

Badger Daylighting Ltd.

**Interim Condensed Consolidated Financial Statements
(Unaudited)**

For the three and six months ended June 30, 2019 and 2018

BADGER DAYLIGHTING LTD.**Interim Condensed Consolidated Statement of Financial Position**

(Unaudited - Expressed in thousands of Canadian Dollars)

As at	Notes	June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	13	21,852	48,303
Trade and other receivables	6	172,034	159,750
Prepaid expenses		5,658	6,244
Inventories		6,365	5,996
Income taxes receivable		6,955	4,805
		212,864	225,098
Non-current Assets			
Property, plant and equipment		364,779	363,580
Right-of-use assets	4,8	19,988	-
Intangible assets		23,808	13,591
Goodwill		1,621	1,621
		410,196	378,792
Total Assets		623,060	603,890
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		57,589	54,453
Lease liability	4,8	4,683	-
Share-based plan liability	11	28,627	21,401
Dividends payable		1,698	1,646
Income taxes payable		6,676	4,164
Current portion of long-term debt	9	32,718	-
		131,991	81,664
Non-current Liabilities			
Lease liability	4,8	10,467	-
Long-term debt	9	65,435	102,315
Borrowings under credit facility	9	21,000	-
Deferred income tax		56,032	53,409
		152,934	155,724
Shareholders' Equity			
Shareholders' capital	10	80,859	82,600
Contributed surplus		548	548
Accumulated other comprehensive income		28,526	37,350
Retained earnings		228,202	246,004
		338,135	366,502
Total Liabilities and Shareholders' Equity		623,060	603,890

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.**Interim Condensed Consolidated Statement of Comprehensive Income**

(Unaudited - Expressed in thousands of Canadian Dollars unless otherwise stated)

		For the three months ended June 30,		For the six months ended June 30,	
	Notes	2019	2018	2019	2018
Revenue	7	161,210	147,550	307,824	268,121
Direct costs		110,627	101,467	214,679	191,224
Gross profit		50,583	46,083	93,145	76,897
Depreciation of property, plant and equipment and right-of-use assets	8	15,414	12,120	30,089	23,820
General and administrative		11,359	7,622	20,647	13,993
Share-based plans	11	7,039	5,990	15,339	6,052
Operating profit		16,771	20,351	27,070	33,032
(Gain) loss on sale of property, plant and equipment		(12)	(191)	(220)	510
Finance cost	8	1,528	1,271	2,972	2,519
Foreign exchange (gain) loss		(24)	(288)	669	(638)
Profit before income tax expense		15,279	19,559	23,649	30,641
Current income tax (recovery) expense		(938)	7,713	966	9,498
Deferred income tax expense		4,268	1,260	4,703	2,483
Income tax expense		3,330	8,973	5,669	11,981
Net profit		11,949	10,586	17,980	18,660
Other comprehensive income:					
Foreign exchange differences on translation of foreign operations		(6,990)	6,339	(12,987)	13,985
Unrealized foreign exchange gain (loss) on net investment hedge	9	2,070	(2,055)	4,163	(4,673)
Other comprehensive (loss) income		(4,920)	4,284	(8,824)	9,312
Comprehensive income		7,029	14,870	9,156	27,972
Net profit per share					
Basic and diluted	12	\$0.33	\$0.29	\$0.50	\$0.50

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.**Interim Condensed Consolidated Statement of Changes in Equity**

(Unaudited - Expressed in thousands of Canadian Dollars)

	Notes	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
As at January 1, 2018		82,724	548	19,127	216,095	318,494
Net profit		-	-	-	18,660	18,660
Other comprehensive income		-	-	9,312	-	9,312
Dividends		-	-	-	(9,238)	(9,238)
As at June 30, 2018		82,724	548	28,439	225,517	337,228
As at January 1, 2019		82,600	548	37,350	246,004	366,502
Opening IFRS 16 adjustment	4,8	-	-	-	254	254
Net profit		-	-	-	17,980	17,980
Other comprehensive loss		-	-	(8,824)	-	(8,824)
Dividends		-	-	-	(10,049)	(10,049)
Shares repurchased and cancelled under normal course issuer bid	10	(1,741)	-	-	(25,987)	(27,728)
As at June 30, 2019		80,859	548	28,526	228,202	338,135

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.**Interim Condensed Consolidated Statement of Cash Flows**

For the three and six months ended June 30, 2019 and June 30, 2018

(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2019	2018	2019	2018
Operating activities					
Net profit		11,949	10,586	17,980	18,660
Non-cash adjustments to reconcile net profit from operations to cash flow from operating activities before working capital and other adjustments:					
Depreciation of property, plant and equipment and right-of-use assets	4,8	15,414	12,120	30,089	23,820
Deferred income tax expense		4,268	1,260	4,703	2,483
(Gain) loss on sale of property, plant and equipment		(12)	(191)	(220)	510
Finance cost	8	1,528	1,271	2,972	2,417
Current income tax (recovery) expense		(938)	7,713	966	9,498
Share-based plans	11	7,039	5,990	15,339	6,052
Unrealized foreign exchange loss (gain)		36	(39)	87	(51)
Cash flow from operating activities before working capital and other adjustments		39,284	38,710	71,916	63,389
Change in non-cash working capital	13	(22,785)	(22,494)	(13,648)	(12,508)
Income taxes paid		(2,479)	(2,325)	(2,900)	(4,315)
Income taxes recovered		417	-	2,524	-
Interest paid on lease liabilities	4,8	(134)	-	(239)	-
Share-based plan paid	11	(952)	(1,024)	(8,113)	(1,561)
Cash flows from operating activities		13,351	12,867	49,540	45,185
Investing activities					
Additions to property, plant and equipment		(21,975)	(26,149)	(42,550)	(49,296)
Upfront payments for right-of-use assets	4,8	(1,779)	-	(2,949)	-
Proceeds from sale of property, plant and equipment		400	322	957	1,159
Acquisition of Operating Partner		-	(174)	-	(174)
Additions to intangible asset		(5,892)	(200)	(10,474)	(200)
Change in non-cash working capital	13	427	3,947	1,465	4,196
Cash flows used in investing activities		(28,819)	(22,254)	(53,551)	(44,315)
Financing activities					
Draw on credit facility	9	13,500	-	21,000	-
Interest paid		(117)	(68)	(2,801)	(2,381)
Payment of lease liabilities	4,8	(1,153)	-	(2,173)	-
Dividends paid		(5,112)	(4,749)	(9,997)	(8,978)
Common shares repurchased under normal course issuer bid	10	(6,523)	-	(27,728)	-
Change in non-cash working capital		476	-	476	-
Cash flows used in financing activities		1,071	(4,817)	(21,223)	(11,359)
Effect of foreign exchange rate changes on cash		(537)	527	(1,217)	1,613
(Decrease) increase in cash and cash equivalents		(14,934)	(13,677)	(26,451)	(8,876)
Cash and cash equivalents, beginning of period		36,786	50,906	48,303	46,105
Cash and cash equivalents, end of period		21,852	37,229	21,852	37,229

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2019 and June 30, 2018

(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

1 Incorporation and operations

Badger Daylighting Ltd. and its subsidiaries (together “Badger” or the “Company”) provide non-destructive excavating services to the utilities, petroleum, construction, industrial, transportation, telecom and engineering industries in Canada and the United States (“U.S.”). Badger is a publicly traded company. The head office of Badger is located at Suite 400, 919-11th Avenue SW, Calgary, Alberta T2R 1P3. The registered office of Badger is located at c/o CAS Corporate Governance Services Inc., 600, 815-8th Avenue SW, Calgary, Alberta T2P 3P2.

The interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2019 and June 30, 2018 were authorised for issue in accordance with a resolution of the Board of Directors (“Board”) on August 6, 2019.

2 Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board.

Basis of measurement

These interim condensed consolidated financial statements have been prepared on a historical cost basis except for share-based plan transactions measured at fair market value. Historical cost is generally based on the fair value consideration given in exchange for goods and services at the time of the transaction.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

3 Significant accounting judgements, estimates and assumptions

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and reported amounts of revenues, expenses, gains and losses during the reporting period. These judgements, estimates and assumptions are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2018. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Standards adopted and changes in accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2018, other than those for which the transition is specified by the adoption of a new IFRS standard and included below. These policies have been consistently applied to all periods presented unless otherwise stated.

IFRS 16 – Leases

The International Accounting Standards Board issued IFRS 16 – *Leases*, supersedes the existing standard, IAS 17 – *Leases* and IFRIC 4 – *Determining whether an arrangement contains a lease*. The standard is effective for fiscal years beginning on or after January 1, 2019. Under IFRS 16, a lease exists when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees, generally all leases will require an asset and liability to be recognized on the statement of financial position at inception.

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Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets of \$14,846 and lease liabilities of \$14,846 were recorded as at January 1, 2019, relating to property leases. The Company leases light-duty vehicles, however the full consideration of the underlying asset is paid at the inception of the lease, therefore no lease liability is required to be recognized. Right-of-use assets of \$2,468 and lease liabilities of nil were recorded as of January 1, 2019, relating to the vehicle leases. The light-duty vehicle leases were reclassified from Property, Plant and Equipment to Right-of-use assets effective January 1, 2019. Retained earnings were adjusted by \$254 to account for the variance between the historical lease expense for a single lease and the future lease liability. When measuring lease liabilities, the Company discounted lease payments using its weighted-average incremental borrowing rate of 3% at January 1, 2019.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The practical expedient to account for any lease and associated non-lease components as a single arrangement and the use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease has been applied. Variable lease payments are not included in the measurement of the lease liability.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 as at January 1, 2019.

Operating lease commitments as at December 31, 2018	14,230
Less: variable costs not included in lease obligation	(2,714)
Add: Extension options reasonably certain to be exercised	3,784
Impact of discounting	(454)
Lease obligations recognized as at January 1, 2019	14,846

Effective January 1, 2019, the Company adopted IFRS 16 with the accounting policy as follows:

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. This determination is made on a lease by lease basis and reviewed annually to ensure the determination incorporates current facts. In addition, the right-of-use asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate and uses a

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single discount rate for a portfolio of leases with reasonably similar characteristics. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from changes in the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company remeasures the lease liability when the lease term has changed by discounting the revised lease payments using a revised discount rate. When a lease contract is modified, it is accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease, the Company will remeasure the liability using the Company's incremental borrowing rate, with a corresponding adjustment to the right-of-use asset.

5 Seasonality of operations

The Company's sales are typically highest in the second, third and fourth quarters as a result of the seasonal upswing in construction activity, the impact of which typically results in higher activity levels. In the first quarter, construction activity in the majority of Canada and certain regions of the U.S. typically reduces as a result of winter weather conditions. Partially offsetting the impact of the seasonality related to construction activity, is demand for certain oil and gas related activities which are typically strongest in the first quarter and weakest in the second quarter as a result of spring break-up and restrictions related to road access. As the Company continues to grow its U.S. customer base, the impact of seasonality may shift over time. Similarly to sales, the Company's net working capital requirements will typically follow the seasonality of the related sales activity.

6 Trade and other receivables

As at	June 30, 2019	December 31, 2018
Trade receivables	163,568	158,860
Holdback receivables	2,158	2,014
Allowance for doubtful accounts	(3,892)	(6,896)
Total trade receivables	161,834	153,978
Accrued revenue and other receivables	10,200	5,772
Trade and other receivables	172,034	159,750

Holdback receivables are amounts customers withhold paying until the completion of the contract. These amounts are agreed in advance and typically have collection terms beyond general terms.

Accrued revenue represents revenue for services which have been completed and for which an invoice has not yet been rendered. All such recorded amounts are considered collectable.

Trade receivables are non-interest bearing and are generally on 30-90 day payment terms.

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(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

The aging analysis of trade receivables, holdback receivables and the allowance for doubtful accounts is as follows:

	Total	0-30 days ⁽¹⁾	31-60 days	61-90 days	91-120 days	Greater than 120 days
As at June 30, 2019						
Trade receivables	163,568	80,130	27,956	18,648	12,527	24,307
Holdback receivables	2,158	1	-	131	202	1,824
Allowance for doubtful accounts	(3,892)	-	-	-	-	(3,892)
	161,834	80,131	27,956	18,779	12,729	22,239
As at December 31, 2018						
Trade receivables	158,860	61,551	45,264	22,795	10,892	18,358
Holdback receivables	2,014	-	5	110	193	1,706
Allowance for doubtful accounts	(6,896)	(5,194)	(110)	-	(2)	(1,590)
	153,978	56,357	45,159	22,905	11,083	18,474

⁽¹⁾ Trade receivables in the 0-30 day category includes amounts invoiced from May 31, 2019 to June 30, 2019.

The changes in the allowance for doubtful account for the six months ended June 30, 2019, and year-ended December 31, 2018, are as follows:

As at December 31, 2017	1,622
Additions to the allowance (bad debt expense)	10,796
Accounts written off (reduces allowance for doubtful accounts)	(4,448)
Amounts recovered that were previously allowed for (reduces bad debt expense)	(1,298)
Exchange differences	224
As at December 31, 2018	6,896
Additions to the allowance (bad debt expense)	3,703
Accounts written off (reduces allowance for doubtful accounts)	(782)
Amounts recovered that were previously allowed for (reduces bad debt expense)	(5,784)
Exchange differences	(141)
As at June 30, 2019	3,892

7 Revenue

The following table disaggregates the Company's revenue by type of service and type of customer. Prior period comparative information has been reclassified to conform to the current presentation. Hydrovac revenue includes all hydrovac and hydrovac related services.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Hydrovac revenue – corporate	148,817	135,103	284,637	245,104
Hydrovac revenue – operating partners	5,538	4,704	10,932	9,707
Total hydrovac revenue	154,355	139,807	295,569	254,811
Other service revenue – corporate ⁽¹⁾	6,602	7,530	11,758	12,865
Other service revenue – operating partners ⁽¹⁾	253	213	497	445
Total other revenue	6,855	7,743	12,255	13,310
Total revenue	161,210	147,550	307,824	268,121

⁽¹⁾ Other revenue includes non hydrovac related services, truck placement fees and other administrative related revenue.

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Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

8 Leases

Badger enters into leases primarily in order to secure office and yard space for the hydrovac operations and for light-duty vehicles. Terms of property leases vary including the life of the lease and the existence of extension options. Leases for light-duty vehicles are managed through a third-party and do not create a lease liability as Badger makes the required lease payments upon initiation of the lease.

Right-of-use assets

	Property	Light-duty vehicles	Total
Opening balance – January 1, 2019	14,846	2,468	17,314
Additions	3,472	2,949	6,421
Depreciation	(2,337)	(266)	(2,603)
Disposals	(643)	-	(643)
Impact of foreign exchange	(366)	(135)	(501)
Right-of-use assets as at June 30, 2019	14,972	5,016	19,988

Lease liabilities

As at	June 30, 2019
Opening balance – January 1, 2019	14,846
Additions	3,472
Interest expense	246
Lease payments	(2,412)
Disposals/modifications	(815)
Impact of foreign exchange	(187)
Lease liabilities	15,150
Current	4,683
Long-term	10,467

Contractual undiscounted cash flows

As at	June 30, 2019
Less than one year	5,212
One to five years	10,391
More than five years	1,116
Total	16,719

Amounts recognized in net profit

	For the three months ended June 30, 2019	For the six months ended June 30, 2019
Expenses related to short-term leases	416	766
Short-term lease exemptions – leases expiring in 2019	391	791
Total	807	1,557

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(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

9 Debt

As at	June 30, 2019	December 31, 2018
Current portion of senior secured notes	32,718	-
Current debt	32,718	

As at	June 30, 2019	December 31, 2018
Borrowings under credit facility	21,000	-
Senior secured notes	65,435	102,315
Long-term debt	86,435	102,315

Syndicated revolving credit facility

Badger has established a syndicated revolving credit facility (the “credit facility”) with a syndicate of three lenders. The credit facility, which is \$145.8 million in aggregate Canadian dollars, consists of a \$100.0 million Canadian tranche and a US\$35.0 million (\$45.8 million Canadian dollar equivalent) U.S. denominated tranche, providing Badger with the administrative flexibility to borrow in both Canada and the United States. The credit facility, which is a four year term, matures on August 11, 2021. Badger has the flexibility to expand the credit facility with approval of the syndicate by an additional \$100.0 million.

Badger maintains the credit facility for general liquidity management, general corporate purposes and to finance Badger’s capital expenditure program. The credit facility bears interest, at the Company's option, at either the bank's prime rate plus a tiered set of basis points or bankers' acceptance/LIBOR rate also with a tiered structure. A stand-by fee is also required on the unused portion of the credit facility on a tiered basis. The prime rate tiers range between zero and 125 basis points. The bankers’ acceptance/LIBOR tiers range from 125 to 250 basis points. The stand-by fee tiers range between 25 and 50 basis points. All of the tiers are based on the Company’s Funded Debt to Compliance EBITDA ratio. Stand-by fees are expensed as incurred.

The credit facility is collateralized by a general security interest over the Company’s assets, property and undertaking, present and future.

As at June 30, 2019, the Company had available \$120.4 million (December 31, 2018 - \$143.8 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

As at June 30, 2019, the Company has issued letters of credit of approximately \$4.4 million (December 31, 2018 - \$3.9 million). The outstanding letters of credit which reduce the amount of available credit under the syndicated credit facility, support Badger’s U.S. insurance program and certain other performance bonds.

Under the terms of the credit facility, the Company must comply with certain financial and non-financial covenants, as defined by the lenders. Throughout 2019, and as at June 30, 2019, the Company was in compliance with all of these covenants.

Senior secured notes

On January 24, 2014 Badger closed a private placement of senior secured notes. The notes, which rank pari passu with the extendable revolving credit facility, have a principal amount of US\$75 million, and an interest rate of 4.83% per annum and mature on January 24, 2022. Amortizing principal repayments of US\$25 million are due under the notes on January 24, 2020, January 24, 2021 and January 24, 2022. Interest is paid semi-annually in arrears.

The senior secured notes are collateralized by a general security interest over the Company’s assets, property and undertaking, present and future.

Under the terms of the senior secured notes, the Company must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2019, and as at June 30, 2019, the Company was in compliance with all of these covenants.

As at June 30, 2019, the fair value of the senior secured notes was approximately US\$75.9 million.

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(Unaudited - Expressed in thousands of Canadian Dollars unless stated otherwise)

10 Shareholders' capital

A) Authorized shares

An unlimited number of voting common shares are authorized without nominal or par value.

B) Issued and outstanding

Normal course issuer bid

In 2018, the Company announced a normal course issuer bid ("NCIB") to repurchase for cancellation up to 2,000,000 common shares commencing on May 15, 2018, and ended on May 14, 2019. On May 21, 2019, the Company announced a new normal course issuer bid ("NCIB") to repurchase for cancellation up to 2,000,000 common shares commencing on May 21, 2019, and ending on May 20, 2020, or such earlier date on which the Company completes its purchases of common shares.

During the three and six months ended June 30, 2019, pursuant to its NCIB, the Company purchased and cancelled 126,700 and 760,154 common shares, respectively, at a weighted average price per share of \$47.73 and \$35.85, respectively. In addition, the Company purchased 10,000 common shares in the last two trading days of the second quarter of 2019 at a weighted average price per share of \$47.58 which were settled and cancelled subsequent to June 30, 2019.

	Number of Shares	Amount
As at December 31, 2017	37,100,681	82,724
Common shares repurchased and cancelled through NCIB	(558,768)	(1,254)
Common shares issued on redemption of deferred share units	40,825	1,288
Common shares repurchased prior to December 31, 2018 and cancelled subsequent to December 31, 2018 through NCIB	(69,846)	(158)
As at December 31, 2018	36,512,892	82,600
Common shares repurchased and cancelled through NCIB	(760,154)	(1,718)
Common shares repurchased prior to June 30, 2019 and cancelled subsequent to June 30, 2019 through NCIB	(10,000)	(23)
As at June 30, 2019	35,742,738	80,859

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11 Share-based plans

A) Deferred Share Unit Plan

The Deferred Share Unit (“DSU”) Plan was established to promote greater alignment of interests between the executive officers and the Shareholders of the Company. The Board may also participate in the plan whereby they will be paid 60% to 100% of the annual retainer in the form of deferred units. Pursuant to the terms of the DSU, participants are granted deferred units with a value equivalent to the value of a Badger share. The deferred units granted earn additional deferred units at the same rate as dividends on Badger common shares. The deferred units granted other than to the Board, which vest immediately, vest equally over a period of three years from the date of the grant. Upon vesting, the participant may elect to redeem the deferred units for an equal number of Badger shares or the cash equivalent. A maximum of 1,500,000 Common Shares have been reserved for issuance pursuant to the DSU Plan.

The DSU Plan is accounted for as a cash-settled plan. Compensation expense is based on the estimated fair value of the deferred units outstanding at the end of each quarter using a volume weighted average share price and recognized using graded vesting throughout the term of the vesting period, with a corresponding credit to liabilities.

The liability for deferred units outstanding as at June 30, 2019 is \$20.4 million (December 31, 2018 - \$13.0 million). The fair value of deferred units exercisable as at June 30, 2019 is \$18.1 million (December 31, 2018 - \$10.7 million). Changes in the number of deferred units under the DSU Plan were as follows:

	Units
As at December 31, 2017	401,319
Granted	131,821
Dividends earned	8,470
Redeemed for cash	(27,427)
Redeemed for common shares	(40,825)
Forfeited	(5,838)
As at December 31, 2018	467,520
Granted	95,173
Dividends earned	3,319
Redeemed for cash	(25,593)
Forfeited	(12,553)
As at June 30, 2019	527,866
Exercisable as at June 30, 2019	377,963

B) Performance Share Unit Plan

The Company also has a Performance Share Unit (“PSU”) Plan for officers of the Company. Officers must elect to have at least half but may elect to have all of their annual long-term incentive compensation awarded in PSUs, with the remainder, if any, awarded in DSUs. The PSUs represent rights to share value based on the number of PSUs issued and achieving certain performance criteria as set out by the Board of Directors. Subject to achievement of performance criteria, under the terms of the plan, PSUs awarded will vest on a three-year term on their anniversary date and are recognized over their vesting period. PSUs, which meet the performance and other vesting criteria, will be settled in cash upon exercise.

The PSU Plan is accounted for as a cash-settled plan. Compensation expense is based on the estimated fair value of the PSUs outstanding at the end of each quarter using a volume weighted average share price and recognized over the vesting period, with a corresponding credit to liabilities.

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The liability for PSUs outstanding as at June 30, 2019 is \$8.2 million (December 31, 2018 - \$8.4 million). The fair value of units exercisable as at June 30, 2019 is nil (December 31, 2018 - \$5.5 million). Changes in the number of PSUs under the PSU plan were as follows:

	Units
As at December 31, 2017	260,626
Granted	116,868
Redeemed	(56,043)
Forfeited	(4,090)
As at December 31, 2018	317,361
Granted	88,052
Redeemed	(141,203)
Forfeited	-
As at June 30, 2019	264,210
Exercisable as at June 30, 2019	-

12 Earnings per share

Basic earnings per share ("EPS")

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The denominator is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

	For the three months ended		For the six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Net profit	11,949	10,586	17,980	18,660

	For the three months ended		For the six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Weighted average number of common shares, basic	35,854,547	37,100,681	35,937,865	37,100,681

Diluted EPS

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of any dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted EPS.

	For the three months ended		For the six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Basic weighted average number of common shares	35,854,547	37,100,681	35,937,865	37,100,681
Effect of dilutive deferred share units	-	-	-	-
Weighted average number of common shares, diluted	35,854,547	37,100,681	35,937,865	37,100,681

	For the three months ended		For the six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Basic and diluted earnings per share	\$0.33	\$0.29	\$0.50	\$0.50

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13 Statement of cash flow supplemental information

The following table provides supplemental information on the components of changes in non-cash working capital in operating and investing activities:

	For the three months ended		For the six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Operating activities				
Source (use) of cash:				
Trade and other receivables	(24,696)	(23,572)	(16,722)	(18,918)
Prepaid expenses	(439)	1,918	423	1,136
Inventories	(260)	106	(448)	(604)
Trade and other payables	2,610	(946)	3,099	5,878
Change in non-cash working capital	(22,785)	(22,494)	(13,648)	(12,508)
Investing activities				
Source (use) of cash:				
Trade and other payables ⁽¹⁾	427	3,947	1,465	3,708
Change in non-cash working capital	427	3,947	1,465	3,708
Financing activities				
Source (use) of cash:				
Trade and other payables ⁽²⁾	476	-	476	-
Change in non-cash working capital	476	-	476	-

⁽¹⁾ Non-cash working capital changes from trade and other payables relate to vendors supplying Badger's manufacturing operations and are included in investing activities as these supplies are additions to property, plant and equipment.

⁽²⁾ Non-cash working capital changes from trade and other payables relate to share repurchases under the normal course issuer bid for shares that have been repurchased and cash settled subsequent to June 30, 2019.

As at	June 30, 2019	December 31, 2018
Cash and cash equivalents:		
Cash	10,805	32,354
Cash equivalents	11,047	15,949
Total cash and cash equivalents	21,852	48,303

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14 Segment reporting

The Company has identified three reportable segments consisting of two geographic segments (U.S. and Canada) and a Corporate segment. The U.S. and Canadian operating segments provide non-destructive excavating services. The following is selected information for the three and six months ended June 30, 2019 and 2018 based on these geographic/reportable segments.

For the three months ended	June 30, 2019				June 30, 2018			
	Canada	U.S.	Corporate	Total	Canada	U.S.	Corporate	Total
Hydrovac revenue	27,874	126,481	-	154,355	29,104	110,703	-	139,807
Other revenue	5,670	1,185	-	6,855	6,927	816	-	7,743
Total revenue	33,544	127,666	-	161,210	36,031	111,519	-	147,550
Direct costs	24,614	86,013	-	110,627	25,930	75,537	-	101,467
Depreciation of property, plant and equipment	4,375	11,014	25	15,414	3,694	8,426	-	12,120
General and administrative ⁽¹⁾	1,386	6,466	3,507	11,359	1,364	4,119	2,139	7,622
Share-based plan ⁽²⁾	-	-	7,039	7,039	-	-	5,990	5,990
Finance cost ⁽³⁾	67	55	1,406	1,528	-	-	1,271	1,271
Other ⁽⁴⁾	(19)	(17)	-	(36)	(336)	(143)	-	(479)
Profit (loss) before tax	3,121	24,135	(11,977)	15,279	5,379	23,580	(9,400)	19,559

For the six months ended	June 30, 2019				June 30, 2018			
	Canada	U.S.	Corporate	Total	Canada	U.S.	Corporate	Total
Hydrovac revenue	58,750	236,819	-	295,569	59,229	195,582	-	254,811
Other revenue	10,412	1,843	-	12,255	11,999	1,311	-	13,310
Total revenue	69,162	238,662	-	307,824	71,228	196,893	-	268,121
Direct costs	49,787	164,892	-	214,679	53,220	138,004	-	191,224
Depreciation of property, plant and equipment	8,606	21,434	49	30,089	7,372	16,448	-	23,820
General and administrative ⁽¹⁾	3,700	11,708	5,239	20,647	2,897	7,844	3,252	13,993
Share-based plan ⁽²⁾	-	-	15,339	15,339	-	-	6,052	6,052
Finance cost ⁽³⁾	138	98	2,736	2,972	-	-	2,519	2,519
Other ⁽⁴⁾	593	(144)	-	449	(333)	205	-	(128)
Profit (loss) before tax	6,338	40,674	(23,363)	23,649	8,072	34,392	(11,823)	30,641

⁽¹⁾ Included in general and administrative expenses for the corporate segment are employee, office, and other costs related to public company administration.

⁽²⁾ Share-based plans for participants in both the U.S. and Canada is reported in the corporate segment.

⁽³⁾ Finance costs from the Company's credit facilities are reported in the corporate segment.

⁽⁴⁾ Included in other are the (gain) loss on sale of property, plant and equipment, and foreign exchange loss (gain).

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	Canada	U.S.	Corporate	Total
As at June 30, 2019				
Property, plant and equipment	105,879	258,900	-	364,779
Right-of-use assets	8,675	10,693	620	19,988
Intangible assets	14,678	9,130	-	23,808
Goodwill	1,621	-	-	1,621
Total assets	190,701	431,739	620	623,060
Total liabilities ⁽¹⁾	36,783	95,931	152,211	284,925
As at December 31, 2018				
Property, plant and equipment	102,740	260,840	-	363,580
Intangible assets	9,850	3,741	-	13,591
Goodwill	1,621	-	-	1,621
Total assets	198,867	405,023	-	603,890
Total liabilities ⁽¹⁾	31,188	78,697	127,503	237,388

⁽¹⁾ Included in total liabilities for the corporate segment are share-based plan liabilities, senior secured notes, borrowings under the credit facility, dividends payable, accrued interest, and the corporate office lease liability.

15 Commitments and contingencies

The Company had the following commitments as at June 30, 2019:

	2019	2020	2021	2022	2023	Thereafter	Total
Operating leases ⁽¹⁾	338	680	649	593	462	839	3,561
Service contract ⁽²⁾	850	1,747	1,780	1,389	220	-	5,986
Senior secured note interest ⁽³⁾	2,370	3,951	2,370	790	-	-	9,481
Senior secured note repayment ⁽⁴⁾	-	32,718	32,718	32,717	-	-	98,153
Purchase commitments ⁽⁵⁾	22,323	-	-	-	-	-	22,323
Total	25,881	39,096	37,517	35,489	682	839	139,504

⁽¹⁾ Operating leases include variable costs for building and office space. See Note 4 for additional information.

⁽²⁾ Contract with third party service provider for information technology services related to the Company's enterprise resource planning system.

⁽³⁾ Senior note interest is the interest due on the Company's senior secured notes at 4.83% per annum paid semi-annually in arrears translated into Canadian dollars at the June 30, 2019 closing U.S. to Canadian foreign currency exchange rate. See Note 9.

⁽⁴⁾ Senior note repayment is the principal amounts of the senior secured notes due translated into Canadian dollars at the June 30, 2019, closing U.S. to Canadian foreign currency exchange rate. See Note 9.

⁽⁵⁾ Purchase commitments include amounts related to manufacturing operations, the purchase of light-duty vehicles and other committed capital expenditures.