MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2023 and 2022

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, 2023 (the "Quarter") with the three months ended December 31, 2022 (the "Comparative Quarter") and the twelve months ended December 31, 2023 (the "Year") with the twelve months ended December 31, 2022 (the "Prior Year"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022. 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, 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 February 29, 2024 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, 2023, may be found on the Black Diamond website at www.blackdiamondgroup.com or Black Diamond's profile on the System for Electronic Data Analysis and Retrieval+ ("SEDAR+") at www.sedarplus.com.

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, opportunities in different geographic areas, opportunities for organic investment, the sales and opportunity pipeline, expectations for asset sales, payment of the Company's quarterly dividends, 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, expectations for demand and growth in the Company’s operating and customer segments, the expected rate environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, liquidity demands and sources, ongoing contractual terms and debt obligations, liquidity, working capital and other requirements, sources and use of funds, economic life of the Company's assets, expected implementation of a new Enterprise Resource Planning ("ERP") system, expected length of existing contracts and future growth and profitability of the Company. With respect to the forward-looking statements in this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, the future rate environment, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, timing and cost estimates of ERP, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this 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, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond’s annual information form for the year ended December 31, 2023 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 2023

- Generated consolidated revenue of $393.5 million and Adjusted EBITDA[1] of $106.6 million for the Year, up 21% and up 27% from Prior Year, respectively.
- Consolidated rental revenue of $145.0 million was up 21% from the Prior Year.
- The Company's consolidated contracted future rental revenue at the end of the Year was $136.4 million, up $20.1 million or 17% from the Prior Year. Modular Space Solutions ("MSS") contracted future rental revenue for units on rent was $101.8 million at the end of the Year, up 8% from the Prior Year. Workforce Solutions ("WFS") contracted future rental revenue for contracts in place was $34.6 million at the end of the Year, up 56% from the Prior Year.
- MSS generated record rental revenue and Adjusted EBITDA of $85.4 million and $72.7 million, respectively, up 18% and 34% from the Prior Year.
- WFS rental revenue and Adjusted EBITDA were $59.6 million and $59.1 million, respectively, up 24% and 17% from the Prior Year.
- LodgeLink continued to scale and generated record net revenue of $9.8 million, up 48% from the Prior Year. Gross Bookings[1] of $78.4 million grew 33% from the Prior Year while total room nights sold for the Year were up 18% from the Prior Year.
- Gross capital expenditures for the Year were $69.1 million compared to $54.2 million in the Prior Year. This included $56.9 million of capital investment into organic growth, $3.9 million for LodgeLink software development, and $8.3 million for sustaining capital expenditures. Proceeds from fleet sales were $22.5 million.
- Long-term debt and Net Debt[1] were $190.4 million and $184.2 million, respectively, at the end of the Year. Continued positive Free Cashflow[1] decreased long-term debt and Net Debt by $36.5 million and $34.7 million, respectively, from December 31, 2022. Net Debt to trailing twelve month ("TTM") Adjusted Leverage EBITDA[1] of 1.7x is now just below the Company's target range of 2.0x to 3.0x while available liquidity was $142.6 million at the end of the Year.
- Profit for the Year was $30.4 million, up 15% from the Prior Year and consolidated Return on Assets[1] for the Year was 19.6%, up 60 basis points from Prior Year.
- Diluted earnings per share for the Year was $0.49, up 11% compared to $0.44 for the Prior Year. The Prior Year included a one-time non-cash impairment reversal related to Australian assets of $6.3 million, or $4.4 million and $0.07 per share after tax. Excluding the impact of that reversal, 2023 diluted earnings per share of $0.49 is up nearly 32%.
- Since re-instating the dividend in 2021, the Company has announced three dividend increases, with the most recent occurring in the fourth quarter of 2023. In the Year, Black Diamond returned over $4.8 million dollars to shareholders in the form of dividends, which accounted for approximately 4% of Funds from Operations[1], leaving ample financial flexibility for continued growth.

[1]Adjusted EBITDA, Net Debt, Gross Bookings, Net Debt, Free Cashflow, and Funds from Operations are non-GAAP financial measures. Net Debt to TTM Adjusted Leverage EBITDA 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.

Key Highlights from the Quarter

- Consolidated rental revenue of $36.0 million and Adjusted EBITDA[2] of $26.1 million were up 8% and 19% from the Comparative Quarter, respectively.
- MSS rental revenue for the Quarter of $22.0 million was up 10% from the Comparative Quarter. MSS Adjusted EBITDA of $17.3 million, increased 21% from the Comparative Quarter.
- MSS average monthly rental rate per unit (excluding the impact from acquisitions made in 2022) increased 9% from the Comparative Quarter.
- WFS rental revenue and WFS Adjusted EBITDA for the Quarter were $14.0 million and $14.7 million, up 5% and 6% respectively from the Comparative Quarter despite the conclusion of two large-scale pipeline contracts, with those assets being off rent for most of the Quarter.
- LodgeLink net revenue grew 8% from the Comparative Quarter, to $2.6 million, generating Net Revenue Margins[2] of 13.3%. LodgeLink also reported 101,726 room nights sold in the Quarter, a 13% decrease from the Comparative Quarter.
- Capital investment into organic growth was $11.7 million, while maintenance capital for the Quarter was $2.2 million. Rental asset additions have been primarily deployed on projects with long-term contracts at rental rates that meet or exceed the Company's hurdle rates.
- Funds from Operations[2] of $30.1 million and Free Cashflow[2] of $20.5 million for the Quarter were up 43% and 68%, respectively from the Comparative Quarter.
- Profit for the Quarter of $7.8 million decreased 17% from the Comparative Quarter.
- Subsequent to the end of the Quarter, the Company declared a first quarter dividend of $0.03 payable on or about April 15, 2024 to shareholders of record on March 31, 2024.

[2] Adjusted EBITDA, Funds from Operations and Free Cashflow are non-GAAP financial measures. 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.

OUTLOOK

Black Diamond's diversified, specialty rental platform continues to benefit from strong contract coverage, supportive macro tailwinds, and a pipeline of attractive growth opportunities in North America and Australia. Management remains focused on growing the Company's high margin, recurring rental revenue while reinvesting strong organically generated cashflows to further compound shareholder value.

MSS rental revenue of $22.0 million was up 10% from the Comparative Quarter. Strong results were driven by robust utilization, targeted fleet growth and a supportive rate environment. The Company continues to see healthy demand and additional opportunities in its core education and infrastructure customer segments which have driven MSS contracted future rental revenue to reach $101.8 million with an average duration of 51.9 months at the end of the Quarter. Management continues to expect healthy demand for rental assets across the platform to drive continued rental and ancillary revenue growth in 2024 and beyond.

WFS continues to generate strong returns, with Return on Assets[3] of 39% for the Quarter, as the Company benefits from successful efforts to right-size the fleet and diversify its customer base by both geography and end-market. Despite the conclusion of two large-scale pipeline projects during the Quarter, which drove utilization down to 60% from 70% in the Comparative Quarter, Adjusted EBITDA[3] of $14.7 million for the Quarter was 6% higher from the Comparative Quarter, driven by a 5% increase in rental revenue as average realized rates improve. The WFS segment also ended the Quarter with $34.6 million of contracted future rental revenue, a 56% increase from the Comparative Quarter. The sales pipeline and opportunity set remain healthy and management expects a resumption of year-over-year growth in WFS in late 2024 as assets are redeployed in today's generally more constructive rate environment when compared to rental rates several years ago.

The Company continues to see positive momentum in LodgeLink, with Gross Bookings[3] and net revenue for the Year growing 33% and 48% from the Prior Year levels, respectively. Net Revenue Margins[3] have also continued to improve and are up 120 basis points year over year, reaching 12.4% in the Year and 13.3% in the Quarter as additional revenue streams have been introduced. Management continues to believe that LodgeLink is well-positioned for ongoing growth to service a significant North American addressable market for workforce travel. Today, LodgeLink services an expanding base of corporate customers with the support of our supply partners that represent over 1.4 million rooms of capacity across North America.

Given the strong growth rates experienced over the last several years across the platform, management began and largely completed work around a corporate structure reorganization during the Quarter, in preparation for an Enterprise Resource Planning ("ERP") system implementation. The Company expects to transition LodgeLink onto a new ERP system during the second quarter of 2024 and is working towards a planned transition for its asset rental businesses into 2025. Management remains focused on growing and compounding the Company's high-margin, recurring rental revenue streams. We believe the outlook for 2024 remains constructive and is supported by a strong sales and opportunity pipeline in both MSS and WFS, with LodgeLink expected to continue on its path of rapid scaling.

[3] Adjusted EBITDA and Gross Bookings are non-GAAP financial measures. Net Revenue Margin 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.

FINANCIAL REVIEW

- Revenue for the Quarter was $103.4 million, up 16% or $14.4 million from $89.0 million in the Comparative Quarter mainly due to increases in rental and non-rental revenue for both MSS and WFS.

- Adjusted EBITDA[4] for the Quarter was $26.1 million, up 19% or $4.1 million from $22.0 million in the Comparative Quarter primarily due to higher revenue, partially offset by higher administrative expenses and finance costs.

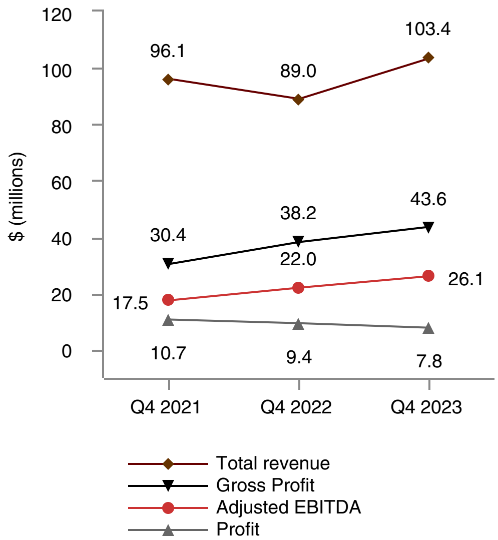
- Administrative expenses rose nearly $2.8 million during the Quarter due to inflationary pressures and incremental professional fees relating to non-recurring corporate structure reorganization costs of $1.5 million incurred in preparation of a new ERP system. However, administrative expenses as a percentage of gross profit remained relatively consistent with the Comparative Quarter.

- Profit for the Quarter was $7.8 million, down 17% or $1.6 million from $9.4 million in the Comparative Quarter. The Comparative Quarter included a one-time non-cash impairment reversal related to Australian assets of $6.3 million.

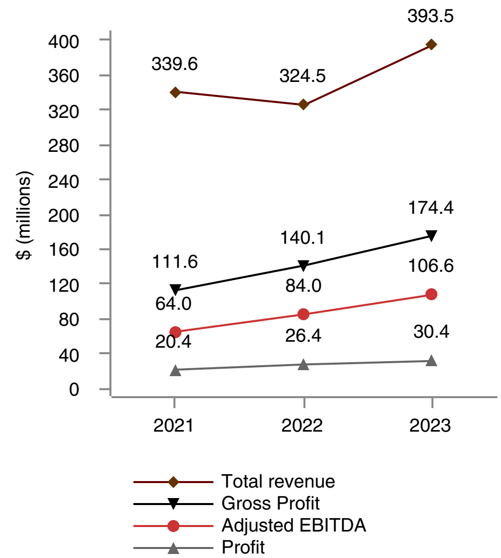
- The Company exited the Quarter with a Net Debt to TTM Adjusted Leverage EBITDA[4] ratio of 1.7x (December 31, 2022 - 2.4x).

[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.

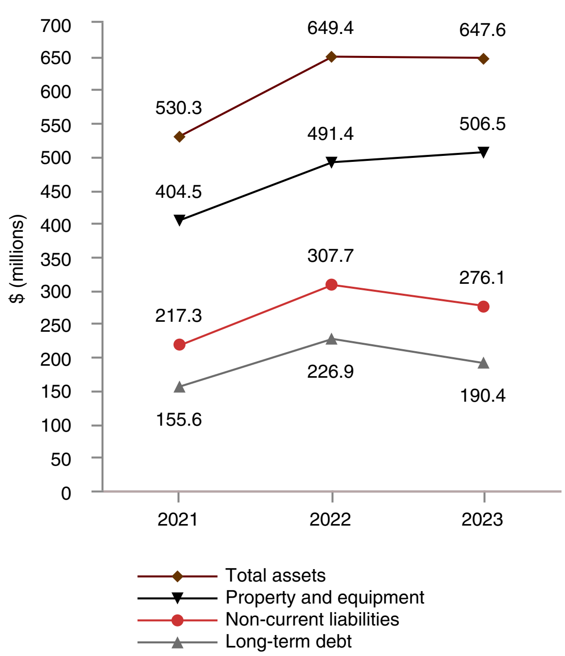
Three Months Ended December 31, Financial Highlights



Twelve Months Ended December 31, Financial Highlights



As at December 31, Financial Highlights



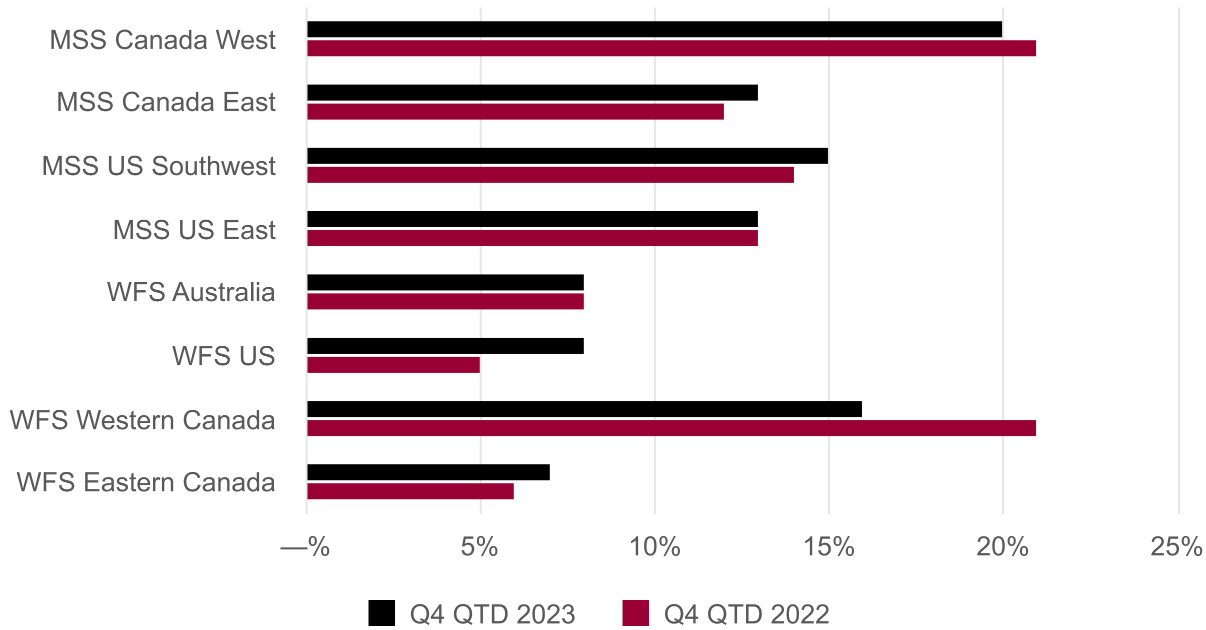
[5] Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Geographic Revenue Segmentation

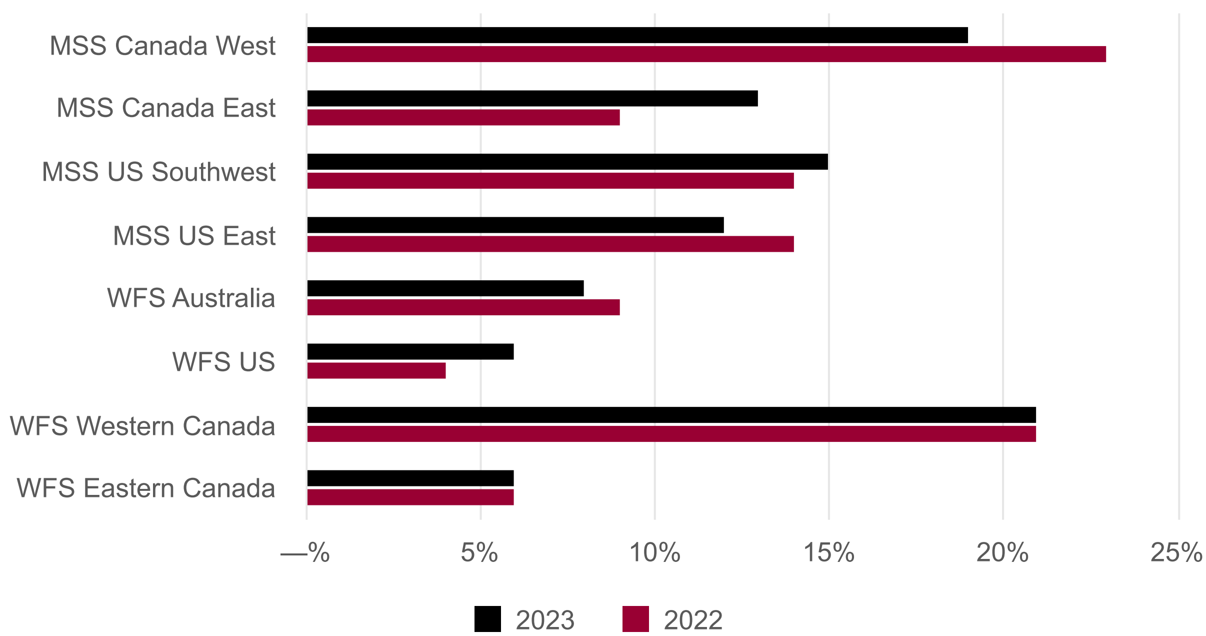
($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Revenue						
Canada	**54.7**	49.9	10%	**205.1**	174.7	17%
United States	**36.3**	32.0	13%	**147.1**	120.3	22%
Australia	**12.4**	7.1	75%	**41.3**	29.5	40%
Total	**103.4**	89.0	16%	**393.5**	324.5	21%

Percentage of total revenue	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Revenue						
Canada	**52.9%**	56.0%	(310) bps	**52.1%**	53.8%	(170) bps
United States	**35.1%**	36.0%	(90) bps	**37.4%**	37.1%	30 bps
Australia	**12.0%**	8.0%	400 bps	**10.5%**	9.1%	140 bps
Total	**100.0%**	100.0%	—	**100.0%**	100.0%	—

QTD Rental Revenue by Geography

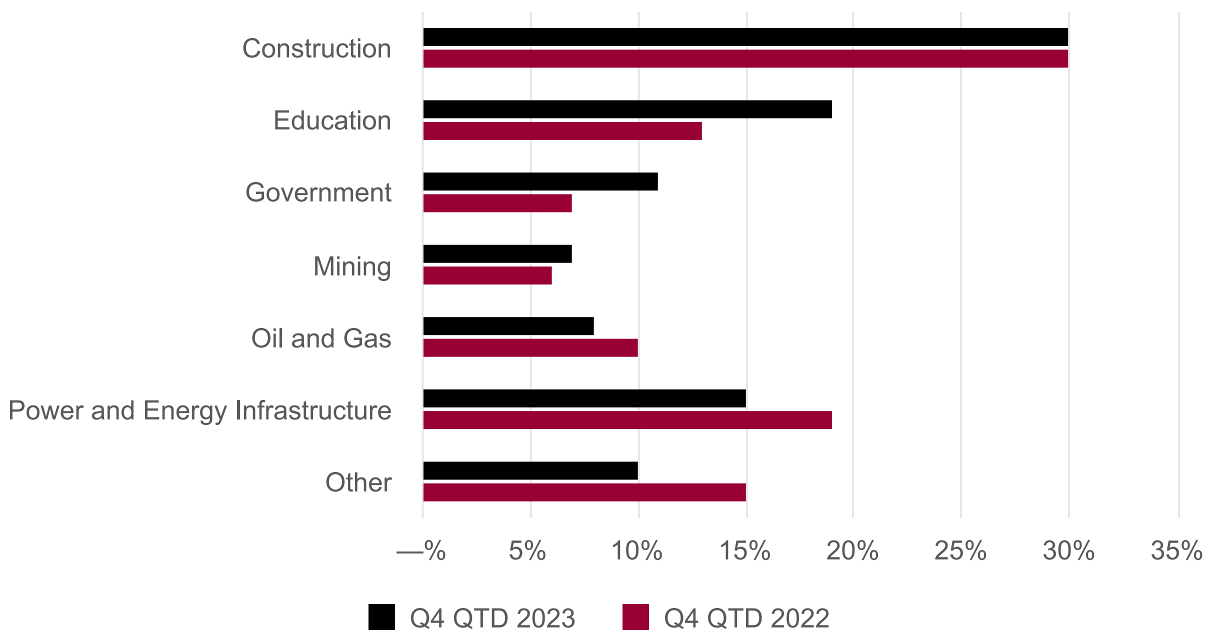


Year Rental Revenue by Geography

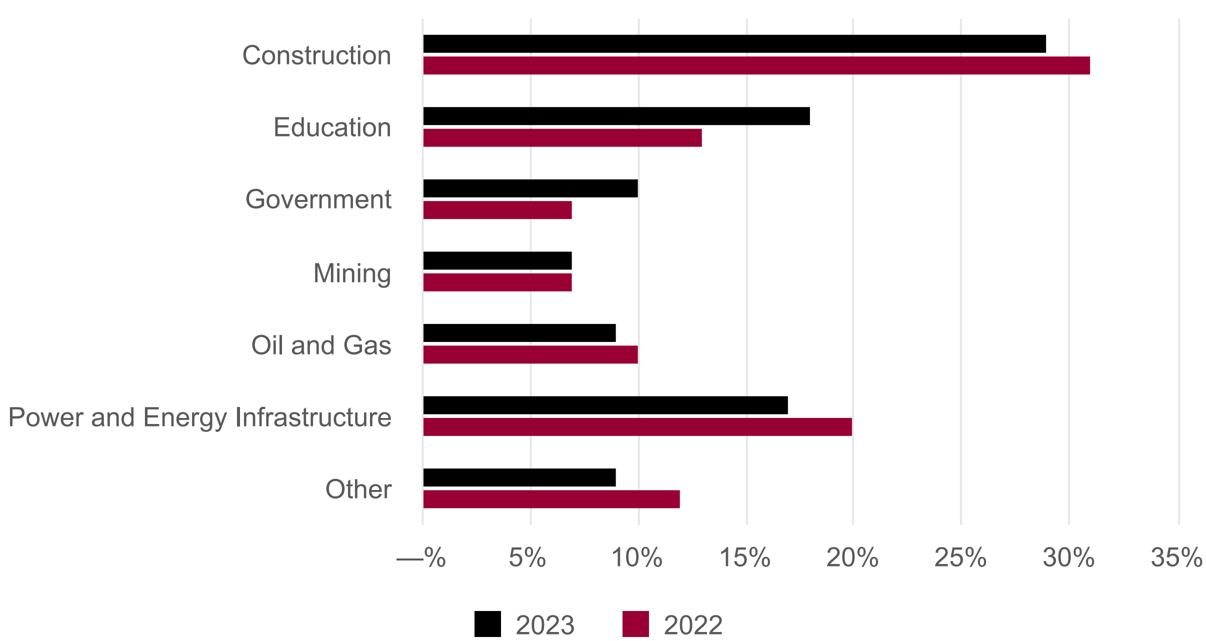


Rental revenue continues to balance more evenly across the operating regions, providing increasing geographic diversification.

QTD Rental Revenue by Industry



Year Rental Revenue by Industry



Rental revenue from education has become a larger component of the diversified industry mix with the acquisition made in the fourth quarter 2022.

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,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
($ millions, except as noted)	**$**	**$**	**%**	**$**	**$**	**%**
Total capital expenditures	**13.9**	16.7	(17)%	**69.1**	54.2	27%
Used fleet sales revenue	**8.8**	2.6	238%	**22.5**	17.2	31%
Net Capital Expenditures	**5.1**	14.1	(64)%	**46.6**	37.0	26%
Maintenance capital	**2.2**	2.6	(15)%	**8.3**	7.7	8%
Capital commitments	**31.3**	22.3	40%	**31.3**	22.3	40%

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, CLM, MPA Systems, and Schiavi, owns a large rental fleet of modular buildings of various types and sizes. Its network of local branches rent, sell, service, and provide ancillary products and services to a diverse customer base in the construction, industrial, education, financial, and government sectors.

WFS owns a large rental fleet of modular accommodation assets of various types. 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.

Our head office is located at Suite 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, Canada T2P 5E9.

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 primarily of remote workforce accommodation and space 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, customer end market, 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 that has been derived from and should be read in conjunction with the audited consolidated financial statements of Black Diamond for the years ended December 31, 2023 and 2022.

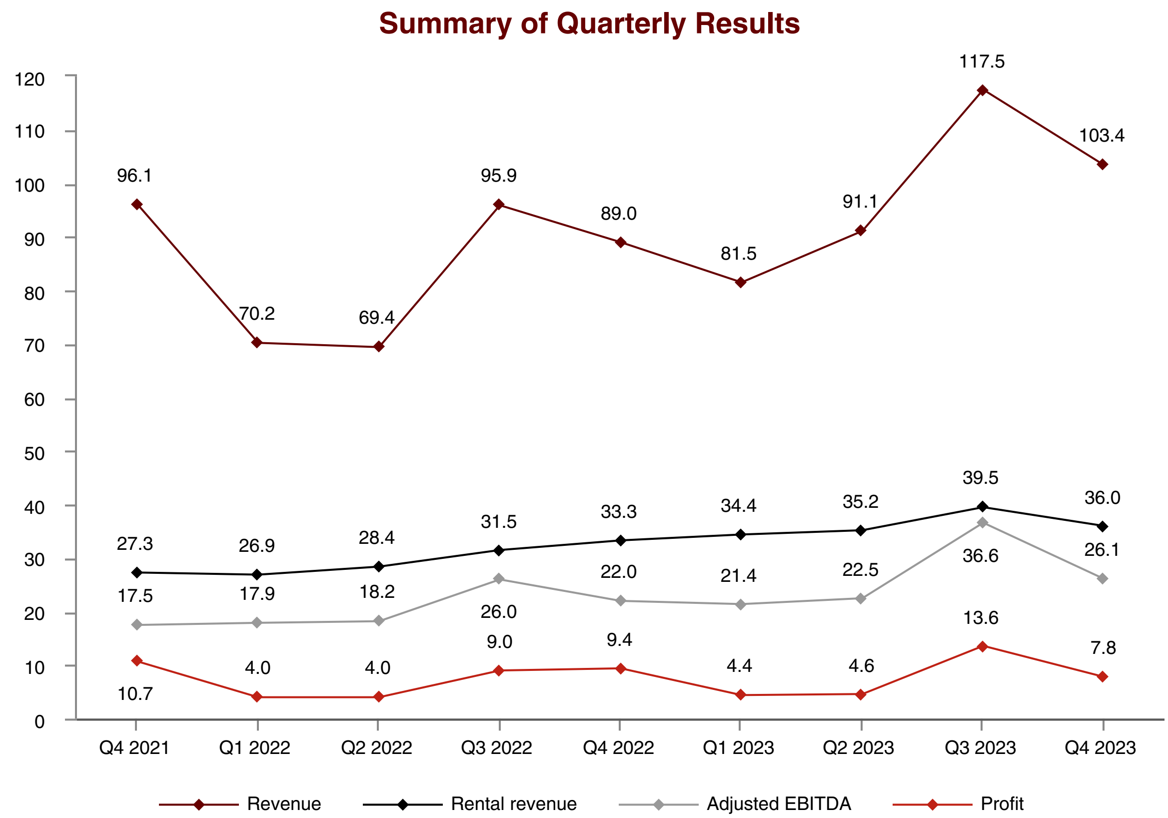
	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	**103.4**	89.0	16%	**393.5**	324.5	21%
Gross profit	**43.6**	38.2	14%	**174.4**	140.1	24%
Administrative expenses	**19.1**	16.3	17%	**69.3**	56.1	24%
Adjusted EBITDA(6)	**26.1**	22.0	19%	**106.6**	84.0	27%
Adjusted EBIT(6)	**14.9**	13.4	11%	**62.4**	48.8	28%
Funds from Operations(6)	**30.1**	21.0	43%	**116.8**	91.0	28%
Per share ($)	**0.50**	0.35	43%	**1.94**	1.54	26%
Profit before income taxes	**8.6**	13.6	(37)%	**40.6**	40.2	1%
Profit	**7.8**	9.4	(17)%	**30.4**	26.4	15%
Earnings per share - Basic ($)	**0.13**	0.16	(19)%	**0.50**	0.45	11%
Earnings per share - Diluted ($)	**0.13**	0.15	(13)%	**0.49**	0.44	11%
Capital expenditures	**13.9**	16.7	(17)%	**69.1**	54.2	27%
Business acquisition	**—**	54.4	(100)%	**—**	54.4	(100)%
Property & equipment	**506.5**	491.4	3%	**506.5**	491.4	3%
Total assets	**647.6**	649.4	—%	**647.6**	649.4	—%
Long-term debt	**190.4**	226.9	(16)%	**190.4**	226.9	(16)%
Cash and cash equivalents	**6.5**	8.3	(22)%	**6.5**	8.3	(22)%
Return on Assets (%)(6)	**18.1%**	18.5%	(40) bps	**19.6%**	19.0%	60 bps
Free Cashflow(6)	**20.5**	12.2	68%	**81.3**	63.8	27%

Margin Summary	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Gross profit	**42.2%**	42.9%	(70) bps	**44.3%**	43.2%	110 bps
Administrative expenses	**18.5%**	18.3%	20 bps	**17.6%**	17.3%	30 bps
Adjusted EBITDA(6)	**25.2%**	24.7%	50 bps	**27.1%**	25.9%	120 bps

[6] 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.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous nine quarters:



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 were relatively flat compared to Q1 2022.

In Q3 2022, revenue, Adjusted EBITDA[7], 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 rental revenue. In addition, there was a $4.4 million impairment reversal, net of tax recognized.

[7] 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.

In Q1 2023, revenue, Adjusted EBITDA[8] and profit decreased compared to Q4 2022 due to decreased non-rental, sales and lodge services revenue in the quarter. In addition, profit was negatively impacted by a $1.2 million increase in depreciation and amortization due to an impairment reversal in Q4 2022, as well as a $0.9 million increase in share-based compensation.

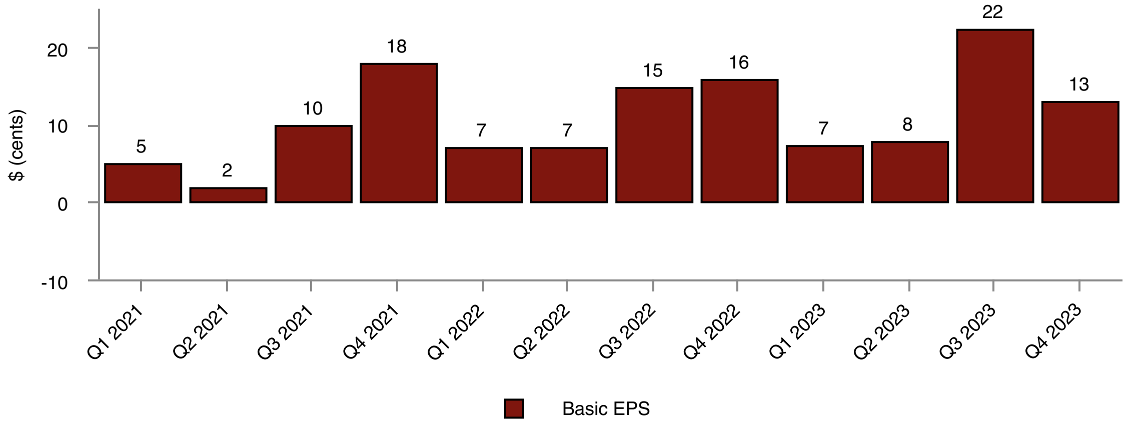
In Q2 2023, revenue, Adjusted EBITDA and profit increased compared to Q1 2023 due to increased rental, non-rental, lodge services and sales revenue. Increase in profit was negatively impacted by higher administrative expenses, finance costs and depreciation, partially offset by lower share-based compensation expense in the quarter.

In Q3 2023, revenue, Adjusted EBITDA and profit increased compared to Q2 2023 due to increased rental revenue, non-rental, and sales revenue, partially offset by higher administrative expenses and finance costs.

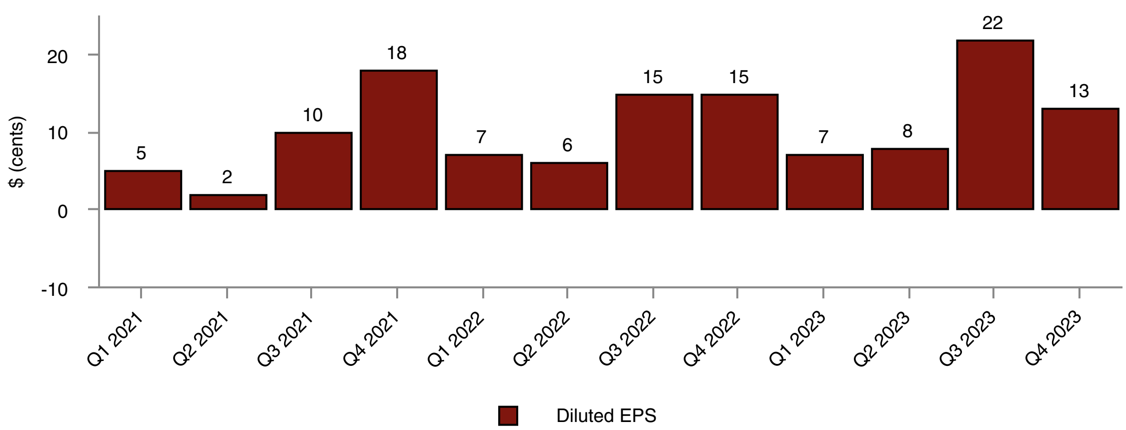
In Q4 2023, revenue, Adjusted EBITDA and profit decreased compared to Q3 2023 due to a decrease in lodging revenue and rental revenue, as well as higher administrative expenses.

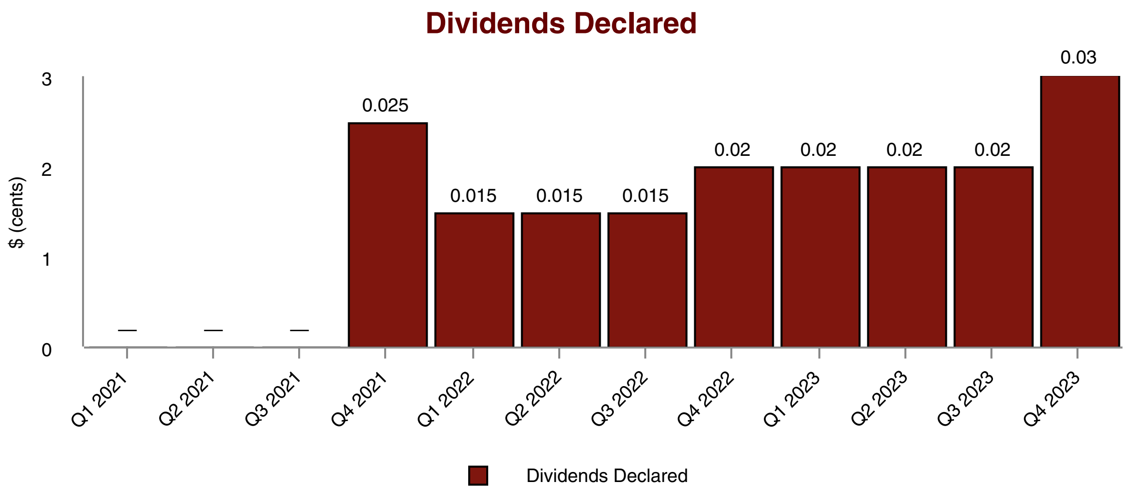
[8] Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

Basic Earnings Per Share



Diluted Earnings Per Share





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 fourth quarter dividend of $0.02 per share.

In the first quarter, second quarter and third quarter of 2023, the Company paid quarterly dividends on its common shares in the amount of $0.02 per share.

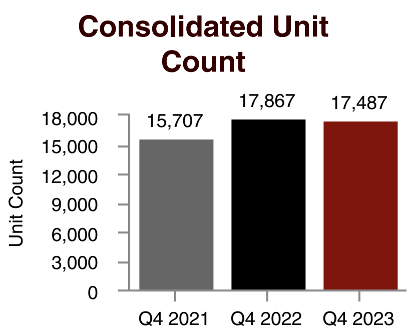
In Q4 2023, the Company increased its annual dividend per share payout by 50% from $0.08 to $0.12 and declared a fourth quarter dividend on its common shares in the amount of $0.03 per share which was subsequently paid on January 15, 2024 to shareholders of record on December 31, 2023.

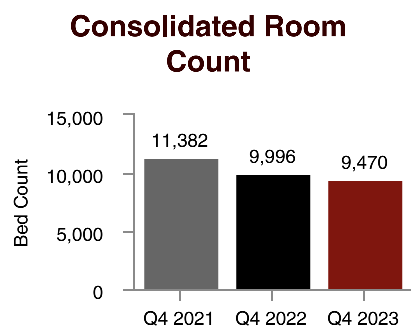
All dividends paid and declared are designated as “eligible dividends” for Canadian income tax purposes.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet decreased to 17,487 units at the end of the Quarter compared with 17,867 at the end of the Comparative Quarter due to a decrease of 546 units in WFS, partially offset by an increase of 166 units in MSS as a result of the addition of 607 units, offset by the disposal of 441 units. The decrease in units in WFS is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are higher in demand. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 9,470 rooms in the Quarter compared with 9,996 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,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Modular Space Solutions	**83.2%**	86.2%	(300) bps	**83.5%**	84.9%	(140) bps
Workforce Solutions	**60.3%**	69.5%	(920) bps	**68.6%**	62.4%	620 bps
Consolidated	**76.4%**	81.0%	(460) bps	**79.0%**	77.3%	170 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 2023 vs Q4 2022

Utilization for MSS was 83.2%, down 300 basis points from the Comparative Quarter. The decrease in utilization in WFS from 69.5% to 60.3% is due to the conclusion of several larger projects during the Quarter in Canada and Australia, partially offset by increased activity in the U.S.

Year to Date 2023 vs 2022

Utilization for MSS was 83.5%, down 140 basis points from the Prior Year. The increase in utilization in WFS from 62.4% to 68.6% is due to increased activity in Canada and the U.S. This is partially offset with a decrease in utilization in Australia due to the addition of new fleet to meet increasing demand.

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)	2023	2022	Change	2023	2022	Change
Rental revenue	**36.0**	33.3	8%	**145.0**	120.1	21%
Sales revenue	**23.5**	17.2	37%	**80.3**	59.4	35%
Non-rental revenue	**37.6**	26.0	45%	**129.1**	100.9	28%
Lodge services revenue	**6.3**	12.5	(50)%	**39.1**	44.1	(11)%
Total revenue	**103.4**	89.0	16%	**393.5**	324.5	21%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	2023	2022	Change	2023	2022	Change
Rental revenue	**34.8%**	37.4%	(260) bps	**36.9%**	37.0%	(10) bps
Sales revenue	**22.7%**	19.3%	340 bps	**20.4%**	18.3%	210 bps
Non-rental revenue	**36.4%**	29.2%	720 bps	**32.8%**	31.1%	170 bps
Lodge services revenue	**6.1%**	14.1%	(800) bps	**9.9%**	13.6%	(370) bps

Q4 2023 vs Q4 2022

Rental revenue for the Quarter was $36.0 million, up 8% or $2.7 million from the Comparative Quarter driven by a $2.0 million increase in MSS rental revenue due to improved average rental rates and an increase in fleet size. There was also a $0.7 million increase in WFS rental revenue due to increased rates in all regions and increased utilization in the U.S., offset by a decrease in utilization in Canada and Australia.

Sales revenue for the Quarter was $23.5 million, up 37% or $6.3 million from the Comparative Quarter driven by a $7.3 million increase in WFS sales revenue primarily due to higher used fleet sales in Canada and the U.S and higher new fleet sales in Canada and Australia. This was offset by a $1.0 million decrease in MSS sales revenue due to a decrease in custom sales, offset by a slight increase in used fleet sales.

Non-rental revenue for the Quarter was $37.6 million, up 45% or $11.6 million from the Comparative Quarter primarily due to a $8.4 million increase in WFS non-rental revenue as a result of an increase in installation revenue in all regions and transportation revenue in Canada and Australia. Additionally, there was an increase of $3.2 million in MSS non-rental revenue due to higher installation and transportation revenue.

Lodge services revenue for the Quarter was $6.3 million, down 50% or $6.2 million from the Comparative Quarter due to reduced occupancy in the Quarter.

Year to Date 2023 vs 2022

Rental revenue for the Year was $145.0 million, up 21% or $24.9 million from the Prior Year primarily due to an increase of $13.3 million in MSS rental revenue as a result of improved average rental rates, as well as an increase in the size of the fleet. This is supplemented by an increase of $11.6 million in WFS rental revenue due to increased rates in all regions and increased utilization in Canada and the U.S, offset by a decrease in utilization in Australia.

Sales revenue for the Year was $80.3 million, up 35% or $20.9 million from the Prior Year primarily due to a $16.1 million increase in MSS sales revenue as a result of an increase in custom and used fleet sales in all regions. Additionally, there was an increase of $4.8 million in WFS sales revenue due to higher new fleet sales in Australia and Canada, partially offset by lower used fleet sales in Australia.

Non-rental revenue for the Year was $129.1 million, up 28% or $28.2 million from the Prior Year primarily due to a $21.6 million increase in WFS non-rental revenue as a result of an increase in installation of significant projects in Canada and Australia, transportation revenue in all regions, net revenue from LodgeLink and sublease activity in Canada. This is partially offset by a decrease in sublease activity in the U.S. and Australia. This is combined with a $6.6 million increase in MSS non-rental revenue due an increase in installation and transportation revenue.

Lodge services revenue for the Year was $39.1 million, down 11% or $5.0 million from the Prior Year due to reduced occupancy.

Direct Costs and Gross Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	2022	Change	**2023**	2022	Change
Direct costs	**59.8**	50.8	18%	**219.1**	184.4	19%
Gross profit	**43.6**	38.2	14%	**174.4**	140.1	24%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	**2023**	2022	Change	**2023**	2022	Change
Direct costs	**57.8%**	57.1%	70 bps	**55.7%**	56.8%	(110) bps
Gross Profit Margin(9)	**42.2%**	42.9%	(70) bps	**44.3%**	43.2%	110 bps

Gross Profit Margin[9] 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.

[9] 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.

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 sales and non-rental 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	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
($ millions, except as noted)	**$**	$	%	**$**	$	%
Construction and transportation services	**22.9**	15.6	47%	**76.0**	57.6	32%
Custom sales	**11.5**	11.6	(1)%	**44.5**	32.8	36%
Catering, utilities and other consumable costs	**5.1**	9.1	(44)%	**28.2**	31.1	(9)%
Labour costs	**5.2**	4.6	13%	**20.9**	17.3	21%
Repairs and maintenance	**6.3**	3.2	97%	**18.1**	14.5	25%
Subleased equipment	**2.3**	3.0	(23)%	**12.2**	14.2	(14)%
Used fleet sales	**5.5**	0.8	588%	**13.6**	10.1	35%
Other direct costs	**0.5**	2.5	(80)%	**3.6**	4.3	(16)%
Fleet insurance	**0.2**	0.1	100%	**1.0**	1.2	(17)%
Rent expense - subleased properties	**0.3**	0.3	—%	**1.0**	1.3	(23)%
Total direct costs	**59.8**	50.8	18%	**219.1**	184.4	19%

Q4 2023 vs Q4 2022

Direct costs for the Quarter were $59.8 million, up 18% or $9.0 million from the Comparative Quarter as a direct result of a 16% increase in revenue. The increase in direct costs was primarily due to an increase in construction and transportation services which is in line with the large increase in non-rental revenue, as well as an increase in used fleet sales which is in line with the increase in sales revenue. At the beginning of 2023, the Company reassessed the application of its accounting policy for directly attributable costs specific to its LodgeLink business. This analysis resulted in $0.5 million of costs being classified from direct costs to administrative expenses for the Quarter and $0.5 million being reclassified for the Comparative Quarter.

Gross profit for the Quarter was $43.6 million, up 14% or $5.4 million from the Comparative Quarter, after accounting for the reclassification of direct costs noted above, primarily due to an increase in revenue, partially offset by lower gross profit margins.

Year to Date 2023 vs 2022

Direct costs for the Year were $219.1 million, up 19% or $34.7 million from the Prior Year primarily due to a 21% increase in revenue with the largest increase occurring in non-rental revenue. At the beginning of 2023, the Company reassessed the application of its accounting policy for directly attributable costs specific to its LodgeLink business. This analysis resulted in $2.4 million of costs being reclassified from direct costs to administrative expenses for the Year and $2.0 million being reclassified for the Prior Year.

Gross profit for the Year was $174.4 million, up 24% or $34.3 million from the Prior Year, after accounting for the reclassification of direct costs noted above, primarily due to an increase in revenue and higher gross profit margins.

Administrative Expenses

($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Personnel costs	**12.6**	11.8	7%	**48.5**	40.4	20%
Other administrative expenses	**5.5**	3.4	62%	**16.8**	11.7	44%
Occupancy and insurance	**1.0**	1.1	(9)%	**4.0**	4.0	—%
Total administrative expenses	**19.1**	16.3	17%	**69.3**	56.1	24%
% of consolidated revenue	**18.5%**	18.3%	20 bps	**17.6%**	17.3%	30 bps

Other administrative expenses include costs related to professional services, consulting, training and employee development, advertising and promotions, information technology, office administration and communication, bad debts and travel and accommodation.

Q4 2023 vs Q4 2022

Total administrative expenses for the Quarter were $19.1 million, up 17% or $2.8 million from the Comparative Quarter, after accounting for the reclassification of some direct costs to administrative expenses noted above.

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

- Personnel costs for the Quarter were $12.6 million, up 7% or $0.8 million from the Comparative Quarter primarily due to increased salaries and wages tied to higher headcount, offset with lower profit incentives. Headcount increased from the Comparative Quarter primarily due to the rapid growth in LodgeLink and hiring additional staff to support the increasing scale of the business. In addition, $0.4 million of costs were reclassified from direct costs to administrative expenses for the Quarter and $0.4 million from the Comparative Quarter for LodgeLink personnel costs not directly related to the generation of revenue.
- Other administrative expenses for the Quarter were $5.5 million, up 62% or $2.1 million from the Comparative Quarter primarily due to increases in professional fees, information technology, employee travel, and subscriptions. Professional fees increased primarily due to non-recurring corporate structure reorganization costs incurred in preparation for the implementation of a new ERP system. In addition, $0.1 million of costs were reclassified from direct costs to other administrative expenses for the Quarter and $0.1 million of costs from the Comparative Quarter for LodgeLink.
- Occupancy and insurance costs for the Quarter were $1.0 million,

Year to Date 2023 vs 2022

Total administrative expenses for the Year were $69.3 million, up 24% or $13.2 million from the Prior Year.

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

- Personnel costs for the Year were $48.5 million, up 20% or $8.1 million from the Prior Year primarily due to increased headcount, inflationary pressures and higher sales incentives. In addition, $1.9 million of costs were reclassified from direct costs to administrative expenses for the Year and $1.6 million from the Prior Year for LodgeLink personnel costs not directly related to the generation of revenue.
- Other administrative expenses for the Year were $16.8 million, up 44% or $5.1 million from the Prior Year primarily due to higher professional fees, employee travel and entertainment, information technology, advertising and promotions partially offset by bad debt recovery due to the settlement of a customer dispute related to one project. Professional fees increased primarily due to non-recurring corporate structure reorganization costs incurred in preparation for the

implementation of a new ERP system. In addition, $0.5 million of costs were reclassified from direct costs to other administrative expenses for the Year and $0.4 million from the Prior Year for LodgeLink.

- Occupancy and insurance costs for the Year were $4.0 million, consistent with the Prior Year.

Adjusted EBITDA

($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Adjusted EBITDA[(10)]	**26.1**	22.0	19%	**106.6**	84.0	27%
Adjusted EBITDA as a % of Revenue[(10)]	**25.2%**	24.7%	50 bps	**27.1%**	25.9%	120 bps

Adjusted EBITDA as a % of Revenue[10] 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 2023 vs Q4 2022

Adjusted EBITDA[10] for the Quarter was $26.1 million, up 19% or $4.1 million from the Comparative Quarter primarily due to a 16% increase in revenue, partially offset by higher administrative expenses. Adjusted EBITDA as a % of Revenue is relatively consistent with the Comparative Quarter.

Year to Date 2023 vs 2022

Adjusted EBITDA for the Year was $106.6 million, up 27% or $22.6 million from the Prior Year primarily due to a 21% increase in revenue, partially offset by higher administrative expenses. Adjusted EBITDA as a % of Revenue increased 120 basis points to 27.1% as a result of higher margins on rental, sales and non-rental revenue.

Depreciation and Amortization

($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Depreciation and amortization	**11.2**	8.6	30%	**44.2**	35.2	26%

Q4 2023 vs Q4 2022

Depreciation and amortization for the Quarter was $11.2 million, up 30% or $2.6 million from the Comparative Quarter primarily due to increased depreciation in WFS as a result of the impairment reversal that was done in the Comparative Quarter in Australia, as well as an increase in capital additions from the Comparative Quarter. In addition, there were write downs of $0.4 million on certain auxiliary assets to market value.

Year to Date 2023 vs 2022

Depreciation and amortization for the Year was $44.2 million, up 26% or $9.0 million from the Prior Year primarily due to increased depreciation as a result of a larger asset base due to the acquisitions made in 2022, as well as organic fleet growth. In addition, there were write downs of $2.7 million on certain auxiliary assets to market value.

[10] 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.

Finance Costs

($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Finance costs	**3.7**	3.6	3%	**14.1**	8.9	58%
Long-term debt	**190.4**	226.9	(16)%	**190.4**	226.9	(16)%
Average interest rate(1)	**6.11%**	5.00%	111 bps	**5.68%**	3.58%	210 bps

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

Q4 2023 vs Q4 2022

Finance costs for the Quarter were $3.7 million, up 3% or $0.1 million from the Comparative Quarter due to higher market interest rates, partially offset by a decrease in long-term debt.

Year to Date 2023 vs 2022

Finance costs for the Year were $14.1 million, up 58% or $5.2 million from the Prior Year due to higher market interest rates and the increased draws under the Company's asset-based revolving credit facility (the "ABL Facility") in connection with the acquisition made in the fourth quarter of 2022.

Income Tax

($ millions, except as noted)	Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Current tax expense	**0.1**	0.1	—%	**0.2**	0.4	(50)%
Deferred tax expense	**0.4**	3.7	(89)%	**8.9**	11.5	(23)%
Total tax expense	**0.5**	3.8	(87)%	**9.1**	11.9	(24)%

Q4 2023 vs Q4 2022

For the Quarter, Black Diamond recognized income tax expense of $0.5 million, a decrease of $3.3 million from the Comparative Quarter. This is primarily due to a decrease in deferred income tax expense as a result of lower earnings. Additionally, there was a deferred tax impact of $1.9 million as a result of the impairment reversal made in Australia in the Comparative Quarter. 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 2023 vs 2022

For the Year, Black Diamond recognized income tax expense of $9.1 million, a decrease of $2.8 million from the Prior Year. This is due to a decrease in deferred income tax expense which is a result of a decrease in the blended Canadian statutory rate from 24.20% in 2022 to 24.01% in 2023 due to the apportionment of revenues and salaries across provincial jurisdictions. 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 Interests

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 that occurred in the fourth quarter of 2020, 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). As at December 31, 2022, all Preferred Shares had been redeemed and no additional Preferred Shares were issued in the Year.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Non-controlling interests	**0.3**	0.4	(25)%	**1.1**	1.9	(42)%

Q4 2023 vs Q4 2022

The NCI for the Quarter was $0.3 million, down $0.1 million primarily due to a decrease in profit earned through the limited partnerships.

Year to Date 2023 vs 2022

The NCI for the Year was $1.1 million, down $0.8 million from the Prior Year due to a decrease in profit earned through the limited partnerships.

Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Profit	**7.8**	9.4	(17)%	**30.4**	26.4	15%

Q4 2023 vs Q4 2022

Profit for the Quarter was $7.8 million, a decline of 17% or $1.6 million from the Comparative Quarter primarily due to the recognition of an impairment reversal of 6.3 million in Australia that had resulted in higher profit for the Comparative Quarter.

Year to Date 2023 vs 2022

Profit for the Year was $30.4 million, an improvement of 15% or $4.0 million from the Prior Year primarily due to an increase in non-rental revenue, rental revenue and sales revenue. This was partially offset by the impairment reversal of $6.3 million in Australia that resulted in higher profit in the Prior Year.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of financial measures including Return on Assets[11], revenue, profit, operating expenses and Adjusted EBITDA[11].

The following is a summary of the Company's segmented results for the three and twelve months ended December 31, 2023 and 2022, 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,		
	2023	2022	Change	2023	2022	Change
($ millions, except where noted)	$	$	%	$	$	%
Revenue						
Modular Space Solutions	**51.7**	47.5	9%	**206.7**	170.7	21%
Workforce Solutions	**51.7**	41.5	25%	**186.8**	153.8	21%
Total revenue	**103.4**	89.0	16%	**393.5**	324.5	21%

Segmented Adjusted EBITDA

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

	Three months ended December 31,			Twelve months ended December 31,		
	2023	2022	Change	2023	2022	Change
($ millions, except where noted)	$	$	%	$	$	%
Adjusted EBITDA						
Modular Space Solutions	**17.3**	14.3	21%	**72.7**	54.4	34%
Workforce Solutions	**14.7**	13.9	6%	**59.1**	50.5	17%
Corporate and Other	**(5.9)**	(6.2)	5%	**(25.2)**	(20.9)	(21)%
Total Adjusted EBITDA	**26.1**	22.0	19%	**106.6**	84.0	27%

[11] Adjusted EBITDA is a non-GAAP financial measure. 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.

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, high security modular buildings, health care facilities, and custom manufactured modular facilities. 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, power and energy infrastructure, and government 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[12] between periods.

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Stream ($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Rental revenue	**22.0**	20.0	10%	**85.4**	72.1	18%
Sales revenue	**14.7**	15.7	(6)%	**65.2**	49.1	33%
Non-rental revenue	**15.0**	11.8	27%	**56.1**	49.5	13%
Total revenue	**51.7**	47.5	9%	**206.7**	170.7	21%
Adjusted EBITDA(12)	**17.3**	14.3	21%	**72.7**	54.4	34%
Adjusted EBITDA as a % of Revenue(12)	**33.5%**	30.1%	340 bps	**35.2%**	31.9%	330 bps
Return on Assets(12)	**18.5%**	17.5%	100 bps	**19.8%**	19.0%	80 bps

VAPS as a % of Rental 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)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Rental revenue	**22.0**	20.0	10%	**85.4**	72.1	18%
Less:						
VAPS revenue within rental revenue	**1.2**	1.1	9%	**4.7**	4.4	7%
Rental revenue excluding VAPS revenue	**20.8**	18.9	10%	**80.7**	67.7	19%
VAPS revenue	**1.7**	1.6	6%	**7.0**	6.8	3%
VAPS as a % of Rental Revenue(12)	**8.2%**	8.5%	(30) bps	**8.7%**	10.0%	(130) bps

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

Revenue by Geography ($ millions, except as noted)	**Three months ended December 31,** 2023	2022	Change	**Twelve months ended December 31,** 2023	2022	Change
Canada	**20.2**	18.9	7%	**76.0**	64.9	17%
United States	**31.5**	28.6	10%	**130.7**	105.8	24%
Total revenue	**51.7**	47.5	9%	**206.7**	170.7	21%

Q4 2023 vs Q4 2022

MSS' total revenue for the Quarter was $51.7 million, up 9% or $4.2 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $22.0 million, up 10% or $2.0 million from the Comparative Quarter due to improved average rental rates, and an increase in fleet size. This increase was partially offset by lower utilization.
- **Sales revenue** during the Quarter was $14.7 million, down 6% or $1.0 million from the Comparative Quarter due to a decrease in custom sales, partially offset by a slight increase in used fleet sales.
- **Non-rental revenue** during the Quarter was $15.0 million, up 27% or $3.2 million from the Comparative Quarter primarily due to higher installation and transportation revenue.

VAPS revenue within rental revenue during the Quarter was $1.2 million, up 9% from the Comparative Quarter. VAPS as a % of Rental Revenue[13] decreased 30 basis points as compared to the Comparative Quarter primarily due to the impact of the acquisition that occurred in the fourth quarter of 2022 which historically did not have a significant focus on VAPS and stronger growth in areas that typically do not have strong VAPS rentals.

Adjusted EBITDA[13] for the Quarter of $17.3 million increased 21% or $3.0 million from the Comparative Quarter. Adjusted EBITDA as a % of Revenue[13] increased 340 basis points to 33.5% as compared to the Comparative Quarter. This change was driven by an increase in rental revenue, margins on sales revenue and non-rental revenue margins.

Return on Assets[13] for the Quarter was 18.5%, an increase of 100 basis points from the Comparative Quarter. The average monthly rental rate per unit increased compared to the Comparative Quarter due to increasing rental rates and return of assets from longer term contracts that had relatively lower rates. The increase was also positively impacted with increased margins on non-rental.

Year to Date 2023 vs 2022

MSS total revenue for the Year was $206.7 million, up 21% from the Prior Year.

- **Rental revenue** for the Year was $85.4 million, up 18% or $13.3 million from the Prior Year due to improved average rental rates as well as an increase in the size of the fleet. This increase was partially offset by lower utilization.
- **Sales revenue** for the Year was $65.2 million, up 33% or $16.1 million from the Prior Year due to an increase in custom and used fleet sales in all regions.
- **Non-rental revenue** for the Year was $56.1 million, up $6.6 million or 13% from the Prior Year primarily due to an increase in installation revenue and transportation revenue.

[13] Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue, VAPS as a % of Rental 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.

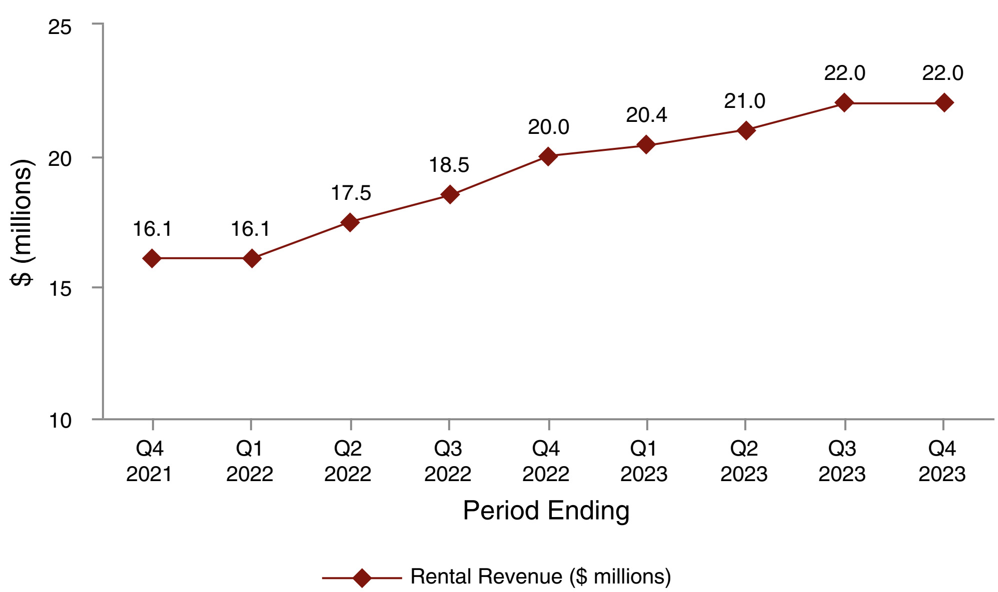
VAPS revenue within rental revenue for the Year was $4.7 million, up 7% from the Prior Year. VAPS as a % of Rental Revenue[14] decreased 130 basis points as compared to the Prior Year primarily due to the impact of the acquisition that occurred in the fourth quarter of 2022 which historically did not have a significant focus on VAPS as well as a decrease in third party sublease revenue compared to the Prior Year.

Adjusted EBITDA[14] for the Year was $72.7 million, which increased 34% or $18.3 million from the Prior Year. This change was driven by higher revenue and higher margins on rental, sales, and non-rental. This was partially offset by increased administrative costs due to higher commissions associated with the increased revenue. Adjusted EBITDA as a % of Revenue[14] increased 330 basis points to 35.2% as compared to the Prior Year. This change was driven by higher revenue and higher margins on rental, sales, and non-rental.

Return on Assets[14] for the Year was 19.8% an increase of 80 basis points from the Prior Year due to increased Adjusted EBITDA.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (17.2% compound annual growth rate from Q4 2021 to Q4 2023).



Rental Term

Rental durations typically exceed the original rental contract due to rental renewals or customers going month-to-month. The average duration of the MSS lease portfolio was 51.9 months as at December 31, 2023, an increase of 6.8 months from 45.1 months as at December 31, 2022. The increase is mainly driven by increased long-term education contracts.

[14] Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue, VAPS as a % of Rental 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.

Contracted Future Rental Revenue

Contracted future 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 assets that are on rent as at the reporting date.

Contracted future rental revenue for assets on rent as at December 31, 2023 was $101.8 million, an increase of $7.7 million or 8% from $94.1 million as at December 31, 2022. This increase is mainly driven by the deployment of assets with longer duration contracts. Contracted future rental revenue does not include rental contracts with a month-to-month term.

Space Rental Assets and Average Utilization

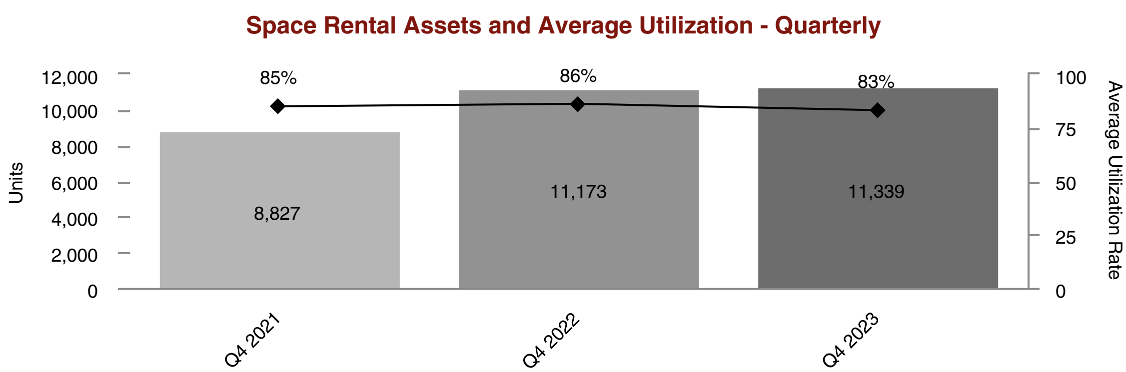
The MSS fleet consisted of 11,339 units as at December 31, 2023, which increased from 11,173 units as at December 31, 2022. This was due to the addition of 607 new units, partially offset by the disposal of 441 units. Disposals were primarily driven by the selective disposal of less desirable units.

MSS Consolidated

	Three months ended December 31,			Twelve months ended December 31,		
MSS assets, utilization, and rates	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Property and equipment net book value ($ millions)(1)	**344.8**	332.1	4%	**344.8**	332.1	4%
Modular space assets	**11,339**	11,173	1%	**11,339**	11,173	1%
Average utilization(2)	**83.2%**	86.2%	(300) bps	**83.5%**	84.9%	(140) bps
Average monthly rental rate per unit	**$792**	$757	5%	**$764**	$746	2%

(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 2023 vs Q4 2022

Utilization for the Quarter was 83.2%, down 300 basis points when compared to the Comparative Quarter.

The average monthly rental rate per unit has increased as compared to the Comparative Quarter by 5%, due to increased rates across the business. On a constant currency basis, average monthly rental rate per unit increased 5% versus the Comparative Quarter. Excluding the impact of the acquisitions made in 2022, the average monthly rental rate per unit has increased by 9% versus the Comparative Quarter and an increase of 9% on a constant currency basis.

Year to Date 2023 vs 2022

Utilization for the Year was 83.5%, down 140 basis points when compared to the Prior Year.

The average monthly rental rate per unit has increased slightly as compared to the Prior Year by 2% due to favourable foreign exchange rates in the U.S. On a constant currency basis, average monthly rental rate per unit increased by 1% versus the Prior Year. Excluding the impact of the acquisitions made in 2022, the average monthly rental rate per unit increased by 12% versus the Prior Year or an increase of 10% versus the Prior Year 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, disaster relief, social housing, mining, construction, 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 generates 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[15], Adjusted EBITDA as a % of Revenue[15] and Return on Assets[15] 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,**		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Rental revenue	**14.0**	13.3	5%	**59.6**	48.0	24%
Sales revenue	**8.8**	1.5	487%	**15.1**	10.3	47%
Non-rental revenue	**22.6**	14.2	59%	**73.0**	51.4	42%
Lodge services revenue	**6.3**	12.5	(50)%	**39.1**	44.1	(11)%
Total revenue	**51.7**	41.5	25%	**186.8**	153.8	21%

Revenue by Geography ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Canada	**34.5**	31.0	11%	**129.1**	109.8	18%
United States	**4.8**	3.4	41%	**16.4**	14.5	13%
Australia	**12.4**	7.1	75%	**41.3**	29.5	40%
Total revenue	**51.7**	41.5	25%	**186.8**	153.8	21%

($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Adjusted EBITDA[15]	**14.7**	13.9	6%	**59.1**	50.5	17%
Adjusted EBITDA as a % of Revenue[15]	**28.4%**	33.5%	(510) bps	**31.6%**	32.8%	(120) bps
Return on Assets[15]	**39.0%**	39.6%	(60) bps	**38.9%**	35.6%	330 bps

Q4 2023 vs Q4 2022

Adjusted EBITDA increased in the Quarter to $14.7 million from $13.9 million in the Comparative Quarter, an increase of $0.8 million or 6% due to higher consolidated revenue driven by increased non-rental and sales revenue offset by change in revenue mix, and higher administrative expenses. Adjusted EBITDA as a % of Revenue of 28.4% was lower than the Comparative Quarter due to lower margins in lodge services and rental revenue streams, partially offset by improved margins in non-rental and sales revenue streams.

[15] 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.

Year to Date 2023 vs 2022

Adjusted EBITDA increased to $59.1 million from $50.5 million in the Prior Year, an increase of 17% or $8.6 million primarily due to higher non-rental, rental, and sales revenue, partially offset by higher administrative expenses and a decrease in lodge services revenue. Adjusted EBITDA as a % of Revenue of 31.6% was down 120 bps compared to the Prior Year due to decreased contribution in rental, sales, and lodge services revenue streams, offset by increased non-rental margin.

Workforce Solutions Fleet

The following are key metrics used to measure and report on performance of WFS fleet assets. Average asset utilization is calculated by dividing the net book value of fleet assets on rent and assets deployed at open lodges by the total net book value of total fleet assets. Fleet assets used to generate lodge services revenue at open lodges are shown as utilized.

The presentation of the average asset utilization table has been revised to include assets deployed in lodge services. This addition has resulted in an increase in Canada's asset utilization of 890 basis points for the Quarter and an increase of 1,245 basis points in the Comparative Quarter. Additionally, this addition has resulted in an increase in the consolidated asset utilization of 495 basis points for the Quarter and an increase of 760 basis points for the Comparative Quarter.

For the Year, this addition has resulted in an increase in Canada's asset utilization of 910 basis points and an increase of 1,225 basis points in the Prior Year. Additionally, this addition has resulted in an increase in the consolidated asset utilization of 530 basis points for the Year and 760 basis points for the Prior Year.

The rationale for this revision is to achieve a more accurate presentation of how WFS fleet assets are deployed.

	Three months ended December 31,			Twelve months ended December 31,		
Average Asset Utilization	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Canada	**46.2%**	63.0%	(1,680) bps	**60.4%**	60.0%	40 bps
Rental Assets(1)	**37.3%**	50.5%	(1,320) bps	**51.3%**	47.7%	360 bps
Lodge Services(2)	**8.9%**	12.5%	(360) bps	**9.1%**	12.3%	(320) bps
United States	**79.5%**	76.1%	340 bps	**78.4%**	52.8%	2,560 bps
Australia	**76.8%**	89.5%	(1,270) bps	**82.4%**	92.6%	(1,020) bps
Consolidated WFS average asset utilization	**60.3%**	69.5%	(920) bps	**68.6%**	62.4%	620 bps

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

(2) Calculated as the net book value of fleet assets deployed at open lodges divided by the net book value of total fleet assets for the region. As such, figures for 2022 have been restated to include this calculation.

	As at December 31,		
Fleet Count (Units)	**2023**	**2022**	**Change**
Canada	**4,233**	5,038	(16)%
United States	**497**	449	11%
Australia	**1,418**	1,207	17%
Total Fleet Count	**6,148**	6,694	(8)%

Consolidated Room Count by Geography	As at December 31, 2023	2022	Change
Canada	**7,640**	8,600	(11)%
United States [1]	**933**	635	47%
Australia	**897**	761	18%
Total Room Count	**9,470**	9,996	(5)%

(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.

Net Book Value by Geography ($ millions)	As at December 31, 2023	2022	Change
Canada	**81.6**	90.0	(9)%
United States	**32.5**	30.0	8%
Australia	**31.5**	25.3	25%
	145.6	145.3	—%

Rental

Q4 2023 vs Q4 2022

Rental revenue during the Quarter was $14.0 million, up 5% or $0.7 million from the Comparative Quarter due to increased average rental rates in all regions and increased utilization in the U.S., offset by a decrease in utilization in Canada and Australia. In the Quarter, Canada disposes of certain non-utilized fleet assets to finance the replenishment or upgrade of the rental fleet while generating free cash flow.

Year to Date 2023 vs 2022

Rental revenue for the Year was $59.6 million, up 24% or $11.6 million from the Prior Year due to increased average rental rates in all regions and increased utilization in the U.S. and Canada, offset by a decrease in utilization in Australia. The increase in rental revenue is driven by a high volume of committed contracts signed both in the current and previous periods. Rental is the core revenue stream and generates a higher margin in proportion to other revenue streams.

Contracted Future Rental Revenue

Contracted future rental revenue for contracts in place is calculated as the total value of rental revenue yet to be recognized in the future related to performance obligations not yet satisfied as at the reporting period date. 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, 2023, contracted future rental revenue from contracts in place was $34.6 million, an increase of 56% or $12.4 million from December 31, 2022. 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 future rental revenue for contracts in place do not include rental contracts with a month-to-month term.

Sales

Q4 2023 vs Q4 2022

Sales revenue during the Quarter was $8.8 million, up 487% or $7.3 million from the Comparative Quarter primarily due to higher used fleet sales in Canada and the U.S. and higher new fleet sales in Canada and Australia.

Year to Date 2023 vs 2022

Sales revenue during the Year was $15.1 million, up 47% or $4.8 million from the Prior Year due to higher new fleet sales in Australia and Canada, offset by lower used fleet sales in Australia.

Non-Rental

Q4 2023 vs Q4 2022

Non-rental revenue during the Quarter was $22.6 million, up 59% or $8.4 million from the Comparative Quarter primarily due to an increase in installation revenue in all regions, dismantle activity in Canada and Australia, and transportation revenue in Canada and Australia.

Year to Date 2023 vs 2022

Non-rental revenue for the Year was $73.0 million, up 42% or $21.6 million from the Prior Year due to an increase in installation of significant projects in Canada and Australia, transportation revenue in all regions, net revenue from LodgeLink and sublease activity in Canada. This is partially offset by a decrease in sublease activity in the U.S. and Australia. Non-rental margins are variable in nature and non-rental revenue is an auxiliary service to the rental revenue stream.

Lodge Services

Q4 2023 vs Q4 2022

Lodge services revenue during the Quarter was $6.3 million, down 50% or $6.2 million from the Comparative Quarter, due to fewer beds utilized to generate lodging revenue as well as lower occupancy.

Year to Date 2023 vs 2022

Lodge services revenue for the Year was $39.1 million, down 11% or 5.0 million from the Prior Year due to fewer beds utilized to generate lodging revenue as well as lower occupancy.

LodgeLink

LodgeLink net revenue is generated from bookings from the margin per room booked and rebates earned on the payment transaction with accommodation and travel suppliers. 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,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Gross Bookings ($ millions)(1)	**19.6**	19.7	(1)%	**78.4**	58.9	33%
Net revenue ($ millions)	**2.6**	2.4	8%	**9.8**	6.6	48%
Net Revenue Margin(1)	**13.3%**	12.2%	110 bps	**12.4%**	11.2%	120 bps
Total room nights sold	**101,726**	117,323	(13)%	**419,328**	356,328	18%

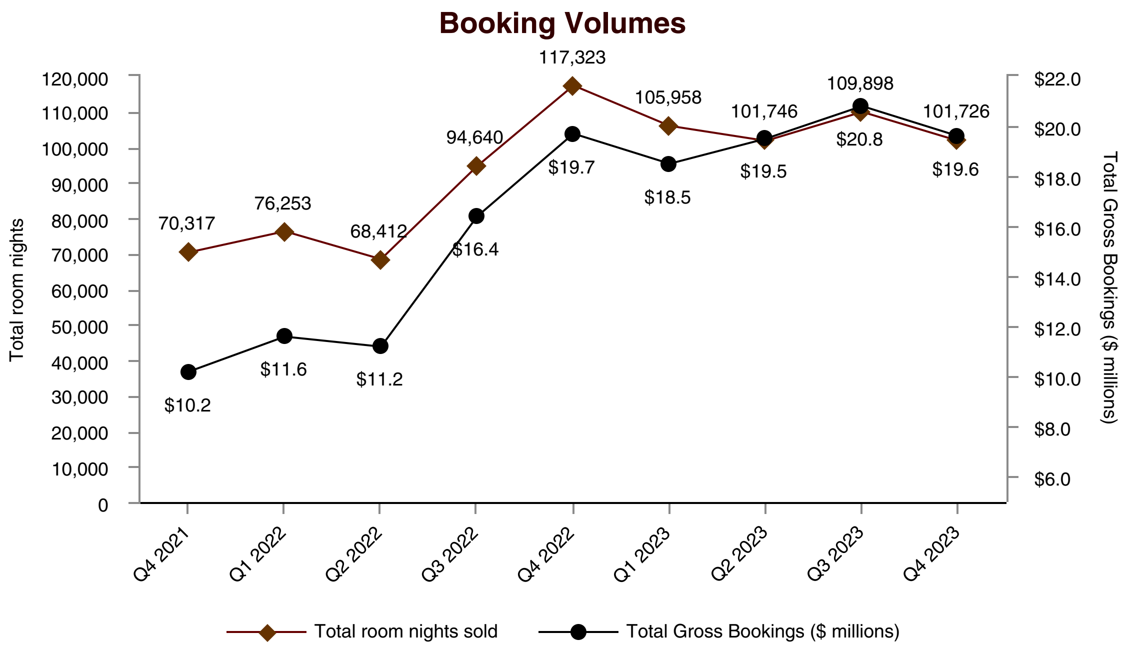
(1) Gross Bookings is a non-GAAP financial measure. Net Revenue Margin is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

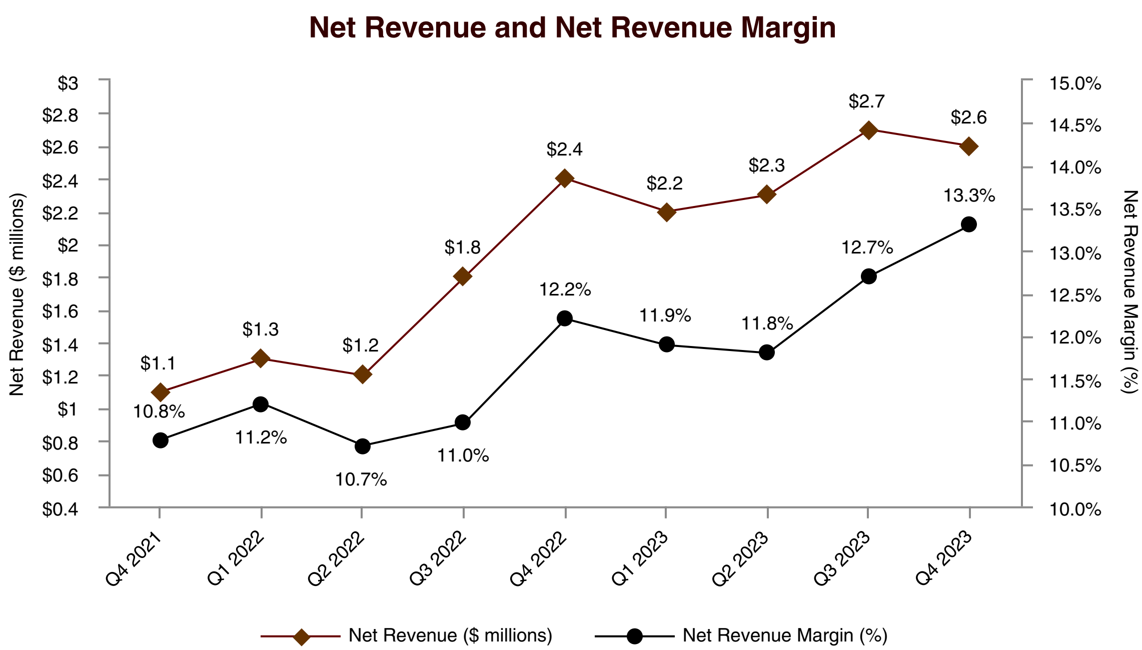
Q4 2023 vs Q4 2022

Net revenue during the Quarter was $2.6 million, up 8%, or $0.2 million from the Comparative Quarter as a result of strong market demand driving record net revenue margin of 13.3% for the Quarter. Total room nights sold in the Quarter decreased 13% from the Comparative Quarter with U.S. Gross Bookings increasing 20%.

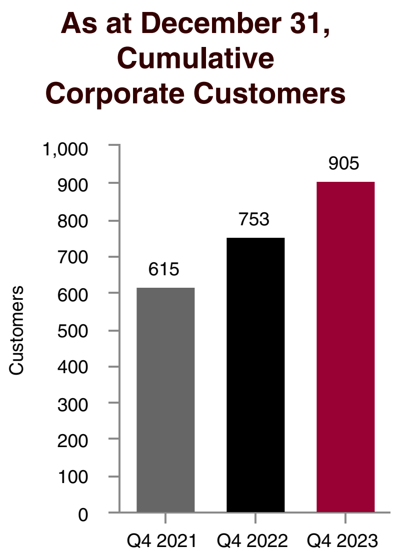
Year to Date 2023 vs 2022

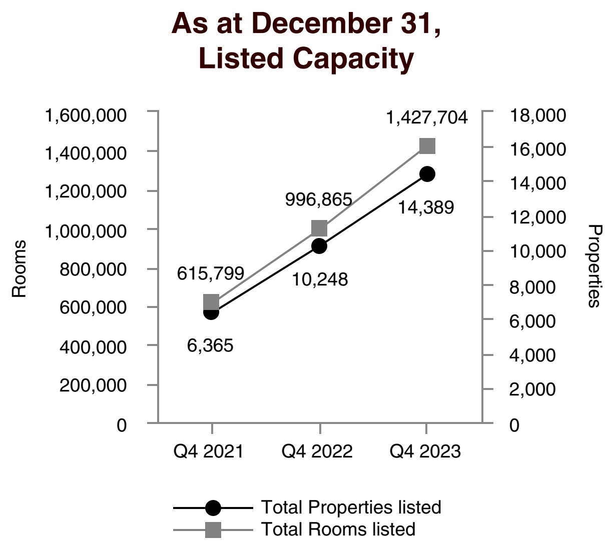
Net revenue for the Year was $9.8 million, up 48%, or $3.2 million from the Prior Year. On a year over year basis, our growth was attenuated by abnormally high emergency crew response bookings in the Comparative Quarter. For the Year, Gross Bookings increased by 33%, Net revenue by 48% and Net revenue margin percentage by 120 basis points.





[16] 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.





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

CORPORATE AND OTHER

The Corporate and Other business unit includes costs related to administrative activities that support all business units. The administrative support functions include activities of the executive office, finance, human resources, health and safety, legal, annual profit incentives for the Company, insurance, software licensing and information technology. Included in the Corporate and Other business unit are non-material revenues that are not significant enough to report on their own.

Financial Highlights

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Property and equipment net book value	**16.0**	14.2	13%	**16.0**	14.2	13%
Adjusted EBITDA(17)	**(5.9)**	(6.2)	5%	**(25.2)**	(20.9)	(21)%

Q4 2023 vs Q4 2022

Adjusted EBITDA[17] for the Quarter was negative $5.9 million, an increase of 5% or $0.3 million compared to negative $6.2 million in the Comparative Quarter, primarily due to lower personnel expenses and administrative expenses, offset by a slight increase in occupancy costs as a result of higher property taxes and insurance.

Year to Date 2023 vs 2022

Adjusted EBITDA for the Year was negative $25.2 million, a decrease of 21% or $4.3 million compared to negative $20.9 million in the Prior Year due to higher personnel expenses with increased headcount, and higher administrative expenses such as information technology expenses and professional fees.

[17] 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 $13.9 million (Comparative Quarter – $16.7 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)	**2023**	**2022**	**Change %**	**2023**	**2022**	**Change %**
Modular Space Solutions	**10.0**	12.8	(22)%	**43.2**	40.5	7%
Workforce Solutions	**3.7**	3.5	6%	**22.7**	12.8	77%
Corporate and Other	**0.2**	0.4	(100)%	**3.2**	0.9	256%
	13.9	16.7	(17)%	**69.1**	54.2	27%

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)	**2023**	**2022**	**Change %**	**2023**	**2022**	**Change %**
Cash from operating activities	**35.1**	6.4	450%	**133.0**	70.8	88%
Cash used in investing activities	**(10.4)**	(62.2)	(83)%	**(68.6)**	(101.9)	(33)%
Cash from (used in) financing activities	**(23.1)**	51.6	145%	**(65.9)**	34.5	291%
Total cash increase (decrease)	**1.6**	(4.2)	138%	**(1.5)**	3.4	(144)%

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. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, interest, dividends and distributions and principal debt repayments.

Cash from operating activities was $28.7 million higher in the Quarter than in the Comparative Quarter. The increase is as a result of the reduction of non-cash working capital and higher used fleet sales, partially offset by a decrease in profit and deferred income taxes.

Cash used in investing activities was $51.8 million lower in the Quarter than in the Comparative Quarter. The decrease is mainly attributed to the impact of the acquisition that occurred in the fourth quarter of 2022 for $54.4 million.

Cash used in financing activities was $74.7 million higher in the Quarter than in the Comparative Quarter primarily due to the acquisition made in the fourth quarter of 2022 and increased repayment of long-term debt.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2023	December 31, 2022	Change $	Change %
Current assets	**85.0**	99.4	(14.4)	(14)%
Current liabilities	**77.5**	69.2	8.3	12%
Working capital(1)	**7.5**	30.2	(22.7)	(75)%

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

The decrease in current assets of $14.4 million from December 31, 2022 was primarily due to a decrease in accounts receivable of $9.7 million and a decrease in prepaid expenses and other assets of $2.9 million, as well as a decrease in cash of $1.8 million.

The increase in current liabilities of $8.3 million from December 31, 2022 was primarily due to a $5.6 million increase in accounts payable, a $1.4 million increase in deferred revenue and a $1.4 million increase in current lease liabilities.

Contractual Obligations and Other Commitments

At December 31, 2023, Black Diamond had capital expenditure commitments in the amount of $31.3 million. Additionally, Black Diamond has a commitment of $26.8 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 acquisition in the fourth quarter of 2022 which have fixed interest rates ranging from 3.05% - 3.79%, mature between June 2025 and December 2026, and are secured by specific equipment.

For the Quarter, the average interest rate on outstanding debt was 6.11% compared to the 5.00% in the Comparative Quarter. For the Year, the average interest rate on outstanding debt was 5.68%, compared to 3.58% in the Prior Year.

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.

As at December 31, 2022, the Company had entered into interest rate swap agreements, which are recognized as risk management assets, with the ABL Facility lending syndicate for an aggregate of $80 million. During the Quarter, a $30 million swap matured on October 29, 2023. Remaining swaps have a termination date of October 29, 2026. As at December 31, 2023, the total risk management asset was $1.4 million (December 31, 2022 - $2.9 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, 2023, the Company's draws under the ABL Facility amounted to 53% of the borrowing base of $353.4 million, therefore the FCCR covenant was not applicable. Draws under the ABL Facility are limited to the lesser of the borrowing base and the authorization limit of the $325.0 million.

As at December 31, 2023, Black Diamond was in compliance with all debt covenants.

Share Capital

At December 31, 2023, Black Diamond had 60.2 million (December 31, 2022 - 59.3 million) common shares outstanding, net of 0.9 million (December 31, 2022 - 1.0 million) held in trust to settle equity-based compensation plans. In addition, at December 31, 2023, Black Diamond had 3.8 million (December 31, 2022 - 3.7 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 February 29, 2024 (in thousands):

Common shares (net of shares held in trust)	60,210
Common shares (held in trust)	901
Stock options	3,312
Restricted and performance share units	513

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 expenses.

Contractual Obligations

The following table summarizes Black Diamond's total contractual obligations as at December 31, 2023:

		Payments due by period		
($ millions, except as noted)	Total	Less than 1 year	1 - 5 years	After 5 years
Long-term debt	190.7	0.3	190.4	—
Lease obligations, undiscounted	23.0	9.0	13.4	0.6
Commitments	3.8	1.4	2.4	—
Holdback payable	1.3	0.8	0.5	—
Capital commitments	31.3	31.3	—	—
Total contractual obligations	**250.1**	**42.8**	**206.7**	**0.6**

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at December 31, 2023 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 of property and equipment, impairment, non-recurring 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 Diamond's 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:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change %**	**2023**	**2022**	**Change %**
Profit	**7.8**	9.4	(17)%	**30.4**	26.4	15%
Add:						
Depreciation and amortization	**11.2**	8.6	30%	**44.2**	35.2	26%
Finance costs	**3.7**	3.6	3%	**14.1**	8.9	58%
Share-based compensation	**1.1**	1.3	(15)%	**6.2**	4.8	29%
Non-controlling interests	**0.3**	0.4	(25)%	**1.1**	1.9	(42)%
Current income taxes	**0.1**	0.1	—%	**0.2**	0.4	(50)%
Deferred income taxes	**0.4**	3.7	(89)%	**8.9**	11.5	(23)%
Impairment reversal	**—**	(6.3)	100%	**—**	(6.3)	100%
Non-recurring items						
Acquisition costs	**—**	1.2	(100)%	**—**	1.2	(100)%
ERP implementation and related costs[1]	**1.5**	—	100%	**1.5**	—	100%
Adjusted EBITDA	**26.1**	22.0	19%	**106.6**	84.0	27%
Less:						
Depreciation and amortization	**11.2**	8.6	30%	**44.2**	35.2	26%
Adjusted EBIT	**14.9**	13.4	11%	**62.4**	48.8	28%
Total revenue	**103.4**	89.0	16%	**393.5**	324.5	21%
Adjusted EBITDA as a % of Revenue	**25.2%**	24.7%	50 bps	**27.1%**	25.9%	120 bps
Annualized multiplier	**4**	4				
Annualized adjusted EBITDA	**104.4**	88.0	19%	**106.6**	84.0	27%
Average net book value of property and equipment	**542.7**	482.5	12%	**535.0**	443.6	21%
Return on Assets	**18.1%**	18.5%	(40) bps	**19.6%**	19.0%	60 bps

(1) This relates to the corporate structure reorganization costs that have been incurred in preparation of a new ERP system.

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. Net Debt and Net Debt to TTM Adjusted Leverage EBITDA removes cash and cash equivalents from the Company's debt balance. Black Diamond uses this ratio 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. In the quarter ended June 30, 2022, 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 on the impact of trailing operations from business combinations on the Company's leverage position.

($ millions, except as noted)	2023	2023	2023	2023	2022	2022	2022	2022	Change
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Profit	7.8	13.6	4.6	4.4	9.4	9.0	4.0	4.0	
Add:									
Depreciation and amortization	11.2	12.6	10.6	9.8	8.6	9.2	8.8	8.6	
Finance costs	3.7	3.7	3.7	2.9	3.6	2.1	1.7	1.5	
Share-based compensation	1.1	1.6	1.3	2.2	1.3	1.3	1.1	1.2	
Non-controlling interests	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.5	
Current income taxes	0.1	—	0.1	—	0.1	—	0.4	—	
Deferred income taxes	0.4	4.8	1.9	1.8	3.7	3.9	1.7	2.1	
Impairment reversal	—	—	—	—	(6.3)	—	—	—	
Non-recurring items									
Acquisition costs	—	—	—	—	1.2	—	—	—	
ERP implementation and related costs(1)	1.5	—	—	—	—	—	—	—	
Adjusted EBITDA	26.1	36.6	22.5	21.4	22.0	26.0	18.2	17.9	
Acquisition pro-forma adjustments(2)	—	—	—	—	0.5	2.3	2.2	1.5	
Adjusted Leverage EBITDA	26.1	36.6	22.5	21.4	22.5	28.3	20.4	19.4	
TTM Adjusted Leverage EBITDA	106.6				90.6				18%
Long-term debt	190.4				226.9				(16)%
Cash and cash equivalents	6.5				8.3				(22)%
Current portion of long-term debt (3)	0.3				0.3				—%
Net Debt	184.2				218.9				(16)%
Net Debt to TTM Adjusted Leverage EBITDA	1.7				2.4				(29)%

(1) This relates to the corporate structure reorganization costs that have been incurred in preparation of a new ERP system.

(2) Includes pro-forma pre-acquisition EBITDA estimates as if the acquisition that occurred in the fourth quarter 2022, occurred on January 1, 2022.

(3) Current portion of long-term debt relating to the payments due within one year on the bank term loans assumed as part of the acquisition in the fourth quarter of 2022.

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 revolving line of Black Diamond's ABL Facility. 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)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Cash Flow from Operating Activities	**35.1**	6.4	448%	**133.0**	70.8	88%
Add/(Deduct):						
Change in other long-term assets	**0.5**	0.1	400%	**0.6**	(0.6)	200%
Changes in non-cash operating working capital	**(5.5)**	14.5	(138)%	**(16.8)**	20.8	(181)%
Funds from Operations	**30.1**	21.0	43%	**116.8**	91.0	28%
Add/(deduct):						
Maintenance capital	**(2.2)**	(2.6)	15%	**(8.3)**	(7.7)	(8)%
Payment for lease liabilities	**(2.1)**	(1.8)	(17)%	**(7.8)**	(6.7)	(16)%
Interest paid (including lease interest)	**(3.5)**	(3.2)	(9)%	**(13.5)**	(8.4)	(61)%
Net current income tax expense	**0.1**	0.1	—%	**0.2**	0.4	(50)%
Dividends paid on common shares	**(1.2)**	(0.9)	(33)%	**(4.8)**	(3.4)	(41)%
Distributions paid to non-controlling interests	**(0.7)**	(0.3)	(133)%	**(1.3)**	(0.9)	(44)%
Dividends paid on Preferred Shares	**—**	(0.1)	100%	**—**	(0.5)	100%
Free Cashflow	**20.5**	12.2	68%	**81.3**	63.8	27%

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:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Total revenue	**103.4**	89.0	16%	**393.5**	324.5	21%
Direct costs	**59.8**	50.8	18%	**219.1**	184.4	19%
Gross profit	**43.6**	38.2	14%	**174.4**	140.1	24%
Gross Profit Margin	**42.2%**	42.9%	(70) bps	**44.3%**	43.2%	110 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 is not responsible for providing the service to the customer and 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:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Net revenue(1)	**2.6**	2.4	8%	**9.8**	6.6	48%
Costs paid to suppliers(1)	**17.0**	17.3	(2)%	**68.6**	52.3	31%
Gross Bookings(1)	**19.6**	19.7	(1)%	**78.4**	58.9	33%
Net Revenue Margin	**13.3%**	12.2%	110 bps	**12.4%**	11.2%	120 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

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 and twelve months ended December 31, 2023 and 2022, as well as balances with related parties as at December 31, 2023 and December 31, 2022.

	Three months ended December 31,		Twelve months ended December 31,		Due to related parties as at	
	2023	2022	**2023**	2022	**December 31, 2023**	December 31, 2022
($ millions, except as noted)	**$**	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**0.4**	0.7	**2.4**	2.4	**(0.4)**	(0.6)
Other related parties						
Purchases of goods and services(1)	**0.2**	0.2	**0.6**	0.3	**—**	—

(1) Services purchased from an entity controlled by a member of the board of directors are recorded at exchange value which management believes approximates fair value. These services include sublease and servicing of generators and fuel tanks.

Key Management Personnel Compensation

	Twelve months ended December 31,	
	2023	2022
Key Management Personnel Compensation	**$**	$
Salaries, bonuses, fees and other short-term employee benefits	**4.8**	**5.3**
Share-based compensation	**3.5**	**3.4**
Total Compensation	**8.3**	**8.7**

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, 2023 which is available on SEDAR+ at www.sedarplus.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, 2023, 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, 2023, our DC&P, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), was effective.

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 to design Black Diamond's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2023, our ICFR (as defined in NI 52-109) were effective.

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, 2023. Based on this evaluation, the officers concluded that as of December 31, 2023, 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, 2023 and ended on December 31, 2023 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, 2023 is available on SEDAR+ at www.sedarplus.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, Modular Space Solutions Canada West, Modular Space Solutions US, Workforce Solutions - Canada, Workforce Solutions - United States, Workforce Solutions - Australia and LodgeLink.

During the Quarter, the Company reassessed the Australia - Workforce Accommodations and Australia - Space Rentals CGUs and concluded that the CGUs in Australia could be combined into one CGU due to increasing integration in operations and asset mix in Australia. As at December 31, 2023, the indicators of impairment were assessed on WFS-Australia.

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 fair value less costs of disposal ("FVLCD") and its value-in-use. 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 estimated based on historical trends including consideration of 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.

Changes in Accounting Policy and Disclosure

In the first quarter of 2023, the Company completed an assessment of the application of its accounting policy for directly attributable costs in LodgeLink to ensure that costs that were not directly attributable to the generation of revenue were recognized in administrative expenses. This analysis resulted in $0.5 million and $2.4 million of costs being reclassified from direct costs to administrative expenses for the Quarter and Year. Prior periods have been restated to conform with the current period presentation resulting in $0.5 million and $2.0 million being reclassified from direct costs to administrative expenses.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*
In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements requiring entities to replace significant accounting policies disclosure with material accounting policy information and provide guidance to users on how materiality is applied in making decisions about accounting policy disclosure. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 12 *Income Taxes*
In May 2021, the International Accounting Standards Board issued amendments to IAS 12 Income Taxes to reduce the scope of the initial recognition exception to exclude transactions that result in equal taxable and deductible temporary differences. This amendment is effective January 1, 2023. It has been determined that the amendment to the Standard did not have an impact on the consolidated financial statements of the Company.