



## **BADGER DAYLIGHTING LTD. ANNOUNCES 2021 FIRST QUARTER RESULTS AND INAUGURAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

Calgary, Alberta, May 4, 2021 - Badger Daylighting Ltd. (“Badger”, the “Company”, “we”, “our” or “us”) (TSX:BAD) reported first quarter results today. All results are presented in Canadian dollars unless otherwise stated.

### **2021 First Quarter Financial and Operational Highlights**

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- Revenue was \$108.5 million or approximately 79% of revenue realized in the first quarter of 2020. After normalizing for the effects of foreign exchange, revenue was 83% of revenue realized in the first quarter of 2020.
- Gross profit margin was 15.7% compared to 22.2% in 2020 and Adjusted EBITDA margin was 5.1% compared with 13.3% in the first quarter of 2020.
- Adjusted EBITDA was \$5.5 million compared to \$18.1 million in the first quarter of 2020. Excluding one-time general and administrative expenses of \$1.9 million in the quarter relating to investments in key strategic initiatives, Adjusted EBITDA was \$7.4 million.
- The Board of Directors of Badger approved a 5% increase in the dividend to \$0.63 per common share on an annualized basis and the Toronto Stock Exchange accepted Badger’s notice to implement a Normal Course Issuer Bid pursuant to which the Company may acquire for cancellation up to a maximum of 1.5 million common shares.
- Continued improvements in working capital, collection of aged receivables and the extension of the Company’s \$100 million supplemental secured credit facility for an additional year all supported Badger’s strong liquidity position maintained at over \$300 million in the quarter.

“During the first quarter, Badger continued to position its operations for the summer construction season and anticipated 2021 market recovery. Activity levels were impacted by extended holiday jobsite shutdowns in January and severe winter weather in February. The revenue run-rate improved significantly in March as the reopening of economies in the U.S. accelerated as a result of increasing vaccination rates. We are seeing early signs of a strong market recovery in 2021 as the North American economy, particularly in the U.S., reopens and recovers from the COVID-19 pandemic. We added operators, sales and support staff to capture this anticipated growth,” said Paul Vanderberg, President and Chief Executive Officer.

“The severe winter weather experienced in the first quarter impacted a wide range of critical infrastructure, highlighting the potential need for work on facilities and system upgrades. This needed work, along with increased focus on upgrading and expanding North America’s infrastructure, represents significant long-term opportunity for Badger and provision of non-destructive excavation services,” added Mr. Vanderberg.

“In support of sustainability and consistent with Badger’s strong commitment to the health and safety of our employees, customers and communities, we are pleased to communicate our sustainability initiatives in Badger’s inaugural ESG Report available on our website. Badger’s business model is very well positioned to support sustainability initiatives across the infrastructure segments that we service,” concluded Mr. Vanderberg.

## Financial Highlights

(\$ thousands, except revenue per truck per month ("RPT"), per share and share information)	Three months ended March 31,	
	2021	2020
Revenue:		
Hydrovac service revenue	102,309	130,207
Other revenue	6,159	6,471
Total revenue	108,468	136,678
RPT - Consolidated (mixed currency) <sup>(1)</sup>	20,344	24,966
RPT - U.S. (U.S. dollars) <sup>(1)</sup>	22,551	25,959
RPT - Canada (Canadian dollars) <sup>(1)</sup>	14,866	22,361
Adjusted EBITDA <sup>(1)</sup>	5,491	18,139
Adjusted EBITDA per share, basic and diluted <sup>(1)(2)</sup>	\$0.16	\$0.52
Adjusted EBITDA margin <sup>(1)</sup>	5.1%	13.3%
(Loss) profit before income tax	(19,526)	6,838
Net (loss) profit	(14,936)	5,068
Net (loss) profit per share, basic and diluted <sup>(2)</sup>	(\$0.43)	\$0.15
Cash flow from operating activities before working capital and other adjustments	5,193	18,174
Cash flow from operating activities before working capital and other adjustments per share, basic and diluted <sup>(2)</sup>	\$0.15	\$0.52
Dividends paid	5,226	4,972
Weighted average common shares outstanding <sup>(2)(3)</sup>	34,853,838	34,892,213

(1) See "Non-IFRS Financial Measures" and "Key Financial Metrics and Other Operational Metrics" for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin and RPT.

(2) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.

(3) See "Share Capital" in the Company's first quarter 2021 management's discussion and analysis ("MD&A") for additional details.

## Comparable IFRS Financial Information<sup>(1)</sup>

(\$ thousands, except per share information)	Three months ended March 31,	
	2021	2020
Cash flow from operating activities	35,775	25,788
Cash flow from operating activities per share, basic and diluted <sup>(2)</sup>	\$1.03	\$0.74

(1) Cash flow from operating activities is provided as a comparable measure to cash flow from operating activities before working capital adjustments.

(2) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.

## **Business Outlook and Strategic Milestones**

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In the near-term, Badger continues to position its operations in preparation for the upcoming summer construction season and for an anticipated improvement in economic activity as COVID-19 restrictions loosen. In the long-term, Badger continues to invest in key strategic initiatives to address the substantial growth opportunity in the North American non-destructive excavation market.

In the fourth quarter of 2020 and continuing in the first quarter of 2021, Badger continued to hire and train operators, sales people and operations support staff. Operator onboarding and training takes a number of months to complete and trained operators are required to be in place before activity levels increase as part of the summer construction season ramp up in the second and third quarters. Positioning operations ahead of revenue growth is inherent in the seasonal nature of Badger's business. In addition to the typical ramp-up in the summer construction season, Badger is preparing for an anticipated increase in customer activity resulting from the economic recovery from the COVID-19 pandemic.

The Company continues to see substantial growth opportunities in the North American non-destructive excavation market to support the maintenance, upgrade and expansion of North America's critical infrastructure. The fragility of North America's critical infrastructure was exposed by recent storm and severe weather activity in the Southern U.S. Additionally, the need to reinvest in North America's critical infrastructure and adapt to new sustainable technology has been emphasized by the recently proposed Infrastructure Investment Plan announced by President Joe Biden in the U.S. In preparation to address these substantial growth opportunities, Badger continues to invest in its organizational design, management capabilities and key strategic initiatives to grow our business and maximize shareholders' value.

Badger's current fleet is well positioned to address the 2021 construction season and to address the near-term economic recovery from the COVID-19 pandemic. As reviewed at Badger's Investor Day on December 4, 2020, the Company's current fleet size can support annual revenue levels of approximately \$700 million.

To address the long-term growth opportunity in the North American non-destructive excavation market, Badger took advantage of the 2020 production slowdown to reconfigure process flows at its Red Deer, Alberta plant. These flow changes combined with changes in warehousing and upgrading parts storage are being implemented and are expected to increase the plant's production capacity to at least 350 units per year. This compares to the historical peak production of 221 units in 2014. Badger is pleased with this progress, which positions the Company to support continued growth as the current fleet utilization improves.

Badger is looking toward the future and continues to see substantial, long-term growth opportunities in servicing North America's critical underground infrastructure with non-destructive excavation solutions. Badger continues to strive to achieve its 2025 strategic milestones, which are:

- Doubling the U.S. operation's revenue from fiscal 2020 over the next 3 to 5 years;
- Targeting annualized Adjusted EBITDA growth of 15% on average from fiscal 2020 over the next 3 to 5 years;
- Targeting annualized Adjusted EBITDA margins of 28% to 29%; and
- Targeting revenue per truck per month over \$30,000 (mixed currency).

## **2021 First Quarter Results Conference Call**

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A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2021 first quarter results is scheduled for 7:00 a.m. MT on Wednesday, May 5, 2021. Internet users can listen to the call live, or as an archived call from Badger's website at [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter passcode 6081067. A playback of the call will be available until Wednesday, May 19, 2021. To access the playback, dial: 1-855-859-2056 and enter passcode 6081067.

## **Annual General Meeting**

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In light of ongoing concerns related to the spread of COVID-19 and in order to mitigate potential risks to the health and safety of our shareholders, employees, communities and other stakeholders, and based on government orders which prohibit large gatherings, Badger is providing facilities to allow its shareholders to participate in its annual and special meeting scheduled for Wednesday, May 5, 2021 at 1:30 p.m. MT in a format whereby registered shareholders, duly appointed proxyholders and guests may attend and, and registered shareholders and duly appointed proxyholders may participate in, the meeting virtually via live audiocast.

Visit Badger's website at [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations for additional detail regarding how to vote, how to ask questions and other technical information concerning the Audiocast.

## **2021 First Quarter Disclosure Documents**

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Badger's first quarter 2021 Management's Discussion and Analysis and Interim Condensed Consolidated Financial Statements, along with all previous public filings of Badger Daylighting Ltd. may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Non-IFRS Financial Measures**

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This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by International Financial Report 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 first quarter 2021 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 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, it excludes gains and losses on foreign exchange as such gains and losses can vary significantly based on factors beyond the Company's control and it excludes share-based compensation as these expenses can vary significantly with changes in the price of the Company's common shares.

"Adjusted EBITDA margin" is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

## **Key Financial Metrics and Other Operational Metrics**

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“Revenue per truck per month” (“RPT”) is a measure of hydrovac fleet utilization. It is calculated using hydrovac and hydrovac related revenue only. RPT is calculated on both a consolidated basis and for each geographic segment by dividing hydrovac and hydrovac related revenue for each segment, in the respective local currency, by the average number of hydrovacs in the segment during the period.

See “Key Financial Metrics and Other Operational Metrics” in the Company’s first quarter 2021 MD&A for additional details on RPT.

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

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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”, “goal” 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:

- The anticipated benefit of the continual review of all aspects of Badger’s operations;
- The impact of COVID-19 on the business and the timing of Badger achieving long-term strategic financial and operational milestones;
- Disclosure under the heading “Business Outlook and Strategic Milestones”;
- The expectation that the fundamental, long-term growth opportunities in the non-destructive excavation market remains intact;
- The expectation for economic recovery and seasonal construction volume increases and the timing associated therewith;
- The anticipated impact of reconfigured process flows at the Red Deer facility on future production capacity;
- The expectation of future market opportunities for Badger with respect to infrastructure strengthening;
- The expectation for long-term growth opportunities in both existing and new customer markets, particularly in the U.S.;
- The expectation that Badger’s business model can support sustainability initiatives within infrastructure customers;
- Badger’s ability to continue to grow its business, as a result of capitalizing on the long-term growth opportunity in the North American critical infrastructure and non-destructive excavation markets; 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;
- The monitoring of potential impacts of COVID-19 on all aspects of Badger's business, including the impact on the demand for Badger's services and the expectation that Badger's business model, operating scale and financial position will enable it to manage effectively through the current uncertain economic environment as a result of COVID-19, and that the long-term growth potential of non-destructive excavation will not be adversely impacted by the same;
- 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 have the intended effects;
- The overall market for Badger's services 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 changes and technological advances;
- There will be long-term sustained customer demand for non-destructive excavation services from a broad range of end use markets in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- Badger will collect customer payments in a timely manner;
- Badger will be able to compete effectively for the demand for its services;
- There will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors; and
- Badger will realize and continue to realize the efficiencies and benefits of the executed business restructuring activities, the formation of the shared services center and other business improvement initiatives.

Risk factors 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: the magnitude and length of the global, national and regional economic and social disruption being caused as a result of the global COVID-19 pandemic; national, regional and local governmental laws, regulations and orders relating to the COVID-19 pandemic that may materially adversely impact the Company's ability to continue operations; political and economic conditions; industry competition; price fluctuations in commodity markets 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; 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](http://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.

### **About Badger Daylighting Ltd.**

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Badger Daylighting Ltd. (TSX:BAD) 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. These market segments consist primarily of infrastructure projects in areas such as energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment and general municipal infrastructure. Customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres where safety and economic risks are high and therefore 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 liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. Badger manufactures and designs its truck-mounted hydrovac units, giving Badger the opportunity to incorporate feedback from its hydrovac operators into its existing and future design and manufacturing processes.

### **For further information:**

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Darren Yaworsky, *Vice President Finance and CFO*

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