

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023



BLACK DIAMOND

GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at March 31, 2024 and December 31, 2023

(Expressed in thousands)	2024	2023
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	12,194	6,513
Accounts receivable	60,357	62,574
Prepaid expenses and other current assets	16,683	15,949
Total Current Assets	89,234	85,036
Non-Current		
Other long-term assets	2,139	2,636
Risk management assets	1,813	1,425
Property and equipment ^(note 3)	517,776	506,474
Right-of-use assets	14,853	16,056
Goodwill and intangible assets	32,061	31,941
Deferred income taxes	4,038	4,071
Total Non-Current Assets	572,680	562,603
Total Assets	661,914	647,639
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	38,149	45,031
Current portion of deferred revenue	32,334	24,402
Current portion of lease liabilities	7,975	8,102
Total Current Liabilities	78,458	77,535
Non-Current		
Long-term debt ^(note 4)	199,762	190,439
Asset retirement obligations	13,180	13,099
Long-term payable	500	500
Long-term deferred revenue	1,452	1,358
Long-term lease liabilities	12,134	13,199
Deferred income taxes	58,531	57,547
Total Non-Current Liabilities	285,559	276,142
Total Liabilities	364,017	353,677
Shareholders' Equity		
Share capital ^(note 5)	388,356	385,643
Contributed surplus	19,983	22,318
Accumulated other comprehensive income	17,604	13,748
Retained deficit	(132,006)	(131,633)
Total Shareholders' Equity	293,937	290,076
Non-controlling interests	3,960	3,886
Total Equity	297,897	293,962
Total Liabilities and Equity	661,914	647,639

Subsequent events (note 9)

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF NET INCOME

For the three months ended March 31,

(Expressed in thousands, except per share amounts)	2024	2023
	\$	\$
Revenue	73,603	81,467
Direct costs	37,792	44,164
Gross profit	35,811	37,303
Expenses		
Administrative expenses	16,874	15,952
Depreciation and amortization	10,727	9,822
Share-based compensation ^(note 5)	1,498	2,078
Finance costs	3,783	2,928
Acquisition costs	617	—
Profit before income taxes	2,312	6,523
Income tax expense		
Current	159	34
Deferred	355	1,757
Total income tax expense	514	1,791
Profit before non-controlling interest	1,798	4,732
Profit attributable to non-controlling interest	332	315
Profit for the period	1,466	4,417
Earnings per share - basic and diluted ^(note 6)	0.02	0.07

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31,

(Expressed in thousands)	2024	2023
	\$	\$
Profit for the period	1,466	4,417
Other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent period:		
Translation adjustments	3,561	(754)
Change in derivative designated as cash flow hedges, net of tax	295	(632)
Total comprehensive income	5,322	3,031

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the three months ended March 31, 2024 and 2023

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Deficit	Total Shareholders' Equity	Non- Controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2022	385,656	20,199	19,218	(156,542)	268,531	4,012	272,543
Profit for the period	—	—	—	4,417	4,417	315	4,732
Translation adjustments	—	—	(754)	—	(754)	—	(754)
Dividend declared on common shares	—	—	—	(1,232)	(1,232)	—	(1,232)
Distributions declared to partners	—	—	—	—	—	(227)	(227)
Issued on exercise of options & vesting of shares in treasury (note 5)	1,411	(1,140)	—	—	271	—	271
Change in derivative designated as cash flow hedge	—	—	(632)	—	(632)	—	(632)
Vesting of shares in trust (note 5)	1,571	(1,571)	—	—	—	—	—
Share based compensation expense (note 5)	—	1,185	—	—	1,185	—	1,185
As at March 31, 2023	388,638	18,673	17,832	(153,357)	271,786	4,100	275,886
As at December 31, 2023	385,643	22,318	13,748	(131,633)	290,076	3,886	293,962
Profit for the period	—	—	—	1,466	1,466	332	1,798
Translation adjustments	—	—	3,561	—	3,561	—	3,561
Dividends declared on common shares	—	—	—	(1,839)	(1,839)	—	(1,839)
Distributions declared to partners	—	—	—	—	—	(258)	(258)
Issued on exercise of options & vesting of shares in treasury (note 5)	1,781	(1,364)	—	—	417	—	417
Net purchase of shares in trust (note 5)	(1,058)	—	—	—	(1,058)	—	(1,058)
Change in derivative designated as cash flow hedge	—	—	295	—	295	—	295
Vesting of shares in trust (note 5)	1,990	(1,990)	—	—	—	—	—
Share based compensation expense (note 5)	—	1,019	—	—	1,019	—	1,019
As at March 31, 2024	388,356	19,983	17,604	(132,006)	293,937	3,960	297,897

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the three months ended March 31,

(Expressed in thousands)	2024	2023
	\$	\$
Operating activities		
Profit for the period	1,466	4,417
Add (deduct) non-cash / non-operating activities:		
Share-based compensation ^(note 5)	1,019	1,185
Depreciation and amortization	10,727	9,822
Finance costs	3,783	2,928
Deferred income taxes	355	1,757
Settlement of asset retirement obligations	—	(431)
Profit attributable to non-controlling interest	332	315
Book value of used fleet sales ^(note 3)	1,752	1,449
	19,434	21,442
Change in other long-term assets	515	169
Change in non-cash working capital related to operating activities	2,544	10,025
Net cash flows from operating activities	22,493	31,636
Investing activities		
Purchase of property and equipment ^(note 3)	(16,195)	(14,978)
Additions to intangible assets	(1,074)	(772)
Change in non-cash working capital related to investing activities	(455)	400
Net cash flows used in investing activities	(17,724)	(15,350)
Financing activities		
Net issuances (payments) of long-term debt	8,947	(12,116)
Interest paid, including lease liability interest	(3,644)	(2,839)
Payment of lease liabilities	(2,065)	(1,809)
Net purchase of shares in trust ^(note 5)	(1,058)	—
Share options exercised ^(note 5)	417	271
Distributions paid to non-controlling interest	—	(347)
Dividends paid to common shareholders	(1,806)	(1,186)
Change in non-cash working capital related to financing activities	95	184
Net cash flows from (used in) financing activities	886	(17,842)
Increase (decrease) in cash and cash equivalents	5,655	(1,556)
Cash and cash equivalents, beginning of the period	6,513	8,308
Effect of foreign currency rate changes on cash and cash equivalents	26	(219)
Cash and cash equivalents, end of the period	12,194	6,533

See accompanying notes to the unaudited interim condensed consolidated financial statements

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements ("interim consolidated financial statements") of Black Diamond Group Limited, its subsidiaries, and its controlled limited partnerships (collectively "Black Diamond" or the "Company") for the three months ended March 31, 2024 and 2023 were authorized for issuance in accordance with a resolution of the Board of Directors on May 2, 2024. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

The common shares of the Company are listed on the Toronto Stock Exchange (TSX: BDI).

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The interim consolidated financial statements for the three months ended March 31, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation and Measurement

These interim consolidated financial statements have been prepared on a going concern basis.

Except as otherwise disclosed and for taxes on income, the same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as were applied in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2023 ("2023 Financial Statements"). Taxes on income in interim periods are accrued using the tax rate that would be applicable to the expected total annual profit. These interim consolidated financial statements do not contain all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the 2023 Financial Statements. Comparative amounts have been reclassified to match the current period presentation.

There were no changes to the Company's operating segments during the period.

These interim consolidated financial statements are presented in Canadian dollars. All amounts are rounded to the nearest thousand (\$'000), except per share amounts or as otherwise noted.

Changes in accounting policy and disclosure

Amendments to IAS 1 *Presentation of Financial Statements*

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify its requirements for the presentation of liabilities as current or non-current in the Statement of Financial Position. This amendment was effective on January 1, 2024. The Company has evaluated the impact of the amendment and the adoption did not have an impact on the Company's consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

3. PROPERTY AND EQUIPMENT

The Company added property and equipment of \$16,195 (2023 - \$14,978) during the three months ended March 31, 2024, substantially all of which were fleet assets. There were also disposals of fleet assets with a net book value of \$1,752 (2023 - \$1,449) during the three months ended March 31, 2024, which is included in direct costs. The net realizations from the sale of fleet assets is included in gross profit.

At March 31, 2024, the Company evaluated all of its cash-generating units ("CGUs") for indicators of any potential impairment or impairment reversal of long-lived assets. As a result of these assessments, no indicators were identified and no impairment tests were performed.

Capital Commitments

At March 31, 2024, Black Diamond had made capital expenditure commitments over the next several quarters with key manufacturers of modular structures in the amount of \$39,304 (December 31, 2023 - \$31,276).

4. LONG-TERM DEBT

Debt Covenants

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 March 31, 2024, the Company's draws under the ABL Facility amounted to 56% of a borrowing base of \$352,516. As at December 31, 2023, the Company's draws under the ABL Facility amounted to 53% of a borrowing base of \$353,369. Therefore, the FCCR covenant was not applicable in either period.

5. SHARE CAPITAL

a) Share Capital

Authorized: An unlimited number of voting common shares with no par value and an unlimited number of preferred shares, issuable in series.

Issued - Common shares	Number of shares	\$
January 1, 2023	59,282	385,656
Issued on exercise of options & vesting of shares from treasury	771	1,639
Net purchase of shares in trust	(557)	(3,381)
Vesting of shares from trust	691	1,729
December 31, 2023	60,187	385,643
Issued on exercise of options & vesting of shares from treasury	839	1,781
Net purchase of shares in trust	(111)	(1,058)
Vesting of shares from trust	391	1,990
March 31, 2024	61,306	388,356

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

5. SHARE CAPITAL (continued)

On March 14, 2023, the Company recommenced a normal course issuer bid ("NCIB"), under which the Company could purchase for cancellation up to a maximum of 4,396 common shares of the Company. During the contract period, no common shares were repurchased and the NCIB terminated on March 13, 2024.

b) Share-Based Compensation Plans

(i) Share option plan

As at March 31, 2024, there were 3,216 common shares (December 31, 2023 - 3,334) reserved for issuance from treasury upon the exercise of share options granted pursuant to the Company's Share Option Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Share Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

(expressed in thousands unless otherwise noted)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value at grant date
		\$			\$
October 1, 2019	120	1.77	0.50	120	0.89
March 16, 2020	459	1.29	0.96	459	0.62
March 17, 2021	789	3.31	1.96	789	1.46
March 14, 2022	727	4.36	2.95	484	1.54
March 14, 2023	537	6.65	3.95	179	2.27
March 14, 2024	584	9.02	4.95	—	2.48
Balance March 31, 2024	3,216			2,031	
Weighted average		4.82	2.86 ⁽¹⁾	3.31 ⁽²⁾	

(1) Amount refers to remaining weighted average contractual life for all options outstanding. Weighted average contractual life for exercisable options is 2.06 as at March 31, 2024.

(2) Amount refers to the weighted average exercise price of the exercisable options as at March 31, 2024.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

5. SHARE CAPITAL (continued)

Black Diamond recorded the following share option activity during 2024 and 2023:

	Number of options outstanding	Weighted average exercise price per share	\$
January 1, 2023	3,299	2.75	
Granted	537	6.65	
Exercised	(490)	2.40	
Forfeited	(12)	3.31	
December 31, 2023	3,334	3.44	
Granted	584	9.02	
Exercised	(702)	1.79	
March 31, 2024	3,216	4.82	

The weighted average share price at the date share options exercised is \$8.98 (2023 - \$6.24).

The Black-Scholes option pricing model was used in determining the fair values of these options using a forfeiture rate of 5%, based on historical experience and future expectations, and the following assumptions:

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
March 14, 2024	1.33%	37.62%	3.86%

The expected life of the options is three years and is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not occur.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

5. SHARE CAPITAL (continued)

(ii) Other share-based plans

The Company has a restricted and performance award incentive plan ("Share Award Plan"), a deferred share unit plan, an incentive award plan and share appreciation rights. Changes in the number of units, with their weighted average fair value, are summarized below:

	Incentive Award Plan		Share Award Plan		Deferred Share Unit Plan ⁽¹⁾		Share Appreciation Rights	
	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit
		\$		\$		\$		\$
January 1, 2023	1,332	3.19	491	2.98	356	3.26	59	27.88
Granted	455	6.65	315	6.65	93	6.24	10	72.00
Reinvested	14	4.46	7	4.84	5	3.55	—	—
Forfeited	(56)	4.73	(6)	3.31	—	—	(20)	40.39
Vested	(752)	2.61	(296)	2.46	—	—	(9)	10.16
December 31, 2023	993	5.15	511	5.57	454	3.87	40	33.50
Granted	385	9.02	69	9.02	16	8.97	17	58.44
Reinvested	3	5.22	2	5.62	2	3.90	—	—
Forfeited	(13)	5.45	—	—	—	—	(1)	50.41
Vested	(456)	4.77	(175)	4.31	—	—	(9)	18.97
March 31, 2024	912	6.97	407	6.70	472	4.05	47	36.47

(1) DSU's are reported as fully vested once settled at retirement of a Director.

The fair value of awards granted under the Share Option Plan, Incentive Award Plan, and Share Award Plan are equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

Included in share-based compensation expense for the three months ended March 31, 2024 was \$310 (2023 - \$276) for costs related to the Share Option Plan.

As at March 31, 2024, these share-based plans include 128 units (December 31, 2023 - 128) that are expected to be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of \$356 related to these units (December 31, 2023 - \$415).

Included in share-based compensation expense for the three months ended March 31, 2024 was \$918 (2023 - \$909) for costs related to the other share-based plans. Included in share-based compensation expense for the three months ended March 31, 2024 was \$270 (2023 - \$893) for costs related to other share-based plans expected to be settled in cash.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") which are consolidated in the Company's financial statements. Any shares held in the Trusts are accounted for as a reduction of share capital. As at March 31, 2024, there are 621 shares held in the Trusts (December 31, 2023 - 901).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

6. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated on the profit attributable to Black Diamond for the period.

Reconciliation of weighted average number of shares	Three months ended March 31,	
	2024	2023
Weighted average common shares outstanding - basic	60,482	59,600
Effect of share option plan and share award plan	1,467	1,420
Weighted average common shares outstanding - diluted	61,949	61,020

Excluded from diluted weighted average number of shares are 584 anti-dilutive options for the three months ended March 31, 2024 (2023 - 537). Also excluded from diluted weighted average number of shares are 140 anti-dilutive Share Award Plan units for the three months ended March 31, 2024 (2023 - 423).

7. SEGMENTED INFORMATION

	2024	2023
	\$	\$
Revenue		
Modular Space Solutions	37,035	46,049
Workforce Solutions	36,568	35,418
Total Revenue	73,603	81,467
Depreciation and Amortization		
Modular Space Solutions	5,792	5,429
Workforce Solutions	4,154	3,744
Corporate and Other	781	649
Total Depreciation and Amortization	10,727	9,822
Profit (Loss)		
Modular Space Solutions	8,506	10,445
Workforce Solutions	6,278	6,522
Corporate and Other	(13,318)	(12,550)
Total Profit	1,466	4,417
Capital Expenditures		
Modular Space Solutions	14,219	8,540
Workforce Solutions ⁽¹⁾	2,876	7,096
Corporate and Other	174	114
Total Capital Expenditures	17,269	15,750

(1) Amount includes expenditures on intangible assets.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

7. SEGMENTED INFORMATION (continued)

	March 31, 2024	December 31, 2023
	\$	\$
Property and Equipment		
Modular Space Solutions	358,067	344,849
Workforce Solutions	143,684	145,610
Corporate and Other	16,025	16,015
Total Property and Equipment	517,776	506,474
Intangible Assets		
Modular Space Solutions	9,370	9,774
Workforce Solutions	5,705	5,308
Total Intangible Assets	15,075	15,082
Goodwill		
Modular Space Solutions	16,986	16,859
Total Goodwill	16,986	16,859
Assets		
Modular Space Solutions	420,188	406,942
Workforce Solutions	208,031	210,309
Corporate and Other	33,695	30,388
Total Assets	661,914	647,639

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

7. SEGMENTED INFORMATION (continued)

Geographic information

	2024	2023
	\$	\$
Revenue⁽¹⁾		
Canada	43,642	43,334
United States	23,301	31,685
Australia	6,660	6,448
Total Revenue	73,603	81,467

(1) The allocation of sales to the geographic segments is based upon the customer location where the product is utilized or service is delivered.

	March 31, 2024	December 31, 2023
	\$	\$
Property and Equipment, Intangibles and Goodwill		
Canada	301,083	298,659
United States	218,074	208,153
Australia	30,680	31,603
Total Property and Equipment, Intangibles and Goodwill	549,837	538,415

8. RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests of \$310 (2023 - \$427). 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, of \$217 for the three months ended March 31, 2024 (2023 - \$92) and includes sublease and servicing of generators and fuel tanks.

9. SUBSEQUENT EVENTS

On May 2, 2024, the Company declared a second quarter dividend of \$0.03 payable on or about July 15, 2024 to shareholders of record on June 30, 2024.