



## Badger Daylighting Ltd. Announces 2020 First Quarter Results and Operational and Financial Update

CALGARY, Alberta, May 07, 2020 -- Badger Daylighting Ltd. (the "Company" or "Badger") (TSX:BAD) announced today financial and operating results for the three months ended March 31, 2020.

### 2020 First Quarter Highlights and COVID-19 Update

- 2020 first quarter revenues of \$136.7 million were down by \$9.9 million or 7% compared to the prior year comparative quarter. 2020 first quarter revenue per truck per month ("RPT") of \$24,966 was down \$5,866 or 23% compared to the prior year comparative quarter.
  - Revenues and RPT in the quarter were negatively impacted by the onset of COVID-19 and its impact on the North American economy and lower oil and gas market activity.
  - In January and February 2020, weekly revenues were trending consistent with levels experienced in the comparative months in 2019; in early March 2020, activity levels were beginning to ramp up in connection with the spring construction season.
  - By mid-March 2020, due to the onset of COVID-19, weekly revenue trends declined and were approximately 70% of the levels experienced in March 2019.
  - Revenue trends in April 2020 were improved from the levels realized in late March 2020, and were approximately 80% of the levels experienced in April 2019.
  - RPT trends followed similar patterns experienced with revenue. In addition, RPT was further impacted by the addition of 38 net hydrovacs to the fleet during the first quarter. These units were under production prior to the onset of COVID-19.
  - During March 2020, Badger developed a proactive plan to respond to the impact of COVID-19, details of which were provided in the operational and financial update issued on April 1, 2020. The plan addressed operating costs, capital spending and financial flexibility, further details of which are summarized later in this earnings release.
- Gross profit margin for the first quarter of 2020 was 22.2%, 680 basis points lower than the first quarter 2019.
  - The significant, and almost immediate reduction in revenue in March 2020, were followed by significant actions taken during late March 2020 to reduce future direct operating expenses and to improve gross profit:
    - Operational support and administration personnel were laid-off or furloughed, resulting in annualized anticipated savings of approximately \$15 million, based on current employment levels;
    - In April and May, 2020, salaries for operational personnel, including the senior leadership team, were reduced by 10-20% resulting in annualized anticipated savings of approximately \$3 million; and
    - Organizational cost controls were implemented restricting expenditures to essential activities.
- First quarter Adjusted EBITDA of \$18.1 million in 2020 was down \$15.1 million from the same period in 2019.
  - Adjusted EBITDA was negatively impacted by the items impacting revenue and gross margin, as well as a temporary increase in general and administrative expenses ("G&A"). The increase in G&A relates primarily to the Company's enterprise resource planning project ("ERP") and business improvement initiatives. In particular, the majority of ERP activities were expensed in the current year quarter versus being capitalized in the prior year comparative quarter.
  - In addition to the efforts to reduce direct operating expenses, the following significant actions were taken during late March, April and May 2020 to reduce G&A:
    - General and administrative personnel were laid-off or furloughed, resulting in annualized anticipated savings of approximately \$5 million;
    - The CEO's salary and Board of Director's cash compensation were reduced by 40% and salaries for general and administrative personnel, including the senior leadership team, were reduced by 10-20%, resulting in annualized anticipated savings of approximately \$1 million;
    - The implementation of a centralized shared services center was announced, which will result in the consolidation of the Company's administrative operations in Brownsburg, Indiana, eliminating these activities from its Red Deer, Alberta location. Additionally, cost reduction initiatives have been put in place to reduce information technology costs and non-essential expenditures; and
    - The Company anticipates that the combination of the above noted actions will result in annualized G&A savings of approximately \$10 million.
  - In addition to the cost reduction initiatives noted above, the manufacturing of new hydrovac units was temporarily

suspended effective April 2020, with the exception of a minimal number of specialty unit builds that are currently planned throughout the remainder of 2020. Essential staffing levels are being maintained at the manufacturing facility to provide for the decommissioning of retired units in addition to planning activities associated with the future manufacturing of Badger's 5<sup>th</sup> generation hydrovac units.

- In light of current activity levels Badger will continue to seek opportunities to optimize its fleet across its branch network by reallocating underutilized hydrovac units to markets with higher activity levels.
- Net profit for the first quarter of 2020 was \$5.1 million or \$0.15 per share compared to \$6.0 million or \$0.16 per share in the prior year comparative quarter. Net profit for the first quarter of 2020 was impacted by the same items as Adjusted EBITDA, in addition to higher depreciation and amortization expense, offset in part, by the decrease in share-based plan expense.
- Badger continues to maintain a strong balance sheet, and as at May 7, 2020, has access to more than \$300 million in liquidity to manage through the uncertain business environment currently resulting from the onset of COVID-19.
  - On May 7, 2020, the Company entered into a supplemental \$100 million, one-year, committed credit facility to further enhance the existing \$300 million credit facility.
  - As at May 7, 2020, the Company has approximately \$100 million of cash and cash equivalents and has access to over \$200 million of undrawn borrowing capacity under its committed credit facilities.
  - As at March 31, 2020, total debt less consolidated cash and cash equivalents was \$189.5 million, with a corresponding total debt less consolidated cash and cash equivalents to Compliance EBITDA ratio of 1.3:1.0, well within the covenant threshold of 4.0:1.0.
- As disclosed on April 1, 2020, as a result of uncertainty and disruptions in the North American economy and volatility in commodity markets caused by the COVID-19 pandemic, the Company has withdrawn its 2020 financial outlook for Adjusted EBITDA and hydrovac builds. The Company continues to focus on generating long-term financial growth. See "Long-term Business Outlook" for additional details.
- See "COVID-19 Update and Business Restructuring Activities" for additional details on the actions taken by Badger to minimize the operational and financial impact on its business as a result of the COVID-19 pandemic.

### **Chief Executive Officer 2020 First Quarter Message**

"We continue to proactively manage Badger's operations in light of the impact of COVID-19 in order to provide our employees and customers with a safe operating environment while also managing our cost structure. Hydrovac is considered to be an essential service across our operating geographies and our focus is providing customers with the level of safe and efficient service they expect. We have implemented additional safety policies, operating cost controls, capital spending reductions and have strengthened Badger's financial position. These actions are intended to mitigate business uncertainty and the effect of the virus related economic slowdown," said Paul Vanderberg, President and Chief Executive Officer.

"Badger began to see the impact of the virus in mid-March, prior to which, 2020 activity levels were progressing with a typical spring ramp up. As a result of the onset of COVID-19, we have acted to position the business for the uncertainty that now exists, including reductions in executive and board compensation, reductions in operations and corporate staffing, reductions in non-operator salaries, the curtailment of new hydrovac production and the addition of a supplemental \$100 million, one-year credit facility. We have taken advantage of the lower activity levels to accelerate the consolidation of our shared service and back office functions in conjunction with our new ERP system implementation, utilizing this unique environment to assess and optimize all aspects of Badger's business. The successful ERP system go lives that concluded in January supports the timing of these actions," Mr. Vanderberg added.

"We remain focused on staying close to our customers and employees; we stand ready to service our customers when they restart their operations. The work that existed prior to the shutdowns will need to be completed as the economy transitions to normalized activity levels in the future. It is likely that heightened safety awareness will be a societal by-product of this crisis; we believe this increased focus on safety will further support demand for Badger's non-destructive excavation. Badger's strong team, business model, operating scale and financial position will enable us to manage effectively through this uncertain environment and will position Badger to capitalize on the significant long-term opportunity in the North American hydrovac business," said Mr. Vanderberg.

### **COVID-19 Update and Business Restructuring Activities**

#### *COVID-19 Update*

As disclosed on April 1, 2020, in response to the COVID-19 pandemic and its impact on the North American economy, the Company has implemented a variety of actions to protect the health and safety of its employees, customers and the communities in which it serves, in addition to minimizing the disruption to its business. The Company continues to follow the advice of governments and health authorities in the jurisdictions that it operates in.

In order to minimize the financial impact of COVID-19 on its business, the Company has undertaken the following actions:

- Salary and related compensation reductions for the senior leadership team, the operations and administrative teams and the Board of Directors;
- A reduction in headcount across all functions within the business through a combination of both temporary and permanent reductions;
- The curtailment of new hydrovac production at the Company's Red Deer, Alberta manufacturing facility; and

- On May 7, 2020, the Company entered into a supplemental \$100.0 million credit facility. The facility is available for general corporate purposes, providing the Company with additional liquidity and financial flexibility should it be required. Key conditions of the facility, including financial covenants and pricing, are consistent with the Company's existing syndicated revolving credit facility. The supplemental credit facility has a one-year term, expiring on May 6, 2021.

The Company continues to actively manage and monitor all aspects of its business as a result of the current and future potential impact that COVID-19 has, and may have, on the North American economy. The Company has realized a reduction in demand for its services as a result of COVID-19 and expects this to continue until such time that the overall North American economy stabilizes. Hydrovac and related services have been designated as essential services, as such, the Company continues to focus on providing its customers with safe and reliable non-destructive excavation services.

The Company continues to maintain a strong financial position. As at May 7, 2020, the Company has approximately \$100 million of cash and cash equivalents and over \$200 million of undrawn committed credit facility capacity. As at March 31, 2020, the Company's Total Debt, net of consolidated cash and cash equivalents, to Compliance EBITDA, calculated on a trailing twelve months basis, was 1.3:1.0, well within the covenant threshold of 4.0:1.0.

The Company is currently assessing its eligibility and the applicability of the various incentives, subsidy and deferral programs that the U.S. and Canadian government have currently enacted or are proposing to implement. The Company intends to participate in all applicable programs at both a corporate level as well as facilitating and coordinating, as required, government programs specific to its employees. As at March 31, 2020, the Company's financial results do not include the impact, if any, that these programs may have on the Company.

### *Business Restructuring Activities*

In addition to headcount and general cost reduction initiatives that are directly related to the COVID-19 pandemic, during the second quarter of 2020, the Company announced a number of business restructuring activities that were planned prior to the onset of the COVID-19 pandemic. The restructuring activities, which include the formation of a shared finance and back office service center, are being driven by a combination of staffing reductions across Badger's operating regions and staff functions and internal business improvement initiatives following the implementation and integration of the Company's new ERP. The conclusion of the successful ERP go lives in January 2020 has provided the basis for these initiatives. The shared services center, which is located at Badger's existing U.S. administrative center in Brownsburg, Indiana, will enhance the Company's customer support functions, while also providing improved internal administrative capabilities. As a result of headcount reductions and other related activities associated with the restructuring, the Company anticipates recognizing a non-recurring provision related to severance and other employee related costs of approximately \$4.0 million in the second quarter of 2020, of which \$2.4 million will be recognized as a component of G&A and \$1.6 million as a component of direct costs. Badger anticipates that the restructuring activities will generate annualized run rate savings of approximately \$10 million related to G&A and \$15 million related to direct costs, based on current staffing levels. As a result of concluding post ERP go live activities, cost reduction initiatives and business restructuring activities, Badger estimates that it will enter fiscal 2021 with an annualized G&A run rate of approximately \$40 million. See "2020 First Quarter Financial and Operational Overview" for additional details on G&A.

### **Financial Highlights**

<b>(\$ thousands, except revenue per truck per month ("RPT"), per share and share information)</b>	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Revenue:		
Hydrovac service revenue	<b>130,207</b>	141,214
Other revenue	<b>6,471</b>	5,400
Total revenue	<b>136,678</b>	146,614
RPT - Consolidated (mixed currency) <sup>(1)</sup>	<b>24,966</b>	30,832
RPT - U.S. (U.S. dollars) <sup>(1)</sup>	<b>25,959</b>	31,614
RPT - Canada (Canadian dollars) <sup>(1)</sup>	<b>22,361</b>	28,910
Adjusted EBITDA <sup>(1)</sup>	<b>18,139</b>	33,274
Adjusted EBITDA per share, basic and diluted <sup>(1)(2)</sup>	<b>\$ 0.52</b>	\$ 0.91
Adjusted EBITDA margin <sup>(1)</sup>	<b>13.3%</b>	22.7%
Profit before income tax	<b>6,838</b>	8,370
Net profit	<b>5,068</b>	6,031
Net profit per share, basic and diluted <sup>(2)</sup>	<b>\$ 0.15</b>	\$ 0.16
Cash flow from operating activities before working capital adjustments	<b>18,174</b>	32,632
Cash flow from operating activities before working capital adjustments per share, basic and diluted <sup>(2)</sup>	<b>\$ 0.52</b>	\$ 0.89
Dividends paid	<b>4,972</b>	4,885
Weighted average common shares outstanding <sup>(2)(3)</sup>	<b>34,892,213</b>	36,592,791

- (1) See “Non-IFRS Financial Measures” and “Key Financial Metrics and Other Operational Metrics” for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin, and RPT.
- (2) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.
- (3) See “Share Capital” in the Company’s first quarter 2020 management’s discussion and analysis (“MD&A”) for additional details.

### Comparable IFRS Financial Information<sup>(1)</sup>

(\$ thousands, except per share information)	Three months ended March 31,	
	2020	2019
Cash flow from operating activities	25,788	36,189
Cash flow from operating activities per share, basic and diluted <sup>(2)</sup>	\$ 0.74	\$ 0.99

- (1) Cash flow from operating activities is provided as a comparable measure to cash flow from operating activities before working capital adjustments.
- (2) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.

### 2020 First Quarter Financial and Operational Overview

Revenues in the first quarter of \$136.7 million were 7% lower than the prior year comparative quarter. U.S. operations generated US\$79.0 million of revenue, which was 5% lower than the prior year comparative quarter, with the Canadian operations generating \$30.5 million of revenue, which was 14% lower than the prior year comparative quarter.

Badger continued to realize revenue growth in many of its U.S. markets prior to the impact of COVID-19 as a result of increased activity levels from both new and existing customers across a number of its U.S. geographic and end use market segments. Badger continued to generate revenue growth in many of its U.S. markets as the benefits and potential uses for hydrovac technology continue to be understood and adopted by existing and new customers. Revenue growth in the U.S. operations, in a number of regions, was lower than the prior year comparative quarter as a result of reduced customer demand due primarily to a combination of slower general activity levels combined with the impact of the wide-spread economic slowdown beginning in March 2020 as a result of the COVID-19 pandemic. Reduced revenue in the Canadian operations was due to the impact of COVID-19 combined with weakness in Western Canada as a result of reduced oil and gas customer activity levels, which more than offset modestly higher revenues in Eastern Canada, due to increased customer demand and improved operational performance.

Consolidated RPT for the first quarter of 2020 was \$24,966 compared to \$30,832 in the prior year comparative quarter. RPT in the U.S. operations in the first quarter of 2020 was US\$25,959 compared to US\$31,614 in the prior year comparative quarter, and for the Canadian operations was \$22,361 in the first quarter compared to \$28,910 in the prior year comparative quarter. The reduction in RPT in both the U.S. and Canadian operations was due to reduced customer activity levels, due in part, to a general slowdown in certain geographic locations, the impact of reduced oil and gas activity, particularly in Western Canada, combined with the impact of a broader economic slowdown throughout March 2020 as a result of the COVID-19 pandemic. RPT was also impacted by growth in the hydrovac fleet. During the first quarter of 2020, Badger added 38 net new hydrovacs into its fleet; 161 net hydrovacs have been added to the fleet over the trailing twelve months.

Gross profit margin for the first quarter of 2020 was 22.2% compared to 29.0% in the prior year comparative quarter. Gross profit margins in the U.S. and Canadian operations were negatively impacted by COVID-19 which resulted in reduced labour efficiency and higher costs associated with non-operator support functions expressed as a percentage of revenue. Average hydrovac rates were consistent across the majority of the U.S. and Canadian markets compared to the prior year comparative quarter, and as such, did not have a significant impact on gross profit. Despite the difficult economic and operating conditions, Badger continues to focus on the execution of strategic pricing initiatives, ensuring service rates are reflective of the total value proposition Badger’s services provide and local market conditions.

G&A for the first quarter of 2020 was \$12.1 million compared to \$9.3 million in the prior year comparative quarter. As a percentage of revenue, G&A was 8.9% in the first quarter of 2020, compared to 6.3% in the prior year comparative quarter. Consistent with fiscal 2019, the increase in G&A on a total dollar basis, and as a percentage of revenue, is primarily the result of costs directly and indirectly associated with the implementation of the ERP system, costs associated with maintaining certain components of the legacy system and certain activities being undertaken to augment the administrative infrastructure in order to support the overall growth in Badger’s business. In particular, the increase in costs relate to activities directly and indirectly attributable to investments in technology, business process improvement initiatives combined with costs associated with the implementation of the ERP.

As previously noted, Badger has undertaken a number of business restructuring activities which are anticipated to result in

annualized run rate G&A reductions of \$10 million, the benefit of which is anticipated throughout the second half of 2020.

Due to the ongoing uncertainty and the potential impact that COVID-19 may have on the business, it is not currently possible to provide an estimate or details on the 2020 annualized run rate of G&A as a percentage of revenue. As previously noted, as a result of cost reduction initiatives and business restructuring activities undertaken throughout 2020, Badger estimates that it will enter fiscal 2021 with an annualized G&A run rate of approximately \$40 million. The 2021 anticipated G&A run rate includes the benefit of cost reduction initiatives, offset in part, by approximately \$8 million of information technology related licensing fees associated with Badger's ERP that were eligible to be capitalized in fiscal 2018 and 2019 as part of the overall ERP implementation project. Badger continues to focus on achieving its long-term target of G&A being 4% of revenue.

Adjusted EBITDA for the first quarter of 2020 was \$18.1 million, compared to \$33.3 million in the prior year comparative quarter, with a corresponding Adjusted EBITDA margin of 13.3% compared to 22.7% in the prior year quarter. Adjusted EBITDA and Adjusted EBITDA margin were impacted by reduced revenues, lower gross profit margins and higher direct costs and general G&A, all of which were discussed previously.

Net profit for the first quarter of 2020 was \$5.1 million or \$0.15 per share compared to \$6.0 million or \$0.16 per share in the prior year comparative quarter. Net profit for the fourth quarter of 2020 was impacted by the same items as Adjusted EBITDA, in addition to higher depreciation expense, offset in part, by reduced share-based plan expense. Net profit per share on a quarter-over-quarter basis benefitted from a 5% reduction in the weighted average common shares outstanding as a result of common shares repurchased under the Company's normal course issuer bid program.

During the first quarter of 2020, 38 net hydrovacs were placed into service consisting of 58 new and 20 retired units. As previously noted, due to the onset of COVID-19, the Company has curtailed the production of new hydrovacs. Badger continues to focus on fleet management with ongoing efforts to relocate trucks across the entire branch network to maximize asset utilization and the efficiency of capital expenditures. As at March 31, 2020, Badger had 1,402 hydrovacs compared to 1,241 as at March 31, 2019.

### **Normal Course Issuer Bid**

During the first quarter of 2020, pursuant to the Company's normal course issuer bid ("NCIB"), 69,900 common shares were purchased and cancelled at a weighted average price per share of \$29.72. On a cumulative basis, since the fourth quarter of 2018 to the period ended May 7, 2020, the Company has purchased and cancelled 2,287,668 common shares, or approximately 6% of the pre-NCIB common shares outstanding, at a weighted average price per share of \$36.61.

The existing NCIB program will expire on May 20, 2020. The Board of Directors does not intend to renew the program at this time; and believes that not renewing the NCIB is prudent given the degree of uncertainty in the economy and financial markets.

### **Long-term Business Outlook**

Badger remains focused on generating profitable long-term sustainable growth to drive total shareholder returns. The long-term strategic financial and operational milestones, which are unchanged from those disclosed with the Company's 2019 fourth quarter earnings release, consist of:

- i. double the U.S. business operations from fiscal 2019 levels over a period of 3 to 5 years;
- ii. target annualized Adjusted EBITDA growth of 15% on average over a period of 3 to 5 years;
- iii. target annualized Adjusted EBITDA margins of 28% to 29%; and
- iv. target revenue per truck per month over \$30,000.

As disclosed on April 1, 2020, as a result of the ongoing disruptions to the North American economies and heightened uncertainties due to the COVID-19 pandemic, and the volatility in commodity markets, the Company withdrew its 2020 financial outlook for Adjusted EBITDA and hydrovac builds.

### **2020 First Quarter Results and Conference Call**

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2020 first quarter results is scheduled for 7:00 a.m. MT on Friday, May 8, 2020. Internet users can listen to the call live, or as an archived call, on Badger's website at: [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter passcode 2542907. A playback of the call will be available until Friday, May 22, 2020. To access the playback, dial: 1-855-859-2056 and enter passcode 2542907.

### **Annual General Meeting**

As of the date of this press release, the Company intends to hold its annual general meeting of shareholders in person on May 8, 2020 at Badger's corporate head office located at ATCO Centre II, Suite 400, 919 - 11th Avenue S.W. Calgary, Alberta. In order to mitigate risks to the health and safety of shareholders, management, and community at large, the Company, with regret, but in accordance with current public health guidelines, discourages shareholders from physically attending the meeting and asks that all shareholders vote by proxy or voting instruction form prior to the meeting. The number of people permitted to attend the meeting will be subject to and limited by applicable health and safety requirements in effect at the time of the meeting. Access to the meeting will be limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the meeting.

Shareholders will be able to listen to the meeting online by way of a conference call and webcast scheduled for 1:30 p.m. MT

on Friday, May 8, 2020. A presentation will be posted to Badger's website prior to the meeting and shareholders can listen to the call live at [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter Passcode 9042149. Shareholders will be able to ask questions of management through the webcast at the conclusion of the meeting, but this is not a virtual meeting and as such shareholders cannot vote as part of the webcast.

## **2020 First Quarter Disclosure Documents**

Badger's first quarter 2020 Management's Discussion and Analysis and unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020, along with all previous public filings of Badger Daylighting Ltd. may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Non-IFRS Financial Measures**

This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other companies or entities. These financial measures are identified and defined below. See "Non-IFRS Financial Measures" in the Company's first quarter 2020 MD&A for detailed reconciliations of Non-IFRS financial measures.

"Adjusted EBITDA" is earnings before interest, taxes, depreciation and amortization, share-based compensation, gains and losses on sale of property, plant and equipment, and gains and losses on foreign exchange. Adjusted EBITDA is a measure of the Company's operating profitability and is therefore useful to management and investors as it provides improved continuity with respect to the comparison of operating results over time. Adjusted EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, the results are taxed in various jurisdictions, and assets are amortized. In addition, Adjusted EBITDA excludes gains and losses on sale of property, plant and equipment as these gains and losses are considered incidental and secondary to the principal business activities, it excludes gains and losses on foreign exchange as such gains and losses can vary significantly based on factors beyond the Company's control and it excludes share-based compensation as these expenses can vary significantly with changes in the price of the Company's common shares.

"Adjusted EBITDA margin" is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

"Compliance EBITDA" is earnings before interest, taxes, depreciation, amortization, and certain other items calculated on a 12-month trailing basis, and is used by the Company to calculate compliance with its debt covenants and other credit information.

"Total Debt" consists of long-term debt and lease liabilities, including the current portion thereof, and issued letters of credit, less certain cash on hand. Total Debt is used by the Company to calculate compliance with its debt covenants and other credit information.

## **Key Financial Metrics and Other Operational Metrics**

"Revenue per truck per month" ("RPT") is a measure of hydrovac fleet utilization. It is calculated using hydrovac and hydrovac related revenue only. RPT is calculated on both a consolidated basis and for each geographic segment by dividing hydrovac and hydrovac related revenue for each segment, in the respective local currency, by the average number of hydrovacs in the segment during the period.

See "Key Financial Metrics and Other Operational Metrics" in the Company's first quarter 2020 MD&A for additional details on RPT.

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS**

Certain statements and information contained in this press release and other continuous disclosure documents of the Company referenced herein, including statements and information that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions relating to matters that are not historical facts, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this press release should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this press release.

In particular, forward-looking information and statements in this press release include, but are not limited to the following:

- The anticipated annualized cost savings resulting from reductions in executive officer, director and operations and administrative compensation, as well as layoffs of operational support and administrative personnel;
- The anticipated \$4.0 million non-recurring provision related to severance and other employee related costs in the second quarter of 2020, of which \$2.4 million will be recognized as a component of G&A and \$1.6 million will be recognized as a component of direct costs;
- The annualized run rate savings of approximately \$10 million related to G&A and \$15 million related to direct costs generated by anticipated restructuring activities;
- Badger's expectations for 2020 G&A expenses and its ability to reduce its existing G&A run rate through restructuring activities, including reducing headcount and consulting costs;

- The fiscal 2021 annualized run rate of G&A of approximately \$40 million which includes the benefit of certain restructuring activities and approximately \$8 million of information technology related licensing fees;
- Badger's long-term G&A target and its ability to achieve such target through business restructuring activities;
- Badger does not anticipate any limitations in its ability to access liquidity under its various credit facilities;
- Badger intends to manufacture a small number of specialty units throughout 2020;
- Badger expects the reduction in demand for services as a result of COVID-19 to continue until the overall North American economy stabilizes;
- Badger intends to participate in all applicable government programs for employees, as well as at the corporate level;
- Badger continues to maintain a strong financial position and focus on the execution of strategic pricing initiatives, optimizing its fleet and expense management in order to minimize the impact of the COVID-19 pandemic on its business;
- The anticipated effects of the shared services center, including enhancing Badger's customer support functions and improving internal administrative capabilities;
- The timing, and the impact on the business, if any, of achieving Badger's long-term strategic financial and operational milestones;
- Heightened safety awareness resulting from the COVID-19 pandemic will support demand for Badger's non-destructive excavation services;
- Badger continues to focus on fleet management with ongoing efforts to relocate trucks across the entire branch network to maximize asset utilization and the efficiency of capital expenditures;
- Badger's strong team, business model, operating scale and financial position will enable it to manage effectively through the current uncertain environment, and will position it to capitalize on the significant long-term opportunity in the North American hydrovac business;
- The benefits, if any, that Badger's operational scale creates relative to financial and operating performance; and
- The date and format of Badger's annual general meeting of shareholders.

The forward-looking information and statements made in this press release rely on certain expected economic conditions and overall demand for Badger's services and are based on certain assumptions. The assumptions used to generate this forward-looking information and statements are, among other things, that:

- Badger will maintain its financial position and financial resources will continue to be available to Badger;
- The actions taken by Badger to protect the health and safety of its employees, customers and communities and to mitigate the operational and financial effects of the COVID-19 pandemic will have the intended effects;
- The overall market for Badger's services will not be adversely affected in the long term by the COVID-19 pandemic, economic disruption, or other factors beyond Badger's control such as weather, natural disasters, global events, legislation changes and technological advances;
- There will be long-term sustained customer demand for hydrovac services from a broad range of end use markets in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- Badger will collect customer payments in a timely manner;
- Badger will be able to compete effectively for the demand for its services;
- There will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors; and
- Badger will realize the efficiencies of the ERP implementation, shared services center and other business improvement initiatives.

Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: the magnitude and length of the global, national and regional economic and social disruption being caused as a result of the global COVID-19 pandemic; national, regional and local governmental laws, regulations and orders relating to the COVID-19 pandemic that may materially adversely impact the Company's ability to continue operations; political and economic conditions; industry competition; price fluctuations in commodity markets and related products and services; Badger's ability to attract and retain key personnel; the availability of future debt and equity financing; changes in laws or regulations, including taxation and environmental regulations; extreme or unsettled weather patterns; and fluctuations in foreign exchange or interest rates.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or at the Company's website. The forward-looking statements and information contained in this press release are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

#### **About Badger Daylighting Ltd.**

[Badger Daylighting Ltd.](#) (TSX:BAD) is North America's largest provider of non-destructive excavating services. Badger traditionally works for contractors and facility owners in a broad range of infrastructure industries. The Company's key technology is the Badger hydrovac, which is used primarily for safe digging in congested grounds and challenging conditions. The Badger hydrovac uses a pressurized water stream to liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. Badger manufactures its truck-mounted hydrovac units.

**For further information:**

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