowed, in order to reduce its debt position. The Argentina cash balance was primarily comprised of an investment in Argentinean government bonds (BOPREAL Bonds) that were recorded as a short-term investment due to the high degree of liquidity of the bonds. These bonds allow for the repatriation of this amount in cash to Canada which began in July 2024 over a 12-month period of which the first six payments have been received. The Company's cash balance excludes all cash

held in Russia (see note 4 of the annual consolidated financial statements). The Company is not expecting to repatriate any material cash amounts from Russia other than through any proceeds received through a sale of its Russian business.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Certain employees have been granted options to purchase common shares and performance share units under the Company's shareholder-approved omnibus incentive plan. The number of shares reserved for issuance under the plan is equal to 10 percent of the Company's issued and outstanding common shares. As at March 12, 2025, the Company had issued and outstanding 85,889,459 common shares, 1,144,826 performance share units, 2,671,261 performance stock options, and 3,064,991 stock options.

SUMMARY OF QUARTERLY RESULTS – CONTINUING OPERATIONS

Three Months Ended	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024	Sep. 30, 2024	Dec. 31, 2024
<i>(C\$000s, except per share and operating data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
<i>(unaudited)</i>								
Financial								
Revenue	493,323	466,463	483,093	421,402	330,096	426,047	430,109	381,230
Adjusted EBITDA ⁽¹⁾⁽²⁾	83,794	87,785	91,286	62,591	26,057	65,386	65,039	34,512
Net income (loss)	36,313	50,531	97,523	13,202	(2,903)	24,549	(6,687)	(6,424)
Per share – basic	0.45	0.62	1.20	0.16	(0.03)	0.29	(0.08)	(0.07)
Per share – diluted	0.41	0.58	1.09	0.15	(0.03)	0.29	(0.08)	(0.07)
Capital expenditures	34,474	30,718	50,825	49,397	48,072	66,753	22,509	32,955
Working capital (end of period)	232,370	282,850	283,680	236,392	273,712	303,889	307,139	273,901
Total equity (end of period)	458,826	502,928	596,141	615,903	623,743	653,498	643,776	653,330
Operating (end of period)								
Active pumping horsepower (000s)	1,155	1,159	1,174	1,173	1,090	1,103	1,148	1,155
Idle pumping horsepower (000s)	79	79	70	72	156	156	111	—
Total pumping horsepower (000s)	1,234	1,238	1,244	1,245	1,246	1,259	1,259	1,155
Active coiled tubing units (#)	11	11	11	11	11	11	12	12
Idle coiled tubing units (#)	5	2	2	1	1	1	1	—
Total coiled tubing units (#)	16	13	13	12	12	12	13	12
Active cementing units (#)	10	10	10	10	10	10	10	10
Idle cementing units (#)	1	1	1	1	1	1	1	1
Total cementing units (#)	11	11	11	11	11	11	11	11

⁽¹⁾ Refer to "Non-GAAP Measures" on page 17 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. Historically, the lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to "spring break-up" weather conditions and access to well sites may be reduced in Canada and the broader Rockies region in the United States where the Company operates (refer to "Business Risks" below). Activity in the fourth quarter is typically impacted by customer budget exhaustion and seasonal holidays in North America. Over the last few years, a trend has been developing in North Dakota

and the broader Rockies region in the United States for customers to delay the ramp-up of their completion programs in the early part of the year due to increased costs and challenges operating in extreme cold weather that can prevail in the region in January and February. This trend, coupled with wellsite access enhancements, longer pad completions and the focus of core customers in Canada, has caused a shifting of activity levels for the Company from Q1 into Q2, and appears to be normalizing the impacts of spring-up break-up that had previously been significant.

FOREIGN EXCHANGE FLUCTUATIONS

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

QUARTERLY CONSOLIDATED HIGHLIGHTS - CONTINUING OPERATIONS

Three Months Ended December 31,	2024	2023	Change
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	381,230	421,402	(10)
Adjusted EBITDA ⁽¹⁾	34,512	62,591	(45)
Consolidated cash flows provided by operating activities	84,471	121,284	(30)
Capital expenditures	32,955	49,397	(33)
Net (loss) income	(6,424)	13,202	NM
Per share – basic	(0.07)	0.16	NM
Per share – diluted	(0.07)	0.15	NM
Cash and cash equivalents	44,045	34,140	29
Working capital, end of year ⁽²⁾	273,901	236,392	16
Total assets, end of year	1,234,840	1,126,197	10
Long-term debt, end of year	320,908	250,777	28
Net debt ⁽¹⁾⁽³⁾	300,347	241,065	25
Total consolidated equity, end of year	653,330	615,903	6

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

⁽²⁾ Working capital excludes the current portion of long-term debt of \$150.0 million.

⁽³⁾ Refer to note 14 of the consolidated annual financial statements for further information.

FOURTH QUARTER 2024 OVERVIEW

In the fourth quarter of 2024, the Company:

- generated revenue of \$381.2 million, a decrease of 10 percent from the comparative quarter in 2023 primarily due to lower activity and pricing in North America, offset partially by activity with its new offshore coiled tubing unit in Argentina;
- reported Adjusted EBITDA of \$34.5 million versus \$62.6 million in the fourth quarter of 2023 primarily due to the lower revenue base in North America;
- recorded a \$12.7 million write-off of property, plant and equipment related to specifically identified U.S. fracturing assets;
- revised its salvage value estimate for certain of its fracturing equipment components to align with current operational experience. This change was adopted as a change in accounting estimate on a prospective basis, which resulted in a one-time depreciation charge of \$12.2 million related to fully depreciated components;
- recorded an income tax recovery of \$15.6 million, which was mainly related to the conversion of non-repayable intercompany debt into equity in Argentina and lower profitability in the United States;
- reported a net loss of \$6.4 million or \$0.07 per share diluted compared to a net income of \$13.2 million or \$0.15 per share diluted in the comparable quarter in 2023;
- reported period-end working capital of \$273.9 million, which includes a cash balance of \$44.0 million versus \$236.4 million at December 31, 2023; and
- incurred capital expenditures of \$33.0 million which included approximately \$21.0 million to grow the fracturing fleet in Argentina and continue its Tier IV fleet modernization program in North America.

FINANCIAL OVERVIEW – CONTINUING OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2024 VERSUS 2023

NORTH AMERICA

Three Months Ended December 31,	2024	2023	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	289,883	331,688	(13)
Adjusted EBITDA ⁽¹⁾	23,121	48,070	(52)
Adjusted EBITDA (%) ⁽¹⁾	8.0	14.5	(45)
Fracturing revenue per job (\$)	35,238	38,678	(9)
Number of fracturing jobs	7,975	8,343	(4)
Active pumping horsepower, end of period (000s)	1,018	1,034	(2)
Idle pumping horsepower, end of period (000s)	—	72	(100)
Total pumping horsepower, end of period (000s)	1,018	1,106	(8)
Active coiled tubing units, end of period (#)	6	6	—
Idle coiled tubing units, end of period (#)	—	1	(100)
Total coiled tubing units, end of period (#)	6	7	(14)
US\$/C\$ average exchange rate ⁽²⁾	1.3982	1.3622	3

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

⁽²⁾ Source: Bank of Canada.

REVENUE

Revenue from Calfrac’s North American operations decreased to \$289.9 million during the fourth quarter of 2024 from \$331.7 million in the comparable quarter of 2023. The Company’s operations in North America had a strong start to the quarter, but witnessed a slow-down in activity as the quarter progressed due to a combination of customer budget exhaustion and a normal seasonal slowdown in December. The Company operated an average of 13 fleets during the fourth quarter in 2024 compared to 15 fleets in the comparable quarter of 2023 resulting in a 4 percent reduction in fracturing jobs completed. Pricing in the United States was lower relative to the comparable quarter in 2023, which contributed to the 13 percent reduction in revenue. Coiled tubing revenue was consistent with the fourth quarter in 2023 as slightly lower activity was offset by the completion of larger jobs.

ADJUSTED EBITDA

The Company’s operations in North America generated Adjusted EBITDA of \$23.1 million or 8 percent of revenue during the fourth quarter of 2024 compared to \$48.1 million or 14 percent of revenue in the same period in 2023. This decrease was primarily due to the decline in fracturing fleet utilization and lower pricing in the United States.

ARGENTINA

Three Months Ended December 31,	2024	2023	Change
<i>(C\$000s, except operational and exchange rate information)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>			
Revenue	91,347	89,714	2
Adjusted EBITDA ⁽¹⁾	15,636	19,946	(22)
Adjusted EBITDA (%) ⁽¹⁾	17.1	22.2	(23)
Fracturing revenue per job (\$)	101,626	75,225	35
Number of fracturing jobs	471	697	(32)
Active pumping horsepower, end of period (000s)	137	139	(1)
Idle pumping horsepower, end of period (000s)	—	—	—
Total pumping horsepower, end of period (000s)	137	139	(1)
Active coiled tubing units, end of period (#)	6	5	20
Idle coiled tubing units, end of period (#)	—	—	—
Total coiled tubing units, end of period (#)	6	5	20
Active cementing units, end of period (#)	10	10	—
Idle cementing units, end of period (#)	1	1	—
Total cementing units, end of period (#)	11	11	—
US\$/C\$ average exchange rate ⁽²⁾	1.3982	1.3622	3

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

⁽²⁾ Source: Bank of Canada.

REVENUE

Calfrac's Argentinean operations generated revenue of \$91.3 million during the fourth quarter of 2024 versus \$89.7 million in the comparable quarter in 2023. Activity from the Company's new offshore coiled tubing unit contributed to the increased revenue during the fourth quarter. However, fracturing revenue and activity were hampered by unplanned downtime in the quarter due to customer well issues.

ADJUSTED EBITDA

The Company's operations in Argentina generated Adjusted EBITDA of \$15.6 million during the fourth quarter of 2024 compared to \$19.9 million in the same quarter of 2023, while the Company's Adjusted EBITDA margins decreased to 17 percent from 22 percent. This decrease was primarily due to the unplanned downtime experienced during October.

CORPORATE

Three Months Ended December 31,	2024	2023	Change
(C\$000s)	(\$)	(\$)	(%)
(unaudited)			
Adjusted EBITDA ⁽¹⁾	(4,245)	(5,425)	(22)
% of revenue from continuing operations	(1.1)	(1.3)	(15)

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

ADJUSTED EBITDA

Corporate expenses during the fourth quarter of 2024 were \$4.2 million or \$1.2 million lower than the fourth quarter of 2023 primarily due to a decrease in financial performance-based compensation.

DEPRECIATION

For the three months ended December 31, 2024, depreciation expense from continuing operations of \$45.0 million was \$14.6 million higher than the corresponding quarter in 2023. During the quarter, the Company revised its salvage value estimate for certain of its fracturing equipment components to align with current operational experience. This change resulted in a one-time impact of \$12.2 million to depreciation expense related to fully depreciated components. The remaining increase was due to the higher asset base resulting from the Company's fleet modernization program.

WRITE-OFF OF PROPERTY, PLANT & EQUIPMENT

In the fourth quarter, the Company recorded a write-off of \$12.7 million of property, plant and equipment for specifically identified U.S. fracturing assets that were permanently obsolete and idle.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange gain from continuing operations of \$8.7 million during the fourth quarter of 2024 versus a loss of \$14.5 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 fourth 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 also devalued against the U.S. dollar during this period.

INTEREST

The Company recorded a net interest expense from continuing operations of \$8.2 million for the fourth quarter of 2024 compared to \$6.7 million in the comparable period in 2023. The increase in interest expense was primarily due to higher average revolving credit facility borrowings during the fourth quarter of 2024 which contributed to the increase in interest expense combined with a weaker Canadian dollar, which resulted in higher interest on the Company's Second Lien Notes relative to the comparable quarter in 2023. The Company's reported interest expense during the fourth quarter of 2024 included \$0.8 million of interest income generated primarily in Argentina compared to \$1.4 million in the comparable quarter in 2023.

INCOME TAXES

The Company had a current income tax recovery from continuing operations of \$6.4 million during the fourth quarter of 2024, which was primarily related to a recovery recorded in Argentina due to the conversion of intercompany debt into additional equity. This transaction allowed for the deduction of these intercompany charges in Argentina for income tax purposes and, as a result, significantly reduced the anticipated current tax expense for the year. This was partially offset by a withholding tax expense in Canada related to the settlement of these intercompany amounts. The Company also recorded a deferred tax recovery of \$9.2 million in the United States due to the net loss, which included the \$12.7 million write-off of PP&E incurred during the quarter.

BUSINESS UPDATE AND OUTLOOK

Calfrac achieved revenue of \$381.2 million during the fourth quarter, an 11 percent decline from the third quarter, primarily due to a normal seasonal slowdown in activity. During 2024, Calfrac improved upon its year-over-year safety record as it finished the year with a Total Recordable Injury Frequency (“TRIF”) of 0.92, as compared to 1.05 in 2023. Calfrac’s North American customer landscape continues to be impacted by consolidation and asset divestitures within the E&P industry. The Company expects to navigate these evolving market conditions through 2025 by prudently deploying capital and maximizing net income to generate sustainable returns for its shareholders.

NORTH AMERICA

The Company’s North American outlook for the upcoming year remains stable despite the current uncertainty surrounding the tariff regimes in Canada and the United States as well as the significant E&P industry consolidation that has occurred over the past few years. With the completion of the Coastal GasLink Pipeline, the new LNG Canada project that is expected to start exporting by the second half of 2025, and the expanded Trans Mountain Pipeline now in commercial service, the market fundamentals for completion services in Canada remains constructive. With these projects, Canada now has additional capacity to export natural gas and oil, which should have a positive impact on the cash flows within the energy industry. Calfrac continues to have a strong core customer base in Canada and expects that fracturing and coiled tubing activity in 2025 will increase slightly over the prior year despite the uncertain macro-economic backdrop. In particular, the Company imports certain products, such as sand and chemicals and component parts from the United States, to support its Canadian operations which could be impacted by the recently implemented tariffs. As a result, Calfrac is evaluating alternatives and the availability of applicable tariffs exemptions for products and parts that are imported from the United States.

As experienced over the last couple of years, activity in the Rockies region of the United States continues to be very challenging during the first quarter due to limited customer activity, resulting from the higher costs of operating in extreme cold weather. To address these seasonal challenges, the Company reduced its operating footprint to six active fracturing fleets to begin the first quarter. Financial results in the United States are expected to improve throughout the year as utilization is anticipated to increase from the first quarter. The outlook for natural gas prices has improved from recent years and consequently, the Company recommenced operations in the Appalachian basin in January with a project that is expected to continue into the third quarter. The Company is also exploring further opportunities to expand its operating scale in this region.

The Company made further progress on its equipment modernization program in North America and exited the quarter with 66 Tier IV Dynamic Gas Blending (“DGB”) pumps operating in the field, which was the equivalent of four Tier IV DGB fleets. By the end of the first quarter of 2025, Calfrac expects to operate the equivalent of five Tier IV DGB fleets in North America with the completion of its 2024 capital program. Inclusive of the Company’s recent capital investments in next generation pumping technology, a significant portion of its North American crewed fleets were dual-fuel capable at the end of 2024.

ARGENTINA

Argentina continued to demonstrate operational and financial strength by achieving revenue and Adjusted EBITDA growth from 2023 of 19 percent and 32 percent, respectively. During the past year, Calfrac invested approximately \$30.0 million of capital expenditures to expand its fracturing fleet capacity in the Vaca Muerta shale play and began operating another large fracturing fleet during the first quarter of 2025. As a result, activity and financial performance during the first quarter of 2025 is expected to be very strong, building on the significant momentum generated in 2024.

CORPORATE

Calfrac remains committed to its strategies of maximizing net income and deploying excess free cash flows to reduce its long-term debt. The Company made progress on its long-term debt reduction objective since the middle of 2024 and is focused on achieving a long-term financing solution to replace its existing Second Lien Notes before the end of the year. Management remains committed to stringent cost management and prudent capital allocation to maximize long-term returns for its shareholders.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the first quarter of 2022, management committed to a plan to sell its Russian division, resulting in the associated assets and liabilities being classified as held for sale and presented as discontinued operations.

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

In conjunction with the ongoing sale process and in light of the Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry and the foreign investor exit rules of the Russian Federation, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at December 31, 2024 (see note 4 of the annual 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 Dec. 31,			Years Ended Dec. 31,		
	2024	2023	Change	2024	2023	Change
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(%)</i>
<i>(unaudited)</i>						
Revenue	38,551	31,419	23	155,521	133,947	16
Adjusted EBITDA	6,467	5,327	21	30,800	23,474	31
Adjusted EBITDA (%)	16.8	17.0	(1)	19.8	17.5	13

For additional information related to Calfrac's assets held for sale, see note 4 of the annual consolidated financial statements for the year ended December 31, 2024 and the Company's Annual Information Form for the year ended December 31, 2024 under the heading "Discontinued Operations" which are available on the Company's SEDAR+ profile at www.sedarplus.ca.

NON-GAAP MEASURES

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

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

	Three Months Ended Dec. 31,		Years Ended Dec. 31,	
	2024	2023	2024	2023
(C\$000s)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
Net (loss) income from continuing operations	(6,424)	13,202	8,535	197,569
Add back (deduct):				
Depreciation	45,021	30,435	135,886	116,641
Foreign exchange (gains) losses	(8,723)	14,494	(4,145)	22,378
Loss (gain) on disposal of property, plant and equipment	1,031	1,042	863	(4,625)
Write-off of property, plant and equipment	12,690	—	12,690	—
Reversal of impairment of property, plant and equipment	—	—	—	(41,563)
Litigation settlement	—	—	—	(6,805)
Restructuring charges	5,062	—	10,617	2,991
Stock-based compensation	(6,747)	2,307	(1,173)	5,117
Interest	8,191	6,671	31,206	29,694
Income taxes	(15,589)	(5,560)	(3,485)	4,059
Adjusted EBITDA from continuing operations	34,512	62,591	190,994	325,456
Less: IFRS 16 lease payments	(3,284)	(3,183)	(13,172)	(12,528)
Less: Argentina EBITDA threshold adjustment ⁽¹⁾	(3,634)	—	(51,985)	—
Bank EBITDA for financial covenant purposes	27,594	59,408	125,837	312,928

⁽¹⁾ Refer to note 6 of the Company's consolidated annual consolidated financial statements for the year ended December 31, 2024.

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

Net Debt is defined as long-term debt less unamortized debt issuance costs plus lease obligations, less cash and cash equivalents from continuing operations. The calculation of net debt is disclosed in note 14 to the Company's annual financial statements for the corresponding period.

OTHER NON-STANDARD FINANCIAL TERMS

MAINTENANCE AND EXPANSION CAPITAL

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

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

As at December 31, 2024 (C\$000s) (unaudited)	Payment Due by Period				
	Total (\$)	< 1 Year (\$)	1 - 3 Years (\$)	4 - 5 Years (\$)	After 5 Years (\$)
Leases - IFRS 16	26,153	10,960	14,913	280	—
Leases - non-IFRS 16	11,669	5,240	6,004	425	—
Purchase obligations	43,959	43,959	—	—	—
Total contractual obligations	81,781	60,159	20,917	705	—

As outlined above, Calfrac has various contractual lease commitments related to premises, equipment, vehicles and storage facilities as well as purchase obligations for products, services and property, plant and equipment.

GREEK LITIGATION

As described in note 20 to the annual 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 year ended December 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 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 acquired or the environment in which the Company operates changes. The accounting policies and practices that involve the use of estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts, depreciation, the fair value of financial instruments, income taxes, and stock-based compensation.

Judgment is also used in the determination of cash-generating units (CGUs), impairment or reversal of impairment of non-financial assets, the functional currency of each subsidiary, and the classification of assets held for sale and discontinued operations, including continued control over the Russian subsidiary.

LOSS ALLOWANCE PROVISION

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the new impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument. Calfrac's management believes that the loss allowance provision for accounts receivable, which was \$1.3 million at December 31, 2024 (December 31, 2023 – \$1.0 million), 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, and long-term debt.

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 December 31, 2024 was \$171.6 million (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.

CREDIT RISK

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices, including the use of credit limits and approvals, and by monitoring its customers' financial condition. At December 31, 2024, the Company had a loss allowance provision for accounts receivable of \$1.3 million (December 31, 2023 – \$1.0 million).

Payment terms with customers vary by country and contract. Standard payment terms, however, are 30 days from invoice date. The Company's aged trade and accrued accounts receivable at December 31, 2024 and 2023, excluding any impaired accounts, are as follows:

As at December 31,	2024	2023
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>
<i>(unaudited)</i>		
Current	203,151	179,283
31 - 60 days	20,788	48,760
61 - 90 days	11,408	8,555
91+ days	968	1,544
Total	236,315	238,142

INTEREST RATE RISK

The Company is exposed to cash flow risk due to fluctuating interest payments required to service any floating-rate debt. The increase or decrease in annual interest expense for each 1 percentage point change in the interest rate on floating-rate debt at December 31, 2024 amounts to \$1.5 million (December 31, 2023 – \$1.0 million).

The Company's effective interest rate for the year ended December 31, 2024 was 9.7 percent (December 31, 2022 – 9.3 percent).

LIQUIDITY RISK

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

The expected timing of cash outflows relating to financial liabilities is outlined in the table below:

At December 31, 2024	Total	< 1 Year	1 - 3 Years	4 - 6 Years	7 - 9 Years	Thereafter
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
<i>(unaudited)</i>						
Accounts payable and accrued liabilities	173,974	173,974	—	—	—	—
Lease obligations ⁽¹⁾	26,153	10,960	14,913	280	—	—
Long-term debt ⁽¹⁾	354,155	176,793	177,362	—	—	—

At December 31, 2023	Total	< 1 Year	1 - 3 Years	4 - 6 Years	7 - 9 Years	Thereafter
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
<i>(unaudited)</i>						
Accounts payable and accrued liabilities	176,817	176,817	—	—	—	—
Lease obligations ⁽¹⁾	26,750	11,977	13,466	1,307	—	—
Long-term debt ⁽¹⁾	305,341	24,749	280,592	—	—	—

⁽¹⁾ Principal and interest of current and long-term portion

FOREIGN EXCHANGE RISK

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in currencies other than Canadian dollars. These currencies include the U.S. dollar and Argentinean peso. The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on purchases of products and property, plant and equipment from vendors in the United States. In addition, the Company's Second Lien Notes and related interest expense are denominated in U.S. dollars.

The amount of this debt and related interest expressed in Canadian dollars varies with fluctuations in the U.S. dollar to Canadian dollar exchange rate. The risk is mitigated, however, by the Company's U.S. operations and related revenue streams. A change in the value of foreign currencies in the Company's financial instruments (cash, accounts receivable, accounts payable and debt) would have had the following impact on net income:

At December 31, 2024	Impact to Net Income
<i>(C\$000s)</i>	<i>(\$)</i>
1% change in value of U.S. dollar	1,900
20% change in value of Argentinean peso	1,109

At December 31, 2023	Impact to Net Income
<i>(C\$000s)</i>	<i>(\$)</i>
1% change in value of U.S. dollar	1,513
20% change in value of Argentinean peso	67

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

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 December 31, 2024, the Company determined that for its Canada and Argentinean CGUs, there were no changes in the indicators of impairment or any new indicators of impairment since the last impairment assessment that was carried

out as at December 31, 2023. 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 year ended December 31, 2024.

For the United States CGU, the 2024 financial results were impeded by lower activity and pricing, due to a year-over-year decline in natural gas prices. The Company recognizes this is an indicator of impairment that warrants an assessment on the recoverable amount of its property, plant and equipment for the United States CGU as at December 31, 2024. Based on the impairment test that was conducted as at December 31, 2024, a comparison of the recoverable amount of the United States cash-generating unit with its carrying amount resulted in no impairment against property, plant and equipment (year ended December 31, 2023 – reversal of impairment of \$41.6 million in the Canada CGU).

The impairment losses (reversal of impairment) by CGU are as follows:

Years Ended December 31,	2024	2023
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>
Canada	—	(41,563)
United States	—	—
	—	(41,563)

In addition, the Company carried out a comprehensive review of its property, plant and equipment and identified assets in the United States that were deemed to be obsolete, and therefore, no longer able to generate cash inflows. The net book value of these assets totaled \$12.7 million were written off during the three months ended December 31, 2024.

The Company reviews the carrying value of its inventory on an ongoing basis for obsolescence and to verify that the carrying value exceeds the net realizable amount. During the year ended December 31, 2024, the Company reviewed the carrying value of its inventories across all operating segments and determined that there was no requirement to write off obsolete inventory nor write inventory down to its net realizable amount (year ended December 31, 2023 – \$nil).

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. 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 is 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 vesting conditions associated with the performance stock options and performance share units are non-market and are assessed at each reporting period to determine if the targets are probable or not probable of being met.

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

FUNCTIONAL CURRENCY

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

CASH-GENERATING UNITS

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

RELATED-PARTY TRANSACTIONS

Certain entities controlled by George S. Armoyn previously held US\$16.8 million of the Company's Second Lien Notes as at December 31, 2023. These holdings were sold during 2024.

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the year ended December 31, 2024 was \$1.0 million (year ended December 31, 2023 – \$1.0 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

The Company applied IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* for the year beginning on January 1, 2024. This amendment did not have a material impact on the consolidated financial statements.

The Company adopted Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules, which provide a template that jurisdictions can translate into domestic tax law and implement as part of an agreed common approach. Pillar Two legislation in Canada is substantively enacted. Other jurisdictions where the Company operates have either enacted legislation or are in the process of doing so. In terms of the potential implications for income tax accounting, the Company has applied the exception available under the amendments to IAS 12 *Income Taxes* published by the International Accounting Standards Board in May 2023 and are not recognizing or disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company continues to assess its exposure to Pillar Two income taxes and does not expect the impact of Pillar Two provisions to be material to the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company is assessing the impact of the following amendment to the standards and interpretations applicable for future periods:

The IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which will replace IAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The new standard is effective for annual periods beginning on or after January 1, 2027. Retrospective application is required, and therefore, the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18. The Company is currently assessing the implications of applying this new standard on the consolidated financial statements.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer (CEO), and the Chief Financial Officer (CFO) of Calfrac are responsible for establishing and maintaining the Company’s disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR).

DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Company’s management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings”, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2024. Based on this evaluation, the CEO and CFO have concluded that the Company’s DC&P and ICFR are effectively designed and operating as intended.

No change to the Company’s ICFR occurring during the most recent interim period materially affected, or is reasonably likely to materially affect, the Company’s ICFR.

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.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.

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 continuing operations, including the potential impacts of, and mitigation strategies for, the tariffs implemented by the U.S. and Canada on the Company’s North American segment and the strong activity and profitability outlook for the Argentina segment; the 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 prudently deploy capital and maximize returns to shareholders; the Company’s Russian segment, including the planned sale of the Russian division, the ongoing risks, uncertainties and restrictions relating to its business and operations, the regulatory approvals to complete a sale transaction and the Company’s compliance with applicable laws and sanctions; the Company’s debt, liquidity and financial position, including intentions for a long-term financing solution for the Second Lien Notes; future financial resources and performance; the Company’s capital structure, restrictions under its lending documents; and the Company’s ability to raise capital; future costs or potential liabilities; the Company’s service quality; capital investment, including the progress of the Company’s fleet modernization plan and the timing of deployment of additional Tier IV DGB pumps into the field; supply of raw materials, diesel fuel, and component parts; the Company’s growth strategy and prospects; operational execution and expectations regarding the Company’s ability to maintain its competitive position; the impact of environmental regulations on the Company’s business; the impact of economic sanctions on the Company’s business; exposure under existing legal proceedings; 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 continued implementation of Argentina economic reforms and liberalization of its oil and gas industry as well as the current state of the trade war between Canada and the U.S. and its expected impact on the pressure pumping market in North America; the Company’s expectations for its customers’ capital budgets, demand for services and geographical areas of focus; the level of merger and acquisition activity among oil and gas producers and its impact on the demand for well completion services; the anticipated effects of artificial intelligence power requirements and

the commissioning of liquified natural gas terminals on supply and demand fundamentals for oil and natural gas; the ability of newly deployed Tier IV DGB pumping units to achieve manufacturer claims with respect to operational performance, diesel displacement and costs savings in the field; the effect of environmental, social and governance factors on customer and investor preferences and capital deployment; the status of the military conflict in the Ukraine and related Canadian, United States and international sanctions and restrictions involving Russia and counter-sanctions, restrictions, and political measures that may be undertaken in respect of the Company's ownership and planned sale of the Russian division; industry equipment levels including the number of active fracturing fleets marketed by the Company's competitors and the timing of deployment of the Company's fleet upgrades; the continued effectiveness of cost reduction measures instituted by the Company; the Company's existing contracts and the status of current negotiations with key customers and suppliers; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

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

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

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

MANAGEMENT'S LETTER

To the Shareholders of Calfrac Well Services Ltd.

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies set out in the accompanying notes to the consolidated financial statements. When necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards (IFRS) appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has prepared the Management's Discussion and Analysis (MD&A). The MD&A is based on the Company's financial results prepared in accordance with IFRS. The MD&A compares the audited financial results for the years ended December 31, 2024 and December 31, 2023.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, was engaged, as approved by a vote of shareholders at the Company's most recent annual meeting, to audit the consolidated financial statements in accordance with IFRS and provide an independent professional opinion.

The Audit Committee of the Board of Directors, which is comprised of three independent directors who are not employees of the Company, has discussed the consolidated financial statements, including the notes thereto, with management and the external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.



Patrick G. Powell
Chief Executive Officer



Michael D. Olinek
Chief Financial Officer

March 12, 2025
Calgary, Alberta, Canada

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calfrac Well Services Ltd.

OUR OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calfrac Well Services Ltd. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What We Have Audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2024 and 2023;
- the consolidated statements of operations for the years then ended;
- the consolidated of comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Impairment assessment of property, plant and equipment (PP&E) for the United States Cash Generating Unit (CGU)</p> <p><i>Refer to note 2 – Summary of Material Accounting Policies and note 5 – Property, Plant and Equipment to the consolidated financial statements.</i></p> <p>As at December 31, 2024, the total net book value of PP&E amounted to \$673.4 million, of which a significant portion related to the United States cash generating unit (CGU). The Company reviews the carrying value of its PP&E at each reporting period for indicators of impairment. If any such indicator exists, management estimates the recoverable amount of the CGU to determine if an impairment loss is supported. An impairment loss is recognized for the amount by which the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU is determined based on the higher value of fair value less costs of disposal (FVLCD) and value in use calculations.</p> <p>For the United States CGU, the 2024 financial results were impeded by lower activity and pricing, due, in part, to a year over year decline in natural gas prices. The Company recognizes this as an indicator of impairment that warrants an assessment of the recoverable amount of the United States CGU as at December 31, 2024.</p> <p>Based on the impairment test conducted, a comparison of the recoverable amount of the United States CGU with its carrying amount resulted in no impairment.</p> <p>The recoverable amount of the United States CGU is based on FVLCD determined using discounted cash flows (discounted cash flow model). Cash flow assumptions are based on a combination of historical and expected future results, using the following main significant assumptions: expected revenue and operating income growth and after-tax discount rates.</p> <p>We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount, which involved judgement by management. We were also assisted by professionals with specialized skill and knowledge in the field of valuation.</p>	<p>Our approach to addressing this matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Tested how management determined the recoverable amount of the United States CGU, which included the following: <ul style="list-style-type: none"> • Assessed the appropriateness of the method used to determine the recoverable amount; • Tested underlying data used in the discounted cash flow model; • Evaluated the reasonableness of expected revenue and operating income growth rates assumptions used in the discounted cash flow model by: <ul style="list-style-type: none"> ▪ comparing expected revenue and operating income growth rates to the Board approved budget, the current and past performance of the United States CGU and available external industry data, and; ▪ assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model, and the reasonableness of the after-tax discount rate used within the model.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kory Wickenhauser.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 12, 2025

CONSOLIDATED BALANCE SHEETS

	Note	As at December 31,	
		2024	2023
(C\$000s)		(\$)	(\$)
ASSETS			
Current assets			
Cash and cash equivalents		44,045	34,140
Accounts receivable	12	251,108	243,187
Income taxes recoverable		—	794
Inventories	3	145,506	123,015
Prepaid expenses and deposits		26,452	22,799
		467,111	423,935
Assets classified as held for sale	4	45,335	34,084
		512,446	458,019
Non-current assets			
Property, plant and equipment	5	673,381	614,555
Right-of-use assets	11	20,013	24,623
Deferred income tax assets	9	29,000	29,000
		722,394	668,178
Total assets		1,234,840	1,126,197
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		173,974	176,817
Income taxes payable		9,700	—
Current portion of long-term debt	6	150,000	—
Current portion of lease obligations	11	9,536	10,726
		343,210	187,543
Liabilities directly associated with assets classified as held for sale	4	30,945	20,858
		374,155	208,401
Non-current liabilities			
Long-term debt	6, 15	170,908	250,777
Lease obligations	11	13,948	13,702
Deferred income tax liabilities	9	22,499	37,414
		207,355	301,893
Total liabilities		581,510	510,294
Capital stock	7	911,785	910,908
Contributed surplus		77,159	78,667
Accumulated deficit		(379,490)	(389,872)
Accumulated other comprehensive income		43,876	16,200
Total equity		653,330	615,903
Total liabilities and equity		1,234,840	1,126,197

Commitments (note 10); Contingencies (note 20)

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors,



Ronald P. Mathison, Director



Charles Pellerin, Director

CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Years Ended Dec. 31,	
		2024	2023
<i>(C\$000s, except per share data)</i>			
		<i>(\$)</i>	<i>(\$)</i>
Revenue	16	1,567,482	1,864,281
Cost of sales	17	1,456,994	1,596,155
Gross profit		110,488	268,126
Expenses			
Selling, general and administrative	8	64,824	60,614
Foreign exchange (gains) losses	12	(4,145)	22,378
Loss (gain) on disposal of property, plant and equipment		863	(4,625)
Write-off of property, plant and equipment	5	12,690	—
Reversal of impairment of property, plant and equipment	5	—	(41,563)
Interest, net	6, 17	31,206	29,694
		105,438	66,498
Income before income tax		5,050	201,628
Income tax (recovery) expense	9		
Current		14,096	6,246
Deferred		(17,581)	(2,187)
		(3,485)	4,059
Net income from continuing operations		8,535	197,569
Net income (loss) from discontinued operations	4	1,847	(6,897)
Net income		10,382	190,672
Earnings (loss) per share – basic	7		
Continuing operations		0.10	2.43
Discontinued operations		0.02	(0.08)
		0.12	2.35
Earnings (loss) per share – diluted	7		
Continuing operations		0.10	2.24
Discontinued operations		0.02	(0.08)
		0.12	2.16

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended Dec. 31,	
	2024	2023
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>
Net income	10,382	190,672
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	27,676	(15,346)
Comprehensive income	38,058	175,326

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended Dec. 31,	
	Note	2024	2023
<i>(C\$000s)</i>			
		<i>(\$)</i>	<i>(\$)</i>
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net income		10,382	190,672
Adjusted for the following:			
Depreciation	5, 11, 17	135,886	116,641
Stock-based compensation	8	(1,173)	5,117
Unrealized foreign exchange losses		867	16,763
Loss (gain) on disposal of property, plant and equipment		846	(4,667)
Write-off of property, plant and equipment	5	12,690	—
Impairment (reversal of impairment) of property, plant and equipment	4, 5	2,293	(39,448)
Impairment of inventory	4	11,761	5,566
Impairment of other assets	4	12,120	20,057
Interest		30,501	29,409
Interest paid		(28,634)	(21,095)
Deferred income taxes	9	(17,581)	(2,187)
Changes in items of working capital	13	(42,774)	(35,194)
Cash flows provided by operating activities		127,184	281,634
FINANCING ACTIVITIES			
Issuance of long-term debt, net of debt issuance costs	6	119,966	92,202
Long-term debt repayments	6	(65,000)	(177,453)
Lease obligation principal repayments	11	(11,564)	(11,217)
Proceeds on issuance of common shares from the exercise of warrants and stock options	7, 8	542	12,336
Cash flows provided by (used in) financing activities		43,944	(84,132)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(186,132)	(168,637)
Proceeds on disposal of property, plant and equipment		14,725	22,546
Proceeds on disposal of right-of-use assets		1,754	1,321
Cash flows used in investing activities		(169,653)	(144,770)
Effect of exchange rate changes on cash and cash equivalents		4,111	(25,935)
Increase in cash and cash equivalents		5,586	26,797
Cash and cash equivalents, beginning of period		45,190	18,393
Cash and cash equivalents, end of period		50,776	45,190
Included in the cash and cash equivalents per the balance sheet		44,045	34,140
Included in the assets held for sale/discontinued operations	4	6,731	11,050

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital (\$)	Conversion Rights on Convertible Notes	Contributed Surplus (\$)	Warrants (\$)	Accumulated Other Comprehensive Income (Loss) (\$)	Accumulated Deficit (\$)	Total Equity (\$)
<i>(C\$000s)</i>								
Balance – January 1, 2024		910,908	—	78,667	—	16,200	(389,872)	615,903
Net income		—	—	—	—	—	10,382	10,382
Other comprehensive income:								
Cumulative translation adjustment		—	—	—	—	27,676	—	27,676
Comprehensive income		—	—	—	—	27,676	10,382	38,058
Stock options:								
Stock-based compensation recognized	8	—	—	(179)	—	—	—	(179)
Proceeds from issuance of shares	7, 8	877	—	(335)	—	—	—	542
Performance share units:								
Stock-based compensation recognized	8	—	—	(994)	—	—	—	(994)
Balance – December 31, 2024		911,785	—	77,159	—	43,876	(379,490)	653,330
Balance – January 1, 2023		865,059	212	70,141	36,558	31,546	(580,544)	422,972
Net income		—	—	—	—	—	190,672	190,672
Other comprehensive income (loss):								
Cumulative translation adjustment		—	—	—	—	(15,346)	—	(15,346)
Comprehensive income (loss)		—	—	—	—	(15,346)	190,672	175,326
Stock options:								
Stock-based compensation recognized	8	—	—	4,123	—	—	—	4,123
Proceeds from issuance of shares	7, 8	870	—	(322)	—	—	—	548
Performance share units:								
Stock-based compensation recognized	8	—	—	994	—	—	—	994
1.5 Lien Notes:								
Conversion of 1.5 Lien Notes into shares	6, 7	166	(13)	—	—	—	—	153
Reclassification of unexercised 1.5 Lien Notes	6, 7	—	(199)	199	—	—	—	—
Warrants:								
Proceeds from issuance of shares	7, 8	44,813	—	—	(33,026)	—	—	11,787
Reclassification of expired warrants	7, 8	—	—	3,532	(3,532)	—	—	—
Balance – December 31, 2023		910,908	—	78,667	—	16,200	(389,872)	615,903

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2024 and 2023

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

These financial statements were approved by the Board of Directors for issuance on March 12, 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The policies set out below were consistently applied to the periods presented.

(a) Basis of Measurement

The consolidated financial statements were prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities to fair value.

(b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries in Canada, the United States, Russia and Argentina. All intercompany transactions, balances and resulting unrealized gains and losses are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. The existence and effect of voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated upon the Company obtaining control and are deconsolidated upon control ceasing.

(c) Changes in Accounting Standards and Disclosures

The Company applied IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* for the year beginning on January 1, 2024. This amendment did not have a material impact on the consolidated financial statements.

The Company adopted Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules, which provide a template that jurisdictions can translate into domestic tax law and implement as part of an agreed common approach. Pillar Two legislation in Canada is substantively enacted. Other jurisdictions where the Company operates have either enacted legislation or are in the process of doing so. In terms of the potential implications for income tax accounting, the Company has applied the exception available under the amendments to IAS 12 *Income Taxes* published by the International Accounting Standards Board in May 2023 and are not recognizing or disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company continues to assess its exposure to Pillar Two income taxes and does not expect the impact of Pillar Two provisions to be material to the Company.

(d) Change in Accounting Estimate

Effective December 31, 2024, the Company revised its salvage value estimate for certain of its fracturing equipment components to align with current operational experience. This was adopted as a change in accounting estimate on a prospective basis, which resulted in a one-time depreciation charge of \$12,159, related to fully depreciated components, that was recorded in the statement of operations during the three months ended December 31, 2024.

(e) Critical Accounting Estimates and Judgments

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 acquired or the environment in which the Company operates changes. The accounting policies and practices that involve the use of estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts, depreciation, the fair value of financial instruments, income taxes, and stock-based compensation.

Judgment is also used in the determination of cash-generating units (CGUs), impairment or reversal of impairment of non-financial assets, the functional currency of each subsidiary, and the classification of assets held for sale and discontinued operations, including continued control over the Russian subsidiary.

i) Expected Credit Loss

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, the customer's financial condition and anticipated industry conditions. Customer payments are regularly monitored and a provision for expected credit loss is established based on expected and incurred losses and overall industry conditions. See note 12 for further information.

ii) Depreciation

Depreciation of the Company's property 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 and equipment.

iii) Fair Value of Financial Instruments

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

The fair values of these financial instruments, except long-term debt, approximate their carrying amounts due to their short-term maturity. The fair value of the Second Lien Notes is based on the closing market price at the reporting period's end-date, as described in note 6. The fair values of the remaining long-term debt approximate their carrying values.

iv) 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. Estimates of the Company's future taxable income were considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

See note 9 for further information on income taxes.

v) Share-Based Payments

The fair value of stock options, performance share units and warrants is 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 or unit life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends. The vesting conditions associated with the performance stock options and performance share units are non-market and are assessed at each reporting period to determine if the targets are probable or not probable of being met.

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

See note 8 for further information on share-based payments.

vi) Functional Currency

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

vii) Cash-Generating Units

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

viii) Impairment or Reversal of Impairment of Property, Plant and Equipment

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount of cash-generating units is the higher of the CGU's fair value less costs of disposal and value in use (defined as the present value of the future cash flows to be derived from an asset). These calculations require the use of judgment applied by management regarding expected revenue and operating income growth, expected future results, and after-tax discount rates. See note 5 for further information on impairment of property, plant and equipment.

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

Management applies significant judgment in assessing whether indicators of impairment or impairment reversal exist that would necessitate either impairment testing or impairment reversal calculations. Internal and external factors such as (i) a significant change in the market capitalization of the Company's share price; (ii) changes in conditions of equipment, (iii) changes in oil and gas prices in the market, (iv) changes in forecasted earnings, and (v) changes in interest rates or other market rates of return, are evaluated by management in determining whether there are any indicators of impairment or impairment reversal.

(f) Foreign Currency Translation

i) Functional and Presentation Currency

Each of the Company's subsidiaries is measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

The financial statements of the subsidiaries that have a different functional currency are translated into Canadian dollars whereby assets and liabilities are translated at the rate of exchange at the balance sheet date, revenue and expenses are translated at average monthly exchange rates (as this is considered a reasonable approximation of actual rates), and gains and losses in translation are recognized in shareholders' equity as accumulated other comprehensive income.

The following foreign entities have a functional currency other than the Canadian dollar:

Entity	Functional Currency
United States	U.S. dollar
Argentina	U.S. dollar

In the event the Company disposed of its entire interest in a foreign operation, or lost control, joint control, or significant influence over a foreign operation, the related foreign currency gains or losses accumulated in other comprehensive income would be recognized in profit or loss. If the Company disposed of part of an interest in a foreign operation which remained a subsidiary, a proportionate amount of the related foreign currency gains or losses accumulated in other comprehensive income would be reallocated between controlling and non-controlling interests.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of operations.

(g) Financial Instruments

The impairment model under IFRS 9 *Financial Instruments* 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.

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

The Company does not have any hedging arrangements.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains or losses in the period in which it arises.

See note 12 for further information on financial instruments.

iii) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. When a financial asset classified as amortized cost is derecognized, any gain or loss arising on derecognition is recognized directly in profit or loss and is presented together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in profit or loss. When a financial asset classified as fair value through other comprehensive income is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains and losses.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized directly in profit or loss.

When the Company uses equity instruments to extinguish a financial liability, the equity instruments are considered as consideration paid. The equity instruments are measured at the fair value, unless fair value is not reliably determinable, in which case the equity instruments issued are measured at the fair value of the liability extinguished. If the consideration paid exceeds the carrying value of the financial liability extinguished a gain is recognized in profit or loss.

iv) Derivatives that do not Qualify for Hedge Accounting

Derivatives are only used for economic hedging purposes and not as speculative investments. Where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

See note 12 for further information about the derivatives used by the Company.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with original maturities of three months or less.

(i) Inventory

Inventory consists of chemicals, sand and proppant, coiled tubing, cement, nitrogen and carbon dioxide used to stimulate oil and natural gas wells, as well as spare parts. Inventory is stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

(j) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of operations during the period in which they are incurred.

Property, plant and equipment are depreciated over their estimated useful economic lives using the straight-line method over the following periods:

Field equipment	5 – 30 years
Buildings	20 years
Shop, office and other equipment	5 years
Computers and computer software	3 years
Leasehold improvements	Term of the lease

Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Assets under construction are not depreciated until they are available for use.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. Residual values, method of amortization and useful lives are reviewed annually and adjusted, if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the assets and are included in the consolidated statements of operations.

(k) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Qualifying assets are defined as assets which take a substantial period to construct (generally greater than one year). All other borrowing costs are recognized as interest expense in the consolidated statements of operations in the period in which they are incurred. The Company does not currently have any qualifying assets.

(l) Leases

Under IFRS 16 *Leases*, leases are recognized as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability (principal) and interest. The interest is charged to the statement of operations over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company recognizes a ROU asset at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of any restoration costs and any initial direct costs incurred by the lessee. The provision for any restoration costs is recognized as a separate liability as set out in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company recognizes a lease liability equal to the present value of the lease payments during the lease term that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at the commencement of the lease is equal to or higher than the guaranteed amount, and the Company does not expect to pay anything under the guarantees.

Payments associated with variable lease payments, short-term leases and leases of low value assets are recognized as an expense in the statement of operations. Short-term leases are leases with a lease term of twelve months or less. Low value assets comprise I.T. equipment and small items of office equipment.

(m) Impairment or Reversal of Impairment of Non-Financial Assets

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped in CGUs, the lowest level with separately identifiable cash inflows that are largely independent of the cash inflows of other assets. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use (defined as the present value of the future cash flows to be derived from an asset). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

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 may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset to determine if the reversal of impairment loss is supported.

(n) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, when the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are presented as non-current.

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

(o) Revenue Recognition

Under IFRS 15 *Revenue from Contracts with Customers*, the Company recognizes revenue for services rendered when the performance obligations have been completed, as control of the services transfer to the customer, when the services performed have been accepted by the customer, and collectability is reasonably assured. The consideration for services rendered is measured at the fair value of the consideration received and allocated based on their standalone selling prices. The standalone selling prices are determined based on the agreed upon list prices at which the Company sells its services in separate transactions. Payment terms with customers vary by country and contract. Standard payment terms are 30 days from invoice date.

Revenue for the sale of product is recognized when control or ownership of the product is transferred to the customer and collectability is reasonably assured.

Revenue is measured net of returns, trade discounts and volume discounts.

The Company does not expect to have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

See note 16 for further information on revenue.

(p) Stock-Based Compensation Plans

The Company recognizes compensation cost for the fair value of stock options and performance share units granted. Under this method, the Company records the fair value based on the number of options or units expected to vest over their vesting period as a charge to compensation expense and a credit to contributed surplus. The fair value of each tranche within an award is considered a separate award with its own vesting period and grant date. The fair value of each tranche within an award is measured at the date of grant using the Black-Scholes option pricing model.

The number of awards expected to vest is reviewed on an ongoing basis, with any impact being recognized immediately.

The Company recognizes compensation cost for the fair value of deferred share units granted to its outside directors. The fair value of the deferred share units is recognized based on the market value of the Company's shares underlying these compensation programs.

(q) Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition is the fair value of the assets transferred and the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of operations as a gain on acquisition.

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

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

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

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to

dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(s) Recently Issued Accounting Standards Not Yet Applied

The Company is assessing the impact of the following amendment to the standards and interpretations applicable for future periods:

The IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which will replace IAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The new standard is effective for annual periods beginning on or after January 1, 2027. Retrospective application is required, and therefore, the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18. The Company is currently assessing the implications of applying this new standard on the consolidated financial statements.

3. INVENTORIES

As at December 31, (C\$000s)	2024 (\$)	2023 (\$)
Spare parts	98,053	82,001
Chemicals	22,849	23,762
Sand and proppant	18,729	11,029
Coiled tubing	5,855	6,037
Other	20	186
	145,506	123,015

For the year ended December 31, 2024, the cost of inventories recognized as an expense and included in cost of sales was approximately \$625,000 (year ended December 31, 2023 – \$694,000).

The Company reviews the carrying value of its inventory on an ongoing basis for obsolescence and to verify that the carrying value exceeds the net realizable amount. During the year ended December 31, 2024, the Company reviewed the carrying value of its inventories across all operating segments and determined there was no requirement to write off obsolete inventory nor write inventory down to its net realizable amount (year ended December 31, 2023 – \$nil).

4. ASSETS HELD FOR SALE

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

In addition to monitoring and addressing, as applicable, the evolving laws and sanctions from the governments of Canada, the U.S., and other western nations, the Company's efforts to divest of its Russian operations have been impacted by

domestic laws and sanctions of the Russian Federation, including without limitation, that any sale or any other transfer or alienation of its Russian subsidiary must be approved by the President of the Russian Federation pursuant to applicable decrees and rules setting out the requirements for exits of foreign investors from Russia (which are updated on a periodic basis). Within this dynamic context, the Company remains committed to the sale of its Russian subsidiary and is seeking to complete this transaction as soon as possible while complying with all applicable laws and sanctions.

In conjunction with the ongoing sale process and in light of the Canadian sanctions and restrictions that were issued in relation to the Russian oil and gas industry and the foreign investor exit rules of the Russian Federation, the Company has adjusted the Russian division's current and long-term assets to reflect their revised expected recoverable amount as at December 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.

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Impairment of property, plant and equipment	2,293	2,115
Impairment of inventory	11,761	5,566
Impairment of other assets	12,120	20,057
	26,174	27,738

(a) Financial Information

The financial performance and cash flow information of the Russia operating division are:

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Revenue	155,521	133,947
Expenses	124,926	112,075
Impairment	26,174	27,738
Income (loss) before income tax	4,421	(5,866)
Income tax expense	2,574	1,031
Net income (loss)	1,847	(6,897)

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Net cash (used in) provided by operating activities	(421)	10,640
Net cash used in investing activities	(2,276)	(2,073)
Effect of exchange rate changes on cash and cash equivalents	560	1,304
(Decrease) increase in cash and cash equivalents	(2,137)	9,871

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

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations:

As at December 31, (C\$000s)	2024 (\$)	2023 (\$)
Assets classified as held for sale		
Cash and cash equivalents	6,731	11,050
Accounts receivable	38,604	21,267
Income taxes recoverable	—	1,633
Prepaid expenses and deposits	—	134
	45,335	34,084
Liabilities directly associated with assets classified as held for sale		
Accounts payable and accrued liabilities	30,031	20,858
Income taxes payable	914	—
	30,945	20,858

The Company is not expecting to repatriate any material cash amounts from Russia other than through any proceeds received through the sale of its Russian business.

No deferred tax asset is recognized for the assets held for sale/discontinued operations.

The cumulative foreign exchange gains recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2024 was \$8,114 (December 31, 2023 – \$7,555).

5. PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 2024 (C\$000s)	Opening Net Book Value (\$)	Additions (\$)	Disposals (\$)	Write-Off (\$)	Depreciation (\$)	Foreign Exchange Adjustments (\$)	Closing Net Book Value (\$)
Assets under construction ⁽¹⁾	90,088	(13,307)	—	—	—	4,618	81,399
Field equipment	455,998	179,692	(10,530)	(12,690)	(116,667)	31,413	527,216
Buildings	28,120	1,324	(3,923)	—	(4,002)	1,582	23,101
Land	38,088	—	(1,595)	—	—	1,695	38,188
Shop, office and other equipment	223	858	(57)	—	(172)	62	914
Computers and computer software	1,986	1,722	—	—	(1,176)	—	2,532
Leasehold improvements	52	—	—	—	(27)	6	31
	614,555	170,289	(16,105)	(12,690)	(122,044)	39,376	673,381

⁽¹⁾ Additions for assets under construction are net of transfers into the other categories of property, plant and equipment when they become available for use (additions of \$170,335 less transfers of \$183,642).

As at December 31, 2024	Cost	Accumulated Depreciation	Net Book Value
(C\$000s)	(\$)	(\$)	(\$)
Assets under construction	81,399	—	81,399
Field equipment	2,665,339	(2,138,123)	527,216
Buildings	88,277	(65,176)	23,101
Land	38,188	—	38,188
Shop, office and other equipment	28,678	(27,764)	914
Computers and computer software	49,274	(46,742)	2,532
Leasehold improvements	8,832	(8,801)	31
	2,959,987	(2,286,606)	673,381

Year Ended December 31, 2023	Opening Net Book Value	Additions	Disposals	Reversal of Impairment	Depreciation	Foreign Exchange Adjustments	Closing Net Book Value
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Assets under construction ⁽¹⁾	47,649	43,819	—	—	—	(1,380)	90,088
Field equipment	421,316	119,040	(18,959)	41,563	(98,575)	(8,387)	455,998
Buildings	32,535	373	(80)	—	(4,186)	(522)	28,120
Land	38,578	—	—	—	—	(490)	38,088
Shop, office and other equipment	677	45	—	—	(491)	(8)	223
Computers and computer software	2,639	2,137	—	—	(2,790)	—	1,986
Leasehold improvements	81	—	—	—	(27)	(2)	52
	543,475	165,414	(19,039)	41,563	(106,069)	(10,789)	614,555

⁽¹⁾ Additions for assets under construction are net of transfers into the other categories of property, plant and equipment when they become available for use (additions of \$165,425 less transfers of \$121,606).

As at December 31, 2023	Cost	Accumulated Depreciation	Net Book Value
(C\$000s)	(\$)	(\$)	(\$)
Assets under construction	90,088	—	90,088
Field equipment	2,493,884	(2,037,886)	455,998
Buildings	90,876	(62,756)	28,120
Land	38,088	—	38,088
Shop, office and other equipment	27,877	(27,654)	223
Computers and computer software	47,552	(45,566)	1,986
Leasehold improvements	8,832	(8,780)	52
	2,797,197	(2,182,642)	614,555

Property, plant and equipment are tested for impairment in accordance with the Company's accounting policy. 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 cash-generating unit (CGU) may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that CGU to determine if the reversal of impairment loss is supported.

The Company's CGUs are determined to be at the country level, consisting of Canada, the United States, and Argentina.

As at December 31, 2024, the Company determined that for its Canada and Argentinean CGUs, there were no changes in the indicators of impairment or any new indicators of impairment since the last impairment assessment that was carried

out as at December 31, 2023. 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 year ended December 31, 2024.

For the United States CGU, the 2024 financial results were impeded by lower activity and pricing, due, in part, to a year-over-year decline in natural gas prices. The Company recognizes this is an indicator of impairment that warrants an assessment on the recoverable amount of the United States CGU as at December 31, 2024.

The recoverable amount of the United States CGU is based on fair value less costs of disposal determined using discounted cash flows. Cash flow assumptions are based on a combination of historical and expected future results, using the following main significant assumptions:

- Expected revenue growth
- Expected operating income growth
- After-tax discount rate

Revenue and operating income growth rates are based on a combination of commodity price assumptions, historical results and forecasted activity levels, which incorporates pricing, utilization and cost improvements over the forecast period. The cumulative annual growth rates for revenue and operating income over the forecast period from 2025 to 2029 ranged from 8.9 percent to 19.9 percent.

The cash flows are prepared on a five-year basis, using a relevant weighted average cost of capital of 16.0 percent based on the nature of underlying assets, adjusted for risk factors specific to the United States CGU. Cash flows beyond that five-year period are extrapolated using a steady 2.0 percent growth rate.

Based on the impairment test that was conducted as at December 31, 2024, a comparison of the recoverable amount of the United States cash-generating unit with its carrying amount resulted in no impairment against property, plant and equipment (year ended December 31, 2023 – reversal of impairment of \$41,563 in the Canada CGU).

A sensitivity analysis assuming a 1% change in the discount rate or 10% change in expected future cash flows of the United States CGU would have no impact on the impairment on the December 31, 2024 impairment test.

Assumptions that are valid at the time of preparing the impairment test may change significantly when new information becomes available. The Company will continue to monitor and update its assumptions and estimates with respect to property, plant and equipment impairment on an ongoing basis.

The impairment losses (reversal of impairment) by CGU are as follows:

Years Ended December 31,	2024	2023
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>
Canada	—	(41,563)
United States	—	—
	—	(41,563)

In addition, the Company carried out a comprehensive review of its property, plant and equipment and identified assets in the United States that were deemed to be obsolete, and therefore, no longer able to generate cash inflows. The net book value of these assets totaled \$12,690 and were written off during the year ended December 31, 2024 (December 31, 2023 – \$nil).

6. LONG-TERM DEBT

As at December 31, (C\$000s)	2024 (\$)	2023 (\$)
\$250,000 extendible revolving term loan facility due the earlier of: (a) July 1, 2026 or (b) six months prior to the maturity of the Company's Second Lien Notes, secured by the Canadian and U.S. assets of the Company on a first priority basis	150,000	95,000
US\$120,000 Second Lien Notes due March 15, 2026, bearing interest at 10.875% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis	172,668	158,712
Less: unamortized debt issuance costs	(1,760)	(2,935)
	320,908	250,777
Current portion	150,000	—
Long-term portion	170,908	250,777
	320,908	250,777

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. The fair value of the Second Lien Notes (as defined below), as measured based on the quoted market price at December 31, 2024 was \$171,561 (December 31, 2023 – \$143,963).

Debt issuance costs related to the Company's long-term debt are amortized over their respective term.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the year ended December 31, 2024 was \$33,472 (year ended December 31, 2023 – \$32,073).

(a) Revolving Credit Facility

On June 25, 2024, the Company amended and restated its revolving credit facility agreement in anticipation of the benchmark rate reforms that occurred on June 28, 2024. The Canadian Dollar Offered Rate (CDOR) ceased publication on June 28, 2024 and was replaced by the Canadian Overnight Repo Rate Average (CORRA). In addition, the amendments included a change to the Company's Adjusted EBITDA definition for financial covenant calculation purposes. The revised definition of Bank EBITDA restricts Adjusted EBITDA derived from its Argentina operations to a maximum of 25 percent of total Adjusted EBITDA from continuing operations. The amendments also included the additional requirement that the Company maintain a minimum of \$750,000 of net tangible assets in North America or, as previously applied, have 75 percent of its net tangible assets from continuing operations located in North America.

The 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 CORRA-based loans, the margin thereon ranges from 2.25 percent to 4.00 percent above the respective base rates.

At December 31, 2024, the Company reclassified the draw on its revolving credit facilities from long-term debt to current liabilities to reflect the six-month springing maturity provision under its credit facility agreement. Subsequent to year end, an amendment to the revolving credit facility agreement was executed with the Company's lending syndicate to shorten the springing maturity date to January 15, 2026 from September 15, 2025, which is two months prior to the maturity date of the Second Lien Notes.

The Company was in compliance with its financial covenants associated with its credit facilities at December 31, 2024. See note 14 for further details on the covenants in respect of the Company's long-term debt.

(b) Second Lien Notes

The Company issued US\$120,000 of new 10.875% second lien secured notes ("Second Lien Notes") due March 15, 2026. The Second Lien Notes may be redeemed, in whole or in part, at redemption prices (expressed as a percentage of principal amount) at any time on or after March 15, 2024 at 100.000%, plus accrued and unpaid interest, if any, to, but not including the redemption date.

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

As at December 31,	2024	2023
(C\$000s)	(\$)	(\$)
Balance, beginning of year	250,777	331,720
Issuance of long-term debt, net of debt issuance costs	119,966	92,202
Long-term debt repayments	(65,000)	(177,453)
Conversion of 1.5 Lien Notes into shares	—	(153)
Amortization of compound financial instrument discount	—	72
Amortization of debt issuance costs and debt discount	1,321	8,160
Foreign exchange adjustments	13,844	(3,771)
Balance, end of year	320,908	250,777

At December 31, 2024, the Company had utilized \$2,901 of its loan facility for letters of credit, had \$150,000 outstanding under its revolving term loan facility, leaving \$97,099 in available credit. See note 14 for further details on the covenants in respect of the Company's long-term debt.

The aggregate scheduled principal repayments required in each of the next five years are as follows:

As at December 31, 2024	Amount
(C\$000s)	(\$)
2025	150,000
2026	172,668
2027	—
2028	—
2029	—
Thereafter	—
	322,668

7. CAPITAL STOCK

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

Years Ended December 31,	2024		2023	
	Shares	Amount	Shares	Amount
	(#)	(\$000s)	(#)	(\$000s)
Balance, beginning of year	85,716,129	910,908	80,733,504	865,059
Conversion of 1.5 Lien Notes into shares (note 6)	—	—	114,821	166
Issued upon exercise of warrants (note 8)	—	—	4,715,022	44,813
Issued upon exercise of stock options (note 8)	153,331	877	152,782	870
Balance, end of year	85,869,460	911,785	85,716,129	910,908

Years Ended December 31,	2024	2023
	(#)	(#)
Weighted average number of common shares outstanding – Basic	85,772,361	81,215,055
Dilutive effect of stock options and other equity-based awards	323,396	7,061,587
Weighted average number of common shares outstanding – Diluted	86,095,757	88,276,642

The dilutive effect of stock options (as disclosed in note 8) and warrants has been included in the determination of the weighted average number of common shares outstanding. The performance stock options and performance share units have not been included in the determination of weighted average number of common shares outstanding as they are contingently issuable and the multi-year cumulative EBITDA target is currently not expected to be met.

For the comparative period, the convertible 1.5 Lien Notes are dilutive at the level of profit from continuing operations and in accordance with IAS 33 *Earnings per Share*, have been treated as dilutive for the purpose of diluted EPS.

Years Ended December 31,	2024	2023
	(#)	(#)
Net income from continuing operations		
Used in calculating basic earnings per share	8,535	197,569
Add: interest savings on convertible 1.5 Lien Notes, net of tax	—	190
Used in calculating dilutive earnings per share	8,535	197,759
Net income (loss) from discontinued operations	1,847	(6,897)
Net income used in calculating diluted earnings per share	10,382	190,862

8. SHARE-BASED PAYMENTS

Years Ended December 31,	2024	2023
	(\$)	(\$)
Stock options	(179)	4,123
Performance share units	(994)	994
Deferred share units	386	641
Total stock-based compensation expense	(787)	5,758

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

(a) Stock Options

Years Ended December 31,	2024		2023	
Continuity of Stock Options	Options	Average Exercise Price	Options	Average Exercise Price
	(#)	(\$)	(#)	(\$)
Balance, beginning of year	3,251,654	5.03	3,587,769	4.90
Granted	—	—	—	—
Exercised for common shares	(153,331)	3.54	(152,782)	3.59
Forfeited	(13,333)	4.64	(183,333)	3.54
Balance, end of year	3,084,990	5.11	3,251,654	5.03

Years Ended December 31,	2024		2023	
Continuity of Performance Stock Options	Options	Average Exercise Price	Options	Average Exercise Price
	(#)	(\$)	(#)	(\$)
Balance, beginning of year	2,842,895	5.74	—	—
Granted	—	—	2,842,895	5.74
Exercised for common shares	—	—	—	—
Forfeited	(282,692)	5.74	—	—
Balance, end of year	2,560,203	5.74	2,842,895	5.74

In 2023, the Company granted performance stock options to certain eligible employees. Subject to the performance vesting condition described below, the options will vest on April 1, 2026 and expire five years after the grant date. The performance vesting condition requires achieving a three-year cumulative Adjusted EBITDA target for 2023 to 2025 as set by the Board of Directors. If this target is not met, vesting of the options (or a portion thereof) will be at the discretion of the Board of Directors. At December 31, 2024, the Company reversed all of its performance stock option expense as the multi-year cumulative EBITDA target is not expected to be met.

Previously granted stock options are unaffected and vest equally over three years and expire five years from the date of grant.

The exercise price of outstanding options ranges from \$3.41 to \$10.00 with a weighted average remaining life of 2.91 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

Expected volatility is estimated by considering historical average share price volatility.

(b) Share Units

Years Ended December 31,	2024	2023	2024	2023
	Performance Share Units		Deferred Share Units	
	(#)	(#)	(#)	(#)
Balance, beginning of period	1,218,384	—	379,000	232,800
Granted	—	1,218,384	147,000	147,000
Exercised	—	—	(105,000)	(800)
Forfeited	(121,154)	—	—	—
Balance, end of period	1,097,230	1,218,384	421,000	379,000

The Company grants deferred share units (DSUs) to its outside directors. Each DSU represents the right to receive a gross payment equal to the fair market value at the date of redemption, which date will be determined by the holder of the DSUs, subject to certain conditions. The fair market value is defined as the weighted average trading price of a common share of the Company on the Toronto Stock Exchange during the last five trading days prior to the date of redemption. The DSUs vest on or about the first anniversary of the date of grant and are settled in cash. The DSUs expire at a date determined by the Board of Directors, which shall not be later than three years following the end of the year in which the grant occurred. The fair value of the DSUs is recognized equally over the vesting period, based on the quoted market price of the Company's shares. At December 31, 2024, the liability pertaining to deferred share units was \$1,410 (December 31, 2023 – \$1,475).

Changes in the Company's obligations under the DSU grants, which arise from fluctuations in the market value of the Company's shares, are recorded as the share value changes.

In 2023, performance share units (PSUs) were granted to certain eligible employees. The PSUs vest on April 1, 2026, subject to both market and non-market conditions: (i) satisfaction of the same Adjusted EBITDA performance condition or Board of Directors discretion as the stock options; and (ii) a proration factor based on the fair market value of the common shares on April 1, 2026. The PSUs shall be settled in common shares issued from treasury within 30 days of the vesting date, and in any event prior to the expiry date of the PSUs of December 15, 2026.

At December 31, 2024, the Company reversed all of its PSU expense as the multi-year cumulative EBITDA target is not expected to be met.

9. INCOME TAXES

The components of income tax expense (recovery) are:

Years Ended December 31,	2024	2023
(C\$000s)	(\$)	(\$)
Current income tax expense	14,096	6,246
Deferred income tax recovery	(17,581)	(2,187)
	(3,485)	4,059

The provision for income taxes in the consolidated statements of operations varies from the amount that would be computed by applying the expected 2024 tax rate of 23.0 percent (year ended December 31, 2023 – 23.0 percent) to income before income taxes.

The main reasons for differences between the expected income tax expense (recovery) and the amount recorded are:

Years Ended December 31, (C\$000s except percentages)	2024 (\$)	2023 (\$)
Income before income tax from continuing operations	5,050	201,628
Income tax rate (%)	23.0	23.0
Computed expected income tax expense	1,162	46,374
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	7,854	8,996
Foreign tax rate and other foreign differences	5,357	5,874
Translation of foreign subsidiaries	(721)	68
Other non-income taxes	3,068	156
Recognition of tax losses	(22,343)	(58,741)
Other	2,138	1,332
	(3,485)	4,059

The following table summarizes the income tax effect of temporary differences that give rise to the deferred income tax asset (liability) at December 31:

As at December 31, (C\$000s)	2024 (\$)	2023 (\$)
Property, plant and equipment	(68,568)	(68,476)
Losses carried forward	71,154	53,230
Other	3,915	6,832
	6,501	(8,414)

Certain loss carry-forwards expire at various dates ranging from December 31, 2024 to December 31, 2043.

The movement in deferred income tax assets and liabilities during the current and prior year is as follows:

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Balance, beginning of year	(8,414)	(11,450)
Charged (credited) to the consolidated statements of operations or accumulated other comprehensive income:		
Property, plant and equipment	(92)	7,181
Losses carried forward	17,924	879
Deferred compensation payable	—	(952)
Other	(2,917)	(4,072)
Balance, end of year	6,501	(8,414)

Deferred tax assets are only recognized to the extent that it is probable that the assets can be utilized. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the

approved business plans and budgets for each subsidiary. The Company expects to have sufficient taxable income in succeeding years to fully utilize its deferred tax assets before they expire.

The Company has tax losses and attributes for which no deferred tax asset is recognized:

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Tax losses – capital	41,969	41,969
Tax losses – income	14,557	19,377
Canadian exploration expenses	4,987	4,763
Deferred compensation payable	334	345
Deferred financing and share issuance costs	(142)	1,311
Other	7,814	19,434

10. COMMITMENTS

The Company has lease commitments for premises, equipment, vehicles and storage facilities under agreements requiring aggregate minimum payments over the five years following December 31, 2024, as follows:

	Right-of-Use Asset Recognized (\$)	No Right-of- Use Asset Recognized (\$)	Total (\$)
(C\$000s)			
2025	10,960	9,528	20,488
2026	8,469	2,113	10,582
2027	4,646	425	5,071
2028	1,798	425	2,223
2029	280	—	280
Thereafter	—	—	—
	26,153	12,491	38,644

The Company recognizes right-of-use assets for its leases, except for short-term leases, low value leases, leases with variable payments, or service contracts that are out of scope of IFRS 16.

The Company has obligations for the purchase of products, services and property, plant and equipment over the next two years:

(C\$000s)	(\$)
2025	43,959
2026	—
	43,959

11. LEASES

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

The following table sets out the movement in the right-of-use assets by class of underlying asset:

Year Ended December 31, 2024	Opening Net Book Value	Additions	Disposals	Depreciation	Foreign Exchange Adjustments	Closing Net Book Value
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Field equipment	15,439	8,203	(2,106)	(7,560)	870	14,846
Buildings	9,184	2,072	(58)	(6,282)	251	5,167
	24,623	10,275	(2,164)	(13,842)	1,121	20,013

Year Ended December 31, 2023	Opening Net Book Value	Additions	Disposals	Depreciation	Foreign Exchange Adjustments	Closing Net Book Value
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Field equipment	16,143	9,319	(1,139)	(8,592)	(292)	15,439
Buildings	6,765	4,627	(122)	(1,980)	(106)	9,184
	22,908	13,946	(1,261)	(10,572)	(398)	24,623

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

	2024	2023
(C\$000s)	(\$)	(\$)
Balance, January 1	24,428	23,192
Additions	10,275	13,946
Disposals/retirements	(945)	(1,100)
Principal portion of payments	(11,564)	(11,217)
Foreign exchange adjustments	1,290	(393)
Balance, December 31,	23,484	24,428

The following additional disclosures regarding the Company's leases are:

	2024
(C\$000s)	(\$)
Interest expense on lease obligations	1,608
Expense relating to short-term leases (included in operating and selling, general and administrative expense)	53,775
Expense relating to low value leases (included in operating and selling, general and administrative expense)	1,695
Expense relating to variable lease payments (included in operating and selling, general and administrative expense)	31,556
Income from subleasing of right-of-use assets	—
Total cash outflow for lease obligations	13,172

12. FINANCIAL INSTRUMENTS

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

(a) Fair Values of Financial Assets and Liabilities

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value and carrying value of the Second Lien Notes, as measured based on the closing market price at December 31, 2024 was \$171,561 and \$172,668, respectively (December 31, 2023 – \$143,963 and \$158,712).

The fair values of the remaining long-term debt approximate their carrying values, as described in note 6.

(b) Credit Risk

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. At December 31, 2024, the Company had a loss allowance provision for accounts receivable of \$1,311 (December 31, 2023 – \$999).

IFRS 9 *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, a loan loss allowance of \$293 was recorded during the year ended December 31, 2024, using the lifetime expected credit loss model (year ended December 31, 2023 – \$659). The expected credit loss rates for each operating segment are based on actual credit losses experienced in the past.

The loss allowance provision for trade accounts receivable as at December 31, 2024 reconciles to the opening loss allowance provision as follows:

	2024
<i>(C\$000s)</i>	<i>(\$)</i>
At January 1, 2024	999
Increase in loan loss allowance recognized in statement of operations	293
Foreign exchange adjustments	19
At December 31, 2024	1,311

Payment terms with customers vary by country and contract. Standard payment terms are 30 days from invoice date. The Company's aged trade and accrued accounts receivable at December 31, 2024 and 2023, excluding any impaired accounts, are as follows:

As at December 31,	2024	2023
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>
Current	203,151	179,283
31 – 60 days	20,788	48,760
61 – 90 days	11,408	8,555
91+ days	968	1,544
Total	236,315	238,142

(c) Interest Rate Risk

The Company is exposed to cash flow risk due to fluctuating interest payments required to service any floating-rate debt. The increase or decrease in annual interest expense for each 1 percentage point change in interest rates on floating-rate debt at December 31, 2024 amounts to \$1,500 (December 31, 2023 – \$950).

The Company's effective interest rate for the year ended December 31, 2024 was 9.7 percent (year ended December 31, 2023 – 9.3 percent).

(d) Liquidity Risk

The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities, new secured or unsecured debt, and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending to maintain liquidity. See note 14 for further details on the Company's capital structure.

The expected timing of cash outflows relating to financial liabilities is outlined in the table below:

At December 31, 2024	Total	<1 Year	1 – 3 Years	4 – 6 Years	7 – 9 Years	Thereafter
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Accounts payable and accrued liabilities	173,974	173,974	—	—	—	—
Lease obligations ⁽¹⁾	26,153	10,960	14,913	280	—	—
Long-term debt ⁽¹⁾	354,155	176,793	177,362	—	—	—
	554,282	361,727	192,275	280	—	—

⁽¹⁾ Principal and interest of current and long-term portion

At December 31, 2023	Total	<1 Year	1 – 3 Years	4 – 6 Years	7 – 9 Years	Thereafter
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Accounts payable and accrued liabilities	176,817	176,817	—	—	—	—
Lease obligations ⁽¹⁾	26,750	11,977	13,466	1,307	—	—
Long-term debt ⁽¹⁾	305,341	24,749	280,592	—	—	—
	508,908	213,543	294,058	1,307	—	—

⁽¹⁾ Principal and interest of current and long-term portion

(e) Foreign Exchange Risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in currencies other than Canadian dollars. These currencies include the U.S. dollar and Argentinean peso. The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on purchases of products and property, plant and equipment from vendors in the United States. In addition, the Company's Second Lien Notes and related interest expense are denominated in U.S. dollars.

The amount of this debt and related interest expressed in Canadian dollars varies with fluctuations in the US\$/Cdn\$ exchange rate. The risk is mitigated, however, by the Company's U.S. operations and related revenue streams. A change in the value of foreign currencies in the Company's financial instruments (cash, accounts receivable, accounts payable and debt) would have had the following impact on net income:

At December 31, 2024	Impact to Net Income
(C\$000s)	(\$)
1% change in value of U.S. dollar	1,900
20% change in value of Argentinean peso	1,109

At December 31, 2023	Impact to Net Income
(C\$000s)	(\$)
1% change in value of U.S. dollar	1,513
20% change in value of Argentinean peso	67

The Company reviews its net U.S. dollar foreign exchange exposures on a quarterly basis across all operating segments, and as a result, the Company may enter into forward foreign exchange contracts to purchase U.S. dollars, subject to Board approval. These contracts do not qualify for hedge accounting and are accounted for as held for trading, with gains and losses recognized in profit or loss.

The following amounts were recognized in the statement of operations:

Years Ended December 31,	2024	2023
(C\$000s)	(\$)	(\$)
Net gain/(loss) on foreign currency forwards not qualifying as hedges included in foreign exchange gains/(losses)	893	—

There were no derivative financial instruments recorded in the balance sheet as at December 31, 2024 as the foreign currency contracts were all settled prior to the end of the reporting period.

(f) Country Risk

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 evolving circumstances, the risks, restrictions, and uncertainties surrounding, among other things, banking, the Company's ownership and control over its Russian subsidiary, the physical security of property, plant and equipment in Russia, the regulatory approvals to complete a sale transaction and overall business and operational risks are being monitored and addressed as the situation evolves. The impact of these risks will be reflected in the financial statements as required.

The situation in Russia remains dynamic and additional sanctions or restrictions may be issued against or by Russia as the conflict evolves. Additional sanctions or restrictions could have a material impact on the Company's assets, business, financial condition and cash flows in Russia and the Company has determined that it will sell its Russian operations as noted in note 4.

(g) Cash Risk

The Company faces certain restrictions on the amount and timing of cash that can be repatriated out of Argentina. These rules have moderated significantly since the fourth quarter of 2023 and have allowed for the repayment of new intercompany liabilities on an accelerated timeline. As the Argentinean economy and operations continue to improve, the Company will look to repatriate excess funds generated in Argentina, to the extent allowed, in order to reduce its debt position.

13. SUPPLEMENTAL CASH FLOW INFORMATION

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

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Accounts receivable	(31,359)	(9,567)
Inventory	(34,252)	(17,646)
Prepaid expenses and deposits	(9,537)	(13,670)
Accounts payable and accrued liabilities	19,334	8,246
Income taxes recoverable	13,040	(2,557)
	(42,774)	(35,194)
Income taxes paid	3,629	9,834

Purchase of property, plant and equipment is comprised of:

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Property, plant and equipment additions	(172,582)	(167,529)
Change in liabilities related to the purchase of property, plant and equipment	(13,550)	(1,108)
	(186,132)	(168,637)

14. CAPITAL STRUCTURE

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

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

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

For the Twelve Months Ended December 31,	2024	2023
(C\$000s)	(\$)	(\$)
Net income from continuing operations	8,535	197,569
Adjusted for the following:		
Depreciation	135,886	116,641
Foreign exchange (gains) losses	(4,145)	22,378
Loss (gain) on disposal of property, plant and equipment	863	(4,625)
Write-off of property, plant and equipment	12,690	—
Reversal of impairment of property, plant and equipment	—	(41,563)
Litigation settlement	—	(6,805)
Restructuring charges	10,617	2,991
Stock-based compensation	(1,173)	5,117
Interest, net	31,206	29,694
Income taxes	(3,485)	4,059
Adjusted EBITDA from continuing operations	190,994	325,456

Net debt for this purpose is calculated as follows:

As at December 31,	2024	2023
(C\$000s)	(\$)	(\$)
Long-term debt, net of debt issuance costs and debt discount	320,908	250,777
Lease obligations	23,484	24,428
Deduct: cash and cash equivalents	(44,045)	(34,140)
Net debt	300,347	241,065

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

At December 31, 2024, the net debt to Adjusted EBITDA ratio was 1.57:1 (December 31, 2023 – 0.74:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended December 31,	2024	2023
(C\$000s, except ratio)	(\$)	(\$)
Net debt	300,347	241,065
Adjusted EBITDA	190,994	325,456
Net debt to Adjusted EBITDA ratio	1.57	0.74

The Company is subject to certain financial covenants relating to leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities at December 31, 2024.

As at December 31,	Covenant	Actual
	2024	2024
Interest coverage ratio not to fall below ⁽¹⁾	2.75x	4.03x
Funded Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	3.00x	1.03x
Total Debt to Bank EBITDA not to exceed ⁽²⁾⁽³⁾	4.00x	2.40x

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

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

⁽³⁾ Bank EBITDA is defined in note 21.

15. RELATED-PARTY TRANSACTIONS

Certain entities controlled by George S. Armoyan previously held US\$16,771 of the Company's Second Lien Notes as at December 31, 2023. These holdings were sold during 2024.

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the year ended December 31, 2024 was \$957 (year ended December 31, 2023 – \$957), as measured at the exchange amount, which is based on market rates at the time the lease arrangements were made and is under the normal course of business.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	North America	Argentina	Continuing Operations
(C\$000s)	(\$)	(\$)	(\$)
Years Ended December 31, 2024			
Fracturing	1,127,091	223,599	1,350,690
Coiled tubing	34,402	75,741	110,143
Cementing	—	51,318	51,318
Product sales	95	—	95
Subcontractor	—	55,236	55,236
	1,161,588	405,894	1,567,482
Years Ended December 31, 2023			
Fracturing	1,473,688	200,935	1,674,623
Coiled tubing	48,315	52,341	100,656
Cementing	—	48,531	48,531
Product sales	345	—	345
Subcontractor	—	40,126	40,126
	1,522,348	341,933	1,864,281

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

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

The Company's customer base consists of approximately 76 oil and natural gas exploration and production companies, ranging from large multi-national publicly traded companies to small private companies. Notwithstanding the Company's broad customer base, Calfrac had five significant customers that collectively accounted for approximately 52 percent of the Company's revenue for the year ended December 31, 2024 (year ended December 31, 2023 – five significant customers for approximately 47 percent) and, of such customers, one customer accounted for approximately 16 percent of the Company's revenue for the year ended December 31, 2024 (year ended December 31, 2023 – 11 percent).

17. PRESENTATION OF EXPENSES

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

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

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

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Product costs	418,531	487,376
Personnel costs	402,091	402,017
Depreciation on property, plant and equipment	122,044	106,069
Depreciation on right-of-use assets	13,842	10,572
Other operating costs ⁽¹⁾	500,486	590,121
Cost of sales from continuing operations	1,456,994	1,596,155

⁽¹⁾ Other operating costs consists of equipment repairs, subcontractor costs, fleet operating costs, field costs, occupancy costs and other district overhead costs.

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Interest expense	36,418	34,657
Interest income	(5,212)	(4,963)
Interest, net	31,206	29,694

18. EMPLOYEE BENEFITS EXPENSE

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

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Salaries and short-term employee benefits	399,951	439,245
Post-employment benefits (group retirement savings plan)	8,090	7,943
Share-based payments	(787)	5,758
Termination benefits	11,821	3,229
	419,075	456,175

19. COMPENSATION OF KEY MANAGEMENT

Key management is defined as the Company's Board of Directors, Chief Executive Officer, and Chief Financial Officer.

Compensation awarded to key management comprised:

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Salaries, fees and short-term benefits	1,799	3,163
Post-employment benefits (group retirement savings plan)	46	46
Share-based payments	397	3,376
	2,242	6,585

In the event of termination, the Chief Financial Officer is entitled to one year of annual compensation (inclusive of target bonus entitlement), and two years of annual compensation in the event of termination resulting from a change of control. The Chief Executive Officer is entitled to the minimum payment in lieu of notice as specified in the Alberta Employment Standards Code, and a payment equal to two times annual base salary and benefits in the event of termination resulting from a change of control.

20. CONTINGENCIES

GREEK LITIGATION

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately \$10,220 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. Said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company was served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015.

Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of these orders on the basis they were improperly issued and are barred from a statute of limitations perspective. Hearings in respect of each of the orders have been held, and in each case, decisions were rendered accepting the Company's position. All of these decisions were appealed, but the favorable judgments have all been confirmed in the Company's favor. The plaintiffs have filed petitions for cassation (a form of appeal in Greece) against three of the appeal judgments, and the deadline for the plaintiffs to file a petition for cassation in respect of the suspension of the November 23, 2015 enforcement order has now lapsed. The Company has yet to be served with a hearing date for any of the three pending cassation petitions.

NAPC is also the subject of a claim for approximately \$3,286 (2,201 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision. That claim was upheld by judgment No. 99/2021 of the Administrative Court of Appeal in Komotini and a petition for cassation has been filed by NAPC partially challenging the aforementioned judgment and its quantum.

The maximum aggregate interest and penalties payable under the claims noted above, as well as two other immaterial claims against NAPC totaling \$207 (139 euros), amounted to \$32,919 (22,052 euros) as at December 31, 2024.

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

21. SEGMENTED INFORMATION

The Company's activities in its continuing operations are conducted in two geographical segments: North America and Argentina. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

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

The following tables present select financial items that management deems are material items to be disclosed at a segment level:

	North America	Argentina	Corporate	Continuing Operations
<i>(C\$000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Years Ended December 31, 2024				
Revenue ⁽¹⁾	1,161,588	405,894	—	1,567,482
Product costs	392,149	26,382	—	418,531
Personnel costs	315,750	108,155	13,334	437,239
Depreciation on property, plant and equipment	116,212	5,832	—	122,044
Depreciation on right-of-use assets	13,513	329	—	13,842
Stock-based compensation	—	—	(787)	(787)
Other operating and SG&A expenses	332,806	195,175	2,968	530,949
Adjusted EBITDA	123,764	83,858	(16,628)	190,994
Segmented assets ⁽²⁾	911,777	277,728	—	1,189,505
Capital expenditures	135,232	35,057	—	170,289
Years Ended December 31, 2023				
Revenue ⁽¹⁾	1,522,348	341,933	—	1,864,281
Product costs	461,479	25,897	—	487,376
Personnel costs	337,089	87,677	18,005	442,771
Depreciation on property, plant and equipment	102,498	4,495	(924)	106,069
Depreciation on right-of-use assets	10,356	216	—	10,572
Stock-based compensation	—	—	5,758	5,758
Other operating and SG&A expenses	441,055	166,549	(3,381)	604,223
Adjusted EBITDA	282,863	63,569	(20,976)	325,456
Segmented assets ⁽²⁾	897,828	194,285	—	1,092,113
Capital expenditures	153,886	11,528	—	165,414

⁽¹⁾ Revenue generated in the United States for the year ended December 31, 2024 and 2023 was 42% and 51% of the total amount of revenue from continuing operations, respectively.

⁽²⁾ Assets in the United States as at December 31, 2024 and 2023 was 48% and 55% of the total amount of assets from continuing operations, respectively.

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

Years Ended December 31, (C\$000s)	2024 (\$)	2023 (\$)
Net income from continuing operations	8,535	197,569
Add back (deduct):		
Depreciation	135,886	116,641
Foreign exchange (gains) losses	(4,145)	22,378
Loss (gain) on disposal of property, plant and equipment	863	(4,625)
Write-off of property, plant and equipment	12,690	—
Reversal of impairment of property, plant and equipment	—	(41,563)
Litigation settlement	—	(6,805)
Restructuring charges	10,617	2,991
Stock-based compensation	(1,173)	5,117
Interest, net	31,206	29,694
Income taxes	(3,485)	4,059
Adjusted EBITDA from continuing operations	190,994	325,456
Less: IFRS 16 lease payments	(13,172)	(12,528)
Less: Argentina EBITDA threshold adjustment (note 6)	(51,985)	—
Bank EBITDA for covenant purposes	125,837	312,928

22. SUBSEQUENT EVENTS

Subsequent to year end, an amendment to the revolving credit facility agreement was executed with the Company's lending syndicate to shorten the springing maturity date to January 15, 2026 from September 15, 2025, which is two months prior to the maturity of the Second Lien Notes.

On March 4, 2025, the Trump administration in the United States announced and implemented new tariffs on the imports of goods from Canada into the United States. Canada responded with retaliatory tariffs against goods imported into Canada from the United States, including certain items that are integral to fracturing operations. Subsequent to the implementation of these tariffs, the U.S provided certain exemptions on goods that meet the criteria for the United States-Mexico-Canada Agreement ("USMCA") preferential tariff rate. The impact of the tariffs on completions activity in both the United States and Canada is uncertain at this time, however, the Company is evaluating alternatives and applicable tariff exemptions for products and parts that are imported from the United States to support its Canadian operations. The Company will continue to monitor the dynamic situation and seek to implement mitigation measures to limit the impact of the tariffs on its operations as the circumstances evolve.

HISTORICAL REVIEW - CONTINUING OPERATIONS

	2024	2023	2022	2021	2020
<i>(C\$000s, except per share amounts)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
<i>(unaudited)</i>			<i>Revised ⁽¹⁾</i>	<i>Revised ⁽¹⁾</i>	<i>Revised ⁽¹⁾</i>
FINANCIAL RESULTS					
Revenue	1,567,482	1,864,281	1,499,220	880,249	605,029
Adjusted EBITDA ⁽²⁾	190,994	325,456	233,741	51,577	19,609
Net (loss) income	8,535	197,569	35,303	(94,731)	(295,407)
Per share - basic	0.10	2.43	0.83	(2.52)	(69.95)
Per share - diluted	0.10	2.24	0.47	(2.52)	(69.95)
Consolidated cash flows provided by (used in) operating activities	127,184	281,634	107,532	(15,337)	24,520
Capital expenditures	170,289	165,414	87,940	66,575	43,424
FINANCIAL POSITION, END OF PERIOD					
Current Assets	467,111	423,935	368,430	307,533	271,190
Total Assets	1,234,840	1,126,197	995,753	892,961	912,463
Working Capital	273,901	236,392	183,580	170,737	161,448
Long-Term Debt	320,908	250,777	329,186	388,479	324,633
Total Equity	653,330	615,903	422,972	328,840	410,234
COMMON SHARE DATA					
Common shares outstanding (000s), end of period	85,869	85,716	80,734	37,701	37,408
Weighted average (diluted)	86,096	88,277	84,621	86,678	54,234
OPERATING, END OF PERIOD					
Active pumping horsepower (000s)	1,155	1,173	1,112	943	836
Idle pumping horsepower (000s)	—	72	117	337	432
Total pumping horsepower (000s)	1,155	1,245	1,229	1,280	1,268
Active coiled tubing units (#)	12	11	11	13	13
Idle coiled tubing units (#)	—	1	5	7	7
Total coiled tubing units (#)	12	12	16	20	20
Active cementing units (#)	10	10	11	10	12
Idle cementing units (#)	1	1	1	5	4
Total cementing units (#)	11	11	12	15	16

⁽¹⁾ All comparative amounts exclude the impact from the Company's Russia operations, which have been classified as held for sale and presented as discontinued operations. In addition, Adjusted EBITDA reflects a change in definition and excludes all foreign exchange gains and losses.

⁽²⁾ Refer to "Non-GAAP Measures" on page 17 for further information.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald P. Mathison

Alberta, Canada

- Chairman

Douglas R. Ramsay

Alberta, Canada

- Vice Chairman
- Compensation, Governance and Nominating Committee
- Health, Safety and Environment Committee

George S. Armoyan

Nova Scotia, Canada

- Compensation, Governance and Nominating Committee

Holly A. Benson

Alberta, Canada

- Audit Committee

Anuroop Duggal

Ontario, Canada

- Audit Committee
- Compensation, Governance and Nominating Committee

Chetan R. Mehta

Maryland, United States

- Audit Committee
- Health, Safety and Environment Committee

Charles Pellerin

Quebec, Canada

- Audit Committee
- Compensation, Governance and Nominating Committee

Pat Powell

Alberta, Canada

- Health, Safety and Environment Committee

OFFICERS

Pat Powell

Chief Executive Officer

Michael D. Olinek

Chief Financial Officer

Marco A. Aranguren

President, United States Operations

Adrian Martinez

Director General, Argentina Division

Gordon T. Milgate

President, Canadian Operations

Mark R. Ellingson

Vice President, Sales & Marketing, United States

Jon Koop

Vice President, Human Resources

Brent W. Merchant

Vice President, Sales & Marketing, Canada

Alif H. Noorani

Vice President, Finance

Jeffrey I. Ellis

General Counsel and Corporate Secretary

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PricewaterhouseCoopers LLP

Calgary, Alberta

BANKERS

Royal Bank of Canada

ATB Financial

The Toronto-Dominion Bank

National Bank of Canada

LEGAL COUNSEL

Bennett Jones LLP

Calgary, Alberta

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange

Common Share Trading Symbol: CFW

REGISTRAR & TRANSFER AGENT

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

Odyssey Trust Company

Stock Exchange Tower, 1230 - 300 5th Avenue SW

Calgary, AB T2P 3C4

1-888-290-1175

clients@odysseytrust.com

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