



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

April 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto of Badger Infrastructure Solutions Ltd. (the "Company", "Badger", "we", "our" or "us") (TSX:BDGI) for the year ended December 31, 2024 (the "Annual Consolidated Financial Statements"), the MD&A for the year ended December 31, 2024 (the "Annual MD&A"), and the interim condensed consolidated financial statements for the three months ended March 31, 2025 and 2024 (the "Interim Condensed Consolidated Financial Statements"). This MD&A is a review of the financial results of Badger for the three months ended March 31, 2025 and has been prepared in accordance with IFRS[®] Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. For additional information relating to Badger, readers should refer to all previous public filings, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2024, which may be found on SEDAR+ at www.sedarplus.ca.

This MD&A is dated and has been prepared taking into consideration information available up to April 29, 2025. All references to "dollars" and "\$" are to the currency of U.S. dollars unless otherwise indicated.

This MD&A includes forward-looking statements and assumptions. See "Cautionary Statements Regarding Forward-Looking Information and Statements" for additional details.

OVERVIEW OF BADGER

Badger is North America's largest provider of non-destructive excavating and related 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 Hydrovac[™], 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. The Company has a refurbishment program to extend the service life of certain units when it is financially prudent to do so based on the condition of the unit at the end of its normal useful life. To complement the Badger Hydrovac and expand the Company's service offerings, the Company has a select number of specialty units, mainly combo trucks, sewer and flusher units, and airvacs.

QUARTERLY OPERATIONAL HIGHLIGHTS

Badger delivered solid operating and financial performance in the first quarter, generating \$172.6 million of revenue, up 7% from 2024. The increase in revenue reflected the continued focus on our commercial strategy, and year-over-year growth in our fleet to support growing customer demand. Adjusted EBITDA⁽¹⁾ improved by 16% over the prior year, to \$33.8 million for the quarter.

Adjusted EBITDA margin⁽¹⁾ improved to 19.6% for the quarter, up from 18.1% for the same quarter in 2024 largely due to increased operating leverage, stable general and administrative costs, offset by costs related to supporting the larger hydrovac fleet.

Adjusted net earnings per share⁽¹⁾ for the quarter was \$0.19 compared to \$0.14 during the same quarter last year. The increase was driven by higher Adjusted EBITDA and lower average common shares outstanding, partially offset by higher income tax. Badger's consolidated revenue per truck per month ("RPT")⁽¹⁾ for the quarter was U.S. \$35,034, largely unchanged from the same quarter in 2024. Badger has grown its average fleet count by 8% over this period, meeting growing customer demand and resulting in consistent RPT performance year over year. Additionally, the growth in our fleet enhances our ability to take immediate advantage of further growth in 2025.

During the first quarter, Badger manufactured 50 non-destructive excavation units (2024 - 52 units) and refurbished 9 units (2024 - 8 units). Additionally, 32 units were retired during the quarter (2024 - 66 units). As of March 31, 2025, Badger had 1,661 non-destructive excavation units in operations, 132 more than as of March 31, 2024.

⁽¹⁾ "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted net earnings per share", 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" for additional detail on the definition and calculation of Adjusted EBITDA margin and Adjusted net earnings per share and "Key Financial Metrics and Other Operational Metrics" for additional detail on the definition and calculation of RPT.

BUSINESS OUTLOOK

For the remainder of 2025, we see continued opportunities for growth, particularly in the U.S. despite ongoing uncertainty resulting from tariffs and potential trade disputes. Accordingly, Badger's focus remains unchanged. We will continue to leverage our customer relationships through our Sales and National Account strategies to drive higher activity levels across our broad branch network, capturing more density in major markets. Further, we are increasingly focused on our operating efficiency and the stability of our overhead support functions. To accelerate this effort we are extending our operational excellence initiatives from our manufacturing plant to the entire field operations group to streamline and enhance our customers' experience. We believe this initiative will help Badger continue to realize solid operating leverage on additional revenues.

Badger is focused on disciplined fleet management and utilization to support its organic growth requirements and will continue to leverage its vertically integrated manufacturing capabilities. Our investments in our hydrovac fleet include further planned growth of 4% to 7% in 2025. Together with our programs to capture pricing opportunities, the capacity in our current fleet and our disciplined 2025 capital program, Badger is well positioned to meet our growing customer needs.

	2025 Outlook
New builds	180 units to 210 units
Retirements	90 units to 130 units
Refurbishments	50 units to 60 units
Total Capital Spend⁽¹⁾	\$95 million to \$115 million

⁽¹⁾ Total capital spend includes the cost to manufacture new hydrovacs, refurbishments, ancillary equipment and other capital projects and does not include the potential impact of tariffs or retaliatory tariffs.

Badger is in the lower half of its financial leverage range. We have capacity to continue investing in the business to grow organically, while making purchases under our normal course issuer bid ("NCIB") and returning capital to our shareholders through dividends.

The impact of the scope and duration of the tariffs on Canadian exports and the retaliatory tariffs on certain U.S. exports remains uncertain. The measures that are currently in place are anticipated to have a minor impact on the cost of the hydrovacs that we assemble at our plant in Red Deer, Alberta and use in our operations across North America. However, the uncertainty resulting from these and any potential future measures may lead to a slowdown in the markets where Badger operates. Badger has undertaken a number of initiatives to mitigate the impacts of these tariffs. We currently have ample fleet positioned in the right markets, providing the flexibility to manage through some of these uncertainties in 2025.

FINANCIAL HIGHLIGHTS

	Three months ended March 31,	
(\$ U.S. thousands except RPT, truck count, ratios, per share amounts, and share information)	2025	2024
Revenue:		
Non-destructive excavation service	164,835	151,991
Other	7,798	9,571
Total revenue	172,633	161,562
RPT - Consolidated (U.S. dollars) ⁽¹⁾⁽²⁾	35,034	35,138
RPT - Consolidated (mixed currency) ⁽¹⁾	36,770	36,904
Adjusted EBITDA ⁽¹⁾	33,792	29,179
Adjusted EBITDA per share, basic and diluted ⁽¹⁾	\$0.99	\$0.85
Adjusted EBITDA margin ⁽¹⁾	19.6%	18.1%
Net earnings before income tax	5,887	2,342
Net earnings	3,255	1,779
Net earnings per share, basic and diluted ⁽¹⁾	\$0.10	\$0.05
Adjusted net earnings ⁽¹⁾	6,350	4,928
Adjusted net earnings per share, basic and diluted ⁽¹⁾	\$0.19	\$0.14
Cash flow from operations before working capital and other adjustments	33,679	29,196
Cash flow from operations before working capital and other adjustments per share, basic and diluted ⁽¹⁾	\$0.99	\$0.85
Total debt to Compliance EBITDA ⁽¹⁾	1.4x	1.5x
Capital expenditures	25,612	30,031
Hydrovac truck count	1,661	1,529
Dividends paid	4,289	4,443
Cash paid to repurchase common shares under the NCIB	7,721	—
Common shares repurchased and cancelled under the NCIB	301,000	—
Weighted average common shares outstanding ⁽³⁾	34,058,638	34,473,438

⁽¹⁾ "Adjusted EBITDA", "Adjusted EBITDA per share", "Adjusted EBITDA margin", "Adjusted net earnings", "Adjusted net earnings per share", "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.15-18 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.13 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⁾ Effective January 31, 2025, the Company changed the reporting segment disclosure to one consolidated segment. As a result, RPT is presented as a consolidated total in U.S. dollars. Comparative periods were restated to reflect the change.

⁽³⁾ See "Share Capital" for additional details.

FIRST QUARTER HIGHLIGHTS

For the three months ended March 31, 2025:

- Revenue of \$172.6 million was 7% higher than the revenue in the first quarter of 2024.
- RPT was U.S.\$35,034, consistent with U.S.\$35,138 in the first quarter of 2024.
- Gross profit margin of 25.5% was higher than 24.8% in the first quarter of 2024.

- General and administrative ("G&A") expenses were \$10.3 million or 6% of revenue, a decrease compared to \$10.8 million or 7% in the first quarter of 2024.
- Adjusted EBITDA margin improved to 19.6% compared with 18.1% in the first quarter of 2024.
- Adjusted net earnings was \$6.3 million compared to \$4.9 million in the first quarter of 2024.
- Net earnings was \$3.3 million compared with \$1.8 million in the first quarter of 2024.
- Cash flow from operations was \$33.7 million compared with \$29.2 million in the first quarter of 2024.
- Total debt to Adjusted EBITDA was 1.4x at March 31, 2025, lower than 1.5x at March 31, 2024 and up from 1.1x at December 31, 2024.
- The Company purchased 301,000 common shares for cancellation under the NCIB at a weighted average price per share of CAD \$38.31.

RESULTS OF OPERATIONS FOR THE FIRST QUARTER

During the quarter ended March 31, 2025, the Company revised its internal reporting structure to better support its strategic priorities and to align with the way the Company's Chief Operating Decision Maker evaluates performance and allocates capital. As a result, effective January 31, 2025 Badger has modified its reportable operating segments. Previously, the Company identified three reportable segments consisting of two geographic segments (the U.S. and Canada), and a Corporate segment. As a result of this change, the Company concluded that it has one reportable segment, being Consolidated Badger, combining the previously reported U.S., Canada and Corporate segments together. Refer to the Company's Interim Condensed Consolidated Financial Statements, Note 2 Basis of Preparation for more information. The table below provides a restated summary of Adjusted EBITDA of the new reportable segment, the Consolidated Badger results.

First Quarter Summary

(\$ U.S. thousands)	Three months ended March 31,	
	2025	2024
Non-destructive excavation revenue	164,835	151,991
Other services revenue	7,798	9,571
Total revenue	172,633	161,562
Direct costs	128,584	121,534
Gross profit	44,049	40,028
<i>Gross profit margin (%)</i>	25.5%	24.8%
General and administrative	10,257	10,849
Adjusted EBITDA	33,792	29,179
<i>Adjusted EBITDA margin (%)</i>	19.6%	18.1%
Net earnings	3,255	1,779
Adjusted net earnings	6,350	4,928

Non-destructive Excavation Revenue

Consolidated non-destructive excavation revenue was \$164.8 million, \$12.8 million or 8% higher than the \$152.0 million in the prior year due to continued investment in our fleet to capture strong activity in our end markets across our U.S. operations combined with the ongoing benefits from our sales and marketing investments.

Other Services Revenue

Other services revenue was \$7.8 million, \$1.8 million lower than the \$9.6 million in the prior year due to a decrease in customer demand in Badger's non-hydrovac related service lines, primarily airvac, CCTV and combo truck services.

Revenue per Truck per Month

Consolidated RPT was U.S.\$35,034, relatively consistent with U.S.\$35,138 in the prior year. The increase in revenue was offset by the increase in the average number of non-destructive excavation units. As at March 31, 2025, Badger had 1,661 non-destructive excavation units in its fleet compared with 1,529 as at March 31, 2024.

Direct Costs

Direct costs were \$128.6 million or 74% of revenue compared with \$121.5 million or 75% of revenue in the prior year.

Direct costs increased to meet higher customer demand and volume of work performed, as well as increased costs associated with the larger fleet size and operations support functions. Direct costs improved as a percentage of revenue reflecting the leverage in our support functions and pricing improvements.

Gross Profit

Gross profit was \$44.0 million and gross profit margin was 25.5% compared with \$40.0 million and 24.8% in the prior year, consistent with increased revenue and the reduction of direct costs as a percentage of revenue.

General and Administrative Expenses

G&A expenses were \$10.3 million or 6% of revenue, down from \$10.8 million or 7% of revenue in the prior year driven by lower bank fees and timing of certain expenses.

Depreciation and Amortization of Property, Plant and Equipment, Right-of-Use and Intangible Assets

Depreciation and amortization expense was \$20.3 million compared with \$19.0 million in the prior year. Depreciation expense, which is recorded on a straight-line basis, increased compared with the prior year primarily due to increases in the average number of non-destructive excavation units and right of use assets.

Share-based Compensation

Share-based compensation was an expense of \$6.5 million compared with \$12.2 million in the prior year. The change is primarily due to changes in the market value of Badger's shares during the period compared to the prior quarter market value. During the quarter, Badger's share price increased from CAD \$35.88 per share at December 31, 2024 to CAD \$38.86 per share at March 31, 2025, compared to Badger's share price increase from CAD \$40.71 per share at December 31, 2023 to CAD \$50.20 per share at March 31, 2024. Share-based compensation expense will fluctuate based on the effects of the movement in Badger's share price, combined with the impact of normal course vesting of previously issued long-term incentive plan grants and the issuance, if any, of new long-term incentive plan grants.

The Company maintains total return swap contracts to manage the exposure to share price market risk on its cash-settled long-term incentive plan programs. All total return swap contracts are recorded at fair value. The net gain on the total return swaps in the quarter was \$2.0 million compared with a \$7.4 million gain in the prior year. The change is due to the change in the fair market value of Badger's shares. For a discussion of the risks and risk management strategies associated with financial instruments, see "Critical Accounting Policies and Estimates" and "Risk Factors to Badger" in the Annual MD&A.

Finance Cost

Finance costs of \$3.5 million consist primarily of interest on borrowings under the Credit Facility (as defined below under the heading "Syndicated Revolving Credit Facility") and the Term Loan (as defined below under the heading "Non-revolving Term Loan Facility"), standby fees on the Credit Facility, amortization of borrowing costs, and finance costs associated with lease liabilities. The \$0.1 million decrease in finance costs was due to a lower interest rate, offset by higher receivables purchase agreement fees, and higher lease interest expenses.

As at March 31, 2025, the Company's debt obligations, excluding operating leases and outstanding letters of credit, consisted of \$94.3 million drawn on the Credit Facility, \$100.0 million on the Term Loan, and \$48.9 million

in lease liabilities, compared to \$71.2 million, \$100.0 million, and \$50.3 million as at December 31, 2024, respectively.

Income Tax

Total income tax expense was \$2.6 million compared with \$0.6 million in the prior year. The increase in income tax expense was due primarily to a higher effective tax rate due to the timing of the deductibility of certain expenses.

Adjusted EBITDA

Adjusted EBITDA was \$33.8 million, an increase of 16% compared to \$29.2 million in the prior year.

Net Earnings

Net earnings was \$3.3 million, \$1.5 million higher than the prior year. This was due to the higher gross profit being offset by higher depreciation and amortization, share-based compensation expense, lower gain on derivatives, and higher income tax expense. Adjusted net earnings for the quarter was \$6.3 million, compared with \$4.9 million in the same quarter of 2024.

Other Comprehensive Loss

Total other comprehensive loss, which includes the effect of translating Canadian operations into U.S. dollars, resulted in a loss of \$0.1 million compared with a loss of \$0.2 million in the prior year. The change in other comprehensive income is the result of the Canadian dollar fluctuating relative to the U.S. dollar throughout the period.

CAPITAL RESOURCES

Investing

Badger invested \$25.6 million in total capital expenditures during the quarter compared with \$30.0 million in the prior year. Capital expenditures during the quarter were primarily related to the production of non-destructive excavation units. The decrease in spending for the quarter reflects the decrease of units put into service quarter-over-quarter.

During the quarter, Badger manufactured 50 non-destructive excavation units compared with 52 non-destructive excavation units in the same quarter of 2024. All new non-destructive excavation units were placed into service during the quarter.

Capital Expenditures

(\$ U.S. thousands)	Three months ended March 31,	
	2025	2024
Non-destructive excavation units ⁽¹⁾	22,294	28,496
Other vehicles and trailers	3,086	1,181
Buildings	—	211
Other	232	143
Total Capital Expenditures	25,612	30,031

⁽¹⁾ Non-destructive excavation units consist of completed units placed into service, work-in-progress and refurbishment costs. Non-destructive excavation units include \$1.2 million of refurbishment costs incurred during the quarter.

	Completed Units ⁽¹⁾	Average Manufacturing Cost
Q1 2025	50	\$401,000
2024	190	\$416,000
2023	217	\$399,000
2022	112	\$433,000
2021	32	\$440,000

⁽¹⁾ Completed non-destructive excavation units in the above table exclude prototype Badger airvacs manufactured.

The cost to build a non-destructive excavation unit will fluctuate on an annual basis due to factors such as: the number of non-destructive excavation units built; the cost of chassis; labour and materials rates; and the impact of foreign currency rates as certain materials are denominated or otherwise influenced by foreign currency exchange rates. The average manufacturing costs during the quarter were 3% lower than the same quarter in 2024 due to foreign currency exchange fluctuations.

Lease Liability

As at March 31, 2025, the Company had \$48.9 million in lease liabilities (December 31, 2024 – \$50.3 million) related to operating and administrative building lease arrangements, consisting primarily of yard space for non-destructive excavation operations, and leases for light-duty pick-up trucks.

Liquidity and Capital Resources

(\$ U.S. thousands)	March 31, 2025	December 31, 2024
Credit Facility capacity	300,000	300,000
Borrowings under Credit Facility	(94,253)	(71,238)
Cash on hand	1,121	14,617
Available Liquidity	206,868	243,379

The Company's Credit Facility (as defined below) is available for general corporate purposes, providing additional liquidity and financial capacity should it be required. The Company has also obtained the LC Facility (as defined below) to support its U.S. insurance program and certain other performance bonds. The Company remained in compliance with all financial covenants associated with all lending arrangements.

Syndicated Revolving Credit Facility

The Company maintains a \$300.0 million committed, syndicated revolving credit facility (the "Credit Facility") for general corporate and liquidity purposes, and to cover any financing requirements related to Badger's capital expenditures. The Credit Facility matures on September 29, 2029 and allows for amounts to be drawn in either Canadian or U.S. dollars. Amounts drawn under the Credit Facility bear interest at the 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. Throughout 2025, and as at March 31, 2025, the Company was in compliance with all of the covenants required to be complied with under the terms of the Credit Facility. The Credit Facility is collateralized by a general security interest over the Company's and certain of its subsidiaries' assets, property and undertaking, present and future. As at March 31, 2025, the Company had \$205.7 million (December 31, 2024 - \$228.8 million) of undrawn committed borrowing facilities available under the Credit Facility. Subject to lender approval, the Credit Facility may be expanded by an additional \$112.5 million.

Non-revolving Term Loan Facility

On December 12, 2024, Badger entered into a \$100.0 million syndicated, secured, non-revolving term loan facility (the "Term Loan"), the proceeds of which were used to pay down the Credit Facility. The Term Loan is non-amortizing and matures on December 11, 2027. The Term Loan bears interest at the Secured Overnight Financing Rate. Throughout 2025, and as at March 31, 2025, the Company was in compliance with all of the covenants required to be complied with under the terms of the Term Loan.

Letter of Credit Facility

During the second quarter of 2024, the Company obtained an unsecured demand revolving letter of credit facility with a maximum principal amount of \$10.0 million (the "LC Facility") guaranteed by Export Development Canada through its Performance Security Guarantee program (the "PSG Program"). The PSG Program covers 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 June 30, 2027.

	March 31, 2025	December 31, 2024
PSG Program capacity	10,000	10,000
Less: letters of credit	(5,813)	(5,813)
Available Amount	4,187	4,187

Surety Bond

Badger has a corporate guarantee in the form of a surety bond to its insurer ("Obligee") to allow the Obligee to provide insurance coverage to Badger. As of March 31, 2025, and as of December 31, 2024, the outstanding surety bond guaranteed by Badger was \$2.2 million. Management believes that adequate liquidity exists to meet projected surety requirements. Badger has not recorded a liability under this guarantee as management believes that no material events of default exist under the applicable contract with the Obligee.

Compliance

Under the terms of the Credit Facility, the Company must comply with certain financial and non-financial covenants. Badger is restricted from declaring dividends if it is in breach of the covenants governing its credit facilities. The Company is in compliance with all covenants under the Credit Facility and does not maintain a credit rating.

The Company's significant financial covenants are detailed in the summary below:

Ratio ⁽¹⁾⁽²⁾	March 31, 2025	December 31, 2024	Threshold
Total Debt to Compliance EBITDA Credit Facility	1.4x	1.1x	4.0:1x max
Interest Coverage Ratio Credit Facility	10.7x	10.5x	3.0:1x min

⁽¹⁾ The Interest Coverage Ratio Credit Facility is calculated as Compliance EBITDA divided by interest expense. For the twelve months ended March 31, 2025, calculated as \$144.8 million in Compliance EBITDA divided by \$13.5 million in interest expense and for the twelve months ended December 31, 2024, calculated as \$144.7 million in Compliance EBITDA divided by \$13.8 million in interest expense. Interest expense is calculated in accordance with IFRS on a trailing 12-month basis, and excludes interest paid on leases.

⁽²⁾ See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Compliance EBITDA and Total Debt.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements and no significant outstanding balances with related parties as at March 31, 2025.

Working Capital

Changes in working capital levels may result from increasing or decreasing revenue, the seasonality in operations, the timing of the collection of receivables and the payment of payables, the timing of capital expenditures and the impact of fluctuations in foreign currency exchange rates. Working capital is calculated as current assets minus current liabilities and was \$68.0 million as at March 31, 2025, compared with \$61.7 million as at December 31, 2024. This is primarily due to a decrease in trade and other payables, current portion of share-based compensation liability, and an increase in prepaid expenses, and derivative financial instruments. This was offset in part by a decrease in cash, trade and other receivables, and inventory.

The largest component of Badger's working capital is trade and other receivables. Trade and other receivables totaled \$162.9 million as at March 31, 2025, \$3.2 million or 2% lower compared to the balance of \$166.1 million as at December 31, 2024. Trade and other receivables decreased as a result of lower revenue during the first

quarter of 2025 versus the fourth quarter of 2024. In addition to lower overall trade and other receivables, 91% of Badger's trade receivables were aged 90 days or less, consistent with the aging as at December 31, 2024. The Company continues to actively manage its receivables portfolio and drive further improvements in all aspects of the cash collection cycle.

Badger manages a receivables purchase program that sells short term trade receivables of certain designated customers. The transaction is treated as a transfer of a financial asset but does not qualify for derecognition under IFRS. The receivables are derecognized once the receivable is collected from the customer and transferred to the counterparty. As at March 31, 2025, Badger sold \$14.4 million in trade receivables to its counterparty (December 31, 2024 - \$23.8 million).

The Company uses its cash to fund day-to-day operations, purchase and manufacture property, plant and equipment, service debt and pay dividends, and for general corporate purposes. Badger assesses its need for general liquidity based on its cash flow from operating activities combined with the financial capacity available under its various borrowing facilities. Badger has ample access to liquidity, through a combination of cash flows from operating activities and its various borrowing facilities, to meet the existing operational and capital expenditures of the business. Cash flows from operating activities are subject to variations and risks associated with the normal course operations of the business, including the impact of the seasonality within the business and the normal course timing and collection of working capital.

Share Capital

As at March 31, 2025, the number of common shares outstanding was 33,932,038, compared with 34,233,038 as at December 31, 2024. The weighted average common shares outstanding as at March 31, 2025 was 34,058,638, and 34,441,443 as at December 31, 2024.

As at April 29, 2025, the number of common shares outstanding was 33,752,238. Badger does not currently have any material financial instruments which can be converted into additional common shares.

Refer to Note 12 of the Company's unaudited Interim Condensed Consolidated Financial Statements for additional details on the changes to share capital.

Normal Course Issuer Bid

In October 2024, the Toronto Stock Exchange ("TSX") accepted Badger's amended notice of intention to increase the size of its NCIB pursuant to which Badger may purchase and cancel up to 2,658,294 common shares, representing 10% of the Company's public float as at August 12, 2024 and has approved the implementation of an automatic securities purchase plan (the "ASPP"). Pursuant to the ASPP, Badger's broker may facilitate repurchases of common shares during blackout periods within certain parameters prescribed by the TSX, applicable Canadian securities laws, and the terms of the parties' written agreement. During the quarter ended March 31, 2025, pursuant to its NCIB, the Company purchased and cancelled 301,000 common shares under the NCIB at a weighted average price per share of CAD \$38.31. Subsequent to March 31, 2025, the company purchased 179,800 additional shares at a weighted average price per share of \$36.79.

Contractual Obligations

Refer to the Company's unaudited Interim Condensed Consolidated Financial Statements for disclosure related to contractual obligations. The Company anticipates using its cash and cash equivalents, in addition to the financial capacity available under its various credit facilities to fund its contractual obligations.

	2025	2026	2027	2028	2029	Thereafter	Total
Operating leases ⁽¹⁾	1,571	1,925	1,275	494	261	10	5,536
Service contract ⁽²⁾	8,983	8,098	701	598	598	—	18,978
Purchase commitments ⁽³⁾	34,137	196	—	—	—	—	34,333
Total	44,691	10,219	1,976	1,092	859	10	58,847

⁽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.

Selected Quarterly Financial Information

(\$ U.S. thousands, except per share amounts)	2025		2024			2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	172,633	187,176	209,376	186,838	161,562	173,146	195,551	171,886
Net earnings	3,255	10,869	23,314	11,910	1,779	4,710	23,284	11,013
Net earnings per share, basic and diluted	\$0.10	\$0.32	\$0.68	\$0.35	\$0.05	\$0.14	\$0.68	\$0.32
Adjusted net earnings	6,350	12,744	25,094	15,466	4,928	5,674	23,789	13,146
Adjusted net earnings per share, basic and diluted	\$0.19	\$0.37	\$0.73	\$0.45	\$0.14	\$0.16	\$0.69	\$0.38
Dividends paid (CAD) ⁽¹⁾	6,164	6,164	6,198	6,205	5,947	5,947	5,947	5,947
Dividends per share, basic and diluted (CAD) ⁽¹⁾	\$0.180	\$0.180	\$0.180	\$0.180	\$0.173	\$0.173	\$0.173	\$0.173

⁽¹⁾ Dividends paid and dividends per share, basic and diluted are presented in Canadian dollars in the table above as dividends are declared and paid in Canadian dollars.

During the periods in the above tables, Badger's results were impacted by the following factors and trends:

- General changes in economic growth and overall macro-economic conditions;
- The growth in investment in non-building construction/infrastructure projects and the resulting growth in demand for hydrovac excavation services;
- The implementation of Badger's pricing strategies beginning in the second half of 2023; and
- Additional investments related to the manufacture of non-destructive excavation units and an increase in working capital requirements associated with the underlying growth in the business.

Key Financial Metrics and Other Operational Metrics

"Revenue per truck per month" ("RPT") is a non-IFRS financial measure of non-destructive excavation fleet utilization. It is calculated using non-destructive excavation and non-destructive excavation related revenue only. RPT is calculated on a consolidated basis by dividing non-destructive excavation and non-destructive excavation related revenue by the average number of non-destructive excavation units in service in the Company during the period.

As a result of the change in operating segment, the Company has adjusted the way RPT is calculated. Revenue per truck per month is presented on a consolidated basis and reported in U.S. dollars. The table below provides a restated RPT consolidated numbers. RPT Consolidated (mixed currency) is provided for comparative purposes

and calculated based on non-destructive excavation service revenue gross combining the U.S. revenue in U.S. dollars plus gross Canada revenue in Canadian dollars.

Revenue per truck per month – Consolidated

(\$ U.S. thousands, except for RPT and average non-destructive excavation units)	Three months ended March 31,	
	2025	2024
Total revenue	172,633	161,562
Less: Other revenue	7,798	9,571
Non-destructive excavation service revenue net	164,835	151,991
Add: Operating partner net revenue	8,793	9,504
Non-destructive excavation service revenue gross	173,628	161,495
Average non-destructive excavation units ⁽¹⁾	1,652	1,532
RPT⁽²⁾	35,034	35,138

Revenue per truck per month – Consolidated (mixed currency)

(\$ thousands, except for RPT and average non-destructive excavation units)	Three months ended March 31,	
	2025	2024
Non-destructive excavation service revenue gross - mixed currency	182,230	169,611
Average non-destructive excavation units ⁽¹⁾	1,652	1,532
RPT⁽²⁾⁽³⁾	36,770	36,904

(1) See “Fleet Summaries” for additional details.

(2) RPT is calculated by taking non-destructive excavation revenue divided by the number of average trucks in service for the period and further divided by the number of months in the respective period, being three months for a quarter and twelve months for an annual period.

(3) Non-destructive excavation service revenue gross - mixed currency is calculated aggregating U.S. revenue gross in U.S. dollars plus gross Canada revenue in Canadian dollars.

FLEET SUMMARIES

Number of non-destructive excavation units at period end

2025		2024			2023		
Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
1,661	1,643	1,625	1,584	1,529	1,534	1,514	1,470

Average number of non-destructive excavation units during the period⁽¹⁾

2025		2024			2023				
Q1	Annual	Q4	Q3	Q2	Q1	Annual	Q4	Q3	Q2
1,652	1,588	1,634	1,604	1,556	1,532	1,460	1,523	1,492	1,433

(1) The average number of non-destructive excavation units during the period is calculated using a simple average between the opening number of non-destructive excavation units in service during the period and the closing number of non-destructive excavation units in service during the period. The average number of non-destructive excavation units is based on the total units in service and included in active fleet.

Number of Marketing and Franchise Agreements

2025		2024			2023		
Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
10	10	12	12	15	15	16	16

NON-IFRS FINANCIAL MEASURES

This MD&A 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. The Company uses these non-IFRS financial measures in addition to results prepared in accordance with IFRS. Such non-IFRS measures allow us to view certain aspects of Badger's business that, when considered alongside applicable IFRS results, may provide a more comprehensive understanding of Badger's operational and financial condition and the factors and trends affecting Badger's business. These non-IFRS financial measures are identified and defined below:

Refer to the discussion starting at page 15 of the Annual MD&A for a description of non-IFRS financial measures used by the Company. The Annual MD&A is available on the Company's SEDAR+ profile at www.sedarplus.ca.

“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 is calculated as follows:

<i>(\$ U.S. thousands)</i>	Three months ended March 31,	
Adjusted EBITDA	2025	2024
Net earnings	3,255	1,779
Add:		
Depreciation and amortization	20,273	19,015
Share-based compensation expense	6,514	12,249
Gain on sale of property, plant and equipment and right of use assets	(471)	(662)
Gain on derivative instruments	(2,032)	(7,351)
Finance cost	3,507	3,606
Foreign exchange loss (gain)	114	(20)
Income tax expense	2,632	563
Adjusted EBITDA	33,792	29,179

Adjusted EBITDA can also be calculated as follows:

<i>(\$ U.S. thousands)</i>	Three months ended March 31,	
Adjusted EBITDA	2025	2024
Revenue	172,633	161,562
Less:		
Direct costs	128,584	121,534
General and administrative expense	10,257	10,849
Adjusted EBITDA	33,792	29,179

“**Adjusted EBITDA margin**” is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

Adjusted EBITDA margin is calculated as follows:

<i>(\$ U.S. thousands except for percentages)</i>	Three months ended March 31,	
Adjusted EBITDA margin	2025	2024
Adjusted EBITDA	33,792	29,179
Revenue	172,633	161,562
Adjusted EBITDA margin	19.6%	18.1%

"**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.

<i>(\$ U.S. thousands except tax rate, share information and per share amounts)</i>	Three months ended March 31,	
Adjusted earnings and earnings per share	2025	2024
Net earnings	3,255	1,779
Normalizing adjustments:		
Share-based compensation expense	6,514	12,249
Gain on sale of property, plant and equipment and right of use assets	(471)	(662)
Gain on derivative instruments	(2,032)	(7,351)
Foreign exchange loss (gain)	114	(20)
Total normalizing adjustments	4,125	4,216
Tax rate	25%	25%
Tax effect of normalizing adjustments	1,030	1,067
Adjusted net earnings	6,350	4,928
Weighted average number of shares - basic and diluted	34,058,638	34,473,438
Adjusted net earnings per share - basic and diluted	\$0.19	\$0.14

"**Compliance EBITDA**" is earnings before interest, taxes, depreciation, amortization, and certain other items, calculated on a 12-month trailing basis, and is used by the Company to calculate compliance with its debt covenants.

(\$ U.S. thousands)	Twelve months ended March 31,	
Compliance EBITDA	2025	2024
Net earnings	49,348	40,786
Add:		
Depreciation and amortization	79,963	72,945
Share-based compensation expense net of payments	(9,077)	11,513
Gain on sale of property, plant and equipment	(1,569)	(2,139)
Gain on derivative instruments	9,913	(13,175)
Finance cost	15,587	17,798
Right-of-use assets lease payments	(21,036)	(16,757)
Income tax expense	21,664	15,006
Unrealized foreign exchange loss	(22)	(209)
Compliance EBITDA	144,771	125,768

“**Total Debt**” consists of long-term debt, surety bonds and issued letters of credit, less cash on hand. Total Debt is used by the Company to calculate compliance with its debt covenants.

(\$ U.S. thousands)	March 31, 2025	December 31, 2024
Total Debt		
Borrowings under Credit Facility	94,253	71,238
Term Loan	100,000	100,000
Add: issued letters of credit	5,813	5,813
Add: surety bond	2,225	2,225
Less: cash on hand up to \$37.5 million	(1,121)	(14,617)
Total Debt	201,170	164,659

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company’s significant accounting policies are set out in Note 3 of the audited Annual Consolidated Financial Statements. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgements about matters that are inherently uncertain. The Company’s critical accounting estimates, as detailed in Badger’s Annual MD&A relate to: inventory, useful lives of property, plant and equipment, depreciation, income taxes, allowance for doubtful accounts, determining cash generating units, impairment of non-financial assets, intangible assets, goodwill and functional currency.

In the preparation of the Company’s unaudited Interim Condensed Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management’s experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the unaudited Interim Condensed Consolidated Financial Statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Company’s unaudited Interim Condensed Consolidated Financial Statements have been set out in Note 2 of the Company’s 2024 audited Annual Consolidated Financial Statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Badger's President and CEO and its CFO have designed, or caused to be designed under their direct supervision, Badger's disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to Badger, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in Badger's annual filings, interim filings or other reports filed or submitted by it under Canadian securities legislation is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's disclosure controls and procedures as at March 31, 2025 and have concluded the disclosure controls and procedures are effective.

Internal Control over Financial Reporting

Badger's President and CEO and its CFO have also designed, or caused to be designed under their direct supervision, Badger's internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's internal control over financial reporting at March 31, 2025 and have concluded the internal controls over financial reporting are effective.

Changes in Internal Control over Financial Reporting

There were no changes to Badger's internal control over financial reporting in the first quarter of 2025.

Inherent Limitations

Notwithstanding the foregoing, because of its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this MD&A 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", "positioned to", "focus on", "grow", "trend", "plan" 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 MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

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

- Badger's expectations with regard to demand for non-destructive excavation services across its end markets and with regard to opportunities for growth, particularly in the U.S.;
- Badger's ability to meet growing customer needs;

- Badger's expectations regarding demand in infrastructure, utilities and non-residential construction across the Company for 2025;
- Badger's focus on its operating efficiency and the stability of its overhead support functions;
- Badger's belief that extending its operational excellence initiatives from its manufacturing plant to its field operations group will help the Company realize solid operating leverage on additional revenues;
- Badger's strategic initiatives, including sales and marketing investments and pricing strategies;
- Badger's expectations with respect to the production, retirement and refurbishments of non-destructive excavation and specialty units;
- Badger's ability to leverage its customer relationships and the expectation that Badger's Sales and National Account strategies will drive higher activity levels across its broad branch network, capturing more density in major markets;
- Badger's continued focus on its commercial strategy and year-over-year growth in its fleet to support growing customer demand;
- Badger's continued focus on fleet management and utilization to support its organic growth requirements;
- The expected growth of Badger's fleet count;
- Disclosure under the heading "Business Outlook", including the 2025 Outlook;
- The anticipated impacts of tariffs on Canadian exports and retaliatory tariffs on certain U.S. exports on Badger's business; the effectiveness of the measures Badger has taken to mitigate the impact of these tariffs; and Badger's expectations with respect to its ability to manage uncertainties relating to these tariffs;
- The belief that adequate liquidity exists to meet Badger's surety requirements;
- Badger's management of its receivables portfolio and other improvements in its cash collection cycle; and
- Badger's anticipated use of its cash, cash equivalents and financial capacity available under its Credit Facility.

The forward-looking information and statements made in this MD&A 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;
- The overall market for Badger's services or its ability to provide service will not be adversely affected in the long-term by economic disruption, or other factors beyond Badger's control such as weather, natural disasters, global events, the imposition of tariffs by the U.S. or other governments, other 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;
- Badger will realize and continue to realize the efficiencies and benefits of the executed business restructuring activities and other business improvement initiatives;
- Badger will be able to successfully implement its plans, programs, and procedures as expected; and
- Badger will obtain all labour, parts and supplies necessary to complete planned Badger non-destructive excavation unit builds 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; loss of key customers; cybersecurity breaches; terrorism; industry competition; safety risks; and services; Badger's ability to attract and retain key personnel; reduction in customer spending; litigation; 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; reputational risks; fluctuations in fuel costs; and fluctuations in foreign exchange or interest rates. The foregoing

list of risks is not exhaustive. For more information relating to risks, see the section titled “Risk Factors” in the Company’s AIF for the year ended December 31, 2024, which is available on SEDAR+ at www.sedarplus.ca.

Any future-orientated financial information and financial outlook information (collectively, “FOFI”) contained in this MD&A, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management’s current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. Management believes that the FOFI has been prepared on a reasonable basis, reflecting best estimates and judgments; however, actual results of the Company’s operations and financial outcomes may vary from the amounts set forth herein. FOFI contained in this MD&A was made as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

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 MD&A 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.