



MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Management's Discussion and Analysis ("MD&A") is a review of the results of operations and liquidity and capital resources of CWC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "CWC", the "Company", "we", "us", or "our" means CWC Energy Services Corp.). The following discussion and analysis provided by CWC is dated April 29, 2022 and should be read in conjunction with unaudited condensed interim consolidated financial statements ("Financial Statements") for the three months ended March 31, 2022, the audited annual consolidated financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2021 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The Financial Statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC is available on SEDAR at www.sedar.com.

Financial Highlights

| \$ thousands, except shares, per share amounts, and margins | Three months ended | | |
|--|--------------------|----------------|----------|
| | 2022 | March 31, 2021 | Change % |
| FINANCIAL RESULTS | | | |
| Revenue | | | |
| Contract Drilling | 16,712 | 7,318 | 128% |
| Production Services | 24,119 | 17,351 | 39% |
| | 40,831 | 24,669 | 66% |
| Other income | - | 1,065 | (100%) |
| Adjusted EBITDA ⁽¹⁾ | 8,426 | 4,854 | 74% |
| Adjusted EBITDA margin (%) ⁽¹⁾ | 21% | 20% | |
| Net income | 3,439 | 447 | (669%) |
| Net income margin (%) ⁽²⁾ | 8% | 2% | 6% |
| Capital expenditures | 2,791 | 1,275 | 119% |
| Per share information: | | | |
| Weighted average number of shares outstanding – basic | 509,129,425 | 506,047,702 | |
| Weighted average number of shares outstanding - diluted | 517,832,091 | 512,456,028 | |
| Adjusted EBITDA ⁽¹⁾ per share - basic and diluted | \$ 0.02 | \$ 0.01 | |
| Net income per share - basic and diluted | \$ 0.01 | \$ 0.00 | |

| \$ thousands, except ratios | March 31, 2022 | December 31, 2021 |
|---|----------------|-------------------|
| FINANCIAL POSITION AND LIQUIDITY | | |
| Working capital (excluding debt) ⁽¹⁾ | 25,571 | 18,966 |
| Working capital (excluding debt) ratio ⁽¹⁾ | 4.1:1 | 3.1:1 |
| Total assets | 231,410 | 226,645 |
| Total long-term debt (including current portion) | 46,946 | 45,847 |
| Shareholders' equity | 166,445 | 163,269 |

⁽¹⁾ Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

⁽²⁾ Net income margin is a Non-GAAP Measure which is calculated as net income divided by total revenue.

Working capital (excluding debt) for March 31, 2022 has increased \$6.6 million (35%) since December 31, 2021 driven by increases in accounts receivable (\$6.2 million (23%)) and decreases in accounts payable (\$0.6 million (7%)) offset by decreases in prepaid expenses and deposits (\$0.1 million (5%)). Long-term debt (including current portion) of \$46.9 million has increased \$1.1 million (2%) from December 31, 2021 primarily to fund the increase in working capital.

Highlights for the Three Months Ended March 31, 2022

- Q1 2022 revenue of \$40.8 million, an increase of \$16.1 million (66%) compared to \$24.7 million in Q1 2021. Revenue increased \$9.4 million (128%) in the Contract Drilling segment and \$6.8 million (39%) in the Production Services segment in Q1 2022 compared to Q1 2021.
- Adjusted EBITDA⁽¹⁾ of \$8.4 million, an increase of \$3.6 million (74%) compared to \$4.8 million in Q1 2021.
- Net income of \$3.4 million, an increase of \$3.0 million compared to \$0.4 million in Q1 2021.

⁽¹⁾ Please refer to the “Non-GAAP and Other Financial Measures” section for further information.

Industry Overview

Average crude oil and natural gas prices⁽¹⁾

| | Three months ended | | | | | | | |
|------------------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Mar. 31, 2022 | Dec. 31, 2021 | Sep. 30, 2021 | Jun. 30, 2021 | Mar. 31, 2021 | Dec. 31, 2020 | Sep. 30, 2020 | Jun. 30, 2020 |
| Crude oil | | | | | | | | |
| West Texas Intermediate (US\$/bbl) | 93.85 | 77.19 | 70.56 | 66.12 | 57.79 | 42.75 | 40.92 | 27.84 |
| Western Canadian Select (US\$/bbl) | 81.05 | 60.44 | 57.64 | 54.68 | 45.39 | 33.48 | 31.79 | 16.15 |
| Natural gas | | | | | | | | |
| AECO (CDN\$/mcf) | 4.66 | 4.89 | 3.75 | 3.05 | 2.91 | 2.84 | 2.25 | 1.95 |

⁽¹⁾ Source: GLJ Ltd price forecasts.

Russia’s invasion of Ukraine and the western world’s response with trade sanctions against Russia, including sanctions on crude oil and natural gas by certain countries, has resulted in a significant increase in crude oil and natural gas prices in Q1 2022. In addition, the continued re-opening of the global economy after being significantly slowed down in 2020 and 2021 due to the COVID-19 health pandemic, has resulted in a steady rise in global demand without a significant corresponding increase in global supply for crude oil and natural gas, further justifying the higher prices experienced in Q1 2022. Discussion about energy security is now back on top of many governmental agendas, which should bode well for North American oil and gas and oilfield service companies for the foreseeable future.

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in Canada and the United States with a complementary suite of oilfield services including drilling rigs and service rigs. The Company’s corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta and U.S. offices in Denver, Colorado and Casper, Wyoming. The Company’s shares trade on the TSX Venture Exchange under the symbol “CWC”.

The Contract Drilling division operates under the trade name CWC Ironhand Drilling and is comprised of ten (10) electric triple drilling rigs with depth ratings from 3,600 to 7,600 metres and nine (9) telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. All nineteen (19) rigs have top drives, eight (8) have pad rig walking systems, nine (9) have 7,500 psi pumping systems, three (3) have carbon reduction bi-fuel capabilities, and two (2) have high line power capabilities. All of the drilling rigs are ideally suited for the most active depths for horizontal drilling in the Western Canadian Sedimentary Basin (“WCSB”), including the Montney, Cardium, Duvernay and other deep basin horizons, and select United States basins including the Permian, Eagle Ford, Niobrara, Denver-Julesburg (“DJ”), Powder River and Bakken.

The Production Services division operates under the trade name CWC Well Services. With a fleet of 143 service rigs, CWC is one of the largest well servicing companies in Canada as measured by active fleet and operating hours. CWC’s service rig fleet consists of 75 single, 54 double and 14 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. In 2022, CWC chose to park 78 of its service rigs and focus its sales and operational efforts on the remaining 65 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB and the tight labour market experienced in the industry for service rig crews.

Outlook

The outlook for contract drilling and well servicing in Canada and the U.S. continues to improve as the removal of economic restrictions due to the COVID-19 health pandemic has supported a continuing increase in crude oil and natural gas prices. To support the cautious re-opening of the global economy, in July 2021 OPEC+ agreed to add back 4 million barrels per day of curtailed production in increments of 400,000 bbls/day each month into 2022. Despite this 400,000 bbls/day agreement, production output was short of this pledge from October 2021 to January 2022. The pledge was only able to be exceeded in February 2022, as many OPEC+ countries lacked the capacity to increase production due to the insufficient capital investments made during the COVID-19 pandemic. The moderate and gradual add back of oil production was adjusted in OPEC+'s meeting on March 31, 2022, to 432,000 bbls/day starting in May 2022, further supporting the potential continuation of higher crude oil prices, as measured by WTI, currently around US\$100/bbl. With a strong crude oil price and global demand for crude oil continuing to rise in 2022, CWC believes North American oilfield service activity will continue to increase in 2022.

CWC experienced a very strong Q1 2022 with both activity and prices increasing, which led to the Company achieving the second highest quarterly revenue and the highest quarterly Adjusted EBITDA in over seven (7) years. The Company believes that demand for our drilling and well services will increase for the remainder of 2022 buoyed by the addition of our ten (10) triple drilling rigs in the U.S. CWC currently has work for seven (7) of seven (7) drilling rigs in Canada, eight (8) of twelve (12) drilling rigs in the U.S. and 53 of 65 active service rigs in Canada for the remainder of 2022. The primary constraint for further growth for the industry and CWC will be the available labour market for rig crews, which continues to be extremely tight. This limited availability of rig crews has resulted in inflationary pressure on field labour costs as well as fuel and supplies, which have been and will continue to be, passed on to our E&P customers through further pricing increases.

While CWC expects a continuation of the strong operational and financial results for the remainder of 2022, there are various global uncertainties which may derail the Company's expected positive path. Russia's invasion of Ukraine has elicited a strong global response of sanctions against Russia from many western countries. Such sanctions may have a negative effect on the global economy through supply chain disruptions and volatile commodity prices. In addition, many global economies are experiencing high levels of inflation resulting in central banks increasing interest rates, which is intended to slow the pace of inflation. If interest rates increase too rapidly, or rise to a high enough level whereby economic activity slows significantly resulting in a global recession, CWC will be negatively impacted.

In June 2021, CWC released its inaugural Environmental, Social and Governance ("ESG") Report. Our commitment to ESG and sustainability has shown improvement over the last three years as outlined in our report. We will continue to work towards advancing these efforts further in future years, especially in the area of emission reductions and establishing goals and targets. One of the initial steps CWC has taken towards meeting its ESG targets has been to convert some of our field equipment to have carbon reduction bi-fuel capabilities. In addition, CWC is proud to say that 2% of its revenue in 2021 came from work on carbon capture, helium and salt water disposal wells using our current equipment, thereby reflecting the diversity and versatility of the nature of work for CWC's drilling rigs. CWC intends to expand our service offerings to drilling and servicing lithium wells in 2022. Management is confident that CWC will continue to be regarded as a leader on ESG and sustainability matters in the oilfield services industry as the nature of the work for our equipment evolves.

Results of Operations

| \$ thousands, except per share amounts | Three months ended | | Change \$ | Change % |
|--|--------------------|-------------------|--------------|--------------------|
| | 2022 | March 31, 2021 | | |
| Revenue | 40,831 | 24,669 | 16,162 | 66% |
| Direct operating expenses | 27,313 | 17,548 | 9,765 | 56% |
| Gross margin ⁽¹⁾ | 13,518 | 7,121 | 6,397 | 90% |
| Other income | - | (1,065) | 1,065 | (100%) |
| Selling and administrative expenses | 5,092 | 3,332 | 1,760 | 53% |
| Adjusted EBITDA⁽¹⁾ | 8,426 | 4,854 | 3,572 | 74% |
| Stock based compensation | 231 | 176 | 55 | 31% |
| Finance costs | 388 | 259 | 129 | 50% |
| Depreciation and amortization | 2,926 | 2,696 | 230 | 9% |
| (Gain) loss on disposal of equipment | 337 | (212) | 549 | n/m ⁽²⁾ |
| Impairment of assets | - | 1,296 | (1,296) | (100%) |
| Income before income taxes | 4,544 | 639 | 3,905 | 611% |
| Deferred income tax expense | 1,105 | 192 | 913 | 476% |
| Net income | 3,439 | 447 | 2,992 | 669% |
| Net income per share | | | | |
| Basic and diluted | \$ 0.01 | \$ 0.00 | \$ 0.01 | n/m ⁽²⁾ |

⁽¹⁾ Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

⁽²⁾ Not meaningful.

Contract Drilling – Canada and United States

| \$ thousands, except margins, number of rigs, revenue per operating day, and utilization | Three months ended March 31, | | Change \$ | Change % |
|---|---------------------------------|--------------|--------------|--------------------|
| | 2022 | 2021 | | |
| Revenue | | | | |
| Canada | 12,789 | 7,142 | 5,647 | 79% |
| United States | 3,923 | 176 | 3,747 | n/m ⁽⁵⁾ |
| | <u>16,712</u> | <u>7,318</u> | <u>9,394</u> | <u>128%</u> |
| Direct operating expenses | | | | |
| Canada | 8,984 | 5,246 | 3,738 | 71% |
| United States | 2,760 | 147 | 2,613 | n/m ⁽⁵⁾ |
| | <u>11,744</u> | <u>5,393</u> | <u>6,351</u> | <u>118%</u> |
| Gross margin ⁽¹⁾ | | | | |
| Canada | 3,805 | 1,896 | 1,909 | 101% |
| United States | 1,163 | 29 | 1,134 | n/m ⁽⁵⁾ |
| | <u>4,968</u> | <u>1,925</u> | <u>3,043</u> | <u>158%</u> |
| Gross margin percentage ⁽¹⁾ | | | | |
| Canada | 30% | 27% | n/a | 3% |
| United States | 30% | 16% | n/a | 14% |
| | <u>30%</u> | <u>26%</u> | <u>n/a</u> | <u>4%</u> |
| Total drilling rigs, end of period | | | | |
| Canada | 7 | 7 | - | 0% |
| United States | 12 | 2 | 10 | 500% |
| | <u>19</u> | <u>9</u> | <u>10</u> | <u>111%</u> |
| Revenue per operating day⁽²⁾ | | | | |
| Canada | \$28,823 | \$22,498 | \$6,325 | 28% |
| United States (US\$) | US\$27,517 | US\$79,972 | US\$(52,455) | (66%) |
| Drilling rig operating days | | | | |
| Canada | 444 | 317 | 127 | 40% |
| United States | 113 | 2 | 111 | n/m ⁽⁵⁾ |
| | <u>557</u> | <u>319</u> | <u>238</u> | <u>75%</u> |
| Drilling rig utilization %⁽³⁾ | | | | |
| Canada | 70% | 50% | n/a | 20% |
| United States | 6% | 1% | n/a | 5% |
| | <u>33%</u> | <u>39%</u> | <u>n/a</u> | <u>(6%)</u> |

(1) Please refer to the “Non-GAAP and Other Financial Measures” section for further information.

(2) Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.

(3) Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis).

(4) Revenue is enhanced by one-time recovery of mobilization costs.

(5) Not meaningful.

Canadian Contract Drilling revenue of \$12.8 million for Q1 2022 (Q1 2021: \$7.1 million) was achieved with a utilization rate of 70% (Q1 2021: 50%), compared to the CAOEC industry average of 39% (Q1 2021: 27%). CWC completed 444 Canadian drilling rig operating days in Q1 2022, an increase of 127 operating days (40%) compared to 317 Canadian drilling rig operating days in Q1 2021.

Gross margin in the Canadian Contract Drilling segment was \$3.8 million, an increase of \$1.9 million (101%) from \$1.9 million in Q1 2021. The gross margin increase is a result of a 40% increase in Canadian drilling rig operating days and a 28% increase in average revenue per operating day as the increase in direct operating expenses, primarily related to increases in field labour costs and inflation on supply costs, was successfully recovered from our customers.

U.S. Contract Drilling revenue of \$3.9 million for Q1 2022 (Q1 2021: \$0.2 million) was achieved with 113 U.S. drilling rig operating days (Q1 2021: 2 U.S. drilling rig operating days). Due to the nature of the asset acquisition of the ten (10) triple drilling rigs in November 2021 without customers or rig crews and the longer lead time required for planning drilling projects by E&P customers, CWC expects to have six (6) of the ten (10) triple drilling rigs working in Q2 2022 along with the

two (2) double drilling rigs already working in the U.S. for a total of eight (8) U.S. drilling rigs working for the remainder of 2022.

Gross margin in the U.S. Contract Drilling segment was \$1.2 million, an increase of \$1.1 million from \$0.03 million in Q1 2021. The gross margin increase is the result of two (2) double drilling rigs and one (1) triple drilling rig working in Q1 2022 compared to having only two (2) operating days for one (1) double drilling rig working in Q1 2021 as operations began again in the last week of March 2021 after having to temporarily suspend U.S. operations due to COVID-19 travel restrictions implemented between Canada and the U.S. for our Canadian based rig crews.

Overall CWC's Contract Drilling's gross margin percentage of 30% in Q1 2022 is higher than the 26% gross margin percentage in Q1 2021 as the Company was successful in increasing pricing and recovering inflationary labour and supply costs from its customers.

Production Services - Canada

| \$ thousands, except margins, number of rigs, revenue per operating hour, and utilization | Three months ended | | Change \$ | Change % |
|---|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Revenue | 24,119 | 17,351 | 6,768 | 39% |
| Direct operating expenses | 15,569 | 12,155 | 3,414 | 28% |
| Gross margin ⁽¹⁾ | 8,550 | 5,196 | 3,354 | 65% |
| Gross margin percentage ⁽¹⁾ | 35% | 30% | n/a | 5% |
| Service rigs, end of period | | | | |
| Active service rigs | 65 | 66 | (1) | (2%) |
| Inactive service rigs | 78 | 79 | (1) | (1%) |
| Total service rigs | 143 | 145 | (2) | (1%) |
| Revenue per hour | \$787 | \$630 | \$157 | 25% |
| Service rig operating hours | 30,637 | 27,087 | 3,550 | 13% |
| Service rig utilization %⁽²⁾ | 73% | 64% | n/a | 9% |

⁽¹⁾ Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

⁽²⁾ In accordance with CAOEC methodology, service rig utilization is calculated based on 10 operating hours a day x number of days per quarter x 5 days a week divided by 7 days in a week to reflect maximum utilization available due to hours of service restrictions on rig crews. Service rigs requiring their 24,000 hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

Production Services revenue of \$24.1 million in Q1 2022, an increase of \$6.8 million (39%) compared to \$17.4 million in Q1 2021 as both activity levels and pricing increased. CWC's service rig utilization in Q1 2022 of 73% (Q1 2021: 64%) with 30,637 operating hours was 13% higher than the 27,087 operating hours in Q1 2021. Average revenue per hour of \$787 in Q1 2022 was \$157 (25%) higher than the \$630 per hour in Q1 2021 as the Company implemented pricing adjustments to partially offset higher labour costs in response to continuing industry field labour shortages and inflation from fuel and supplies.

During Q1 2022, the Company earned \$1.1 million (Q1 2021: \$1.7 million) in revenue on 53 oil and gas sites (Q1 2021: 90) requiring well decommissioning under the Alberta Site Rehabilitation Program ("SRP") and 11 oil and gas sites (Q1 2021: 15) under the Saskatchewan Accelerated Site Closure Program ("ASCP"). The \$1.0 billion Alberta SRP, the \$400 million ASCP and the \$100 million B.C. Dormant Sites Reclamation Program ("DSRP") provide grants to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment until December 31, 2022. CWC's Production Services segment is well positioned to continue to provide well decommissioning work on these inactive wells.

Selling and Administrative Expenses

| \$ thousands | Three months ended | | Change \$ | Change % |
|-------------------------------------|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Selling and administrative expenses | 5,092 | 3,332 | 1,760 | 53% |

Selling and administrative expenses of \$5.1 million in Q1 2022, an increase of \$1.8 million (53%) compared to \$3.3 million in Q1 2021. The increase in selling and administrative expenses for the quarter ended March 31, 2022 compared to the same period in 2021 was primarily due to increased head count and compensation in response to increased activity levels.

Adjusted EBITDA⁽¹⁾

| \$ thousands | Three months ended | | Change \$ | Change % |
|---|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Adjusted EBITDA ⁽¹⁾ | | | | |
| Contract Drilling | 3,744 | 1,767 | 1,977 | 112% |
| Production Services | 6,321 | 4,087 | 2,234 | 55% |
| Corporate | (1,639) | (1,000) | (639) | 64% |
| | 8,426 | 4,854 | 3,572 | 74% |
| Adjusted EBITDA margin (%) ⁽¹⁾ | 21% | 20% | n/a | 1% |

⁽¹⁾ Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

Management uses Adjusted EBITDA⁽¹⁾ as a measure of the cash flow generated by the Company. Positive Adjusted EBITDA⁽¹⁾ provides the cash flow needed to grow the business through the purchase of equipment or business acquisitions, to fund working capital, and to service and reduce outstanding long-term debt.

Adjusted EBITDA⁽¹⁾ was \$8.4 million for Q1 2022, an increase of \$3.6 million compared to \$4.8 million in Q1 2021. The increase in Adjusted EBITDA⁽¹⁾ is a result of the removal of the economic restrictions due to the COVID-19 health pandemic and the continuing increase in crude oil and natural gas prices resulting in increased demand for the Company's services.

Stock Based Compensation

| \$ thousands | Three months ended | | Change \$ | Change % |
|--------------------------|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Stock based compensation | 231 | 176 | 55 | 31% |

Stock based compensation of \$0.2 million for Q1 2022 did not materially change compared to \$0.2 million in Q1 2021. Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSUs") being expensed over their vesting periods.

Finance Costs

| \$ thousands | Three months ended | | Change \$ | Change % |
|---------------|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Finance costs | 388 | 259 | 129 | 50% |

Finance costs of \$0.4 million in Q1 2022, an increase of \$0.1 million from \$0.3 million in Q1 2021. The increase in finance costs for the quarter ended March 31, 2022 compared to the same period in 2021 was primarily due to the higher long-term debt balances during the quarter.

Depreciation and Amortization

| \$ thousands | Three months ended | | Change \$ | Change % |
|-------------------------------|--------------------|-------------------|--------------|-------------|
| | 2022 | March 31, 2021 | | |
| Depreciation and amortization | 2,926 | 2,696 | 230 | 9% |

Depreciation and amortization of \$2.9 million in Q1 2022, an increase of \$0.2 million (9%) compared to \$2.7 million in Q1 2021 is primarily due to the higher depreciable asset base compared to the same period in 2021.

Impairment of Assets and Assets Held for Sale

| \$ thousands | Three months ended March 31, | | Change \$ | Change % |
|---|---------------------------------|-------|--------------|-------------|
| | 2022 | 2021 | | |
| Impairment of assets and assets held for sale | - | 1,296 | (1,296) | (100%) |

During the quarter ended March 31, 2021, the Company recognized an impairment charge of \$1.3 million related to coil tubing units and swabbing rig assets with a carrying amount of \$3.1 million. The assets were subsequently sold for proceeds of \$1.3 million resulting in a loss on disposal of \$0.6 million.

Loss (Gain) on Disposal of Equipment

| \$ thousands | Three months ended March 31, | | Change \$ | Change % |
|--------------------------------------|---------------------------------|-------|--------------|--------------------|
| | 2022 | 2021 | | |
| Loss (gain) on disposal of equipment | 337 | (212) | 549 | n/m ⁽¹⁾ |

⁽¹⁾ Not meaningful

Management continually monitors the asset mix and equipment needs of the Company and divests assets as needed to optimize operations. For the quarter ended March 31, 2022, the loss on disposal of equipment was primarily the result of drillpipe lost downhole that was partially recoverable from the customer.

Deferred Income Tax Expense (Recovery)

| \$ thousands | Three months ended March 31, | |
|--|---------------------------------|-------|
| | 2022 | 2021 |
| Net income before income taxes | 4,544 | 639 |
| Current income tax | - | - |
| Deferred income tax expense | 1,105 | 192 |
| Deferred income tax expense as a % of net income before income taxes | 24% | 30% |
| Expected statutory income tax rate | 23.2% | 23.7% |

Income taxes are a function of taxable income and are calculated differently than tax provisions on accounting income. Differences between accounting income and taxable income include such things as gains or losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, and other differences.

The deferred income tax expense in Q1 2022 of \$1.1 million (Q1 2021: \$0.2 million) is a result of the income before income taxes in the quarter.

The Company has substantial tax pools and non-capital losses available to reduce future taxable income in Canada and the United States such that the Company does not expect to pay any cash taxes for the next several years.

Net Income and Comprehensive Income

| \$ thousands | Three months ended March 31, | | Change \$ | Change % |
|--|---------------------------------|-------|--------------|-------------|
| | 2022 | 2021 | | |
| Net income | 3,439 | 447 | 2,992 | 669% |
| Unrealized loss on translation of foreign operations | (494) | (165) | (329) | 199% |
| Comprehensive income | 2,945 | 282 | 2,663 | 944% |

Net income of \$3.4 million in Q1 2022, an increase of \$3.0 million compared to \$0.4 million in Q1 2021. Comprehensive income of \$2.9 million in Q1 2022, an increase of \$2.6 million compared to \$0.3 million in Q1 2021. The increase in net income and comprehensive income in Q1 2022 were primarily due to the overall increase in industry activity as restrictive measures taken to reduce the spread of COVID-19 globally were eased and oil and gas prices increased. In addition, no impairment of assets were recognized in Q1 2022 compared to \$1.3 million in Q1 2021.

Liquidity and Capital Resources

Source of Funds

The Company's liquidity needs in the short and long-term can be sourced in several ways including: funds from operations, borrowing against existing credit facilities, new debt instruments, equity issuances and proceeds from the sale of assets. Cash inflows are used to repay outstanding amounts on the Company's credit facilities and fund capital requirements.

During the quarter ended March 31, 2022, the Company's operating cash flow of \$1.9 million, proceeds on disposal of equipment of \$0.3 million, and \$1.1 million increase in long-term debt were used to fund \$2.8 million of capital expenditures and \$0.6 million of interest on long-term debt, finance costs and lease payments.

At March 31, 2022 the Company had working capital (excluding debt) of \$25.6 million, an increase of \$6.6 million (35%) from \$19.0 million at December 31, 2021 (please refer to the "Non-GAAP and Other Financial Measures" section for further information). The increase in working capital (excluding debt) is primarily due to higher accounts receivable due to increased activity levels in Q1 2022 versus Q4 2021. Typically as activity levels increase or decrease, working capital will also increase or decrease.

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). On November 9, 2021, the Company exercised the accordion feature to expand the Credit Facility to a \$69,935 extendible revolving term facility (the "Bank Loan") with other credit instruments. Of the Bank Loan, \$55,250 is a syndicated facility and \$7,500 is a Canadian operating facility with the remaining \$7,185 (US\$5,750) being a U.S. operating facility. On March 4, 2021, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments until July 31, 2024 ("Maturity Date"). No principal payments are required under the Bank Loan until the Maturity Date, at which time any amounts outstanding are due and payable. The Company may, on an annual basis, request the Maturity Date be extended for a period not to exceed three years from the date of the request. If a request for an extension is not approved by the banking syndicate, the Maturity Date will remain unchanged.

The Company is in compliance with each of the financial covenants at December 31, 2021. As of March 31, 2022, the applicable rates under the Bank Loan are: bank prime rate plus 1.5%, bankers' acceptances rate plus a stamping fee of 2.5%, and standby fee rate of 0.625%.

The Company's Mortgage Loan is a loan maturing on June 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of \$86 thousand. At maturity, approximately \$9.9 million of principal will become payable assuming only regular monthly payments are made. On July 27, 2018 the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers' Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt.

Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of March 31, 2022, the mark-to-market value of the interest rate swap of \$0.03 million is included within accounts payable and accrued liabilities on the Consolidated Statement of Financial Position (December 31, 2021: \$0.2 million).

Capital Requirements

On December 6, 2021, the Company announced its capital expenditure budget for 2022 of \$9.9 million, \$6.9 million of which is maintenance and infrastructure capital related to re-certifications, additions and upgrades to field equipment for the drilling rig and service rig divisions as well as information technology infrastructure, with the remaining \$3.0 million being growth capital to upgrade one of the drilling rigs, purchase additional mud pumps and additional strings of specialty drill pipe. CWC intends to finance its 2022 capital expenditure budget from operating cash flows.

The Company's 2022 capital expenditure is detailed in the section below titled "Capital Expenditure". In the future, additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest.

Common Shares and Dividends

The following table summarizes outstanding share data and potentially dilutive securities:

| | April 29, 2022 | March 31, 2022 | December 31, 2021 |
|------------------------|----------------|----------------|-------------------|
| Common shares | 509,346,091 | 509,346,091 | 509,072,091 |
| Stock options | 7,323,000 | 7,323,000 | 7,323,000 |
| Restricted share units | 15,811,887 | 15,811,887 | 16,085,887 |

During the quarter ended March 31, 2022, 274,000 Restricted Share Units were exercised.

Capital Expenditures

| \$ thousands | Three months ended | | Change \$ | Change % |
|--|--------------------|-------------------|--------------|--------------------|
| | March 31, 2022 | March 31, 2021 | | |
| Capital expenditures | | | | |
| Contract drilling | 1,902 | 955 | 947 | 99% |
| Production services | 774 | 320 | 454 | 142% |
| Other equipment | 115 | - | 115 | n/m ⁽¹⁾ |
| | <u>2,791</u> | <u>1,275</u> | <u>1,516</u> | <u>119%</u> |
| Growth capital | 1,536 | 257 | 1,279 | 498% |
| Maintenance and infrastructure capital | 1,255 | 1,018 | 237 | 23% |
| Total capital expenditures | <u>2,791</u> | <u>1,275</u> | <u>1,516</u> | <u>119%</u> |

Capital expenditures of \$2.8 million in Q1 2022, an increase of \$1.5 million compared to \$1.3 million in Q1 2021.

Commitments and Contractual Obligations

Under the terms of the Company's amended Bank Loan, the borrowings under the Bank Loan are due in full on July 31, 2024. The Company is committed to monthly payments of interest and bank charges until July 31, 2024. The Company's Mortgage Loan is being amortized over 22 years with blended monthly principal and interest payments and matures on June 28, 2023. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required capital expenditures of the Company for 2022.

Summary and Analysis of Quarterly Data

| \$ thousands, except per share amounts | Three months ended | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Mar. 31, 2022 | Dec. 31, 2021 | Sep. 30, 2021 | Jun. 30, 2021 | Mar. 31, 2021 | Dec. 31, 2020 | Sep. 30, 2020 | Jun. 30, 2020 |
| Revenue | 40,831 | 33,693 | 27,776 | 16,497 | 24,669 | 20,065 | 10,322 | 3,966 |
| Adjusted EBITDA ⁽¹⁾ | 8,426 | 6,135 | 5,394 | 2,489 | 4,854 | 5,034 | 1,953 | (1,397) |
| Net income (loss) | 3,439 | 2,866 | 2,019 | (759) | 447 | (769) | (810) | (3,734) |
| Net income (loss) per share: basic and diluted | 0.01 | 0.01 | 0.00 | 0.00 | 0.00 | (0.01) | (0.00) | (0.00) |
| Total assets | 231,410 | 226,645 | 200,777 | 193,127 | 202,191 | 202,223 | 199,421 | 196,565 |
| Total long-term debt | 46,946 | 45,847 | 24,688 | 21,187 | 29,285 | 30,231 | 27,960 | 25,788 |
| Shareholders' equity | 166,445 | 163,269 | 159,953 | 157,242 | 158,108 | 157,977 | 158,959 | 160,281 |

⁽¹⁾ Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

The table above summarizes CWC's quarterly results for the previous eight financial quarters. CWC's operations are carried out in western Canada and the United States. The second quarter is typically expected to be the weakest financial and operating quarter for the Company due to ground conditions being impacted by spring breakup in Canada. The ability to move heavy equipment in the Canadian crude oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of

supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this spring breakup has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. As a result, late March through May is traditionally the Company's slowest time, and as such the revenue, operating costs, and financial results of the Company will vary on a quarterly basis.

Through the eight quarters presented, the amount of revenue and net income (loss), adjusted for the effects of seasonality, have fluctuated primarily due to changes in the utilization of equipment, changes in the day and hourly billing rate, and the increase in the number of drilling rigs and service rigs over the period as detailed in the section titled "Operational Overview".

Other significant impacts have been a result of:

- Q1 2022 saw crude oil prices continue to rise above US\$105/bbl as activity levels rose to pre COVID-19 health pandemic levels. Inflation rose in field labour, fuel and supply costs, which resulted in pricing increases to the Company's customers, which more than offset the higher inflation resulting in higher Adjusted EBITDA and margins in over seven (7) years.
- Q4 2021 saw the Company acquire ten (10) triple drilling rigs and related ancillary equipment based in Casper, Wyoming for total cash consideration including transaction costs of US\$18.5 million (approximately C\$23.5 million). The purchase further expanded the Company's presence in the U.S. and more than double the size of the Company's active drilling fleet to nineteen (19) drilling rigs comprised of seven (7) conventional heavy double drilling rigs in Canada and five (5) AC triple, five (5) DC triple and two (2) conventional heavy double drilling rigs in the U.S. The Company believes the purchase of these ten (10) triple drilling rigs will have a significant positive impact on future quarterly operational and financial results.
- Q3 2021 saw the continuation of higher activity levels as crude oil prices continued to rise towards US\$80/bbl. A continuation of a shortage of field labour or rig crews in the industry during the quarter resulted in a further increase to wages, which led to higher pricing for the Company's well servicing work.
- Q2 2021 saw the continuation of higher activity levels adjusted for seasonality as crude oil prices continued to rise to over US\$70/bbl. Shortage of available field labour or rig crews in the industry during the quarter became a constraint to higher growth, which is expected to lead to higher pricing for the Company's drilling and well servicing work in future quarters.
- Q1 2021 saw the continuation of a recovery in Canadian oilfield service activity compared to Q4 2020 as the belief of the return to normalcy as a result of the rollout of the COVID-19 vaccines provided support for an increased forecast of global crude oil demand for the remainder of 2021. As such, oil prices continued to rise during the quarter to over US\$60/bbl. During Q1 2021, 2,249,500 common shares were purchased, cancelled and returned to treasury under the NCIB.
- Q4 2020 saw a modest recovery in oilfield service activity compared to Q3 2020 as the lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus continued. Crude oil prices continued to modestly increase in Q4 2020 to an average of US\$42.63/bbl as the introduction of vaccines to combat the virus were distributed globally toward the end of the quarter, thereby increasing E&P customers' confidence to increase drilling and production activities. During Q4 2020, 1,196,500 common shares were purchased under the NCIB and 1,282,500 common shares were cancelled and returned to treasury.
- Q3 2020 saw a continuation of low economic activity in the oilfield services sector as a result of lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. However, oil prices recovered in Q3 2020 from the lows experienced in Q2 2020 to an average of US\$40.90/bbl. This oil price recovery caused a gradual increase in the utilization of service rigs, but was not enough to increase drilling rig activity from its historical lows. During Q3 2020, 2,405,000 common shares were purchased under the NCIB and 2,349,000 common shares were cancelled and returned to treasury.
- Q2 2020 demand for crude oil declined amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. The impact this had on the Company resulted in a 79% decline in revenue compared to Q2 2019 and the Company posting its first negative Adjusted EBITDA⁽¹⁾ in 27 quarters. During Q2 2020, 1,708,000 common shares were purchased under the NCIB and 1,718,000 common shares were cancelled and returned to treasury.

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgment. Anticipating 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 Company's operating environment changes. In many cases the use of judgment is required to make estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the March 31, 2022 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

- They have reviewed the interim financial report and MD&A;
- That, based on their knowledge, they have determined there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the annual filings; and
- That based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the interim filings.

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of at the present time may also become important factors which affect the Company. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's December 31, 2021 Management's Discussion and Analysis which is available under the Company's profile at www.sedar.com.

Forward-Looking Information

This MD&A contains certain forward-looking information and statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to industry and Company activity levels in various areas, expectations on the sustainability of future cash flow and earnings, expectations with respect to crude oil and natural gas prices, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and U.S. basins, expectations regarding entering into long term drilling contracts and expanding our customer base, and expectations regarding the business, operations, revenue and debt levels of the Company in addition to general economic conditions including industry labor shortages, inflationary pressures and a rising interest rate environment and the impact of those conditions on the Company. Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of CWC's businesses include, among other things: risks and assumptions associated with operations, such as CWC's ability to successfully implement its strategic initiatives

and achieve expected benefits therefrom; assumptions concerning operational reliability; the ability to access sufficient capital from internal and external sources including debt and equity capital; risks inherent in CWC's Canadian and U.S. operations; CWC's ability to generate sufficient cash flow from operations to meet its current and future obligations; risks associated with the failure to finalize formal agreements with counterparties in certain circumstances; CWC's ability to make capital investments and the amounts of capital investments; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of transactions; the possibility that CWC is unable to identify or consummate any acceptable strategic alternatives; the availability and price of labour, equipment and construction materials; the status, credit risk and continued existence of customers having contracts with CWC and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors, including competition from third parties in the areas in which CWC operates or intends to operate, pricing pressures and supply and demand in the drilling and service rig business; fluctuations in currency and interest rates; inflation; risks of war (including the war in Ukraine), hostilities, civil insurrection, pandemics (including COVID-19), instability and political and economic conditions in or affecting jurisdictions in which CWC and its affiliates operate; severe weather conditions and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to CWC's business; the risks associated with existing and potential or threatened future lawsuits, legal proceedings and regulatory actions against CWC and its affiliates; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals or land access rights and maintenance of support of such approvals and rights; the effects and impacts of the COVID-19 pandemic on CWC's business and general economic and business conditions and markets; and such other risks and uncertainties described in the Annual MD&A under the section entitled "Risk Factors" and from time to time in CWC's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and CWC's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in the Annual MD&A under the section entitled "Risk Factors" and in CWC's other securities filings at www.sedar.com.

Readers are cautioned that the foregoing list of assumptions, risks, uncertainties and factors is not exhaustive. See also the section entitled "Risks and Uncertainties" for further risk factors. The forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except to the extent expressly required by applicable securities laws and regulations, CWC assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this MD&A and all subsequent forward-looking statements, whether written or oral, attributable to CWC or persons acting on CWC's behalf are expressly qualified in their entirety by these cautionary statements. Any forward-looking statements made previously may be inaccurate now.

Non-GAAP and Other Financial Measures

| \$ thousands, except shares, per share amounts and margins | Three months ended March 31, | |
|---|---------------------------------|--------------------------|
| | 2022 | 2021 |
| NON-GAAP MEASURES | | |
| <u>Adjusted EBITDA:</u> | | |
| Net income | 3,439 | 447 |
| Add: | | |
| Stock based compensation | 231 | 176 |
| Finance costs | 388 | 259 |
| Depreciation and amortization | 2,926 | 2,696 |
| Impairment of assets | - | 1,296 |
| Loss (gain) on sale of equipment | 337 | (212) |
| Income tax expense | 1,105 | 192 |
| Adjusted EBITDA⁽¹⁾ | 8,426 | 4,854 |
| Adjusted EBITDA per share – basic and diluted⁽¹⁾ | \$0.02 | \$0.01 |
| Adjusted EBITDA margin (Adjusted EBITDA/Revenue)⁽¹⁾ | 21% | 20% |
| Weighted average number of shares outstanding - basic | 509,129,425 | 506,047,702 |
| Weighted average number of shares outstanding - diluted | 517,832,091 | 512,456,028 |
| <u>Gross margin:</u> | | |
| Revenue | 40,831 | 24,669 |
| Less: Direct operating expenses | 27,313 | 17,548 |
| Gross margin⁽²⁾ | 13,518 | 7,121 |
| Gross margin percentage⁽²⁾ | 33% | 29% |
| \$ thousands | | |
| | March 31, 2022 | December 31, 2021 |
| <u>Working capital (excluding debt):</u> | | |
| Current assets | 33,901 | 27,911 |
| Less: Current liabilities | (9,068) | (9,709) |
| Add: Current portion of long-term debt | 738 | 764 |
| Working capital (excluding debt)⁽³⁾ | 25,571 | 18,966 |
| Working capital (excluding debt) ratio⁽³⁾ | 4.1:1 | 3.1:1 |
| <u>Net debt:</u> | | |
| Long-term debt | 46,208 | 45,083 |
| Less: Current assets | (33,901) | (27,911) |
| Add: Current liabilities | 9,068 | 9,709 |
| Net debt⁽⁴⁾ | 21,375 | 26,881 |

⁽¹⁾Adjusted EBITDA (earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, impairment of assets, goodwill impairment, transaction costs, stock based compensation and other one-time non-cash gains and losses) is not a recognized measure under IFRS. Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating Adjusted EBITDA may differ from other entities and accordingly, Adjusted EBITDA may not be comparable to measures used by other entities. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue and provides a measure of the percentage of Adjusted EBITDA per dollar of revenue. Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the weighted average number of shares outstanding as used for calculation of earnings per share.

⁽²⁾Gross margin is calculated from the statement of comprehensive income (loss) as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-GAAP measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

⁽³⁾Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital (excluding debt) is used to assist management and investors in assessing the Company's liquidity. Working capital (excluding debt) does not have any meaning prescribed under IFRS and may not be comparable to similar measures provided by other companies. Working capital (excluding debt) ratio is calculated as current assets divided by the difference of current liabilities less the current portion of long-term debt.

⁽⁴⁾Net debt is calculated based on long-term debt less current assets plus current liabilities. Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.