



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

March 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited annual Consolidated Financial Statements and notes thereto of Badger Infrastructure Solutions Ltd. (the "Company", "Badger", "we", "our" or "us") (TSX:BDGI) for the year ended December 31, 2025, and 2024. This MD&A is a review of the financial results of Badger and has been prepared in accordance with IFRS[®] Accounting Standards issued by the International Accounting Standards Board for the year ended December 31, 2025. Readers should also refer to all previous public filings, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, which may be found on SEDAR+ at www.sedarplus.ca.

This MD&A is dated and has been prepared taking into consideration information available to March 5, 2026. All references to "dollars" and "\$" are to the currency of U.S. dollars unless otherwise indicated.

This MD&A includes forward-looking statements and assumptions. See "Cautionary Statements Regarding Forward-Looking Information and Statements" for additional details.

OVERVIEW OF BADGER

Badger is North America's largest provider of non-destructive excavating and related services. Badger works for contractors and facility owners in a broad range of infrastructure and utilities 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. Badger is unique in the non-destructive excavation industry because it designs and manufactures all of its hydrovac units at its plant in Red Deer, Alberta, which has an annual production capacity of more than 350 hydrovac units. The Company has a refurbishment program to extend the service life of certain units when it is financially prudent to do so based on the condition of the unit at the end of its normal useful life. To complement the Badger Hydrovac and expand the Company's service offerings, the Company has a select number of specialty units, mainly combo trucks, sewer and flusher units, and airvacs.

2025 FOURTH QUARTER AND ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

In 2025, Badger delivered strong operational performance and financial results, generating \$213.5 million of revenue in the fourth quarter and \$831.7 million of revenue for the full year, up 14% and 12% respectively from 2024. Revenue growth reflected strength in Badger's core end markets and customer demand, which we met through increased utilization and continued year over year growth in our fleet. The second half of 2025 showed solid demand after a slower start in the first half of the year.

Adjusted EBITDA⁽¹⁾ improved by 2% to \$44.9 million for the quarter, and by 13% to \$198.2 million for the full year, in each case compared with the equivalent period in 2024. Adjusted EBITDA margin⁽¹⁾ for the quarter was 21.0% compared with 23.5% in the same quarter of 2024. For the full year, Adjusted EBITDA margin continued to rise, reaching 23.8% compared to 23.6% in 2024. During the second half of 2025, Badger began to invest in certain programs targeted at increasing Badger's long-term ability to scale growth over the next several years and improve the efficiency of its operations. These investments include:

- New branches to further capture end market growth in key markets and a corresponding increase in certain operational and commercial leadership positions to ensure capacity for continued growth and scale.
- Preliminary launch of Badger's Operational Excellence program through multiple pilots. We expect this program to drive efficiencies across all of our field locations.
- Accelerated hiring and training of operators concurrent with an increase in Badger's truck build rate to capture the rising demand in customer and end markets.

The impact of these investments on margins were partially offset by stable general and administrative spending.

Adjusted net earnings per share⁽¹⁾ for the quarter was \$0.34 compared with \$0.37 during the same quarter last year. Full year adjusted net earnings per share was \$2.04, an increase of 21% from 2024. The increase was driven by higher Adjusted EBITDA, partially offset by higher depreciation and amortization, finance cost and income tax expense.

Badger's consolidated revenue per truck per month ("RPT")⁽¹⁾ increased for the quarter by 9% to \$41,756, and increased for the year by 5% to \$41,672 compared with corresponding periods of 2024. Badger increased its average fleet count by 5% over the prior year. The increase in RPT was due primarily to steady improvements in fleet utilization, particularly in the second half of 2025, as well as continued consistent focus on pricing initiatives.

During 2025, Badger manufactured 210 non-destructive excavation units compared to 190 units in 2024 and refurbished 35 units, which was the same as 2024. Additionally, we retired 130 units during the year. As of December 31, 2025, Badger had 1,723 non-destructive excavation units in operation, a 5% growth in our fleet from the prior year.

⁽¹⁾ "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted net earnings per share", and "RPT" are not standardized financial measures prescribed by IFRS[®] Accounting Standards and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted net earnings per share and "Key Financial Metrics and Other Operational Metrics" for additional detail on the definition and calculation of RPT.

2026 BUSINESS OUTLOOK

Looking ahead to 2026, Badger expects a continuation of the strong growth in our end markets and customer demand that we experienced in the second half of 2025. Badger's industry leading footprint, well established commercial and pricing strategies, comprehensive safety program, and plans for continued investments to expand our branch network in key strategic markets, leave the Company well positioned to support our customers' growing needs.

The rate of growth in our end markets recovered in the second half of 2025. Accordingly, we plan to increase our rate of fleet growth from 5% in 2025 to 7% to 10% in 2026. Concurrent with the increase in our truck build rate that started in the fourth quarter of 2025, we accelerated the rate of hiring and training of new operators to serve our growing fleet capacity.

Badger's Operational Excellence program was introduced in early 2025 and is being rolled out to all of our branches throughout the remainder of the year and into 2027. As our core hydrovac services business continues to grow, we have identified opportunities to expand Badger's service offering into complementary and adjacent market service lines. In 2026, we plan to spend approximately \$15 million to \$25 million of capital towards launching two new service lines in our U.S. footprint.

Taken as a whole, all of these investments are expected to capture market opportunities and to expand branch profitability. They are intended to be fully realized over the longer term to create sustained value across the organization.

Capital Spending

2026 Outlook

New builds	270 units to 310 units
Retirements	130 units to 150 units
Refurbishments	30 units to 50 units
Capital spend ⁽¹⁾	\$170 million to \$200 million
Expected potential tariffs ⁽²⁾	\$18 million to \$30 million
Total capital spend	\$198 million to \$230 million

Our planned capital expenditures and our intention to continue returning capital to shareholders through dividends and the normal course issuer bid ("NCIB"), are expected to allow Badger to maintain leverage within our long term Total Debt to Compliance EBITDA⁽³⁾ of 1.0x to 2.0x. Accordingly, we expect to retain ample capacity to fund our operations and working capital needs while continuing to invest in the ongoing growth in our business.

⁽¹⁾ Capital spend includes the cost to manufacture new hydrovacs, refurbishments, ancillary equipment and other capital projects as well as the initial investments towards two new service lines.

⁽²⁾ There continues to be significant uncertainty in the tariff and trade environment. Badger's manufactured units remain compliant with the Canada-United States-Mexico Agreement ("CUSMA") and, in 2025, we did not incur any direct tariffs on the units delivered to the U.S.. However, heavy duty truck tariffs announced by the U.S. administration in the fourth quarter of 2025 (Section 232 tariffs) and subsequent guidance released in early 2026 indicate that a 25% tariff will be payable on non-U.S. content for trucks and components crossing from Canada to the U.S.. Accordingly, Badger is considering a number of alternatives and options that may mitigate the impact of these tariffs on Badger's operations.

⁽³⁾ "Total Debt" and "Compliance EBITDA" are not a standardized financial measures prescribed by IFRS[®] Accounting Standards and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Total Debt and Compliance EBITDA.

FINANCIAL HIGHLIGHTS

	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
(\$ US thousands except RPT, per share amounts, truck count, share information and ratios)				
Revenue:				
Non-destructive excavation service revenue	202,321	175,814	790,926	703,342
Other service revenue	11,203	11,362	40,776	41,610
Total revenue	213,524	187,176	831,702	744,952
RPT - Consolidated ⁽¹⁾	41,756	38,395	41,672	39,529
Adjusted EBITDA ⁽¹⁾	44,910	43,963	198,233	176,074
Adjusted EBITDA per share, basic and diluted ⁽¹⁾	\$1.33	\$1.28	\$5.86	\$5.11
Adjusted EBITDA margin ⁽¹⁾	21.0%	23.5%	23.8%	23.6%
Net earnings before income tax	11,396	16,979	79,591	67,467
Net earnings	8,446	10,869	59,228	47,872
Net earnings per share, basic and diluted ⁽¹⁾	\$0.25	\$0.32	\$1.75	\$1.39
Adjusted net earnings ⁽¹⁾	11,610	12,744	69,104	57,899
Adjusted net earnings per share, basic and diluted ⁽¹⁾	\$0.34	\$0.37	\$2.04	\$1.68
Cash flow from operations before working capital and other adjustments	44,691	43,776	197,821	175,977
Cash flow from operations before working capital and other adjustments per share, basic and diluted ⁽¹⁾	\$1.32	\$1.27	\$5.85	\$5.11
Total debt to Compliance EBITDA ⁽¹⁾	1.3x	1.1x	1.3x	1.1x
Capital expenditures	26,950	16,091	118,265	98,004
Hydrovac truck count	1,723	1,643	1,723	1,643
Dividends paid	4,504	4,490	17,997	17,993
Common shares repurchased and cancelled through NCIB ⁽²⁾	—	196,000	492,800	240,400
Repurchase of common shares	—	5,035	12,744	6,078
Weighted average common shares outstanding ⁽²⁾	33,740,238	34,362,402	33,826,490	34,441,443

⁽¹⁾ "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted net earnings", "Compliance EBITDA", "Total debt", and "RPT" are not standardized financial measures prescribed by IFRS[®] Accounting Standards and may not be comparable to similar measures presented by other companies or entities. See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net earnings, Compliance EBITDA, and Total debt. See "Key Financial Metrics and Other Operational Metrics" for additional details on RPT. Per share, basic and diluted measures are calculated by dividing the financial measure with the weighted average common shares outstanding for the period.

⁽²⁾ See "Share Capital" for additional details.

FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

For the three months ended December 31, 2025:

- Revenue of \$213.5 million was 14% higher than the revenue in the fourth quarter of 2024.
- Gross profit margin was 26.1% compared with 29.5% in the fourth quarter of 2024.

- General and administrative expenses ("G&A") were \$10.9 million or 5% of revenue, a decrease compared to \$11.3 million or 6% of revenue in the fourth quarter of 2024.
- Adjusted EBITDA margin was 21.0% compared with 23.5% in the fourth quarter of 2024.
- Adjusted net earnings was \$11.6 million compared to \$12.7 million in the fourth quarter of 2024.
- Net earnings was \$8.4 million compared with \$10.9 million in the fourth quarter of 2024.
- Cash flow from operations increased to \$44.7 million compared with \$43.8 million in the fourth quarter of 2024.
- Total Debt to Compliance EBITDA was 1.3x at December 31, 2025, compared with 1.1x at December 31, 2024.

For the year ended December 31, 2025:

- Revenue of \$831.7 million was 12% higher than the revenue in 2024.
- Gross profit margin of 29.0% was consistent with 29.3% in 2024.
- G&A was \$42.6 million or 5% of revenue compared to \$41.9 million or 6% of revenue in 2024.
- Adjusted EBITDA grew 13% from 2024 to \$198.0 million.
- Adjusted EBITDA margin was 23.8%, up 0.2% from 23.6% in 2024.
- Adjusted net earnings improved to \$69.1 million compared to \$57.9 million in 2024.
- Net earnings increased to \$59.2 million compared to \$47.9 million in 2024.
- Cash flow from operations increased to \$197.8 million compared to \$176.0 million in 2024.
- The Company purchased and cancelled 492,800 common shares under the NCIB at a weighted average price per share of CAD \$37.78.

RESULTS OF OPERATIONS FOR THE QUARTER AND FULL YEAR 2025

During 2025, the Company revised its internal reporting structure to better support its strategic priorities and to align with the way the Company's Chief Operating Decision Maker evaluates performance and allocates capital. As a result, Badger modified its reportable operating segments. Previously, the Company identified three reportable segments consisting of two geographic segments (the U.S. and Canada), and a Corporate segment. The Company now has one reportable segment, being Consolidated Badger, combining the previously reported U.S., Canada and Corporate segments together. Refer to note 3 (Summary of Material Accounting Policies) of the audited annual Consolidated Financial Statements for more information. The table below provides a restated summary of Adjusted EBITDA of the new reportable segment, Consolidated Badger.

(\$ US thousands)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Non-destructive excavation service revenue	202,321	175,814	790,926	703,342
Other service revenue	11,203	11,362	40,776	41,610
Total revenue	213,524	187,176	831,702	744,952
Direct costs	157,701	131,942	590,888	526,945
Gross profit	55,823	55,234	240,814	218,007
<i>Gross profit margin (%)</i>	26.1%	29.5%	29.0%	29.3%
General and administrative	10,913	11,271	42,581	41,933
Adjusted EBITDA	44,910	43,963	198,233	176,074
<i>Adjusted EBITDA margin (%)</i>	21.0%	23.5%	23.8%	23.6%
Net earnings	8,446	10,869	59,228	47,872
<i>Adjusted net earnings</i>	11,610	12,744	69,104	57,899

Non-Destructive Excavation Service Revenue

Consolidated non-destructive excavation service revenue was \$790.9 million, \$87.6 million or 12% higher than the \$703.3 million in the prior year due to continued investment in our fleet to capture strong activity in our end markets across our U.S. operations combined with the ongoing benefits from our sales and marketing investments.

Other Services Revenue

Other services revenue was \$40.8 million, consistent with the prior year.

Revenue per Truck per Month

Consolidated RPT for the year was \$41,672, a 5% increase from \$39,529 in the prior year. The growth in revenue outpaced the increase in the average number of non-destructive excavation units largely as a result of improved unit utilization. As at December 31, 2025, Badger had 1,723 non-destructive excavation units in its fleet compared with 1,643 as at December 31, 2024.

Direct Costs

Direct costs were \$590.9 million, or 71% of revenue compared with \$526.9 million in the prior year, which was consistent at 71% of revenue.

Direct costs increased due to the higher volume of work performed to meet customer demand, greater costs associated with the larger fleet size, as well as operations support functions to meet the opportunities for growth across our markets. Direct costs remained consistent as a percentage of revenue as higher costs outpaced the impact of pricing gains. Direct costs also increased as we made initial investments in our Operational Excellence program and accelerated the hiring and training of operators to match the increased rate of demand growth in the second half of 2025.

Gross Profit

Gross profit was \$240.8 million and gross profit margin was 29.0% compared with \$218.0 million and 29.3% in the prior year, consistent with the increase in direct costs outpacing the increase in revenue due primarily to the initial investments in longer term initiatives noted above.

General and Administrative Expenses

G&A expenses were \$42.6 million or 5% of revenue compared with \$41.9 million or 6% of revenue in the prior year. The decrease in G&A expenses as a percentage of revenue was due to the increase in revenue and overall stability in G&A functions.

Depreciation and Amortization of Property, Plant and Equipment, Right-of-Use and Intangible Assets

Depreciation and amortization expense was \$88.7 million compared with \$78.7 million in the prior year. Depreciation expense, which is recorded on a straight-line basis, increased compared with the prior year primarily due to increases in the average number of non-destructive excavation units and right of use assets.

Share-Based Compensation

Share-based compensation expense was \$42.0 million compared with \$11.3 million in the prior year. The change is primarily due to changes in the market value of Badger's shares. During the year, Badger's share price increased from CAD \$35.88 per share at December 31, 2024 to CAD \$73.13 per share at December 31, 2025. Share-based compensation expense fluctuates based on the effects of the movement in Badger's share price, combined with the impact of normal course vesting of previously issued long-term incentive plan grants and the issuance, if any, of new long-term incentive plan grants.

The Company has entered into total return swap contracts to manage the exposure to share price market risk on its cash-settled long-term incentive plan programs. All total return swap contracts are recorded at fair value. The net gain on the total return swaps in the year was \$28.1 million compared with a \$4.6 million loss in the prior year. Net gain on the total return swaps includes \$14.0 million cash received as a result of swap settlement, and the remaining balance is due to the change in the fair market value of Badger's shares. For a discussion of the risks and risk management strategies associated with financial instruments, see "Critical Accounting Policies and Estimates" and "Risk Factors to Badger" in this MD&A.

Finance Cost

Finance costs of \$16.6 million consist primarily of interest on borrowings under the Company's Credit Facility (as defined below under the heading "Syndicated Revolving Credit Facility") and the Term Loan (as defined below under the heading "Non-Revolving Term Loan Facility"), standby fees on the Credit Facility, amortization of borrowing costs, and finance costs associated with lease liabilities. The \$1.0 million increase in finance costs was due to accrued interest on tax liabilities, and lease interest expense, offset by lower interest rate.

As at December 31, 2025, the Company's debt obligations, excluding operating leases and outstanding letters of credit, consisted of \$99.0 million drawn on the Credit Facility, \$100.0 million on the Term Loan, and \$60.5 million in lease liabilities, compared to \$71.2 million, \$100.0 million, and \$50.3 million as at December 31, 2024, respectively.

Income Tax Expense

Total income tax expense was \$20.4 million compared with \$19.6 million in the prior year. The increase in income tax expense was due to higher taxable income partially offset by a lower effective tax rate due to the timing of deductibility of certain expenses.

Net Earnings

Net earnings was \$59.2 million, compared with \$47.9 in the prior year. This was due to the higher revenue and gross profit, and gain on derivatives, offset by higher share-based compensation expense, depreciation and amortization, finance cost, general and administrative and income tax expense. Adjusted net earnings for the year was \$69.1 million, compared with \$57.9 million in the prior year.

Other Comprehensive Gain (Loss)

Total other comprehensive loss, which includes the effect of translating Canadian operations into U.S. dollars, resulted in a loss of \$1.5 million compared with a gain of \$1.0 million in the prior year. The change in other comprehensive income is the result of the Canadian dollar fluctuating relative to the U.S. dollar throughout the year.

2025 Fourth Quarter Summary

Consolidated revenue for the quarter was \$213.5 million, \$26.3 million or 14% higher than the \$187.2 million in the same period of the prior year.

Gross profit for the quarter was \$55.8 million and gross profit margin was 26.1% compared with \$55.2 million and 29.5% in the same period of the prior year. The decrease is due to direct costs outpacing the increase in total revenue and price increases.

Net earnings for the quarter was \$8.4 million compared to \$10.9 million in the same period of the prior year. This was due to higher depreciation and amortization, share-based compensation expense and finance cost, offset by lower general and administrative expenses, gain on derivatives and lower income tax expense. Adjusted net earnings for the quarter was \$11.6 million, compared with \$12.7 million in the same period of the prior year.

CAPITAL RESOURCES

Investing

Badger invested \$118.3 million in total capital expenditures during the year, compared with \$98.0 million in the prior year. Capital expenditures during the year were primarily related to the production of non-destructive excavation units. The approximately \$20 million increase in capital expenditures in 2025 compared to 2024 was due to an increase in the number of non-destructive excavation units manufactured as well as the refresh of our fleet of ancillary vehicles that support our core service offerings and cost to refurbish approximately 35 units during the year.

In 2025, Badger completed 210 non-destructive excavation units compared with 190 non-destructive excavation units in 2024. For the quarter ended December 31, 2025, Badger completed 52 non-destructive excavation units compared to 30 units in the same period of the prior year.

Capital Expenditures

(\$ US thousands)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Non-destructive excavation units ⁽¹⁾	23,925	13,874	100,842	91,034
Other vehicles and trailers	1,957	1,889	12,785	5,840
Buildings	486	109	1,640	436
Other	582	219	2,998	694
Total Capital Expenditures	26,950	16,091	118,265	98,004

⁽¹⁾ Non-destructive excavation units consists of completed units, work-in-progress and refurbishment costs. Non-destructive excavation units includes \$1.5 million of refurbishment costs incurred during the quarter and \$5.5 million during the year, compared with \$1.5 million and \$7.0 million in prior year, respectively.

	Completed Units	Average Manufacturing Cost
2025	210	\$411,000
2024	190	\$416,000
2023	217	\$399,000
2022	112	\$433,000
2021	32	\$440,000

The cost to build a non-destructive excavation unit fluctuates on an annual basis due to factors such as: the number of non-destructive excavation units built, the cost of chassis, labour and materials rates, tariffs, cost absorption, and the impact of foreign currency rates as certain materials are denominated or otherwise

influenced by foreign currency exchange rates. The average manufacturing costs during the year were 1% lower than 2024, reflecting the efficiency gains in conversion costs from increases in manufacturing volumes, offsetting the increases in material and chassis costs due to tariff and inflationary impacts.

Lease Liability

As at December 31, 2025, the Company had \$60.5 million in lease liabilities (December 31, 2024 – \$50.3 million) related to operating and administrative building lease arrangements, consisting primarily of yard space for non-destructive excavation operations, and leases for light-duty pick-up trucks.

Liquidity and Capital Resources

(\$ US thousands)	December 31, 2025	December 31, 2024
Credit Facility capacity	300,000	300,000
Borrowings under Credit Facility	(99,009)	(71,238)
Cash on hand	4,768	14,617
Available Liquidity	205,759	243,379

The Credit Facility (as defined below) is available for general corporate purposes, providing additional liquidity and financial capacity should it be required. The Company has also obtained the LC Facility (as defined below) to support its U.S. insurance program and certain other performance bonds. During the year, the Company remained in compliance with all financial covenants associated with all lending arrangements.

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 the 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 2025, 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.

Compliance

Under the terms of the Credit Facility, the Company must comply with certain financial and non-financial covenants. Badger is restricted from declaring dividends if it is in breach of the covenants governing the Credit Facility. The Company is in compliance with all covenants under the Credit Facility and does not maintain a credit rating.

The Company's significant financial covenants are detailed in the summary below:

Ratio ⁽¹⁾⁽²⁾	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

⁽¹⁾ The Interest coverage ratio Credit Facility is calculated as Compliance EBITDA divided by interest expense. For the twelve months ended December 31, 2025, calculated as \$157.9 million in Compliance EBITDA divided by \$14.2 million in interest expense and for the twelve months ended December 31, 2024, calculated as \$144.7 million in Compliance EBITDA divided by \$15.7 million in interest expense. Interest expense is calculated in accordance with IFRS[®] Accounting Standards on a trailing 12-month basis, and excludes interest paid on leases.

⁽²⁾ See "Non-IFRS Financial Measures" for additional detail on the definition and calculation of Compliance EBITDA and Total Debt.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements and no significant outstanding balances with related parties as at December 31, 2025.

Working Capital

Changes in working capital levels may result from increasing or decreasing revenue, the seasonality in operations, the timing of the collection of receivables and the payment of payables, the timing of capital expenditures and the impact of fluctuations in foreign currency exchange rates. Working capital is calculated as current assets minus current liabilities and was \$59.0 million as at December 31, 2025, compared with \$61.7 million as at December 31, 2024. Working capital declined primarily due to a decrease in cash and income tax receivables, and higher share-based compensation liability and lease liability. This was partially offset by increased trade receivables, prepaid expenses, inventory, derivative financial instruments, and a decrease in trade payables.

The largest component of Badger's working capital is trade and other receivables. Trade and other receivables totaled \$178.0 million as at December 31, 2025, \$11.9 million higher than the balance of \$166.1 million as at December 31, 2024. Trade and other receivables increased by 7% compared to the prior year largely due to higher revenue in 2025, however this increase was less than the 12% increase in overall revenue. In terms of trade receivables, 93% were aged 90 days or less as of December 31, 2025, an improvement from 92% at December 31, 2024. This reflects the Company's ongoing efforts to actively manage its receivables portfolio. The Company remains focused on improving its cash and collection cycle across all areas.

Badger manages a receivables purchase program that sells short-term trade receivables of certain designated customers. The transaction is treated as a transfer of a financial asset but does not qualify for derecognition under IFRS Accounting Standards. The receivables are derecognized once the receivable is collected from the customer and transferred to the counterparty. As at December 31, 2025, Badger sold \$16.9 million in trade receivables to its counterparty (December 31, 2024 - \$23.8 million). The decrease in the amount sold is due to lower trade receivables with existing customers.

The Company uses its cash to fund day-to-day operations, purchase and manufacture property, plant and equipment, service debt and pay dividends, and for general corporate purposes. Badger assesses its need for general liquidity based on its cash flow from operating activities combined with the financial capacity available under its various borrowing facilities. Badger has ample access to liquidity, through a combination of cash flows from operating activities and its various borrowing facilities, to meet the existing operational and capital expenditures of the business. Cash flows from operating activities are subject to variations and risks associated with the normal course operations of the business, including the impact of the seasonality within the business and the normal course timing and collection of working capital.

Share Capital

As at December 31, 2025 and March 5, 2026, the number of common shares outstanding was 33,740,238, compared with 34,233,038 as at December 31, 2024. The weighted average common shares outstanding as at December 31, 2025 was 33,826,490, and was 34,441,443 as at December 31, 2024. Badger does not currently have any financial instruments which can be converted into additional common shares.

Refer to Note 15 of the Company's audited annual Consolidated Financial Statements for additional details on the changes to share capital.

Normal Course Issuer Bid

In August 2025, the Toronto Stock Exchange ("TSX") accepted Badger's 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 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, the Company purchased and cancelled 492,800 common shares under the NCIB at a weighted average price per share of CAD \$37.78. During the quarter ended December 31, 2025 and between December 31, 2025 and March 5, 2026, there were no additional shares purchased by the Company.

Contractual Obligations

The Company anticipates using its cash and cash equivalents, in addition to the financial capacity available under its various credit facilities to fund its contractual obligations.

	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.

The Company does not have off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations, liquidity, or capital expenditures.

Tax Audits

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, 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.

Selected Annual Financial Information ⁽¹⁾			
(\$ US thousands, except per share amounts)	2025	2024	2023
Total revenue	831,702	744,952	683,799
Net earnings	59,228	47,872	41,771
Net earnings per share, basic and diluted	\$1.75	\$1.39	\$1.21
Total assets	762,783	669,417	633,014
Total non-current liabilities	305,592	266,676	262,460
Dividends paid (CAD)	25,141	24,514	23,529
Dividends per share, basic and diluted CAD	\$0.75	\$0.71	\$0.68

⁽¹⁾ Selected annual information in the above table as per the Company's audited annual consolidated financial statements prepared in accordance with IFRS[®] Accounting Standards.

Selected Quarterly Financial Information

(\$ US thousands, except per share amounts)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	213,524	237,339	208,206	172,633	187,176	209,376	186,838	161,562
Net earnings	8,446	29,024	18,503	3,255	10,869	23,314	11,910	1,779
Net earnings per share, basic and diluted	\$ 0.25	\$ 0.86	\$ 0.55	\$ 0.10	\$ 0.32	\$ 0.68	\$ 0.35	\$ 0.05
Adjusted net earnings	11,610	30,786	20,313	6,350	12,744	25,094	15,466	4,928
Adjusted net earnings per share, basic and diluted	0.34	0.91	0.60	\$ 0.19	\$0.37	\$0.73	\$0.45	\$0.14
Dividends paid (CAD) ⁽¹⁾	6,325	6,326	6,326	6,164	6,164	6,198	6,205	5,947
Dividends per share, basic and diluted (CAD) ⁽¹⁾	0.1875	0.1875	0.1875	0.180	0.180	0.180	0.180	0.173

⁽¹⁾ Dividends paid and dividends per share, basic and diluted are presented in Canadian Dollars in the table above as dividends are declared and paid in Canadian dollars.

During the periods in the above tables, Badger's results were impacted by the following factors and trends:

- general changes in economic growth and overall macro-economic conditions;
- the growth in investment in non-building construction/infrastructure projects and the resulting growth in demand for hydrovac excavation services;
- the implementation of Badger's pricing strategies beginning in the second half of 2023; and
- additional investments related to the manufacture of non-destructive excavation units and an increase in working capital requirements associated with the underlying growth in the business.

Key Financial Metrics and Other Operational Metrics

"Revenue per truck per month" ("RPT") is a non-IFRS financial measure of non-destructive excavation fleet utilization. It is calculated using non-destructive excavation and non-destructive excavation related revenue only.

RPT is calculated on a consolidated basis by dividing non-destructive excavation and non-destructive excavation related revenue by the average number of non-destructive excavation units in service during the period and further divided by the number of months in the respective period, being three months for a quarter and twelve months for an annual period.

As a result of the change in the Company's reportable segments, the Company has adjusted the way RPT is calculated. RPT is presented on a consolidated basis and reported in U.S. dollars. The table below provides restated RPT consolidated numbers.

Revenue per truck per month – Consolidated

(\$ U.S. thousands, except for RPT and average non-destructive excavation units)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Total revenue	213,524	187,176	831,702	744,952
Less: Other revenue	11,203	11,362	40,776	41,610
Non-destructive excavation service revenue net	202,321	175,814	790,926	703,342
Add: Operating partner net revenue	12,262	12,398	50,677	50,403
Non-destructive excavation service revenue gross	214,583	188,212	841,603	753,745
Average non-destructive excavation units ⁽¹⁾	1,713	1,634	1,683	1,589
RPT	41,756	38,395	41,672	39,529

⁽¹⁾ See "Fleet Summaries" for additional details.

FLEET SUMMARIES

Number of non-destructive excavation units at period end

2025				2024			
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
1,723	1,703	1,682	1,661	1,643	1,625	1,584	1,529

Average number of non-destructive excavation units during the period⁽¹⁾

2025					2024				
Annual	Q4	Q3	Q2	Q1	Annual	Q4	Q3	Q2	Q1
1,683	1,713	1,693	1,672	1,652	1,589	1,634	1,604	1,557	1,532

⁽¹⁾ The average number of non-destructive excavation units during the period is calculated using a simple average between the opening number of non-destructive excavation units in service during the period and the closing number of non-destructive excavation units in service during the period. The average number of non-destructive excavation units is based on the total units in service and included in active fleet.

Number of Marketing and Franchise Agreements

2025					2024				
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1		
9	9	10	10	10	12	12	15		

NON-IFRS FINANCIAL MEASURES

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS[®] Accounting Standards and that may not be comparable to similar measures presented by other companies or entities. The Company uses these non-IFRS financial measures in addition to results prepared in accordance with IFRS[®] Accounting Standards. These non-IFRS measures allow us to view certain aspects of Badger's business that, when considered alongside applicable IFRS[®] Accounting Standards results, may provide a more comprehensive understanding of Badger's operational and financial condition and the factors and trends affecting Badger's business. These non-IFRS financial measures are identified and defined below:

“**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 right of use assets, 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 and right of use assets 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 is calculated as follows:

<i>(\$ US thousands)</i>	Three months ended December 31,		Twelve months ended December 31,	
Adjusted EBITDA	2025	2024	2025	2024
Net earnings	8,446	10,869	59,228	47,872
Add:				
Depreciation and amortization	24,288	20,477	88,733	78,705
Share-based compensation expense	13,084	1,690	41,954	11,311
Gain on sale of property, plant and equipment and right of use assets	(176)	(76)	(1,047)	(1,760)
(Gain) loss on derivative instruments	(8,898)	886	(28,094)	4,594
Finance cost	4,976	3,848	16,644	15,686
Foreign exchange loss	240	159	452	71
Income tax expense	2,950	6,110	20,363	19,595
Adjusted EBITDA	44,910	43,963	198,233	176,074

Adjusted EBITDA can also be calculated as follows:

<i>(\$ US thousands)</i>	Three months ended December 31,		Twelve months ended December 31,	
Adjusted EBITDA	2025	2024	2025	2024
Revenue	213,524	187,176	831,702	744,952
Less:				
Direct costs	157,701	131,942	590,888	526,945
General and administrative expense	10,913	11,271	42,581	41,933
Adjusted EBITDA	44,910	43,963	198,233	176,074

“**Adjusted EBITDA margin**” is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

Adjusted EBITDA margin is calculated as follows:

(\$ US thousands except for percentages)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Adjusted EBITDA margin				
Adjusted EBITDA	44,910	43,963	198,233	176,074
Revenue	213,524	187,176	831,702	744,952
Adjusted EBITDA margin	21.0%	23.5%	23.8%	23.6%

"**Adjusted net earnings**" is net earnings adjusted for share-based compensation, gains and losses on derivative instruments, gains and losses on sale of property, plant and equipment and right of use assets, and gains and losses on foreign exchange, tax impacted using the effective tax rate. Adjusted net earnings is calculated as follows:

(\$ US thousands except share information and per share amounts)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Adjusted earnings and earnings per share				
Net earnings	8,446	10,869	59,228	47,872
Normalizing adjustments:				
Share-based compensation expense	13,084	1,690	41,954	11,311
Gain on sale of property, plant and equipment and right of use assets	(176)	(76)	(1,047)	(1,760)
(Gain) loss on derivatives	(8,898)	886	(28,094)	4,594
Foreign exchange loss	240	159	452	71
Total normalizing adjustments	4,250	2,659	13,265	14,216
Tax rate	26%	29%	26%	29%
Tax effect of normalizing adjustments	1,086	784	3,389	4,189
Adjusted net earnings	11,610	12,744	69,104	57,899
Weighted average number of shares - basic and diluted	33,740,238	34,362,402	33,826,490	34,441,443
Adjusted net earnings per share - basic and diluted	\$0.34	\$0.37	\$2.04	\$1.68

"**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. Compliance EBITDA is calculated as follows:

(\$ US thousands) Compliance EBITDA	Twelve months ended December 31,	
	2025	2024
Net earnings	59,228	47,872
Add:		
Depreciation and amortization	88,734	78,705
Share-based compensation expense net of payments	25,858	283
Gain on sale of property, plant and equipment	(1,047)	(1,760)
Gain on derivative instruments	(28,094)	4,594
Finance cost	16,644	15,686
Right-of-use assets lease payments	(23,822)	(20,289)
Income tax expense	20,363	19,595
Unrealized foreign exchange loss (gain)	40	(26)
Compliance EBITDA	157,904	144,660

“**Total Debt**” consists of long-term debt, surety bonds and issued letters of credit, less cash on hand. Total Debt is used by the Company to calculate compliance with its debt covenants. Total Debt is calculated as follows:

(\$ US thousands) Total Debt	December 31, 2025	December 31, 2024
Borrowings under Credit Facility	99,009	71,238
Non-revolving Term Loan	100,000	100,000
Add: issued letters of credit	6,563	5,813
Add: surety bond	2,625	2,225
Less: cash on hand up to \$37.5 million	(4,768)	(14,617)
Total Debt	203,429	164,659

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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:

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 is 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. These costs will be capitalized and are expected to extend the useful life of these select units by 5 years.

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.

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.

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.

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's judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU.

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's judgment. Impairment of non-financial assets would be recognized in the Company's consolidated statement of comprehensive income.

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.

Functional currency

The determination of the functional currency of the Company and each of its subsidiaries requires judgment based on the composition of revenue and costs in the locations in which it operates.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Badger's President and CEO and its CFO have designed, or caused to be designed under their direct supervision, Badger's disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to Badger, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in Badger's annual filings, interim filings or other reports filed or submitted by it under Canadian securities legislation is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's disclosure controls and procedures as at December 31, 2025 and have concluded the disclosure controls and procedures are effective.

Internal Control over Financial Reporting

Badger's President and CEO and its CFO have also designed, or caused to be designed under their direct supervision, Badger's internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS[®] Accounting Standards. Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's internal control over financial reporting at December 31, 2025 and have concluded the internal controls over financial reporting are effective.

Changes in Internal Control over Financial Reporting

There were no changes to Badger's internal control over financial reporting in the fourth quarter of 2025 or in the year ended December 31, 2025.

Inherent Limitations

Notwithstanding the foregoing, because of its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates or assumptions about future events may be incorrect, resulting in varying results. In

addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this MD&A 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”, “continue”, “focus on”, “grow”, “plan”, “intend”, “expand” 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 MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

In particular, forward-looking information and statements in this MD&A include, but are not limited to the following:

- Badger’s expectations with regard to growth in its end markets and customer demand;
- Badger’s ability to meet growing customer needs;
- Badger’s planned investments to expand its branch network, increase operations and commercial leadership positions and accelerate hiring and training of operators, including the timing and anticipated benefits thereof;
- Badger’s expectations with respect to the production, retirement and refurbishments of non-destructive excavation and specialty units;
- Badger’s continued investment in its fleet and improvements in fleet utilization and the expected impacts thereof;
- Badger’s continued focus on pricing strategies and initiatives;
- The planned increase in Badger’s fleet size and rate of fleet growth;
- The anticipated impact of tariffs and Badger’s potential response to such tariffs;
- The anticipated roll out of Badger’s Operational Excellence program across all branches and the timing and anticipated benefits thereof;
- Badger’s planned investments for additional service lines to complement its existing hydrovac business and the expected impacts of such initiatives;
- The allocation of capital to continue returning capital to shareholders through dividends and the NCIB;
- Expectations regarding Badger’s ability to maintain leverage within its long term Total Debt to Compliance EBITDA of 1.0x to 2.0x.
- Badger’s ability to fund operations and working capital needs while continuing to invest in the growth of its business;
- Disclosure under the heading “2026 Business Outlook”;
- Badger’s focus on expansion and diversification;
- Badger’s continuous enhancement of its safety and operational procedures and continuous improvement of its non-destructive excavation units, and the expected impact of these actions;
- Badger’s focus on succession planning, front line leadership training and a robust health and safety culture;
- Badger’s expectations with respect to its liquidity;
- 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 borrowing facilities.

The forward-looking information and statements made in this MD&A 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 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, the imposition of tariffs by the U.S. or other governments, other 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 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; loss of key customers; cybersecurity breaches; terrorism; industry competition; safety risks; Badger's ability to attract and retain key personnel; reduction in customer spending; litigation; 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; reputational risks; fluctuations in fuel costs; fluctuations in foreign exchange or interest rates; and changes in the tariff and trade environment. The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in the Company's AIF for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca.

Any future-orientated financial information and financial outlook information (collectively, "FOFI") contained in this MD&A, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. Management believes that the FOFI has been prepared on a reasonable basis, reflecting best estimates and judgments; however, actual results of the Company's operations and financial outcomes may vary from the amounts set forth herein. FOFI contained in this MD&A was made as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

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) or at the Company's website. The forward-looking statements and information contained in this MD&A 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.

RISK FACTORS TO BADGER

An investment in Badger shares involves a number of risks and uncertainties. This section describes the general material risks that Badger believes may impact Badger shareholders and/or the Company. See Badger's AIF for the year ended December 31, 2025 which is filed on SEDAR+ at www.sedarplus.ca for a list of additional risk factors. If any of the following risks actually occur, Badger's business, operating results and financial condition, and the amount of cash available for distribution to Badger shareholders, could suffer. Further, the risks described below are not the only risks that Badger faces. Additional risks not currently known to management or that are currently deemed immaterial may also have a negative impact on Badger shareholders and/or the Company.

Risk factors include, but are not limited to, the following:

Risks Related to Badger's Industry and Operations

Reliance on Certain End Use and Geographic Markets

Badger operates across a wide range of end use infrastructure markets, as well as across a wide geographic footprint. Badger could be subject to a downturn in any of its end use segments and/or in certain geographic markets in which Badger operates.

Reductions in customer spending levels adversely affect the demand for Badger's products and services, and consequently, its revenues and operating results. Over the past several years, Badger has effectively expanded its geographic footprint as well as diversified its customer base across a broad range of segments including the construction, utilities, transportation and industrial and, as a result, has diversified its customer demand risk. Badger continues to focus on these elements in its commercial strategies; however, no assurance can be provided that this expansion or diversification will be successful and a significant downturn in one or several regions or customer segments can have a material impact on revenues and operating results.

Badger also provides disaster response related services, including work related to large scale natural disasters such as hurricanes. The timing, size and nature of the services related to disaster response work performed by Badger is highly variable as a result of the non-recurring and specific nature of these type of events.

Loss of Key Customers

Badger has a number of key customers that, in aggregate, generate a significant portion of Badger's revenue. There can be no assurance that Badger's relationship with these customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Reliance on Key Suppliers

Badger sources the parts and products for the manufacture of its non-destructive excavation units from a variety of suppliers, all of which may be subject to wide price variation, from time to time. Should any suppliers of Badger be unable to provide the necessary products or otherwise fail to deliver products in the quantities required or at acceptable prices, any resulting disruption or delays in the sourcing of new products or suppliers could have a material adverse effect on Badger's business, financial condition and results from operations. In addition, Badger's ability to grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to parts and products required to manufacture Badger non-destructive excavation units. No assurance can be given that the Company will be successful in maintaining the required supply of parts and products to manufacture Badger non-destructive excavation units. A significant increase in the price of any part, product, or material used in the manufacturing of such parts or products could negatively impact our profitability.

Competition

Badger operates in a highly competitive environment for non-destructive excavation services in Canada and the U.S. In order to remain the leading provider of non-destructive excavation services, Badger continually enhances its safety and operational procedures to ensure they meet or exceed Badger's customers' expectations. Badger

also has the in-house capabilities to continuously improve its non-destructive excavation units so that they remain safe, productive and efficient. There can be no assurance that Badger's competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Company, that Badger's competitors will not achieve greater market acceptance due to pricing, efficiency, safety and other factors, or that new or existing competitors will not enter the various markets in which the Company is active. Badger's customers may elect not to purchase our services if they view the Company's financial viability as unacceptable, which would cause the Company to lose customers, and may adversely affect the Company's results of operation, financial condition and reputation. There is also a risk that Badger is unable to respond in a timely or effective manner to competitive changes in the marketplace, at which point the business and financial condition of Badger could be adversely affected.

Development of Alternative or Competing Technology and Equipment

Generally speaking, the use of non-destructive excavation units and the process of hydro excavation is not protected by patents. As such, there are no significant technological barriers to entry within the industry, and new technological advances could occur in the design of non-destructive excavation trucks or the process of hydro excavation, or other forms of excavation at any time. Such new advancements could render non-destructive excavation equipment obsolete, or could result in a reduction in demand for non-destructive excavation services through the introduction of competing products that are lower in cost, perform better or are determined by the market to be a more preferable service. If we are not successful in continuing to keep current with such changing excavation trends and technology that are accepted in the marketplace or that comply with industry standards, we could lose market share to competitors which could have a material adverse effect on our business, financial condition, and results of operations.

Badger may, from time to time, invest in and use new, or less proven, technologies or methods in the design and manufacturing of non-destructive excavation units. There can be no assurances that such new technologies or methods will perform as anticipated. The failure of such new technologies or methods to perform as anticipated may have a material adverse effect on Badger's business, financial condition, and results of operations.

Expansion of Badger's Business into New Jurisdictions

Badger has an organic growth strategy, the success of which is dependent upon a number of factors including the Company's ability to retain and expand its customer roster; recruit and retain additional staff, manufacture sufficient additional non-destructive excavation units, and expand into new geographical regions. The achievement of these results may be impacted by many factors described elsewhere in this MD&A including competitive conditions; availability of qualified staff; and changes in input costs including labour rates.

Accordingly, Badger may from time to time expand its business into new operating jurisdictions. The expansion of the business will depend upon the ability of management to successfully implement its strategy. There is no guarantee that this business expansion will be successful. Badger will need to comply with the laws and regulations of these new jurisdictions, which may be significantly different than those the Company is accustomed to. Any failure to comply with applicable laws could result in the imposition of restrictions on the ability of Badger to conduct business in these jurisdictions, and could also result in fines or sanctions, any or all of which could adversely affect its results of operations or financial condition. In addition, any changes in laws and regulations in these new jurisdictions could adversely affect the business, results of operations and financial condition of the Company.

Badger may expand into cities where there is insufficient economic activity, reduced capacity for growth or less qualified personnel to support our operations. The Company may encounter operating conditions in these new markets that materially differ from our current operations and customer relationships may be difficult to obtain. Also, we may not be able to apply our regional operating strategy successfully in additional cities, and it might take longer than expected or require a more substantial financial commitment than anticipated to establish operations in the additional cities.

Cyber Security and Terrorism

Badger relies on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Company becomes unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on Badger's business, financial condition, and results of operations.

In the ordinary course of business, Badger collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of employees and third parties. Despite the Company's internal controls and security measures, the Company's information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on Badger's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to Badger's operations and damage to its reputation, which could have a material adverse effect on Badger's business, financial condition, and results of operations.

The Company attempts to prevent security breaches and other related information technology risks by implementing various technology security measures, segregating control systems from general business networks, engaging skilled employees and consultants to manage technology applications and adopting policies and procedures as deemed appropriate. Data backup and recovery processes are in place to minimize the risk of data loss and resulting disruption of business. Badger may also be required to invest in improved systems, software, or related services from time to time to ensure that it adequately adapts to cyber risks or security vulnerabilities. To date, Badger has not experienced any material cyber security breaches.

In addition, Badger's assets may be the target of terrorist activities that could disrupt its ability to service customers. Badger may be required by regulators or by the future terrorist threat environment to make investments in security that cannot be predicted. The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect Badger's business, financial condition, and results of operations.

Health and Safety

Provision of non-destructive excavation services involves numerous risks including undertaking operations in dangerous conditions or confined spaces, equipment defects, malfunctions and failures, incidents caused by human error, environmental liabilities including liability related to slurry disposal, damage to or total loss of our property or assets or injury or death of our employees or of third parties. These risks also expose Badger to potential liability for pollution and other environmental damage or destruction claims. We must also maintain a level of health and safety performance which meets the thresholds set by our customers in order to qualify to perform services for them. Although Badger has (i) implemented programs that seek to ensure its operations meet or exceed established safety standards, including through extensive training of our operators and monitoring activities; (ii) developed comprehensive maintenance programs for Badger non-destructive excavation units; and (iii) put in place insurance programs that meet or exceed industry standards and are intended to minimize our potential liability for safety or environmental claims, no assurance can be given that such programs will be adequate to protect against the occurrence of accidents and all resulting potential liabilities. Failure to maintain acceptable health and safety performance may have an adverse impact on our ability to retain and acquire customers.

Uncertainty Surrounding Tariffs and Retaliation Measures

Changes in trade policy, including tariffs, duties or other trade measures adopted by governments or authorities, including those discussed elsewhere in this MD&A, may create uncertainty for the Company and its customers. In 2025, the U.S. administration imposed significant tariffs on Canada, and in response, Canada imposed retaliatory tariffs. Ongoing developments in tariffs between the U.S. and Canada, including U.S. duties on certain imports and retaliatory Canadian measures, have contributed to trade uncertainty and shifts in export markets, trade flows and supply chain behaviour. Uncertainty regarding tariff measures or government policy and direction may complicate long-term planning, capital allocation and investment decisions. Any such changes or uncertainty could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Restrictive Trade Measures

Restrictive trade measures or countermeasures, including tariffs, could impact the market for our services in Canada and the U.S. and could result in, among other things, a high degree of both cost and price volatility, a relative weakening of the Canadian dollar, and decreased demand for Badger's services. Any or all of such effects may have a material adverse impact on Badger's business, results of operations and financial condition.

Performance Obligations

Badger's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. If the Company fails to satisfactorily perform its obligations, or makes professional errors in the services that it provides, its clients could terminate contracts, including master service agreements, exposing the Company to loss of its reputation and risk of loss or reduced profits or, in some cases, the loss of the customer.

Moreover, if a client project is not completed as scheduled or expected, the Company may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late or insufficient completion. In addition, performance of projects can be affected by a number of factors beyond the Company's control, including unavoidable delays due to government regulation or inaction, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in project scope of services requested by clients, industrial accidents, environmental hazards, labour disruptions and other factors. To the extent these events occur, the total cost of the project could exceed estimates and the Company could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate overall profitability.

Foreign Currency and Operations Risk

A portion of the Company's activities relate to operations in Canada and are therefore exposed to foreign currency fluctuations. The Company is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from its foreign operations are denominated in Canadian dollars. In addition, the Company's Canadian subsidiaries are subject to translation gains and losses on consolidation. Foreign exchange gains and losses are included in net earnings except for foreign exchange gains and losses arising from the translation of the assets, liabilities, revenues and expenses of the Company's foreign operations.

Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, tariffs and duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse impact on the Company's business, financial condition, and results of operations.

Litigation

From time to time, Badger may receive demands or be involved in disputes, regulatory orders, investigations or proceedings, arbitrations and litigation ("Legal Claims") in the ordinary course of Badger's business. All industries, including the non-destructive excavation unit industry, are subject to legal claims, with and without merit. Such Legal Claims may be brought against Badger or one or more of its subsidiaries in the future from time to time. Defense and settlement costs of Legal Claims can be substantial, even with respect to Legal Claims that have no merit. Due to the inherent uncertainty of the litigation process, such legal proceedings could divert management

time, attention and effort and the resolution of any particular legal proceeding to which Badger may become subject could have a material effect on Badger's business, financial condition, and results of operations.

Interruptions to Internal Facilities

Badger's manufacturing and storage facilities are subject to the risk of critical equipment breakdown or failure, safety shutdowns and lower-than-expected levels of efficiency or operational performance due to the deterioration of assets from use or age, design flaws and/or related modification requests from original equipment manufacturers and service providers, errors in the operation or maintenance of these facilities or moderate to severe damage to these facilities due to fire or other natural disasters, among other things. While Badger maintains sufficient insurance to mitigate the financial impact of such events as much as possible, such events and the resulting conditions could cause harm to Badger's employees or property, increased capital expenditures, and production disruptions, among other things, and could have a material adverse impact on Badger's operating and financial results.

Scheduled and Unscheduled Maintenance

Much of Badger's assets, including the non-destructive excavation units, are subject to regularly scheduled maintenance or may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces Badger's revenues and increases its operating expenses during the period of time that our equipment is not operating. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact Badger's results of operations.

Fluctuations in Weather and Seasonality

Badger's operating results have been, and are expected to continue to be, subject to fluctuations on a quarterly basis due to a variety of factors including changes in weather conditions and seasonality. The seasonal nature of non-destructive excavation services requires Badger to estimate market demand for different seasons and prepare accordingly by hiring and training operators sufficiently in advance of demand materializing. While management takes into account several factors in estimating market demand, there can be no assurance that Badger will recover such additional expenditures or that the estimates made by management in respect of demand will materialize, or materialize on the timing anticipated. Additionally, in the western U.S., Badger has, in the past, been restricted by the imposition of government regulations from conducting its work in environmentally sensitive areas during the mating seasons of certain animals and birds. This has had a negative effect on Badger's results. As such, changes in the weather and seasonality may, depending on the location and nature of the event, have either a positive or negative effect on Badger's operating and financial results.

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO by others within the Company, particularly during the period in which the annual and interim filings of the Company are being prepared, in an accurate and timely manner in order for the Company to comply with its disclosure and financial reporting obligations and in order to safeguard the Company's assets. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

Fluctuations in Fuel Costs

The price and supply of fuel fluctuates considerably based on events beyond the Company's control, including, among others, political developments impacting international trade, particularly between Canada and the U.S., the U.S. and China, Canada and China, and the EU and China, including military exercise, trade disputes, new or increased tariffs, retaliatory tariffs, geopolitical developments, supply and demand for oil and gas, actions by oil and gas producers and associated organizations, war and unrest in oil producing countries and regional production patterns. As fuel is necessary to operate our fleet of non-destructive excavation units, price escalations for fuel increase our operating expenses and may adversely affect the business, financial condition and results of operations of Badger.

Risks Relating to Badger's Human Capital

Dependence on Key Personnel

If Badger is unable to retain executive officers and key management employees, the Company's business, financial condition and results of operations could be adversely affected. Badger is highly dependent upon the services of our executive officers and key management employees, including our CEO. While management and the board of directors (the "Board") of the Company continue to be focused on succession planning with respect to senior management personnel, there is no guarantee that such efforts will be successful. Although we strive to reduce the potential negative impact of any such changes, the loss of any executive officers or key management employees could result in disruptions to the Company's operations. In addition, hiring, training, and successfully integrating replacement personnel, whether internal or external, could be time consuming, may cause additional disruptions to our operations, and may be unsuccessful, which could negatively impact our business, financial condition and results of operations.

Availability and Cost of Qualified Labour

Badger's ability to maintain, and grow, its business is dependent upon its ability to attract and retain skilled personnel. Shortages of skilled personnel could have a material effect on Badger's operations and financial results by restricting growth and/or by increasing labour costs.

A significant proportion of Badger's workforce is comprised of operators for its non-destructive excavation units, who are required to hold commercial driver's licenses. Badger hires and trains these operators over a broad range of geographies, and its ability to recruit and retain drivers with the necessary skills, including commercial driver's licenses, is subject to local and regional labour market conditions. Badger remains focused on front line leadership training, a robust health and safety culture in addition to other programs to help retain our skilled operators. However, Badger remains at risk of attracting and retaining its skilled work force.

A portion of Badger's workforce is unionized, and Badger is a party to various local union agreements. Relations with local unions and the renewal of existing agreements could negatively impact Badger's business, financial condition, and results from operations. Badger maintains ongoing dialogue with local unions but there is no guarantee that operational disruptions will not occur.

Financial Risks and Risks Relating to Badger's Capital Requirements and Financing

Market Price of Badger Shares

The value of Badger shares is subject to volatility, which is often based on factors related and unrelated to the financial performance of Badger. The price of Badger shares could fluctuate in response to variations in Badger's operating results, financial condition, liquidity, and other factors. Factors unrelated to Badger's performance that could also affect the price include domestic and global macroeconomic trends, government infrastructure spending, commodity pricing, international financial markets and economic uncertainty, and market perceptions of the attractiveness of particular industries and business that may provide services to such industries.

Cash Dividends are Not Guaranteed

Although the Company intends to pay cash dividends these payments are not assured and may be reduced or suspended.

The ability of the Company to pay dividends and the actual amount of such dividends will be dependent upon numerous factors including, but not limited to, Badger's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. Under the terms of Badger's credit facilities, Badger is restricted from declaring dividends or distributing cash if Badger is in breach of its debt covenants. As at the date of this MD&A, Badger is in compliance with all of its covenants. Moreover, Badger must comply with the requirements of the Business Corporations Act (Alberta), which states that a corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (i) the corporation is, or would after the payment be,

unable to pay its liabilities as they become due or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

In addition, the timing and amount of capital expenditures will directly affect the amount of cash available for dividend payments to Badger shareholders. Dividends may be reduced, or even eliminated, when significant capital or operating expenditures are required.

The market value of the Badger shares may decline if the Company is unable to meet its cash dividend targets in the future and that decline may be significant. Dividend payments may be reviewed and adjusted from time to time by the Board to reflect current business conditions. Badger shares are not a source of guaranteed income and Badger shareholders should be aware that they bear the risk that the frequency and amounts of dividends may fluctuate or be interrupted.

It is important for anyone making an investment in Badger shares to consider the particular risk factors that may affect both the Company and the industry, as described herein, in which it operates, as described herein, and which may therefore affect the stability of the dividend payments on Badger shares. Badger has not obtained a stability rating for its shares and does not anticipate doing so in the foreseeable future.

Debt Financing

The degree to which the Company is financially leveraged could have important consequences to the Company and Badger shareholders.

The ability of the Company to pay dividends or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing Badger's indebtedness. The degree to which Badger is leveraged could have important consequences to Badger, including: the ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of Badger's cash flow from operations may be dedicated to the payment of the principal and interest on its indebtedness, thereby reducing funds available for future operations and distributions; certain of Badger's borrowings may be at variable rates of interest, which exposes it to the risk of increased interest rates; and Badger may be vulnerable to economic downturns. Also, there can be no assurance that Badger will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Further, Badger is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favourable as the terms of its existing indebtedness. These factors may adversely affect the frequency or amounts of dividends paid.

Badger's credit facilities are collateralized by a general security interest over the Company's and certain of its subsidiaries' assets, property and undertaking, present and future. The credit facilities contain terms and covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of Badger to create liens or other encumbrances, to pay dividends on its securities or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with other entities. In addition, the credit facilities contain a number of financial covenants that require Badger to meet certain financial ratios and tests. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, could result in a reduction or termination of Badger's dividends, and may permit acceleration of the relevant debt. If the indebtedness under the credit facilities were to be accelerated, there can be no assurance that assets of the Company would be sufficient to repay that indebtedness and we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional financing. Badger's ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. Badger may not be able to engage in any of these activities or engage in these activities on desirable terms, which could have a material adverse effect on the Company's business and financial condition.

In addition to indebtedness owing under Badger's credit facilities, the Company enters into various leases in the normal course of business, primarily related to the leasing of operating and administrative buildings and light duty vehicles. Terms and conditions associated with the lease arrangements would be consistent with industry norms.

As at December 31, 2025, Badger's outstanding debt was \$259.5 million including:

- \$100.0 million outstanding pursuant to its Term Loan;
- \$99.0 million outstanding pursuant to the Credit Facility, which does not include \$6.6 million in outstanding letters of credit and \$1.0 million in unamortized debt issuance costs; and
- \$60.5 million in lease liabilities.

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. Badger's credit risk exposure is primarily through its trade receivables. If Badger is unable to manage credit risk issues adequately, or if a large number of customers should have financial difficulties at the same time, Badger's credit losses could increase significantly and Badger's business results would be adversely affected. Badger mitigates credit risks by: (i) maintaining a large and diversified customer base across the utility and construction industries; (ii) actively monitoring the financial strength of its customer base through credit processes to minimize the risk of default on receivables; (iii) relying on a due diligence process to approve credit for new and existing customers by assessing the creditworthiness of each customer; and (iv) by insuring its trade receivables portfolio. Badger cannot assure that these mitigation efforts will be successful in mitigating its credit risk exposure.

Credit Market Instability

Instability of the credit markets and the resulting effects on the economy could have a material adverse effect on Badger's operating results. If the credit markets and the economy weaken, Badger's business, financial results, and results of operations could be materially and adversely affected, especially if consumer confidence declines and domestic spending decreases. We may need to incur indebtedness, which may include drawing on the Credit Facility, or issue debt securities in the future to fund working capital requirements, make investments, or for general corporate purposes. Additionally, stresses in the credit market causes uncertainty in the equity markets, which may result in volatility of the market price for Badger's securities.

Global Financial Conditions

Global financial conditions include the commodity and equity markets that have been volatile as investors react to changes in the global economy. As a result of these global conditions, the Company may be subject to increased counterparty and liquidity risks. The Company is exposed to various counterparty risks including, but not limited to: financial institutions that hold the cash of the Company to provide available funding on the Credit Facility and the insurance providers of the Company. As a result, the cash of the Company may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

The Company is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or is available but on uneconomic terms. Any of these factors may impact the ability of the Company to obtain further equity based funding, loans and other credit facilities in the future and, if obtained, on terms favorable to the Company. If volatility and market turmoil recur, the Company's results from operations and planned growth could be adversely impacted and such impact may have an adverse effect on the financial condition of the Company.

Additionally, the agreements governing the Company's various credit facilities impose certain operating and financial covenants on the Company that may prevent the Company from pursuing certain business opportunities and restrict its ability to operate its business. The Company's ability to comply with these covenants will likely be affected by events beyond its control, and the Company cannot assure that it will satisfy those requirements. If the Company's financial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Company's debt could become due on demand.

Shareholder Activism

Badger's relationships with stakeholders are critical to ensure the future success of its existing operations and the development of its projects. Activist shareholder activity could cause a disruption to Badger's strategy, operations, and leadership, resulting in a material unfavourable impact on its operational and financial performance and longer-term value creation strategy. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on Badger's reputation and divert the attention and resources of management and the Board. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and impede Badger's overall ability to advance its projects, obtain permits and licenses or continue its operations, which could have a material adverse impact on Badger's business, operations and financial condition.

Interest Rates

Badger has certain floating rate loans and may be negatively impacted by increases in interest rates, the effect of which increase would be to reduce the amount of cash available for operating, investing and financing related activities, including the amount of cash available for dividends on Badger's shares.

Income Tax Matters

Badger and its subsidiaries are subject to federal, provincial and state income taxes in Canada and the U.S., as applicable. While Badger works to keep itself and its subsidiaries in full compliance with all applicable legal requirements relating to federal, provincial and state legislation on income tax, sales tax, goods and services tax, excise tax and all other direct or indirect taxes including business tax, real estate tax, municipal, and other taxes, there can be no assurance that Badger and its subsidiaries will not be subject to assessment, reassessment, audit, investigation, inquiry or judicial or administrative proceedings under any such laws. As taxing regimes change their tax basis and rates, with either retroactive or prospective effect, or initiate reviews of prior tax returns, Badger's liability to income tax may increase and Badger could be exposed to increased costs of taxation, which could, among other things, reduce the amount of funds available to distribute to Badger shareholders or otherwise have a material adverse effect on Badger's business, financial condition, and results of operations.

Legal, Regulatory, General Economic and Political Risks

Climate Change Legislation and Related Regulatory Initiatives

In Canada, several provinces and the Government of Canada have adopted and continue to evaluate legislation to reduce, cap or tax greenhouse gases ("GHGs") emissions. Depending on the particular program, Badger may be required to reduce GHG emissions, pay a carbon tax or purchase and surrender allowances or offsets for GHG emissions resulting from Badger's operations. Additionally, independent of Congress, the U.S. Environmental Protection Agency ("EPA") has in the past adopted regulations controlling GHG emissions under its existing authority under the Clean Air Act ("CAA"). For example, following its findings that emissions of GHGs endanger human health and the environment because such emissions contributed to warming of the earth's atmosphere and other climatic changes, the EPA adopted regulations under existing provisions of the CAA that, among other things, established construction and operating permit reviews for GHG emissions from certain large stationary sources that are also potential major sources for conventional pollutants. In addition, the EPA adopted rules requiring annual monitoring and reporting of GHG emissions from specified production, processing, transmission and storage facilities in the U.S. The current U.S. administration has recently rescinded the GHG emission standards and associated compliance, testing, reporting, averaging, banking and trading provisions for light, medium, and heavy duty motor vehicles and engines. At this time, the U.S. administration has not rescinded such GHG emission standards in respect of stationary sources.

The scope, application, and future enforcement of climate-related regulations may vary by jurisdiction and may change over time as governments reassess policy priorities.

Also, Canada is a party to the Paris Agreement, an international climate change agreement that calls for countries to set GHG emissions targets and the measures each country will use to achieve those targets. Although it is not possible at this time to predict how new laws in Canada that address GHG emissions will impact Badger's

business, any such future laws could require Badger to incur costs and delay or restrict GHG emissions from new or modified sources. The reductions may not be technically or economically feasible and the failure to meet such reduction requirements or other compliance mechanisms may materially adversely affect Badger's business and result in fines, penalties and the suspension of operations.

There have also been increasing efforts in recent years to influence the investment community, including investment advisors and certain sovereign wealth, pension and endowment funds, promoting divestment of fossil fuel equities and pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. Such environmental activism and initiatives aimed at limiting climate change and reducing air pollution could interfere with our business activities, operations, and ability to access capital.

As well, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other compliance methods of reducing emissions to levels required in the future may significantly increase Badger's operating costs or reduce output. Emission reductions or offset credits may not be available on an economic basis. In addition, limitations on GHG emissions could adversely affect a number of Badger's customers thereby delaying or decreasing the demand for Badger's products and services.

Although it is not currently possible to predict how any such proposed or future GHG legislation will impact Badger's business, any regulation of GHG emissions in areas in which Badger conducts business could result in increased compliance costs or additional operating restrictions to Badger's exploration and production customers which could have a significant adverse effect on Badger's operations.

Compliance with Government and Related Regulations

Badger's operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines. Such laws and regulations relate to, among other things, health and safety, environment and emissions, the excavation, transportation and disposal of customer's materials and the manufacture of Badger non-destructive excavation units used in the Company's operations, foreign trade, rules imposed by the TSX and Canadian securities regulators, and reporting obligations. While Badger believes that it is currently in compliance with all applicable government standards and regulations, there can be no assurance that all of Badger's business will be able to continue to comply with all applicable standards and regulations that may be in place in the future.

The laws and regulations applicable to Badger's operations provide that Badger could be liable for fines, penalties and other costs in the event that it is found to not be in compliance with those laws and regulations. A failure to comply with such laws and regulations could result in, among other things, investigations into Badger's operations or the suspension or revocation of operating permits and damage Badger's reputation and have a negative effect on Badger's operating and financial results. Private parties may also pursue legal actions against us based on alleged non-compliance with or liability under certain of these laws, rules and regulations. Further, any changes in the current legal and regulatory environment could impact industry activity and the demands for our products and services, the scope of products and services that we provide, or our cost structure required to provide our products and services, or the costs incurred by our customers.

Environment and Social-Related Regulatory Activity

On June 20, 2024, Bill C-59 received royal assent, thereby enacting certain changes to the Competition Act (Canada) to address "greenwashing", meaning false, misleading, or deceptive environmental claims made for the purpose of promoting a product or a business interest. Under the new rules, the use of environmental-related words and phrases, for instance "sustainable", is problematic given that such terms can be vague and can mean different things to different people. The interpretation and application of the new rules remain unclear, which creates significant uncertainty regarding how Canadian companies may publicly communicate their environmental and climate performance. The new rules also impose significant financial penalties for non-performance. Companies found to have made representations that violate the rules, intentionally or inadvertently, could be subject to an administrative penalty for the greater of \$10 million for the first order and \$15 million dollars for any subsequent order, and 3% of the company's annual worldwide gross revenues.

On November 4, 2025, Bill C-15 “An Act to implement certain provisions of the budget” was tabled in Parliament and recently passed in the House of Commons. Bill C-15 contemplates, among other things, amending the Competition Act to: (i) remove the requirement for business to substantiate their environmental claims based on internationally recognized methodology standards; and (ii) remove the ability for third parties to bring cases directly to the Competition Tribunal for greenwashing complaints. If Bill C-15 receives royal assent, it may come into effect in 2026.

Fighting Against Forced Labour and Child Labour in Supply Chains Act

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) requires Badger to publish an annual report on steps taken to assess and mitigate the risk of forced or child labour in its business and supply chains. Increased scrutiny on forced or child labour in Canadian markets and supply chains, along with measures by us, our suppliers, other businesses and the Government of Canada, may impact business activities. This could impact our access to certain goods or materials at desired prices, procurement processes, productivity, operating costs and financial condition. There is a risk that our supply chain may use or be alleged to use forced or child labour, and gathering sufficient information from suppliers to assess and mitigate such risks may be challenging. Our due diligence and mitigation activities might not identify or mitigate all risks, potentially harming our reputation. The Government of Canada plans to expand the legislative framework on forced and child labour, possibly including specific due diligence requirements for high-risk goods. However, there is uncertainty about the timing, requirements, implementation, and impact of these additional measures on our business activities and supply chains. The risks and commercial impacts of expanding regulation in this area cannot be fully assessed at this time.

Artificial Intelligence

The emergence of new, disruptive companies leveraging artificial intelligence (“AI”) can pose a threat to us in the market. These newcomers, unencumbered by legacy systems or traditional business models, have the potential to swiftly gain market share and redefine industry dynamics. The unpredictable nature of AI development and its impacts on the market further contribute to uncertainties, making it challenging to anticipate and navigate potential disruptions.

General Economic and Business Risk

In addition to the risk factors outlined elsewhere in this MD&A, Badger's business is dependent on a number of general economic and business factors that may have a materially adverse effect on the Company's results of operations, many of which are beyond our control. These factors include strikes or other work stoppages, significant increases or fluctuations in interest rates, tariffs, fuel taxes, fuel prices, and license and registration fees, natural disasters, forest fires, national emergencies, acts of war, acts of terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, the outbreak of disease, or similar events. We are affected by recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries where we have a significant concentration of customers. Economic conditions may adversely affect our customers and their ability to pay for our services.

It is not possible to predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state, heightened security requirements, or other related events and the subsequent effects on the economy or on consumer confidence in the U.S. and Canada, or the impact, if any, on our future results of operations.

In addition, Badger's financial and/or operating performance could be materially adversely affected by the outbreak of new public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses. Public health crises can result in volatility and disruption to global supply chains, demand for oil and gas, trade and market sentiment, mobility of people, and global financial markets, which could affect access to capital, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to Badger.