MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2022 and 2021

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended December 31, 2022 (the "Quarter") with the three months ended December 31, 2021 (the "Comparative Quarter") and the twelve months ended December 31, 2022 (the "YTD") with the twelve months ended December 31, 2021 (the "Prior YTD"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021. The accompanying audited consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains non-GAAP financial measures, such as Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA as a % of Revenue, Net Debt, Net Debt to TTM Adjusted Leverage EBITDA, Funds from Operations, Free Cashflow, Gross Profit Margin, Return on Assets, VAPS as a % of Rental Revenue excluding VAPS Revenue, Gross Bookings, Net Revenue Margin and Net Capital Expenditures which do not have a standardized meaning under GAAP and, therefore may not be comparable to similar measures presented by other issuers. For definitions, reconciliations and further information please see the "Non-GAAP Financial Measures" section of the MD&A. This MD&A was prepared as of March 2, 2023 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2022, may be found on the Black Diamond website at www.blackdiamondgroup.com or Black Diamond profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2023 capital plan, how such capital will be expended, expectations for asset sales, 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 changing activity levels, effects on demand and performance based on the changing operating environment, 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 this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counterparties 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 MD&A, 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: volatility of industry conditions, dependence on agreements and contracts, competition, credit risk, information technology systems and cyber security, vulnerability to market changes, operating risks and insurance, weakness in industrial construction and infrastructure developments, weakness in natural resource industries, access to additional financing, dependence on suppliers and manufacturers, reliance on key personnel, and workforce availability. 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, 2022 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on Black Diamond'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 MD&A are made as at the date of this MD&A 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.

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EXECUTIVE SUMMARY

Key Highlights from 2022

- Generated consolidated revenue of $324.5 million and Adjusted EBITDA[1] of $84.0 million for the YTD, down 4% and up 31% from Prior YTD, respectively.
- Consolidated rental revenue of $120.1 million was up 23% from the Prior YTD.
- Modular Space Solutions ("MSS") generated record rental revenue and Adjusted EBITDA of $72.1 million and $54.4 million, respectively, up 20% and 16% from the Prior YTD.
- Workforce Solutions ("WFS") rental revenue and Adjusted EBITDA were $48.0 million and $50.5 million, respectively, up 26% and 46% from the Prior YTD.
- LodgeLink continued to scale dramatically. Record net revenue of $6.6 million was up 74% from the Prior YTD and Gross Bookings[1] of $58.9 million grew 66% from the Prior YTD. Total room nights sold for YTD were 356,328, up 60% from the Prior YTD.
- Diluted earnings per share for the year was $0.44 compared to $0.34 for the Prior YTD.
- Long term debt and Net Debt[1] at the end of the Year were $226.9 million and $218.9 million, respectively. Free Cashflow[1] for the YTD was $63.8 million, up 17% from the Prior YTD. Net Debt to trailing twelve month ("TTM") Adjusted Leverage EBITDA[1] was 2.4x, and available liquidity was $105.0 million at the end of the Year.
- Profit for the YTD was $26.4 million, up 29% from the Prior YTD and consolidated Return on Assets[1] for the YTD was 19.0%, up 380 basis points from Prior YTD.
- Gross capital expenditures for the year was $108.6 million compared to $37.9 million in the Prior YTD. This included $54.4 million for acquisitions, $43.4 million for fleet growth, $3.2 million for LodgeLink software development, and $7.7 million for sustaining capital expenditures. Proceeds from fleet sales were $17.2 million.
- In 2022, the Company allocated an aggregate of $15.0 million to shareholder returns and the reduction of non-controlling interests, through a combination of $2.2 million of common shares repurchased under the Company's normal course issuer bid ("NCIB"), $3.9 million of dividends declared to holders of common shares, and the redemption of $8.9 million of preferred shares of a subsidiary company.

[1]Adjusted EBITDA, Net Debt, Free Cashflow, and Gross Bookings 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.

Key Highlights from the Quarter

- Consolidated rental revenue of $33.3 million and Adjusted EBITDA[2] of $22.0 million were up 22% and 26% from the Comparative Quarter, respectively.

- MSS rental revenue was a quarterly record of $20.0 million and increased 24% from the Comparative Quarter. MSS Adjusted EBITDA of $14.3 million increased 8% from the Comparative Quarter.

- MSS average monthly rental rate per unit increased 9% from the Comparative Quarter (8% on a constant currency basis), while MSS contracted future rental revenue was $94.1 million at the end of the Quarter, up 76% from the Comparative Quarter.

- WFS rental revenue of $13.3 million increased 19% from the Comparative Quarter. WFS Adjusted EBITDA of $13.9 million increased 43% from the Comparative Quarter.

- LodgeLink recorded a quarterly record of 117,323 room nights sold in the Quarter, a 67% increase from the Comparative Quarter. LodgeLink net revenue of $2.4 million was also a quarterly record and increased 118% from the Comparative Quarter.

- On October 31, 2022, the Company closed the acquisition of an Ontario-based modular rental company with 1,851 units, with a primary focus in the education and government sectors (the "2022 Acquisition"). The purchase price of the 2022 Acquisition was $54.4 million, including the assumption of debt.

- During the Quarter, the Company recognized a non-cash impairment reversal of $6.3 million on its workforce accommodations cash generating unit in Australia. The reversal had an after-tax impact of $4.4 million, or $0.07 per share on a diluted basis.

- Return on Assets[2] for the Quarter was 18.5%, up 200 basis points from the Comparative Quarter. Diluted earnings per share of $0.15 was down 17% after non-recurring adjustments from the Comparative Quarter.

- Capital investment into organic growth was $16.7 million, which includes maintenance capital of $2.6 million, while proceeds from fleet sales were $2.6 million.

- During the Quarter, the Company allocated an aggregate of $3.4 million to shareholder returns and the reduction of non-controlling interests, through a combination of $1.2 million of dividends declared to holders of common shares and the redemption of $2.2 million of preferred shares of a subsidiary company.

- Subsequent to the end of the Quarter, on March 2, 2023, the Company declared a first quarter dividend of $0.02 payable on or about April 15, 2023 to shareholders of record on March 31, 2023.

[2] Adjusted EBITDA is a non-GAAP financial measures. Return on Assets is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

OUTLOOK

Black Diamond's Quarter and YTD results highlight the benefits of a large and diverse specialty rental platform with steadily growing, predictable, rental revenues being generated across many industries and geographies. The robust rental revenue growth across the business has been driven by healthy utilization levels in MSS and the ongoing redeployment of previously idle WFS assets into varied customer segments. Management believes the current iteration of the rental platform is the most stable and diverse it has ever been and are optimistic about future growth opportunities throughout the business. Alongside the strong performance of the diversified asset rental business, LodgeLink, the Company's digital workforce travel platform, has also continued to grow quickly with booking volumes scaling dramatically.

MSS continued to set quarterly records with respect to both rental revenue and Adjusted EBITDA[3] through organic fleet growth and robust utilization and rates, further supplemented by continued inorganic growth as the Company closed the acquisition of a relatively large Ontario modular space business in the Quarter. Based on the continued growth of the segment's pipeline and backlog of opportunities, management expects continued growth in MSS rental revenues in coming quarters. Management also expects increases in average rental rates as longer duration contracts expire and are renewed at higher rental rates, combined with ongoing strength in utilization across regions and continued organic fleet growth.

Within the WFS business, management is similarly optimistic given the successful efforts to diversify the geography and industries served resulting in increased utilization in North America and ongoing strength in Australia. Consolidated utilization for the Quarter of 62% was the highest level observed in many years. While WFS has historically experienced higher variability in utilization levels, management believes a more diversified asset rental base among different customers, industries and geographies has led to a healthy and stable current pipeline of new opportunities. The pipeline includes both opportunities to deploy existing fleet as well as to grow certain parts of this fleet at attractive returns, particularly in the Australian market.

LodgeLink set yet another quarterly record in room nights sold, Gross Bookings[3], and net revenues as it continued its rapid scale up across North America. Net revenue in the Quarter more than doubled versus the Comparative Quarter. Management remains confident in the continued growth of the LodgeLink platform into 2023. The Company expects that LodgeLink will continue to enhance the customer experience on the platform as well as further automate back-end workflows to support continued growth and transaction-level profitability.

The Company expects operating performance in 2023 to remain solid given the diverse nature of the existing asset rental business further supported by strong contract coverage. The Company's liquidity position provides a high degree of optionality, with approximately $105.0 million of available liquidity with a debt facility maturing in October 2026, including approximately one third of debt at fixed rates. Free Cashflow[3] of $63.8 million in the YTD has generally been reinvested into the growth of long-lived, cashflow producing assets at attractive rates of return. Management continues to closely monitor asset level returns and has been deploying organic capital investment primarily into new rental fleet assets that are signed to long-term contracts with customers. Management continues to see attractive organic and inorganic growth opportunities in a number of regions and expects to generate compounding returns and steady growth of its core, recurring rental-revenues. These strategies are expected to allow for significant flexibility in an environment of increasing interest rates and risk of a potential recession.

[3] Adjusted EBITDA, Gross Bookings, and Free Cashflow are non-GAAP financial measures. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

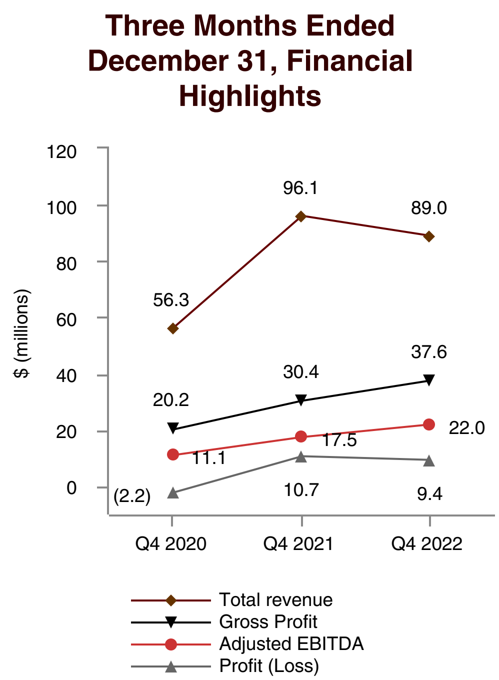
FINANCIAL REVIEW

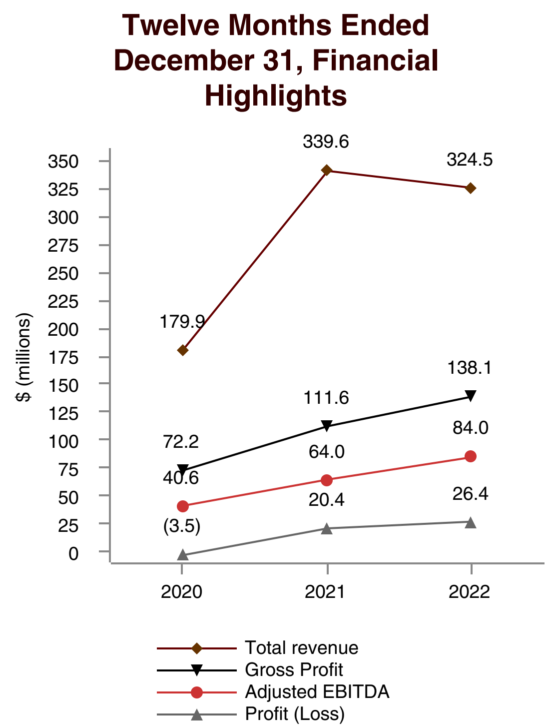
- Revenue for the Quarter was $89.0 million, down 7% or $7.1 million from the Comparative Quarter mainly due to an overall decrease in sales revenue and non-rental revenue, partially offset by an increase in rental revenue for both MSS and WFS.

- Adjusted EBITDA[4] for the Quarter was $22.0 million, up 26% or $4.5 million from $17.5 million in the Comparative Quarter primarily due to a 22% increase in rental revenue as well as an increase in lodge services revenue and margin. These increases were partially offset by higher administrative expenses.

- Profit for the Quarter was $9.4 million, down 12% or $1.3 million from $10.7 million in the Comparative Quarter primarily due to $1.2 million in acquisition costs in the Quarter and the recognition of a deferred tax asset of $5.3 million in the Comparative Quarter. This was partially offset by recognition of a $4.4 million tax effected impairment reversal in Australia, as well as higher rental and lodge service revenue in the Quarter.

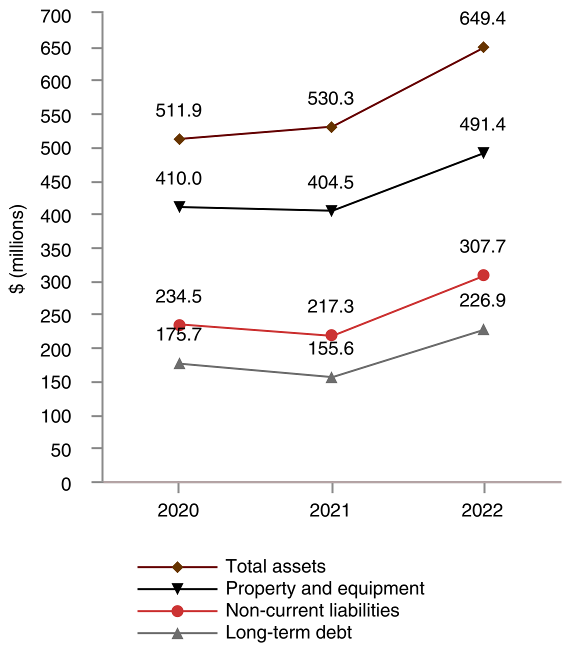
- The Company exited the Quarter with a Net Debt to TTM Adjusted Leverage EBITDA[4] ratio of 2.4x (December 31, 2021 - 2.4x).





[4] Adjusted EBITDA is a non-GAAP financial measure. Net Debt to TTM Adjusted Leverage EBITDA is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

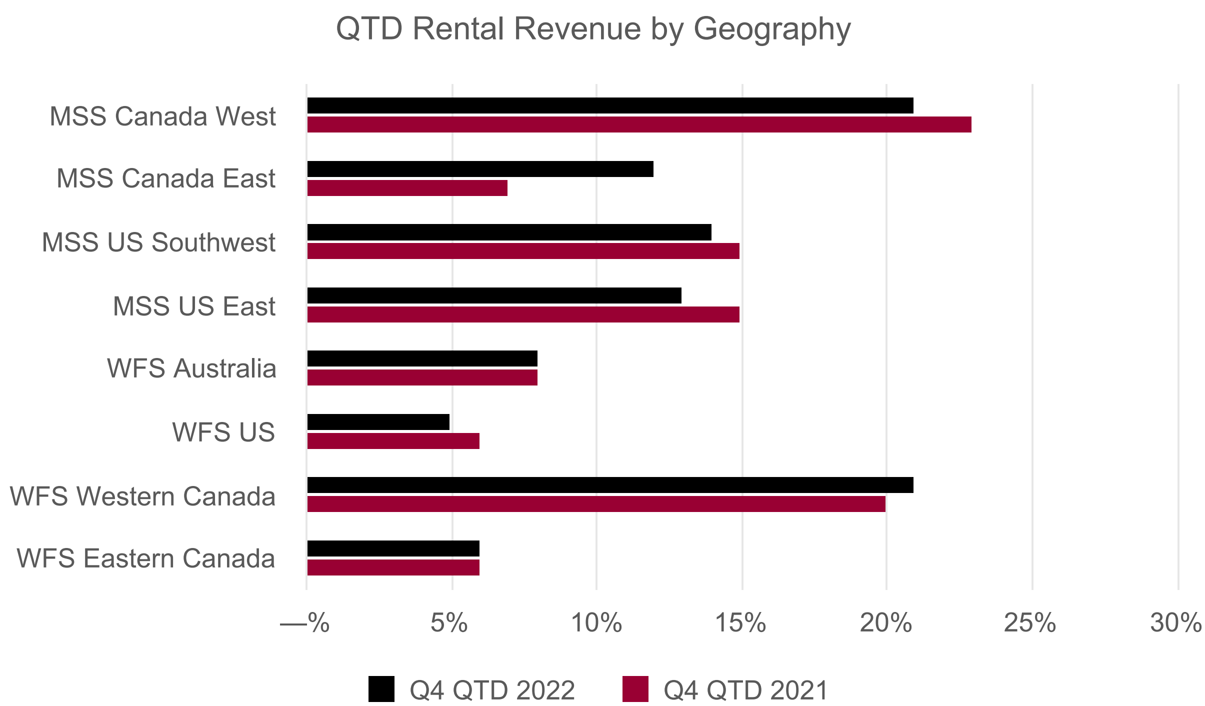
As at December 31,
Financial Highlights

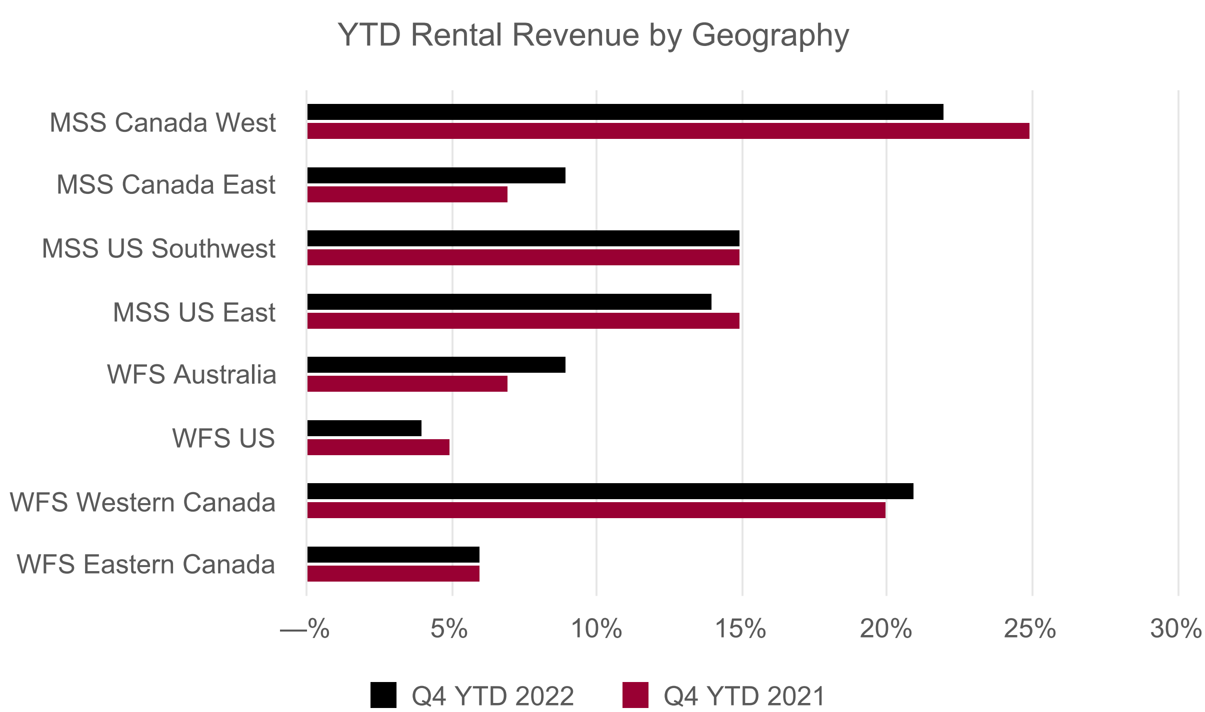


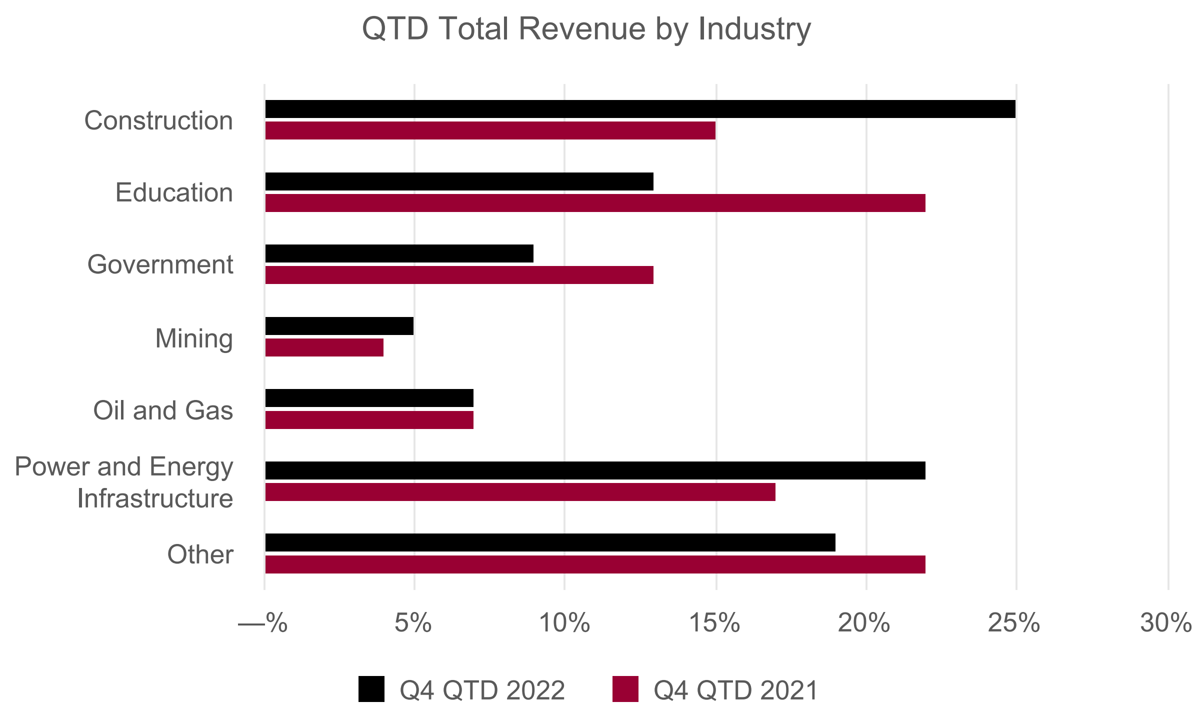
Geographic Revenue Segmentation

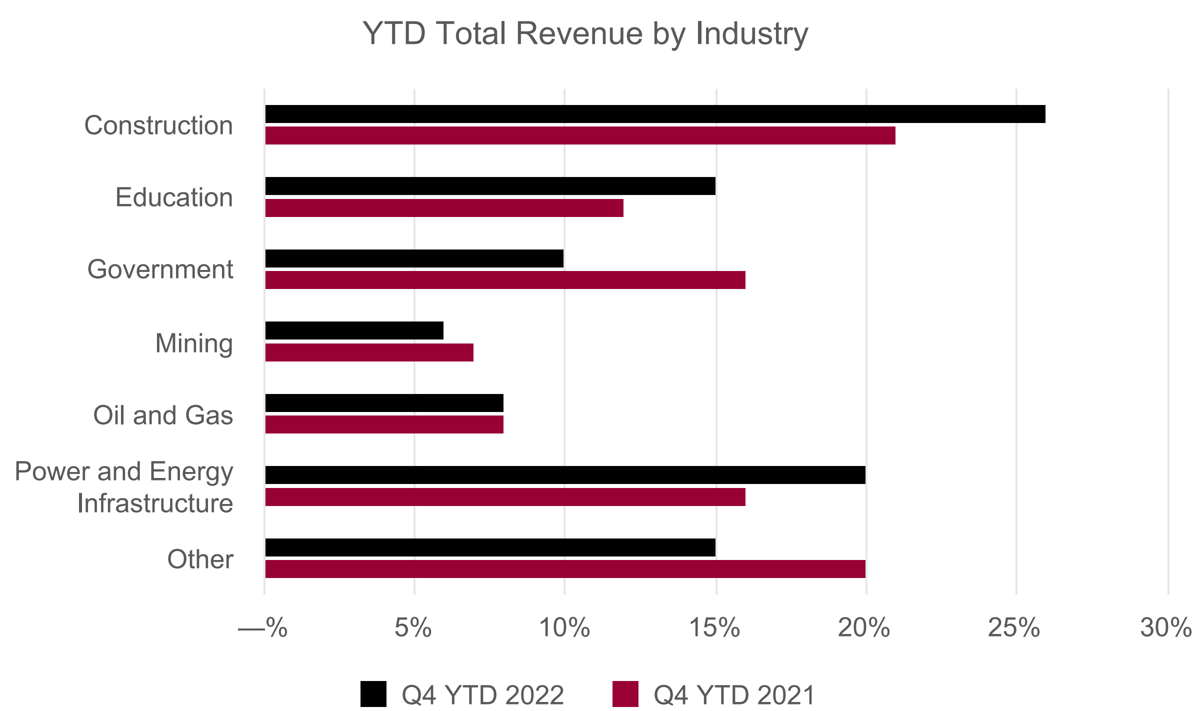
($ millions)	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Revenue						
Canada	**49.9**	39.1	28%	**174.7**	152.1	15%
United States	**32.0**	48.8	(34)%	**120.3**	156.5	(23)%
Australia	**7.1**	8.2	(13)%	**29.5**	31.0	(5)%
Total	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%

Percentage of total revenue	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Revenue						
Canada	**56.0%**	40.7%	1530 bps	**53.8%**	44.8%	900 bps
United States	**36.0%**	50.8%	(1480) bps	**37.1%**	46.1%	(900) bps
Australia	**8.0%**	8.5%	(50) bps	**9.1%**	9.1%	(0) bps
Total	**100%**	100%	—	**100%**	100%	—


QTD Rental Revenue by Geography
MSS Canada West
MSS Canada East
MSS US Southwest
MSS US East
WFS Australia
WFS US
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
30%
Q4 QTD 2022
Q4 QTD 2021


YTD Rental Revenue by Geography
MSS Canada West
MSS Canada East
MSS US Southwest
MSS US East
WFS Australia
WFS US
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
30%
Q4 YTD 2022
Q4 YTD 2021


QTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Power and Energy Infrastructure
Other
—%
5%
10%
15%
20%
25%
30%
Q4 QTD 2022
Q4 QTD 2021


YTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Power and Energy Infrastructure
Other
—%
5%
10%
15%
20%
25%
30%
Q4 YTD 2022
Q4 YTD 2021

Capital Plan

Net Capital Expenditures is a non-GAAP financial measure which is calculated as total capital expenditures less revenue from used fleet sales. A reconciliation to total capital expenditures, the most comparable GAAP measure, is provided below. Management believes this non-GAAP financial measure is an important supplemental measure as it emphasizes cash used or generated on fleet purchases and disposals relating to the net change in property and equipment and intangible assets.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
(in millions, except as noted)	**$**	**$**	**%**	**$**	**$**	**%**
Total capital expenditures (excludes business acquisition)	**16.7**	12.0	39%	**54.2**	37.9	43%
Used fleet sales revenue	**2.6**	8.0	(68)%	**17.2**	22.9	(25)%
Net Capital Expenditures	**14.1**	4.0	253%	**37.0**	15.0	147%
Maintenance capital	**2.6**	2.4	8%	**7.7**	9.3	(17)%
Capital commitments	**22.3**	11.5	94%	**22.3**	11.5	94%

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally a customer has preference for ownership when they have a longer-term need for the asset. In these circumstances, Black Diamond sells assets out of its fleet in the ordinary course of servicing its customers. This is a profitable business line for the Company and also helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet.

WHO WE ARE

Black Diamond is a specialty rentals and industrial services company with two operating business units - MSS and WFS. We operate in Canada, the United States, and Australia.

MSS through its principal brands, BOXX Modular, Britco, MPA, Schiavi, and CL Martin, 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 various 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 turnkey operated camps to a wide array of customers in the resource, infrastructure, construction, disaster recovery, and education sectors.

In addition, WFS includes LodgeLink which operates a digital marketplace for business-to-business crew accommodation, travel, and logistics services across North America. The LodgeLink proprietary digital platform enables customers to efficiently find, book, and manage their crew travel and accommodation needs through a rapidly growing network of hotel, remote lodge, and travel partners. LodgeLink exists to solve the unique challenges associated with crew travel and applies technology to eliminate inefficiencies at every step of the crew travel process from booking, to management, to payments, to cost reporting.

The common shares of Black Diamond are listed on the Toronto Stock Exchange under the symbol "BDI". Our head office is located at Suite 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

At its core, Black Diamond is a business-to-business renter of specialized equipment. Our team's extensive experience within the rental categories in which we operate, and our expertise in managing the logistics and supply chain for these assets, enable us to deliver higher returns on capital while also helping our clients meet their project objectives.

Our management team has built a business platform designed to weather downturns through a prudent approach to capital allocation, risk management, business diversification and asset management.

Asset Management

Since 2003, we have built a large rental fleet that consists of remote workforce accommodation, space rental and surface rental assets. These assets generally maintain their value over their relatively long lives and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their net book value. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to sell our used assets for more than their book value and this is recorded as sales revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

Integrated Revenue Model

In addition to owning specialty rental assets, Black Diamond provides the support services for these assets including transportation, installation, catering, power, water, waste management, security, and housekeeping through subcontracted third party service providers. In doing so, we maximize the return on our assets while mitigating the overhead risks associated with performing these services ourselves.

This model also provides our clients with increased optionality and flexibility, and creates constructive pricing tension among our subcontractors that ensures we achieve competitive pricing for our customers.

Business Diversification

We have actively worked to diversify Black Diamond's business with respect to geographies, the types of assets and services offered, and variety of customers and industries served. Our entries into Australia and the U.S. in previous years, as well as our North American MSS expansions and growth of the LodgeLink technology platform were predicated on the fundamental belief that this diversification strategy can help mitigate volatility during a downturn in any one geography, commodity or asset class.

Capital Allocation

We are focused on achieving industry leading returns on the capital we deploy. Our approach is to own quality rental assets and, through strategic sales and disciplined management, realize a target return on capital invested in these rental assets through rental revenue, and the sale of associated services.

Achieving this is only possible through focus, efficiency and effective third-party contracting. This means that we outsource functions that are not core to Black Diamond's expertise or where the capital risk is deemed too high such as manufacturing, construction, catering, camp services, and any other functions that, while lucrative in a strong economy, might represent significant downside risk through the troughs of economic cycles.

Health and Safety

The objective of our health and safety program is to achieve zero incidents and injuries and to adhere to global best practices for workplace health and safety.

By working closely with stakeholders across all aspects of the health and safety program we ensure the safety of our employees and our clients' operations, reducing the burden of injuries and incidents and enhancing the financial performance of Black Diamond.

Risk Management

Through careful selection and contracting with Black Diamond's counterparties, our management team strives to share risk appropriately, and promote mutually beneficial outcomes with both vendors and customers. Where capital is being deployed, our preference is to tie that capital to a long-term customer commitment. Doing so allows us to offer our customers lower rates in return for the certainty of increased asset utilization. This helps us attain our targeted return on capital, and our customers achieve price certainty relative to spot rates for rental assets.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information for the three months and twelve months ended December 31, 2022 and 2021.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except as noted)	**2022**	2021	Change	**2022**	2021	Change
Financial Highlights	**$**	$	%	**$**	$	%
Total revenue	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%
Gross profit	**37.6**	30.4	24%	**138.1**	111.6	24%
Administrative expenses	**15.7**	13.0	21%	**54.2**	47.6	14%
Adjusted EBITDA(1)	**22.0**	17.5	26%	**84.0**	64.0	31%
Adjusted EBIT(1)	**13.4**	8.6	56%	**48.8**	28.8	69%
Funds from Operations(1)	**21.0**	21.6	(3)%	**91.0**	76.6	19%
Per share ($)	**0.35**	0.37	(5)%	**1.54**	1.32	17%
Profit before income taxes	**13.6**	6.6	106%	**40.2**	20.0	101%
Profit	**9.4**	10.7	(12)%	**26.4**	20.4	29%
Earnings per share - Basic ($)	**0.16**	0.18	(11)%	**0.45**	0.35	29%
Earnings per share - Diluted ($)	**0.15**	0.18	(17)%	**0.44**	0.34	29%
Capital expenditures	**16.7**	12.0	39%	**54.2**	37.9	43%
Business acquisition	**54.4**	—	100%	**54.4**	—	100%
Property & equipment	**491.4**	404.5	21%	**491.4**	404.5	21%
Total assets	**649.4**	530.3	22%	**649.4**	530.3	22%
Long-term debt	**226.9**	155.6	46%	**226.9**	155.6	46%
Cash and cash equivalents	**8.3**	4.6	80%	**8.3**	4.6	80%
Return on Assets (%)(1)	**18.5%**	16.5%	200 bps	**19.0%**	15.2%	380 bps
Free Cashflow(1)	**12.2**	15.4	(21)%	**63.8**	54.3	17%

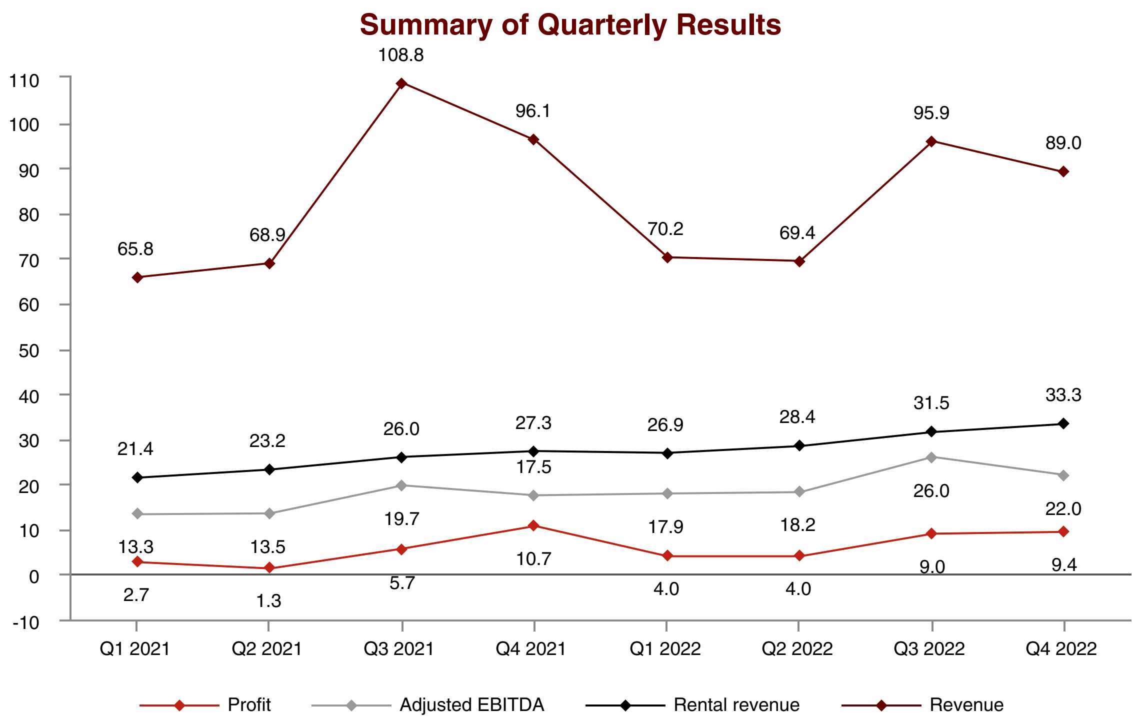
(1) Adjusted EBITDA, Adjusted EBIT, Funds from Operations and Free Cashflow are non-GAAP financial measures. Return on Assets is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Margin Summary	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	**2022**	2021	Change	**2022**	2021	Change
Gross profit	**42.2%**	31.6%	1060 bps	**42.6%**	32.9%	970 bps
Administrative expenses	**17.6%**	13.5%	410 bps	**16.7%**	14.0%	270 bps
Adjusted EBITDA as a % of Revenue(1)	**24.7%**	18.2%	650 bps	**25.9%**	18.8%	710 bps

(1) Adjusted EBITDA as a % of Revenue is a non-GAAP financial ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial ratio.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



In Q2 2021, revenue, rental revenue and Adjusted EBITDA[5] trended slightly positive. Profit decreased due to higher depreciation and amortization expense, as well as higher stock based compensation expense.

In Q3 2021, revenue, Adjusted EBITDA, and profit increased due to a significant increase in non-rental activities in the quarter in both North America and Australia in WFS and increased non-rental margins.

In Q4 2021 revenue decreased compared to Q3 2021 due to less non-rental activities. Profit increased due to the recognition of a deferred tax asset.

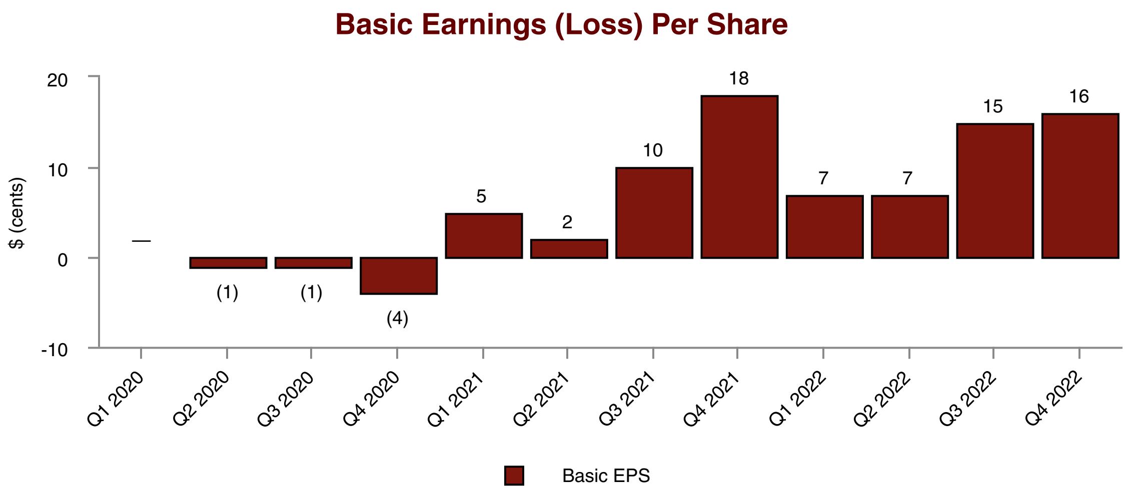
In Q1 2022, revenue decreased compared to Q4 2021 due to less non-rental activities.

In Q2 2022, rental revenue increased from Q1 2022 due to increased rates and utilization, while revenue and profit was relatively flat compared to Q1 2022.

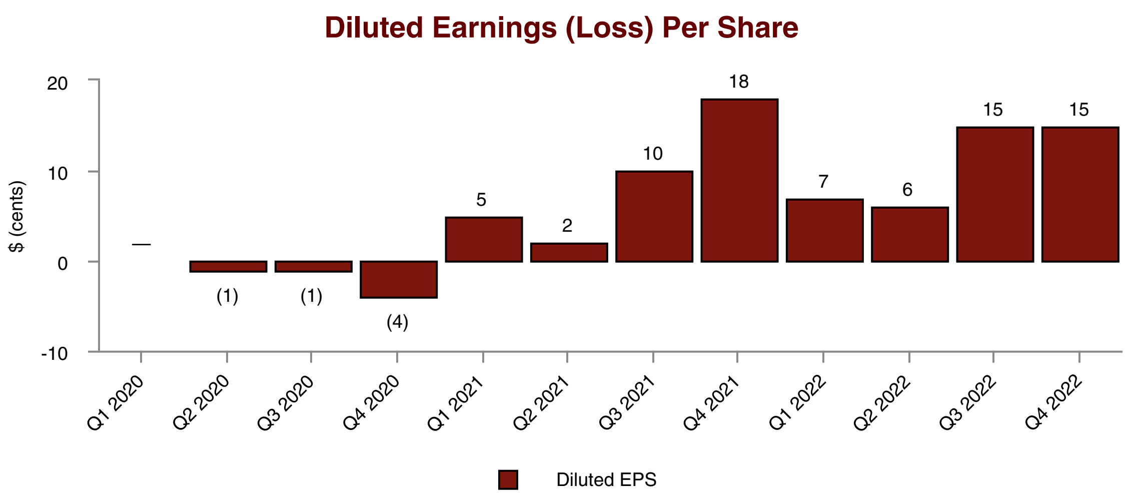
In Q3 2022, revenue, Adjusted EBITDA, and profit increased primarily due to increased rental rates, utilization and custom and used fleet sales in the quarter.

In Q4 2022, revenue and Adjusted EBITDA decreased compared to Q3 2022 due to decreased non-rental and sales in the Quarter. Profit increased due to the positive margin impact on certain key drivers like lodging and rentals revenue. In addition, there was a $4.4 million impairment reversal, net of tax recognized.

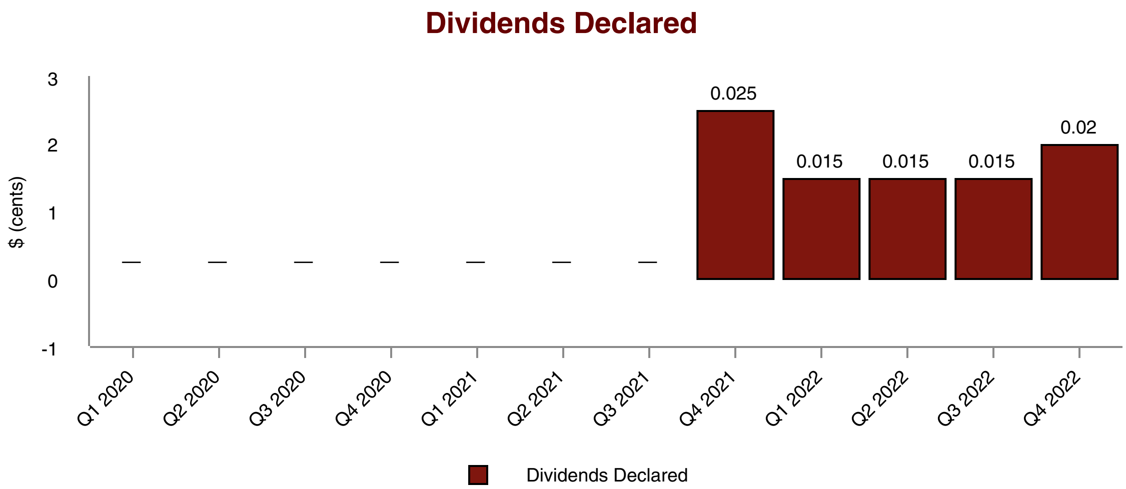
[5] Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.



Basic Earnings (Loss) Per Share
20
10
0
-10
$ (cents)
—
(1)
(1)
(4)
5
2
10
18
7
7
15
16
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Basic EPS



Diluted Earnings (Loss) Per Share
20
10
0
-10
$ (cents)
—
(1)
(1)
(4)
5
2
10
18
7
6
15
15
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Diluted EPS



In Q4 2021, the Company declared two dividends on its common shares in the amount of $0.0125 each or $0.0250 per share.

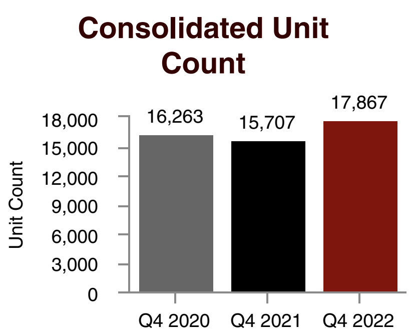
In Q1 2022, the Company increased its annual dividend per share payout by 20% from $0.05 to $0.06 and paid quarterly dividends of $0.015 per share in each of the first quarter, second quarter and third quarter.

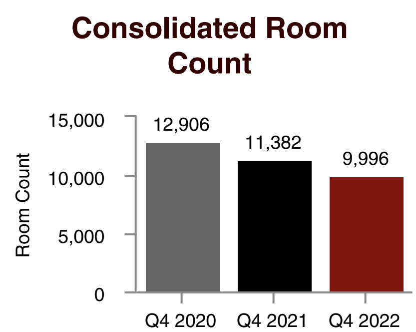
In Q4 2022, the Company increased its annual dividend per share payout by 33% from $0.06 to $0.08 and declared a quarterly dividend of $0.02 payable on or about January 15, 2023 to shareholders of record on December 31, 2022.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 17,867 units at the end of the Quarter compared with 15,707 in the Comparative Quarter with an increase of 2,346 units in MSS offset by a decrease of 186 units in WFS due to used fleet sales. The increase in units in MSS is due primarily to the addition of 1,851 units from the 2022 Acquisition in October 2022. Consolidated unit count includes modular space rental units, accommodation units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 9,996 rooms in the Quarter compared with 11,382 rooms in the Comparative Quarter due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended December 31,			Twelve months ended December 31,		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Modular Space Solutions	**86.2%**	84.9%	130 bps	**84.9%**	83.8%	110 bps
Workforce Solutions	**61.9%**	49.5%	1240 bps	**54.8%**	44.6%	1020 bps
Consolidated	**78.6%**	71.8%	680 bps	**74.6%**	68.9%	570 bps

Black Diamond measures utilization on the basis of the net book value of assets on rent, divided by the net book value of the business unit's total fleet assets.

Q4 2022 vs Q4 2021

Utilization in MSS was 86.2%, up 130 basis points from the Comparative Quarter. The increase in utilization in WFS from 49.5% to 61.9% is due to increased activity in all regions.

Year to Date 2022 vs 2021

Utilization for MSS was 84.9%, up 110 basis points from the Prior YTD. The increase in utilization in WFS from 44.6% to 54.8% is primarily due to increased activity in all regions.

Revenue

Black Diamond's revenues are broken out into four categories: rental, sales, non-rental and lodge services:

Rental Revenues are associated with the rental of Black Diamond's owned assets to customers. Rental revenue is the highest margin of the Company's revenues.

Sales Revenues are derived from the sale of both new and used assets, including modular space, workforce accommodations, wellsite accommodations and surface equipment assets.

Non-Rental Revenues are derived from a number of services that are typically associated with the rental or sale of the Company's modular space or workforce assets, including the delivery, installation, pickup, dismantling of assets, sublease equipment, maintenance and catering services. The services offered are often required to support the deployment and remobilization of these assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges and hotels through LodgeLink.

Lodge Services Revenues are generated from provision of full turnkey lodge services provided to customers. The rooms in our lodge services fleet are marketed to individual customers at man day rates through LodgeLink or are contracted with customers for specific rates and/or number of man days. A man day is defined as one overnight stay in one room at a lodge and is used in calculating occupancy.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Rental revenue	**33.3**	27.3	22%	**120.1**	97.9	23%
Sales revenue	**17.2**	25.6	(33)%	**59.4**	71.1	(16)%
Non-rental revenue	**26.0**	35.9	(28)%	**100.9**	141.9	(29)%
Lodge services revenue	**12.5**	7.3	71%	**44.1**	28.7	54%
Total revenue	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Rental revenue	**37.4%**	28.4%	900 bps	**37.0%**	28.8%	820 bps
Sales revenue	**19.3%**	26.6%	(730) bps	**18.3%**	20.9%	(260) bps
Non-rental revenue	**29.2%**	37.4%	(820) bps	**31.1%**	41.8%	(1070) bps
Lodge services revenue	**14.1%**	7.6%	650 bps	**13.6%**	8.5%	510 bps

Q4 2022 vs Q4 2021

Rental revenue for the Quarter was $33.3 million, up 22% or $6.0 million from the Comparative Quarter driven by a $3.9 million increase in MSS rental revenue attributed to an increase in average rental rates and utilization, as well as an increase in the size of the rental fleet and the 2022 Acquisition. In WFS, there was a $2.1 million increase in rental revenue due to increased utilization in all regions and rate increases in Canada and Australia.

Sales revenue for the Quarter was $17.2 million, down 33% or $8.4 million from the Comparative Quarter driven by a $4.3 million decrease in MSS sales revenue due to a decrease in both custom and used fleet sales in the U.S. and eastern Canada, partially offset by an increase in custom sales in western Canada.

In WFS, there was a $4.2 million decrease in sales revenue primarily due to lower used fleet sales in all regions.

Non-rental revenue for the Quarter was $26.0 million, down 28% or $9.9 million from the Comparative Quarter primarily due to a $6.7 million decrease in WFS as a result of lower sublease activity in the U.S., installation projects in Australia and the U.S. and transportation in U.S. and Canada. This is combined with a $3.1 million decrease in MSS due to several large projects in the Comparative Quarter.

Lodge services revenue for the Quarter was $12.5 million, up 71% or $5.2 million from the Comparative Quarter due to increased occupancy.

2022 vs 2021

Rental revenue for the YTD was $120.1 million, up 23% or $22.2 million from the Prior YTD due to an increase of $12.1 million in MSS rental revenue attributed to increases in average rental rates, utilization and from organic and inorganic fleet growth. This is supplemented by an increase of $10.0 million in WFS rental revenue due to increased utilization and rates in Canada and Australia.

Sales revenue for the YTD was $59.4 million, down 16% or $11.7 million from the Prior YTD primarily due to a $7.7 million decrease in MSS sales revenue as a result of lower custom and used fleet sales in U.S. and eastern Canada, partially offset by an increase in custom sales in western Canada. This is combined with a $3.9 million decrease in WFS sales revenue due to lower used fleet sales in Canada and the U.S. partially offset by higher used fleet sales in Australia.

Non-rental revenue for the YTD was $100.9 million, down 29% or $41.0 million from the Prior YTD primarily due to a $33.7 million decrease in WFS non-rental revenue predominantly due to the installation of significant projects in all regions in the Prior YTD, decreases in sublease activity in the U.S., and decreases in transportation revenue in Canada and the U.S. region. This is combined with a $7.3 million decrease in MSS non-rental revenue due to a decrease in U.S. installation revenue, partially offset by an increase in transportation revenue in all regions.

Lodge services revenue for the YTD was $44.1 million, up 54% or $15.4 million from the Prior YTD due to increased occupancy.

Direct Costs and Gross Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Direct costs	**51.4**	65.7	(22)%	**186.4**	227.9	(18)%
Gross profit	**37.6**	30.4	24%	**138.1**	111.6	24%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Direct costs	**57.8%**	68.4%	(1060) bps	**57.4%**	67.1%	(970) bps
Gross Profit Margin(1)	**42.2%**	31.6%	1060 bps	**42.6%**	32.9%	970 bps

(1) Gross Profit Margin is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

Gross Profit Margin[6] fluctuates depending on the mix between rental, sales, non-rental and lodge services revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodge services revenue include catering services, utilities costs, consumable materials and other services required to provide turnkey lodge services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in sales and non-rental revenues. Direct costs related to non-rental and sales revenues include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

	Three months ended December 31,			Twelve months ended December 31,		
Direct Costs	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
($ millions, except as noted)	**$**	$		**$**	$	
Construction and transportation services	**15.6**	25.2	(38)%	**57.6**	86.2	(33)%
New sales	**11.6**	14.3	(19)%	**32.8**	39.3	(17)%
Catering, utilities and other consumable costs	**9.1**	7.0	30%	**31.5**	25.9	22%
Labour costs	**5.0**	3.9	28%	**18.3**	14.8	24%
Repairs and maintenance	**3.2**	4.7	(32)%	**14.5**	16.3	(11)%
Subleased equipment	**3.0**	3.8	(21)%	**14.2**	24.2	(41)%
Used fleet sales	**0.8**	4.2	(81)%	**10.1**	13.5	(25)%
Other direct costs	**2.7**	1.5	80%	**4.9**	3.8	29%
Rent expense - subleased properties	**0.3**	0.5	(40)%	**1.3**	1.5	(13)%
Fleet insurance	**0.1**	0.6	(83)%	**1.2**	2.4	(50)%
Total direct costs	**51.4**	65.7	(22)%	**186.4**	227.9	(18)%

Q4 2022 vs Q4 2021

Direct costs for the Quarter were $51.4 million, down 22% or $14.3 million from the Comparative Quarter primarily due to decreases in construction and transportation services as well as subleased activity and used and new fleet sales, partially offset by an increase in labour costs and catering, utilities and other consumables costs.

Gross profit for the Quarter was $37.6 million, up 24% or $7.2 million from the Comparative Quarter primarily due to increased rental, lodge services revenue and margins.

Year to Date 2022 vs 2021

Direct costs for the YTD were $186.4 million, down 18% or $41.5 million from the Prior YTD primarily due to decreases in construction and transportation services, subleased equipment, new and used fleet sales. This is partially offset by an increase in catering, utilities, other consumable costs and labour costs.

Gross profit for the YTD was $138.1 million, up 24% or $26.5 million from the Prior YTD primarily due to increased rental and lodge services revenue and margins.

[6] Gross Profit Margin is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

Administrative Expenses

($ millions, except as noted)	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Personnel costs	**11.4**	10.5	9%	**38.8**	35.7	9%
Other administrative expenses	**3.2**	1.9	68%	**11.4**	9.0	27%
Occupancy and insurance	**1.1**	0.6	83%	**4.0**	2.9	38%
Total administrative expenses	**15.7**	13.0	21%	**54.2**	47.6	14%
% of consolidated revenue	**17.6%**	13.5%	410 bps	**16.7%**	14.0%	270 bps

Other administrative expenses include costs related to professional services, office administration and communication, bad debts, travel and accommodation.

Q4 2022 vs Q4 2021

Total administrative expenses for the Quarter were $15.7 million, up 21% or $2.7 million from the Comparative Quarter.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the Quarter were $11.4 million, up 9% or $0.9 million from the Comparative Quarter due to increased salaries and wages tied to headcount and higher profit incentives.
- Other administrative expenses for the Quarter were $3.2 million, up 68% or $1.3 million from the Comparative Quarter primarily due to increases in bad debt expense, employee travel and entertainment, temporary contractors and advertising and promotion.
- Occupancy and insurance costs for the Quarter were $1.1 million, up 83% or $0.5 million from the Comparative Quarter primarily due to increases in insurance expense.

Year to Date 2022 vs 2021

Total administrative expenses for the YTD were $54.2 million, up 14% or $6.6 million from the Prior YTD.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the YTD were $38.8 million, up 9% or $3.1 million from the Prior YTD primarily due to increased headcount, and higher profit and sales incentives.
- Other administrative expenses for the YTD were $11.4 million, up 27% or $2.4 million from the Prior YTD primarily due to higher employee travel and entertainment, information technology, temporary consultants, and advertising and promotions.
- Occupancy and insurance costs for the YTD were $4.0 million, up 38% or $1.1 million from the Prior YTD primarily due to increases in insurance expense and occupancy costs.

Adjusted EBITDA

($ millions, except as noted)	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Adjusted EBITDA[1]	**22.0**	17.5	26%	**84.0**	64.0	31%
Adjusted EBITDA as a % of Revenue[1]	**24.7%**	18.2%	650 bps	**25.9%**	18.8%	710 bps

(1) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Adjusted EBITDA as a % of Revenue[7] will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as sales, non-rental and lodge services which generally yield a lower Adjusted EBITDA as a % of Revenue.

Q4 2022 vs Q4 2021

Adjusted EBITDA[7] for the Quarter was $22.0 million, up 26% or $4.5 million from the Comparative Quarter primarily due to a higher proportion of rental revenue which generates higher margins, as well as an increase in lodge services revenue and margin. These increases were partially offset by higher administrative expenses.

Year to Date 2022 vs 2021

Adjusted EBITDA for the YTD was $84.0 million, up 31% or $20.0 million from the Prior YTD primarily due to an increase in rental revenue and lodge service revenue and margins. This is further increased by a provision recognized in the Prior YTD relating to a customer dispute, partially offset by higher administrative expenses.

Depreciation and Amortization

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Depreciation and amortization	**8.6**	8.9	(3)%	**35.2**	35.2	—%

Q4 2022 vs Q4 2021

Depreciation and amortization for the Quarter was $8.6 million, down 3% or $0.3 million from the Comparative Quarter primarily due to a change in estimate for an asset retirement obligation relating to an asset that was fully depreciated, partially offset by increased depreciation as a result of a larger asset base due to the 2022 Acquisition.

Year to Date 2022 vs 2021

Depreciation and amortization for the YTD was $35.2 million which was consistent with the prior YTD.

Finance Costs

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Finance costs	**3.6**	1.7	112%	**8.9**	6.0	48%
Long-term debt	**226.9**	155.6	46%	**226.9**	155.6	46%
Average interest rate(1)	**5.00%**	2.23%	277 bps	**3.58%**	2.11%	147 bps

(1) Average interest rates do not include lease interest.

Q4 2022 vs Q4 2021

Finance costs for the Quarter were $3.6 million, up 112% or $1.9 million from the Comparative Quarter due to higher market interest rates on the Company's loan balance under its asset-based revolving credit facility (the "ABL Facility") that increased in connection with the 2022 Acquisition.

[7] Adjusted EBITDA as a % of Revenue is a non-GAAP ratio. Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Year to Date 2022 vs 2021

Finance costs for the YTD were $8.9 million, up 48% or $2.9 million from the Prior YTD due to higher market interest rates on the Company's loan balance under the ABL Facility that increased in connection with the 2022 Acquisition in the Quarter.

Income Tax

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	2021	Change	**2022**	2021	Change
Current tax expense	**0.1**	0.1	—%	**0.4**	0.1	300%
Deferred tax expense	**3.7**	(4.6)	180%	**11.5**	(1.9)	705%
Total tax expense	**3.8**	(4.5)	184%	**11.9**	(1.8)	761%

Q4 2022 vs Q4 2021

For the Quarter, Black Diamond recognized income tax expense of $3.8 million, an increase of $8.3 million from the Comparative Quarter. The tax expense in the Quarter is reflective of higher earnings in the Quarter coupled with the recognition of the deferred tax impact related to the impairment reversal as compared to the Comparative Quarter where a deferred tax asset was recognized relating to operating losses that were previously unrecognized. The tax provision has been calculated at the enacted tax rate of 24% in Canada, 25% in the U.S. and 30% in Australia.

Year to Date 2022 vs 2021

For the YTD, Black Diamond recognized income tax expense of $11.9 million, an increase of $13.7 million from the Prior YTD. The YTD tax expense is reflective of the YTD earnings, which increased deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 24% in Canada, 25% in the U.S. and 30% in Australia.

Non-Controlling Interest

The non-controlling interests ("NCI") represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership, the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership.

In connection with the acquisition of Vanguard Modular Building Systems (“Vanguard”), the Company's wholly owned subsidiary, BOXX Modular Holdings Inc. issued 867 preferred shares (the "Preferred Shares") for gross proceeds of approximately US$8.7 million (C$11.3 million). The Preferred Shares have been accounted for as a non-controlling interest within the consolidated financial statements of Black Diamond. In 2021, the Company redeemed 183 Preferred Shares for US$1.8 million (C$2.4 million). In 2022, the Company redeemed 684 Preferred Shares for US$6.8 million (C$8.9 million).

The Preferred Shares entitled the holders to a cumulative dividend of 7.0% per annum through to November 30, 2022, increasing by 1.0% per annum thereafter. If the dividend was not paid in cash at least quarterly, the cumulative dividend would increase to 9.0% per annum through to the end of the third year and increasing by 1.0% per annum thereafter. The declaration and payment of dividends was at the sole discretion of the Company and were required to be settled in cash. The amount payable per share was equal to the original price that the share was issued, plus any accrued but unpaid dividends. As at December 31, 2022, all Preferred Shares have been redeemed.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Non-controlling interest	**0.4**	0.4	—%	**1.9**	1.4	36%

Q4 2022 vs Q4 2021

The NCI for the Quarter was $0.4 million, consistent with the Comparative Quarter.

Year to Date 2022 vs 2021

The NCI for the YTD was $1.9 million, up $0.5 million from the Prior YTD due to an increase in profit earned through the limited partnerships.

Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Profit	**9.4**	10.7	(12)%	**26.4**	20.4	29%

Q4 2022 vs Q4 2021

Profit for the Quarter was $9.4 million, down 12% or $1.3 million from $10.7 million in the Comparative Quarter primarily due to the acquisition costs in the Quarter and the recognition of a deferred tax asset in the Comparative Quarter. This was partially offset by recognition of impairment reversal in Australia, as well as higher rental and lodge service revenue in the Quarter.

Year to Date 2022 vs 2021

Profit for the YTD was $26.4 million, an improvement of 29% or $6.0 million from the Prior YTD primarily due to an increase in rental and lodge services revenue and margins and impairment reversal on workforce assets in Australia. This was partially offset by higher deferred tax expense and administrative expenses during the YTD and the recognition of a deferred tax asset in the Prior YTD.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of financial measures including Return on Assets[8], revenue, profit, operating expenses and Adjusted EBITDA[8].

The following is a summary of the Company's segmented results for the three and twelve months ended December 31, 2022 and 2021, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

Revenues presented by segment in the tables below exclude inter-segment revenue.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	Change	2022	2021	Change
(in millions, except where noted)	$	$	%	$	$	%
Revenue						
Modular Space Solutions	**47.5**	51.0	(7)%	**170.7**	173.6	(2)%
Workforce Solutions	**41.5**	45.1	(8)%	**153.8**	166.0	(7)%
Total revenue	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%

Segmented Adjusted EBITDA

EBITDA presented by segment in the tables below exclude inter-segment EBITDA.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	Change	2022	2021	Change
(in millions, except where noted)	$	$	%	$	$	%
Adjusted EBITDA						
Modular Space Solutions	**14.3**	13.3	8%	**54.4**	46.8	16%
Workforce Solutions	**13.9**	9.7	43%	**50.5**	34.6	46%
Corporate and Other	**(6.2)**	(5.5)	(13)%	**(20.9)**	(17.4)	(20)%
Total Adjusted EBITDA	**22.0**	17.5	26%	**84.0**	64.0	31%

[8] Adjusted EBITDA is a non-GAAP financial measure. Return n Asset is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

MODULAR SPACE SOLUTIONS

MSS has a network of branches in key geographic areas across North America where we provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, classroom facilities, large multi-unit office complexes, lavatories, storage units, health care facilities, high security modular buildings, custom manufactured modular facilities and blast resistant structures. We provide delivery, installation, and dismantlement of these modules as support to the primary rental or sales equipment.

MSS provides ancillary products and services that are complementary to our modular buildings and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These value added products and services ("VAPS") include furniture rental, steps/ramps and landings, appliances, maintenance programs, utility services, disaster recovery programs, subleased equipment and more.

Our customers operate in the construction, education, government, and power and energy infrastructure industries. As a result of this diversity in the customer and geographic end markets, MSS generates steady cash flows from its recurring rental revenue.

Revenue

There are three revenue streams to which these assets contribute.

1. Rental: MSS provides assets to customers on a rental basis. Customers often renew units after the initial contract term expires on either a month to month or committed term basis. Rental often includes VAPS rental revenue when the ancillary equipment is owned by Black Diamond.

2. Sales: MSS complements its core, recurring rental revenue business with product sales. This sales activity is an extension of the asset rental business as many customers have long term or permanent projects where it may be more cost-effective to purchase rather than rent.

There are two categories of asset sales:

- Custom sales which involves the purchase of new units to customer specifications from our broad network of third-party manufacturers. Black Diamond will provide project management services including design work, procurement, installation, delivery, and other associated services. We do not purchase new custom units for resale unless we have already obtained a commitment from the customer.

- Used fleet sales of non-utilized assets have been both a profitable and cost-effective method to dispose of less desirable assets to finance the replenishment or upgrade of the rental fleet while generating free cash flow.

3. Non-rental: Non-rental revenue is derived from a number of services that are typically associated with the rental or sale of the Company's modular space assets, including the delivery, installation, pickup, dismantling of assets, and sublease of equipment. The Company provides these services to customers for an additional fee beyond the rental and sales costs. Also included are VAPS that are provided to our customers where we are performing a service or supplying equipment that is not owned by Black Diamond.

Financial Highlights

Rental revenue for MSS is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized unit rental rates. Rental rates will vary between projects and periods due to the size of the fleet unit types available, asset configuration, quantity, project location and contract duration.

Due to the diversity of our locations and customers we contract with, the recurring rental revenue in MSS is predictable and experiences consistently high margins. Non-rental and sales revenue, on the other hand, can fluctuate. The realized margins on non-rental and sales revenues are lower than margins for rental revenues due to the direct costs associated with non-rental revenue. As a result, changes in the mix between rental, non-rental and sales revenue, and the general variability in non-rental and sales revenue margins, can lead to fluctuations in Adjusted EBITDA as a % of Revenue(1) between periods.

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Stream ($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Rental revenue	**20.0**	16.1	24%	**72.1**	60.0	20%
Sales revenue	**15.7**	20.0	(22)%	**49.1**	56.8	(14)%
Non-rental revenue	**11.8**	14.9	(21)%	**49.5**	56.8	(13)%
Total revenue	**47.5**	51.0	(7)%	**170.7**	173.6	(2)%
Adjusted EBITDA(1)	**14.3**	13.3	8%	**54.4**	46.8	16%
Adjusted EBITDA as a % of Revenue(1)	**30.1%**	26.1%	400 bps	**31.9%**	27.0%	490 bps
Return on Assets(1)	**17.5%**	20.2%	(270) bps	**19.0%**	18.3%	70 bps

(1) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets 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.

VAPS as a % of Rental Revenue excluding VAPS Revenue is a non-GAAP ratio which is calculated as VAPS revenue divided by rental revenue excluding VAPS revenue. A reconciliation to rental revenue, the most comparable GAAP measure, is provided below. Black Diamond uses this ratio as a measure of operating performance. Management believes this ratio is an important supplemental measure to appraise the growth of ancillary products and services in proportion to the growth of rental revenue.

	Three months ended December 31,			Twelve months ended December 31,		
Value Added Products & Services ($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Rental revenue	**20.0**	16.1	24%	**72.1**	60.0	20%
Less:						
VAPS revenue within rental revenue	**1.1**	1.0	10%	**4.4**	3.6	22%
Rental revenue excluding VAPS revenue	**18.9**	15.1	25%	**67.7**	56.4	20%
VAPS revenue	**1.6**	1.5	7%	**6.8**	6.2	10%
VAPS as a % of Rental Revenue excluding VAPS Revenue	**8.5%**	10.0%	(150) bps	**10.0%**	11.0%	(100) bps

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Geography ($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
United States	**28.6**	35.9	(20)%	**105.8**	115.6	(8)%
Canada	**18.9**	15.1	25%	**64.9**	58.0	12%
Total revenue	**47.5**	51.0	(7)%	**170.7**	173.6	(2)%

Q4 2022 vs Q4 2021

MSS's total revenue for the Quarter was $47.5 million, down 7% or $3.5 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $20.0 million, up 24% or $3.9 million from the Comparative Quarter due to improved average rental rates and utilization, as well as an increase in units on rent and the rental revenue contribution from the 2022 Acquisition.
- **Sales revenue** during the Quarter was $15.7 million, down 22% or $4.3 million from the Comparative Quarter due to a decrease in custom and used fleet sales in the U.S. and eastern Canada which are variable in nature. This was partially offset by an increase in custom sales in western Canada.
- **Non-rental revenue** during the Quarter was $11.8 million, down 21% or $3.1 million from the Comparative Quarter, primarily due to lower installation revenue with fewer projects versus Comparative Quarter. Transportation revenue was higher than Comparative Quarter.

VAPS revenue within rental revenue during the Quarter was $1.1 million, up 10% from the Comparative Quarter. VAPS as a % of Rental Revenue excluding VAPS Revenue was 8.5%, down 150 basis points from the Comparative Quarter due to the addition of the 2022 Acquisition revenue mix, which historically did not have a significant focus on VAPS.

Adjusted EBITDA[9] for the Quarter of $14.3 million increased 8% or $1.0 million from the Comparative Quarter. Adjusted EBITDA as a % of Revenue[9] increased 400 basis points to 30.1% as compared to the Comparative Quarter. This was primarily due to increased rental revenue and revenue contribution from the 2022 Acquisition. Adjusted EBITDA as a % of Revenue increased due to a higher proportion of rental revenue which typically yields higher margins.

Return on Assets[9] for the Quarter was 17.5%, a decrease of 270 basis points to the Comparative Quarter. The diversified rental platform continues to benefit from strong utilization and increased average monthly rental rates per unit, which was offset by relatively lower returns related to the 2022 Acquisition.

Year to Date 2022 vs 2021

MSS's total revenue for the YTD was $170.7 million, down $2.9 million from the Prior YTD.

- **Rental revenue** for the YTD was $72.1 million, up 20% or $12.1 million from the Prior YTD due to improved average rental rates and utilization, as well as an increase in the size of the fleet and from inorganic and organic fleet growth.
- **Sales revenue** for the YTD was $49.1 million, down 14% or $7.7 million from the Prior YTD due to a decrease in custom and used fleet sales in U.S. and in eastern Canada which tends to be variable in nature. This was partially offset by an increase in custom sales in western Canada.
- **Non-rental revenue** for the YTD was $49.5 million, down 13% or $7.3 million from the Prior YTD primarily due to a decrease in installation revenue in the U.S. region, partially offset by an increase in transportation revenue in all regions.

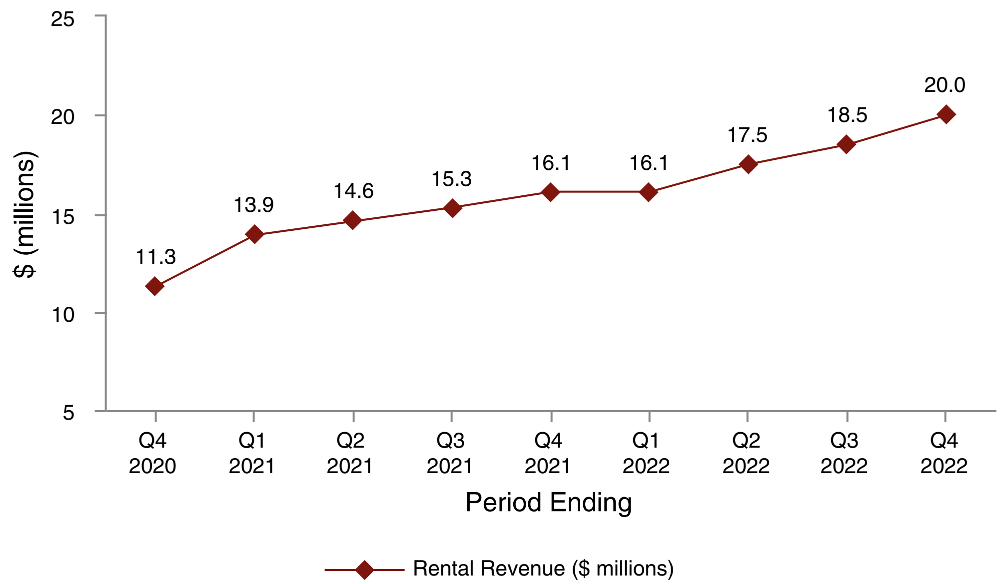
Adjusted EBITDA for the YTD was $54.4 million, which increased 16% or $7.6 million from the Prior YTD. Adjusted EBITDA as a % of Revenue increased 490 basis points to 31.9% as compared to the Prior YTD. This change was driven by higher rental revenue margins as well as a shift in the revenue mix to higher margin rental revenue. In addition, Adjusted EBITDA margins were also higher due to a provision recognized in the Prior YTD related to a customer dispute on one project.

Return on Assets for the YTD was 19.0% an increase of 70 basis points from the prior YTD.

[9] Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets 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.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (34% compound annual growth rate from Q4 2020 to Q4 2022).



Rental Term

Rental durations typically exceed the initial contract terms and are renewable on a month-to-month basis. The average duration of the MSS lease portfolio was 45.1 months as at December 31, 2022, an increase of 2.8 months from 42.3 months as at December 31, 2021.

Contracted Future Revenue

Contracted rental revenue for assets on rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations not yet satisfied at the reporting period. Assets on rent is comprised of only assets that are on rent on or before the reporting period.

Contracted rental revenue for assets on rent as at December 31, 2022 was $94.1 million an increase of $40.5 million or 76% from $53.6 million as at December 31, 2021. This increase is mainly driven by the 2022 Acquisition and the deployment of assets on longer duration contracts. Contracted rental revenue does not include rental contracts with a month to month term.

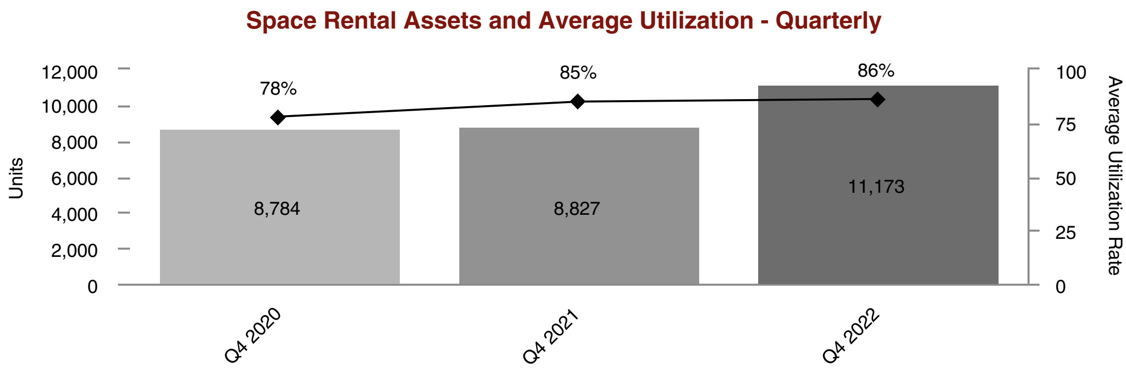
Space Rental Assets and Average Utilization

The MSS fleet consisted of 11,173 units as at December 31, 2022, which increased 27% from 8,827 units as at December 31, 2021. This was due to the addition of 2,625 new units, including 2,001 from the 2022 Acquisition and the acquisition of the fleet from Cambrian Trailer Rentals Ltd. ("Cambrian"), partially offset by the disposal of 279 units. Disposals were primarily driven by the selective disposal of less desirable units.

MSS Consolidated

MSS assets, utilization, and rates	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Property and equipment net book value ($ millions)(1)	**332.1**	246.1	35%	**332.1**	246.1	35%
Modular space assets	**11,173**	8,827	27%	**11,173**	8,827	27%
Average utilization(2)	**86.2%**	84.9%	130 bps	**84.9%**	83.8%	110 bps
Average monthly rental rate per unit	**$757**	$694	9%	**$746**	$673	11%

(1) Net book value of property and equipment is influenced by changes in foreign exchange rates.
(2) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.



Q4 2022 vs Q4 2021

Utilization for the Quarter was 86.2%, up 130 basis points from the Comparative Quarter.

The average monthly rental rate per unit has increased as compared to the Comparative Quarter by 9%, due to higher rates across all regions and favourable foreign exchange rates in the U.S.. On a constant currency basis, average monthly rental rate per unit increased 5% versus the Comparative Quarter. Excluding the impact of the fleet acquisition from Cambrian and the 2022 Acquisition, the average monthly rental rate per unit has increased by 17% versus the Comparative Quarter, or an increase of 13% on a constant currency basis.

Year to Date 2022 vs 2021

Utilization for the YTD was 84.9%, up 110 basis points when compared to Prior YTD.

The average monthly rental rate per unit has increased as compared to the Prior YTD by 11%, due to higher rates across all regions and favourable foreign exchange rates in the U.S.. On a constant currency basis, average monthly rental rate per unit increased 8% versus the Prior YTD. Excluding the impact of the fleet acquisition from Cambrian and the 2022 Acquisition, the average monthly rental rate per unit increased by 13% versus the Prior YTD or an increase of 10% versus the Prior YTD on a constant currency basis.

WORKFORCE SOLUTIONS

WFS provides workforce accommodation solutions including rental of accommodations and surface equipment, provision of full turnkey lodge services and provision of travel management logistics through LodgeLink. WFS operates in Canada, the U.S. and Australia.

The primary service offerings in WFS are asset rental, lodge services and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation, dismantle, sublease of third-party equipment, and the sale of used fleet assets.

The assets included in WFS are modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes, recreation facilities and single unit or multi-unit complexes. These assets are often necessary for operations related to power and energy infrastructure, oil and gas, government, construction, mining, education and other industries. On occasion these assets are supplied to open lodges which generate revenue based on occupancy. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

LodgeLink is a digital marketplace and ecosystem that enables customers to efficiently find, book, and manage their crew travel and accommodation needs through a rapidly growing network of hotel, remote lodge, and travel partners. The LodgeLink digital platform was created to solve and address the unique challenges associated with crew travel with a goal to remove inefficiencies at every step of the crew travel process from booking, to management, to payments. LodgeLink's vision is to be the ecosystem for workforce travel, while applying innovative technology to transform the crew travel process.

Revenue

There are four revenue streams to which these assets contribute.

1. **Rental:** WFS provides assets to customers on a rental basis. Rental contracts may be month to month or a term longer than a month for accommodation fleet assets and based on day rates for surface rental fleet assets. Rental is the core revenue stream and generates a higher margin in proportion to other revenue streams.

2. **Sales:** WFS sells new and used workforce accommodations, wellsite accommodations and surface equipment assets.

3. **Non-Rental:** WFS provides complete installation, delivery, maintenance services, catering services and subleased equipment. Installation and delivery of assets is typically associated with rental contracts or sales of new and used fleet, contracted on a lump sum basis. Catering contracts or sublease contracts are typically associated with a rental contract of workforce accommodations assets or wellsite accommodations assets. Also included in non-rental revenue is the revenue earned on room nights sold at third party lodges and hotels through LodgeLink. Non-rental margins are variable in nature and non-rental revenue is an auxiliary service to the rental revenue stream. Non-rental activity typically reduces once assets are installed and on rent.

4. **Lodge Services:** WFS typically generate revenue from the provision of full turnkey lodge services to our customers. Lodge services revenue is earned both at the Company's open lodges and at turnkey sites where the Company is providing accommodation assets and additional management or catering services for a dedicated customer camp. Lodge services revenue is earned on a day rate or days occupied basis.

Financial Highlights

The following is a summary of the key metrics used by management to assess performance. Revenue, Adjusted EBITDA[10], Adjusted EBITDA as a % of Revenue[10] and Return on Assets[10] are key financial measures which fluctuate in proportion to utilization, occupancy and rates.

Revenue by Stream ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Rental revenue	**13.3**	11.2	19%	**48.0**	38.0	26%
Sales revenue	**1.5**	5.7	(74)%	**10.3**	14.2	(27)%
Non-rental revenue	**14.2**	20.9	(32)%	**51.4**	85.1	(40)%
Lodge services revenue	**12.5**	7.3	71%	**44.1**	28.7	54%
Total revenue	**41.5**	45.1	(8)%	**153.8**	166.0	(7)%

Revenue by Geography ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Canada	**31.0**	23.9	30%	**109.8**	94.1	17%
United States	**3.4**	13.0	(74)%	**14.5**	40.9	(65)%
Australia	**7.1**	8.2	(13)%	**29.5**	31.0	(5)%
Total revenue	**41.5**	45.1	(8)%	**153.8**	166.0	(7)%

	Three months ended December 31,			**Twelve months ended December 31,**		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Adjusted EBITDA	**13.9**	9.7	43%	**50.5**	34.6	46%
Adjusted EBITDA as a % of Revenue	**33.5%**	21.5%	1200 bps	**32.8%**	20.8%	1200 bps
Return on Assets	**39.6%**	26.5%	1310 bps	**35.6%**	23.1%	1250 bps

Q4 2022 vs Q4 2021

Adjusted EBITDA increased in the Quarter to $13.9 million from $9.7 million, an increase of $4.2 million or 43% due to higher rental and lodge service revenue and margins. Adjusted EBITDA as a % of Revenue of 33.5% was above the Comparative Quarter due to a higher proportion of rental revenue which generates higher margins and improved margins in rental, non-rental, and lodge service.

Year to Date 2022 vs 2021

Adjusted EBITDA increased to $50.5 million from $34.6 million in the Prior YTD, an increase of $15.9 million or 46%, primarily due to higher rental, and lodge service revenue and improved margins, partially offset by a decrease in non-rental and sales revenue. Adjusted EBITDA as a % of Revenue of 32.8% was above the Prior YTD due to increasing margins in rental, lodge service, and non-rental revenue streams.

[10] Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets 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.

Rental

The following are key metrics used to measure and report on performance of WFS assets.

	Three months ended December 31,			Twelve months ended December 31,		
Average Asset Utilization[(1)]	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Canada	**50.5%**	42.3%	820 bps	**47.7%**	38.3%	940 bps
United States	**76.1%**	51.8%	2430 bps	**52.8%**	48.6%	420 bps
Australia	**89.5%**	87.5%	200 bps	**92.6%**	77.7%	1490 bps
Consolidated WFS average asset utilization	**61.9%**	49.5%	1240 bps	**54.8%**	44.6%	1020 bps

(1) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.

	As at December 31,		
Fleet Count (Units)	**2022**	**2021**	**Change**
Canada	**5,038**	5,317	(5)%
United States	**449**	450	—%
Australia	**1,207**	1,113	8%
	6,694	6,880	(3)%

	As at December 31,		
Consolidated Room Count by Geography	**2022**	**2021**	**Change**
Canada	**8,600**	9,581	(10)%
United States [(1)]	**635**	628	1%
Australia	**761**	1,173	(35)%
	9,996	11,382	(12)%

(1) Consolidated room count in the United States previously included occupants per unit. This has been updated to reflect room count as is presented for Canada and Australia.

	As at December 31,		
Net Book Value by Geography ($ millions)	**2022**	**2021**	**Change**
Canada	**90.0**	96.2	(6)%
United States	**30.0**	30.2	(1)%
Australia [(1)]	**25.3**	16.0	58%
	145.3	142.4	2%

(1) Includes non-cash impairment reversal of $6.3 million

Q4 2022 vs Q4 2021

Rental revenue for the Quarter was $13.3 million, up 19% or $2.1 million from the Comparative Quarter due to increased utilization in all regions and increased average rental rates in Canada and Australia. The increase in rental revenue is driven by a high volume of committed contracts signed in previous periods. Rental is the core revenue stream and generates a higher margin in proportion to other revenue streams.

Year to Date 2022 vs 2021

Rental revenue for the YTD was $48.0 million, up 26% or $10.0 million from the Prior YTD due to increased utilization in all regions and increased average rental rates in Canada and Australia. The increase in rental revenue is driven by a high volume of committed contracts signed in previous periods. Rental is the core revenue stream and generates a higher margin in proportion to other revenue streams.

Contracted Future Revenue

Contracted rental revenue for contracts in place is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations not yet satisfied as at the reporting period. The commencement date of the contracts in place include both contracts that commenced before the reporting period or in some instances contracts signed but which will commence in future reporting periods.

At December 31, 2022, contracted future rental revenue from contracts in place was $22.2 million, an increase of 14% or $2.7 million from December 31, 2021. The vast majority of rental contracts signed by WFS have a contracted term and are typically extended past their respective expiry date, usually on a month to month basis. Contracted rental revenue for contracts in place do not include rental contracts with a month to month term.

Sales

Q4 2022 vs Q4 2021

Sales revenue for the Quarter was $1.5 million, down 74% or $4.2 million from the Comparative Quarter primarily due to lower used fleet sales in all regions.

Year to Date 2022 vs 2021

Sales revenue during the YTD was $10.3 million, down 27% or $3.9 million from the Prior YTD due to lower used fleet sales in Canada and the U.S., partially offset by higher used fleet sales in Australia.

Non-Rental

Q4 2022 vs Q4 2021

Non-rental revenue for the Quarter was $14.2 million, down 32% or $6.7 million from the Comparative Quarter primarily due to a decrease in sublease activities in the U.S., a decrease in the installation of significant projects in Australia and the U.S. and a decrease in transportation revenue in the U.S. and Canada. This is offset by increased revenue from room nights sold in LodgeLink. Non-rental margins are variable in nature, and non-rental revenue is an auxiliary service to the rental revenue stream.

Year to Date 2022 vs 2021

Non-rental revenue for the YTD was $51.4 million, down 40% or $33.7 million from the Prior YTD due to the installation of significant projects in all regions in the Prior YTD, a decrease in sublease activity in the U.S. and a decrease in transportation revenue in U.S. and Canada. This is partially offset by increases in transportation and sublease activity in Australia, sublease activity in Canada and revenue from room nights sold in LodgeLink. Non-rental margins are variable in nature, and non-rental revenue is an auxiliary service to the rental revenue stream. The decrease in this revenue stream is driven by the installation and delivery phases of long term contracts which was recognized in the Prior YTD with a shift of these contracts to now yielding strong recurring rental revenue.

Lodge Services

Q4 2022 vs Q4 2021

Lodge services revenue for the Quarter was $12.5 million, up 71% or $5.2 million from the Comparative Quarter due to increased occupancy in the Quarter.

Year to Date 2022 vs 2021

Lodge services revenue for the YTD was $44.1 million, up 54% or $15.4 million from the Prior YTD due to increased occupancy.

LodgeLink

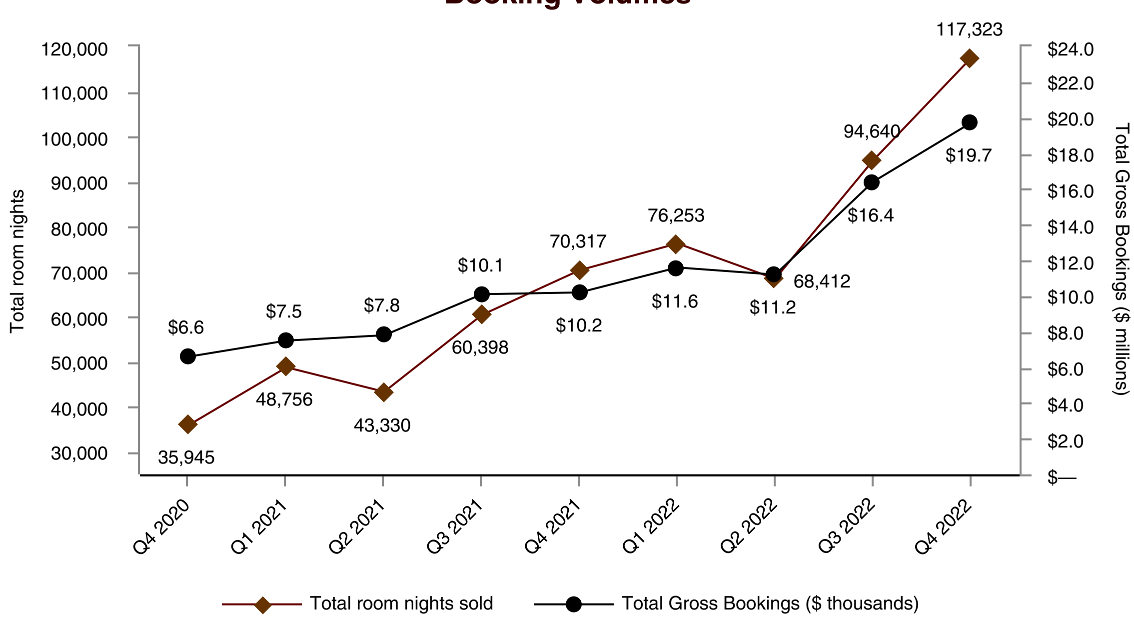
LodgeLink net revenue generated from bookings is typically based on a margin per room booked. When the room is booked in a third-party hotel or lodge the revenue is categorized as non-rental revenue and revenue from bookings at Black Diamond owned lodges is categorized as lodge services revenue.

	Three months ended December 31,			Twelve months ended December 31,		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Gross Bookings ($ millions)(1)	**19.7**	10.2	93%	**58.9**	35.5	66%
Net revenue ($ millions)	**2.4**	1.1	118%	**6.6**	3.8	74%
Net Revenue Margin(1)	**12.2%**	10.8%	140 bps	**11.2%**	10.7%	50 bps
Total room nights sold	**117,323**	70,317	67%	**356,328**	222,801	60%

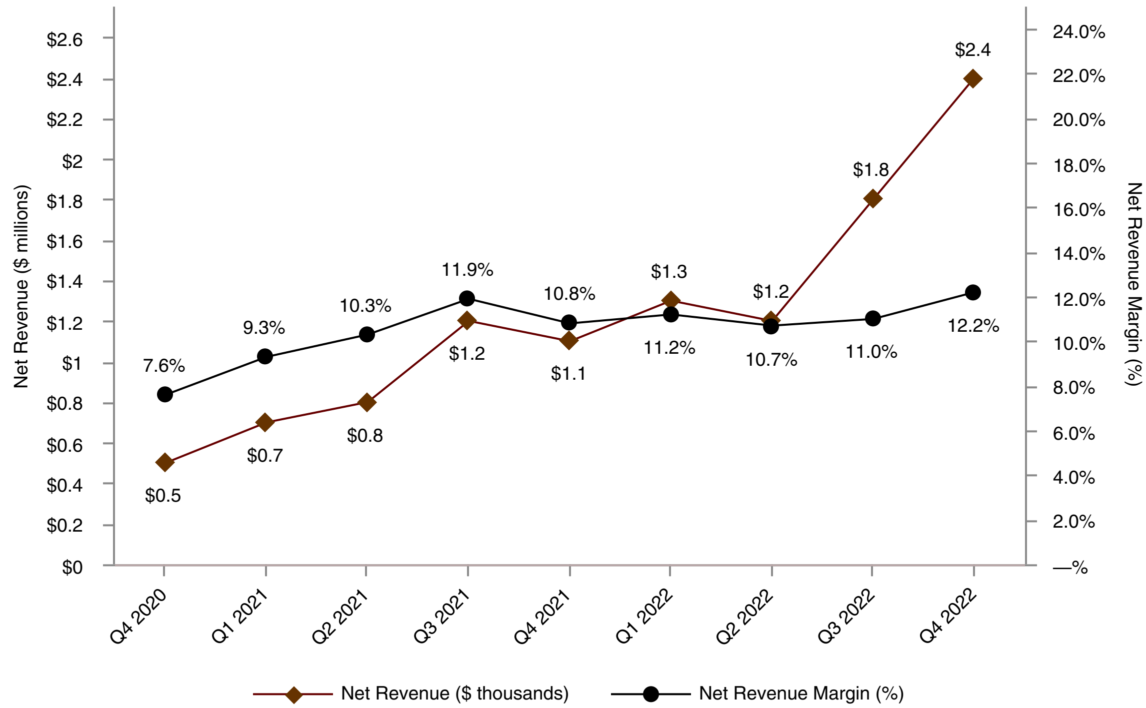
(1) Gross Bookings is a non-GAAP financial measure. Net Revenue Margin is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Record volumes were achieved in the Quarter for total room nights sold with volumes increasing 93% from the Comparative Quarter and Gross Bookings from U.S. properties doubling year over year. Record volumes in the Quarter were driven by emergency response crew bookings in Eastern Canada along with U.S. expansion and increased oilfield activity.

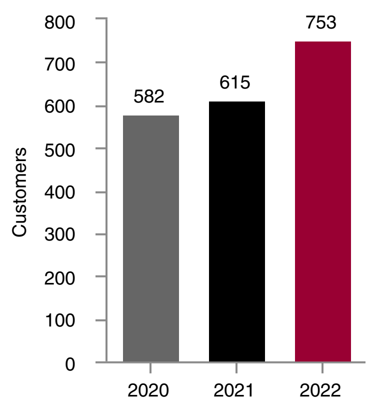
Booking Volumes



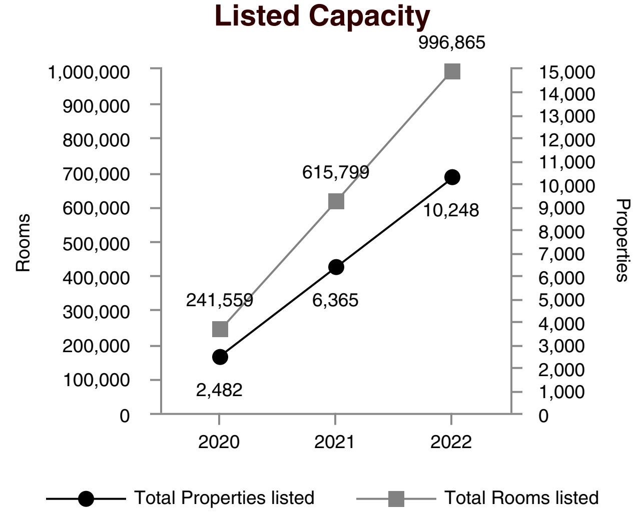
Net Revenue and Net Revenue Margin



As at December 31, Cumulative Corporate Customers



As at December 31, Listed Capacity



Cumulative corporate customers is a count of individual corporate customers that have booked with LodgeLink from the inception of the booking platform.

[11] Net Revenue Margin is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial ratio.

CORPORATE AND OTHER

The Corporate and Other business unit includes costs related to administrative activities that support all segments and other costs that cannot be readily allocated by segment such as tax, interest and certain administrative costs. Included in Corporate and Other are revenues generated from subleasing of real estate properties.

Financial Highlights

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Property and equipment net book value	**14.2**	16.0	(11)%	**14.2**	16.0	(11)%
Adjusted EBITDA(12)	**(6.2)**	(5.5)	(13)%	**(20.9)**	(17.4)	(20)%

Q4 2022 vs Q4 2021

Adjusted EBITDA[12] for the Quarter was negative $6.2 million, a decrease of 13% or $0.7 million compared to negative $5.5 million in the Comparative Quarter, due to higher incentives and increased personnel expenses.

Year to Date 2022 vs 2021

Adjusted EBITDA for the YTD was negative $20.9 million, a decrease of 20% or $3.5 million compared to negative $17.4 million in the Prior YTD due to higher personnel expenses with increased headcount and higher profit incentives, higher administrative expenses such as information technology and travel expense, and higher insurance expense.

[12] Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- MSS - space rental structures and ancillary equipment;
- WFS - workforce accommodation structures, ancillary equipment, surface rental equipment, space rental structures in Australia, and LodgeLink development costs; and
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $16.7 million (Comparative Quarter – $12.0 million) on additions to property and equipment and intangible assets. The expenditures on additions are set out in the table below.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
Modular Space Solutions	**12.8**	8.4	52%	**40.5**	27.4	48%
Workforce Solutions	**3.5**	2.2	59%	**12.8**	8.1	58%
Corporate and Other	**0.4**	1.4	(71)%	**0.9**	2.4	(63)%
	16.7	12.0	39%	**54.2**	37.9	43%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the consolidated statement of cash flows, are summarized in the following table:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**
Cash from operating activities	**6.4**	20.4	(69)%	**70.8**	71.1	—%
Cash used in investing activities	**(62.2)**	(5.7)	991%	**(101.9)**	(33.6)	203%
Cash from (used in) financing activities	**51.6**	(15.4)	435%	**34.5**	(36.6)	194%
Total cash increase (decrease)	**(4.2)**	(0.7)	(500)%	**3.4**	0.9	278%

Liquidity needs can be met through a variety of sources, depending on specific circumstances, including: available cash, cash generated from operations, drawdowns under the ABL Facility and the issuance of new equity or debt.

Cash provided by operating activities was $14.0 million lower in the Quarter than in the Comparative Quarter. This is largely due to an increase in non-cash working capital, partially offset by increased profit.

Cash used in investing activities in the Quarter was $56.5 million higher than in the Comparative Quarter and $68.3 million higher than in the Prior YTD. The increase in investing activities related to the 2022 Acquisition and an active capital program in 2022.

Cash provided by financing activities was $67.0 million higher than in the Comparative Quarter primarily due to draw downs under the ABL Facility in connection with the 2022 Acquisition in the Quarter.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2022	December 31, 2021	Change $	Change %
Current assets	**99.4**	76.0	23.4	31%
Current liabilities	**69.2**	66.3	2.9	4%
Working capital(1)	**30.2**	9.7	20.5	211%

(1) Working capital, a supplementary financial measure, is calculated as current assets minus current liabilities.

The increase in current assets of $23.4 million from December 31, 2021 was due to an increase in cash of $3.8 million, an increase in accounts receivable of $14.0 million and an increase in other assets of $5.6 million.

The increase in current liabilities of $2.9 million from December 31, 2021 was due to a $3.9 million increase in deferred revenue and a $0.4 million increase in current lease liabilities.

Contractual Obligations and Other Commitments

At December 31, 2022, Black Diamond had capital expenditure commitments in the amount of $22.3 million. Additionally, Black Diamond has a commitment of $29.5 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective December 23, 2022, the Company amended the ABL Facility to increase the size of the ABL Facility from a maximum of $300 million to a maximum of $325 million. The maturity date of the ABL Facility of October 31, 2026 remained the same and all other material terms remained the same.

The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the net orderly liquidation value of eligible rental fleet and qualified receivables, up to $325 million.

In addition, the Company has bank term loans that it assumed in connection with the 2022 Acquisition which have fixed interest rates ranging from 3.05% - 3.79%, mature between June 2025 and December 2026, and are secured by equipment.

For the three and twelve months ended December 31, 2022., the average interest rate on outstanding debt was 5.00% and 3.58%, respectively (2021 - 2.23% and 2.11%, respectively).

The Company uses debt to finance its business activities. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives.

Management believes that the ongoing management of cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, repayment of the ABL Facility, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and believes it has the ability to raise equity if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

During Q2 2021 and Q4 2021, the Company entered into risk management assets, or interest rate swap agreements, with the ABL Facility lending syndicate for an aggregate of $55.0 million with termination dates occurring between October 29, 2023 and October 29, 2026. On December 29, 2022, the Company entered into another interest rate swap agreement for an additional $25.0 million with a termination date of October 29, 2026. As at December 31, 2022, the total risk management asset was $2.9 million (December 31, 2021 - less than $0.1 million).

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a fixed charge coverage ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at December 31, 2022, the Company's draws under the ABL Facility amounted to 70% of the borrowing base of $322.0 million, therefore the FCCR covenant was not applicable.

As at December 31, 2022, Black Diamond was in compliance with all debt covenants.

Share Capital

At December 31, 2022, Black Diamond had 59.3 million (December 31, 2021 - 58.2 million) common shares outstanding, net of 1.0 million (December 31, 2021 - 1.2 million) held in trust to settle equity based compensation plans. In addition, at December 31, 2022, Black Diamond had 3.7 million (December 31, 2021 - 4.7 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at March 2, 2023 (in thousands):

Common shares (net of shares held in trust)	59,343
Common shares (held in trust)	1,033
Stock options	3,241
Restricted and performance share units	494

Off-Balance Sheet Arrangements

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

Contractual Obligations

The following table summarizes Black Diamond's total contractual obligations as at December 31, 2022:

		Payments due by period		
($ millions, except as noted)	Total	Less than 1 year	1 - 5 years	After 5 years
Long-term debt	228.1	0.3	227.8	—
Lease obligations	24.2	7.7	16.4	0.1
Commitments (1)	5.3	1.4	3.9	—
Capital commitments	22.3	22.3	—	—
Holdback payable (2)	2.5	0.8	1.7	
Total contractual obligations	**282.4**	**32.5**	**249.8**	**0.1**

(1) Black Diamond rents office and storage space, with associated maintenance and operating expenses, under multiple operating leases with varying expiration dates.

(2) Cash consideration for business combinations include $2.5 million which the Company will settle in equal annual payments over three years of which $0.8 million and $1.7 million are recorded in accounts payable and accrued liabilities and long-term payable respectively.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at December 31, 2022 relate to standard working capital accounts, credit facility items and risk management contracts.

Black Diamond is subject to both cash flow and interest rate risk on its long-term debt facilities. The required cash flow to service the Company's long-term debt facilities will fluctuate as a result of changes in market rates.

NON-GAAP FINANCIAL MEASURES

Black Diamond's consolidated financial statements have been prepared in accordance with IFRS. Non-GAAP financial measures are used to assist investors in understanding Black Diamond's operating results that may not be evident when relying solely on the GAAP financial measures. Black Diamond believes securities analysts, investors and other interested parties frequently use non-GAAP financial measures in the evaluation of the Company's results. Black Diamond uses non-GAAP financial measures to evaluate operating results from period to period, as internal reporting key performance indicators, and to determine elements of management compensation. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These non-GAAP financial measures include Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA as a % of Revenue, Net Debt, Net Debt to TTM Adjusted Leverage EBITDA, Funds from Operations, Free Cashflow, Gross Profit Margin, Return on Assets, Gross Bookings and Net Revenue Margin.

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, share-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down and impairment or impairment reversal of property and equipment, 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, the most comparable GAAP measure, is provided below.

Adjusted EBIT is Adjusted EBITDA less depreciation and amortization. Black Diamond uses Adjusted EBIT primarily as a measure of operating performance. Management believes that Adjusted EBIT is a useful measure for investors when analyzing ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that the Company's definition of Adjusted EBIT is consistent with that of other companies. As such, management believes that it is appropriate to consider both profit determined on a GAAP basis as well as Adjusted EBIT. A reconciliation to profit, the most comparable GAAP measure, is provided below.

Adjusted EBITDA as a % of Revenue is calculated by dividing Adjusted EBITDA by total revenue for the period. Black Diamond uses Adjusted EBITDA as a % of Revenue primarily as a measure of operating performance. Management believes this ratio is 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.

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 Return on Assets is a useful financial measure for investors in evaluating operating performance for the periods presented. When read in conjunction with our profit and property and equipment, two GAAP measures, this non-GAAP ratio 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, Adjusted EBIT, Adjusted EBITDA as a % of Revenue and Return on Assets:

($ millions, except as noted)	Three months ended December 31, 2022	2021	Change %	Twelve months ended December 31, 2022	2021	Change %
Profit	**9.4**	10.7	(12)%	**26.4**	20.4	29%
Add:						
Depreciation and amortization	**8.6**	8.9	(3)%	**35.2**	35.2	—%
Acquisition costs	**1.2**	—	100%	**1.2**	—	100%
Finance costs	**3.6**	1.7	112%	**8.9**	6.0	48%
Share-based compensation	**1.3**	1.0	30%	**4.8**	3.3	45%
Non-controlling interest	**0.4**	0.4	—%	**1.9**	1.4	40%
Current income taxes	**0.1**	0.1	—%	**0.4**	0.1	300%
Gain on sale of real estate assets	**—**	(0.7)	100%	**—**	(0.6)	100%
Deferred income taxes	**3.7**	(4.6)	180%	**11.5**	(1.8)	739%
Impairment reversal	**(6.3)**	—	100%	**(6.3)**	—	100%
Adjusted EBITDA	**22.0**	17.5	26%	**84.0**	64.0	31%
Less:						
Depreciation and amortization	**8.6**	8.9	(3)%	**35.2**	35.2	—%
Adjusted EBIT	**13.4**	8.6	56%	**48.8**	28.8	69%
Total revenue	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%
Adjusted EBITDA as a % of Revenue	**24.7%**	18.2%	650 bps	**25.9%**	18.8%	710 bps
Annualized multiplier	**4**	4				
Annualized adjusted EBITDA	**88.0**	70.0	26%	**84.0**	64.0	31%
Average net book value of property and equipment	**482.5**	423.0	14%	**443.6**	422.4	5%
Return on Assets	**18.5%**	16.5%	200 bps	**19.0%**	15.2%	380 bps

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

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 Leverage 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. Black Diamond uses this ratio primarily as a measure of operating performance and leverage. Management believes this ratio is 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. In the June 30, 2022 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.

($ millions, except as noted)	2022	2022	2022	2022	2021	2021	2021	2021	Change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Profit	9.4	9.0	4.0	4.0	10.7	5.7	1.3	2.7	
Add:									
Depreciation and amortization	8.6	9.2	8.8	8.6	8.9	9.4	8.8	8.1	
Acquisition costs	1.2	—	—	—	—	—	—	—	
Finance costs	3.6	2.1	1.7	1.5	1.7	1.5	1.6	1.3	
Share-based compensation	1.3	1.3	1.1	1.2	1.0	1.0	0.8	0.6	
Non-controlling interest	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.2	
Current income taxes	0.1	—	0.4	—	0.1	—	—	—	
Gain on sale of real estate assets	—	—	—	—	(0.7)	—	—	—	
Deferred income taxes	3.7	3.9	1.7	2.1	(4.6)	1.7	0.6	0.4	
Impairment reversal	(6.3)	—	—	—	—	—	—	—	
Adjusted EBITDA	22.0	26.0	18.2	17.9	17.5	19.7	13.5	13.3	
Acquisition pro-forma adjustments(1)	0.5	2.3	2.2	1.5	—	—	—	—	
Adjusted Leveraged EBITDA	22.5	28.3	20.4	19.4	17.5	19.7	13.5	13.3	
TTM Adjusted Leverage EBITDA	90.6				64.0				42%
Long-term debt	226.9				155.6				46%
Current portion of long-term debt(2)	0.3				—				100%
Cash and cash equivalents	8.3				4.6				80%
Net Debt	218.9				151.0				45%
Net Debt to TTM Adjusted Leverage EBITDA	2.4				2.4				—%

(1) Includes pro-forma pre-acquisition EBITDA estimates as if the acquisition occurred on January 1, 2022.
(2) Current portion of long-term debt relating to the payments due within one year on the bank term loans assumed as part of the 2022 Acquisition.

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:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Cash Flow from Operating Activities	**6.4**	20.4	(69)%	**70.8**	71.1	—%
Add/(Deduct):						
Change in other long-term assets	**0.1**	(0.2)	150%	**(0.6)**	(0.7)	14%
Change in non-cash operating working capital	**14.5**	1.4	936%	**20.8**	6.2	235%
Funds from Operations	**21.0**	21.6	(3)%	**91.0**	76.6	19%
Add/(deduct):						
Maintenance capital	**(2.6)**	(2.4)	(8)%	**(7.7)**	(9.3)	17%
Payment for lease liabilities	**(1.8)**	(1.6)	(13)%	**(6.7)**	(6.2)	(8)%
Interest paid (including lease interest)	**(3.2)**	(1.4)	(129)%	**(8.4)**	(5.7)	(47)%
Net current income tax expense (recovery)	**0.1**	0.1	—%	**0.4**	0.1	300%
Net current income taxes received (paid)	**—**	0.1	(100)%	**—**	0.1	(100)%
Dividends paid on common shares	**(0.9)**	(0.7)	(29)%	**(3.4)**	(0.7)	(386)%
Distributions declared to non-controlling interest	**(0.3)**	(0.1)	(200)%	**(0.9)**	—	(100)%
Dividends paid to preferred shareholders	**(0.1)**	(0.2)	50%	**(0.5)**	(0.6)	17%
Free Cashflow	**12.2**	15.4	(21)%	**63.8**	54.3	17%

Gross Profit Margin is a non-GAAP financial measure which is calculated by dividing gross profit, a GAAP measure calculated as total revenue less direct costs, by total revenue for the period. Management believes this ratio is an important supplemental measure of the Company's performance and believes this ratio is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Reconciliation of Gross Profit to Gross Profit Margin:

($ millions, except as noted)	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Total revenue	**89.0**	96.1	(7)%	**324.5**	339.6	(4)%
Direct costs	**51.4**	65.7	(22)%	**186.4**	228.0	(18)%
Gross profit	**37.6**	30.4	24%	**138.1**	111.6	24%
Gross Profit Margin	**42.2%**	31.6%	1060 bps	**42.6%**	32.9%	970 bps

Gross Bookings, a non-GAAP measure, is total revenue billed to the customer which includes all fees and charges. Net revenue, a GAAP measure, is Gross Bookings less costs paid to suppliers. Revenue from bookings at third party lodges and hotels through LodgeLink are recognized on a net revenue basis. LodgeLink is an agent in the transaction as it does not control the service provided by a supplier. Management believes this ratio is an important supplemental measure of LodgeLink's performance and cash generation and believes this ratio is frequently used by interested parties in the evaluation of companies in industries with similar forms of revenue generation.

Net Revenue Margin is calculated by dividing net revenue by Gross Bookings for the period. Management believes this ratio is an important supplemental measure of LodgeLink's performance and profitability and believes this ratio is frequently used by interested parties in the evaluation of companies in industries with similar forms revenue generation where companies act as agents in transactions.

Reconciliation of Net Revenue to Gross Bookings and Net Revenue Margin:

($ millions, except as noted)	Three months ended December 31, 2022	2021	Change	Twelve months ended December 31, 2022	2021	Change
Net revenue(1)	**2.4**	1.1	118%	**6.6**	3.8	74%
Costs paid to suppliers(1)	**17.3**	9.1	90%	**52.3**	31.7	65%
Gross Bookings(1)	**19.7**	10.2	93%	**58.9**	35.5	66%
Net Revenue Margin	**12.2%**	10.8%	140 bps	**11.2%**	10.7%	50 bps

(1) Includes intercompany transactions.

Readers are cautioned that the non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of Black Diamond's performance or cash flows, a measure of liquidity or as a measure of actual return on the shares of Black Diamond. These non-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RELATED PARTY TRANSACTIONS

Related parties include the limited partners of the limited partnerships and entities controlled by members of the board of directors. The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand. The amounts due to other related parties are unsecured and are payable in cash.

The following table provides the total amount of transactions that have been entered into with related parties during the three months and twelve months ended December 31, 2022 and 2021, as well as balances with related parties as at December 31, 2022 and 2021.

	Three months ended December 31,		Twelve months ended December 31,		Due to related parties as at	
	2022	2021	**2022**	2021	**December 31, 2022**	December 31, 2021
($ millions, except as noted)	**$**	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**715**	385	**2,389**	1,096	**(596)**	(414)
Other related parties						
Purchases of goods and services[1]	**184**	60	**336**	133	**—**	—

(1) Services purchased from the entity controlled by a member of the board of directors had a fair value of $336 for the year ended December 31, 2022 (December 31, 2021 - $133). Services include sublease and servicing of generators and fuel tanks.

Key Management Personnel Compensation

	Twelve months ended December 31,	
	2022	2021
Key Management Personnel Compensation	**$**	$
Salaries, bonuses, fees and other short-term employee benefits	**5,256**	**4,850**
Share-based compensation	**3,357**	**1,642**
Total Compensation	**8,613**	**6,492**

The Company has defined key management personnel as senior executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table above are the amounts recognized as an expense during the year related to key management personnel.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2022 which is available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at December 31, 2022, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the effectiveness of the design and operation of the Company's DC&P. Based on this evaluation, the CEO and the CFO have concluded that, as at December 31, 2022, our DC&P, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), was effectively designed.

Internal control over financial reporting

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design Black Diamond's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2022, our ICFR (as defined in NI 52-109) were effective.

On October 31, 2022, Black Diamond completed the 2022 Acquisition. The results of the acquired company have been included in the consolidated financial statements of the Black Diamond since October 31, 2022. However, Black Diamond has not had sufficient time to appropriately assess the DC&P and ICFR previously used by the acquired company and integrate them with those of Black Diamond. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude controls, policies, and procedures of the acquired company. Black Diamond has a program in place to complete the assessment of the controls, policies, and procedures of the acquired operation by October 31, 2023. During the three months ended December 31, 2022, the assets of the acquired company contributed revenues of $1.7 million and profit of $0.5 million to the Company.

Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2022. Based on this evaluation, the officers concluded that as of December 31, 2022, Black Diamond maintained effective ICFR.

Changes in internal control over financial reporting

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on October 1, 2022 and ended on December 31, 2022 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR.

It should be noted that a control system, including Black Diamond's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2022 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is assessed annually for impairment. Property and equipment and intangible assets are reviewed for indicators of impairment and impairment reversal whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or if impairment loss recognized previously may no longer exist. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment. Judgement is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property and equipment, goodwill and definite life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Modular Space Solutions Canada East ("MSS Canada East"), Modular Space Solutions Canada West ("MSS Canada West"), Modular Space Solutions US ("MSS US"), Workforce Solutions - Canada ("WFS-Canada"), Workforce Solutions - United States ("WFS-US"), Australia - Workforce Accommodations, Australia - Space Rentals and LodgeLink ("LL").

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the fleet, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities. The Company applies judgement on/with respect to/in determining the realization of future benefits from deferred tax assets using available evidence about future events, together with future tax planning strategies.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12, *Disclosure of interests in other entities* for Black Diamond's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue recognition

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred.

Impairment and impairment reversal of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its FVLCD and its VIU. An impairment reversal exists when an impairment loss recognized in prior periods may no longer exist or may have decreased and the recoverable amount exceeds carrying value, after adjusting for depreciation that would have otherwise been taken had the original impairment not occurred. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilization during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with land leases held by the Company. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Business combination

Accounting for business combinations requires estimates of fair value for the consideration transferred, assets acquired and liabilities assumed. The Company uses all available information, including third party valuations and appraisals where applicable, to determine these fair values. Changes in estimates of fair value due to additional information related to facts and circumstances that existed at the acquisition date could impact the amount of goodwill recognized. The Company has up to one year from the acquisition date to finalize its determination of fair values for a business combination if needed.

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements include accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, useful lives of intangible assets, and the estimated fair value of share based awards at grant date. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share-based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

If the underlying estimates and assumptions upon which the consolidated financial statements are based change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.