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 July 27, 2023, and should be read in conjunction with the condensed interim consolidated financial statements ("Financial Statements") for the three and six months ended June 30, 2023, the annual consolidated financial statements for the year ended December 31, 2022 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2022 ("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.sedarplus.ca.

Financial Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended June 30, 2023	Three months ended June 30, 2022	Change $	Change %	Six months ended June 30, 2023	Six months ended June 30, 2022	Change $	Change %
FINANCIAL RESULTS								
Revenue								
Contract Drilling	19,967	22,718	(2,751)	(12%)	49,512	39,430	10,082	26%
Production Services	14,507	19,963	(5,456)	(27%)	42,500	44,082	(1,582)	(4%)
	34,474	42,681	(8,207)	(19%)	92,012	83,512	8,500	10%
Adjusted EBITDA[1]	1,578	7,600	(6,022)	(79%)	12,492	16,026	(3,534)	(22%)
Adjusted EBITDA margin (%)[1]	5%	18%			14%	19%		
Net (loss) income	(1,625)	2,664	(4,289)	(161%)	3,044	6,103	(3,059)	(50%)
Net (loss) income margin (%)[2]	(5%)	6%		(11%)	3%	7%		(4%)
Capital expenditures	15,344	12,682	2,662	21%	25,469	15,473	9,996	65%
Per share information:								
Weighted average number of shares outstanding – basic	518,754,823	509,786,609			518,539,926	509,459,831		
Weighted average number of shares outstanding - diluted	518,754,823	523,123,662			534,949,670	520,768,461		
Adjusted EBITDA[1] per share - basic and diluted	$ 0.00	$ 0.01			$ 0.02	$ 0.03		
Net income (loss) per share - basic	$ (0.00)	$ 0.01			$ 0.01	$ 0.01		
Net (loss) income per share - basic and diluted	$ (0.00)	$ 0.01			$ 0.01	$ 0.01		

$ thousands, except ratios	June 30, 2023	December 31, 2022
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt)[1]	21,038	35,942
Working capital (excluding debt) ratio[1]	2.7:1	3.6:1
Total assets	286,692	287,552
Total long-term debt (including current portion)	41,064	43,004
Shareholders' equity	212,301	210,381

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

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

Working capital[1] (excluding debt) for June 30, 2023, has decreased $14.9 million (41%) since December 31, 2022, driven by decreases in accounts receivable ($14.6 million (32%)) and prepaid expenses and deposits ($2.2 million (56%)) offset by a decrease in accounts payable ($1.9 million (14%)). Long-term debt (including current portion) of $41.1 million has decreased $1.9 million (5%) from December 31, 2022, as a result of debt repayment.

Highlights for the Three Months Ended June 30, 2023

- Quarterly revenue of $34.5 million, a decrease of $8.2 million (19%) compared to a record $42.7 million in Q2 2022. Revenue decreased $2.8 million (12%) in Q2 2023 for the Contract Drilling segment and $5.5 million (27%) for the Production Services segment compared to Q2 2022. Both the Contract Drilling and Production Services segments in Canada were affected by delayed activity due to the Alberta wildfires and wet weather conditions in May and June 2023 with no similar conditions in Q2 2022. CWC estimates 3,448 operating hours or $3.1 million of lost revenue in the Production Services segment were due to the wildfires and wet weather conditions in Q2 2023. CWC also estimates 15 operating days or $0.5 million of lost revenue in the Contract Drilling segment were due to the wet weather conditions in Q2 2023.
- Q2 2023 Adjusted EBITDA[1] of $1.6 million, a decrease of $6.0 million (79%) compared to a record $7.6 million in Q2 2022. Q2 2023 Adjusted EBITDA was the third-highest Q2 in CWC's 19-year history.
- Net loss of $ 1.6 million, compared to net income of $2.7 million in Q2 2022.
- During Q2 2023, 1,275,000 common shares (Q2 2022: nil) were purchased under the Normal Course Issuer Bid ("NCIB") and 1,395,500 were cancelled and returned to treasury.

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

Highlights for the Six Months Ended June 30, 2023

- Record revenue for the first six months of 2023 of $92.0 million, an increase of $8.5 million (10%) compared to $83.5 million in the first six months of 2022. Revenue increased $10.1 million (26%) in the Contract Drilling segment and decreased $1.6 million (4%) for the Production Services segment compared to the first six months of 2022.
- Adjusted EBITDA[1] for the first six months of 2023 of $12.5 million, a decrease of $3.5 million (22%) compared to a record $16.0 million in the first six months of 2022. Adjusted EBITDA for the first six months of 2023 was the second-highest first-half results in the Company's 19-year history.
- Net income of $3.0 million, a decrease of $3.1 million (50%) compared to a record $6.1 million in the first six months of 2022. Net income for the first six months of 2023 was the second-highest first-half results in the Company's 19-year history.
- During the first six months of 2023, 1,681,000 common shares (2022: nil) were purchased, cancelled and returned to treasury under the Normal Course Issuer Bid ("NCIB").

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

Industry Overview

Average crude oil and natural gas prices

	Three months ended							
	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Crude oil								
West Texas Intermediate (US$/bbl)	73.19	76.13	82.65	91.55	108.41	94.29	77.19	70.56
Western Canadian Select (US$/bbl)	60.38	56.36	54.48	70.95	93.05	81.49	60.44	57.64
Natural gas								
AECO (C$/mcf)	2.04	3.25	6.00	5.00	6.92	4.66	4.89	3.75

Source: GLJ Ltd price forecasts.

In March 2023, the International Energy Agency ("IEA") forecast that global oil demand will reach a record 102 million bbls/day while natural gas production is expected to remain near historic highs of 4.1 billion cubic metres. The Canadian Association of Petroleum Producers ("CAPP") is forecasting an 11% increase in upstream capital spending compared to 2022. And on June 14, 2023, Enserva (formerly the Petroleum Services Association of Canada) forecast a 12% increase to 6,180 wells to be drilled in Canada in 2023 (2022: 5,500 wells). These positive forecasts of demand for oil and natural gas combined with many Western governments' need for energy supply security bodes well for North America's near and medium-term outlook for increased oilfield services activity. While inflation, interest rate increases by central banks, and a potential global recession continue to be a concern for the price of crude oil and natural gas, the discipline among our North American E&P

customers to return free cash flow in the form of dividends and share buybacks to their shareholders remains strong and will keep the potential of any oversupply of crude oil or natural gas in check.

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 thirteen (13) 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 twenty-two (22) rigs have top drives, seventeen (17) have pad rig moving 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 138 service rigs, CWC is one of Canada's largest well servicing companies as measured by active fleet and operating hours. CWC's service rig fleet consists of 73 single, 52 double and 13 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. In 2023, CWC chose to park 76 of its service rigs and focus its sales and operational efforts on the remaining 62 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

2023 started the year with crude oil prices buoyed by higher demand from China following the re-opening of their economy after abandoning its zero COVID-19 policies. However, in March 2023, crude oil prices declined sharply on concerns the poor financial health of a few U.S. regional banks and a European bank would spread, potentially creating a new global financial crisis. Fortunately, both U.S. and European financial regulators stepped in and acted quickly to prevent the confidence crisis from spreading to other financial institutions. As an added precaution, on April 2, 2023, eight (8) members of OPEC+ voluntarily announced additional production cuts of 1.16 million bbls/day to help support global crude oil prices. On June 4, 2023, OPEC+ members agreed to extend the crude oil production cuts through the end of 2024 and Saudi Arabia voluntarily announced it would further cut crude oil production by 1.0 million bbl/day for July and August 2023. In addition, Russia also announced a 0.5 million bbl/day cut for August 2023 further lending support to global crude oil prices. The U.S. Energy Information Administration ("EIA") estimates that these production cuts will keep total OPEC+ production below the pre-pandemic five-year average levels and reduce their share of world consumption to 33% in 2024, down from the pre-pandemic average of 37%. As a result of these crude oil production cuts, the EIA forecasts crude oil prices will rise to the mid-$80 per barrel range by the end of 2024. Analysts believe North American drilling and oilfield services activity will continue to be strong under this favourable crude oil price environment at a sustainable and measured pace given the capital discipline instilled upon E&P companies by their debt and equity stakeholders for return of capital through debt reduction, dividends and share buybacks. Such sustained and measured increases in oilfield services activity should bode well for CWC.

CWC's activity level started off strong in 2023 but was temporarily hindered by Alberta wildfires and wet weather conditions in western Canada for May and June 2023 and therefore considers it prudent to withdraw its previous 2023 estimated adjusted EBITDA range financial guidance. CWC currently has 11 drilling rigs and 40 service rigs working and expects to increase the rig count to 18 drilling rigs and 50 service rigs at various points in the second half of 2023. Pricing, as measured by average revenue per day and hour, for both drilling rigs and service rigs continue to remain elevated over the prior year period buoyed by inflation for labour, fuel and supplies. The biggest challenges for CWC will be to attract more field labour and rig crews in a continuing tight labour market and to keep direct operating costs steady and recoverable from our E&P customers. The Company has been successful in recruiting new field employees and crewing both its drilling and service rigs. As at June 30, 2023, CWC employed 577 employees and will be ramping up its field labour and rig crews to accommodate the expected increase in drilling rig and service rig activity in the second half of 2023.

While CWC expects a continuation of its strong operational and financial results for the remainder of 2023, various global uncertainties 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. While improving, many global economies are still experiencing high levels of inflation as central banks continue increasing interest rates at a rapid pace, which has had the

effect of modestly slowing economic growth and the pace of inflation to date. If interest rates increase too rapidly, or rise to a high enough level whereby economic activity slows significantly resulting in a global recession, CWC may be negatively impacted.

Results of Operations

$ thousands, except per share amounts	Three months ended June 30, 2023	Three months ended June 30, 2022	Change $	Change %	Six months ended June 30, 2023	Six months ended June 30, 2022	Change $	Change %
Revenue	34,474	42,681	(8,207)	(19%)	92,012	83,512	8,500	10%
Direct operating expenses	26,851	30,262	(3,411)	(11%)	66,673	57,575	9,098	16%
Gross margin [1]	7,623	12,419	(4,796)	(39%)	25,339	25,937	(598)	(2%)
Selling and administrative expenses	6,045	4,819	1,226	25%	12,847	9,911	2,936	30%
Adjusted EBITDA[1]	1,578	7,600	(6,022)	(79%)	12,492	16,026	(3,534)	(22%)
Stock based compensation	300	231	69	30%	600	462	138	30%
Finance costs	529	605	(76)	(13%)	1,486	993	493	50%
Depreciation	3,371	2,982	389	13%	6,977	5,908	1,069	18%
(Gain) loss on disposal of equipment	(576)	227	(803)	(354%)	(694)	564	(1,258)	(223%)
(Loss) income before income taxes	(2,046)	3,555	(5,601)	(158%)	4,123	8,099	(3,976)	(49%)
Deferred income tax (recovery) expense	(421)	891	(1,312)	(147%)	1,079	1,996	(917)	(46%)
Net (loss) income	(1,625)	2,664	(4,289)	(161%)	3,044	6,103	(3,059)	(50%)
Net (loss) income per share								
Basic and diluted	$ (0.00)	$ 0.01	$ (0.01)	(100%)	$ 0.01	$ 0.01	$ -	0%

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

Contract Drilling – Canada and United States

$ thousands, except margins, number of rigs, revenue per operating day, and utilization	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Revenue								
Canada	4,731	7,784	(3,053)	(39%)	21,868	20,573	1,295	6%
United States	15,236	14,934	302	2%	27,644	18,857	8,787	47%
	19,967	22,718	(2,751)	(12%)	49,512	39,430	10,082	26%
Direct operating expenses								
Canada	3,967	5,848	(1,881)	(32%)	15,225	14,832	393	3%
United States	12,037	11,009	1,028	9%	22,106	13,769	8,337	61%
	16,004	16,857	(853)	(5%)	37,331	28,601	8,730	31%
Gross margin (1)								
Canada	764	1,936	(1,172)	(61%)	6,643	5,741	902	16%
United States	3,199	3,925	(726)	(18%)	5,538	5,088	450	9%
	3,963	5,861	(1,898)	(32%)	12,181	10,829	1,352	12%
Gross margin percentage (1)								
Canada	16%	25%	n/a	(9%)	30%	28%	n/a	2%
United States	21%	26%	n/a	(5%)	20%	27%	n/a	(7%)
	20%	26%	n/a	(6%)	25%	27%	n/a	(2%)
Total drilling rigs, end of period								
Canada	7	7	-	0%	7	7	-	0%
United States	15	15	-	0%	15	15	-	0%
	22	22	-	0%	22	22	-	0%
Revenue per operating day(2)								
Canada	$37,252	$28,513	$8,739	31%	$35,849	$28,693	$7,156	25%
United States (US$)	US$32,697	US$29,347	US$3,350	11%	US$31,399	US$28,920	US$2,479	9%
Drilling rig operating days								
Canada	127	273	(146)	(53%)	610	717	(107)	(15%)
United States	348	398	(50)	(13%)	654	511	143	28%
	475	671	(196)	(29%)	1,264	1,228	36	3%
Drilling rig utilization %(3)								
Canada	20%	43%	n/a	(23%)	48%	57%	n/a	(9%)
United States	29%	37%	n/a	8%	29%	24%	n/a	5%
	26%	39%	n/a	(13%)	36%	36%	n/a	0%

(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). Drilling rigs requiring their Level IV 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.

Canadian Contract Drilling revenue of $4.7 million in Q2 2023, a decrease of $3.1 million (39%) compared to $7.8 million in Q2 2022, was achieved with a utilization rate of 20% (Q2 2022: 43%), compared to the Canadian Association of Energy Contractors ("CAOEC") industry average of 25%. CWC completed 127 Canadian drilling rig operating days in Q2 2023, a decrease of 146 operating days (53%) compared to 273 Canadian drilling rig operating days in Q2 2022 as Alberta wildfires and wet weather conditions in May and June 2023 affected the start of certain Canadian E&P customers drilling programs. An estimated 15 operating days or $0.5 million of lost revenue in the Contract Drilling segment were due to the wet weather conditions in Q2 2023. In comparison, Q2 2022 experienced an unusually shorter spring break-up, which allowed for earlier access to drilling sites and increased drilling activity in the prior year's quarter. All seven (7) Canadian drilling rigs worked in Q2 2023.

Gross margin in the Canadian Contract Drilling segment was $0.8 million, a decrease of $1.2 million from $1.9 million in Q2 2022. The gross margin decrease is a result of increases in direct operating expenses, primarily related to inflationary increases in field labour, fuel and supplies costs offset by a 31% increase in average revenue per operating day.

U.S. Contract Drilling revenue of $15.2 million in Q2 2023, an increase of $0.3 million (2%) compared to $14.9 million in Q2 2022, was achieved with 348 U.S. drilling rig operating days (Q2 2022: 398 U.S. drilling rig operating days). Six (6) of the nine (9) U.S. marketable drilling rigs worked in Q2 2023.

Gross margin in the U.S. Contract Drilling segment was $3.2 million, a decrease of $0.7 million (18%) compared to $3.9 million in Q2 2022. The gross margin decrease is a result of increases in direct operating expenses, primarily related to inflationary increases in field labour, fuel and supplies costs offset by an 11% increase in average revenue per operating day.

Production Services – Canada

$ thousands, except margins, number of rigs, revenue per operating hour, and utilization	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Revenue	14,507	19,963	(5,456)	(27%)	42,500	44,082	(1,582)	(4%)
Direct operating expenses	10,847	13,405	(2,558)	(19%)	29,342	28,974	368	1%
Gross margin [1]	3,660	6,558	(2,898)	(44%)	13,158	15,108	(1,950)	(13%)
Gross margin percentage [1]	25%	33%	n/a	(8%)	31%	34%	n/a	(3%)
Service rigs, end of period								
Active service rigs	62	64	(2)	(3%)	62	64	(2)	(3%)
Inactive service rigs	76	79	(3)	(4%)	76	79	(3)	(4%)
Total service rigs	138	143	(5)	(3%)	138	143	(5)	(3%)
Revenue per hour	$923	$848	$75	9%	$960	$813	$147	18%
Service rig operating hours	15,718	23,356	(7,638)	(33%)	44,256	54,192	(9,936)	(18%)
Service rig utilization %[2]	39%	57%	n/a	(18%)	54%	65%	n/a	(11%)

(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 $14.5 million in Q2 2023, a decrease of $5.5 million (27%) compared to $20.0 million in Q2 2022. CWC's service rig utilization in Q2 2023 of 39% (Q2 2022: 57%) with 15,718 operating hours was 33% lower than the 23,356 operating hours in Q2 2022. CWC estimates 3,448 operating hours or $3.1 million of lost revenue in the Production Services segment for Q2 2023 were due to the Alberta wildfires and wet weather conditions in Q2 2023. In addition, the $1.0 billion Alberta Site Rehabilitation Program ("SRP"), the $400 million Saskatchewan Accelerated Site Closure Program ("ASCP") and the $100 million B.C. Dormant Sites Reclamation Program ("DSRP") ended on February 14, 2023, under which the Company earned $1.3 million in revenue in Q2 2022 with no corresponding revenue in Q2 2023. The Company was successful in implementing pricing adjustments to partially offset higher inflationary field labour, fuel and supply costs as evidenced by the average revenue per hour of $923 in Q2 2023, an increase of $75 per hour (9%) compared to $848 per hour in Q2 2022.

Selling and Administrative Expenses

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Selling and administrative expenses	6,045	4,819	1,226	25%	12,847	9,911	2,936	30%

Selling and administrative expenses of $6.0 million in Q2 2023, an increase of $1.2 million (25%) compared to $4.8 million in Q2 2022. For the six months ended June 30, 2023, selling and administrative expenses of $12.8 million, an increase of $2.9 million compared to $9.9 million for the same period of 2022. The increase in selling and administrative expenses for the quarter and six months ended June 30, 2023, compared to the same periods in 2022 was primarily due to an increase in the number of employees and compensation in line with expected activity levels.

Adjusted EBITDA[1]

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Adjusted EBITDA[1]								
Contract Drilling	1,896	4,441	(2,545)	(57%)	7,936	8,185	(249)	(3%)
Production Services	1,199	4,236	(3,037)	(72%)	7,967	10,557	(2,590)	(25%)
Corporate	(1,517)	(1,077)	(440)	(41%)	(3,411)	(2,716)	(695)	(26%)
	1,578	7,600	(6,022)	(79%)	12,492	16,026	(3,534)	(22%)
Adjusted EBITDA margin (%) [1]	5%	18%	n/a	(13%)	14%	19%	n/a	(5%)

[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 funding of capital expenditures or business acquisitions, to fund working capital, and to service and reduce outstanding long-term debt.

Adjusted EBITDA[1] was $1.6 million in Q2 2023, a decrease of $6.0 million (79%) compared to $7.6 million in Q2 2022.

Adjusted EBITDA[1] was $12.5 million for the first six months of 2023, a decrease of $3.5 million compared to $16.0 million in the same period of 2022. The decrease in Adjusted EBITDA[1] is primarily due to lower activity in both the Contract Drilling and Production Services segments in Canada due to the Alberta wildfires and wet weather conditions in Q2 2023 and higher field labour, fuel and supply costs increasing at a faster rate than recoverable from E&P customer pricing increases.

Stock Based Compensation

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Stock based compensation	300	231	69	30%	600	462	138	30%

Stock based compensation is primarily a function of outstanding restricted share units ("RSUs") being expensed over their vesting periods.

Stock based compensation of $0.3 million in Q2 2023, an increase of $0.1 million (30%) compared to $0.2 million in Q2 2022.

Stock based compensation of $0.6 million in the first six months of 2023, an increase of $0.1 million (30%) compared to $0.5 million in the same period of 2022.

Finance Costs

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Finance costs	529	605	(76)	(13%)	1,486	993	493	50%

Finance costs of $0.5 million in Q2 2023, a decrease of $0.1 million (13%) compared to $0.6 million in Q2 2022 is primarily due to changes in the value of the mark-to-market interest rate swap agreement offset by increases in the interest rates in Q2 2023 compared to Q2 2022.

Finance costs of $1.5 million in the first six months of 2023, an increase of $0.5 million compared to $1.0 million in the same period of 2022. The increase in finance costs for the six months ended June 30, 2023, compared to the same period of 2022 was primarily due to increased interest rates in 2023.

Depreciation

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Depreciation	3,371	2,982	389	13%	6,977	5,908	1,069	18%

Depreciation of $3.4 million in Q2 2023, an increase of $0.4 million (13%) compared to $3.0 million in Q2 2022.

Depreciation of $7.0 million for the first six months of 2023, an increase of $1.1 million compared to $5.9 million for the first six months of 2022. The increase in depreciation for the quarter and six months ended June 30, 2023, is primarily due to the higher depreciable asset base in Q2 2023 compared to the prior periods.

(Gain) Loss on Disposal of Equipment

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
(Gain) loss on disposal of equipment	(576)	227	(803)	(354%)	(694)	564	(1,258)	(223%)

Management continually monitors the asset mix and equipment needs of the Company and divests assets as needed to optimize operations.

For the six months ended June 30, 2023, the gain on disposal of equipment was $0.7 million, compared to a loss on disposal of equipment of $0.6 million in the first six months of 2022. The gain in 2023 was primarily related to the disposal of two inactive service rigs and related equipment.

Deferred Income Tax Expense

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Net (loss) income before income taxes	(2,046)	3,555	(5,601)	(158%)	4,123	8,099	(3,976)	(49%)
Deferred income tax (recovery) expense	(421)	891	(1,312)	(147%)	1,079	1,996	(917)	(46%)
Deferred income tax expense as a % of net income before income taxes	21%	25%			26%	25%		
Expected statutory income tax rate	23.1%	23.2%			23.1%	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 recovery in Q2 2023 of $0.4 million (Q2 2022: deferred income tax expense of $0.9 million) and $1.1 million deferred income tax expense in the first six months of 2023 (2022: $2.0 million) is a result of changes between the accounting and tax bases due to current quarter results.

The Company has substantial tax pools and non-capital losses available to reduce future taxable income in Canada and the United States.

Net Income and Comprehensive Income

$ thousands	Three months ended June 30, 2023	2022	Change $	Change %	Six months ended June 30, 2023	2022	Change $	Change %
Net (loss) income	(1,625)	2,664	(4,289)	(161%)	3,044	6,103	(3,059)	(50%)
Unrealized gain (loss) on translation of foreign operations	(1,297)	1,213	(2,510)	(207%)	(1,363)	719	(2,082)	(290%)
Comprehensive (loss) income	(2,922)	3,877	(6,799)	(175%)	1,681	6,822	(5,141)	(75%)

Net loss of $1.6 million in Q2 2023, a decrease of $4.3 million compared to net income of $2.7 million in Q2 2022. Comprehensive loss of $2.9 million in Q2 2023, a decrease of $6.8 million compared to comprehensive income of $3.9 million in Q2 2022.

For the first six months of 2023, net income of $3.0 million, a decrease of $3.1 million compared to $6.1 million in the same period of 2022. Comprehensive income of $1.7 million in the first six months of 2023, a decrease of $5.1 million compared to $6.8 million in the same period of 2022. The decreases in net income and comprehensive income in the first six months of 2023 were primarily due to lower activity in both the Contract Drilling and Production Services segments in Canada due to the Alberta wildfires and wet weather conditions in Q2 2023 and higher field labour, fuel and supply costs increasing at a faster rate than recoverable from E&P customer pricing increases.

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 first six months of 2023, the Company's operating cash flow of $27.7 million and proceeds on disposal of equipment of $1.7 million were used to fund capital expenditures of $25.0 million, payments of long-term debt of $2.3 million, interest on long-term debt, finance costs and leases of $1.7 million and the acquisition of common shares under the NCIB of $0.4 million.

As at June 30, 2023, the Company had working capital (excluding debt) of $21.0 million, a decrease of $14.9 million (41%) from $35.9 million at December 31, 2022 (please refer to the "Non-GAAP and Other Financial Measures" section for further information). The decrease in working capital (excluding debt) is primarily due to lower accounts receivable related to decreased Q2 2023 activity levels partially offset by lower accounts payable in Q2 2023 versus Q4 2022. 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 July 29, 2022, the Company exercised the accordion feature to expand the Credit Facility comprised of a $50,710 Canadian syndicated facility, a US$12,000 U.S. syndicated facility, a $7,500 Canadian operating facility and a US$5,000 U.S. operating facility. The Company further amended the Credit Facility to extend the maturity to July 31, 2025 ("Maturity Date"). No principal payments are required under the Credit Facility 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 June 30, 2023. Effective June 30, 2023, the applicable rates under the Bank Loan are bank prime rate plus 1.25%, bankers' acceptances rate plus a stamping fee of 2.25%, and standby fee rate of 0.563%.

The Company's Mortgage Loan is a loan maturing on June 30, 2028, that is amortized over 22 years with blended monthly principal and interest payments of $86 thousand. At maturity, approximately $7.0 million of principal will become payable assuming only regular monthly payments are made. On May 2, 2022 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 3.38% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.73%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As at June 30, 2023, the mark-to-market value of the interest rate swap of $284 is included within accounts receivable on the consolidated statements of financial position (December 31, 2022: $152).

Capital Requirements

On December 5, 2022, the Company announced its capital expenditure budget for 2023 of $26.3 million including $4.0 million of 2022 capital expenditure being carried forward into 2023 for the upgrades and Level IV re-certifications of the three (3) triple drilling rigs acquired in June 2022. $6.7 million of the 2023 capital expenditure is for 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 $15.6 million being for growth capital to complete upgrades to four (4) of the drilling rigs and to purchase additional strings of specialty drill pipe. On March 1, 2023, the Company announced a further increase to its 2023 capital expenditure budget of $4.0 million; $0.3 million of which is maintenance capital and $3.7 million for growth capital, the bulk of which was used to purchase real estate in the United States. On July 12, 2023, the Board of Directors approved a further $2.8 million of growth capital to put a full pad rig walking system on one of the Canadian drilling rigs based on an E&P customer's request. The 2023 capital expenditures budget now totals $33.1 million and is consistent with CWC's commitment to safety and operational efficiency with high-quality and well-maintained equipment. CWC intends to finance its remaining 2023 capital expenditures budget from operating cash flows.

The Company's 2023 capital expenditures are detailed in the section below titled "Capital Expenditures". 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 favourable 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:

	July 27, 2023	June 30, 2023	December 31, 2022
Common shares	517,531,894	517,531,894	518,084,727
Stock options	89,000	89,000	89,000
Restricted share units	16,320,744	16,320,744	17,448,911

For the six months ended June 30, 2023, 1,128,167 Restricted Share Units (“RSUs”) were exercised (six months ended June 30, 2022: 2,157,000 stock options and 395,847 RSUs were exercised).

On November 16, 2022, the Company reinstated its NCIB which expires on November 15, 2023. Under this NCIB the Company may purchase, from time to time as it considers advisable, up to 25,620,671 issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC entered into an automatic securities purchase plan (the “ASPP”) (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies.

For the six months ended June 30, 2023, 1,681,000 common shares were purchased, cancelled and returned to treasury under the NCIB (2022: nil).

Capital Expenditures

	Three months ended June 30,		Change	Change	Six months ended June 30,		Change	Change
$ thousands	2023	2022	$	%	2023	2022	$	%
Capital expenditures								
Contract drilling	12,992	11,227	1,765	16%	21,815	13,129	8,686	66%
Production services	2,352	1,455	897	62%	3,654	2,229	1,425	64%
Other equipment	-	-	-		-	115	(115)	(100%)
	15,344	12,682	2,662	21%	25,469	15,473	9,996	65%
Growth capital	11,255	9,994	1,261	13%	19,614	11,530	8,084	70%
Maintenance and infrastructure capital	4,089	2,688	1,401	52%	5,855	3,943	1,912	48%
Total capital expenditures	15,344	12,682	2,662	21%	25,469	15,473	9,996	65%

Capital expenditures of $25.5 million in the first six months of 2023, an increase of $10.0 million compared to $15.5 million in the first six months of 2022. The increase in capital expenditures in 2023 is primarily due to the purchase of real estate in the United States, Level IV re-certifications and upgrades to the three (3) U.S. triple drilling rigs and related ancillary equipment purchased in June 2022.

Commitments and Contractual Obligations

Under the terms of the Company’s amended Credit Facility, the borrowings under the Credit Facility are due in full on July 31, 2025. The Company is committed to monthly payments of interest and bank charges until July 31, 2025. The Company’s Mortgage Loan is being amortized over 22 years with blended monthly principal and interest payments and matures on June 30, 2028. 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 through 2023.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	Three months ended Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Revenue	34,474	57,538	60,039	61,781	42,681	40,831	33,693	27,776
Adjusted EBITDA[(1)]	1,578	10,914	13,736	16,169	7,600	8,426	6,135	5,394
Net income (loss)	(1,625)	4,669	26,040	9,517	2,664	3,439	2,866	2,019
Net income (loss) per share: basic and diluted	(0.00)	0.01	0.05	0.02	0.01	0.01	0.01	0.00
Total assets	286,692	293,859	287,552	265,050	241,827	231,410	226,645	200,777
Total long-term debt	41,064	43,822	43,004	52,087	49,773	46,946	45,847	24,688
Shareholders' equity	212,301	215,196	210,381	184,499	170,976	166,445	163,269	159,953

[(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 first and second quarters are typically expected to be the weakest financial and operating quarters for the Company due to ground conditions being impacted by spring break-up 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 break-up 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, mid-March through June in Canada is traditionally the Company's slowest time. In addition, certain of the Company's U.S. operating regions are also affected by adverse winter weather conditions in the first quarter as extreme cold weather conditions including high winds and heavy snowfall could hinder access to drilling sites and cause hazardous travel and working conditions for our field employees. These cold weather conditions could cause drilling equipment to malfunction resulting in increased downtime and delays in the drilling operations, thereby reducing productivity. As such, some of the Company's customers prefer to delay drilling operations in the first quarter until such winter weather conditions subside in the second quarter. 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 "Results of Operations".

Other significant impacts have been a result of:

- Q2 2023 saw the Company affected by delayed activity in Canada for both the Contract Drilling and Production Services segment due to the Alberta wildfires and wet weather conditions in May and June 2023. During Q2 2023, 1,275,000 common shares were purchased under the NCIB and 1,395,500 were cancelled and returned to treasury.
- Q1 2023 saw the Company achieve record Q1 revenue primarily due to the expansion of our U.S. operations. During Q1 2023, 406,000 common shares were purchased under the NCIB of which 285,500 common shares were cancelled and returned to treasury.
- Q4 2022 saw the Company achieve record Q4 revenue, Adjusted EBITDA[(1)] and net income in its eighteen (18) year history primarily due to the expansion of our U.S. operations and the overall increase in industry activity and pricing as inflationary costs from field labour, fuel and supplies continue to be recovered from our E&P customers. During Q4 2022, 210,000 common shares were purchased, cancelled, and returned to treasury under the NCIB.
- Q3 2022 saw the Company achieve record quarterly revenue, Adjusted EBITDA[(1)] and net income in its eighteen (18) year history primarily due to the expansion of our U.S. operations and the overall increase in industry activity and pricing as inflationary costs from field labour, fuel and supplies were successfully recovered from our E&P customers.
- Q2 2022 saw the Company achieve record Q2 revenue, Adjusted EBITDA[(1)] and net income in its eighteen (18) year history with the continuation of higher activity levels as crude oil, as measured by WTI, rose to an average of US$108/bbl with natural gas, as measured by AECO, averaging over $6.90/mcf which resulted in both increases in

activity levels and pricing. Additionally in the quarter, the Company acquired three (3) high-spec AC triple drilling rigs for US$7.4 million (CAD$9.6 million) further expanding the Company's presence in the U.S.

- 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 for 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 doubled 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.
- 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 in wages, which led to higher pricing for the Company's well servicing work.

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

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 June 30, 2023, 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 officers 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 interim 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, 2022 Management's Discussion and Analysis which is available under the Company's profile at www.sedarplus.ca.

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 labour 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.sedarplus.ca.

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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
NON-GAAP MEASURES				
Adjusted EBITDA:				
Net income (loss)	(1,625)	2,664	3,044	6,103
Add:				
Stock based compensation	300	231	600	462
Finance costs	529	605	1,486	993
Depreciation	3,371	2,982	6,977	5,908
(Gain) loss on disposal of equipment	(576)	227	(694)	564
Income tax expense (recovery)	(421)	891	1,079	1,996
Adjusted EBITDA[1]	1,578	7,600	12,492	16,026
Adjusted EBITDA per share – basic and diluted[1]	$ 0.00	$ 0.01	$ 0.02	$ 0.03
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)[1]	5%	18%	14%	19%
Weighted average number of shares outstanding - basic	518,754,823	509,786,609	518,539,926	509,459,831
Weighted average number of shares outstanding - diluted	518,754,823	523,123,662	534,949,670	520,768,461
Gross margin:				
Revenue	34,474	42,681	92,012	83,512
Less: Direct operating expenses	26,851	30,262	66,673	57,575
Gross margin[2]	7,623	12,419	25,339	25,937
Gross margin percentage[2]	22%	29%	28%	31%

$ thousands	June 30, 2023	December 31, 2022
Working capital (excluding debt):		
Current assets	33,101	49,925
Less: Current liabilities	(13,084)	(14,848)
Add: Current portion of long-term debt	1,021	865
Working capital (excluding debt) [3]	21,038	35,942
Working capital (excluding debt) ratio[3]	2.7:1	3.6:1
Net debt:		
Long-term debt	40,043	42,139
Less: Current assets	(33,101)	(49,925)
Add: Current liabilities	13,084	14,848
Net debt [4]	20,026	7,062

[1] Adjusted EBITDA (earnings before interest and finance costs, income tax expense (recovery), depreciation, gain or loss on disposal of assets, 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 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 the 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. The 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. The 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.