

Badger Infrastructure Solutions Ltd.
Interim Condensed Consolidated Financial Statements
(Unaudited)

For the three months ended March 31, 2022, and 2021

BADGER INFRASTRUCTURE SOLUTIONS LTD.
Interim Condensed Consolidated Statement of Financial Position
(Unaudited)

<i>(\$ US thousands)</i>	Notes	March 31, 2022	December 31, 2021	January 1, 2021
			<i>Note 5</i>	<i>Note 5</i>
ASSETS				
Current Assets				
Cash and cash equivalents		1,933	4,137	13,584
Trade and other receivables	7	107,757	113,807	116,327
Prepaid expenses		7,770	5,735	6,708
Inventories	8	19,518	10,700	7,336
Income taxes receivable		9,667	10,656	4,263
		146,645	145,035	148,218
Non-current Assets				
Property, plant and equipment		281,234	289,388	298,873
Right-of-use assets	9	17,962	18,960	16,772
Intangible assets		23,408	23,652	24,088
Goodwill		1,297	1,279	1,273
		323,901	333,279	341,006
Total Assets		470,546	478,314	489,224
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables		52,220	50,651	40,070
Lease liability	10	5,724	5,868	4,251
Derivative financial instruments		1,951	1,684	—
Share-based plan liability	12	18,391	17,584	22,133
Dividends payable		4,552	1,428	1,369
Current portion of senior secured notes	11	—	25,000	25,000
		82,838	102,215	92,823
Non-current Liabilities				
Trade and other payables		—	—	2,521
Lease liability	10	8,952	9,541	7,696
Derivative financial instruments		220	455	—
Senior secured notes	11	—	—	25,000
Borrowings under credit facility	11	119,704	95,620	53,461
Deferred tax liability		46,315	48,668	49,701
		175,191	154,284	138,379
Shareholders' Equity				
Shareholders' capital		68,705	68,705	69,399
Contributed surplus		422	422	422
Accumulated other comprehensive income		(5,160)	(5,632)	(6,510)
Retained earnings		148,550	158,320	194,711
		212,517	221,815	258,022
Total Liabilities and Shareholders' Equity		470,546	478,314	489,224

See accompanying Notes to the unaudited interim condensed consolidated financial statements.

BADGER INFRASTRUCTURE SOLUTIONS LTD.
Interim Condensed Consolidated Statement of Comprehensive (Loss)
Income

<i>(\$ U.S. thousands, except per share amounts)</i>	Notes	Three months ended March 31,	
		2022	2021
Revenue	13	114,147	85,714
Direct costs		93,190	72,276
Gross profit		20,957	13,438
Depreciation and amortization		14,298	14,091
General and administrative		10,275	9,074
Share-based plans	12	724	4,216
Operating loss		(4,340)	(13,943)
Loss on sale and impairment of property, plant and equipment		550	76
Unrealized loss on derivatives		355	—
Finance cost		1,247	954
Foreign exchange loss		212	422
Loss before income tax		(6,704)	(15,395)
Current income tax expense (recovery)		996	(1,133)
Deferred income tax recovery		(2,435)	(2,518)
Income tax recovery		(1,439)	(3,651)
Net loss		(5,265)	(11,744)
Other comprehensive loss:			
Foreign exchange differences on translation of foreign operations		472	1,049
Other comprehensive gain/(loss)		472	1,049
Comprehensive loss		(4,793)	(10,695)
Net loss per share			
Weighted average number of shares - basic and diluted		34,473,438	34,853,838
Basic and diluted	\$	(0.15)	\$ (0.34)

See accompanying Notes to the unaudited interim condensed consolidated financial statements.

BADGER INFRASTRUCTURE SOLUTIONS LTD.
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)

<i>(\$ U.S. thousands)</i>	Notes	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
As at January 1, 2021	5	69,399	422	(6,510)	194,711	258,022
Net loss		—	—	—	(11,744)	(11,744)
Other comprehensive income		—	—	1,049	—	1,049
Dividends		—	—	—	(4,192)	(4,192)
As at March 31, 2021	5	69,399	422	(5,461)	178,775	243,135
As at January 1, 2022	5	68,705	422	(5,632)	158,320	221,815
Net loss		—	—	—	(5,265)	(5,265)
Other comprehensive income		—	—	472	—	472
Dividends		—	—	—	(4,505)	(4,505)
As at March 31, 2022		68,705	422	(5,160)	148,550	212,517

See accompanying Notes to the unaudited interim condensed consolidated financial statements.

BADGER INFRASTRUCTURE SOLUTIONS LTD.
Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)

<i>(\$ U.S. thousands)</i>	Notes	Three months ended March 31,	
		2022	2021
Operating activities			
Net loss		(5,265)	(11,744)
Items not requiring cash and cash equivalents:			
Depreciation and amortization		14,298	14,091
Deferred income tax recovery		(2,435)	(2,518)
Loss on sale of property, plant and equipment		550	76
Finance cost		1,247	954
Current income tax expense (recovery)		996	(1,133)
Financial instrument expense		355	—
Share-based plans		724	4,216
Unrealized foreign exchange (gain) loss		(7)	185
Cash flow from operating activities before working capital and other adjustments		10,463	4,127
Change in non-cash working capital	14	(3,823)	24,523
Income taxes paid		(1)	(3)
Income taxes recovered		29	6
Financial Instrument paid		(359)	—
Interest paid on lease liabilities	10	(181)	(115)
Share-based plan paid		(122)	(710)
Cash flows from operating activities		6,006	27,828
Investing activities			
Purchase of property, plant and equipment		(3,857)	(8,885)
Purchase of leased assets		(30)	(31)
Proceeds from sale of property, plant and equipment		477	195
Proceeds from disposal of right of use assets		22	—
Additions to intangible assets		(64)	—
Change in non-cash working capital	14	1,506	376
Cash flows used in investing activities		(1,946)	(8,345)
Financing activities			
Borrowings under credit facility		24,629	24,992
Repayment of credit facility		(1,986)	(15,146)
Repayment of senior secured notes		(24,629)	(24,935)
Interest paid		(1,427)	(1,637)
Payment of lease liabilities	10	(1,591)	(1,289)
Dividends paid		(1,429)	(4,192)
Cash flows used in financing activities		(6,433)	(22,207)
Effect of foreign exchange rate changes on cash		169	(126)
Decrease in cash and cash equivalents		(2,204)	(2,850)
Cash and cash equivalents, beginning of period		4,137	13,584
Cash and cash equivalents, end of period		1,933	10,734

See accompanying Notes to the unaudited interim condensed consolidated financial statements.

BADGER INFRASTRUCTURE SOLUTIONS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2022 and March 31, 2021

(Unaudited - All amounts in thousands of U.S. Dollars, except per share amounts or as otherwise stated)

1 Incorporation and operations

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

The unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2022 and March 31, 2021 were authorized for issue in accordance with a resolution of the Board of Directors (“Board”) on May 12, 2022.

2 Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

These unaudited interim condensed consolidated financial statements are presented in U.S. dollars. The functional currency of the Canadian operations is in Canadian dollars and the U.S. operations functional currency is in U.S. dollars.

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 retrospectively, with comparative financial information previously expressed in Canadian dollars restated to be expressed in U.S. dollars. Refer to Note 5 for additional information on presentation currency change.

3 Significant accounting judgements, estimates and assumptions

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited interim condensed consolidated financial statements and reported amounts of revenues, expenses, gains and losses during the reporting period. These judgements, estimates and assumptions are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2021. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The COVID-19 outbreak and related mitigation measures have had an adverse impact on global economic conditions resulting in government response actions, social distancing, business closures and reduced travel. These measures have caused disruptions to normal business operations and have increased economic uncertainty which have had an impact on the Company’s financial results for the three months ended March 31, 2022.

Management has considered the impact of COVID-19 on significant accounting judgements, estimates and assumptions used in the preparation of the financial statements and did not identify any material changes in the current

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year. The duration of the pandemic and its impact on the Company's financial performance and position is an area of estimation uncertainty and judgement, which is constantly monitored and reflected in management's estimates.

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 March 31, 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.

4 Recently announced accounting pronouncements

Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current - amendments to IAS 1 to promote consistency in determining and reporting whether, in the statement of financial position, debt and other liabilities should be classified as current (settled within one year) or non-current based on rights that exist at the end of the reporting period. The amendment is effective January 1, 2023 and is required to be adopted retrospectively. Early adoption is permitted, and management does not anticipate material impact on the Company's consolidated financial statements.

Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (effective January 1, 2023) introduce a definition of 'accounting estimates' and clarify the difference between changes in accounting policies and changes in accounting estimates. These amendments will impact changes in accounting policies and changes in accounting estimates made after these amendments are adopted by the Company.

Income Taxes

Amendments to IAS 12, Income Taxes (effective January 1, 2023) clarify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of the related asset and liability. Management is currently assessing the impact of these amendments.

Provisions, Contingent Liabilities and Contingent Assets

The Company adopted the amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets effective January 1, 2022, which clarifies that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendments apply to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there is no impact to the Company's consolidated financial statements.

5 Accounting policies

Change in Presentation Currency

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 in presentation currency represents a voluntary change in accounting policy. The Company has applied the presentation currency change retrospectively. All periods presented in the unaudited interim condensed consolidated financial statements have been translated into the new presentation currency, in accordance with the guidance in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

The unaudited interim condensed consolidated statements of (loss) income and the unaudited interim condensed consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the unaudited interim condensed consolidated statements of financial

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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. Assets and liability amounts previously reported in CAD have been translated into USD as at January 1, 2021 and December 31, 2021 using the period-end exchange rates and material shareholder's equity balances have been translated using historical rates in effect on the date of the transactions.

The change in presentation currency resulted in the following impact on the January 1, 2021, opening consolidated statement of financial position:

	Previously reported in CAD January 1, 2021	Presentation currency change	Reported in USD January 1, 2021
Total assets	622,885	(133,661)	489,224
Total liabilities	294,366	(63,162)	231,204
Total equity	328,519	(70,497)	258,022

The change in presentation currency resulted in the following impact on the December 31, 2021, consolidated statement of financial position:

	Previously reported in CAD December 31, 2021	Presentation currency change	Reported in USD December 31, 2021
Total assets	606,406	(128,092)	478,314
Total liabilities	325,204	(68,705)	256,499
Total equity	281,202	(59,387)	221,815

The change in presentation currency resulted in the following impact on the three months ended March 31, 2021 consolidated statement of comprehensive (loss) income:

	Previously reported in CAD March 31, 2021	Presentation currency change	Reported in USD March 31, 2021
Revenue	108,468	(22,754)	85,714
Direct costs	91,487	(19,211)	72,276
Gross Profit	16,981	(3,543)	13,438
Operating loss	(17,690)	3,747	(13,943)
Income tax recovery	(4,590)	939	(3,651)
Net loss	(14,936)	3,192	(11,744)
Comprehensive (loss) income	(17,462)	6,767	(10,695)
Net loss per share			
Basic and diluted	\$ (0.43)	\$ 0.09	\$ (0.34)

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Inventory

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. 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 is 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.

6 Seasonality of Operations

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

7 Trade and other receivables

	March 31, 2022	December 31, 2021	January 1, 2021
		Note 5	Note 5
Trade receivables	102,752	110,125	114,801
Holdback receivables	718	668	1,267
Allowance for doubtful accounts	(2,589)	(2,790)	(4,622)
Total trade receivables	100,881	108,003	111,446
Accrued revenue and other receivables	6,876	5,804	4,881
Trade and other receivables	107,757	113,807	116,327

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

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

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

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

	March 31, 2022	December 31, 2021	January 1, 2021
		Note 5	Note 5
Current to 90 days	91,584	98,027	85,734
Over 90 days	9,297	9,976	25,712
Total trade receivables	100,881	108,003	111,446

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Movement in allowance for doubtful accounts is as follows:

	March 31, 2022	December 31, 2021
		<i>Note 5</i>
Opening balance	2,790	4,622
Additions to the allowance	433	4,896
Accounts written off	(572)	(6,025)
Amounts recovered that were previously allowed for	(65)	(696)
Exchange differences	3	(7)
Closing balance	2,589	2,790

8 Inventory

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.

	March 31, 2022	December 31, 2021	January 1, 2021
		<i>Note 5</i>	<i>Note 5</i>
Finished goods	6,035	—	—
Manufacturing and spare parts	9,224	10,700	7,336
Work in progress	4,259	—	—
Total inventory	19,518	10,700	7,336

9 Right-of-Use Assets

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

Right-of-use assets

	Property	Light-duty vehicles	Total
	<i>Note 5</i>	<i>Note 5</i>	<i>Note 5</i>
January 1, 2021	11,494	5,278	16,772
Additions	9,680	3,360	13,040
Depreciation	(6,000)	(870)	(6,870)
Disposals/modifications	(3,832)	(183)	(4,015)
Impact of foreign exchange	29	4	33
December 31, 2021	11,371	7,589	18,960
Additions	847	501	1,348
Depreciation	(1,615)	(243)	(1,858)
Disposals/modifications	(542)	—	(542)
Impact of foreign exchange	32	22	54
March 31, 2022	10,093	7,869	17,962

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10 Lease liability

Lease liabilities

	March 31, 2022	December 31, 2021
		<i>Note 5</i>
Opening Balance	15,409	11,947
Additions	1,358	13,007
Interest expense	122	505
Lease payments	(1,713)	(6,190)
Disposals/modifications	(563)	(3,586)
Impact of foreign exchange	63	(274)
Closing Balance	14,676	15,409
Current	5,724	5,868
Long-term	8,952	9,541
Total lease liabilities	14,676	15,409

Contractual undiscounted cash flows

	March 31, 2022	December 31, 2021
Less than one year	7,178	6,367
One to five years	11,007	9,994
Total	18,185	16,361

Amounts recognized in net profit

	Three months ended March 31,	
	2022	2021
Expenses related to short-term leases	568	597

11 Debt

	March 31, 2022	December 31, 2021	January 1, 2021
		<i>Note 5</i>	<i>Note 5</i>
Current portion of senior secured notes	—	25,000	25,000
Current debt	—	25,000	25,000
	March 31, 2022	December 31, 2021	January 1, 2021
Borrowings under credit facility	120,910	96,802	54,053
Less: unamortized debt issuance costs	(1,206)	(1,182)	(592)
Net borrowings under credit facility	119,704	95,620	53,461
Senior secured notes	—	—	25,000
Total long-term debt	119,704	95,620	78,461

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	March 31, 2022	December 31, 2021	January 1, 2021
Syndicated revolving credit facility capacity	320,120	315,507	235,627
Supplemental credit facility	—	—	78,542
Less: borrowings under credit facility	(120,910)	(96,802)	(54,052)
Less: letters of credit	(3,957)	(3,957)	(3,731)
Available amount	195,253	214,748	256,386

Syndicated revolving credit facility

The Company has a CAD \$400 million, 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 administrative flexibility 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, in addition to financing requirements, if any, related to Badger's capital expenditure requirements.

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 March 31, 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 March 31, 2022, the Company had available \$195.3 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 March 31, 2022.

12 Share-based plan

A) Deferred Share Unit Plan

The Deferred Share Unit ("DSU") Plan was established to promote greater alignment of interests between the executive officers and the Shareholders of the Company. The Board may also participate in the plan whereby they will be paid 60% to 100% of the annual retainer in the form of deferred units. Pursuant to the terms of the DSU, participants are granted deferred units with a value equivalent to the value of a Badger share. The deferred units granted earn additional deferred units at the same rate as dividends on Badger common shares. Prior to 2021, the deferred units granted other than to the Board, which vest immediately, vested equally over a period of three years from the date of the grant. For units granted prior to 2021, the participant could elect to redeem the deferred units upon vesting for an equal number of Badger shares or the cash equivalent. For grants to participants other than to the Board granted in 2021, shares vest immediately and are redeemed upon departure from the company. A maximum of 1,500,000 Common Shares have been reserved for issuance pursuant to the DSU Plan.

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

The liability for deferred units outstanding as at March 31, 2022 is \$12.9 million (December 31, 2021 - \$12.7 million). The fair value of deferred units exercisable as at March 31, 2022 is \$12.1 million (December 31, 2021 - \$10.5 million). Changes in the number of deferred units under the DSU Plan were as follows:

	Units
December 31, 2020	660,096
Granted	24,294
Dividends earned	9,774
Redeemed for cash	(141,711)
Forfeited	(19,931)
December 31, 2021	532,522
Granted	—
Dividends earned	2,930
Redeemed for cash	(7,435)
Forfeited	(497)
March 31, 2022	527,520
Exercisable as at March 31, 2022	480,270

B) Performance Share Unit Plan

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

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

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The liability for PSUs outstanding as at March 31, 2022 is \$3.3 million (December 31, 2021 - \$2.9 million). The fair value of units exercisable at March 31, 2022 is \$1.9 million (December 31, 2021 - \$2.0 million). Changes in the number of PSUs under the PSU plan were as follows:

	Units
December 31, 2020	373,520
Granted	95,674
Redeemed	(135,500)
Forfeited	(25,205)
December 31, 2021	308,489
Granted	—
Dividends earned	1,583
Redeemed	—
Forfeited	—
March 31, 2022	310,072
Exercisable as at March 31, 2022	77,846

C) Restricted Share Unit Plan

On March 11, 2021 the Board approved a new Restricted Share Unit (“RSU”) Plan to promote greater alignment of interests between the executive officers and the Shareholders of the Company. Pursuant to the terms of the RSU, participants are granted restricted units with a value equivalent to the value of a Badger share. The restricted units granted earn additional restricted units at the same rate as dividends on Badger common shares. The restricted units granted vest equally over a period of three years from the date of the grant. Upon vesting, payment for the vested RSUs will be made by the Company to the participants.

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

The liability for RSUs outstanding as at March 31, 2022 is \$2.2 million (December 31, 2021 - \$2.0 million). The fair value of units exercisable at March 31, 2022 is \$1.1 million (December 31, 2021 - \$1.1 million). Changes in the number of RSUs under the RSU plan were as follows:

	Units
December 31, 2020	—
Granted	138,913
Dividends earned	1,718
Redeemed	(1,574)
Forfeited	(7,400)
December 31, 2021	131,657
Granted	—
Dividends earned	737
Redeemed	(637)
Forfeited	(985)
March 31, 2022	130,772
Exercisable as at March 31, 2022	43,591

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13 Revenue

The following table disaggregates the Company's revenue by type of service and type of customer.

	Three months ended March 31,	
	2022	2021
Non-destructive excavation service revenue – corporate	105,409	77,441
Non-destructive excavation service revenue – operating partners	3,982	3,410
Total non-destructive excavation service revenue	109,391	80,851
Other service revenue – corporate ⁽¹⁾	4,507	4,656
Other service revenue – operating partners ⁽¹⁾	249	207
Total other revenue	4,756	4,863
Total revenue	114,147	85,714

⁽¹⁾ Other revenue includes sources other than non-destructive excavation service, truck placement fees and other administrative related revenue.

14 Statement of cash flow supplemental information

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

	Three months ended March 31,	
	2022	2021
Operating activities		
Source (use) of cash:		
Trade and other receivables	6,430	23,384
Prepaid expenses	(2,048)	342
Inventories	(8,380)	(1,157)
Trade and other payables	175	1,954
Change in non-cash working capital	(3,823)	24,523
Investing activities		
Source of cash:		
Trade and other payables ⁽¹⁾	1,506	376
Change in non-cash working capital	1,506	376

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

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15 Segment reporting

The Company has identified three reportable segments consisting of two geographic segments (U.S. and Canada) and a Corporate segment. The U.S. and Canadian operating segments provide non-destructive excavating services. The following is selected information for the three months ended March 31, 2022 and 2021 based on these geographic/reportable segments.

Three months ended	March 31, 2022				March 31, 2021			
	Canada	U.S.	Corporate	Total	Canada	U.S.	Corporate	Total
Non-destructive excavation service revenue	19,205	90,186	—	109,391	14,024	66,827	—	80,851
Other revenue	2,263	2,493	—	4,756	2,295	2,568	—	4,863
Total revenue	21,468	92,679	—	114,147	16,319	69,395	—	85,714
Direct costs	17,113	76,077	—	93,190	14,013	58,263	—	72,276
Depreciation and amortization	3,765	10,533	—	14,298	3,927	10,144	20	14,091
General and administrative ⁽¹⁾	660	8,228	1,387	10,275	1,722	5,760	1,592	9,074
Derivative financial instruments ⁽²⁾	—	—	355	355	—	—	—	—
Share-based plan ⁽²⁾	—	—	724	724	—	—	4,216	4,216
Finance cost ⁽²⁾	34	87	1,126	1,247	35	76	843	954
Other ⁽³⁾	133	629	—	762	477	21	—	498
Loss before tax	(237)	(2,875)	(3,592)	(6,704)	(3,855)	(4,869)	(6,671)	(15,395)

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

⁽²⁾ Share-based plans for participants in both the U.S. and Canada, Derivative financial instruments, and Finance costs from the Company's credit facilities are reported in the corporate segment.

⁽³⁾ Included in other are the loss on sale of property, plant and equipment, and foreign exchange (gain) losses.

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For the three months ended March 31, 2022 and March 31, 2021

(Unaudited - All amounts in thousands of U.S. Dollars, except per share amounts or as otherwise stated)

	Canada	U.S.	Corporate	Total
March 31, 2022				
Property, plant and equipment	87,803	193,431	—	281,234
Right of use assets	4,291	13,321	350	17,962
Intangible assets	12,818	10,590	—	23,408
Goodwill	1,297	—	—	1,297
Total assets	151,272	318,924	350	470,546
Total liabilities ⁽¹⁾	79,721	33,030	145,278	258,029
December 31, 2021 - Note 5				
Property, plant and equipment	86,936	202,452	—	289,388
Right of use assets	4,503	14,162	295	18,960
Intangible assets	14,388	9,264	—	23,652
Goodwill	1,279	—	—	1,279
Total assets	144,902	333,117	295	478,314
Total liabilities ⁽¹⁾	51,512	64,567	140,420	256,499
January 1, 2021 - Note 5				
Property, plant and equipment	97,065	201,808	—	298,873
Right of use assets	5,216	11,186	370	16,772
Intangible assets	13,557	10,531	—	24,088
Goodwill	1,273	—	—	1,273
Total assets	165,287	323,567	370	489,224
Total liabilities ⁽¹⁾	57,806	44,992	128,404	231,202

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

16 Commitments and contingencies

The Company had the following commitments as at March 31, 2022:

	2022	2023	2024	2025	2026	Thereafter	Total
Operating leases ⁽¹⁾	598	623	558	384	40	—	2,203
Service contract ⁽²⁾	3,536	3,648	—	—	—	—	7,184
Purchase commitments ⁽³⁾	56,192	173	—	—	—	—	56,365
Total	60,326	4,444	558	384	40	—	65,752

⁽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.

17 Subsequent events

Subsequent to March 31, 2022, Badger declared a quarterly dividend of \$0.165 per share, payable on July 15, 2022, to shareholders of record on June 30, 2022. Badger's Board of Directors will continue to evaluate dividend payments on a quarterly basis, based on the availability of cash flow and anticipated market conditions.