



## **BADGER INFRASTRUCTURE SOLUTIONS LTD. ANNOUNCES RECORD 2023 SECOND QUARTER REVENUE AND ADJUSTED EBITDA**

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

### **2023 Second Quarter Financial and Operational Highlights**

- 
- The Company achieved revenue of \$171.9 million, up 19.2% from 2022.
  - Gross profit of \$50.1 million was up 40.0% from 2022.
  - Gross profit margin improved to 29.1%, up from 24.8% from 2022.
  - Adjusted EBITDA of \$39.2 million was up 51.1% from 2022.
  - Adjusted EBITDA margin also improved in the quarter to 22.8%, up from 18.0% from 2022.
  - Earnings per share was \$0.32, over double from \$0.14 per share in 2022.
  - Consolidated revenue per truck per month (“RPT”)<sup>(1)</sup> for the quarter was \$44,502, up 10.5% from 2022.
  - The board of directors has approved the quarterly cash dividend of \$0.1725 per share for the third fiscal quarter of 2023, with payment to be made on or about October 16, 2023, to all shareholders of record at the close of business on September 29, 2023.

"We are pleased with our record second quarter revenue of \$171.9 million, which was 19% higher than the second quarter of 2022. We've had a strong start to the year as a result of focused efforts on our enhanced commercial strategy and improved utilization. We also achieved record second quarter Adjusted EBITDA of \$39.2 million, up over 50% compared to last year. We continue to be encouraged with our financial performance, with our trailing twelve month Adjusted EBITDA trending towards pre-pandemic levels," said Robert Blackadar, President and Chief Executive Officer.

"We are now in our busy construction season and our focus on sales, pricing and asset utilization continues to drive revenue growth and our bottom line margins. This focus positions Badger well for the balance of the year. We remain on track to produce between 200 to 230 non-destructive excavation units and to retire between 80 to 100 in the year, with 112 units manufactured and 38 units retired in the first half of the year." concluded Mr. Blackadar.

## Financial Highlights

(\$ U.S. thousands except RPT, per share and share)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue:				
Non-destructive excavation service revenue	<b>163,967</b>	138,229	<b>300,506</b>	247,620
Other revenue	<b>7,919</b>	5,929	<b>14,596</b>	10,685
Total revenue	<b>171,886</b>	144,158	<b>315,102</b>	258,305
RPT - Consolidated (mixed currency) <sup>(1)</sup>	<b>44,502</b>	40,281	<b>40,849</b>	35,624
RPT - U.S. (U.S. dollars) <sup>(1)</sup>	<b>45,010</b>	40,742	<b>41,407</b>	35,761
RPT - Canada (Canadian dollars) <sup>(1)</sup>	<b>43,060</b>	39,095	<b>39,287</b>	35,275
Adjusted EBITDA <sup>(1)</sup>	<b>39,151</b>	25,910	<b>63,137</b>	36,592
Adjusted EBITDA per share, basic and diluted <sup>(1)</sup>	<b>\$1.14</b>	\$0.75	<b>\$1.83</b>	\$1.06
Adjusted EBITDA margin <sup>(1)</sup>	<b>22.8%</b>	18.0%	<b>20.0%</b>	14.2%
Net earnings (loss) before income tax	<b>14,960</b>	6,113	<b>18,633</b>	(591)
Net earnings (loss)	<b>11,013</b>	4,805	<b>13,777</b>	(460)
Net earnings (loss) per share, basic and diluted <sup>(1)</sup>	<b>\$0.32</b>	\$0.14	<b>\$0.40</b>	\$(0.01)
Cash flow from operations before working capital and other adjustments	<b>38,864</b>	26,226	<b>62,850</b>	36,689
Cash flow from operations before working capital and other adjustments per share, basic and diluted <sup>(1)</sup>	<b>\$1.13</b>	\$0.76	<b>\$1.82</b>	\$1.06
Total debt to Compliance EBITDA <sup>(1)</sup>	<b>1.6x</b>	2.2x	<b>1.6x</b>	2.2x
Capital expenditures	<b>41,692</b>	20,910	<b>55,742</b>	24,767
Dividends paid <sup>(2)</sup>	<b>4,427</b>	4,469	<b>8,633</b>	5,897
Weighted average common shares outstanding <sup>(2)</sup>	<b>34,473,438</b>	34,473,438	<b>34,473,438</b>	34,473,438

<sup>(1)</sup> See “Non-IFRS Financial Measures” and “Key Financial Metrics and Other Operational Metrics” in the Company’s second 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.

<sup>(2)</sup> See “Share Capital” in the Company’s second quarter 2023 MD&A for additional details.

## **2023 Business Outlook**

The Company continues to focus on increasing revenues through its sales and national accounts commercial strategy, pricing improvements, asset utilization, and is exercising both operational and functional cost discipline to continue growing adjusted EBITDA margins. 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 continues to target production of between 200 and 230 non-destructive excavation units and retire between 80 and 100 units in 2023. In the second quarter of 2023, Badger initiated a refurbishment program to extend the useful life of a select number of non-destructive excavation units. 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. In 2023, we expect to refurbish between 40 to 50 non-destructive excavation units at an average cost of approximately \$0.15 million per unit. At June 30, 2023, 14 units were undergoing refurbishment. 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 remains a growing trend across Badger's operating footprint. Badger continues to be well positioned to capture this growing 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, and operating cost management. Badger continues to see strong and growing demand for its services. Our focus on growing our customer base and national accounts program is expected to contribute to continued growth in the second half of 2023.

## **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™<sup>(1)</sup>, 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.

## **2023 Second Quarter Results Conference Call**

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2023 second quarter results is scheduled for 6:00 a.m. MT on Friday, August 4, 2023. Participants can join the webcast with audio only here: <https://edge.media-server.com/mmc/p/cdiaigu7> or join the call to ask a question here: <https://register.vevent.com/register/B1a0f5b57fc41a4e359a82520930942681>

## **2023 Second Quarter Disclosure Documents**

Badger's 2023 second quarter MD&A and Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2023, along with all previous public filings of Badger Infrastructure Solutions Ltd. may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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

## **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 second 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.

"Total Debt" consists of long-term debt and issued letters of credit, less cash on hand. Total Debt 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 second quarter MD&A for additional details on RPT.

## **Cautionary Statements Regarding Forward-Looking Information and Statements**

Certain statements and information contained in this press release and other continuous disclosure documents of the Company referenced herein, including statements and information that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “continues to”, “focus on”, “grow”, “target”, “trend”, “commitment” 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, retirement and refurbishment of non-destructive excavation units in 2023;
- 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;
- Badger’s ability to support its growth needs by managing and utilizing its fleet, and leveraging its manufacturing capabilities;
- Disclosure under the heading “2023 Business Outlook”;
- The market conditions, demand trends and supply chain capacity anticipated by Badger throughout 2023;
- 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;
- The expected impact of Badger’s commercial strategy, pricing improvements and asset utilization on revenue;
- The anticipated impact of Badger’s refurbishment program;
- Badger’s ability to continue to manage the recent inflationary environment, including the expectation that the program will extend the useful life of refurbished units and increase the return on invested capital;
- 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;
- The expectation that Badger’s focus on increasing customer diversity and on its national account programs will mitigate any market downturn;
- Badger’s management of its receivables portfolio and other improvements in its cash collection cycle; and
- Badger’s anticipated use of its cash, cash equivalents and financial capacity available under its credit facility.

The forward-looking information and statements made in this 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 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, which may adversely impact the labour supply and operating costs of Badger; extreme or unsettled weather patterns; and fluctuations in foreign exchange or interest rates.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)) or at the Company's website. The forward-looking statements and information contained in this press release are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

**For further information:**

Robert Blackadar, *President & Chief Executive Officer*

Robert Dawson, *Chief Financial Officer*

**Badger Infrastructure Solutions Ltd.**

ATCO Building II

4<sup>th</sup> Floor, 919 11<sup>th</sup> Avenue, SW

Calgary, Alberta T2R 1P3

Telephone (403) 264-8500

Fax (403) 228-9773

Source: Badger Infrastructure Solutions Ltd.