



BADGER INFRASTRUCTURE SOLUTIONS LTD. ANNOUNCES RECORD 2023 FULL YEAR REVENUE AND ADJUSTED EBITDA AND A 4.3% DIVIDEND INCREASE

Calgary, Alberta, February 29, 2024 - Badger Infrastructure Solutions Ltd. ("Badger", the "Company", "we", "our" or "us") (TSX:BDGI) reported fourth quarter and 2023 annual results today. All results are presented in U.S. dollars unless otherwise stated.

2023 Fourth Quarter and Annual Financial and Operational Highlights

- The Company achieved record revenue of \$173.1 million for the quarter and \$683.8 million for the year, up 16% and 20%, respectively, from 2022.
- Gross profit margin improved to 26.2% for the quarter and 27.9% for the year, up from 25.3% and 24.4%, respectively, in 2022.
- Adjusted EBITDA⁽¹⁾ improved to \$34.5 million for the quarter and \$150.3 million for the year, up 23% and 50%, respectively, from 2022.
- Adjusted EBITDA margin⁽¹⁾ rose to 19.9% for the quarter and 22.0% for the year, up from 18.8% and 17.5%, respectively, from 2022. Included in Adjusted EBITDA is a \$2.7 million write-down of manufacturing inventory, a \$2.1 million true up of our short-term incentive plan accrual and the accrual of \$0.9 million related to unresolved tax audits.
- Consolidated revenue per truck per month ("RPT") for the quarter was \$41,924 and \$43,505 for the year, in line with the fourth quarter of 2022 and up 10% for the year.
- Earnings per share improved to \$0.14 per share for the quarter and \$1.21 per share for the year, up 17% and 128%, respectively, from 2022.
- The board of directors has approved a 4.3% increase to the quarterly cash dividend of CAD\$0.1725 per common share to CAD\$0.18 per common share effective with the dividend for the first fiscal quarter of 2024, with payment to be made on or about April 15, 2024, to all shareholders of record at the close of business on March 31, 2024.

"We finished the year strong, achieving another quarter of double-digit revenue growth and solid Adjusted EBITDA margins. In 2023, the team set new revenue records and continued our journey of improving utilization, operating efficiencies and margin accretion, driven by our focus on pricing and continued delivery of our commercial strategy. We are pleased to see our strategic investments in the Sales and Marketing functions paying off, setting the stage for another strong year in 2024. Alongside record revenues and activity levels, the Badger Team also achieved strong safety results for the year, showing the Company's continued commitment to our employees and customers during a period of high growth," said Rob Blackadar, President & Chief Executive Officer.

"We are excited for another year of growth in non-destructive excavation services across our end markets. In 2024, we plan to build between 190 to 220 units and to retire between 70 to 90 units, growing our fleet by 7% to 10% while continuing to drive strong utilization and pricing. We are also pleased to announce the Board has approved a 4.3% increase to the quarterly dividend as we remain committed to delivering shareholder returns while continuing to execute our long term organic growth strategy," concluded Mr. Blackadar.

Key Financial Highlights

	Three months ended December 31,		Twelve months ended December 31,	
(\$ U.S. thousands, except RPT, per share and share information)	2023	2022	2023	2022
Revenue:				
Non-destructive excavation service revenue	163,553	143,016	650,893	547,858
Other revenue	9,593	6,014	32,906	22,954
Total revenue	173,146	149,030	683,799	570,812
RPT - Consolidated (mixed currency) ⁽¹⁾	41,924	42,064	43,505	39,649
RPT - U.S. (U.S. dollars) ⁽¹⁾	42,731	41,697	44,105	39,114
RPT - Canada (Canadian dollars) ⁽¹⁾	39,540	43,039	41,782	41,061
Adjusted EBITDA ⁽¹⁾	34,462	28,076	150,299	99,956
Adjusted EBITDA per share, basic and diluted ⁽¹⁾	\$1.00	\$0.81	\$4.36	\$2.90
Adjusted EBITDA margin ⁽¹⁾	19.9%	18.8%	22.0%	17.5%
Earnings before income tax	7,659	6,592	57,123	22,883
Net earnings	4,710	4,238	41,771	18,290
Net earnings per share, basic and diluted ⁽¹⁾	\$0.14	\$0.12	\$1.21	\$0.53
Cash flow from operating activities before working capital and other adjustments	34,487	28,417	149,967	100,601
Cash flow from operating activities before working capital and other adjustments per share, basic and diluted ⁽¹⁾	\$1.00	\$0.82	\$4.35	\$2.92
Total debt to Compliance EBITDA ⁽¹⁾	1.3x	1.6x	1.3x	1.6x
Capital expenditures	24,700	25,340	108,194	65,209
Dividends paid ⁽²⁾	4,445	4,226	17,511	14,506
Weighted average common shares outstanding ⁽³⁾	34,473,438	34,473,438	34,473,438	34,473,438

⁽¹⁾ Adjusted EBITDA, Adjusted EBITDA margin and RPT are not standardized financial measures prescribed by International Financial Reporting Standards and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" and "Key Financial Metrics and Other Operational Metrics" in this press release and on page 11 and 13 of the Company's 2023 Annual management's discussion and analysis ("MD&A") for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin and RPT. Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period. RPT reflects the updated calculation methodology and the comparative year's RPT has been restated to reflect the updated methodology.

⁽²⁾ The frequency of dividend payments was changed from monthly to quarterly effective with the March 2022 dividend payment.

⁽³⁾ See "Share Capital" in the Company's 2023 Annual MD&A for additional details.

2024 Business Outlook

In 2024, we expect to continue seeing strong and growing demand in our end markets, including infrastructure, utilities, and non-residential construction across all of our U.S. regions. We expect Canada to return to growth in 2024, but at a lower rate than the U.S. 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. Badger's growing customer base and national accounts program is expected to continue to contribute to year over year growth in 2024. 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 are well positioned to take advantage of market demand in all our regions. The Company is providing the following outlook 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. It excludes shipping, licensing and taxes associated with putting new hydrovacs into service.

The need for near and long-term reinvestment in North America's critical infrastructure, including the addition of new infrastructure to support sustainable energy technologies remains a growing trend across Badger's operating footprint.

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.

2023 Fourth Quarter and Annual Results Conference Call

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2023 fourth quarter and annual results is scheduled for 9:00 a.m. ET on Friday, March 1, 2024. To join the call and ask a question during the live questions and answers session: <https://register.vevent.com/register/B18efa242cb7274cac980417d280f91f92>. To join the call with audio only: <https://edge.media-server.com/mmc/p/rs22umry>.

2023 Fourth Quarter and Annual Disclosure Documents

Badger's 2023 Annual Management's Discussion and Analysis ("MD&A") and 2023 Audited Consolidated Financial Statements, along with all previous public filings of Badger Infrastructure Solutions Ltd. may be found on SEDAR+ at www.sedarplus.ca.

2024 Investor Day

Badger will be hosting an Investor Day on Wednesday, March 20, 2024, at the Shangri-la Hotel in Toronto, Ontario. Badger's executive and operational leadership team will be in attendance. Registration and breakfast will be available starting at 8:30 a.m. ET. The formal presentation will commence at 9:30 a.m. ET, followed by a light lunch. To confirm your attendance, please RSVP by emailing your contact information to ir@badgerinc.com. The presentation will be webcasted live and also available on demand after the presentation. The webcast link will be posted to ir.badgerinc.com.

Non-IFRS Financial Measures

This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by 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.

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 2023 Annual MD&A for additional details on RPT.

Cautionary Statements Regarding Forward-Looking Information and Statements

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

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

- Badger’s 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 expectation regarding the potential expense associated with its unresolved tax audits;
- Badger’s expectations with respect to the production and retirement of non-destructive excavation and specialty units in 2024;
- 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 operational, functional and administrative scalability to drive operating leverage and continue growing Adjusted EBITDA margins;
- 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.

For further information:

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