

BADGER INFRASTRUCTURE SOLUTIONS LTD.
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(\$ US thousands)	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash		4,768	14,617
Trade and other receivables	5	177,954	166,086
Prepaid expenses		14,118	8,506
Inventories		15,058	11,704
Income taxes receivable		—	4,858
Derivative financial instruments		8,185	514
		220,083	206,285
Non-current Assets			
Property, plant and equipment	6	449,534	387,956
Right-of-use assets	7	59,491	49,709
Derivative financial instruments		5,879	—
Intangible assets	8	26,614	24,340
Goodwill	8	1,182	1,127
Total Assets		762,783	669,417
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	9	94,900	103,225
Lease liability	10	22,191	18,198
Share-based compensation liability	13	38,866	18,834
Income taxes payable		536	—
Dividends payable	14	4,615	4,284
		161,108	144,541
Non-current Liabilities			
Lease liability	10	38,336	32,053
Derivative financial instruments		—	670
Share-based compensation liability	13	15,345	7,931
Long term debt	11	198,011	170,026
Deferred tax liability	12	53,900	55,996
Total Liabilities		466,700	411,217
Shareholders' Equity			
Shareholders' capital	15	65,779	65,840
Contributed surplus		422	422
Accumulated other comprehensive loss		(6,259)	(4,770)
Retained earnings		236,141	196,708
Total Shareholders' Equity		296,083	258,200
Total Liabilities and Shareholders' Equity		762,783	669,417

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(\$ US thousands, except per share amounts)	Notes	Years ended December 31,	
		2025	2024
Revenue	16	831,702	744,952
Direct costs		590,888	526,945
Gross profit		240,814	218,007
Depreciation and amortization		88,733	78,705
General and administrative		42,581	41,933
Share-based compensation expense		41,954	11,311
Operating income		67,546	86,058
Gain on sale of property, plant and equipment and right of use assets		(1,047)	(1,760)
(Gain) loss on derivatives		(28,094)	4,594
Finance cost	17	16,644	15,686
Foreign exchange loss		452	71
Earnings before income tax		79,591	67,467
Current income tax expense	12	22,720	17,211
Deferred income tax (recovery) expense	12	(2,357)	2,384
Income tax expense		20,363	19,595
Net earnings		59,228	47,872
Foreign exchange differences on translation of foreign operations		(1,489)	997
Other comprehensive (loss) gain		(1,489)	997
Comprehensive earnings		57,739	48,869
Weighted average number of shares - basic and diluted		33,826,490	34,441,443
Net earnings per share - basic and diluted	18	\$1.75	\$1.39

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(\$ US thousands)</i>	Shareholders' capital	Contributed surplus	Accumulated other comprehensive (loss) gain	Retained earnings	Total equity
At December 31, 2023	66,950	422	(5,767)	183,389	244,994
Net earnings	—	—	—	47,872	47,872
Other comprehensive gain	—	—	997	—	997
Dividends	—	—	—	(17,834)	(17,834)
Shares repurchased and cancelled under normal-course issuer bid	(1,110)	—	—	(16,719)	(17,829)
At December 31, 2024	65,840	422	(4,770)	196,708	258,200
Net earnings	—	—	—	59,228	59,228
Other comprehensive loss	—	—	(1,489)	—	(1,489)
Dividends	—	—	—	(18,267)	(18,267)
Shares repurchased and cancelled under normal-course issuer bid	(61)	—	—	(1,528)	(1,589)
At December 31, 2025	65,779	422	(6,259)	236,141	296,083

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(\$ US thousands)	Notes	Years ended December 31,	
		2025	2024
OPERATING ACTIVITIES			
Net earnings		59,228	47,872
Items not affecting cash:			
Depreciation and amortization		88,733	78,705
Gain on sale of property, plant and equipment and right of use assets		(1,047)	(1,760)
Finance cost		16,644	15,686
Income tax expense		20,363	19,595
(Gain) loss on derivatives		(28,094)	4,594
Share-based compensation expense		41,954	11,311
Unrealized foreign exchange gain		40	(26)
Cash flow from operating activities before working capital and other adjustments		197,821	175,977
Change in non-cash working capital	21	(14,666)	(5,757)
Income taxes paid		(17,449)	(15,966)
Income taxes recovered		110	1,597
Financial instruments received		13,972	1,456
Share-based compensation paid		(16,095)	(11,028)
Cash provided by operating activities		163,693	146,279
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(118,265)	(98,004)
Proceeds from sale of property, plant and equipment		2,443	2,791
Proceeds from disposal of right of use assets		242	1,766
Additions to intangible asset	8	(6,304)	(4,458)
Change in non-cash working capital	21	(3,158)	(1,465)
Cash used in by investing activities		(125,042)	(99,370)
FINANCING ACTIVITIES			
Borrowings under credit facility		154,255	367,136
Repayments of credit facility		(135,457)	(351,430)
Repurchase of common shares		(12,744)	(6,078)
Interest paid		(12,734)	(12,502)
Interest paid on lease liabilities	10	(2,435)	(1,917)
Payment of lease liabilities	10	(21,387)	(18,372)
Dividends paid	14	(17,997)	(17,993)
Cash used in financing activities		(48,499)	(41,156)
Effect of foreign exchange rate changes on cash		(1)	351
Change in cash		(9,849)	6,104
Cash, beginning of period		14,617	8,513
Cash, end of period		4,768	14,617

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of U.S. dollars, except per share amounts or as otherwise stated)

1 INCORPORATION AND OPERATIONS

Badger Infrastructure Solutions Ltd. and its subsidiaries (together “Badger” or the “Company”) provide non-destructive excavating services to utilities, industrial, construction, transportation and other industries in Canada and the United States (“U.S.”). Badger is a publicly traded company listed on the Toronto Stock Exchange (TSX: BDGI). The head office of Badger is located at Suite 3100, 525-8th Avenue SW, Calgary, Alberta T2P 1G1. The registered office of Badger is located at c/o CAS Corporate Governance Services Inc., 600, 815-8th Avenue SW, Calgary, Alberta T2P 3P2.

The consolidated financial statements of the Company for years ended December 31, 2025 and December 31, 2024 were authorized for issue in accordance with a resolution of the Board of Directors (“Board”) on March 5, 2026.

2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues, expenses, gains and losses during the reporting periods. Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognized in the consolidated financial statements are:

A. Useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at the end of each reporting period and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. Future results of operations could be materially affected by changes in the estimated useful lives due to the factors mentioned above. The amounts and timing of recorded expenses would be affected by this as a reduction in the estimated useful lives of the property, plant and equipment would increase the recorded depreciation expense with an offset to the value of the related property, plant and equipment. Badger has a refurbishment program to extend the useful life of a select number of non-destructive excavation units. The costs associated with this program are capitalized and are expected to extend the useful life of refurbished units by 5 years.

B. Intangible assets

Intangible assets consist of service rights and customer lists acquired from the Company’s operating partners and software costs. The initial valuation of intangibles at the closing date of any acquisition requires judgement and estimates by management with respect to identification, valuation and determining the expected periods of benefit. Valuations are based on discounted expected future cash flows and other financial tools and models and are amortized over their expected periods of benefit or not amortized if it is determined the intangible asset has an indefinite life. Intangible assets are reviewed annually with respect to their useful lives or more frequently if events or changes in circumstances indicate that the assets might be impaired. A change in the remaining life of an intangible asset would affect the amortization rate used to amortize the intangible asset for assets being amortized, and for assets not being amortized could result in an impairment of the related asset, the impact of which would be recognized in the Company’s consolidated statement of comprehensive income as amortization expense or an asset impairment charge.

C. Income taxes

Current income taxes

Provisions for current income taxes are made using the best estimate of the amount expected to be paid based on a qualitative and quantitative assessment of all relevant factors that involves management's judgment. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date changes to these provisions could result from audits by tax authorities, reassessments and changes in interpretations of standards. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the income tax provisions in the period in which such determination is made.

Deferred income taxes

Deferred income tax assets are recognized when it is considered probable that the deductible temporary differences will be recovered. If future taxable income or the timing of the reversal differs significantly from the Company's estimate, the ability to realize the deferred income tax assets could be impacted.

Deferred income tax liabilities are recognized when there are taxable temporary differences that will result in a future outflow to a tax authority. The Company records a provision for the amount that is expected to be settled. Deferred income tax liabilities may be impacted by a change in the likelihood of a future outflow and estimates of the expected settlement amount, timing of reversals and the tax laws in which the Company operates.

D. Allowance for doubtful accounts

Amounts included in allowance for doubtful accounts reflect the full lifetime expected credit losses for trade receivables. The Company determines allowances based on management's best estimate of future expected credit losses, considering historical default rates, current economic conditions, and forecasts of future economic conditions. Management has implemented additional monitoring processes in assessing the creditworthiness of customers and believes the current provision appropriately reflects the best estimate of its future expected credit losses. Significant or unanticipated changes in economic conditions could impact the magnitude of future expected credit losses.

E. Determining cash generating units

For the purpose of assessing impairment of non-financial assets, the Company must determine its cash generating units ("CGUs"). Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU.

F. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. An impairment occurs when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the projection for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes, which requires management judgement. Impairment of non-financial assets would be recognized in the Company's consolidated statement of comprehensive income.

G. Goodwill

Goodwill is the amount that results when the cost of acquired assets exceeds their fair value at the date of acquisition. Goodwill is recorded at cost, is not amortized, and is tested at least annually for impairment.

The impairment test includes the application of a fair value test, with an impairment loss recognized when the carrying amount of goodwill exceeds its estimated fair value. Impairment provisions are not reversed if there is a subsequent increase in the fair value of goodwill. Impairment of goodwill would be recognized in the Company's consolidated statement of comprehensive income.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual consolidated financial statements are set out below.

A. Basis of consolidation

The consolidated financial statements include the accounts of Badger and its subsidiaries, all of which are wholly owned. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances, income and expenses, unrealized gains and losses and dividends resulting from intercompany transactions are eliminated in full.

B. Statement of compliance

These consolidated financial statements of the Company are prepared in accordance with IFRS® Accounting Standards issued by the IASB.

C. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except as detailed in the accounting policies disclosed in Note 3. Standards and guidance issued but not yet effective for the current accounting period are described in Note 4.

D. Functional and presentation currency

These consolidated financial statements are presented in U.S. dollars. The functional currency of the Canadian operations is Canadian dollars and the U.S. operations functional currency is U.S. dollars.

E. Trade and other receivables

In the normal course of its business, the Company entered into a receivables purchase agreement with a financial institution whereby it can sell eligible trade receivables to the financial institution. The Company sells trade receivables of certain designated customers in exchange for a cash payment equal to the face value of the trade receivables sold less an applicable discount. The Company retains substantially all of the risks and rewards relating to the receivables under the receivables purchase agreement, therefore, the trade receivables remain on the consolidated statement of financial position and the funding received is recognized as trade and other payables. The difference between the carrying amount of trade accounts receivables sold under the agreement and the cash received at the time of transfer is recorded in the consolidated statement of comprehensive income within finance costs.

F. Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being defined to include the laid-down cost for materials on a standard cost, and, where applicable, direct labour costs and those overheads incurred in bringing the inventories to their location and condition. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence or damage. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory write-downs pertaining to obsolescence and aging, and recoveries of past write-downs upon disposition are included in direct costs. The Company uses its judgment to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories.

G. Leases

Company as a Lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, and whether the supplier has a substantive substitution right for the asset;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period; and
- The Company has the right to direct the use of the identified asset.

The Company determines if a contractual arrangement is a lease at the inception of the contract term. The Company has identified leases for the following asset types: buildings and light duty trucks. The Company recognizes a right-of-use asset and a lease liability to reflect the benefit the Company obtains from the underlying asset in the lease and the requirement to pay the amounts included in the lease contract, respectively. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to decommission the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the lesser of lease term or the useful life of the underlying asset, where appropriate.

The lease liability is initially measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee, and amounts owing under purchase or termination options, if the Company is reasonably certain to exercise these options. If the lease contains an extension option that the Company is reasonably certain to exercise, all payments in the renewal period are also included in determining the lease liability.

The lease liability is measured at amortized cost using the effective interest method. The amount of the liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset, or is recorded on the consolidated statements of earnings if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Short-term leases are lease contracts with lease terms that are less than 12 months. Lease payments associated with these leases will be recognized as an expense on a straight-line basis over the lease term. Certain leases include both lease and non-lease components, which are generally accounted for separately. For certain equipment leases, the Company applies a portfolio approach to effectively account for the lease right-of-use assets and lease liabilities.

Company as a Lessor

Leases in which the Company is the lessor are assessed upon commencement and are classified as either an operating lease or a finance lease. An operating lease does not transfer substantially all the risks and rewards of the leased asset to the customer. Lease payments from operating leases are recorded as income on a straight-line basis over the life of the lease. A finance lease exists when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

H. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Repair and maintenance costs are recognized in the consolidated statement of comprehensive income, as incurred.

Depreciation is calculated on a straight-line basis to recognize the cost less estimated residual value over the estimated useful life of the assets as follows:

	Useful Life
Buildings and land improvements	2 to 30 years
Office and other equipment	3 to 10 years
Trucks and other vehicles	6 to 10 years
Refurbished trucks	5 years

Depreciation of equipment under construction is not recorded until such time as the asset is available for use, in other words, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values, useful lives, and methods of depreciation are reviewed at the end of each reporting period, or when events or conditions occur that impact capitalized costs or useful lives and are adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of an item of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of comprehensive income in the period when the asset is derecognized.

I. Intangible assets

Intangible assets represent acquired service rights, customer lists, and costs associated with the Company's ERP and integrated systems implementation. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Useful Lives	Amortization method
Service Rights	Indefinite	No amortization
Customer Lists	6 years	Straight-line
ERP and Software	4 to 10 years	Straight-line

J. Impairment of non-financial assets excluding goodwill

At the end of each reporting period or when there is an indication of impairment, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise, they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income.

K. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost in the consolidated statement of comprehensive income.

L. Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed in a business combination. Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's CGU's expected to benefit from the synergies of the combination. CGU's to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

M. Income taxes

Income tax expense comprises current and deferred income tax expense. Income tax expense is recognized in the consolidated statement of comprehensive income except to the extent it relates to items recognized directly in equity.

Current income tax

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that are enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of most likely amount to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is calculated using income tax rates and laws that are enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for income tax purposes.

N. Revenue recognition

Badger's revenue primarily arises from contracts with customers. Revenue is recognized when a customer obtains control over the goods or services at which point the performance obligations are satisfied and when the collection is reasonably assured. Badger recognizes revenue from non-destructive excavation services, and other related services. Performance obligations are satisfied at the point in time when the service is performed and control transfers to the customer. For non-destructive excavation and related services, control typically transfers as the work is completed at the customer's job site, because the customer simultaneously receives and benefits from the services provided. Indicators of transfer of control include the customer's ability to direct the use of the completed work, the customer's acceptance of services performed, and Badger's right to payment for work completed to date.

The above mentioned performance obligations are part of contracts that have an expected duration of less than one year.

The total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The transaction price for the services Badger provides is agreed upon with the customer at the time the contracts are entered into and do not contain significant financing components.

O. Finance cost

Finance cost includes interest expense on borrowings on the Company's syndicated revolving credit facility, stand by fees on the Company's syndicated revolving credit facility, and finance costs relating to the Company's lease obligations. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method. Finance cost also include the difference between the carrying amount of trade accounts receivables sold under a receivables purchase agreement and the cash received at the time of transfer, and interest accrued related to the Excise Tax Audit.

P. Share-based plans

The Company has Deferred Share Units, Performance Share Units and Restricted Share Units, which are cash-settled share-based plans, under which it receives services from employees as consideration for cash payments.

The Company uses the market price of its shares to estimate the fair value of cash-settled awards. Fair value is established initially at the grant date and the obligation is revalued at the end of each reporting period until the awards are settled with any changes in the obligation recognized in the consolidated statement of comprehensive income. The fair value of the Performance Share Units is adjusted for the estimate of the outcome of the performance conditions.

Q. Segment reporting

During the quarter ended March 31, 2025, the Company revised its internal reporting structure to better align with its strategic priorities. Effective January 31, 2025, the Company's Chief Operating Decision Maker ("CODM") changed the way he makes decisions about resource allocation and performance assessment. For internal management reporting, the CODM now reviews financial results based on consolidated results, driving a change in the Company's operating segments. 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. As a result of our reporting changes, prior periods have been restated for comparative purposes.

R. Foreign currency translation

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates which is the functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive income.

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the month. The resulting translation adjustments are included in accumulated other comprehensive income when the settlement of which is neither planned nor likely to occur in the foreseeable future.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gain or losses related to such items are recognized in other comprehensive income, and presented in accumulated other comprehensive income in equity.

S. Financial instruments

Financial assets

The classification of financial assets is based on the Company's assessment of its business model for holding financial assets. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets measured at amortized cost are measured at cost using the effective interest method. The amortized cost is reduced by impairment losses at an amount equal to the lifetime expected credit losses that result from all possible default events over the expected life of the financial instrument. The expected credit loss is recognized in the consolidated statement of comprehensive income. When a trade receivable is determined to be uncollectible, it is written off against the allowance for doubtful accounts.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statement of comprehensive income.
- Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statement of comprehensive income.

Financial liabilities are classified as current liabilities if payment is due within one year or less, if not, they are presented as non-current liabilities. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Fair value measurement

The company has classified its financial instrument fair values based on the required three-level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Derivative Financial Instruments

The Company has entered into total return swaps to manage its exposure to fluctuations in the total return of its common shares related to long-term incentive compensation plans. These cash-settled share swap transactions require the exchange of net contractual payments at maturity without the exchange of the notional principal amounts on which the payments are based. Any change in the fair value of the total return swaps is recognized as losses or gains on derivatives in the consolidated statement of comprehensive income. During the year, net gain on derivatives total includes \$14.0 million cash received as a result of swap settlement, and the remaining balance relates to the fair value adjustment of the total swaps instrument.

T. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

4 STANDARDS ADOPTED AND RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

Future Accounting Pronouncements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces new requirements to improve the comparability and transparency of financial performance reporting. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted. The Company is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

5 TRADE AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	177,204	163,875
Holdback receivables	579	807
Allowance for doubtful accounts	(4,324)	(3,617)
Total trade receivables	173,459	161,065
Accrued revenue and other receivables	4,495	5,021
Trade and other receivables	177,954	166,086

Trade receivables are non-interest bearing and are generally on 30-90 day payment terms. Trade receivables include \$16.9 million (December 31, 2024 - \$23.8 million) of trade accounts receivables being serviced under a receivables purchase agreement. The Company retains substantially all of the risks and rewards relating to the receivables sold, and therefore, continues to recognize the transferred accounts receivables in their entirety. The amounts repayable under the receivables purchase agreement are recorded as accounts payable.

Holdback receivables are amounts customers withhold paying until the completion of the contract. These amounts are agreed in advance and typically have collection terms beyond the Company's general payment terms.

Accrued revenue represents revenue for services which have been completed and for which an invoice has not yet been rendered. All such recorded amounts are considered collectable.

The aging analysis of trade receivables, holdback receivables and the allowance for doubtful accounts is as follows:

	December 31, 2025	December 31, 2024
Current to 90 days	161,413	148,244
Over 90 days	12,046	12,821
Total trade receivables	173,459	161,065

Movement in allowance for doubtful accounts is as follows:

	December 31, 2025	December 31, 2024
Opening balance	3,617	2,525
Additions to the allowance	3,253	3,293
Accounts written off	(2,576)	(2,126)
Exchange differences	30	(75)
Closing balance	4,324	3,617

6 PROPERTY, PLANT AND EQUIPMENT

Cost	Land, land improvements and buildings	Equipment under construction	Office equipment and other	Trucks and other vehicles	Total
January 1, 2024	38,192	19,806	8,135	622,024	688,157
Additions/transfers ⁽¹⁾	436	2,503	1,049	94,016	98,004
Disposals	—	(10)	(73)	(36,821)	(36,904)
Exchange differences	(1,839)	(145)	(307)	(10,451)	(12,742)
December 31, 2024	36,789	22,154	8,804	668,768	736,515
Additions/transfers ⁽¹⁾	1,810	7,124	3,065	106,266	118,265
Disposals	—	—	(134)	(28,413)	(28,547)
Adjustments ⁽²⁾	—	—	—	1,952	1,952
Exchange differences	1,078	255	146	8,347	9,826
December 31, 2025	39,677	29,533	11,881	756,920	838,011

Depreciation

January 1, 2024	12,115	—	4,236	313,785	330,136
Depreciation	1,532	—	611	54,872	57,015
Disposals	—	—	(73)	(32,174)	(32,247)
Exchange differences	(795)	—	(228)	(5,322)	(6,345)
December 31, 2024	12,852	—	4,546	331,161	348,559
Depreciation	1,693	—	866	59,824	62,383
Disposals	—	—	(51)	(26,486)	(26,537)
Exchange differences	492	—	138	3,442	4,072
December 31, 2025	15,037	—	5,499	367,941	388,477

Net book value

December 31, 2024	23,937	22,154	4,258	337,607	387,956
December 31, 2025	24,640	29,533	6,382	388,979	449,534

⁽¹⁾ The net additions of equipment under construction are included in additions/transfers.

⁽²⁾ Balances include an accrual related to the Excise Tax Audit (refer to Note 12).

7 RIGHT-OF-USE ASSETS

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

	Property	Light-duty vehicles	Total
As at December 31, 2023	22,383	25,426	47,809
Additions	11,109	13,192	24,301
Depreciation	(9,079)	(9,843)	(18,922)
Disposals	(532)	(2,368)	(2,900)
Exchange differences	(275)	(304)	(579)
December 31, 2024	23,606	26,103	49,709
Additions	23,801	10,657	34,458
Depreciation	(11,055)	(10,769)	(21,824)
Disposals	(2,121)	(1,083)	(3,204)
Exchange differences	204	148	352
December 31, 2025	34,435	25,056	59,491

8 GOODWILL AND INTANGIBLE ASSETS

Cost	Service rights	ERP and software	Customer Lists	Total intangible assets	Goodwill
December 31, 2023	6,149	25,935	—	32,084	2,421
Additions	—	4,458	—	4,458	—
Exchange differences	(490)	(735)	—	(1,225)	(99)
December 31, 2024	5,659	29,658	—	35,317	2,322
Additions	—	2,410	3,899	6,309	—
Exchange differences	278	423	—	701	55
December 31, 2025	5,937	32,491	3,899	42,327	2,377

Amortization

December 31, 2023	—	(8,489)	—	(8,489)	(1,195)
Amortization	—	(2,791)	—	(2,791)	—
Exchange differences	—	303	—	303	—
December 31, 2024	—	(10,977)	—	(10,977)	(1,195)
Amortization	—	(4,040)	(487)	(4,527)	—
Exchange differences	—	(209)	—	(209)	—
December 31, 2025	—	(15,226)	(487)	(15,713)	(1,195)

Net book value

December 31, 2024	5,659	18,681	—	24,340	1,127
December 31, 2025	5,937	17,265	3,412	26,614	1,182

Impairment testing of goodwill and intangibles with indefinite lives

Badger has determined it has a total of four CGU's as of December 31, 2025, Canada, Western U.S., Central U.S., and Eastern U.S. For impairment testing, goodwill acquired through business combinations and service rights with indefinite lives have been allocated primarily to the Canada CGU, therefore, Canada was the only CGU tested for impairment of goodwill and intangible assets. Additionally, impairment indicators test for long-lived assets has been performed on all CGU's. The Company performed the annual impairment tests of goodwill and service rights as at December 31, 2025. The recoverable amount of the Canada CGU has been determined based on the higher of its fair value less cost to sell and its value in use. The value in use calculation uses post income tax cash flow projections from financial budgets approved by the Company, forecasts over a five-year period based on management's best estimates, management's estimated terminal rate of growth beyond five years based on long-range term forecast, and uses a post income tax discount rate of 10% (2024 – 10%).

No impairment related to goodwill and intangibles was recorded for the years ended December 31, 2025 or 2024.

9 TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade payables	32,108	27,499
Accrued expenses	45,913	51,942
Receivables purchase agreement	16,879	23,784
Total trade and other payables	94,900	103,225

Trade payables are non-interest bearing and are normally settled on 45-day payment terms.

10 LEASE LIABILITY

	December 31, 2025	December 31, 2024
Opening balance	50,251	47,230
Additions	34,722	24,272
Interest expense	2,435	1,917
Lease payments	(23,822)	(20,289)
Disposals/modifications	(3,444)	(2,863)
Exchange differences	385	(16)
Closing balance	60,527	50,251
Current	22,191	18,198
Long-term	38,336	32,053
Total lease liabilities	60,527	50,251

Contractual undiscounted cash flows

	December 31, 2025	December 31, 2024
Less than one year	24,488	21,461
One to five years	40,472	39,027
More than five years	438	17
Total	65,398	60,505

Amount recognized in net earnings

	December 31, 2025	December 31, 2024
Expenses related to short-term leases	1,762	1,538

11 DEBT

	December 31, 2025	December 31, 2024
Borrowings under Credit Facility	99,009	71,238
Non-revolving term loan	100,000	100,000
Less: unamortized debt issuance costs	(998)	(1,212)
Total long-term debt	198,011	170,026

	December 31, 2025	December 31, 2024
Syndicated revolving Credit Facility capacity	300,000	300,000
Less: borrowings under Credit Facility	(99,009)	(71,238)
Less: letters of credit	—	—
Available amount	200,991	228,762

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. During the year, the Credit Facility was extended for an additional year, and now matures on September 29, 2030. Amounts may be drawn under the Credit Facility in either Canadian or U.S. dollars and bear interest at the Canadian Overnight Repo Rate Average and Secured Overnight Financing Rate. 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 December 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 December 31, 2025, the Company had \$201.0 million (December 31, 2024 - \$228.8 million) of undrawn committed borrowing facilities available under the Credit Facility. The Company has the ability to exercise the accordion feature under its Revolving Credit Facility to add an additional \$150.0 million in borrowing capacity.

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. During the year, the Term Loan was extended for an additional year and now matures on December 11, 2028. The Term Loan is non-amortizing and bears interest at the Secured Overnight Financing Rate. Throughout 2025, and as at December 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

The Company has 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 the PSG Program is June 30, 2027.

	December 31, 2025	December 31, 2024
PSG program capacity	10,000	10,000
Less: letters of credit	(6,563)	(5,813)
Available amount	3,437	4,187

Surety bond

Badger has provided a corporate guarantee in the form of a surety bond to its insurer (the "Obligee") so that the Obligee is able to provide insurance coverage to Badger. As of December 31, 2025, the outstanding surety bond guaranteed by Badger was \$2.6 million (December 31, 2024 - \$2.2 million). Management believes that adequate liquidity exists to meet the projected surety requirements. Badger has not recorded a liability under this guarantee as no material event of default exists under the applicable contract with the Obligee.

12 INCOME TAXES

The provision for income taxes, including deferred income taxes, reflects an effective income tax rate that differs from the actual combined Canadian federal and provincial statutory rates of 24.9% (2024 - 25.0%). The Company's U.S. subsidiaries are subject to federal and state statutory tax rates of approximately 25.6% (2024 – 26.1%). The main differences are in the table below.

	December 31, 2025	December 31, 2024
Earnings before tax	79,591	67,467
Income tax expense at the Canadian statutory rate	19,824	16,848
Increase (decrease) resulting from:		
Income tax rates in foreign jurisdictions	1,070	1,033
Income tax rate changes	247	141
True-up of prior period income taxes	(927)	456
Non-deductible / non-taxable items	(743)	11
Foreign exchange differences	(75)	(1,216)
Movement in unrecognized deferred tax asset	1,314	2,758
Other items	(347)	(436)
Income tax expense	20,363	19,595

The following table details the nature of the Company's temporary differences:

	December 31, 2025	December 31, 2024
Net deferred income tax liability		
Deferred income tax assets		
Share-based compensation liability	13,966	7,171
Accrued liabilities	2,093	2,290
Lease liabilities	15,367	13,023
Salaries and wages	531	621
Non-capital losses	4,045	3,380
Derivative financial instrument	—	39
Total deferred tax asset	36,002	26,524
Deferred income tax liabilities		
Property, plant and equipment	69,886	68,661
Right of use assets	15,108	12,857
Share issuance costs	55	76
Prepaid expenses	1,350	926
Derivative financial instrument	3,503	—
Total deferred income tax liability	89,902	82,520
Net deferred income tax liability	53,900	55,996

The Company has not recognized the deductible temporary differences for restricted interest of \$13.9 million (December 31, 2024 - \$7.6 million), capital losses of \$12.4 million (December 31, 2024 - \$12.2 million), and limited partnership losses of \$0.9 million (December 31, 2024 - nil).

The Company is subject to routine audits of its tax filing positions by the Canada Revenue Agency and the Internal Revenue Service (the "IRS"). The company disputed one such audit conducted by the IRS in respect of excise tax paid during the 2015-2019 fiscal years (the "Excise Tax Audit"), with the resulting trial held in the fourth quarter of 2025. The matter was resolved in favour of the IRS. In 2023, the Company recorded an accrual for the estimated amount of excise tax, penalties and interest of such an outcome, and in 2024, the Company remitted to the IRS the accrued amount. As a result, there was no additional financial impact in relation to the disputed period. The Company accrued excise tax impact related to post audit periods.

13 SHARE-BASED COMPENSATION

	December 31, 2025	December 31, 2024
TSX: BDGI Closing Share Price (CAD)	\$73.13	\$35.88

A) Deferred Share Unit Plan

The Deferred Share Unit ("DSU" or "deferred unit") Plan was established to promote greater alignment of interests between officers and Shareholders of the Company. The Board participates in the plan whereby they will be paid 50% to 100% of their annual retainer in the form of DSUs. Pursuant to the terms of the DSU, participants are granted deferred units with a value equivalent to the value of a Badger share. The deferred units granted earn additional deferred units at the same rate as dividends on Badger common shares. DSUs are paid out in cash upon a participants departure from the Company.

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

The liability for DSU's vested and outstanding as at December 31, 2025 is \$18.8 million (December 31, 2024 - \$9.6 million). Changes in the number of deferred units under the DSU Plan were as follows:

	Units
December 31, 2023	429,111
Granted	48,164
Dividends earned	6,884
Redeemed	(100,400)
Forfeited	—
December 31, 2024	383,759
Granted	63,173
Dividends earned	5,474
Redeemed	(100,318)
Forfeited	—
December 31, 2025	352,088
Vested as at December 31, 2025	352,088

B) Performance Share Unit Plan

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

The PSU Plan is accounted for as a cash-settled plan. Compensation expense is based on the estimated fair value of the PSUs outstanding at the end of each quarter using the closing period share price and recognized over the vesting period, with a corresponding credit to liabilities.

The liability for PSUs outstanding as at December 31, 2025 is \$17.8 million (December 31, 2024 - \$9.7 million). The fair value of units fully vested at December 31, 2025 is \$10.9 million (December 31, 2024 - \$5.9 million). Changes in the number of PSUs under the PSU plan were as follows:

	Units
December 31, 2023	409,456
Granted	139,061
Dividends earned	8,325
Redeemed	(60,637)
Forfeited	(13,355)
December 31, 2024	482,850
Granted	193,472
Dividends earned	5,734
Redeemed	(269,174)
Forfeited	(14,597)
December 31, 2025	398,285
Vested as at December 31, 2025	204,185

C) Restricted Share Unit Plan

The company also has a Restricted Shareholder Unit Plan (“RSU”). Pursuant to the terms of the RSU, participants are granted restricted units with a value equivalent to the value of a Badger share. The restricted units granted earn additional restricted units at the same rate as dividends on Badger common shares. The restricted units granted vest equally over a period of three years from the date of the grant. Upon vesting, payment for the vested RSUs will be made by the Company to the participants.

The RSU Plan is accounted for as a cash-settled plan. Compensation expense is based on the estimated fair value of the restricted units outstanding at the end of each quarter using the closing period share price and recognized using graded vesting throughout the term of the vesting period, with a corresponding credit to liabilities.

The liability for RSUs outstanding as at December 31, 2025 is \$17.6 million (December 31, 2024 - \$7.5 million). The fair value of units fully vested at December 31, 2025 is \$8.2 million (December 31, 2024 - \$3.3 million). Changes in the number of RSUs under the RSU plan were as follows:

	Units
December 31, 2023	374,888
Granted	204,658
Dividends earned	7,115
Redeemed	(179,869)
Forfeited	(14,526)
December 31, 2024	392,266
Granted	266,460
Dividends earned	6,353
Redeemed	(195,962)
Forfeited	(27,943)
December 31, 2025	441,174
Vested as at December 31, 2025	153,736

14 DIVIDENDS PAYABLE

During the year ended December 31, 2025, the Company paid dividends of \$18.0 million (2024 - \$18.0 million) or CAD \$0.7500 per common share (2024 - CAD \$0.7125 per common share) and declared \$4.6

million in dividends (2024 - \$4.3 million) or C\$0.1875 per common share (2024 - C\$0.1800 per common share) to its shareholders of record at the close of business on December 31, 2025, that was paid on January 15, 2026.

The Board has sole discretion in determining the amount of cash dividends for any given period, based on factors such as financial performance, projected liquidity, and the Company's capital resources. If declared, dividends are announced in advance, with the record date set as the last business day of each quarter. Payments are made on the 15th of the following month (or the next business day if the 15th falls on a non-business day).

15 SHAREHOLDERS' CAPITAL

Authorized Shares

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

Issued and Outstanding

Normal course issuer bid

In August 2025, the Toronto Stock Exchange ("TSX") accepted Badger's amended notice of intention to renew its NCIB pursuant to which Badger may purchase and cancel up to 2,910,453 common shares, representing 10% of the Company's public float as at August 14, 2025 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 year ended December 31, 2025, pursuant to its NCIB, the Company purchased and cancelled 492,800 common shares, at a weighted average price per share of CAD \$37.78. Subsequent to December 31, 2025, there were no additional shares purchased by the Company.

	Number of Shares	Shareholders' Capital
As at December 31, 2023	34,473,438	66,950
Common shares repurchased and cancelled through NCIB	(240,400)	(1,110)
As at December 31, 2024	34,233,038	65,840
Common shares repurchased and cancelled through NCIB	(492,800)	(61)
As at December 31, 2025	33,740,238	65,779

16 REVENUE

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

	Years ended December 31,	
	2025	2024
Non-destructive excavation service – corporate	776,469	688,439
Non-destructive excavation service – operating partners ⁽¹⁾	14,457	14,903
Total non-destructive excavation service revenue	790,926	703,342
Other service – corporate ⁽²⁾	39,401	40,108
Other service – operating partners ⁽²⁾	1,375	1,502
Total other revenue	40,776	41,610
Total revenue	831,702	744,952

⁽¹⁾ Badger's Operating Partners' agreements contain a lease and operating partners non-destructive excavation service revenue for the year ended December 31, 2025 includes \$8.7 million (December 31, 2023 - \$10.0 million) of lease revenue.

⁽²⁾ Other revenue includes other non-destructive excavation services, truck placement fees and other administrative related revenue.

17 FINANCE COSTS

	Years ended December 31,	
	2025	2024
Borrowings under credit facility	11,831	12,661
Interest on lease liability	2,435	1,917
Accrued interest	1,070	—
Other	1,308	1,108
Total finance costs	16,644	15,686

18 EARNINGS PER SHARE

Basic earnings per share (“EPS”)

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The denominator is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

	Years ended December 31,	
	2025	2024
Net earnings	59,228	47,872

	Years ended December 31,	
	2025	2024
Weighted average number of common shares, basic	33,826,490	34,441,443

Diluted EPS

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of any dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted EPS.

	Years ended December 31,	
	2025	2024
Basic weighted average number of common shares	33,826,490	34,441,443
Effect of dilutive deferred share units	—	—
Weighted average number of common shares, diluted	33,826,490	34,441,443

	Years ended December 31,	
	2025	2024
Basic and diluted earnings per share	\$1.75	\$1.39

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments recognized on the consolidated statement of financial position consist of cash, trade and other receivables, derivative financial instruments, trade and other payables, dividends payable and long-term debt. The fair values of these recognized financial instruments, excluding long-term debt and derivative financial instruments, approximate their carrying values due to their short-term maturity.

The following table presents information about the Company's financial assets and financial liabilities measured at fair value on a recurring basis as at December 31, 2025, and indicates the fair value hierarchy of the valuation technique used to determine such fair value. During the year ended December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

		Fair Value as at December 31, 2025		
	Carrying value	Level 1	Level 2	Level 3
Financial Assets				
Derivative financial instrument - Current	8,185	—	8,185	—
Derivative financial instrument - Non-current	5,879	—	5,879	—

		Fair Value as at December 31, 2024		
	Carrying value	Level 1	Level 2	Level 3
Financial Assets				
Derivative financial instrument - Current	514	—	514	—
Financial Liabilities				
Derivative financial instrument - Non-current	670	—	670	—

The fair value of the derivative financial instruments is calculated as the present value of the expected cash settlement, determined as the difference between the Company's share price at the reporting date and the contracted forward share price, multiplied by the notional number of shares. Because all significant valuation inputs are observable, the instruments fall within Level 2.

Credit risk

Credit risk arises where a financial loss would be experienced if a counterparty to a financial asset failed to meet its contractual obligations. The Company's credit risk exposure is primarily through its trade receivables which are subject to industry credit risks. Credit risks are mitigated by the Company's large and diversified customer base across the construction, utility, transportation and industrial industries. The Company actively monitors the financial strength of its customer base through its credit process to minimize the risk of default on receivables. The Company has a due diligence process to approve credit for new and existing customers by assessing the creditworthiness of each customer. Before work is performed for the customer, its creditworthiness is assessed and a credit rating and maximum credit limit are assigned.

Liquidity risk

Liquidity risk is the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle an obligation on the due date and will be forced to sell financial assets at a price which is less than what they are worth, or will be unable to settle or recover a financial asset.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining additional debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

At December 31, 2025, the Company had \$201.0 million of available borrowing capacity on the Credit Facility. The Credit Facility matures on September 29, 2030. The Company believes it has sufficient liquidity through its operations and the use of this facility to meet foreseeable financial obligations.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2025, based on contractual undiscounted payments.

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
December 31, 2025					
Trade and other payables	94,900	—	—	—	94,900
Share-based plan liability	38,866	15,345	—	—	54,211
Long-term debt	—	—	198,011	—	198,011
Total	133,766	15,345	198,011	—	347,122

	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
December 31, 2024					
Trade and other payables	103,225	—	—	—	103,225
Share-based plan liability	18,834	7,931	—	—	26,765
Long-term debt	—	—	170,026	—	170,026
Total	122,059	7,931	170,026	—	300,016

Market risk

The significant market risk exposures affecting the financial instruments held by the Company are those related to interest rates, foreign currency exchange rates, and share prices which are explained as follows:

Interest rate risk

The Company is exposed to interest rate risk in relation to interest expense on a portion of its long-term debt whose rate is floating. Interest is calculated based on prime lending rates, Canadian Overnight Repo Rate (“CORA”) or the Secured Overnight Financing Rate (“SOFR”) and is dependent on the nature of the borrowing. Interest rates are subject to change. The Company does not use interest rate hedges, fixed interest rate contracts or other similar derivative instruments to manage its exposure to interest rate fluctuations.

The following table demonstrates the impact to earnings before income taxes if interest rates had been 1% higher and all other variables were held constant.

Years ended	December 31, 2025	December 31, 2024
Effect on earnings before income taxes	(1,757)	(1,886)

For a hypothetical 1% decrease in interest rates, there would be an equal and opposite effect on earnings before income taxes in the table above.

Foreign exchange risk

In the normal course of operations, the Company is exposed to movement in the Canadian dollar in its Canadian operations. As a result, fluctuations in the value of the Canadian dollar relative to the United States dollar can result in foreign exchange gains and losses. The Company’s Canadian operations are subject to foreign exchange gains and losses on consolidation. Realized foreign exchange gains and losses are included in net earnings while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenue and expenses of the Company’s United States operations are included in other comprehensive income.

The following table demonstrates the Company’s sensitivity for the above noted Canadian dollar denominated balances to a hypothetical 10% strengthening in the United States dollar against the Canadian dollar and the increased earnings before income taxes and other comprehensive income is as follows:

Years ended	December 31, 2025	December 31, 2024
Effect on earnings before income taxes	1,083	2,789
Effect on other comprehensive income	18,575	14,002

For a hypothetical 10% weakening of the Canadian dollar against the United States dollar, there would be an equal and opposite effect on earnings before income taxes and other comprehensive income in the tables above.

Share price risk

The Company entered into total return swaps to manage its exposure to fluctuations in the total return of its shares related to long-term incentive compensation plans. These cash-settled share swap transactions require the exchange of net contractual payments at maturity without the exchange of the notional principal amounts on which the payments are based. These total return swaps are not designated as hedging instruments for accounting purposes. Any change in fair value of the total return swaps is recognized as unrealized losses or gains on derivatives in the period in which the change occurs in the consolidated statement of comprehensive income. For the year ended December 31, 2025, gain on derivatives recognized was \$28.1 million (December 31, 2024 - \$4.6 million loss). Net gain on derivatives includes \$14.0 million cash received as a result of swap settlement. At December 31, 2025, a 10% change in the share price applied to the Company’s total return swaps would change earnings before income tax and its liability by approximately \$2.7 million (December 31, 2024 - \$3.3 million). For the year ended December 31, 2025, the Company recognized \$42.0 million of share-based plan expenses (December 31, 2024 - \$11.3 million).

20 CAPITAL MANAGEMENT

The Company's strategy is to have a sufficient capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company considers the capital structure to consist of net debt and shareholders' equity. The Company considers net debt to be total long-term debt less cash. The Company seeks to maintain a balance between the level of net debt and shareholders' equity to facilitate access to capital markets to fund growth and working capital. The Company may occasionally need to increase these levels to facilitate acquisition or expansion activities. This ratio was as follows:

	December 31, 2025	December 31, 2024
Non-revolving term loan	100,000	100,000
Borrowings under credit facility	99,009	71,238
Lease liability	38,336	18,198
Current portion of lease liability	22,191	32,053
Total obligations	259,536	221,489
Cash	(4,768)	(14,617)
Net debt	254,768	206,872
Shareholders' equity	296,083	258,200
Total capitalization	550,851	465,072
Net debt to total capitalization	46 %	44 %

The Company sets the amounts of its various forms of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce net debt.

Under the terms of the syndicated revolving credit facility, the Company must comply with certain financial and non-financial covenants, as defined by the respective credit agreements. Throughout 2025 and as at December 31, 2025, the Company was in compliance with all its covenants. The Company's significant financial covenants are detailed in the summary below:

Ratio	December 31, 2025	December 31, 2024	Threshold
Total Debt to Compliance EBITDA Credit Facility	1.3x	1.1x	4.0:1x max
Interest Coverage Ratio Credit Facility	11.1x	10.5x	3.0:1x min

There were no changes in the Company's approach to capital management during the year.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management and the Board of Directors.

21 STATEMENT OF CASH FLOW SUPPLEMENTAL INFORMATION

The following table provides supplemental information on the components of changes in non-cash working capital in operating and investing activities:

	Years ended December 31,	
	2025	2024
Cash (used in) provided by operating activities		
Trade and other receivables	(12,373)	(8,340)
Prepaid expenses	(5,652)	92
Inventories	(3,526)	1,519
Trade and other payables	6,885	972
Change in non-cash working capital	(14,666)	(5,757)
Cash used in by investing activities		
Trade and other payables ⁽¹⁾	(1,206)	(1,465)
Change in non-cash working capital	(1,206)	(1,465)

⁽¹⁾ Non-cash working capital changes from trade and other payables relate to vendors supplying Badger's manufacturing operations and are included in investing activities as these supplies are additions to property, plant and equipment.

22 RELATED PARTY DISCLOSURE

There were no significant outstanding balances with related parties as at December 31, 2025 and December 31, 2024.

Compensation of key management personnel

The remuneration of the Board and other members of key management personnel were as follows:

Years ended	December 31, 2025	December 31, 2024
Compensation, including bonuses	6,967	4,598
Share-based payments	4,829	4,787
Total	11,796	9,385

23 SUBSIDIARIES

The consolidated financial statements include the financial statements of Badger Infrastructure Solutions Ltd. and the subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage equity interest	
		2025	2024
Badger Daylighting (Fort McMurray) Inc.	Canada	100%	100%
Badger Edmonton Ltd.	Canada	100%	100%
Fieldtek Ltd.	Canada	100%	100%
Badger Manufacturing (Canada) Ltd.	Canada	100%	100%
Badger Leasing (Canada) Ltd.	Canada	100%	100%
Badger Daylighting Limited Partnership	Canada	100%	100%
Badger US Holdings (Canada) Ltd.	Canada	100%	100%
Badger Finance GP, ULC	Canada	100%	100%
Badger Finance ULC	Canada	100%	100%
McKay Badger Infrastructure Solutions Limited Partnership ⁽¹⁾	Canada	49%	49%
McKay Badger Infrastructure Solutions GP Inc. ⁽¹⁾	Canada	49%	49%
Badger Infrastructure Solutions USA Inc	United States of America	100%	100%
Badger Manufacturing (USA) LLC	United States of America	100%	100%
Badger Transportation LLC	United States of America	100%	100%
Badger Daylighting Corp.	United States of America	100%	100%
Badger Leasing (USA) LLC	United States of America	100%	100%
Badger Infrastructure Finance LP	United States of America	100%	100%
Badger Finance (US) LLC	United States of America	100%	100%
Badger Utility Solutions LLC	United States of America	100%	100%
Badger Industrial Services (Canada) Ltd.	Canada	100%	100%
Badger Industrial Services (USA) LLC	United States of America	100%	100%
Badger Material Solutions (Canada) Ltd.	Canada	100%	100%
Badger Locating Solutions (Canada) Ltd.	Canada	100%	100%
Badger Material Solutions (USA) LLC	United States of America	100%	100%
Badger Locating Solutions (USA) LLC	United States of America	100%	100%

⁽¹⁾ Consolidated in Badger's consolidated financial statements.

24 COMMITMENTS AND CONTINGENCIES

The Company had the following commitments as at December 31, 2025:

	2026	2027	2028	2029	2030	Thereafter	Total
Operating leases ⁽¹⁾	2,749	2,289	1,542	1,174	602	138	8,494
Service contract ⁽²⁾	8,443	2,324	929	738	708	—	13,142
Purchase commitments ⁽³⁾	67,245	887	99	—	—	—	68,231
Total	78,437	5,500	2,570	1,912	1,310	138	89,867

⁽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.