



**Management's Discussion and Analysis**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022**

**August 10, 2022**

## Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and notes thereto of Badger Infrastructure Solutions Ltd. (the "Company" or "Badger") as at and for the three and six months ended June 30, 2022 and 2021. This MD&A is a review of the financial results of Badger and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for the quarter ended June 30, 2022. Readers should also refer to all previous public filings, including the Company's Annual Information Form and MD&A for the year ended December 31, 2021, which may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is dated and has been prepared taking into consideration information available to August 10, 2022. All references to "dollars" and "\$" are to the currency of U.S. dollars unless otherwise indicated. Effective January 1, 2022, Badger began reporting results in U.S. dollars to improve year over year comparability given foreign exchange rate fluctuations as the majority of its business activities are denominated in U.S. dollars. The change was implemented prospectively, with comparative financial information previously expressed in Canadian dollars having been restated to be expressed in U.S. dollars, beginning the three and six months ended June 30, 2022.

This MD&A includes forward-looking statements and assumptions. See "Cautionary Statements Regarding Forward-Looking Information and Statements" for additional details.

### Overview of Badger

Badger is North America's largest provider of non-destructive excavating and related services. Badger works for contractors and facility owners in a broad range of infrastructure industries. These market segments consist primarily of infrastructure projects in areas such as energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment and general municipal infrastructure. Customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres where safety and economic risks are high and therefore non-destructive excavation provides a safe alternative for certain customer excavation requirements. The primary advantage of our non-destructive solutions is to mitigate the risk of potential line strikes resulting in business and service interruptions to critical infrastructure owners, operators and stewards.

The Company's key technology is the Badger Hydrovac™, which is used primarily for safe excavation around critical infrastructure and in congested underground conditions. The Badger Hydrovac uses a pressurized water stream to liquify the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. To complement the Badger Hydrovac, the Company began field-testing prototype air excavation units, Badger Airvac™ Pending, in late 2021. The Airvac is used like a Badger Hydrovac for safe excavation. The Airvac utilizes compressed air versus water to loosen the cover soil before vacuuming and depositing into a storage tank.

The Badger Airvac complements the Badger Hydrovac and both are designed and manufactured by Badger. Badger's vertical integration increases the certainty of non-destructive excavation unit supply to support the Company's growth and retirement replacement requirements at a cost less than purchasing from third party manufacturers. The vertical integration also allows Badger the opportunity to incorporate feedback from its non-destructive excavation unit operators and customers into its design and manufacturing processes, and reduces fleet downtime for repairs due to integrated repair part availability.

### Quarterly Operational Highlights

The improving market activity and customer demand trends experienced late in the first quarter of 2022 continued throughout the second quarter. Coupled with disciplined operational and cost management efforts, Badger experienced meaningful year over year improvements in its operating leverage and margins. Overall, the second quarter was in line with our expectations.

Year-over-year revenue grew by 30.6% supported by balanced revenue growth across all of Badger's operating regions. Similarly, all operating regions experienced positive operating performance resulting from increased pricing, improved fuel recovery and cost controls. This resulted in better operating leverage as Adjusted EBITDA margins<sup>(1)</sup> improved from 10.7% to 18.0% year over year.

Badger continued to focus on improving asset utilization as RPT for the quarter was 40,281, a 34.8% year over year improvement from the second quarter of 2021 and a 27.6% sequential improvement from the first quarter of 2022. Badger added 21 non-destructive excavation units to its fleet in the quarter and retired 9.

Badger manufactured 21 non-destructive excavation units in the second quarter and 37 units year to date in 2022, versus 5 and 13 units, respectively, for the same periods in 2021. Nine units were retired in the quarter and 47 units have been retired year to date. As at June 30, 2022, 10 non-destructive excavation units were held as finished inventory, all of which have been placed into service subsequent to quarter end.

<sup>(1)</sup> "Adjusted EBITDA margin" is not a standardized financial measure prescribed by IFRS and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Adjusted EBITDA margin.

**Business Outlook**

Badger anticipates that the year over year revenue growth and market demand trends experienced in the second quarter of 2022 will continue for the remainder of the year, and consistent with the Company's typical seasonality. These trends are supported by improved macro-economic conditions across the broader non-residential construction segment in the U.S. and in previously weak sectors such as oil and gas.

Badger continues to invest in its capabilities and key strategic initiatives to position the Company to capture the long-term growth opportunity in the North American market for non-destructive excavation and related services. Investments in the Company's sales and marketing capabilities will be a focus area for the remainder of the year.

Badger also continues to focus on fleet management and utilization to support near-term growth requirements and will continue to leverage its vertically integrated manufacturing capabilities to support medium and long-term growth requirements.

Badger is targeting the production of between 130 and 150 units in 2022, down slightly from the previous target of 150 to 180 units. Badger plans to retire between 65 to 85 units, up slightly from the previous target of 40 to 60 units. The 2022 build forecast has been reduced due to second quarter production levels being lower than initial forecast. Badger experienced production challenges during the second quarter related to training new employees and full adoption of the MRP system. As Badger exited the quarter, production levels have increased and are reflected in the updated 2022 build forecast.

Badger continues to be comfortable with chassis and key component availability and does not expect to be impacted materially by supply chain disruptions, based on the Company's supplier relationships and inventory planning completed earlier in 2022.

Badger has managed through the recent inflationary environment by increasing focus on sales activities, pricing increases, its fuel recovery program and operating cost management. The Company is focused on returning to historical revenue growth and margin levels. It is too early for the Company to determine what impact, if any, may result from the increasing, global recessionary risks.

## Financial Highlights

(\$ U.S. thousands, except revenue per truck per month ("RPT"), per share and share information)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue:				
Non-destructive excavation service revenue	138,229	105,651	247,620	186,502
Other revenue	5,929	4,772	10,685	9,635
Total revenue	144,158	110,423	258,305	196,137
RPT - Consolidated (mixed currency) <sup>1</sup>	40,281	29,887	35,637	26,442
RPT - U.S. (U.S. dollars) <sup>1</sup>	40,742	30,391	35,779	26,666
RPT - Canada (Canadian dollars) <sup>1</sup>	39,095	28,627	35,275	25,878
Adjusted EBITDA <sup>1</sup>	25,910	11,764	36,592	16,128
Adjusted EBITDA per share, basic and diluted <sup>1 2</sup>	\$ 0.75	\$ 0.34	1.06	0.46
Adjusted EBITDA margin <sup>1</sup>	18.0%	10.7%	14.2%	8.2%
Earnings (loss) before income tax	6,113	(2,636)	(591)	(18,031)
Net earnings (loss)	4,805	(2,242)	(460)	(13,986)
Net earnings (loss) per share, basic and diluted <sup>2</sup>	\$ 0.14	\$ (0.06)	(0.01)	(0.40)
Cash from operating activities before working capital and other adjustments	26,226	11,806	36,689	15,932
Cash from operating activities before working capital and other adjustments per share, basic and diluted <sup>2</sup>	\$ 0.76	\$ 0.34	1.06	0.46
Dividends paid <sup>3</sup>	4,469	4,474	5,897	8,666
Weighted average common shares outstanding <sup>2</sup>	34,473,438	34,820,614	34,473,438	34,837,134

(1) "Adjusted EBITDA" and "Adjusted EBITDA margin" are not standardized financial measures prescribed by IFRS and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Adjusted EBITDA and Adjusted EBITDA margin. See "Key Financial Metrics and Other Operational Metrics" for additional details on RPT. Per share, basic and diluted measures calculated by dividing the financial measure with the weighted average common shares outstanding for the period. RPT reflects the updated calculation methodology and the comparative year's RPT has been restated to reflect the updated methodology.

(2) See "Share Capital" for additional details.

(3) The frequency of dividend payments was changed from monthly to quarterly effective with the March 2022 dividend payment.

## Quarter Highlights

For the three months ended June 30, 2022:

- Revenue was \$144.2 million or approximately 130.6% of the revenue realized in the second quarter of 2021.
- RPT improved to \$40,281 compared with \$29,887 realized in the second quarter of 2021.
- Gross profit margin improved to 24.8% compared with 19.2% in the second quarter of 2021.
- G&A was \$9.8 million or 6.8% of revenue compared with \$9.5 million or 8.6% in the second quarter of 2021.
- Adjusted EBITDA margin increased to 18.0% compared with 10.7% in the second quarter of 2021.
- Net earnings was \$4.8 million compared with net loss of \$2.2 million in the second quarter of 2021.
- Cash from operating activities before working capital and other adjustments of \$26.2 million compared with \$11.8 million in the second quarter of 2021.

For the six months ended June 30, 2022:

- Revenue was \$258.3 million or approximately 131.7% of the revenue realized in the first half of 2021.
- RPT improved to \$35,637 compared with \$26,442 realized in the first half of 2021.
- Gross profit margin improved to 22.0% compared with 17.7% in the first half of 2021.
- G&A was \$20.1 million or 7.8% of revenue compared with \$18.5 million or 9.4% in the first half of 2021.
- Adjusted EBITDA margin increased to 14.2% compared with 8.2% in the first half of 2021.
- Net loss was \$0.5 million compared with net loss of \$14.0 million in the first half of 2021.
- Cash from operating activities before working capital and other adjustments of \$36.7 million compared with \$15.9 million in the first half of 2021.

### 2022 Adjusted EBITDA Summary

Consolidated Adjusted EBITDA (see "Non-IFRS Financial Measures") for the three months ended June 30, 2022 was \$25.9 million compared with \$11.8 million during the same period in 2021.

The breakdown of Adjusted EBITDA by the Company's geographic segments is as follows:

	2022			2021		
(\$ U.S. thousands)	U.S.	Canada	Consolidated	U.S.	Canada	Consolidated
Non-destructive excavation revenue	115,581	22,648	138,229	87,801	17,850	105,651
Other services revenue	3,135	2,794	5,929	2,323	2,449	4,772
Total revenue	118,716	25,442	144,158	90,124	20,299	110,423
Direct costs	89,685	18,714	108,399	72,758	16,447	89,205
Gross profit	29,031	6,728	35,759	17,366	3,852	21,218
Gross profit margin (%)	24.5%	26.4%	24.8%	19.3%	19.0%	19.2%
G&A	9,062	787	9,849	8,040	1,414	9,454
Adjusted EBITDA	19,969	5,941	25,910	9,326	2,438	11,764
Adjusted EBITDA margin (%)	16.8%	23.4%	18.0%	10.3%	12.0%	10.7%

### Non-destructive excavation revenue

Consolidated non-destructive excavation revenue was \$138.2 million, \$32.6 million or 30.8% higher than the \$105.7 million in non-destructive excavation revenue generated during the prior year's comparative quarter.

Non-destructive excavation revenue in the U.S. operations was \$115.6 million, 31.6% higher than the \$87.8 million revenue generated in the prior year.

Non-destructive excavation revenue in the Canadian operations was \$22.6 million, 26.9% higher than the \$17.9 million generated in the prior year's comparative quarter.

### Other services revenue

Other services revenue was \$5.9 million, \$1.2 million or 24.2% higher than the \$4.8 million in other service revenue generated during the prior year's comparative quarter.

## Revenue per truck per month

	2022	2021
Consolidated RPT (mixed currency)	40,281	29,887
U.S. operations (USD)	40,742	30,391
Canadian operations (CAD)	39,095	28,627

Effective January 1, 2022 and aligning with the new legal structure, Badger has revised the methodology in which it calculates RPT:

- Raw materials, work in progress and finished non-destructive excavation units held for sale in the normal course of operations are presented in inventory in the manufacturing legal entity and will be identified as inventory on the balance sheet. The finished non-destructive excavation units are transferred to the fleet legal entities in a timely manner after completion and placed into service across Badger's branch network. Any finished non-destructive excavation units that remain in the possession of the manufacturing entity during the applicable reporting period will be counted as inventory and excluded from the RPT calculation. Non-destructive excavation units held in the fleet legal entity will continue to be included in RPT calculations for the applicable reporting period.
- RPT for Badger's operating partners and franchisees previously reflected the net revenue recognized by the Company versus the gross revenue that a non-destructive excavation unit would generate. Badger's operating partner and franchisee agreements prescribe a revenue sharing split between Badger and the operating partners/franchisee, and Badger has historically and will continue to report net operating revenue as part of non-destructive excavation revenue on its financial statements. To apply a consistent utilization metric across all parts of Badger's business, the RPT for Badger's operating partners will now reflect the gross revenue generated on each non-destructive excavation unit. The change in RPT calculation primarily impacts the Canadian segment as Canada has a proportionately higher share of revenue from operating partners. The non-destructive excavation revenue determination for disclosure purposes in the consolidated statement of comprehensive income will not change as part of the change to the RPT calculation. All comparative periods have been restated to reflect these changes.

Consolidated RPT for the quarter was \$40,281, compared with \$29,887 in the prior year's comparative quarter. The increase in consolidated RPT reflects Badger continued commitment to optimize fleet utilization and management.

U.S. operations RPT was \$40,742, a 34.1% increase compared with \$30,391 in the prior year. Canadian operations RPT was \$39,095, a 36.6% increase compared with \$28,627 in the prior year. As at June 30, 2022, Badger had 1,353 non-destructive excavation units in its fleet compared with 1,367 as at June 30, 2021.

### Direct Costs

Direct costs were \$108.4 million or 75.2% of revenue compared with \$89.2 million or 80.8% of revenue in the prior year.

Labour related costs decreased as a percentage of revenue due to increased volume and cost management actions. Prior year and prior quarter labour related costs were impacted by overtime as a result of operator quarantine from COVID-19 exposures, operator shortages in certain areas, training costs for onboarding new operators to meet customer demand and retention costs for operators.

Costs related to fuel increased as a percentage of revenue due to higher average diesel prices, but were largely offset by the Company's fuel recovery program. Costs relating to salaried sales and operations support staff in the branch areas modestly increased to support elevated demand. Repair and maintenance expenses remained consistent as a percentage of revenue.

Overall, increases in direct costs were more than offset by higher volume and revenue experienced in the quarter resulting in improved operating leverage.

### Gross Profit

Gross profit was \$35.8 million resulting in a gross profit margin of 24.8% compared with \$21.2 million and 19.2% in the prior year.

### General and Administrative ("G&A") Expenses

G&A expense was \$9.8 million or 6.8% of revenue compared with \$9.5 million or 8.6% of revenue in the prior year. The year over year cost increase was as a result of consulting fees, software license and legal cost increases to support the implementation of strategic initiatives. These costs increases were partially offset by lower management bonuses, relocation expenses, and accounting fees.

## **Depreciation and Amortization of Property, Plant and Equipment, Right-of-Use and Intangible Assets**

Depreciation and amortization expense was \$14.6 million compared with \$14.4 million in the prior year.

### **Share-based Compensation Expense**

Share-based compensation expense was \$1.4 million compared with \$1.5 million recovery in the prior year. Share-based compensation expense will fluctuate based on the effects of the movement in Badger's share price, combined with the impact of normal course vesting of previously issued long-term incentive plan grants and the issuance, if any, of new long-term incentive plan grants.

The Company has entered into total return swap contracts to manage the exposure to share price market risk on its cash-settled long-term incentive plan programs. All total return swap contracts are recorded at fair value. The unrealized loss on the total return swaps was \$2.2 million compared with nil in the prior year.

### **Finance Cost**

Finance costs, which consist primarily of interest and standby fees on the Company's syndicated revolving credit facility and finance costs associated with lease liabilities, were \$1.8 million, \$0.7 million higher than the prior year of \$1.1 million.

As at June 30, 2022, the Company's debt obligations, excluding the impact of operating leases and outstanding letters of credit, consisted of \$145.7 million drawn on the Company's syndicated revolving credit facility and \$19.9 million in lease liabilities.

### **Income Tax**

Current income tax expense of \$0.1 million was comprised of \$0.2 million in Canadian current income tax expense (2021 – \$1.1 million recovery) and a recovery of \$0.1 million in the U.S. (2021 – nil). The change in U.S. and Canadian current income taxes is due primarily to changes in underlying taxable income.

Deferred income tax recovery was \$1.2 million compared with nil in the prior year's comparative quarter.

The Company is subject to routine audits of its tax filing positions by the Canada Revenue Agency and the Internal Revenue Service (the "IRS"). In 2020, the Company appealed the findings of one such audit conducted by the IRS in respect of excise tax paid and payable during the 2015-2019 fiscal years (the "Excise Tax Audit"), and that appeal was heard by the IRS' Independent Office of Appeals in the fourth quarter of 2021. The matter remains unresolved as at June 30, 2022. The Company and its tax advisors continue to believe that the Company's tax filing positions are appropriate and, accordingly, no amounts have been accrued in the consolidated financial statements in connection with the Excise Tax Audit.

### **Net earnings (loss)**

Net earnings was \$4.8 million compared to net loss of \$2.2 million in the prior year's comparative quarter. The year over year improvement in net earnings was driven by higher revenue and higher margin, partially offset by higher general and administrative expenses, unrealized loss on derivatives, higher finance costs, higher share-based plan and income tax expenses, all of which is fully described previously in this MD&A.

### **Other Comprehensive Income (Loss)**

Total other comprehensive income (loss) ("OCI"), which includes the effect of translating Canadian operations into U.S. dollars, resulted in other comprehensive loss of \$0.6 million compared with other comprehensive income of \$0.9 million in the prior year's comparative quarter. The change in OCI is the result of the Canadian dollar weakening relative to the U.S. dollar throughout the period. Effective January 1, 2022, Badger changed its presentation currency from Canadian dollars to U.S. dollars. In the interim unaudited condensed consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive income. The Company has applied the presentation currency change retrospectively. OCI balances were restated to reflect the change in presentation currency and its impact on the net investment hedge treatment. Previously included in OCI was the effect of translating U.S. operations into Canadian dollars, and the offsetting translation of U.S. dollar denominated senior secured notes into Canadian dollars that were designated as a hedge of U.S. operations. As a result of a reporting currency change and repayment of the senior secured notes on January 24, 2022, the net investment hedge is discontinued and all appropriate changes to OCI are reflected retrospectively.

## Capital Resources

### Investing

Badger invested \$20.9 million in total capital expenditures during the quarter, compared with \$9.1 million in the prior year comparative quarter. Capital expenditures during the quarter were primarily related to the production of non-destructive excavation units.

In 2022, Badger expects to manufacture between 130 and 150 non-destructive excavation units and retire 65 to 85, while continuing to manufacture and purchase specialty units. Badger continues to focus on optimizing its current fleet and driving higher utilization. The Company is uniquely positioned to be able to respond to changes in regional customer service requirements due to its large non-destructive excavation fleet, extensive branch network and manufacturing capabilities.

For the six months ended June 30, 2022, Badger completed 37 non-destructive excavation units, compared with 13 units for the same period in 2021. 27 non-destructive excavation units were placed into service, with 10 units held in inventory at June 30, 2022. For the quarter ended June 30, 2022, Badger completed 21 non-destructive excavation units compared to 5 units in the prior year.

### Capital Expenditures

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Hydrovac completed units <sup>1 2</sup>	15,450	1,612	16,606	2,481
Other vehicles and trailers	4,152	6,120	6,011	13,363
Buildings <sup>3</sup>	1,204	1,255	2,046	2,609
Other	104	91	104	160
<b>Total expenditures of property, plant and equipment</b>	<b>20,910</b>	<b>9,078</b>	<b>24,767</b>	<b>18,613</b>
Upfront payments for right-of-use assets <sup>4</sup>	4	—	34	31
<b>Total capital expenditures</b>	<b>20,914</b>	<b>9,078</b>	<b>24,801</b>	<b>18,644</b>

(1) During the first quarter of 2022, the application of the Company's accounting policy to its revised operating model resulted in the inclusion of finished goods, manufacturing parts, and work in progress as part of Inventory rather than Property, Plant and Equipment.

(2) In accordance with IFRS, the change in Inventory accounting policy application has been treated prospectively with no comparative period adjustment. As a result, the 2021 balance for non-destructive excavation completed units includes work in progress inventory previously reported as Property, Plant and Equipment; whereas, the 2022 balance has been adjusted to reflect work in progress adjustment to inventory.

(3) Additions to buildings includes expansion of the manufacturing facility in Red Deer, Alberta.

(4) Upfront payments for right-of-use assets relate to the Company's leasing of light-duty trucks.

	Completed Units	Average Manufacturing Costs
<b>Q2 2022</b>	<b>21</b>	<b>\$466,000</b>
Q1 2022	16	\$455,000
2021	32	\$440,000
2020	85	\$333,000
2019	199	\$316,000
2018	191	\$306,000

The cost to build a non-destructive excavation unit will fluctuate on an annual basis due to factors such as: the number of non-destructive excavation units built; the cost of chassis; labour and materials; and the impact of foreign currency rates as certain materials are denominated or otherwise influenced by foreign currency exchange rates.

### Lease Liability

As at June 30, 2022, the Company had \$19.9 million in lease liabilities (December 31, 2021 – \$15.4 million) related primarily to operating and administrative building lease arrangements. There is no lease liability associated with the Company's light-duty vehicle leases as the full consideration of the underlying lease is paid at the inception of the lease.

### Liquidity and Capital Resources

	June 30, 2022	December 31, 2021
Committed credit facilities	310,414	315,507
Borrowings under credit facility	(145,678)	(96,802)
Letters of credit issued	(3,950)	(3,957)
Cash on hand	4,448	4,137
Available Liquidity	165,234	218,885

Badger continues to maintain sufficient liquidity. The Company's revolving credit facility is available for general corporate purposes, providing additional liquidity and financial capacity should it be required. The Company remained in compliance with all financial covenants associated with all lending arrangements.

#### Syndicated revolving credit facility

The Company has a CAD \$400 million (USD \$310,414), committed syndicated revolving credit facility with a syndicate of six lenders. The committed syndicated revolving credit facility allows for borrowings in either Canadian or U.S. dollars, providing Badger with the opportunity to borrow in the functional currency in both its Canadian and the U.S. operations. The syndicated revolving credit facility, which is a five-year term, matures on October 7, 2026. Badger has the flexibility to expand the syndicated revolving credit facility, subject to approval by the lenders, by an additional CAD \$150.0 million. Badger maintains the syndicated revolving credit facility for general corporate and liquidity purposes.

The syndicated revolving 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 ("BA")/London interbank offered rate ("LIBOR") also with a tiered structure. A standby fee is also required on the unused portion of the syndicated revolving credit facility on a tiered basis. Standby fees are expensed as incurred. Under the terms of the syndicated revolving credit facility, the Company must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2022, and as at June 30, 2022, the Company was in compliance with all of these covenants.

The syndicated revolving credit facility is collateralized by a general security interest over the Company's assets, property and undertaking, present and future. The outstanding letters of credit, which reduce the amount of available credit under the syndicated revolving credit facility, support the U.S. insurance program and certain other performance bonds.

As at June 30, 2022, the Company had available \$160.8 million (December 31, 2021 - \$214.7 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

#### Senior secured notes

On January 24, 2014, Badger closed a private placement of senior secured notes with an original principal of \$75.0 million. The notes, which ranked pari passu with the syndicated revolving credit facility, had an interest rate of 4.83% per annum and matured on January 24, 2022. The final amortizing principal repayment of \$25.0 million was completed on January 24, 2022 with no outstanding balance as at June 30, 2022.

### Net Working Capital

Changes in working capital levels may result from increasing or decreasing revenue, the seasonality in operations, the timing of the collection of receivables and the payment of payables, the timing of capital expenditures and the impact of fluctuations in foreign currency exchange rates. Working capital was \$84.2 million as at June 30, 2022, compared with \$42.8 million as at December 31, 2021. The change in working capital as at June 30, 2022 resulted from an increase in trade and other receivables, prepaid expenses and inventory and repayment of senior secured notes, offset by an increase in trade and other payables, derivative financial instruments and dividends payable. During the first quarter of 2022, the Company changed its accounting policy application related to the presentation of Inventory and Property, Plant and Equipment in regard to the inclusion of finished goods, manufacturing parts, and work in progress as part of Inventory rather than Property, Plant and Equipment. Year over year inventory increase is a result of the Company increasing the build rate from 2021 levels to the 2022 targets.

The largest component of Badger’s working capital is trade and other receivables. Trade and other receivables totaled \$130.0 million as at June 30, 2022, \$16.2 million higher than the balance as at December 31, 2021 of \$113.8 million. As at June 30, 2022, 93.2% of Badger’s trade receivables were aged 90 days or less, slightly increased compared to 90.8% at December 31, 2021. The Company continues to actively manage its receivables portfolio and drive further improvements in all aspects of the cash collection cycle. The implementation of enhanced credit and collections processes, including the overall management of the collections function, has resulted in improved accounts receivable collection metrics.

The Company uses its cash and cash equivalents for the purchase and manufacture of property, plant and equipment, to fund day-to-day operations, pay dividends, repurchase common shares and for general corporate purposes. Badger assesses its need for general liquidity based on its cash flow from operating activities combined with the financial capacity available under its various credit facilities. Badger’s access to liquidity, through a combination of cash flows from operating activities and its various credit facilities, is sufficient to meet the existing operational and capital expenditures of the business. Cash flows from operating activities are subject to variations and risks associated with the normal course operations of the business, including the impact of the seasonality within the business and the normal course timing and collection of working capital.

### Compliance

Under the terms of the syndicated revolving credit facility, the Company must comply with certain financial and non-financial covenants, as defined by the respective credit agreements. Badger is restricted from declaring dividends if it is in breach of the covenants governing its credit facilities. Throughout 2022 and as at the date of this MD&A, the Company is in compliance with all debt covenants and is able to fully use its various credit facilities as well as declare dividends. The Company does not maintain a credit rating.

There were no off-balance sheet arrangements and no significant outstanding balances with related parties as at June 30, 2022.

### Share Capital

As at August 10, 2022, June 30, 2022, and December 31, 2021 the number of common shares outstanding was 34,473,438. The weighted average common shares outstanding as at June 30, 2022 was 34,473,438 (December 31, 2021 – 34,600,681). Badger does not currently have any material financial instruments which can be converted into additional common shares.

Refer to the Company’s audited Annual Consolidated Financial Statements for the year ended 2021, and “Normal Course Issuer Bid” for additional details on changes to share capital.

### Normal Course Issuer Bid

On March 11, 2021, the Board of Directors approved the Company to pursue the implementation of a normal course issuer bid (“NCIB”), pursuant to which Badger would have an option to repurchase its common shares for cancellation and on March 22, 2021, the Toronto Stock Exchange (“TSX”) accepted the notice filed by the Company to implement the NCIB program. The NCIB expired on March 23, 2022. Under the NCIB, the Company was permitted to acquire up to 1,500,000 common shares, which represented 4.3% of the public float at the time of approval.

During the year ended December 31, 2021, under the NCIB, the Company purchased and cancelled 380,400 common shares at a weighted average price per share of \$36.02. No purchases were made during the period beginning January 1, 2022, through March 23, 2022.

### Contractual Obligations

Refer to the Company’s unaudited Interim Condensed Consolidated Financial Statement for disclosure related to contractual obligations. The Company anticipates using its cash and cash equivalents, in addition to the financial capacity available under its various credit facilities to fund its contractual obligations.

(\$ thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Operating leases <sup>1</sup>	331	567	511	387	267	40	<b>2,103</b>
Service contract <sup>2</sup>	3,430	4,801	565	—	—	—	<b>8,796</b>
Purchase commitments <sup>3</sup>	44,158	12,347	—	—	—	—	<b>56,505</b>
<b>Total</b>	<b>47,919</b>	<b>17,715</b>	<b>1,076</b>	<b>387</b>	<b>267</b>	<b>40</b>	<b>67,404</b>

(1) Operating leases include building and office space.

(2) Contract with third party service provider for information technology services related to the ERP.

(3) Purchase commitments include amounts related to manufacturing operations, the purchase of light-duty trucks and other committed capital expenditures. The Company has the option to cancel certain purchase commitments at its sole discretion and without penalty.

The Company does not have off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations, liquidity, or capital expenditures.

### Selected Quarterly Financial Information

(\$ thousands, except per share amounts)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue <sup>1</sup>	<b>144,158</b>	114,147	121,542	136,223	110,423	85,714	100,048	117,815
Canada	<b>25,442</b>	21,468	23,755	24,669	20,299	16,319	20,135	23,225
U.S.	<b>118,716</b>	92,679	97,787	111,554	90,124	69,395	79,913	94,590
Net earnings (loss) profit	<b>4,805</b>	(5,265)	(4,619)	9,832	(2,248)	(11,738)	1,333	12,065
Net earnings (loss) profit per share, basic and diluted (\$)	\$ <b>0.14</b>	\$ (0.15)	\$ (0.13)	\$ 0.28	\$ (0.06)	\$ (0.34)	\$ 0.04	\$ 0.35
Dividends paid <sup>2</sup>	<b>4,469</b>	1,429	4,309	4,322	4,465	4,474	4,021	3,943
Dividends per share, basic and diluted (\$)	\$ <b>0.165</b>	\$ 0.165	\$ 0.125	\$ 0.125	\$ 0.128	\$ 0.128	\$ 0.115	\$ 0.113

<sup>(1)</sup> Refer to Note 15 - Segment reporting in the Company's unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2022 for selected information by geographic segments.

<sup>(2)</sup> The frequency of dividend payments was changed from monthly to quarterly effective with the March 2022 dividend payment.

During the periods in the above table, Badger's results were impacted by the following factors and trends:

- General changes in economic growth and overall macro-economic conditions in both the U.S. and Canada;
- Increased usage and demand for Badger's non-destructive excavation services, particularly in the U.S., which is Badger's largest market;
- Reduced customer activity levels beginning in March 2020 as a result of COVID-19, resulting in the curtailment of the production of non-destructive excavation units at Badger's Red Deer manufacturing facility in the second quarter of 2020;
- The impact of the COVID-19 pandemic on both the U.S. and Canadian operations, which resulted in a broad-based slowdown of the North American economy. Revenue and underlying customer activity levels varied by region, and over time due to impact of COVID-19 on economic and construction activity levels;
- The impact of a number of regions being in the early stages of recovery from the COVID-19 pandemic in the first half of 2021 and the uneven growth levels from COVID-19 in the second half of 2021; and
- Additional investments related to the manufacture of non-destructive excavation units and an increase in working capital requirements associated with the underlying growth in the business.

### Key Financial Metrics and Other Operational Metrics

"Revenue per truck per month" ("RPT") is a measure of non-destructive excavation fleet utilization. It is calculated using non-destructive excavation and non-destructive excavation related revenue only. RPT is calculated on both a consolidated basis and for each geographic segment by dividing non-destructive excavation and non-destructive excavation related revenue for each segment, by the average number of non-destructive excavation units in service in the segment during the period.

Effective January 1, 2022 and aligning with the new legal structure, Badger has revised the methodology in which it calculates RPT:

- Raw materials, work in progress and finished non-destructive excavation units held for sale in the normal course of operations are presented in inventory in the manufacturing legal entity and will be identified as inventory on the balance sheet. The finished non-destructive excavation units are transferred to the fleet legal entities in a timely manner after completion and placed into service across Badger's branch network. Any finished non-destructive excavation units that remain in the possession of the manufacturing entity during the applicable reporting period will be counted as inventory and excluded from the RPT calculation. Non-destructive excavation units held in the fleet legal entity will continue to be included in RPT calculations for the applicable reporting period.
- RPT for Badger's operating partners and franchisees previously reflected the net revenue recognized by the Company versus the gross revenue that a non-destructive excavation unit would generate. Badger's operating partner and franchisee agreements prescribe a revenue sharing split between Badger and the operating partners/franchisee, and Badger has historically and will continue to report net operating revenue as part of non-destructive excavation revenue on its financial statements. To apply a consistent utilization metric across all parts of Badger's business, the RPT for Badger's operating partners will now reflect the gross revenue generated on each non-destructive excavation units. The change in RPT calculation primarily impacts the Canadian segment as Canada has a proportionately higher share of revenue from operating partners. The non-destructive excavation revenue determination for disclosure purposes in the consolidated statement of comprehensive income will not change as part of the change to the RPT calculation. All comparative periods have been restated to reflect the change.

#### Revenue per truck per month – Consolidated (mixed currency)

(\$ thousands, except for RPT and average non-destructive excavation units)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Non-destructive excavation service revenue gross - U.S.	118,315	89,440	210,166	157,757
Non-destructive excavation service revenue gross - Canada	44,217	33,665	80,956	60,943
Total Non-destructive excavation service revenue gross	162,532	123,105	291,122	218,700
Average non-destructive excavation units <sup>2</sup>	1,345	1,373	1,362	1,379
<b>RPT <sup>3</sup></b>	<b>40,281</b>	<b>29,887</b>	<b>35,637</b>	<b>26,442</b>

#### Revenue per truck per month – United States

(\$ thousands, except for RPT and average non-destructive excavation units)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total revenue	118,716	90,124	211,395	159,519
Less: Other revenue	3,135	2,323	5,628	4,891
Non-destructive excavation service revenue net	115,581	87,801	205,767	154,628
Add: Operating Partner Net Revenue	2,734	1,639	4,399	3,129
Non-destructive excavation service revenue gross	118,315	89,440	210,166	157,757
Average non-destructive excavation units <sup>2</sup>	968	981	979	986
<b>RPT <sup>3</sup></b>	<b>40,742</b>	<b>30,391</b>	<b>35,779</b>	<b>26,666</b>

### Revenue per truck per month – Canada

(\$ thousands, except for RPT and average non-destructive excavation units)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total revenue	25,442	20,299	46,910	36,618
Less: Other revenue	2,794	2,449	5,057	4,744
Non-destructive excavation service revenue net	22,648	17,850	41,853	31,874
Add: Operating Partner Net Revenue	11,983	9,560	21,787	17,100
Non-destructive excavation service revenue gross	34,631	27,410	63,640	48,974
Foreign exchange rate <sup>1</sup>	1.2768	1.2282	1.2721	1.2444
Non-destructive excavation service revenue - CAD equivalent	44,217	33,665	80,956	60,943
Average non-destructive excavation units <sup>2</sup>	377	392	383	393
<b>RPT <sup>3</sup></b>	<b>39,095</b>	<b>28,627</b>	<b>35,275</b>	<b>25,878</b>

(1) Foreign exchange rate calculated on a weighted average basis for the respective period.

(2) See “Fleet Summaries” for additional details.

(3) RPT is calculated by taking non-destructive excavation revenue divided by the number of average trucks in service for the period and further divided by the number of months in the respective period, being three months for a quarter and twelve months for an annual period.

### Fleet Summaries

#### Number of non-destructive excavation units at period end

	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Canada	378	375	387	377	387	397	398	399
U.S.	975	960	983	982	979	982	993	999
	1,353	1,335	1,370	1,359	1,366	1,379	1,391	1,398
Non-destructive excavation operator training center <sup>1</sup>	—	—	1	1	1	1	1	2
<b>Total</b>	<b>1,353</b>	<b>1,335</b>	<b>1,371</b>	<b>1,360</b>	<b>1,367</b>	<b>1,380</b>	<b>1,392</b>	<b>1,400</b>

(1) Represents non-destructive excavation units being utilized at Badger’s U.S. non-destructive excavation operator training center. Non-destructive excavation units utilized for training on a permanent basis are not available for day-to-day revenue generation, and as such, these units are excluded from RPT calculations.

#### Quarterly average number of non-destructive excavation units during the period <sup>1</sup>

	2022		2021					2020		
	Q2	Q1	Annual	Q4	Q3	Q2	Q1	Annual	Q4	Q3
Canada	377	381	393	382	382	392	398	388	399	395
U.S.	968	972	988	983	981	981	988	987	996	1,004
<b>Total</b>	<b>1,345</b>	<b>1,353</b>	<b>1,381</b>	<b>1,365</b>	<b>1,363</b>	<b>1,373</b>	<b>1,386</b>	<b>1,376</b>	<b>1,395</b>	<b>1,398</b>

(1) The average number of non-destructive excavation units during the period is calculated using a simple average between the opening number of non-destructive excavation units in service during the period and the closing number of non-destructive excavation units in service during the period. Prior quarter comparatives have been restated to reflect the change in RPT calculation. Average number of non-destructive excavation units is based on the total units in service and included in active fleet.

## Marketing and Franchise Agreements

Number of Marketing and Franchise Agreements	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Canada	13 <sup>(1)</sup>	15	15	15	15	15	15	15
U.S.	3 <sup>(2)</sup>	2	2	2	2	2	2	2

<sup>(1)</sup> In Canada, three operating partner agreements were terminated and one agreement was added during the second quarter of 2022.

<sup>(2)</sup> In U.S., a new franchise agreement was executed during the second quarter of 2022.

## Non-IFRS Financial Measures

This MD&A 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. The Company uses these non-IFRS financial measures in addition to results prepared in accordance with IFRS. Such non-IFRS measures allow us to view certain aspects of Badger's business that, when considered alongside applicable IFRS results, may provide a more comprehensive understanding of Badger's operational and financial condition and the factors and trends affecting Badger's business. These non-IFRS financial measures are identified and defined below:

“**Adjusted EBITDA**” is earnings before interest, taxes, depreciation and amortization, share-based compensation, gains and losses on derivative instruments, 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 and gains and losses on derivative instruments as these expenses can vary significantly with changes in the price of the Company's common shares.

Adjusted EBITDA is calculated as follows:

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<b>Adjusted EBITDA</b>				
Net earnings (loss)	4,805	(2,242)	(460)	(13,986)
Add:				
Depreciation and amortization	14,624	14,424	28,922	28,515
Share-based compensation expense (recovery)	1,399	(1,503)	2,123	2,713
(Gain) loss on sale and impairment of property, plant and equipment	(276)	279	274	355
Unrealized loss on derivative instruments	2,240	—	2,595	—
Finance cost	1,788	1,056	3,035	2,010
Foreign exchange loss	22	144	234	566
Income tax expense (recovery)	1,308	(394)	(131)	(4,045)
<b>Adjusted EBITDA</b>	<b>25,910</b>	<b>11,764</b>	<b>36,592</b>	<b>16,128</b>

Adjusted EBITDA can also be calculated as follows:

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<b>Adjusted EBITDA</b>				
Revenue	144,158	110,423	258,305	196,137
Less:				
Direct costs	108,399	89,205	201,589	161,481
General and administrative expense	9,849	9,454	20,124	18,528
<b>Adjusted EBITDA</b>	<b>25,910</b>	<b>11,764</b>	<b>36,592</b>	<b>16,128</b>

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

Adjusted EBITDA margin is calculated as follows:

(\$ thousands except for percentages)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<b>Adjusted EBITDA margin</b>				
Adjusted EBITDA	<b>25,910</b>	11,764	<b>36,592</b>	<b>16,128</b>
Revenue	<b>144,158</b>	110,423	<b>258,305</b>	<b>196,137</b>
<b>Adjusted EBITDA margin</b>	<b>18.0%</b>	10.7%	<b>14.2%</b>	<b>8.2%</b>

### Critical Accounting Policies and Estimates

The Company’s significant accounting policies are set out in Note 4 of the 2021 audited Annual Consolidated Financial Statements. Additionally, refer to the Company’s unaudited Interim Condensed Consolidated Financial Statements for details on accounting policy changes adopted by the Company on, or after, December 31, 2021. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgements about matters that are inherently uncertain. The Company’s critical accounting estimates, as detailed in Badger’s annual MD&A for the year ended December 31, 2021 relate to: useful lives of property, plant and equipment; depreciation; income taxes; allowance for doubtful accounts; determining cash generating units; impairment of non-financial assets; intangible assets; goodwill; and functional currency.

In the preparation of the Company’s unaudited Interim Condensed Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgements used are based on management’s experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the unaudited Interim Condensed Consolidated Financial Statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Company’s unaudited Interim Condensed Consolidated Financial Statements have been set out in Note 3 of the Company’s 2021 audited Annual Consolidated Financial Statements.

During the first quarter of 2022, the application of the Company’s accounting policy to its revised operating model resulted in the inclusion of finished goods, manufacturing parts, and work in progress as part of Inventory rather than Property, Plant and Equipment. Inventory includes manufacturing finished goods, manufacturing and spare parts, and work in progress related to non-destructive excavation units that will be sold in the ordinary course of business. Manufacturing inventories are measured at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. In accordance with *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*, the application of Inventory policy to new transactions is treated prospectively with no comparative prior period adjustments.

### Disclosure Controls and Procedures and Internal Control Over Financial Reporting

#### Disclosure Controls and Procedures

Badger’s President and CEO and its SVP Finance and CFO have designed, or caused to be designed under their direct supervision, Badger’s disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to Badger, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in Badger’s annual filings, interim filings or other reports filed or submitted by it under Canadian securities legislation is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger’s disclosure controls and procedures as at June 30, 2022 and have concluded that the disclosure controls and procedures are fully effective.

#### Internal Control over Financial Reporting

Badger’s President and CEO and its SVP Finance and CFO have also designed, or caused to be designed under their direct supervision, Badger’s internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring

Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's internal control over financial reporting at June 30, 2022 and have concluded that the internal controls over financial reporting are effective.

### **Changes in Internal Control over Financial Reporting**

There were no changes to Badger's internal control over financial reporting in the second quarter of 2022 or in the quarter ended June 30, 2022.

### **Inherent Limitations**

Notwithstanding the foregoing, because of its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

### **Cautionary Statements Regarding Forward-Looking Information and Statements**

Certain statements and information contained in this MD&A 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", "continues to", "opportunity", "focus on" 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 MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

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

- Badger's focus on cost management and operational efficiencies and its impact on growth and on maximizing shareholder value;
- Badger's expectations with respect to non-destructive excavation and specialty unit production and retirement in 2022 including the expected impact of the additional space leased next to Badger's current Red Deer plant;
- Badger's continued focus on enhancing operating leverage;
- The expectation of future market opportunities for Badger with respect to infrastructure strengthening;
- Disclosure under the heading "Business Outlook";
- The market conditions and demand trends anticipated by Badger throughout 2022;
- Badger's ability to continue to grow its business, including revenue, as a result of capitalizing on the long-term growth opportunity in the North American non-destructive excavation market;
- The expectation that Badger's tax filing positions are appropriate;
- Badger's focus on fleet optimization and increased utilization;
- Expectations with respect to 2022 retirement and manufacturing volumes for non-destructive excavation units and specialty units; and
- The benefits, if any, that Badger's operational scale creates related to financial and operating performance.

The forward-looking information and statements made in this MD&A 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;
- Business activity levels will continue to increase as pandemic-related restrictions are loosened and there is continued economic recovery;
- 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 COVID-19, will continue to have the intended effects;
- The overall market for Badger's services or its ability to provide service will not be adversely affected in the long-term by COVID-19, economic disruption, or other factors beyond Badger's control such as weather, natural disasters, global events, legislation or regulatory changes and technological advances;
- There will be long-term sustained customer demand for non-destructive excavation and related 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;
- Badger will realize and continue to realize the efficiencies and benefits of the executed business restructuring activities and other business improvement initiatives; and
- Badger will obtain all labour, parts and supplies necessary to complete the planned Badger non-destructive excavation build at the costs expected.

Risks 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: political and economic conditions; industry competition; price fluctuations for oil and natural gas 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 as well as COVID-19 related regulations (e.g. vaccination mandates) which may adversely impact the labour supply and operating costs of Badger; extreme or unsettled weather patterns; and fluctuations in foreign exchange or interest rates. The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2021, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Any future-orientated financial information and financial outlook information (collectively, "FOFI") contained in this MD&A, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. Management believes that the FOFI has been prepared on a reasonable basis, reflecting best estimates and judgments; however, actual results of the Company's operations and financial outcomes may vary from the amounts set forth herein. FOFI contained in this MD&A was made as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

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 MD&A 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.