

Black Diamond Reports Strong Second Quarter 2022 Results, With Core Rental Revenue Increasing 22% and Declares Third Quarter Dividend

Calgary, Alberta, August 4, 2022 - Black Diamond Group Limited ("Black Diamond", the "Company" or "we"), (TSX:BDI), a leading provider of space rental and workforce accommodation solutions, today announced its operating and financial results for the three and six months ended June 30, 2022 (the "Quarter") compared with the three and six months ended June 30, 2021 (the "Comparative Quarter"). All financial figures are expressed in Canadian dollars.

Key Highlights from the Second Quarter of 2022

- Generated consolidated rental revenue of \$28.4 million and Adjusted EBITDA¹ of \$18.2 million, up 22% and 34%, respectively, from the Comparative Quarter, while consolidated revenue was \$69.4 million, up 1% from the Comparative Quarter.
- Profit for the Quarter was \$4.0 million, up 208% from the Comparative Quarter, resulting in a 79% increase in Free Cashflow¹ to \$14.5 million and yielding basic earnings per share of \$0.07, up 250% from the Comparative Quarter.
- Long term debt at the end of the Quarter was \$163.9 million resulting in Net Debt¹ of \$157.5 million and Net Debt to trailing twelve month ("TTM") Adjusted Leverage EBITDA¹ of 2.1 (within the Company's target range of 2 to 3 times), and available liquidity of \$110.7 million.
- Modular Space Solutions ("MSS") rental revenue was \$17.5 million, up 20% from the Comparative Quarter, while total revenue of \$37.1 million was steady. Adjusted EBITDA of \$12.8 million increased 20% from the Comparative Quarter.
- MSS rental fleet increased 424 net units or 5% from the Comparative Quarter, driven by organic expansion and the fleet acquisition of Cambrian Trailer Rentals Ltd.
- On a constant currency basis, MSS average rental rates increased 11% from the Comparative Quarter, while MSS contracted future rental revenue for the Quarter was \$54.8 million, up 24% from the Comparative Quarter.
- Workforce Solutions ("WFS") rental revenue of \$10.9 million and total revenue of \$32.3 million increased 27% and 2% respectively from the Comparative Quarter. Adjusted EBITDA of \$10.0 million increased 61% from the Comparative Quarter, resulting in Return on Assets¹ of 28%, up 65% from the Comparative Quarter.
- Consolidated Return on Assets for the Quarter was 17%, up 31% from the Comparative Quarter.
- LodgeLink recorded 68,412 room nights booked in the Quarter, a 58% increase from the Comparative Quarter.
- In the Quarter, the Company allocated \$4.0 million to shareholder returns and the reduction of non-controlling interests through a combination of \$0.9 million of common shares repurchased under the normal course issuer bid ("NCIB"), \$0.9 million of dividends declared to common shareholders, and the redemption of \$2.2 million of preferred shares of a subsidiary company.
- Subsequent to the end of the Quarter, the Company declared a third quarter dividend of \$0.015 payable on or about October 15, 2022 to shareholders of record on September 30, 2022.

Outlook

The Company's outlook for the second half of 2022 is positive and is driven by current rental contracts in place combined with a diversified customer base in both business segments across North America and Australia. LodgeLink, the Company's B2B digital, travel-tech platform is also continuing to scale alongside a growing customer and supplier network.

Key end markets in MSS around infrastructure construction and education are expected to be active as summer construction ramps up alongside school installations. The second half of the year is also anticipated to see sequential improvement in custom sales revenues based on the current backlog in place. Overall, the remainder of the year is expected to result in continued growth in core, high-margin rental revenue driven by robust utilization, contracts in place, and rising rental rates.

The WFS business is underpinned by existing contracts for a number of mining projects in eastern Canada, energy infrastructure activity in western Canada, robust demand and activity levels in Australia, and ongoing strong demand for smaller format accommodations driven by improving oilfield activity.

Year to date, LodgeLink has made progress on key initiatives in expanding the customer experience such as the introduction of a mobile app, enhanced functionality through improved booking edits and more detailed reporting, and workflow automation. The digital platform continues to scale and build volume by adding customers and suppliers to its growing ecosystem.

Given the Company's strong liquidity position and Free Cashflow¹ profile, Management intends to continue to allocate capital towards organic and inorganic growth opportunities, while also focusing on shareholder returns through the existing NCIB and dividends. The Company's intention to redeem the remaining \$4.4 million of outstanding preferred shares of a subsidiary company is expected to provide increased optionality for reinvestment into the business or accelerated returns to shareholders.

The Company's gross capital investment budget remains in the range of \$35 million to \$45 million (\$25 million to \$35 million, net of used fleet sales), with the vast majority of new growth capital supported by long-term contracts in MSS and WFS Australia. The Company continues to expect pricing increases across its asset rental fleet in the current inflationary environment which, along with existing utilization levels and a growing fleet size should drive continued growth in rental revenue and cash flow throughout 2022.

¹ Adjusted EBITDA, Net Debt, and Free Cashflow are non-GAAP financial measures. Return on Assets and Net Debt to TTM Adjusted Leverage EBITDA are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Second Quarter 2022 Financial Highlights

(in millions, except where noted)	Three months ended June 30,			Six months ended June 30,		
	2022 \$	2021 \$	Change	2022 \$	2021 \$	Change
Revenue						
Modular Space Solutions	37.1	37.1	—%	71.5	72.4	(1)%
Workforce Solutions	32.3	31.8	2%	68.1	62.3	9%
Total Revenue	69.4	68.9	1%	139.6	134.7	4%
Total Adjusted EBITDA⁽¹⁾	18.2	13.5	35%	36.1	26.8	35%
Funds from Operations⁽¹⁾	20.0	14.3	40%	39.2	31.6	24%
Per share (\$)	0.34	0.25	36%	0.66	0.55	20%
Profit	4.0	1.3	208%	8.0	4.0	100%
Earnings per share (\$)						
- Basic	0.07	0.02	250%	0.14	0.07	100%
- Diluted	0.06	0.02	200%	0.13	0.07	86%
Capital expenditures	15.7	9.8	60%	22.4	13.8	62%
Property & equipment	409.8	398.5	3%	409.8	398.5	3%
Total assets	537.6	511.7	5%	537.6	511.7	5%
Long-term debt	163.9	164.5	—%	163.9	164.5	—%
Cash and cash equivalents	6.4	3.4	88%	6.4	3.4	88%
Return on Assets⁽¹⁾ (%)	17%	13%	4	17%	13%	4
Free Cashflow⁽¹⁾	14.5	8.1	79%	28.0	21.7	29%

(1) Adjusted EBITDA, Funds from Operations and Free Cashflow are non-GAAP financial measures. Return on Assets is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this press release for more information on each non-GAAP financial measure and ratio.

Additional Information

A copy of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021 and related management's discussion and analysis have been filed with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and www.blackdiamondgroup.com.

About Black Diamond Group

Black Diamond is a specialty rentals and industrial services Company with two operating business units – Modular Space Solutions (MSS) and Workforce Solutions (WFS). We operate in Canada, the United States, and Australia.

MSS through its principal brands, BOXX Modular, Britco, MPA, and Schiavi, owns a large rental fleet of modular buildings of various types and sizes. Its network of local branches rent, sell, service, and provide ancillary products and services to a diverse customer base in the construction, industrial, education, financial, and government sectors.

WFS owns a large rental fleet of modular accommodation assets of all types and sizes and a fleet of liquid and solid containment assets. Its regional operating terminals rent, sell, service, and provide ancillary products and services including turn-key operated camps to a wide array of customers in the resource, infrastructure, construction, disaster recovery, and education sectors. The WFS business unit also includes the Company's wholly owned subsidiary, LodgeLink, which operates a digital marketplace for business-to-business crew accommodation, travel, and logistics in North America.

Learn more at www.blackdiamondgroup.com.

For investor inquiries please contact Jason Zhang at 403-206-4739
or investor@blackdiamondgroup.com.

Conference Call

Black Diamond will hold a conference call and webcast tomorrow, August 5 2022, at 9:30 a.m. MT (11:30 a.m. ET). CEO Trevor Haynes and CFO Toby LaBrie will discuss Black Diamond's financial results for the quarter and then take questions from investors and analysts.

To access the conference call by telephone dial toll free 1-800-319-4610. International callers should use 1-604-638-5340. Please connect approximately 10 minutes prior to the beginning of the call.

To access the call via webcast, please log into the webcast link 10 minutes before the start time at: <https://www.gowebcasting.com/11999>

Following the conference call, a replay will be available on the Investor Events section of the Company's website at www.blackdiamondgroup.com.

Reader Advisory**Forward-Looking Statements**

Certain information set forth in this news release contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2022 capital plan, how such capital will be expended, expectations for asset sales and the redemption of preferred shares, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including the impact of COVID-19, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the news release, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this news release, and the assumptions on which such forward-looking statements are made are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers, inflationary price pressure and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2021 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on the Company's profile on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

Non-GAAP Measures

In this news release, the following specified financial measures have been disclosed: Adjusted EBITDA, Net Debt, Net Debt to TTM Adjusted Leverage EBITDA, Funds from Operations, Return on Assets and Free Cashflow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of the Company's performance or cash flows, a measure of liquidity or as a measure of actual return on the common shares of the Company. These non-GAAP measures should only be used in conjunction with the consolidated financial statements of the Company.

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

Black Diamond uses Adjusted EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it

presents the performance of the Company's operations on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Adjusted EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under IFRS. Some of the limitations of Adjusted EBITDA are:

- Adjusted EBITDA excludes certain income tax payments and recoveries that may represent a reduction or increase in cash available to the Company;
- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using Adjusted EBITDA only on a supplementary basis. A reconciliation to profit (loss), the most comparable GAAP measure, is provided below.

Return on Assets is calculated as annualized Adjusted EBITDA divided by average net book value of Property and Equipment. Annualized Adjusted EBITDA is calculated by multiplying Adjusted EBITDA for the Quarter and Comparative Quarter by an annualized multiplier. Management believes that ROA is a useful financial measure for investors in evaluating operating performance for the periods presented. When read in conjunction with our profit (loss) and property and equipment, two GAAP measures, it provides investors with a useful tool to evaluate Black Diamonds ongoing operations and management of assets from period-to-period.

Reconciliation of Consolidated Profit to Adjusted EBITDA and Return on Assets:

(\$ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change %	2022	2021	Change %
Profit ⁽¹⁾	4.0	1.3	208%	8.0	4.0	100%
Add:						
Depreciation and amortization ⁽¹⁾	8.8	8.8	—%	17.4	16.8	4%
Finance costs ⁽¹⁾	1.7	1.6	6%	3.2	2.9	10%
Share-based compensation ⁽¹⁾	1.1	0.8	38%	2.3	1.5	53%
Non-controlling interest ⁽¹⁾	0.5	0.4	25%	1.0	0.6	67%
Current income taxes ⁽¹⁾	0.4	—	—%	0.4	—	—%
Deferred income taxes ⁽¹⁾	1.7	0.6	183%	3.8	1.0	280%
Adjusted EBITDA ⁽¹⁾	18.2	13.5	35%	36.1	26.8	35%
Annualized multiplier	4.0	4.0		2.0	2.0	
Annualized adjusted EBITDA	72.8	54.0	35%	72.2	53.6	35%
Average net book value of property and equipment	425.2	417.1	2%	424.6	422.6	—%
Return on Assets	17%	13%	4	17%	13%	4

(1) Sourced from the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021.

Net Debt to TTM Adjusted Leverage EBITDA is a non-GAAP financial ratio which is calculated as net debt divided by trailing twelve months Adjusted EBITDA. **Net Debt**, a non-GAAP financial measure, is calculated as long-term debt minus cash and cash equivalents. A reconciliation to long-term debt, the most comparable GAAP measure, is provided below. Net Debt and Net Debt to TTM Adjusted Leverage EBITDA removes cash and cash equivalents from the Company's debt balance. Black Diamond uses these ratios primarily as measures of operating performance. Management believes these ratios are important supplemental measures of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. In the Quarter, Net Debt to TTM Adjusted EBITDA was renamed Net Debt to TTM Adjusted Leverage EBITDA, to provide further clarity on the composition of the denominator to include pre-acquisition estimates of EBITDA from business combinations. Management believes including the additional information in this calculation helps provide information of the impact of trailing operations from business combinations on the Company's leverage position.

Reconciliation of Consolidated Profit to Adjusted EBITDA, Net Debt and Net Debt to TTM Adjusted Leverage EBITDA:

(\$ millions, except as noted)	2022	2022	2021	2021	2021	2021	2020	2020	Change
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
Profit (loss)	4.0	4.0	10.7	5.7	1.3	2.7	(2.2)	(0.7)	
Add:									
Depreciation and amortization	8.8	8.6	8.9	9.4	8.8	8.1	9.0	8.4	
Acquisition costs	—	—	—	—	—	—	1.9	—	
Finance costs	1.7	1.5	1.7	1.5	1.6	1.3	1.6	1.2	
Share-based compensation	1.1	1.2	1.0	1.0	0.8	0.6	0.8	0.8	
Non-controlling interest	0.5	0.5	0.4	0.4	0.4	0.2	0.3	0.3	
Current income taxes	0.4	—	0.1	—	—	—	0.4	—	
Gain on sale of real estate assets	—	—	(0.7)	—	—	—	—	—	
Deferred income taxes	1.7	2.1	(4.6)	1.7	0.6	0.4	(0.7)	(0.2)	
Adjusted EBITDA	18.2	17.9	17.5	19.7	13.5	13.3	11.1	9.8	
Acquisition pro-forma adjustments ⁽¹⁾	—	—	—	—	—	—	2.1	3.7	
Adjusted Leveraged EBITDA	18.2	17.9	17.5	19.7	13.5	13.3	13.2	13.5	
TTM Adjusted Leverage EBITDA	73.3				53.5				37%
Long-term debt	163.9				164.5				—%
Cash and cash equivalents	6.4				3.4				88%
Net Debt	157.5				161.1				(2)%
Net Debt to TTM Adjusted Leverage EBITDA	2.1				3.0				(30)%

(1) Includes pro-forma pre-acquisition EBITDA estimates as if the acquisition during the YTD and Prior YTD occurred on July 1, 2021.

Funds from Operations is calculated as the cash flow from operating activities, the most comparable GAAP measure, excluding the changes in non-cash working capital. Management believes that Funds from Operations is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in long-term accounts receivables and non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facilities. A reconciliation to cash flow from operating activities, the most comparable GAAP measure, is provided below.

Free Cashflow is calculated as Funds from Operations minus maintenance capital, net interest paid (including lease interest), payment of lease liabilities, net current income tax expense (recovery), distributions declared to non-controlling interest, dividends paid on common shares and dividends paid on preferred shares plus net current income taxes received (paid). Management believes that Free Cashflow is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments and other items noted above. Management believes this metric is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. A reconciliation to cash flow from operating activities, the most comparable GAAP measure, is provided below.

Reconciliation of Cash Flow From Operating Activities to Funds from Operations and Free Cashflow:

(\$ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	2022	2021	Change
Cash flow from Operating Activities ⁽¹⁾	24.0	19.7	22%	37.0	33.2	11%
Add/(deduct):						
Change in long-term accounts receivable ⁽¹⁾	0.5	(0.2)	350%	1.8	(0.5)	460%
Changes in non-cash operating working capital ⁽¹⁾	(4.5)	(5.2)	13%	0.4	(1.1)	136%
Funds from Operations	20.0	14.3	40%	39.2	31.6	24%
Add/(deduct):						
Maintenance capital	(1.5)	(2.8)	46%	(3.1)	(3.8)	18%
Payment for lease liabilities	(1.6)	(1.5)	(7)%	(3.0)	(2.8)	(7)%
Net interest paid (including lease interest)	(1.6)	(1.7)	6%	(3.2)	(3.0)	(7)%
Net current income tax expense (recovery)	0.4	—	—%	0.4	—	—%
Dividends paid on common shares	(0.9)	—	—%	(1.6)	—	—%
Distributions declared to non-controlling interest	(0.2)	—	—%	(0.4)	—	—%
Dividends paid on preferred shares	(0.1)	(0.2)	50%	(0.3)	(0.3)	—%
Free Cashflow	14.5	8.1	79%	28.0	21.7	29%

(1) Sourced from the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021.