



BADGER INFRASTRUCTURE SOLUTIONS LTD. ANNOUNCES STRONG 2023 FIRST QUARTER RESULTS

Calgary, Alberta, May 3, 2023 - Badger Infrastructure Solutions Ltd. (“Badger”, the “Company”, “we”, “our” or “us”) (TSX:BDGI) reported first quarter 2023 results today. All results are presented in U.S. dollars unless otherwise stated.

2023 First Quarter Financial and Operational Highlights

- Badger experienced strong year over year growth and operating improvements during the first quarter.
- The Company achieved first quarter revenue of \$143.2 million, up 25.5% from 2022.
- Gross profit margin in the quarter improved to 22.9%, up from 18.4% from 2022.
- Adjusted EBITDA in the quarter increased from \$10.7 million to \$24.0 million, up 124.5% from 2022.
- Adjusted EBITDA margin also improved in the quarter to 16.7%, up from 9.4% from 2022.
- Consolidated revenue per truck per month (“RPT”) for the quarter was \$38,231, up 21.1% from 2022.

“We achieved record first quarter revenue of \$143.2 million, which was 25.5% higher than the first quarter of 2022, as a result of focused efforts on our enhanced commercial strategy and improved utilization. Our first quarter results reflect the strength of our renewed operating strategy and efforts to improve margins in the seasonally slower months. Adjusted EBITDA margin was 16.7%, the strongest we have had in the first quarter in over three years,” said Rob Blackadar, President & Chief Executive Officer.

“We are preparing for a busy construction season and are confident the investments we have made in our teams and initiatives provide us with a strong competitive advantage to capture market demand. We remain on track to produce between 200 to 230 non-destructive excavation units and retire between 80 to 100, with 58 manufactured and 26 retired in the first quarter.” concluded Mr. Blackadar.

Financial Highlights

<i>(\$ U.S. thousands, except RPT, per share and share information)</i>	Three months ended March 31,	
	2023	2022
Revenue:		
Non-destructive excavation service revenue	136,538	109,391
Other revenue	6,678	4,756
Total revenue	143,216	114,147
RPT - Consolidated (mixed currency) ⁽¹⁾	38,231	31,559
RPT - U.S. (U.S. dollars) ⁽¹⁾	38,804	31,499
RPT - Canada (Canadian dollars) ⁽¹⁾	36,648	31,712
Adjusted EBITDA ⁽¹⁾	23,986	10,682
Adjusted EBITDA per share, basic and diluted ⁽¹⁾	\$0.70	\$0.31
Adjusted EBITDA margin ⁽¹⁾	16.7%	9.4%
Net earnings (loss) before income tax	3,673	(6,704)
Net earnings (loss)	2,764	(5,265)
Net earnings (loss) per share, basic and diluted ⁽¹⁾	\$0.08	\$(0.15)
Cash flow from operations before working capital and other adjustments	23,986	10,463
Cash flow from operations before working capital and other adjustments per share, basic and diluted ⁽¹⁾	\$0.70	\$0.30
Total debt to Compliance EBITDA ⁽¹⁾	1.6x	2.4x
Capital expenditures	14,050	3,857
Dividends paid ⁽²⁾	4,206	1,429
Weighted average common shares outstanding ⁽³⁾	34,473,438	34,473,438

⁽¹⁾ See “Non-IFRS Financial Measures” and “Key Financial Metrics and Other Operational Metrics” in the Company's first quarter 2023 management's discussion and analysis ("MD&A") and 2022 Annual MD&A for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin, total debt, Compliance EBITDA 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.

⁽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 first quarter 2023 MD&A for additional details.

2023 Business Outlook

The Company is focused on sales, asset utilization, pricing strategies and operational discipline to improve revenue growth and margin levels. Badger has aligned its sales resources with market and customer opportunities while leveraging its existing branch network. The Company continues to see strong demand in its end markets, which include infrastructure, energy and non-residential construction.

Badger is focused on fleet management and utilization to support near-term growth needs and will continue to leverage its vertically integrated manufacturing capabilities to support its medium and long-term growth requirements. The Company's fleet is well positioned to take advantage of market demand in 2023. The Company expects to produce between 200 and 230 non-destructive excavation units and retire between 80 and 100 units in 2023. Badger has also begun refurbishing a select number of non-destructive excavation units by replacing key components. These costs will be capitalized and are expected to extend the useful life of these select units by 5 years and increase the return on invested capital. Badger continues to be comfortable with chassis and key component availability and does not expect to be materially impacted by supply chain disruptions, based on the Company's supplier relationships and inventory planning completed in 2022.

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 is a growing trend across Badger's operating footprint. Badger is well positioned to capture the market demand for non-destructive excavation across North America. Badger has managed through the recent inflationary environment by increasing its focus on sales activities, pricing improvements, fleet utilization, the fuel recovery program and operating cost management. It is too early for the Company to determine what impact, if any, may result from the increasing global recessionary risks, however, increased revenue diversity and new national account programs are expected to help mitigate any market downturns.

About Badger Infrastructure Solutions Ltd.

Badger Infrastructure Solutions Ltd. 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 Hydrovac[™], which is used primarily for safe excavation around critical infrastructure and in congested underground conditions. The Badger Hydrovac uses a pressurized water stream to liquify the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. To complement the Badger Hydrovac, the Company introduced the Badger Airvac^{™(1)}, in late 2021. The Badger Airvac is also used for safe excavation but utilizes compressed air instead of water to loosen the cover soil before vacuuming and depositing excavation materials into a storage tank. Badger is unique in the non-destructive excavation industry because it designs and manufactures all of its hydrovac and airvac units at its plant in Red Deer Alberta, which has an annual production capacity of more than 350 hydrovac and airvac units.

¹ Badger Airvac is a registered trademark in Canada. The trademark is currently "pending" in the United States.

2023 First Quarter Results Conference Call

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2023 first quarter results is scheduled for 7:00 a.m. MT on Thursday, May 4, 2023. Participants can register for the call here: <https://register.vevent.com/register/BI61a205847cdf45bfac56892a2bb167ef> or join the webcast here: <https://edge.media-server.com/mmc/p/86ty4u3g>.

2023 Annual Meeting of Shareholders

The Company will be holding its annual meeting of shareholders on Thursday, May 4, 2023 at 1:30 p.m MT. The meeting will be held in person at the offices of Norton Rose Fulbright Canada LLP, located at 400 3rd Avenue SW, Suite 3700, Calgary, AB, T2P 4H2, and virtually via live audiocast at: <https://meetnow.global/MTJXGY5>.

2023 First Quarter Disclosure Documents

Badger's 2023 first quarter Management's Discussion and Analysis ("MD&A") and Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2023, along with all previous public filings of Badger Infrastructure Solutions Ltd. may be found on SEDAR at www.sedar.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 first quarter 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 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 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.

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

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" in the Company's 2023 first quarter MD&A for additional details on RPT.

Cautionary Statements Regarding Forward-Looking Information and Statements

Certain statements and information contained in this press release and other continuous disclosure documents of the Company referenced herein, including statements and information that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “continues to”, “focus on”, 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 focus on cost management, sales activities and operational efficiencies and its impact on growth and on maximizing shareholder value;
- Badger’s expectations with respect to the production and retirement of non-destructive excavation and specialty units in 2023;
- Badger's continued focus on enhancing operating leverage;
- The expectation of reinvestment in North America’s critical infrastructure and Badger’s ability to position operations to capture resulting market demand for non-destructive excavation;
- Disclosure under the heading “2023 Business Outlook”;
- The market conditions, demand trends and supply chain capacity anticipated by Badger throughout 2023;
- The anticipated impact of Badger’s refurbishment program;
- Badger’s ability to continue to manage the recent inflationary environment;
- Badger’s ability to respond to global recessionary risk;
- Badger’s ability to continue to grow its business, including revenue, as a result of capitalizing on the long-term growth opportunity in the North American non-destructive excavation market;
- Badger's focus on fleet optimization and increased utilization; and
- The benefits, if any, that Badger’s operational scale creates related to financial and operating performance.

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;
- Business activity levels will continue to increase as there is continued economic recovery following the COVID-19 pandemic;
- The actions taken by Badger to protect the health and safety of its employees, customers and communities, and to mitigate the operational and financial effects of COVID-19 will continue to have the intended effects;
- The overall market for Badger’s services or its ability to provide service will not be adversely affected in the long-term by COVID-19, economic disruption, or other factors beyond Badger’s control such as weather, natural disasters, global events, legislation or regulatory changes and technological advances;
- There will be long-term sustained customer demand for non-destructive excavation and related services from a broad range of end use markets in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- Badger will collect customer payments in a timely manner;
- Badger will be able to compete effectively for the demand for its services;

- There will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors;
- Badger will realize and continue to realize the efficiencies and benefits of the executed business restructuring activities and other business improvement initiatives;
- Badger will be able to successfully implement its plans, programs, and procedures as expected; and
- Badger will obtain all labour, parts and supplies necessary to complete planned Badger non-destructive excavation unit builds at the costs and on the timeline expected.

Risks and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: political and economic conditions; 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 as well as COVID-19 related regulations (e.g. vaccination mandates) 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.sedar.com) 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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