



BADGER INFRASTRUCTURE SOLUTIONS LTD. ANNOUNCES 2021 SECOND QUARTER RESULTS

Calgary, Alberta, August 5, 2021 - Badger Infrastructure Solutions Ltd. (“Badger”, the “Company”, “we”, “our” or “us”) (TSX:BDGI) reported second quarter results today. All results are presented in Canadian dollars unless otherwise stated.

2021 Second Quarter Financial and Operational Highlights

- Revenue was \$135.6 million compared with \$134.5 million in the second quarter of 2020. After normalizing for the effects of foreign exchange, revenue was up 11% compared with the second quarter of 2020.
- Gross profit margin was 19.2% compared with 34.5% in 2020 and Adjusted EBITDA margin was 10.6% compared with 26.4% in the second quarter of 2020.
- Adjusted EBITDA was \$14.4 million compared with \$35.6 million in the second quarter of 2020, which included \$5.2 million in Canada Emergency Wage Subsidy benefits. Excluding one-time general and administrative expenses of \$1.9 million in the quarter relating to investments in key strategic initiatives, normalized Adjusted EBITDA was \$16.3 million.
- Consolidated revenue per truck per month (“RPT”) was \$26,633 compared with \$23,458 in the second quarter of 2020.
- Maintained a strong liquidity position with over \$300 million in cash and credit facility capacity supported by continued improvements in working capital and collection of aged receivables.

“We were encouraged with the second quarter revenue improvement from 2020 and from the first quarter, with some regions trending towards 2019 levels. However, the revenue recovery has been uneven regionally and from month to month. As a result, our direct costs ramp up to support anticipated activity for the summer construction season and COVID-19 recovery, outpaced revenue growth and compressed gross margins in the quarter,” said Paul Vanderberg, President and Chief Executive Officer.

“With continued revenue growth and focus on matching operating expenses to revenue as the recovery continues, we anticipate margins returning to historical levels. We continue to position Badger to maximize shareholder value, positioning the operations to address both the near-term market recovery and the longer-term market opportunity that we see in the North American non-destructive excavation market,” concluded Mr. Vanderberg.

Financial Highlights

(\$ thousands, except revenue per truck per month ("RPT"), per share and share information)	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Revenue:				
Hydrovac service revenue	129,736	128,346	232,045	258,553
Other revenue	5,856	6,138	12,015	12,609
Total revenue	135,592	134,484	244,060	271,162
RPT - Consolidated (mixed currency) ⁽¹⁾	26,633	23,458	n/a	n/a
RPT - U.S. (U.S. dollars) ⁽¹⁾	29,835	25,621	n/a	n/a
RPT - Canada (Canadian dollars) ⁽¹⁾	18,617	17,782	n/a	n/a
Adjusted EBITDA ⁽¹⁾	14,408	35,559	19,899	53,698
Adjusted EBITDA per share, basic and diluted ⁽¹⁾⁽²⁾	\$0.41	\$1.02	\$0.57	\$1.54
Adjusted EBITDA margin ⁽¹⁾	10.6%	26.4%	8.2%	19.8%
(Loss) profit before income tax	(3,314)	2,263	(22,840)	9,101
Net (loss) profit	(2,818)	1,701	(17,754)	6,769
Net (loss) profit per share, basic and diluted ⁽²⁾	(\$0.08)	\$0.05	(\$0.51)	\$0.19
Cash flow from operating activities before working capital and other adjustments	14,435	34,841	19,628	53,015
Cash flow from operating activities before working capital and other adjustments per share, basic and diluted ⁽²⁾	\$0.41	\$1.00	\$0.56	\$1.52
Dividends paid	5,489	5,229	10,715	10,201
Weighted average common shares outstanding ⁽²⁾⁽³⁾	34,820,614	34,853,838	34,837,134	34,878,025

(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 second quarter 2021 management's discussion and analysis ("MD&A") for additional details.

Comparable International Financial Reporting Standards ("IFRS") Financial Information⁽¹⁾

(\$ thousands, except per share information)	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Cash flow from operating activities	4,563	49,724	40,337	75,512
Cash flow from operating activities per share, basic and diluted ⁽²⁾	\$0.13	\$1.43	\$1.15	\$2.17

(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

Badger's second quarter revenue improved year-over-year, but fell short of levels for which the operations were positioned to serve. Individual regions and customers are recovering, but at different rates based on the unique circumstances experienced within each individual region and customer. Additionally, key energy-related markets remained weak in both Canada and the U.S. The lower and uneven revenue trends resulted in Badger carrying higher costs to ensure its ability to respond to customer needs. Because of these factors, year to date direct costs are higher as a percentage of revenue than historical, resulting in lower gross and Adjusted EBITDA margins than planned. Badger is confident that expense run rates and margins will return to historical levels with continued improvement in market activity, focus on its customer base and sales, ongoing focus on matching direct costs to future anticipated revenue and continued review of operating costs.

Badger's business model targets having an operator and truck available when a customer requires one. In accordance with Badger's business model, in anticipation of the COVID-19 recovery and as expected with the typical ramp up for the summer construction season, Badger has rehired, hired and trained a large number of operators since October 2020. It has also reactivated a significant portion of its fleet, which had been idled during the COVID-19 downturn. The scale of the COVID-19 downturn and the anticipated post-pandemic recovery resulted in an atypical 2021 summer construction season ramp up.

Badger is focusing closely on its customers and reviewing all aspects of its operating expenses to balance revenue and expenses in the short term while ensuring that service capacity is in place when needed over the medium and long term.

Badger serves a broad range of infrastructure end use markets mainly in the non-residential construction segment. The year-to-date U.S. non-residential spending in 2021, as published by the U.S. Census Bureau's U.S. construction put-in-place statistics, has declined from 2020 levels and underperformed previous forecast levels. By comparison, Badger's 2021 revenue recovery in the second quarter has outpaced the year-over-year U.S. non-residential spending trends and the Company's 2020 revenue levels. Badger's second quarter revenue growth has reflected the beginning of the recovery from COVID-19 and the summer construction activity.

Badger continues to see substantial growth opportunities in the North American non-destructive excavation market to support the maintenance, upgrade and expansion of its critical infrastructure. The need to reinvest in North America's critical infrastructure and adapt to new sustainable technology has been emphasized by the proposed government infrastructure plans. In preparation to address these substantial growth opportunities, Badger continues to invest in its organizational design, management capabilities and key strategic initiatives to grow Badger's business and maximize shareholders' value.

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 Second Quarter Results Conference Call

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2021 second quarter results is scheduled for 7:00 a.m. MT on Friday, August 6, 2021. Internet users can listen to the call live, or as an archived call from Badger's website at www.badgerinc.com under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter passcode 1581088. A playback of the call will be available until Friday, August 20, 2021. To access the playback, dial: 1-855-859-2056 and enter passcode 1581088.

2021 Second Quarter Disclosure Documents

Badger's second quarter 2021 Management's Discussion and Analysis and Interim Condensed Consolidated Financial Statements, 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 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 second 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

"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 second quarter 2021 MD&A for additional details on RPT.

Cautionary Statements Regarding Forward-Looking Information and Statements

Certain statements and information contained in this press release and other continuous disclosure documents of the Company referenced herein, including statements and information that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “continues to”, “target” 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 intention to continue to make investments into its organizational design, management structure and key strategic initiatives in 2021 and its impact on Badger's ability to grow its business and maximize shareholder value;
- Badger's ability to position operations to address both near term post-pandemic market recovery and long term market opportunity and the impact of the same on revenue and shareholder value;
- Badger's intention to return to its historical operating ratios with continued improvement in market activity and the Company's ongoing focus on operations, revenues, and its customer base;
- Disclosure under the heading “Business Outlook and Strategic Milestones”;
- The expectation that the fundamental, long-term growth opportunities in the non-destructive excavation market remain intact;
- The expectation for economic recovery and seasonal construction volume increases and the timing associated therewith;
- The impact of anticipated economic recovery from the COVID-19 pandemic and its effect on customer activity levels and revenues; and
- 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.

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 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) 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 Infrastructure Solutions Ltd.

Badger Infrastructure Solutions Ltd. (TSX:BDGI) is North America's largest provider of non-destructive excavating services. Badger works for contractors and facility owners in a broad range of infrastructure industries. 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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