2022

FIRST QUARTER

CALFRAC WELL SERVICES LTD.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2022 and 2021 (Unaudited)

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CONSOLIDATED BALANCE SHEETS

(C$000s) (unaudited)	Note	March 31, 2022 ($)	December 31, 2021 ($)
ASSETS			
Current assets			
Cash and cash equivalents		**11,821**	—
Accounts receivable		**205,378**	189,835
Income taxes recoverable		**2,168**	2,859
Inventories		**79,027**	101,840
Prepaid expenses and deposits		**8,392**	12,999
		306,786	307,533
Assets classified as held for sale	3	**58,752**	—
		365,538	307,533
Non-current assets			
Property, plant and equipment		**534,871**	563,423
Right-of-use assets	8	**20,862**	22,005
		555,733	585,428
Total assets		**921,271**	892,961
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft		—	1,351
Accounts payable and accrued liabilities		**153,572**	127,441
Bridge loan	4	**15,000**	—
Current portion of lease obligations	8	**7,968**	8,004
		176,540	136,796
Liabilities directly associated with assets classified as held for sale	3	**13,929**	—
		190,469	136,796
Non-current liabilities			
Long-term debt	5	**397,060**	388,479
Lease obligations	8	**11,199**	12,560
Deferred income tax liabilities		**20,348**	26,286
		428,607	427,325
Total liabilities		**619,076**	564,121
Capital stock	6	**804,446**	801,178
Conversion rights on convertible notes	5	**4,717**	4,764
Contributed surplus		**69,292**	68,258
Warrants	7	**38,311**	40,282
Loan receivable for purchase of common shares		**(2,500)**	(2,500)
Accumulated deficit		**(613,759)**	(592,221)
Accumulated other comprehensive income		**1,688**	9,079
Total equity		**302,195**	328,840
Total liabilities and equity		**921,271**	892,961

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

CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended March 31,	
	Note	**2022**	2021
(C$000s, except per share data) (unaudited)		***($)***	*($)*
	3		*Revised*
Revenue	13	**294,524**	213,954
Cost of sales	14	**290,824**	223,551
Gross profit (loss)		**3,700**	(9,597)
Expenses			
Selling, general and administrative		**12,625**	10,508
Foreign exchange losses		**3,837**	2,590
Loss (gain) on disposal of property, plant and equipment		**1,038**	(387)
Interest		**9,816**	9,103
		27,316	21,814
Loss before income tax		**(23,616)**	(31,411)
Income tax expense (recovery)			
Current		**44**	28
Deferred		**(5,630)**	(8,410)
		(5,586)	(8,382)
Net loss from continuing operations		**(18,030)**	(23,029)
Net (loss) income from discontinued operations	3	**(3,508)**	611
Net loss for the period		**(21,538)**	(22,418)
(Loss) earnings per share – basic	6		
Continuing operations		**(0.47)**	(0.62)
Discontinued operations		**(0.09)**	0.02
		(0.56)	(0.60)
(Loss) earnings per share – diluted	6		
Continuing operations		**(0.47)**	(0.62)
Discontinued operations		**(0.09)**	0.01
		(0.56)	(0.60)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended March 31,	
	2022	2021
(C$000s) (unaudited)	***($)***	*($)*
Net loss for the period	**(21,538)**	(22,418)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**(7,391)**	(3,238)
Comprehensive loss	**(28,929)**	(25,656)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital	Conversion Rights on Convertible Notes	Contributed Surplus	Warrants	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	**Total Equity**
(C$000s) (unaudited)		*($)*		*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2022		**801,178**	**4,764**	**68,258**	**40,282**	**(2,500)**	**9,079**	**(592,221)**	**328,840**
Net loss		—		—	—	—	—	(21,538)	**(21,538)**
Other comprehensive income (loss):									
Cumulative translation adjustment		—	—	—	—	—	(7,391)	—	**(7,391)**
Comprehensive loss		—	—	—	—	—	(7,391)	(21,538)	**(28,929)**
Stock options:									
Stock-based compensation recognized		—	—	1,034	—	—	—	—	**1,034**
Conversion of 1.5 Lien Notes into shares	5	593	(47)	—	—	—	—	—	**546**
Warrants:									
Proceeds from issuance of shares	7	2,675	—	—	(1,971)	—	—	—	**704**
Balance – March 31, 2022		**804,446**	**4,717**	**69,292**	**38,311**	**(2,500)**	**1,688**	**(613,759)**	**302,195**
Balance – January 1, 2021		800,184	4,873	65,986	40,797	(2,500)	10,303	(509,409)	410,234
Net loss		—	—	—	—	—	—	(22,418)	(22,418)
Other comprehensive income (loss):									
Cumulative translation adjustment		—	—	—	—	—	(3,238)	—	(3,238)
Comprehensive loss		—	—	—	—	—	(3,238)	(22,418)	(25,656)
Rescission of equity portion of 1.5 Lien Notes		—	(85)	—	—	—	—	—	(85)
Warrants:									
Proceeds from issuance of shares	6	260	—	—	(192)	—	—	—	68
Balance – March 31, 2021		**800,444**	**4,788**	**65,986**	**40,605**	**(2,500)**	**7,065**	**(531,827)**	**384,561**

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended March 31,	
	Note	**2022**	2021
(C$000s) (unaudited)		***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net loss for the period		**(21,538)**	(22,418)
Adjusted for the following:			
Depreciation		**30,153**	31,624
Stock-based compensation		**1,034**	—
Unrealized foreign exchange losses		**4,173**	2,086
Loss (gain) on disposal of property, plant and equipment		**1,037**	(387)
Interest		**9,816**	9,101
Interest paid		**(12,463)**	(10,636)
Deferred income taxes		**(5,630)**	(8,410)
Changes in items of working capital	10	**9,171**	(20,822)
Cash flows provided by (used in) operating activities		**15,753**	(19,862)
FINANCING ACTIVITIES			
Bridge loan proceeds		**15,000**	—
Issuance of long-term debt, net of debt issuance costs	5	**8,431**	18,770
Long-term debt repayments	5	**—**	(1,050)
Lease obligation principal repayments		**(2,083)**	(1,807)
Proceeds on issuance of common shares from the exercising of warrants		**704**	68
Cash flows provided by financing activities		**22,052**	15,981
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	**(16,104)**	(10,874)
Proceeds on disposal of property, plant and equipment		**303**	187
Proceeds on disposal of right-of-use assets		**304**	181
Cash flows used in investing activities		**(15,497)**	(10,506)
Effect of exchange rate changes on cash and cash equivalents		**(7,020)**	(1,478)
Increase (decrease) in cash and cash equivalents		**15,288**	(15,865)
(Bank overdraft) cash and cash equivalents, beginning of period		**(1,351)**	29,830
Cash and cash equivalents, end of period		**13,937**	13,965
Cash flows of discontinued operations	3		

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2022 and 2021

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

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

These financial statements were approved for issuance by the Board of Directors on May 2, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Income Taxes

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

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

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

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

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

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

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

3. ASSETS HELD FOR SALE

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

Management has determined that no impairment or reversal of impairment in the net assets of Russia is required as at March 31, 2022. Management will revisit the fair value of the net assets upon the close of the transaction.

(a) Financial Information

The financial performance and cash flow information of the Russia operating division for the three months ended March 31, 2022 and 2021 are:

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Revenue	**22,096**	27,621
Expenses	**25,604**	26,953
(Loss) income before income tax	**(3,508)**	668
Income tax expense	**—**	57
Net (loss) income from discontinued operations	**(3,508)**	611

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Net cash provided by operating activities	**2,881**	1,280
Net cash provided by (used in) financing activities	**—**	—
Net cash used in investing activities	**—**	(1,083)
Effect of exchange rate changes on cash and cash equivalents	**199**	183
Increase in cash and cash equivalents from discontinued operations	**3,080**	380

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

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

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

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

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at March 31, 2022:

(C$000s)	*($)*
Assets classified as held for sale	
Cash and cash equivalents	2,116
Accounts receivable	31,779
Income taxes recoverable	992
Inventories	18,628
Prepaid expenses and deposits	1,502
Property, plant and equipment	3,735
	58,752
Liabilities directly associated with assets classified as held for sale	
Accounts payable and accrued liabilities	13,929
	13,929

The cumulative foreign exchange gains recognized in other comprehensive income in relation to the discontinued operations as at March 31, 2022 was $689.

4. BRIDGE LOAN

The Company executed a secured bridge loan ("Bridge Loan") with G2S2 Capital Inc. ("G2S2"), a company controlled by George S. Armoyan, interim Chief Executive Officer and a member of the Board of Directors, in order to fund its short-term working capital requirements. As at March 31, 2022, the Company had drawn $15,000 on the loan and can request further draws up to an additional $10,000, for maximum proceeds of $25,000, at an interest rate of 8.00 percent. Subsequent to the end of the quarter, the maturity date of the Bridge Loan was extended to June 28, 2022 with the same terms. The Bridge Loan is secured by the existing security interests securing the obligations under the credit agreement, provided that in the event of an enforcement of such security interests, G2S2's right to any realization proceeds is subordinate to the prior repayment in full of all of the other lenders. G2S2 has no voting rights as a lender under the credit agreement for any purpose.

5. LONG-TERM DEBT

	March 31, 2022	December 31, 2021
(C$000s)	***($)***	*($)*
$250,000 extendible revolving term loan facility, secured by the Canadian and U.S. assets of the Company on a first priority basis	**200,000**	190,000
$58,081 1.5 Lien Notes due December 18, 2023, bearing interest at 10.00% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis ahead of the Second Lien Notes	**55,222**	55,385
US$120,000 Second Lien Notes due March 15, 2026, bearing interest at 10.875% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis	**149,952**	152,136
Less: unamortized debt issuance costs	**(8,114)**	(9,042)
	397,060	388,479

The fair value of the Second Lien Notes (as defined below), as measured based on the closing market price at March 31, 2022 was $139,539 (December 31, 2021 – $139,640). The carrying values of the revolving term loan facility and 1.5 Lien Notes approximate their fair value as the interest rate is not significantly different from current interest rates for similar loans.

(a) 1.5 Lien Notes

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

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

During the three months ended March 31, 2022, $577 principal amount of the 1.5 Lien Notes was converted into 433,014 common shares. For accounting purposes, the conversion was recorded on a proportional basis as a reduction of the liability and equity portion of the 1.5 Lien Notes for $547 and $47, respectively, with a corresponding increase to share capital.

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

(b) Second Lien Notes

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

(c) Revolving Credit Facility

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

During the first quarter of 2022, the Company negotiated additional waivers and amendments to its revolving credit facilities. The waivers and amendments included the following:

i. The Company's Funded Debt to Adjusted EBITDA covenant was increased to 3.75x for the quarter ended March 31, 2022;

ii. The minimum $15,000 liquidity requirement was temporarily waived through March 15, 2022 and reinstated through the term of an extended Covenant Relief Period. The extended Covenant Relief Period terminates on June 30, 2022 to the extent Calfrac has provided a compliance certificate to its lenders certifying compliance with all applicable financial covenants at such quarter end;

iii. G2S2 was added as a lender to permit the incurrence of the Bridge Loan under the credit agreement, with such debt being excluded from the definitions of Funded Debt, Total Debt and Current Liabilities for the purposes of financial covenant calculations; and

iv. The eligible portion of the net book value of property, plant and equipment (PP&E) for the purposes of the borrowing base calculation was increased from 25 percent to 35 percent, subject to a maximum contribution of $150,000.

The facilities consist of an operating facility of $45,000 and a syndicated facility of $205,000. The Company's credit facilities mature on July 1, 2023, and can be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 1.00 percent to prime plus 3.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 2.00 percent to 4.50 percent above the respective base rates. The Company incurs interest at the high end of the ranges outlined above during the Covenant Relief Period or if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00 and also during the Covenant Relief Period, certain restrictions apply including the following: (a) acquisitions are subject to consent of the lenders; (b) distributions are restricted other than those relating to the Company's equity compensation plans; (c) no increase in the rate of dividends are permitted; and (d) additional permitted debt is restricted to $5,000. As at March 31, 2022, the Company's net Total Debt to Adjusted EBITDA ratio exceeded the 5.00:1.00 threshold and the Company was also subject to the Covenant Relief Period restrictions.

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

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the three months ended March 31, 2022 was $9,817 (three months ended March 31, 2021 – $9,212).

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

	2022
(C$000s)	*($)*
Balance, January 1	388,479
Issuance of long-term debt, net of debt issuance costs	8,431
Long-term debt repayments	—
Conversion of 1.5 Lien Notes into shares	(547)
Amortization of compound financial instrument discount	383
Amortization of debt issuance costs and debt discount	2,454
Foreign exchange adjustments	(2,140)
Balance, March 31	397,060

At March 31, 2022, the Company had utilized $914 of its loan facility for letters of credit, had $200,000 outstanding under its revolving term loan facility, leaving $49,086 in available credit. The Company's credit facilities are subject to a monthly borrowing base, which at March 31, 2022 was $243,822. Under the terms of the amended credit facility agreement, the Company must maintain a minimum liquidity amount of $15,000 during the Covenant Relief Period. See note 11 for further details on the covenants in respect of the Company's long-term debt.

6. CAPITAL STOCK

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

	Three Months Ended March 31, 2022		Year Ended December 31, 2021	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	***($000s)***	*(#)*	*($000s)*
Balance, beginning of period	**37,700,972**	**801,178**	37,408,490	800,184
Issued upon exercise of warrants	**281,399**	**2,675**	73,460	698
Conversion of 1.5 Lien Notes into shares (note 5)	**433,014**	**593**	219,136	296
Cancellation of fractional shares upon 50:1 share consolidation	**—**	**—**	(114)	—
Balance, end of period	**38,415,385**	**804,446**	37,700,972	801,178

	Three Months Ended March 31,	
	2022	2021
	(#)	*(#)*
Weighted average number of common shares outstanding		
Basic	**38,066,406**	37,421,792
Diluted	**84,674,872**	83,813,876

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

7. SHARE-BASED PAYMENTS

(a) Stock Options

Three Months Ended March 31,	**2022**		2021	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	***($)***	*(#)*	*($)*
Balance, January 1	**3,300,000**	**3.54**	—	—
Granted	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Terminated and cancelled	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Balance, March 31	**3,300,000**	**3.54**	—	—

Stock options vest equally over three years and expire five years from the date of grant. The exercise price of outstanding options range from $3.41 to $3.54 with a weighted average remaining life of 4.19 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

There were no stock options granted during the three months ended March 31, 2022 and 2021.

(b) Share Units

	Three Months Ended March 31,	
	2022	2021
Continuity of Deferred Share Units		
	(#)	*(#)*
Balance, January 1	**107,400**	2,400
Exercised	**(1,600)**	—
Balance, March 31	**105,800**	2,400

	Three Months Ended March 31,	
	2022	2021
	($)	*($)*
Stock options	**1,034**	—
Deferred share units	**135**	19
Total stock-based compensation expense	**1,169**	19

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

The Company grants deferred share units to its outside directors. These units vest on the first anniversary of the date of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At March 31, 2022, the liability pertaining to deferred share units was $396 (December 31, 2021 – $269).

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

(c) Warrants

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

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

As at March 31, 2022, 281,399 warrants were exercised for total proceeds of $704.

Three Months Ended March 31,		**2022**		2021
Continuity of Warrants	**Warrants**	**Average Exercise Price**	Warrants	Average Exercise Price
	(#)	*($)*	*(#)*	*($)*
Balance, January 1	**5,750,856**	**2.50**	5,824,433	2.50
Exercised for common shares	**(281,399)**	**2.50**	(27,372)	2.50
Cancelled	**—**	**—**	(117)	2.50
Balance, March 31	**5,469,457**	**2.50**	5,796,944	2.50

8. LEASES

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

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

	March 31, 2022	December 31, 2021
(C$000s)	*($)*	*($)*
Field equipment	**12,786**	13,599
Buildings	**8,076**	8,406
	20,862	22,005

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

	2022
(C$000s)	*($)*
Balance, January 1	20,564
Additions	2,107
Disposals/retirements	(1,277)
Principal portion of payments	(2,083)
Foreign exchange adjustments	(144)
Balance, March 31	19,167

9. FINANCIAL INSTRUMENTS

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

(a) Fair Values of Financial Assets and Liabilities

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value and carrying value of the Second Lien Notes, as measured based on the closing market price at March 31, 2022 was $139,539 and $149,952, respectively (December 31, 2021 – $139,640 and $152,136).

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

(b) Credit Risk

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. At March 31, 2022, the Company had a loss allowance provision for accounts receivable of $634 (December 31, 2021 – $569).

IFRS 9 *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment using the lifetime expected credit loss model, a loan loss allowance of $69 was recorded during the three months ended March 31, 2022. The expected credit loss rates are based on actual credit loss experience over the past several years for each operating segment.

The loss allowance provision for trade accounts receivable as at March 31, 2022 reconciles to the opening loss allowance provision as follows:

	2022
(C$000s)	*($)*
At January 1, 2022	569
Increase in loan loss allowance recognized in statement of operations	69
Specific receivables deemed as uncollectible and written off	—
Foreign exchange adjustments	(4)
At March 31, 2022	634

(c) Liquidity Risk

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

(d) Country Risk

The ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty around the Company's operations in Russia. As a result of these changes in circumstances, the risk and uncertainty surrounding banking restrictions and the ability to repatriate funds to Canada from Russia, the Company's ownership and control over its Russian subsidiary, the physical security of property, plant and equipment, collectibility of accounts receivable, and overall business and operational risks are being monitored. The impact of these risks will be reflected in the financial statements as required.

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

10. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31,	
	2022	2021
(C$000s)	*($)*	*($)*
Accounts receivable	**(47,322)**	(45,185)
Inventory	**4,186**	(3,939)
Prepaid expenses and deposits	**3,105**	3,135
Accounts payable and accrued liabilities	**49,503**	25,348
Income taxes recoverable	**(301)**	(181)
	9,171	(20,822)

Purchase of property, plant and equipment is comprised of:

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Property, plant and equipment additions	**(12,145)**	(11,586)
Change in liabilities related to the purchase of property, plant and equipment	**(3,959)**	712
	(16,104)	(10,874)

11. CAPITAL STRUCTURE

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

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

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

	March 31,	December 31,
For the Twelve Months Ended	**2022**	2021
(C$000s)	***($)***	*($)*
Net loss from continuing operations	**(89,735)**	(94,734)
Adjusted for the following:		
Depreciation	**125,816**	127,431
Foreign exchange losses	**5,906**	4,659
Loss on disposal of property, plant and equipment	**1,830**	405
Impairment of other assets	**705**	705
Interest	**38,452**	37,739
Income taxes	**(24,079)**	(26,875)
Operating income from continuing operations	**58,895**	49,330

Net debt for this purpose is calculated as follows:

	March 31,	December 31,
	2022	2021
(C$000s)	***($)***	*($)*
Long-term debt, net of debt issuance costs and debt discount	**397,060**	388,479
Bridge loan	**15,000**	—
Lease obligations	**19,167**	20,564
(Deduct) add: (cash and cash equivalents) bank overdraft	**(11,821)**	1,351
Net debt	**419,406**	410,394

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

At March 31, 2022, the net debt to operating income ratio was 7.12:1 (December 31, 2021 – 8.32:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended	**March 31, 2022**	December 31, 2021
(C$000s, except ratio)	***($)***	*($)*
Net debt	**419,406**	410,394
Operating income	**58,895**	49,330
Net debt to operating income ratio	**7.12**	8.32

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. As per the most recently amended credit facility agreement as disclosed in note 5, the Company's Funded Debt to Adjusted EBITDA covenant was 3.75x for the quarter ended March 31, 2022 and is 3.00x for each quarter end thereafter. As shown in the table below, the Company was in compliance with its financial covenants associated with its credit facilities as at March 31, 2022.

As at March 31,	Covenant 2022	**Actual 2022**
Working capital ratio not to fall below	1.15x	**2.16x**
Funded Debt to Adjusted EBITDA not to exceed(1)(2)	3.75x	**3.26x**
Funded Debt to Capitalization not to exceed(1)(3)	0.30x	**0.28x**

(1) Funded Debt is defined as Total Debt excluding all outstanding Second Lien Notes, 1.5 Lien Notes, the Bridge Loan, and lease obligations. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for a specified purpose, including a potential equity cure).
(2) Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
(3) Capitalization is Total Debt plus equity.

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

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Net loss from continuing operations	**(18,030)**	(23,029)
Add back (deduct):		
Depreciation	**29,954**	31,569
Unrealized foreign exchange losses	**1,904**	1,692
Loss (gain) on disposal of property, plant and equipment	**1,038**	(387)
Restructuring charges	**701**	255
Stock-based compensation	**1,034**	—
Interest	**9,816**	9,103
Income taxes	**(5,586)**	(8,382)
Adjusted EBITDA (1)	**20,831**	10,821

(1) For bank covenant purposes, EBITDA includes $820 loss from discontinued operations for the three months ended March 31, 2022 (three months ended March 31, 2021 – $1,115 income) and the deduction of an additional $2,386 of lease payments for the three months ended March 31, 2022 (three months ended March 31, 2021 – $2,095) that would have been recorded as operating expenses prior to the adoption of IFRS 16.

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

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

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

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

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

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

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

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

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

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000 in the Indentures. As at March 31, 2022, the US$20,000 basket was not utilized.

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

As at March 31, 2022, the Company's Fixed Charge Coverage Ratio of 1.49:1 was below the required 2:1 ratio. Failing to meet the Fixed Charge Coverage Ratio is not an event of default under the Indentures, and the baskets highlighted in the preceding paragraphs provide sufficient flexibility, subject to the additional restrictions under the credit facility agreement, for the Company to incur additional indebtedness and make anticipated restricted payments which are expected to be required to conduct its operations.

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

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

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

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

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

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

The Company's credit facilities also require majority lender consent for dispositions of property or assets in Canada and the United States if the aggregate market value exceeds $20,000 in a calendar year, subject to certain exceptions. There are no restrictions pertaining to dispositions of property or assets outside of Canada and the United States, except that to the extent that if advances under the credit facilities exceed $50,000 at the time of any such dispositions, the Company must use the resulting proceeds to reduce the advances to less than $50,000 before using the balance for other purposes. Also, during the Covenant Relief Period, there is an obligation to reduce advances under the credit facilities using proceeds of any disposition of property or assets that exceed $10,000.

12. RELATED-PARTY TRANSACTIONS

Ronald P. Mathison, the Chairman of the Company, and entities controlled by George S. Armoyan, interim Chief Executive Officer and a member of the Board of Directors, hold 19 percent and 45 percent, respectively, of the Company's 1.5 Lien Notes.

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

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

The Company leases certain premises from a company controlled by Ronald P. Mathison. The rent charged for these premises during the three months ended March 31, 2022 was $239 (three months ended March 31, 2021 – $239), as measured at the exchange amount, which is based on market rates at the time the lease arrangements were made and is under the normal course of business.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Canada	United States	Argentina	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Three Months Ended March 31, 2022						
Fracturing	**96,103**	**132,283**	**30,274**	**258,660**	**20,565**	**279,225**
Coiled tubing	**10,500**	**—**	**8,816**	**19,316**	**1,531**	**20,847**
Cementing	**—**	**—**	**9,888**	**9,888**	**—**	**9,888**
Product sales	**1,031**	**28**	**—**	**1,059**	**—**	**1,059**
Subcontractor	**—**	**—**	**5,601**	**5,601**	**—**	**5,601**
	107,634	**132,311**	**54,579**	**294,524**	**22,096**	**316,620**

Three Months Ended March 31, 2021						
Fracturing	77,393	92,913	21,878	192,184	25,125	217,309
Coiled tubing	8,187	—	4,432	12,619	2,496	15,115
Cementing	—	—	4,712	4,712	—	4,712
Product sales	3	—	—	3	—	3
Subcontractor	—	—	4,436	4,436	—	4,436
	85,583	92,913	35,458	213,954	27,621	241,575

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

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

14. PRESENTATION OF EXPENSES

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

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

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

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Product costs	**90,519**	65,155
Personnel costs	**73,209**	50,679
Depreciation on property, plant and equipment	**28,148**	29,922
Depreciation on right-of-use assets	**1,806**	1,647
Other operating costs	**97,142**	76,148
Cost of sales from continuing operations	**290,824**	223,551

During the three months ended March 31, 2021, the Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs and recognized $1,500 as a reduction of salaries and wages expense and $55 as a reduction in rent expense, respectively. Both programs ended in 2021.

15. EMPLOYEE BENEFITS EXPENSE

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

	Three Months Ended March 31,	
	2022	2021
(C$000s)	***($)***	*($)*
Salaries and short-term employee benefits	**78,803**	56,925
Post-employment benefits (group retirement savings plan)	**1,421**	—
Share-based payments	**1,169**	19
Termination benefits	**999**	428
	82,392	57,372

16. CONTINGENCIES

GREEK LITIGATION

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,484 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company was served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015.

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

NAPC is also the subject of a claim for approximately $3,050 (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.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $800 (578 euros), amounted to $28,493 (20,568 euros) as at March 31, 2022.

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

VENDOR CONTRACT DISPUTE

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

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

17. SEGMENTED INFORMATION

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

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

	Canada	United States	Argentina	Corporate	Continuing Operations	Russia	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Three Months Ended March 31, 2022							
Revenue	**107,634**	**132,311**	**54,579**	**—**	**294,524**	**22,096**	**316,620**
Operating income (loss)(1)	**13,520**	**7,895**	**5,469**	**(5,855)**	**21,029**	**(598)**	**20,431**
Segmented assets	**229,941**	**515,672**	**116,906**	**—**	**862,519**	**58,752**	**921,271**
Capital expenditures	**3,091**	**7,865**	**1,189**	**—**	**12,145**	**—**	**12,145**
Three Months Ended March 31, 2021							
Revenue	85,583	92,913	35,458	—	213,954	27,621	241,575
Operating income (loss)(1)	15,179	(3,012)	3,914	(4,617)	11,464	1,476	12,940
Segmented assets	239,469	533,225	82,552	—	855,246	61,478	916,724
Capital expenditures	1,093	8,043	1,367	—	10,503	1,083	11,586

(1) Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment of inventory, impairment of property, plant and equipment, interest, and income taxes.

	Three Months Ended March 31,	
	2022	2021
(C$000s)	*($)*	*($)*
Net loss from continuing operations	**(18,030)**	(23,029)
Add back (deduct):		
Depreciation	**29,954**	31,569
Foreign exchange losses	**3,837**	2,590
Loss (gain) on disposal of property, plant and equipment	**1,038**	(387)
Interest	**9,816**	9,103
Income taxes	**(5,586)**	(8,382)
Operating income from continuing operations	**21,029**	11,464

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

18. SEASONALITY OF OPERATIONS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Gregory S. Fletcher (1)(2)(3)(4)
Lead Director
President Sierra Energy Inc.

George S. Armoyan
Interim Chief Executive Officer
President & CEO
Clarke Inc.

Anuroop Duggal (1)(2)(3)
Private Investor / Adjunct Professor
Columbia Business School

Lorne A. Gartner (1)(2)(3)
Independent Businessman

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

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

OFFICERS

George S. Armoyan
Interim Chief Executive Officer

Lindsay R. Link
President & Chief Operating Officer

Michael D. Olinek
Chief Financial Officer

Marco A. Aranguren
Director General, Argentina Division

Gordon T. Milgate
President, Canadian Division

Robert L. Sutherland
President, Russian Division

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

Chris K. Gall
Vice President, Global Supply Chain

Edward L. Oke
Vice President, Human Resources

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

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

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

Jeffrey I. Ellis
General Counsel and Corporate Secretary

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AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

BANKERS

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

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

STOCK EXCHANGE LISTINGS

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

REGISTRAR & TRANSFER AGENT

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

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

FACILITIES & OPERATING BASES

CANADA

ALBERTA
Calgary - Corporate Head Office
Calgary - Technology Centre
Edson
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Medicine Hat
Red Deer

BRITISH COLUMBIA
Dawson Creek

SASKATCHEWAN
Kindersley

UNITED STATES

ARKANSAS
Beebe

COLORADO
Denver - Regional Office
Grand Junction

NORTH DAKOTA
Williston

PENNSYLVANIA
Smithfield

TEXAS
Houston - Regional Office

WYOMING
Gillette

RUSSIA
Moscow - Regional Office
Khanty-Mansiysk

ARGENTINA
Buenos Aires - Regional Office
Comodoro Rivadavia
Añelo
Las Heras
Neuquén