



Badger Infrastructure Solutions Ltd. Delivers Solid Growth in 2024 Second Quarter Revenue, Adjusted EBITDA and Adjusted Net Earnings

CALGARY, Alberta, Aug. 01, 2024 -- Badger Infrastructure Solutions Ltd. ("Badger", the "Company", "we", "our" or "us") (TSX:BDGI) reported second quarter results today. All results are presented in U.S. dollars unless otherwise stated.

2024 SECOND QUARTER OPERATIONAL HIGHLIGHTS

- The Company achieved revenue of \$186.8 million, up 9% from 2023.
 - U.S. revenue was \$165.6 million (89% of total revenue), up 14% from 2023.
 - Canada revenue was \$21.2 million (11% of total revenue), down 19% from 2023.
- Gross profit margin of 29.2%, was consistent with 29.1% in 2023.
- Adjusted EBITDA⁽¹⁾ improved to \$44.6 million, up 14% from 2023.
- Adjusted EBITDA margin⁽¹⁾ rose to 23.9%, up from 22.8% in 2023.
- Revenue per truck per month ("RPT")⁽¹⁾ for the quarter was \$43,161, compared to \$44,502 in 2023.
- Adjusted earnings per share⁽¹⁾ was \$0.45 per share, up 18% from 2023.
- The Board of Directors has approved the quarterly cash dividend of CAD\$0.18 per common share for the third fiscal quarter of 2024, with payment to be made on or after October 15, 2024, to all shareholders of record on September 30, 2024.
- Badger intends to file a notice of intention to make a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange pursuant to which the Company may acquire common shares for cancellation.

"Our U.S. end markets drove another quarter of solid overall growth, with revenue of \$186.8 million, 9% higher than the second quarter of 2023. Adjusted EBITDA was 14% higher than last year as we continue to focus on improving our margins and profitability. The execution of our commercial, sales and pricing strategies have set the foundation for Badger to continue its journey as the industry leader in non-destructive excavation in 2024." said Rob Blackadar, President & Chief Executive Officer.

"We are now in our busy construction season and remain focused on pricing, sales and utilization to continue to drive revenue growth and profitability. We have grown year-to-date revenues by over 10%, Adjusted EBITDA by 17% and Adjusted earnings per share by 18%." concluded Mr. Blackadar.

FINANCIAL HIGHLIGHTS

(\$ US thousands except RPT, per share amounts, share information and ratios)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue:				
Non-destructive excavation service	177,193	163,967	329,184	300,506
Other	9,645	7,919	19,216	14,596
Total revenue	186,838	171,886	348,400	315,102
RPT - Consolidated (mixed currency)(1)	43,161	44,502	39,685	40,849
RPT - U.S. (USD)(1)	45,176	45,010	42,123	41,407
RPT - Canada (CAD)(1)	36,626	43,060	31,961	39,287
Adjusted EBITDA(1)	44,632	39,151	73,811	63,137
Adjusted EBITDA per share, basic and diluted(1)	\$1.29	\$1.14	\$2.14	\$1.83
Adjusted EBITDA margin(1)	23.9%	22.8%	21.2%	20.0%
Net earnings before income tax	16,551	14,960	18,893	18,633
Net earnings	11,910	11,013	13,689	13,777
Net earnings per share, basic and diluted(1)	\$0.35	\$0.32	\$0.40	\$0.40
Adjusted net earnings(1)	15,466	13,146	20,298	17,106
Adjusted net earnings per share, basic and diluted(1)	\$0.45	\$0.38	\$0.59	\$0.50
Cash flow from operations before working capital and other adjustments	44,618	38,864	73,814	62,850

Cash flow from operations before working capital and other adjustments per share, basic and diluted(1)	\$1.29	\$1.13	\$2.14	\$1.82
Total debt to Compliance EBITDA(1)	1.5 x	1.6 x	1.5 x	1.6 x
Capital expenditures	29,121	41,692	59,152	55,742
Hydrovac truck count	1,584	1,470	1,584	1,470
Dividends paid	4,614	4,427	9,057	8,633
Weighted average common shares outstanding(2)	34,473,438	34,473,438	34,473,438	34,473,438

(1) "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted net earnings", "Compliance EBITDA", "Total debt" and "RPT" 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" and p.12-13 of the Annual MD&A for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net earnings, Compliance EBITDA and Total debt. See "Key Financial Metrics and Other Operational Metrics" and p.10 of the Annual MD&A for additional details on RPT. Per share, basic and diluted measures are calculated by dividing the financial measure with the weighted average common shares outstanding for the period.

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

BUSINESS OUTLOOK

In the second half of 2024, we continue to expect growing demand in our end markets, including infrastructure, utilities, and non-residential construction, across all of our U.S. regions. While this growth remains in line with our long term expectations, the rate of growth has slowed somewhat in California and the Upper Midwest markets. The slowdown we have experienced in Canada is attributed to the delay of several projects and we continue to expect these to begin later in the year, and into early 2025. Our strategy and focus remains the same. We are focused on increasing revenue through our sales and national accounts commercial strategy to drive higher activity levels, capture pricing opportunities throughout our branch operations network. We also remain focused on both operational, functional and administrative scalability to drive operating leverage and continue growing Adjusted EBITDA margins and Adjusted net earnings at a higher rate than revenue growth.

As a result of slightly lower than expected utilization on our fleet, reflecting primarily weaker results from Canada, we now expect the increase in our fleet count to fall in the lower half of our 7% - 10% growth range. This will be achieved primarily by building to the lower end of our original new build range.

	2024 Outlook
New builds	190 units to 220 units
Retirements	70 units to 90 units
Refurbishments	35 units to 45 units
Total Capital Spend ⁽¹⁾	\$90 million to \$130 million

(1) Total capital spend for the 2024 Outlook includes the cost to manufacture a new hydrovac, refurbishments, ancillary equipment and other capital projects.

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 and in general commercial construction. Badger's customers typically operate near high concentrations of underground power, communication, water, gas and sewer lines, where safety and economic risks are high and where 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. Badger is unique in the non-destructive excavation industry because it designs and manufactures all of its hydrovac units at its plant in Red Deer, Alberta, which has an annual production capacity of more than 350 hydrovac units. To complement the Badger Hydrovac, the Company has a select number of specialty units, mainly Airvacs, combo trucks and sewer and flusher units.

2024 SECOND QUARTER CONFERENCE CALL

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2024 second quarter results is scheduled for 9:00 a.m. ET on Friday, August 2, 2024. To join the call and ask a question during the live questions and answers session: <https://register.vevent.com/register/B10eacf5cdf69d44b4819c1141f33b3dbf>. To join the call with audio only: <https://edge.media-server.com/mmc/p/bimfrao7>.

2024 SECOND QUARTER DISCLOSURE DOCUMENTS

Badger's second quarter 2024 Management's Discussion and Analysis ("MD&A") and Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2024, along with all previous public filings of Badger Infrastructure Solutions Ltd. may be found on SEDAR+ at www.sedarplus.ca.

NON-IFRS FINANCIAL MEASURES

This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by International Financial Reporting Standards ("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 2023 Annual 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 right of use assets, 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 and right of use assets as these gains and losses are considered incidental and secondary to the principal business activities, gains and losses on foreign exchange as such gains and losses can vary significantly based on factors beyond the Company's control; and 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.

"Adjusted net earnings" is net earnings adjusted for share-based compensation, gains and losses on derivative instruments, gains and losses on sale of property, plant and equipment and right of use assets, and gains and losses on foreign exchange, tax impacted using the effective tax rate.

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" on page 11 of the Company's 2024 second quarter 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", "continue", "focus on", "grow", "trend" 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 expectations with regard to demand for non-destructive excavation services across its end markets;
- Badger's expectations regarding Canadian and U.S. operations in 2024, including the expected timing of projects in Canada and the U.S. and the results of operations in such markets;
- The implementation of the NCIB program including receipt of customary approvals and the timing associated with receipt of such approvals;
- Badger's strategic initiatives, including sales and marketing investments and pricing strategies;
- Badger's expectations with respect to the production, retirement and refurbishment of non-destructive excavation and specialty units;
- Badger's focus on maintaining utilization rates throughout the branch operations network;
- Badger's continued focus on increasing revenues through its sales and national accounts commercial strategy;
- The expectation that Badger's growing customer base and national accounts program will contribute to year over year growth;
- Badger's continued focus on fleet management and utilization to support its organic growth requirements;
- The expected growth of Badger's fleet count in the 7% to 10% range in 2024;
- Badger's continued focus on operational, functional and administrative scalability to drive operating leverage and continue growing Adjusted EBITDA margins and Adjusted net earnings at a higher rate than revenue growth;
- Disclosure under the heading "Business Outlook"; and
- The payment of Badger's quarterly cash dividends and anticipated timing thereof.

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;
- 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 and on the timeline 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 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.sedarplus.ca) 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:

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