

BADGER INFRASTRUCTURE SOLUTIONS LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

(\$ US thousands)	Note	September 30, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents		5,088	8,513
Trade and other receivables	6	192,975	158,023
Prepaid expenses		11,398	8,524
Inventories		12,189	13,334
Income taxes receivable		2,468	7,716
Derivative financial instruments		1,066	3,422
		225,184	199,532
Non-current Assets			
Property, plant and equipment		391,351	358,021
Right-of-use assets	7	49,636	47,809
Derivative financial instruments		—	2,831
Intangible assets		24,207	23,595
Goodwill		1,201	1,226
Total Assets		691,579	633,014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		90,205	90,019
Lease liability	8	17,797	15,083
Share-based compensation liability	10	17,888	15,962
Dividends payable		4,591	4,496
		130,481	125,560
Non-current Liabilities			
Lease liability	8	32,006	32,147
Derivative financial instruments		531	—
Share-based compensation liability	10	9,353	12,854
Borrowings under credit facility	9	196,686	163,690
Deferred tax liability		56,019	53,769
Total Liabilities		425,076	388,020
Shareholders' Equity			
Shareholders' capital	11	66,876	66,950
Contributed surplus		422	422
Accumulated other comprehensive loss		(6,346)	(5,767)
Retained earnings		205,551	183,389
Total Shareholders' Equity		266,503	244,994
Total Liabilities and Shareholders' Equity		691,579	633,014

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

(\$ US thousands, except per share amounts)	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue	12	209,376	195,551	557,776	510,653
Direct costs		141,250	132,709	395,003	364,903
Gross profit		68,126	62,842	162,773	145,750
Depreciation and amortization		19,735	17,294	58,228	50,773
General and administrative		9,826	10,142	30,663	29,913
Share-based compensation (recovery) expense		(718)	7,022	9,621	12,049
Operating income		39,283	28,384	64,261	53,015
Gain on sale of property, plant and equipment and right of use assets		(484)	(322)	(1,684)	(1,729)
Loss (gain) on derivatives		3,714	(6,107)	3,708	(5,634)
Finance cost	13	4,541	3,910	11,838	10,555
Foreign exchange (gain) loss		(83)	72	(89)	359
Earnings before income tax		31,595	30,831	50,488	49,464
Current income tax expense		5,072	6,377	11,155	7,262
Deferred income tax expense		3,209	1,170	2,330	5,141
Income tax expense		8,281	7,547	13,485	12,403
Net earnings		23,314	23,284	37,003	37,061
Other comprehensive gain (loss):					
Foreign exchange differences on translation of foreign operations		231	1,507	(579)	(563)
Other comprehensive gain (loss)		231	1,507	(579)	(563)
Comprehensive income		23,545	24,791	36,424	36,498
Weighted average number of shares - basic and diluted		34,462,529	34,473,438	34,467,982	34,473,438
Net earnings per share - basic and diluted		\$0.68	\$0.68	\$1.07	\$1.08

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited)

<i>(\$ US thousands)</i>	Shareholders' capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
At January 1, 2023	66,950	422	(3,859)	159,334	222,847
Net earnings	—	—	—	37,061	37,061
Other comprehensive loss	—	—	(563)	—	(563)
Dividends	—	—	—	(13,219)	(13,219)
At September 30, 2023	66,950	422	(4,422)	183,176	246,126
At January 1, 2024	66,950	422	(5,767)	183,389	244,994
Net earnings	—	—	—	37,003	37,003
Other comprehensive loss	—	—	(579)	—	(579)
Dividends	—	—	—	(13,704)	(13,704)
Shares repurchased and cancelled under normal-course issuer bid	(74)	—	—	(1,137)	(1,211)
At September 30, 2024	66,876	422	(6,346)	205,551	266,503

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(\$ US thousands)	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
OPERATING ACTIVITIES					
Net earnings		23,314	23,284	37,003	37,061
Items not affecting cash and cash equivalents:					
Depreciation and amortization		19,735	17,294	58,228	50,773
Deferred income tax expense		3,209	1,170	2,330	5,141
Gain on sale of property, plant and equipment and right of use assets		(484)	(322)	(1,684)	(1,729)
Finance cost		4,541	3,910	11,838	10,555
Current income tax expense		5,072	6,377	11,155	7,262
Loss (gain) on derivatives		3,714	(6,107)	3,708	(5,634)
Share-based compensation (recovery) expense		(718)	7,022	9,621	12,049
Unrealized foreign exchange loss		4	2	2	2
Cash flow from operating activities before working capital and other adjustments		58,387	52,630	132,201	115,480
Change in non-cash working capital	14	(14,853)	(14,083)	(34,091)	(19,952)
Income taxes paid		(6,413)	(4,503)	(7,307)	(7,967)
Income taxes recovered		1,078	7	1,386	97
Financial instruments (paid) received		(281)	(235)	1,704	(1,050)
Share-based compensation paid		(108)	(1,924)	(10,584)	(7,220)
Cash provided by operating activities		37,810	31,892	83,309	79,388
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(24,495)	(27,752)	(83,647)	(83,494)
Proceeds from sale of property, plant and equipment		916	5	2,146	1,201
Proceeds from disposal of right of use assets		557	765	1,630	2,687
Additions to intangible asset		(1,559)	(1,193)	(2,899)	(2,280)
Change in non-cash working capital	14	2,513	(227)	(291)	(128)
Cash used in investing activities		(22,068)	(28,402)	(83,061)	(82,014)
FINANCING ACTIVITIES					
Borrowings under credit facility		46,737	54,241	238,130	190,572
Repayments of credit facility		(44,430)	(42,989)	(203,108)	(155,661)
Repurchase of common shares		(1,043)	—	(1,043)	—
Interest paid		(2,778)	(3,257)	(9,134)	(8,699)
Interest paid on lease liabilities		(501)	(347)	(1,365)	(838)
Payment of lease liabilities	8	(4,845)	(3,678)	(13,648)	(9,582)
Dividends paid		(4,446)	(4,433)	(13,503)	(13,066)
Cash (used in) provided by financing activities		(11,306)	(463)	(3,671)	2,726
Effect of foreign exchange rate changes on cash		22	(5)	(2)	1
Increase (decrease) in cash and cash equivalents		4,458	3,022	(3,425)	101
Cash and cash equivalents, beginning of period		630	2,477	8,513	5,398
Cash and cash equivalents, end of period		5,088	5,499	5,088	5,499

See accompanying notes to the unaudited interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(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 listed on the Toronto Stock Exchange (TSX: BDGI). 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 and nine months ended September 30, 2024 and September 30, 2023 were authorized for issue in accordance with a resolution of the Board of Directors (“Board”) on October 30, 2024.

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 and accordingly, do not include all the disclosures included in the Company’s annual consolidated financial statements for the year ended December 31, 2023. These unaudited interim condensed consolidated financial statement should be read in conjunction with the annual consolidated financial statements.

Basis of measurement

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for share-based compensation 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.

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, 2023. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 STANDARDS ADOPTED AND RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

IAS 1 Presentation of Financial Statements

In October 2022, the IASB issued amendments to clarify that the classification of liabilities as current or non-current is based solely on a company’s right to defer settlement for at least twelve months at the

reporting date. The right needs to exist at the reporting date and must have substance. In addition to the amendment from January 2020 where the IASB issued amendments to IAS 1, to provide a more general approach to the presentation of liabilities as current or non-current, only covenants with which a company must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date.

The amendment was effective January 1, 2024, and was applied retrospectively. The adoption of this policy resulted in the reclassification of \$4.6 million and \$12.9 million of share-based compensation liability to long-term liabilities as of January 1, 2023, and December 31, 2023, respectively. There was no change to total liabilities on either date.

5 SEASONALITY OF OPERATIONS

The Company's revenues are typically highest in the second, third and fourth quarters resulting from the seasonal upswing in construction activity, the impact of which typically results in higher activity levels. Construction activity in the majority of Canada and certain regions of the U.S. is typically lower in the first quarter as a result of winter weather conditions. As the Company continues to grow its U.S. customer base, the impact of seasonality may shift over time. The Company's net working capital requirements will typically follow the seasonality of the related sales activity.

6 TRADE AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023
Trade receivables	187,114	153,591
Holdback receivables	939	1,167
Allowance for doubtful accounts	(2,939)	(2,525)
Total trade receivables	185,114	152,233
Accrued revenue and other receivables	7,861	5,790
Trade and other receivables	192,975	158,023

Trade receivables include \$14.2 million (December 31, 2023 - \$7.2 million) of trade accounts receivables being serviced under a receivables purchase agreement. The Company retains substantially all of the risks and rewards relating to the receivables sold, and therefore, continues to recognize the transferred accounts receivables in their entirety. The amounts repayable under the receivables purchase agreement are recorded as accounts payable.

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 collectable.

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:

	September 30, 2024	December 31, 2023
Current to 90 days	169,686	137,185
Over 90 days	15,428	15,048
Total trade receivables	185,114	152,233

Movement in allowance for doubtful accounts is as follows:

	September 30, 2024	December 31, 2023
Opening balance	2,525	1,405
Additions to the allowance	1,921	3,976
Accounts written off	(1,494)	(2,876)
Exchange differences	(13)	20
Closing balance	2,939	2,525

7 RIGHT-OF-USE ASSETS

Badger enters into leases primarily in order to secure office and yard space for the non-destructive excavation units and for light-duty vehicles. Terms of property leases vary including the life of the lease and the existence of extension options.

	Property	Light-duty vehicles	Total
January 1, 2023	15,991	13,688	29,679
Additions	15,331	21,411	36,742
Depreciation	(7,848)	(6,588)	(14,436)
Disposals/modifications	(1,110)	(3,106)	(4,216)
Impact of foreign exchange	19	21	40
December 31, 2023	22,383	25,426	47,809
Additions	5,516	12,602	18,119
Depreciation	(6,607)	(7,225)	(13,832)
Disposals/modifications	(326)	(1,932)	(2,258)
Impact of foreign exchange	(85)	(117)	(202)
September 30, 2024	20,881	28,754	49,636

8 LEASE LIABILITY

	September 30, 2024	December 31, 2023
Opening balance	47,230	27,107
Additions	18,098	36,494
Interest expense	1,365	1,197
Lease payments	(15,012)	(14,992)
Disposals/modifications	(2,232)	(2,790)
Exchange differences	354	214
Closing balance	49,803	47,230
Current	17,797	15,083
Long-term	32,006	32,147
Total lease liabilities	49,803	47,230

Contractual undiscounted cash flows

	September 30, 2024	December 31, 2023
Less than one year	21,461	18,880
One to five years	39,027	38,668
More than five years	17	—
Total	60,505	57,548

Amount recognized in net earnings

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Expenses related to short-term leases	357	451	1,210	881

9 DEBT

	September 30, 2024	December 31, 2023
Borrowings under Credit Facility	197,745	164,776
Less: unamortized debt issuance costs	(1,059)	(1,086)
Total long-term debt	196,686	163,690

	September 30, 2024	December 31, 2023
Syndicated revolving credit facility capacity	300,000	302,435
Less: borrowings under Credit Facility	(197,745)	(164,776)
Less: letters of credit	—	(5,020)
Available amount	102,255	132,639

Syndicated revolving credit facility

On May 31, 2024, following the closing of the Company's fifth amended and restated credit agreement, Badger changed all commitments and references within its committed syndicated revolving credit facility (the "Credit Facility") from Canadian dollars to U.S. dollars. The Company has a \$300.0 million committed Credit Facility with a syndicate of six lenders. The 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 U.S. operations. On September 29, 2024, the Company extended its Credit Facility by approximately one year to a 5-year term, expiring on September 29, 2029. Badger has the flexibility to expand the Credit Facility, subject to approval by the lenders, by an additional \$112.5 million. Badger maintains the Credit Facility for general corporate and liquidity purposes, in addition to financing requirements, if any, related to Badger's capital expenditures.

The Company's fifth amended and restated credit agreement also replaced the creation or purchase of Banker's Acceptances and other obligations, interest, fees, commissions or other amounts calculated with respect to the Canadian Dollar Offered Rate with mechanics for loans that bear interest at Canadian Overnight Repo Rate Average.

A standby fee is paid on the unused portion of the Credit Facility on a tiered basis. Standby fees are expensed as incurred. Under the terms of the Credit Facility, the Company must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2024, and as at September 30, 2024, the Company was in compliance with all of these covenants.

The Credit Facility is collateralized by a general security interest over the Company's assets, property and undertaking, present and future.

As at September 30, 2024, the Company had available \$102.3 million (December 31, 2023 - \$132.6 million) of undrawn committed borrowing facilities.

Letter of credit facility

During the second quarter, the Company obtained an unsecured demand revolving letter of credit facility ("LC Facility") with a maximum principal amount of \$10.0 million guaranteed by Export Development Canada through its Performance Security Guarantee ("PSG") program. The PSG program is in place to cover standby letters of credit or letters of guarantee, required as part of a collateral package provided to support Badger's U.S. insurance program and certain other performance bonds. The maturity date of this performance security guarantee program is extended to June 30, 2027.

	September 30, 2024	December 31, 2023
PSG program capacity	10,000	—
Less: letters of credit	(5,813)	—
Available amount	4,187	—

Surety bond

Badger has provided a corporate guarantee in the form of a surety bond to its insurer ("Obligee") so that the Obligee is able to provide insurance coverage to Badger. As of September 30, 2024, and as of December 31, 2023, the outstanding surety bond guaranteed by Badger was \$2.2 million. Management believes that adequate liquidity exists to meet the projected surety requirements. Badger has not recorded a liability under this guarantee as no material event of default exists under the applicable contract with the Obligee.

10 SHARE-BASED COMPENSATION

	September 30, 2024	December 31, 2023
TSX: BDGI Closing Share Price (CAD)	\$36.77	\$40.71

A) Deferred Share Unit Plan

The Deferred Share Unit ("DSU" or "deferred unit") Plan was established to promote greater alignment of interests between officers and Shareholders of the Company. The Board has to participate in the plan whereby they will be paid 50% to 100% of their annual retainer in the form of DSUs. 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. DSUs are paid out in cash upon departure from the Company.

The DSU Plan is accounted for as a cash-settled plan and units vest immediately upon issuance. Compensation expense is based on the estimated fair value of the deferred units outstanding at the end of each quarter using the period closing share price, with a corresponding credit to liabilities.

The liability for DSU's vested and outstanding as at September 30, 2024 is \$10.4 million (December 31, 2023 - \$13.2 million). Changes in the number of deferred units under the DSU Plan were as follows:

	Units
December 31, 2022	512,056
Granted	61,146
Dividends earned	11,604
Redeemed for cash	(132,912)
Forfeited	(22,783)
December 31, 2023	429,111
Granted	48,164
Dividends earned	4,999
Redeemed for cash	(100,400)
Forfeited	—
September 30, 2024	381,874
Vested as at September 30, 2024	381,874

B) Performance Share Unit Plan

The Company also has a Performance Share Unit (“PSU”) Plan for officers of the Company. Officers are awarded 50% of their annual long-term incentive compensation in PSUs, and may elect to receive up to 100%, with the remainder, if any, awarded in RSUs. The PSUs represent rights to share value based on the number of PSUs issued and the achievement of certain performance criteria as set out by the Board of Directors. Under the terms of the plan, and subject to achievement of the performance criteria, PSUs awarded will vest on December 31st of the second full calendar year following issuance and the related expense is recognized over their vesting period. PSUs will be settled in cash upon vesting in accordance with the achieved performance and other vesting criteria.

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 the closing period share price and recognized over the vesting period, with a corresponding credit to liabilities.

The liability for PSUs outstanding as at September 30, 2024 is \$9.6 million (December 31, 2023 - \$7.2 million). The fair value of units fully vested at September 30, 2024 is nil (December 31, 2023 - \$1.8 million). Changes in the number of PSUs under the PSU plan were as follows:

	Units
December 31, 2022	397,217
Granted	176,964
Dividends earned	8,479
Redeemed	(79,628)
Forfeited	(93,576)
December 31, 2023	409,456
Granted	128,524
Dividends earned	5,814
Redeemed	(59,191)
Forfeited	(5,783)
September 30, 2024	478,820
Vested as at September 30, 2024	—

C) Restricted Share Unit Plan

The company also has a Restricted Shareholder Unit Plan (“RSU”). 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 the closing period 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 September 30, 2024 is \$7.2 million (December 31, 2023 - \$8.4 million). The fair value of units fully vested at September 30, 2024 is nil (December 31, 2023 - \$5.2 million). Changes in the number of RSUs under the RSU plan were as follows:

	Units
December 31, 2022	273,476
Granted	256,345
Dividends earned	8,415
Redeemed	(110,611)
Forfeited	(52,737)
December 31, 2023	374,888
Granted	200,073
Dividends earned	5,010
Redeemed	(169,803)
Forfeited	(7,554)
September 30, 2024	402,614
Vested as at September 30, 2024	—

11 SHAREHOLDERS' CAPITAL

Authorized Shares

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

Issued and Outstanding

Normal course issuer bid

On July 31, 2024, the Board of Directors approved the Company to pursue a normal course issuer bid (NCIB) program of up to 861,836 common shares commencing August 26, 2024 and ending on the earlier of: (i) August 25, 2025; (ii) the date on which the number of common shares the Company intends to acquire under the NCIB have been purchased; and (iii) the date on which the Company terminates the NCIB at its option.

During the three months ended September 30, 2024, pursuant to its NCIB, the Company purchased and cancelled 44,400 common shares, at a weighted average price per share of CAD \$36.95.

	Number of Shares	Shareholders' Capital
As at December 31, 2023	34,473,438	66,950
Common shares repurchased and cancelled through NCIB	(44,400)	(74)
As at September 30, 2024	34,429,038	66,876

12 REVENUE

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Non-destructive excavation service – corporate	193,978	181,521	516,264	472,977
Non-destructive excavation service – operating partners	4,366	5,313	11,264	14,363
Total non-destructive excavation service revenue	198,344	186,834	527,528	487,340
Other service – corporate ⁽¹⁾	10,577	8,228	29,191	22,215
Other service – operating partners ⁽¹⁾	455	489	1,057	1,098
Total other revenue	11,032	8,717	30,248	23,313
Total revenue	209,376	195,551	557,776	510,653

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

13 FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Borrowings under credit facility	3,599	3,201	9,604	8,449
Interest on lease liability	501	346	1,365	838
Accrued interest	—	50	—	617
Other	441	313	869	651
Total finance costs	4,541	3,910	11,838	10,555

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash (used in) provided by operating activities				
Trade and other receivables	(18,556)	(23,091)	(34,997)	(46,046)
Prepaid expenses	(3,893)	(581)	(2,817)	(2,487)
Inventories	884	8,658	1,112	14,023
Trade and other payables	5,669	931	1,567	14,558
Change in non-cash working capital	(15,896)	(14,083)	(35,135)	(19,952)
Cash (used in) provided by investing activities				
Trade and other payables ⁽¹⁾	2,514	(227)	(291)	(128)
Change in non-cash working capital	2,514	(227)	(291)	(128)

⁽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.

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 and related services. The following is selected information for the three and nine months ended September 30, 2024 and 2023 based on these geographic/reportable segments.

	Three months ended September 30, 2024			
	Canada	U.S.	Corporate	Total
Revenue	23,977	185,399	—	209,376
Non-destructive excavation service	21,548	176,796	—	198,344
Other	2,429	8,603	—	11,032
Direct costs	17,440	123,810	—	141,250
Depreciation and amortization	3,974	15,750	11	19,735
General and administrative ⁽¹⁾	967	7,463	1,396	9,826
Loss on derivatives ⁽²⁾	—	—	3,714	3,714
Share-based compensation recovery ⁽²⁾	—	—	(718)	(718)
Finance cost ⁽²⁾	62	439	4,040	4,541
Other ⁽³⁾	(335)	(237)	5	(567)
Earnings (loss) before tax	1,869	38,174	(8,448)	31,595

	Three months ended September 30, 2023			
	Canada	U.S.	Corporate	Total
Revenue	27,161	168,390	—	195,551
Non-destructive excavation service	24,768	162,066	—	186,834
Other	2,393	6,324	—	8,717
Direct costs	20,097	112,612	—	132,709
Depreciation and amortization	4,045	13,245	4	17,294
General and administrative ⁽¹⁾	1,626	7,439	1,077	10,142
Gain on derivatives ⁽²⁾	—	—	(6,107)	(6,107)
Share-based compensation expense ⁽²⁾	—	—	7,022	7,022
Finance cost ⁽²⁾	59	287	3,564	3,910
Other ⁽³⁾	(10)	(244)	4	(250)
Earnings (loss) before tax	1,344	35,051	(5,564)	30,831

	Nine months ended September 30, 2024			
	Canada	U.S.	Corporate	Total
Revenue	63,529	494,247	—	557,776
Non-destructive excavation service	56,672	470,856	—	527,528
Other	6,857	23,391	—	30,248
Direct costs	49,572	345,431	—	395,003
Depreciation and amortization	12,053	46,185	(10)	58,228
General and administrative ⁽¹⁾	3,674	23,463	3,526	30,663
Loss on derivatives ⁽²⁾	—	—	3,708	3,708
Share-based compensation expense ⁽²⁾	—	—	9,621	9,621
Finance cost ⁽²⁾	194	1,171	10,473	11,838
Other ⁽³⁾	(478)	(1,299)	4	(1,773)
(Loss) earnings before tax	(1,486)	79,296	(27,322)	50,488

	Nine months ended September 30, 2023			
	Canada	U.S.	Corporate	Total
Revenue	75,807	434,846	—	510,653
Non-destructive excavation service	68,981	418,359	—	487,340
Other	6,826	16,487	—	23,313
Direct costs	55,917	308,986	—	364,903
Depreciation and amortization	11,883	38,881	9	50,773
General and administrative ⁽¹⁾	4,239	22,814	2,860	29,913
Gain on derivatives ⁽²⁾	—	—	(5,634)	(5,634)
Share-based compensation expense ⁽²⁾	—	—	12,049	12,049
Finance cost ⁽²⁾	167	668	9,720	10,555
Other ⁽³⁾	187	(1,573)	16	(1,370)
Earnings (loss) before tax	3,414	65,070	(19,020)	49,464

- (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 compensation for participants in both the U.S. and Canada, unrealized loss (gain) on financial instruments, and finance costs from the Company's credit facilities are reported in the corporate segment.
- (3) Included in other are gain on sale of property, plant and equipment, and foreign exchange loss (gain).

	Canada	U.S.	Corporate	Total
September 30, 2024				
Property, plant and equipment	88,194	303,157	—	391,351
Right of use assets	7,948	41,589	99	49,636
Intangible assets	11,056	13,151	—	24,207
Goodwill	1,201	—	—	1,201
Total assets ⁽¹⁾	150,837	539,460	1,282	691,579
Total liabilities ⁽¹⁾	40,716	155,729	228,631	425,076
December 31, 2023				
Property, plant and equipment	99,930	258,091	—	358,021
Right of use assets	9,195	38,584	30	47,809
Intangible assets	11,806	11,789	—	23,595
Goodwill	1,226	—	—	1,226
Total assets ⁽¹⁾	161,439	464,734	6,841	633,014
Total liabilities ⁽¹⁾	43,643	151,765	192,612	388,020

- (1) Included in total assets and total liabilities for the corporate segment are derivatives financial instruments, dividends payable, share-based compensation liabilities, and borrowings under Credit Facility.

16 COMMITMENTS AND CONTINGENCIES

The Company had the following commitments as at September 30, 2024:

	2024	2025	2026	2027	2028	Thereafter	Total
Operating leases ⁽¹⁾	429	1,640	1,456	844	187	58	4,614
Service contract ⁽²⁾	2,869	11,562	7,934	596	596	—	23,557
Purchase commitments ⁽³⁾	8,234	19,459	21	—	—	—	27,714
Total	11,532	32,661	9,411	1,440	783	58	55,885

- (1) Operating leases include variable lease payments for building, office space, and light-duty trucks.
- (2) Contract with third party service providers for information technology services.
- (3) Purchase commitments include amounts related to manufacturing operations, and other committed capital expenditures. The Company has the option to cancel certain purchase commitments at its sole discretion and without penalty.