



Badger Infrastructure Solutions Ltd. Announces Record 2024 First Quarter Revenue and Adjusted EBITDA

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

2024 FIRST QUARTER OPERATIONAL HIGHLIGHTS

- The Company achieved revenue of \$161.6 million, up 13% from 2023.
- Gross profit margin improved to 24.8%, up from 22.9% in 2023.
- Adjusted EBITDA⁽¹⁾ improved to \$29.2 million, up 22% from 2023.
- Adjusted EBITDA margin⁽¹⁾ rose to 18.1%, up from 16.7% in 2023.
- Consolidated revenue per truck per month ("RPT") for the quarter was \$36,904, down from \$38,231 in 2023.
- Adjusted earnings per share was \$0.14 per share, up 27% from 2023.
- The Board of Directors has approved the quarterly cash dividend of CAD\$0.18 per common share for the second fiscal quarter of 2024, with payment to be made on or after July 15, 2024, to all shareholders of record on June 30, 2024.

"We are pleased to report record first quarter revenue of \$161.6 million, which was 13% higher than the first quarter of 2023, driven by our U.S. end markets. We've had a strong start to the year with record Adjusted EBITDA, 22% higher than last year as we continue to focus on improving our margins and profitability in the seasonally slower months. 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 preparing for a busy construction season and another year of growth in non-destructive excavation services across our end markets. We expect 2024 to be another strong year and we remain on track to grow our fleet by 7% to 10% while continuing to drive strong utilization and pricing." concluded Mr. Blackadar.

FINANCIAL HIGHLIGHTS

	Three months ended March 31,	
(\$ US thousands except RPT, per share amounts, share information and ratios)	2024	2023
Revenue:		
Non-destructive excavation service	151,991	136,538
Other	9,571	6,678
Total revenue	161,562	143,216
RPT - Consolidated (mixed currency) ⁽¹⁾	36,904	38,231
RPT - U.S. (USD) ⁽¹⁾	39,855	38,804
RPT - Canada (CAD) ⁽¹⁾	27,832	36,648
Adjusted EBITDA ⁽¹⁾	29,179	23,986
Adjusted EBITDA per share, basic and diluted ⁽¹⁾	\$0.85	\$0.70
Adjusted EBITDA margin ⁽¹⁾	18.1%	16.7%
Net earnings before income tax	2,342	3,673
Net earnings	1,779	2,764
Net earnings per share, basic and diluted ⁽¹⁾	\$0.05	\$0.08
Adjusted net earnings ⁽¹⁾	4,928	3,959
Adjusted net earnings per share, basic and diluted ⁽¹⁾	\$0.14	\$0.11
Cash flow from operations before working capital and other adjustments	29,196	23,986
Cash flow from operations before working capital and other adjustments per share, basic and diluted ⁽¹⁾	\$0.85	\$0.70
Total debt to Compliance EBITDA ⁽¹⁾	1.5x	1.6x

Capital expenditures	30,031	14,050
Dividends paid	4,443	4,206
Weighted average common shares outstanding ⁽²⁾	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 2024, we expect to see continued strong and growing demand in our end markets, including infrastructure, utilities, and non-residential construction across all of our U.S. regions. The slowdown we have experienced in Canada is attributed to the delay of several projects, which are currently expected to begin in the back end of 2024, and into early 2025. The Company will continue to focus on increasing revenue through our sales and national accounts commercial strategy to drive higher activity levels, capture pricing opportunities and to maintain strong utilization rates 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 net earnings at a higher rate than revenue growth.

Badger continues to focus on fleet management and utilization to support its organic growth requirements and will continue to leverage its vertically integrated manufacturing capabilities. We plan to grow our fleet by 7% to 10% in 2024 and the Company is well positioned to capture market demand in our high growth regions.

The Company is maintaining its outlook for our fleet management and capital spend for 2024:

	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 FIRST QUARTER CONFERENCE CALL

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2024 first quarter results is scheduled for 9:00 a.m. ET on Thursday, May 2, 2024. To join the call and ask a question during the live questions and answers session: <https://register.vevent.com/register/B139e1da46bb5f4c32b49b1972697b7afc>. To join the call with audio only: <https://edge.media-server.com/mmc/p/2trf8t5>.

2024 ANNUAL MEETING OF SHAREHOLDERS

The Company will be holding its annual meeting of shareholders on Thursday, May 2, 2024 at 12:00 p.m. ET. The meeting

will be held virtually by live audiocast at: www.virtualshareholdermeeting.com/BDGI2024.

2024 FIRST QUARTER DISCLOSURE DOCUMENTS

Badger's first quarter 2024 Management's Discussion and Analysis ("MD&A") and Interim Condensed Consolidated Financial Statements for the three months ended March 31, 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 first 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", "continues to", "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;
- Badger's continued focus on increasing revenues through its pricing strategies initiated in the second quarter of 2023;
- Badger's expectation regarding the potential expense associated with its unresolved tax audits;
- Badger's expectations with respect to the production, retirement and refurbishment of non-destructive excavation and specialty units in 2024;
- Badger's expectation regarding capturing pricing opportunities and maintaining strong 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 expectation that Badger will continue to leverage its vertically integrated manufacturing capabilities;
- The expected growth of the fleet of Badger Hydrovacs by 7% to 10% in 2024;

- Badger's continued focus on operational, functional and administrative scalability to drive operating leverage and continue growing Adjusted EBITDA margins and net earnings at a higher rate than revenue growth;
- Disclosure under the heading "2024 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; 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 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.

Source: Badger Infrastructure Solutions Ltd.

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