



Badger Infrastructure Solutions Ltd. Announces 2022 First Quarter Results

CALGARY, Alberta, May 12, 2022 -- Badger Infrastructure Solutions Ltd. ("Badger", the "Company", "we", "our" or "us") (TSX:BDGI) reported first quarter 2022 results today. All results are presented in U.S. dollars unless otherwise stated.

2022 First Quarter and Operational Highlights

- Revenue in the first quarter was \$114.1 million, up 33% from 2021.
- Gross profit margin in the first quarter was 18.4% up from 15.7% in 2021.
- Adjusted EBITDA in the first quarter was \$10.7 million up from \$4.4 million in 2021. Adjusted EBITDA margin in the first quarter was 9.4% up from 5.1% in 2021.
- Consolidated revenue per truck per month ("RPT") for the first quarter was \$31,571 up from \$23,008 in 2021.
- Maintained a strong liquidity position with over \$197 million in cash and credit facility capacity supported by continued working capital improvements largely resulting from improved accounts receivable management.
- The Board has approved the quarterly cash dividend of \$0.165 per share for the second fiscal quarter of 2022, with payment to be made on or about July 15, 2022 to all shareholders of record at the close of business on June 30, 2022.
- As previously announced, effective with its first quarter 2022 financial results, Badger began reporting results in U.S. dollars to improve year over year comparability by minimizing foreign exchange rate fluctuations as the majority of its business activities are denominated in U.S. dollars.

"We were pleased with the improvement in market activity and customer demand as the quarter progressed. The first half of the quarter was impacted by operator quarantine due to the Omicron variant, with this impact offset by improved results in the second half. Year over year revenue grew by 33%, with all operating regions experiencing improving trends," said Paul Vanderberg, President and Chief Executive Officer.

"Higher revenue and more consistent volume levels in the second half of the quarter supported improved operating leverage. All operating regions experienced positive leverage from higher revenue, higher utilization, increased pricing and cost control. This resulted in Adjusted EBITDA margin of 9.4% vs 5.1% in Q1, 2021," continued Mr. Vanderberg.

"The positive year over year revenue trends have continued into the early part of the second quarter. The improving revenue trends, along with continued focus on cost and margin management, positively positions Badger for the summer construction season," concluded Mr. Vanderberg.

Key Financial Highlights

(\$ thousands, except revenue per truck per month ("RPT"), per share and share information)	Three months ended	
	2022	March 31, 2021
Revenue:		
Non-destructive excavation service revenue	109,392	80,851
Other revenue	4,755	4,863
Total revenue	114,147	85,714
RPT - Consolidated (mixed currency) ⁽¹⁾	31,571	23,008
RPT - U.S. (U.S. dollars) ⁽¹⁾	31,515	23,060
RPT - Canada (Canadian dollars) ⁽¹⁾	31,712	22,880
Adjusted EBITDA ⁽¹⁾	10,682	4,364
Adjusted EBITDA per share, basic and diluted ⁽¹⁾⁽²⁾	\$0.31	\$ 0.13
Adjusted EBITDA margin ⁽¹⁾	9.4%	5.1%
(Loss) profit before income tax	(6,704)	(15,395)
Net (loss) profit	(5,265)	(11,744)
Net (loss) profit per share, basic and diluted ⁽²⁾	(\$0.15)	(\$0.34)

Cash flow from operating activities before working capital and other adjustments	10,463	4,127
Cash flow from operating activities before working capital and other adjustments per share, basic and diluted ⁽²⁾	\$0.30	\$ 0.12
Dividends paid ⁽³⁾	1,429	4,192
Weighted average common shares outstanding ⁽¹⁾⁽²⁾	34,473,438	34,853,838

(1) See “Non-IFRS Financial Measures” and “Key Financial Metrics and Other Operational Metrics” for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin and RPT. Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective 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” in the Company’s 2021 annual management’s discussion and analysis (“MD&A”) for additional details.

(3) The frequency of dividend payments was changed from monthly to quarterly effective with the March 2022 dividend payment. For year over year comparison purposes, the 2022 dividends payable is \$4.6 million as at March 31, 2022.

2022 Business Outlook

Market activity and customer demand improved as the first quarter progressed. The Company had a strong second half of the quarter, partially offset by the operator quarantines due to Omicron variant in the first half of the quarter. Badger was encouraged by market and operating improvements during the quarter and by market indications of improving business activity for the remainder of the year. Badger is also seeing improved macro-economic conditions across the broader non-residential construction activity in the U.S. and in previously weak sectors such as oil and gas.

Badger experienced improving operating leverage as the first quarter progressed and anticipates that operating leverage will further improve as business activity levels increase and become more consistent. The Company is focused on returning towards historical revenue growth and margin levels by managing pricing and controlling costs, including management of operating labour and fuel price increases. The 2022 focus on managing margin will be supported by continued advancement of the Company’s commercial strategy and operating model.

Badger’s investment in hiring and training operators and support staff in advance of the anticipated volume continues to position the Company well to capture the improvements in construction activity, especially during the summer construction season. The Company has also strengthened its sales and marketing organization and realigned its operations network for better market and operating focus.

Badger continues to be encouraged by the need for near and long-term reinvestment in North America’s critical infrastructure, including the addition of new sustainable energy technology; and Badger is well positioned to capture the material growth opportunity for non-destructive excavation across North America.

About Badger Infrastructure Solutions Ltd.

Badger Infrastructure Solutions Ltd. (TSX:BDGI) is North America’s largest provider of non-destructive excavating 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 Company’s key technology is the Badger HydrovacTM, 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^{TM 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.

2022 First Quarter Results Conference Call

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2022 first quarter is scheduled for 7:00 a.m. MT on Friday, May 13, 2022. Internet users can listen to the call live, or as an archived call from Badger’s website at www.badgerinc.com under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter passcode 9441067. A playback of the call will be available until June 13, 2022. To access

the playback, dial: 1-855-859-2056 and enter passcode 9441067.

2022 First Quarter Disclosure Documents

Badger's first quarter 2022 Management's Discussion and Analysis and 2022 Unaudited Interim Condensed Consolidated Financial Statements, along with all previous public filings of Badger Infrastructure Solutions Ltd. may be found on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other companies or entities. These financial measures are identified and defined below. See "Non-IFRS Financial Measures" in the Company's first quarter 2022 MD&A for detailed reconciliations of Non-IFRS financial measures.

"Adjusted EBITDA" is earnings before interest, taxes, depreciation and amortization, share-based compensation, gains and losses on 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 margin" is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

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 revenue only. RPT is calculated on both a consolidated basis and for each geographic segment by dividing non-destructive excavation revenue for each segment, in the respective local currency, by the average number of non-destructive excavation units in the segment during the period.

See "Key Financial Metrics and Other Operational Metrics" in the Company's first quarter 2022 MD&A for additional details on RPT.

Cautionary Statements Regarding Forward-Looking Information and Statements

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

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

- 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 plan;
- Anticipated continued economic recovery from the COVID-19 pandemic in 2022 and its impact on Badger and its operations;
- Badger's expectation that operating leverage will continue to improve
- The expectation of future market opportunities for Badger with respect to infrastructure strengthening;
- Disclosure under the heading "Business Outlook";
- The expectation that Badger's investment in hiring and training operators and support staff will allow Badger to effectively handle anticipated increases in volume, especially during the summer construction season;
- 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 press release rely on certain expected economic conditions and overall demand for Badger's services and are based on certain assumptions. The assumptions used to generate this forward-

looking information and statements are, among other things, that:

- Badger will maintain its financial position and financial resources will continue to be available to Badger;
- Business activity levels will continue to increase as pandemic-related restrictions are loosened and there is continues 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; and
- 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.

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) or at the Company's website. The forward-looking statements and information contained in this press release are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

For further information:

Paul Vanderberg, *President & Chief Executive Officer*

Darren Yaworsky, *Senior Vice President Finance & Chief Financial Officer*

Trevor Carson, *Vice President, Investor Relations & Corporate Development*

Badger Infrastructure Solutions Ltd.

ATCO Building II

4th Floor, 919 11th Avenue, SW

Calgary, Alberta T2R 1P3

Telephone (403) 264-8500

Fax (403) 228-9773

Source: Badger Infrastructure Solutions Ltd.