
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021 and 2020



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 March 31, 2021 (the "Quarter") with the three months ended March 31, 2020 (the "Comparative Quarter"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2021 and 2020 and the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of May 5, 2021 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 may be found on the Black Diamond website at www.blackdiamondgroup.com or on the System for Electronic Document Analysis and Retrieval at www.sedar.com ("SEDAR").

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2021 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, expectations regarding partnership projects, changing operating environment including changing activity levels, particularly in the face of COVID-19 restrictions, effects on demand and performance based on the changing operating environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that 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 impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers 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, 2020 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed 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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TABLE OF CONTENTS

Executive Summary	4	Corporate and Other Business Unit	29
Outlook	5	Liquidity and Capital Resources	30
Financial Review	5	Financial Instruments	33
Selected Financial Information	9	Non-GAAP Measures	33
Summary of Quarterly Results	10	Related Party Transactions	36
Consolidated Financial and Operational Review	11	Risks and Uncertainties	36
Segmented Review of Financial Performance	18	Disclosure Controls and Procedures & Internal Controls Over Financial Reporting	36
Modular Space Solutions Business Unit	19	Critical Accounting Policies, Judgments & Estimates	37
Workforce Solutions Business Unit	24		

EXECUTIVE SUMMARY

Key Highlights from the First Quarter of 2021

- Generated consolidated revenue of \$65.8 million and Adjusted EBITDA of \$13.3 million, up 46% and 34% from the Comparative Quarter respectively.
- Generated net income of \$2.7 million (or diluted earnings per share of \$0.05) compared to a \$0.1 million net loss in the Comparative Quarter.
- Since the start of 2021, the Company's Workforce Solutions ("WFS") segment has been awarded contracts totaling over \$56.1 million of revenue.
- Modular Space Solutions ("MSS") rental revenue of \$13.9 million was a fifth consecutive quarterly record and grew 56% from the Comparative Quarter.
- MSS Adjusted EBITDA of \$10.3 million was a quarterly record and increased 124% from the Comparative Quarter.
- MSS rental fleet grew to 8,752 units, or 35% from the Comparative Quarter primarily due to the acquisition of Vanguard contributing 2,196 units, while utilization improved to 81% and average rental rates increased 6%.
- LodgeLink room bookings set a third consecutive quarterly record and grew 109% to 48,756 room nights.
- Contribution from the Canadian Emergency Wage Subsidy during the Quarter was \$0.4 million.

MSS rental revenue set a fifth consecutive quarterly record and grew \$5.0 million to \$13.9 million, up 56% from the Comparative Quarter. Recurring rental revenue growth in the MSS segment has been driven by continued fleet growth (both organic and through the acquisition of Vanguard Modular Building Systems ("Vanguard")), robust utilization and continued increases in average rental rates. Adjusted EBITDA of \$10.3 million was also a quarterly record for the MSS segment and increased 124% from the Comparative Quarter.

The Company's WFS business unit generated Adjusted EBITDA of \$6.1 million, a 22% decrease versus the Comparative Quarter. WFS revenue of \$30.5 million was up 7% from the Comparative Quarter primarily due to increased used sales during the quarter, slightly offset by lower rental, lodging and non-rental revenue streams. Since the start of 2021, the WFS segment has been awarded contracts totaling over \$56.1 million of revenue.

At the end of the Quarter, Net Debt of \$169.2 million was down from \$172.0 million at the end of Q4 2020. Additional available borrowing capacity under the Company's asset-based credit facility (the "ABL Facility") was approximately \$87.3 million and the value of eligible rental assets used to calculate the Company's borrowing base was approximately \$290 million at the end of the Quarter.

OUTLOOK

The balance of 2021 is expected to see continued positive momentum as recently signed contracts begin contributing in the latter half of the second quarter. Management is seeing ongoing stability and attractive growth opportunities throughout the platform following an improved outlook in our WFS segment and a steady cadence of organic investment over the last several years, supplemented by our acquisition of Spectrum and Vanguard last year.

The MSS segment is expected to realize ongoing growth in its recurring rental revenue, which set a fifth consecutive quarterly record high in the Quarter. The business is seeing strong utilization levels across most of its operating regions and has continued to see pricing increases in these markets. Bidding activity in both the rental and sales verticals are strong and the Company continues to prioritize capital investment opportunities that provide contracted cash flows at attractive returns.

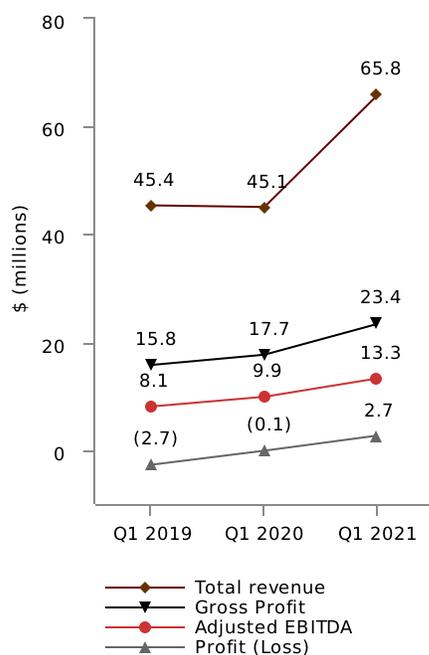
The Company's WFS segment is expected to benefit from the continued focus to diversify by end-market and by geography. First quarter results were positively impacted by a sale of used assets. Excluding the sale, sequential results in WFS for the second quarter are expected to be higher as core rental revenue and associated non-rental revenue are expected to see improvement in the second quarter and throughout the remainder of the year. The improved outlook in WFS is supported by recent contract awards which amount to over \$56.1 million of revenue and include contracts in Australia, Eastern Canada, U.S. and Western Canada. The Company continues to closely monitor and work with its partners on the Goldboro LNG Facility. A Final Investment Decision for the project is pending by the project proponent.

LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation, set a third consecutive quarterly record in booking volumes during the Quarter. Room bookings grew 109% to 48,756 from the Comparative Quarter. At the end of the Quarter, LodgeLink had 662 unique corporate customers signed onto the platform with approximately 3,600 properties listed representing approximately 330,000 rooms. The platform continues to scale, and the Company is increasingly optimistic around the future growth potential of this business.

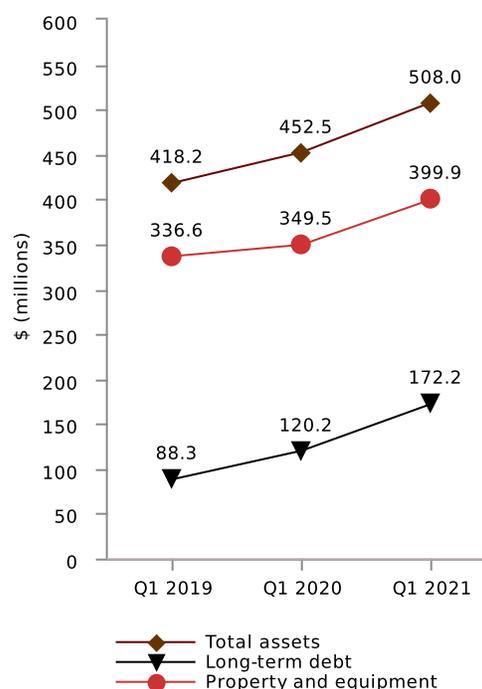
FINANCIAL REVIEW

- Revenue for the Quarter was \$65.8 million, up 46% or \$20.7 million from the Comparative Quarter mainly due to increased rental and sales revenue in MSS and sales revenue in WFS.
- Adjusted EBITDA for the Quarter was \$13.3 million, up 34% or \$3.4 million from \$9.9 million for the Comparative Quarter primarily due to increased rental and sales revenue partially offset by higher personnel costs.
- The Company exited the Quarter with a Net Debt to Adjusted EBITDA ratio of 3.83 (March 31, 2020 - 2.69) and Net Debt to Adjusted EBITDA of 3.22 including Vanguard trailing twelve months EBITDA.

Three Months Ended March 31, Financial Highlights



As at March 31, Financial Highlights

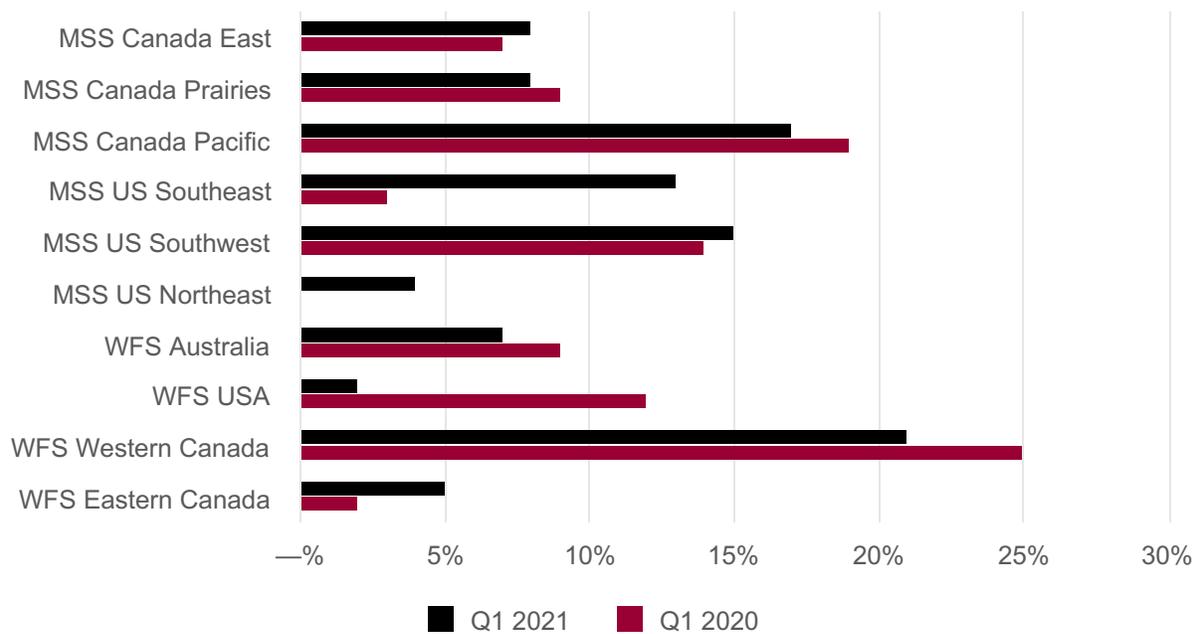


Geographic Revenue Segmentation

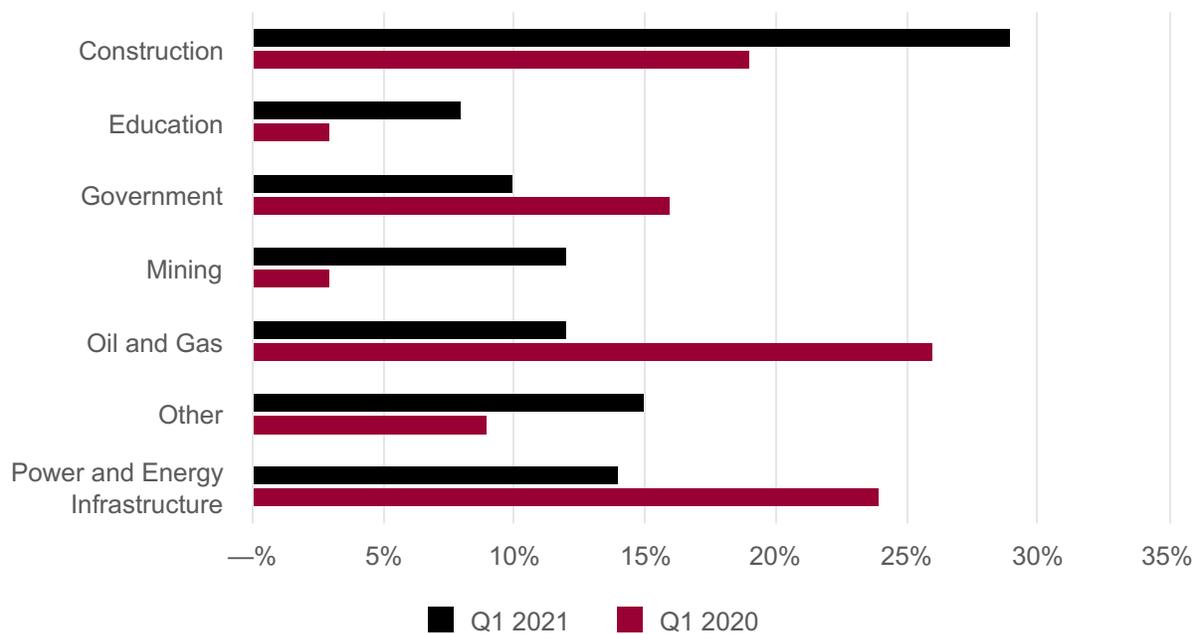
(\$ millions)	Three months ended March 31,		
	2021	2020	Change
Revenue			
Canada	36.1	29.4	23%
United States	22.1	12.4	78%
Australia	7.6	3.3	130%
Total	65.8	45.1	46%

Percentage of total revenue	Three months ended March 31,		
	2021	2020	Change
Revenue			
Canada	55 %	65 %	(10)
United States	34 %	27 %	7
Australia	11 %	8 %	3
Total	100 %	100 %	

QTD Rental Revenue by Geography



QTD Total Revenue by Industry



Capital Plan

Capital expenditures for the Quarter were \$4.0 million and capital commitments expected to be realized over the next nine months were \$14.2 million as at March 31, 2021. This is compared with capital expenditures of \$12.5 million and capital commitments of \$7.0 million in the Comparative Quarter. The Company's 2021 gross capital plan of \$35 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows.

Proceeds on used fleet sales exceeded gross capital expenditures by \$4.8 million compared with net capital expenditures of \$11.7 million in the Comparative Quarter.

Capital expenditures for the Quarter included maintenance capital of \$1.0 million, compared to \$2.2 million in the Comparative Quarter.

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally the 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. Proceeds from used fleet asset sales in the Quarter were \$8.8 million compared with \$0.8 million in the Comparative Quarter.

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 unaudited interim condensed consolidated financial statements of Black Diamond for the three months ended March 31, 2021 and 2020.

(in millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Financial Highlights	\$	\$	%
Total revenue	65.8	45.1	46%
Gross profit	23.4	17.7	32%
Administrative expenses	10.1	7.8	29%
Adjusted EBITDA ⁽¹⁾	13.3	9.9	34%
Funds from operations ⁽¹⁾	17.3	10.3	68%
Per share (\$)	0.30	0.19	58%
Profit before income taxes	3.4	0.2	1,600%
Profit (loss)	2.7	(0.1)	2,800%
Profit per share - Basic and diluted	0.05	—	—%
Capital expenditures	4.0	12.5	(68)%
Business acquisitions	—	6.6	(100)%
Property & equipment	399.9	349.5	14%
Total Assets	508.0	452.5	12%
Long-term debt	172.2	120.2	43%
Cash and cash equivalents	3.0	9.6	(69)%

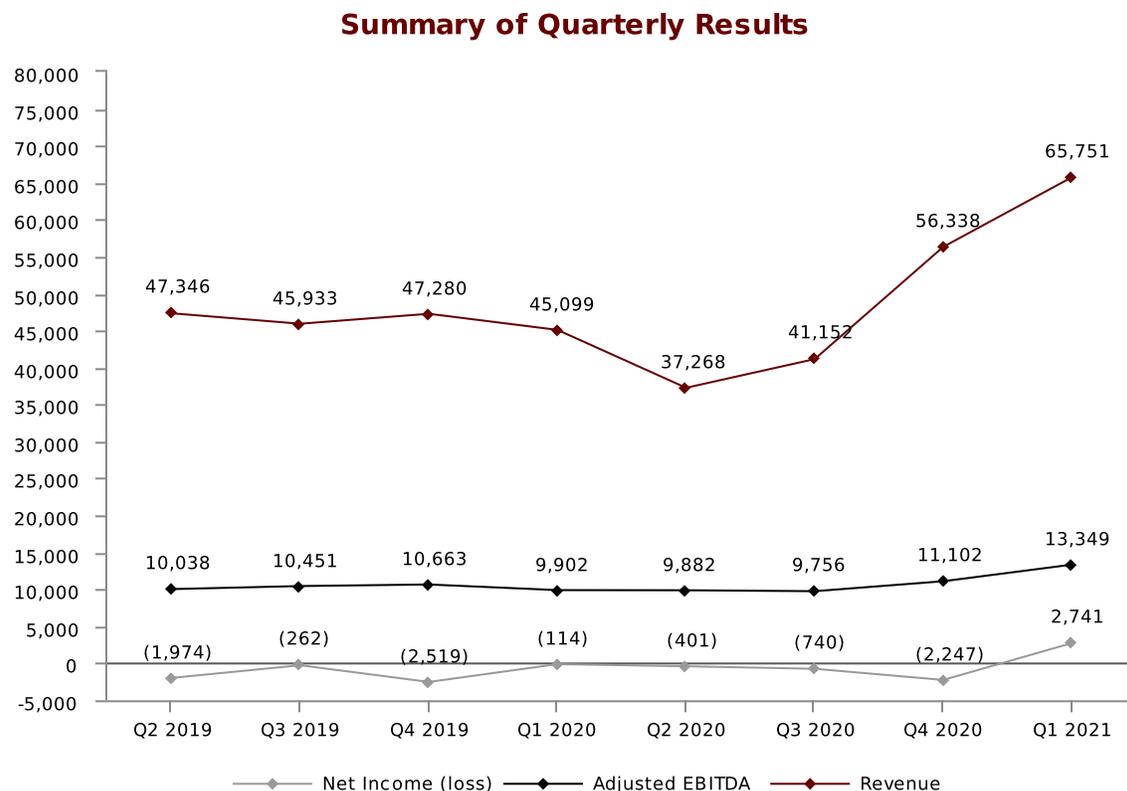
(1) Adjusted EBITDA and Funds from Operations are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA and Funds from Operations may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

Margin Summary	Three months ended March 31,		
	2021	2020	Change ⁽¹⁾
(Percent of revenue)			
Gross Profit	36%	39%	(3)
Administrative expenses	15%	17%	(2)
Adjusted EBITDA	20%	22%	(2)

(1) Percentage point basis.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:

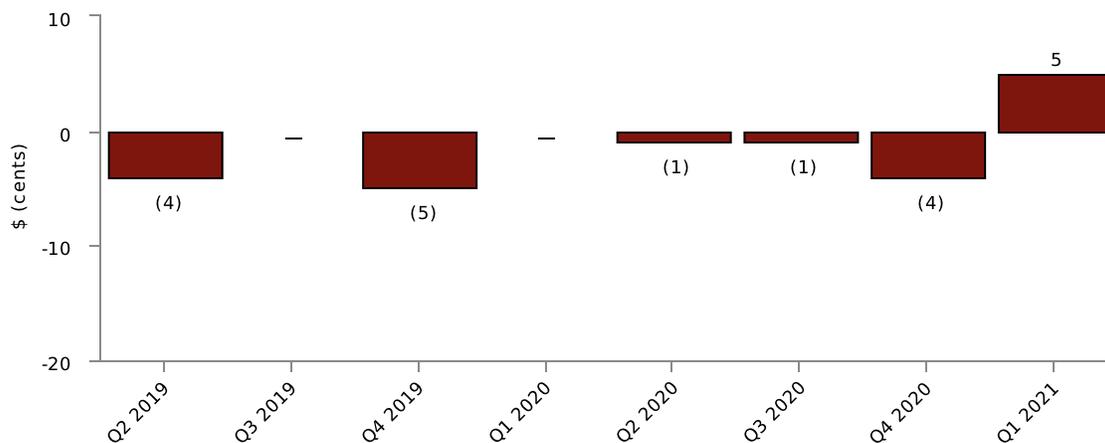


From Q2 2019, Revenue has remained relatively flat for four quarters with a general recovery in operations over that period, followed by a fall in revenue in Q2 and Q3 2020 due to the negative effects of COVID-19 on business operations, specifically in WFS.

From Q4 2020, Revenue and Profit have increased due to the acquisition of Vanguard on November 30, 2020.

The Net Loss and Adjusted EBITDA over the last eight quarters generally trended positively with increasing higher margin rental revenue over the same period. Net Loss in Q4 2020 was driven by acquisition costs offset by one month of Vanguard operations. The earnings (loss) per share followed the same trend as the Net Income (loss) as there were no significant changes in shares outstanding over the eight quarter period.

Basic & Diluted Earnings (Loss) Per Share

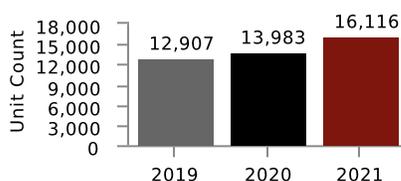


CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

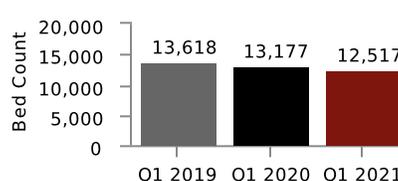
Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 16,116 units at the end of the Quarter compared with 13,983 in the Comparative Quarter primarily due to the acquisition of Vanguard and organic fleet additions in MSS. The increase in units is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are in higher demand in the current environment. 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 12,517 rooms in the Quarter compared with 13,177 rooms in the Comparative Quarter due to used fleet sales in WFS.

Consolidated Unit Count



Consolidated Room Count



Fleet Utilization Rates

	Three months ended March 31,		
	2021	2020	Change (1)
Modular Space Solutions	81%	72%	9
Workforce Solutions:			
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (2)	42%	49%	(7)
Surface Equipment and other ancillary rental equipment	31%	40%	(9)
Consolidated	67%	61%	6

(1) Percentage point basis.

(2) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations

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.

Q1 2021 vs Q1 2020

The increase in utilization in MSS is primarily due to increased activity in all regions. The decrease in utilization in WFS is primarily due to decrease in Wellsite Accommodations due to lower industry activity in both the Canadian and U.S. markets offset by modest increase to Workforce Housing Accommodations utilization due to contracts signed throughout the Quarter.

Revenue

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

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.

Lodging Revenues are generated from the provision of full turnkey lodging services to our customers. Lodging 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. Lodging revenue is earned on a day rate or days occupied basis.

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.

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Rental Revenue	21.4	17.1	25%
Lodging Revenue	5.6	6.0	(7)%
Sales Revenue	17.7	5.6	216%
Non-Rental Revenue	21.1	16.4	29%
Revenue	65.8	45.1	46%

Percentage of consolidated revenue	Three months ended March 31,		
	2021	2020	Change \$
Rental Revenue	33%	38%	(5)
Lodging Revenue	9%	13%	(4)
Sales Revenue	27%	12%	15
Non-Rental Revenue	31%	37%	(6)

(1) Percentage point basis.

Q1 2021 vs Q1 2020

Rental revenue for the Quarter was \$21.4 million, up 25% or \$4.3 million from the Comparative Quarter primarily due to a \$5.0 million increase in MSS rental revenue attributed to the acquisition of Vanguard and a larger fleet, along with higher rental rates, partially offset by a \$0.7 million decrease in WFS rental revenue due to a decrease in rental fleet utilization, primarily in the U.S.

Lodging revenue for the Quarter was \$5.6 million, down 7% or \$0.4 million from the Comparative Quarter due to decreased occupancy at a number of open lodges and Horn River Lodge being closed in the Quarter, partially offset by increased occupancy in turnkey Lodges.

Sales revenue for the Quarter was \$17.7 million, up 216% or \$12.1 million from the Comparative Quarter driven by a \$7.1 million increase in MSS sales revenue due to the custom sales generated by Vanguard combined with a \$5.0 million increase in WFS sales revenue due to a large fleet sale in the Quarter.

Non-rental revenue for the Quarter was \$21.1 million, up 29% or \$4.7 million from the Comparative Quarter due to a \$6.7 million increase in MSS non-rental revenue primarily due to an increase in installation revenue, as well as the contribution from Vanguard, partially offset by a \$2.0 million decrease in WFS non-rental revenue due to reduced activity in the U.S. as a result of the completion of a significant project in California in the Comparative Quarter.

Direct Costs and Gross Profit

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Direct Costs	42.4	27.4	55%
Gross Profit	23.4	17.7	32%

	Three months ended March 31,		
Percentage of consolidated revenue	2021	2020	Change (1)
Direct Costs	64%	61%	3
Gross Profit	36%	39%	(3)

(1) Percentage point basis.

Gross profit margins fluctuate depending on the mix between rental, lodging, sales and non-rental revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

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

	Three months ended March 31,		
Direct Costs (\$ million, except as noted)	2021 \$	2020 \$	Change
Construction and transportation services	14.1	7.4	91%
New sales	7.3	4.0	83%
Catering, utilities and other consumable costs	5.0	5.5	(9)%
Used fleet sales	4.7	0.7	571%
Repairs and maintenance	3.7	3.1	19%
Labour costs	3.6	3.0	20%
Subleased equipment	1.9	2.1	(10)%
Other direct costs	1.1	0.8	38%
Fleet Insurance	0.6	0.5	20%
Rent Expense - Subleased Properties	0.4	0.4	—%
Total direct costs	42.4	27.4	55%

Q1 2021 vs Q1 2020

Direct costs for the Quarter were \$42.4 million, up 55% or \$15.0 million from the Comparative Quarter primarily due to increases in construction and transportation services, used fleet sales and new sales.

Gross profit for the Quarter was \$23.4 million, up 32% or \$5.7 million from the Comparative Quarter primarily due to an increase in rental and sales revenue.

Administrative Expenses

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Personnel Costs	7.3	5.3	38%
Other Administrative Expenses	2.0	1.9	5%
Occupancy and Insurance	0.8	0.6	33%
Total Administrative expenses	10.1	7.8	29%
<i>% of Consolidated Revenue</i>	15%	17%	(2)

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

Q1 2021 vs Q1 2020

Total administrative expenses for the Quarter were \$10.1 million, up 29% or \$2.3 million from the Comparative Quarter.

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

- Personnel costs for the Quarter were \$7.3 million, up 38% or \$2.0 million from the Comparative Quarter primarily due to an increase in staffing levels and the acquisition of Vanguard.
- Other administrative expenses for the Quarter were \$2.0 million, flat with the Comparative Quarter.
- Occupancy and insurance costs for the Quarter were \$0.8 million, up 33% or \$0.2 million from the Comparative Quarter due to increased occupancy and insurance expenses.

Adjusted EBITDA

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Adjusted EBITDA ⁽¹⁾	13.3	9.9	34%
<i>% of Consolidated Revenue</i>	20%	22%	(2)

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

Adjusted EBITDA as a percentage of consolidated revenue will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as lodging services, used and custom manufactured fleet sales, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q1 2021 vs Q1 2020

Adjusted EBITDA for the Quarter was \$13.3 million, up 34% or \$3.4 million from the Comparative Quarter primarily due to increased rental and sales revenue offset by higher personnel costs.

Depreciation and Amortization

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Depreciation and amortization, net of depreciation of right-of-use assets	6.6	6.0	10%
<i>% of Property and equipment</i>	2%	2%	—
Depreciation of right-of-use assets	1.5	1.4	7%

Q1 2021 vs Q1 2020

Depreciation and amortization for the Quarter was \$6.6 million, up 10% or \$0.6 million from the Comparative Quarter primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets was \$1.5 million, up 7% or \$0.1 million with the Comparative Quarter due to a larger leased real estate and equipment portfolio in the Quarter combined with extensions of existing real estate contracts.

Finance Costs

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Finance cost	1.3	1.6	(19)%
Long-term debt	172.2	120.2	43%
Average interest rate ⁽¹⁾	2.01%	3.52%	-151 bps

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

Q1 2021 vs Q1 2020

Finance costs for the Quarter were \$1.3 million, down 19% or \$0.3 million from the Comparative Quarter primarily due to lower market interest rates charged on the ABL Facility.

Income Tax

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Deferred tax recovery	0.4	0.1	300%
Total tax recovery	0.4	0.1	300%

Q1 2021 vs Q1 2020

For the Quarter, Black Diamond recognized a deferred income tax expense of \$0.4 million, a change of \$0.3 million from the Comparative Quarter. The tax expense in the Quarter is reflective of earnings in the Quarter, which increased the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Non-Controlling Interest

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

In connection with the acquisition of Vanguard, the Company issued 867 preferred shares (the "Preferred Shares") of its wholly owned subsidiary BOXX Modular Holdings Inc. (the "Issuer") for gross proceeds of approximately US\$8.7 million (C\$11.3 million). The Preferred Shares have been accounted for as non-controlling interest within the consolidated financial statements of Black Diamond.

The Preferred Shares entitle the holders to a cumulative dividend of 7.0% per annum through to the end of the second year, increasing by 1.0% per annum thereafter. If the dividend is not paid in cash at least quarterly, the cumulative dividend will increase to 9.0% per annum through to the end of the third year and increasing by 1.0% per annum thereafter. The declaration and payment of dividends is at the sole discretion of the Issuer and are required to be settled in cash. The amount payable per share will equal the Original Issue price, plus any accrued but unpaid dividends.

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Non-controlling interest	0.2	0.3	(33)%

Q1 2021 vs Q1 2020

The NCI for the Quarter was \$0.2 million, down \$0.1 million from the Comparative Quarter due to decreased net income earned through the limited partnerships, partially offset by dividends paid to preferred shareholders.

Net Income

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Net income (loss)	2.7	(0.1)	2,800%

Q1 2021 vs Q1 2020

Net income for the Quarter was \$2.7 million, an improvement of 2800% or \$2.8 million in the Comparative Quarter primarily due to increased rental and sales revenue partially offset by higher personnel costs.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three months ended March 31, 2021 and 2020, 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.

(in millions, except where noted)	Three months ended March 31,		
	2021	2020	Change
	\$	\$	%
Revenue			
Modular Space Solutions	35.3	16.5	114%
Workforce Solutions	30.5	28.6	7%
Total Revenue	65.8	45.1	46%

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes finance costs, tax expense, depreciation, amortization, accretion, foreign exchange gains or losses, stock-based compensation, acquisition costs, non-controlling interests, write-down of property and equipment, impairment of goodwill, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

(in millions, except where noted)	Three months ended March 31,		
	2021	2020	Change
	\$	\$	%
Adjusted EBITDA ⁽¹⁾			
Modular Space Solutions	10.3	4.6	124%
Workforce Solutions	6.1	7.8	(22)%
Corporate and Other	(3.1)	(2.5)	(24)%
Total Adjusted EBITDA	13.3	9.9	34%

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

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

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

Our customers operate in the construction, real estate development, education, manufacturing, health care, financial, government and defense industries. As a result of this diversity in the customer and geographic end markets, the MSS business unit generates steady cash flows from its recurring rental revenue.

Revenue

There are three revenue streams to which these assets contribute.

- 1. Rental:** Black Diamond's MSS segment provides assets to customers on a rental basis. Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. Rental often includes VAPS when the non-fleet equipment is owned by Black Diamond.
- 2. Sales:** The MSS segment 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 assets 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 have typically been both a profitable and cost-effective method to finance the replenishment or upgrade of the rental fleet while generating free cash flow during periods of lower rental demand and utilization.
- 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 equipment. The Company provides these services to customers for an additional fee beyond the rental and sales costs. Also included are Value Added Products and Services ("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 rental rate. Rental rates will vary between projects and periods due to the complexity 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 rental revenue in MSS is predictable and experiences consistent margins. Non-rental and sales revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on non-rental and sales revenues are lower than margins for rental revenues due to the operating 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 margin between periods.

Revenue by Stream (\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Rental Revenue	13.9	8.9	56%
Sales Revenue	11.1	4.0	178%
Non-rental Revenue	10.3	3.6	186%
Total Revenue	35.3	16.5	114%
Adjusted EBITDA	10.3	4.6	124%
Adjusted EBITDA as a % of revenue	29%	28%	1
Return on Assets ⁽¹⁾	16%	11%	5

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See "Non-GAAP Financial Measures".

Value Added Products & Services	Three months ended March 31,		
	2021	2020	Change
VAPS as a % of Total Rental Revenue	11%	13%	(2)

Revenue by Geography (\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Canada	14.2	11.4	25%
United States	21.1	5.1	314%
Total revenue	35.3	16.5	114%

Q1 2021 vs Q1 2020

The MSS business unit's total revenue for the Quarter was \$35.3 million, up 114% or \$18.8 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was \$13.9 million, up 56% or \$5.0 million from the Comparative Quarter due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** during the Quarter was \$11.1 million, up 178% or \$7.1 million from the Comparative Quarter primarily due to the custom sales generated by Vanguard.

- **Non-rental revenue** during the Quarter was \$10.3 million, up 186% or \$6.7 million from the Comparative Quarter primarily due to an increase in installation revenue, as well as a contribution from Vanguard.

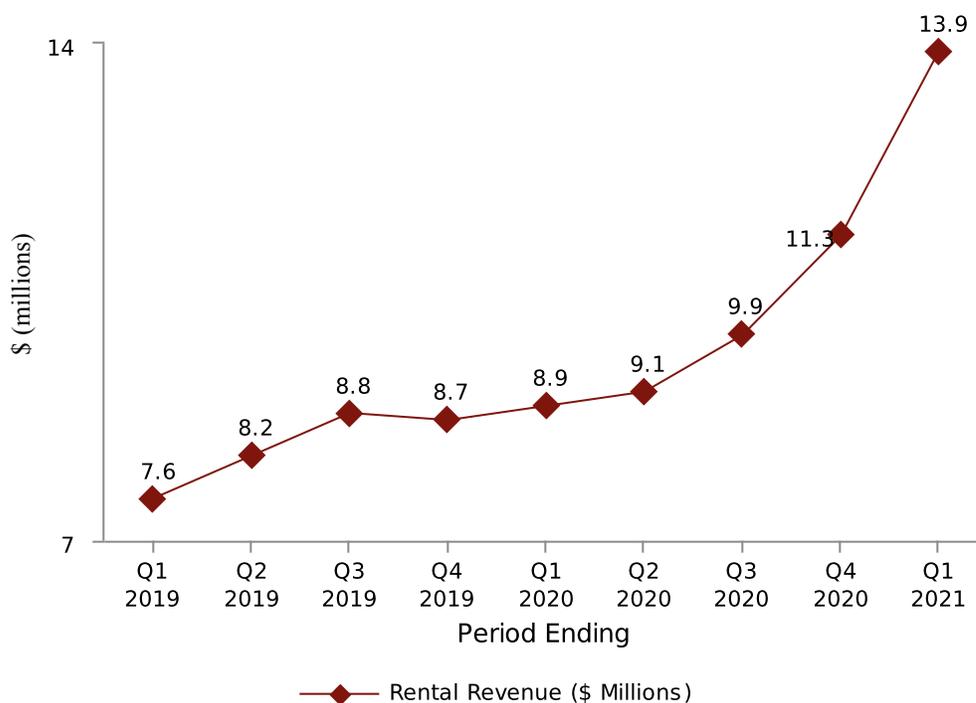
VAPS as a percent of Total Rental Revenue during the quarter was 11%, down two percentage points from the previous quarter due to the addition of Vanguard which historically did not have a significant focus on VAPS. Without the impact of Vanguard, VAPS as a percent of Total Rental Revenue increased by one percentage point.

Adjusted EBITDA for the Quarter of \$10.3 million increased 124% or \$5.7 million from the Comparative Quarter. Adjusted EBITDA as a percentage of revenue increased one percentage point to 29% as compared to the Comparative Quarter primarily due to an increase in rental revenue, and higher margins on Non-rental revenue. Repairs & maintenance costs were also lower due to improving efficiencies.

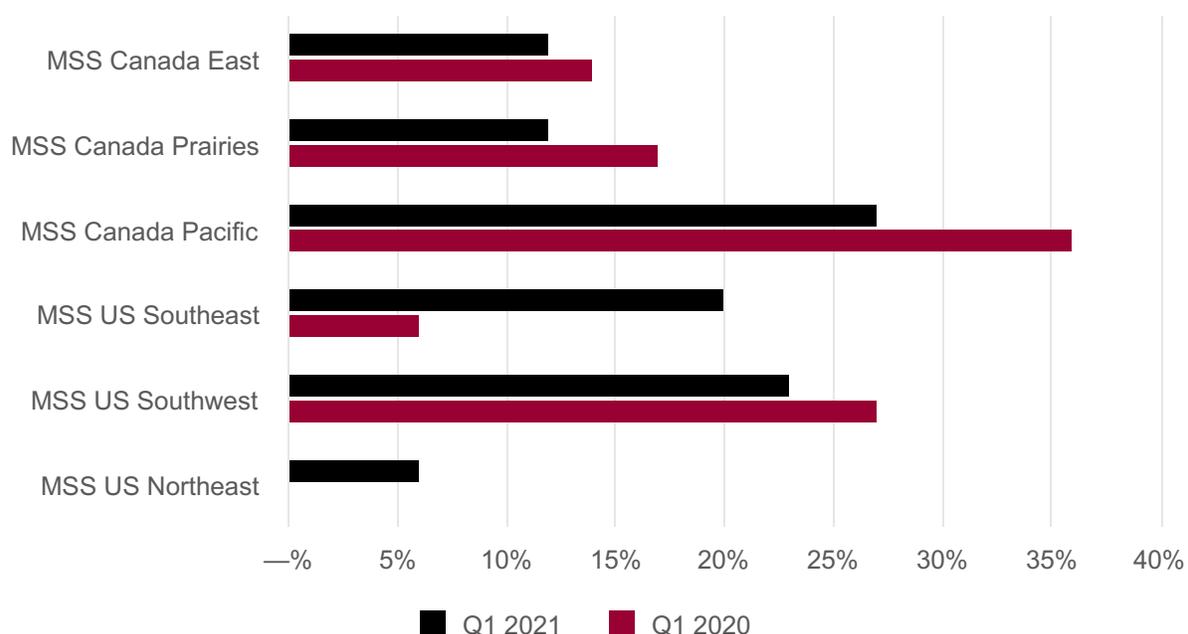
Return on Assets ("ROA") for the Quarter was 16%, an increase of five percentage points from 11% in the Comparative Quarter.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (35% compound annual growth rate from Q1 2019 to Q1 2021).



QTD MSS Rental Revenue by Geography



MSS geographic diversification increased in the Quarter over the Comparable Quarter with an increased share of rental revenues in the U.S. Northeast and U.S. Southeast regions and reduced share of rental revenues from MSS in the Canada Pacific region. This is due to a full quarter contribution from Vanguard.

Rental Term

Rental durations typically exceed the initial contract terms and are renewable on a month-to-month basis. The average duration of the MSS lease portfolio was 41.9 months as at March 31, 2021, an increase of 14.2 months from 27.7 months as at March 31, 2020. The increase is mainly driven by the addition of Vanguard rental units and contracts, which tend to be longer term in nature.

Contracted Future Revenue

Contracted Rental Revenue For Assets On Rent as March 31, 2021 was \$45.6 million, an increase of \$27.0 million or 145% from \$18.6 million as at March 31, 2020.

Space Rental Assets and Average Utilization

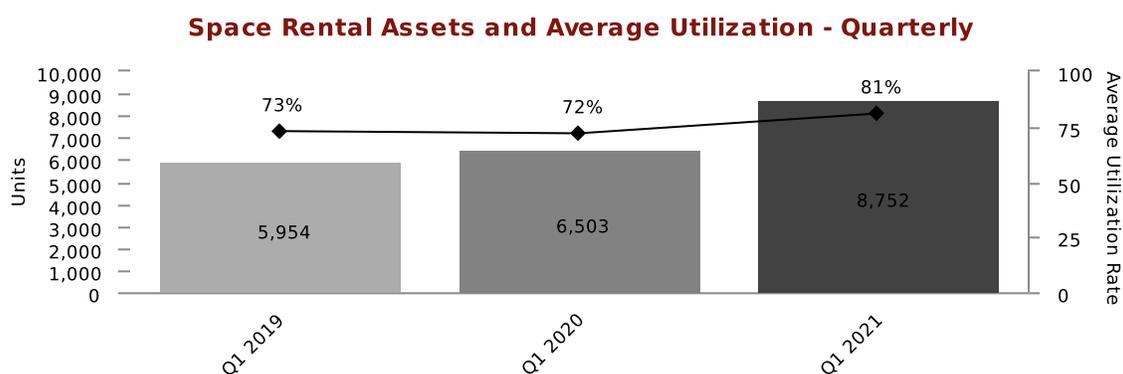
The MSS fleet consisted of 8,752 units as at March 31, 2021, which increased from 6,503 units as at March 31, 2020. This was due to the addition of 2,615 new units, of these 2,196 were from Vanguard and 419 were additions, partially offset by 366 disposals.

MSS Consolidated

MSS Assets, Utilization, and Rates	Three months ended March 31,		
	2021	2020	Change
Property and Equipment Net Book Value (\$ millions) ⁽²⁾	235.0	167.2	41%
Modular Space Assets	8,752	6,503	35%
Average Utilization ⁽¹⁾	81%	72%	9
Average Monthly Rental Rate	\$662	\$624	6%

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

(2) Net book value of property and equipment is influenced by changes in foreign exchange rates.



Q1 2021 vs Q1 2020

Utilization for the Quarter was 81%, a nine percentage point increase from 72% in the Comparative Quarter, mainly due to increased activity within all regions.

The average rental rate has improved as compared to the Comparative Quarter by 6%, due to higher rates across all regions.

WORKFORCE SOLUTIONS BUSINESS UNIT

The WFS business unit provides workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodging 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, lodging and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation and dismantle, and the sale of used fleet assets.

The assets included in the rental business are:

Workforce housing accommodations: the rental fleet includes 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 infrastructure and large-scale construction projects, oil and gas, mining, disaster recovery, government, and other industries. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

Surface equipment and other ancillary rental equipment: various types of equipment that support drilling, completion and production activities, rented to customers, typically in the oil and gas, construction, disaster recovery, government, and other industries.

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. WFS currently operates three lodges in British Columbia (Sunset Prairie Lodge, Little Prairie Lodge and Horn River Lodge) and two in Alberta (Sunday Creek Lodge and Smoky River Lodge). The assets at these lodges are modular accommodations structures and are interchangeable with assets in the Workforce housing accommodations fleet. The Company will move assets between the two businesses as demand dictates.

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. The rates quoted for a rental of workforce housing accommodation assets are typically monthly and wellsite accommodations and surface equipment are typically quoted as a day rate.
2. **Lodging:** Workforce housing accommodations assets, typically generate revenue from the provision of full turnkey lodging services to our customers. Lodging 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. Lodging revenue is earned on a day rate or days occupied basis.

3. **Sales:** WFS sells new and used workforce accommodations, wellsite accommodations and surface equipment assets.
4. **Non-Rental:** WFS provides complete installation, delivery and maintenance services and catering services or 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 bookings at third party lodges through LodgeLink.

Financial Highlights

The following is a summary of the key metrics used by management to assess performance. Revenue, Adjusted EBITDA and ROA are key financial measures which fluctuate in direct proportion to utilization, occupancy and rates.

Revenue by Stream (\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Rental Revenue	7.5	8.2	(9)%
Lodging Revenue	5.6	6.0	(7)%
Sales Revenue	6.6	1.6	313%
Non-Rental Revenue	10.8	12.8	(16)%
Total Revenue	30.5	28.6	7%

Revenue by Geography (\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Canada	21.9	18.1	21%
United States	1.0	7.3	(86)%
Australia	7.6	3.2	138%
	30.5	28.6	7%
Adjusted EBITDA	6.1	7.8	(22)%
<i>Adjusted EBITDA as a % of revenue</i>	20%	27%	(7)
Return on Assets ⁽¹⁾	16%	19%	(3)

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See "Non-GAAP Financial Measures".

Q1 2021 vs Q1 2020

Adjusted EBITDA decreased in the Quarter to \$6.1 million from \$7.8 million, a decrease of \$1.7 million or 22% due to a higher margin on non-rental revenue in the Comparative Quarter.

Rental

The following are key metrics used to measure and report on performance of WFS assets. Average asset utilization for the Quarter is calculated by dividing the net book value of assets on rent by the total net book value of the assets.

Average Asset Utilization	Three months ended March 31,		
	2021	2020	Change
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges ⁽¹⁾	42%	49%	(7)
Surface Equipment and other ancillary rental equipment	31%	40%	(9)

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations

Fleet Count (Units)	As at March 31,		
	2021	2020	Change
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges ⁽¹⁾	3,836	3,949	(3)%
Workforce Housing Accommodations: Open Lodges	547	574	(5)%
Surface Equipment and other ancillary rental equipment	2,981	2,957	1%

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations

Consolidated Room Count by Geography			
Canada	9,778	9,757	—%
United States	1,575	2,410	(35)%
Australia	1,164	1,010	15%
	12,517	13,177	(5)%

Net Book Value by Geography (\$ millions)			
Canada	101.1	109.1	(7)%
United States	32.7	43.7	(25)%
Australia	14.7	12.6	17%
	148.5	165.4	(10)%

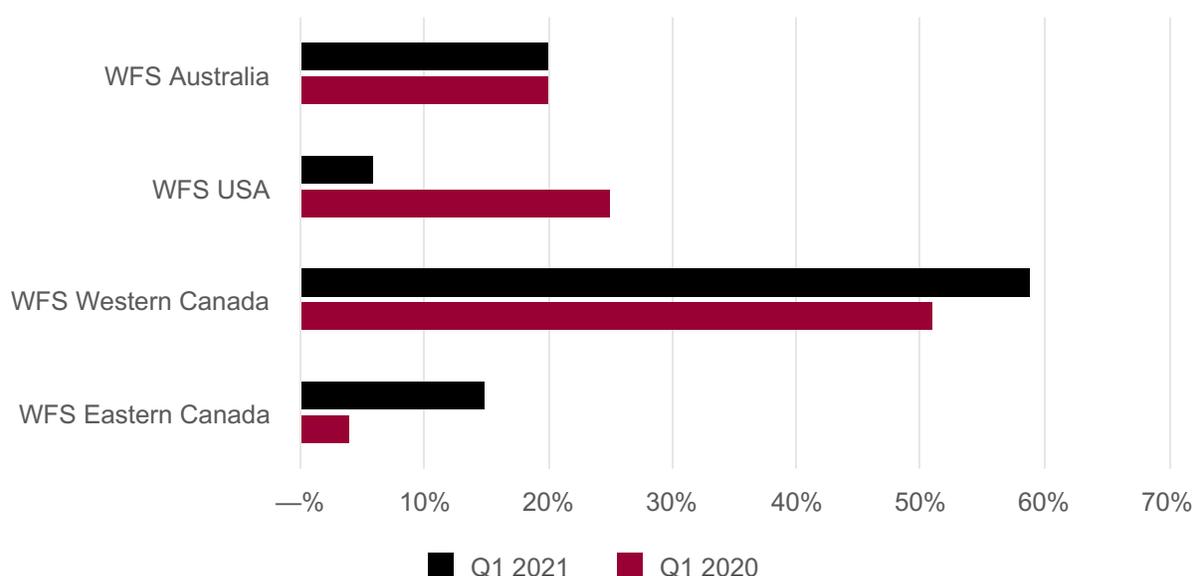
Contracted Future Revenue

At March 31, 2021, Contracted Rental Revenue From Contracts In Place was \$38.5 million, an increase of \$19.6 million or 104% from \$18.9 million as at March 31, 2020.

Q1 2021 vs Q1 2020

Rental revenue during the Quarter was \$7.5 million, down 9% or \$0.7 million from the Comparative Quarter due to a decrease in utilization primarily in the U.S., partially offset by the second phase of Sukunka River Lodge and projects mainly in Eastern Canada.

QTD WFS Rental Revenue by Geography



Lodging

Q1 2021 vs Q1 2020

Lodging revenue during the Quarter was \$5.6 million, down 7% or \$0.4 million from the Comparative Quarter due to decreased occupancy at a number of open lodges, partially offset by increased occupancy in turnkey Lodges.

Sales and Non-Rental

Sales revenue and non-rental revenue are generally not driven by market indicators and are variable in terms of timing and margins.

Q1 2021 vs Q1 2020

Sales revenue during the Quarter was \$6.6 million, up \$5.0 million from the Comparative Quarter due to a large fleet sale in the Quarter.

Non-rental revenue during the Quarter was \$10.8 million, down 16% or \$2.0 million from the Comparative Quarter due to reduced activity in the U.S. as a result of the completion of a significant project in California in the Comparative Quarter.

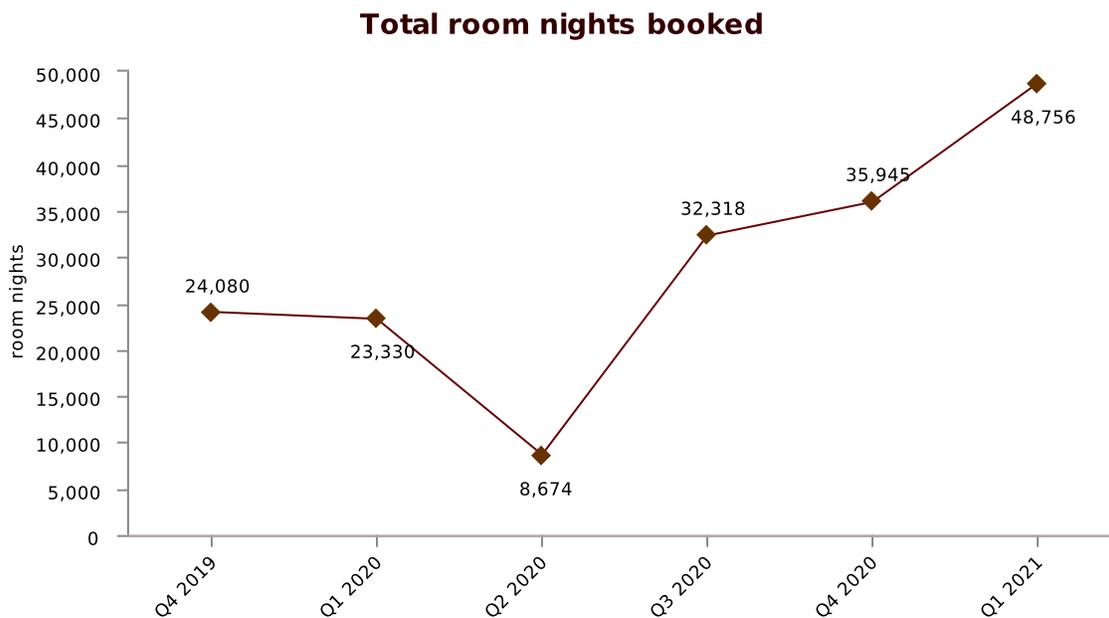
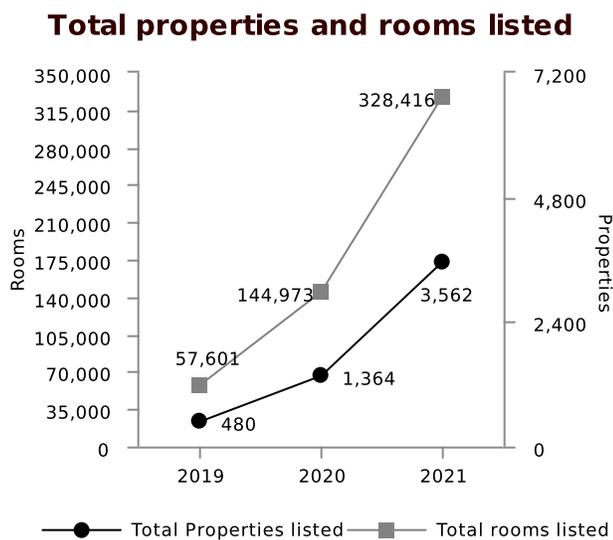
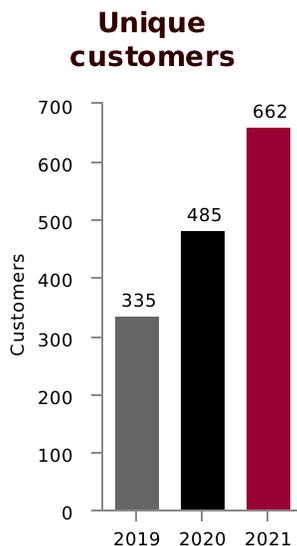
LodgeLink

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

LodgeLink ⁽¹⁾	Three months ended March 31,		
	2021	2020	Change
Total gross bookings (\$ millions)	7.5	5.0	50%
Total room nights booked	48,756	23,330	109%

(1) Total gross bookings, total room nights booked, total properties listed and total rooms listed include both Black Diamond owned assets and third party properties.

Record highs set in the previous quarter were exceeded in the Quarter for total room nights, number of active properties, number of active customers, and revenue earned in the U.S. Total room nights booked in the Quarter increased 109% from the Comparative Quarter and represent nearly 50% of total room nights booked in twelve months of 2020. The record highs achieved in the quarter are despite ongoing headwinds from COVID-19 restrictions. The impact of COVID-19 has been most pronounced on the airfare portion of the LodgeLink business which resulted in overall gross booking revenue increasing 50% versus the Comparative Quarter.



CORPORATE AND OTHER BUSINESS UNIT

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 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.

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Property and Equipment Net Book Value	16.4	16.8	(2)%
Adjusted EBITDA	(3.1)	(2.5)	(24)%

Q1 2021 vs Q1 2020

Adjusted EBITDA for the Quarter was negative \$3.1 million, a decrease of 24% or \$0.6 million, from negative \$2.5 million in the Comparative Quarter, primarily due to increased occupancy and insurance expenses as well as an increase in personnel expenses, partially offset by a decrease in administration expenses.

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 \$4.0 million (Comparative Quarter – \$12.5 million) on additions to property and equipment and intangible assets. The additions are set out in the table below.

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change %
Modular Space Solutions	2.9	9.8	(70)%
Workforce Solutions	1.0	2.1	(52)%
Corporate and Other	0.1	0.6	(83)%
	4.0	12.5	(68)%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the Unaudited Consolidated Statement of Cash Flows, are summarized in the following table:

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change %
Cash from operating activities	13.4	10.4	29%
Cash from (used in) investing activities	(7.3)	(19.2)	(62)%
Cash from (used in) financing activities	(6.8)	14.0	(149)%
Total cash (decrease) increase	(0.7)	5.2	(113)%

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, and interest, taxes and principal debt repayments.

Cash provided by operating activities was \$3.0 million higher in the Quarter than in the Comparative Quarter. The increase in the Quarter is primarily due to an increase in net income and higher used fleet sales.

Cash used in investing activities was \$11.9 million lower in the Quarter than in the Comparative Quarter. The decrease in the Quarter is the result of lower capital expenditures and a business acquisition in the Comparative Quarter.

The Company had lower cash from financing activities of \$20.8 million in the Quarter primarily due to a repayment of long-term debt.

Working Capital

The following table presents summarized working capital information:

(\$ millions, except as noted)	March 31, 2021	December 31, 2020	Change \$	Change %
Current assets	62.1	57.5	4.6	8%
Current liabilities	47.5	50.8	(3.3)	(6)%
Working capital	14.6	6.7	7.9	118%

The increase in current assets of \$4.6 million from December 31, 2020 was due to an increase in accounts receivable of \$4.6 million and an increase in other assets of \$0.7 million. This was offset by a decrease in cash of \$0.7 million.

The decrease in current liabilities of \$3.3 million from December 31, 2020 was due to a decrease of \$4.1 million in accounts payable, offset by a \$0.4 million increase in deferred revenue and a \$0.4 million increase in current lease liabilities.

Contractual Obligations and Other Commitments

At March 31, 2021, Black Diamond had capital expenditure commitments in the amount of \$14.2 million. Additionally, Black Diamond has a commitment of \$8.7 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 November 30, 2020, the Company reached an agreement with its lenders to amend its ABL Facility increasing the maximum revolving line to \$300.0 million.

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 \$300.0 million.

For the three months ended March 31, 2021, the average interest rate on outstanding debt was 2.01% (2020 - 3.52%)

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 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.

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 March 31, 2021, the Company's draws under the ABL Facility amounted to \$172.8 million (refer to consolidated financial statements), which represents 67% of the borrowing base of \$257.2 million, therefore the FCCR covenant was not applicable.

As at March 31, 2021, Black Diamond was in compliance with all debt covenants.

Share Capital

At March 31, 2021, Black Diamond had 57.7 million (December 31, 2020 - 56.7 million) common shares outstanding, net of 1.0 million (December 31, 2020 - 1.6 million) held in trust to settle equity based compensation plans. In addition, at March 31, 2021, Black Diamond had 5.8 million (December 31, 2020 - 5.3 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 May 5, 2021 (in thousands):

Common shares	57,699
Stock options	4,903
Restricted and performance share units	864

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.

Contingent Liabilities

The Company has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers from all personal liability and loss that may arise in service to the Company.

The following table summarizes Black Diamond's total contractual obligations as at March 31, 2021:

(\$ millions, except as noted)	Payments due by period			
	Total	Less than 1 year	1 - 5 years	After 5 years
Long-term debt	172.8	—	172.8	—
Lease obligations	30.6	6.2	20.3	4.1
Commitments	8.7	1.9	5.9	0.9
Purchase obligations	14.2	14.2	—	—
Total contractual obligations	226.3	22.3	199.0	5.0

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at March 31, 2021 relate to standard working capital accounts and credit facility items.

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

The consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Black Diamond's results. 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 measures include:

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

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

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

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

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using Adjusted EBITDA only on a supplementary basis.

Reconciliation of Consolidated Profit to Adjusted EBITDA:

(\$ millions, except as noted)	Three months ended March 31,		Change %
	2021	2020	
Profit (loss)	2.7	(0.1)	2,800 %
Add:			
Depreciation and amortization	8.1	7.4	9 %
Finance costs	1.3	1.6	(19)%
Share-based compensation	0.6	0.6	— %
Non-controlling interest	0.2	0.3	(33)%
Deferred income taxes	0.4	0.1	300 %
Adjusted EBITDA	13.3	9.9	34 %

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by the revenue for the period.

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

Contracted Rental Revenue For Assets On Rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting period. Assets on rent is explained where the rental period of the assets has started on or before the reporting period.

Contracted Rental Revenue For Contracts In Place is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting period. Commencement date of the contracts in place include on or before the reporting period or in some instances future reporting periods.

Reconciliation of Cash Flow from Operating Activities to Funds from Operations:

(\$ millions, except as noted)	Three months ended March 31,		
	2021	2020	Change
Cash Flow from Operating Activities	13.5	10.4	30 %
Add/(Deduct):			
Change in long-term accounts receivable	(0.3)	—	— %
Changes in non-cash operating working capital	4.1	(0.1)	4,200 %
Funds from Operations	17.3	10.3	68 %

Gross Profit Margin is calculated by dividing Gross Profit by the revenue for the period.

Working Capital is calculated as current assets minus current liabilities.

Net Debt to Adjusted EBITDA is calculated as Net Debt divided by Adjusted EBITDA.

Net Debt is calculated as long-term debt minus cash.

Return on assets ("ROA") is calculated as annualized Adjusted EBITDA divided by average net book value of Property and Equipment.

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 following table provides the total amount of transactions that have been entered into with related parties during the three months ended March 31, 2021 and 2020, as well as balances with related parties as at March 31, 2021 and December 31, 2020.

	For the three months ended March 31,		Due to related parties as at	
	2021	2020	March 31, 2021	December 31, 2020
(\$ millions, except as noted)	\$	\$	\$	\$
Non-controlling interests				
Limited partners				
Royalties and distributions declared	122	272	(141)	(637)
Sale of fleet assets	—	1,216	—	—
Capital contribution	—	1,216	—	—

In the Comparative Quarter, a limited partner purchased surface rental units from the Company and contributed these units as a capital contribution to a partnership controlled by Black Diamond.

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, 2020 which is available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at March 31, 2021, designed, or caused to be designed under their supervision, disclosure controls and procedures 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.

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 GAAP. 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.

On November 30, 2020, Black Diamond completed the acquisition of Vanguard. The results of Vanguard have been included in the consolidated financial statements of the Company since November 30, 2020. However, Black Diamond has not had sufficient time to appropriately assess the DC&P and ICFR previously used by Vanguard and integrate them with those of Black Diamond. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude controls, policies, and procedures of Vanguard. Black Diamond has a program in place to complete the assessment of the controls, policies, and procedures of the acquired operation by November 30, 2021.

During the three months ended March 31, 2021, the assets previously held by Vanguard contributed revenues of \$12.8 million and net earnings of \$2.0 million.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2021 and ended on March 31, 2021 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. Due to the COVID-19 pandemic, Black Diamond has implemented social distancing measures which require non-essential employees to work remotely. These measures have not had a material impact on Black Diamond's ICFR to date, but will be continually monitored to mitigate any risks associated with changes in the Company's control environment.

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, 2020 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

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

Judgments

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

Impairment of non-financial assets

Goodwill is assessed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. When applicable 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: MSS East, MSS West, MSS U.S., Camps & Lodging, Energy Services, and 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.

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.

Since March 2020, the Company has seen macro-economic uncertainty as a result of the global COVID-19 pandemic. The outbreak and subsequent measures intended to limit the spread of the virus contributed to significant volatility in financial markets. Furthermore, recent global developments and uncertainty in oil supply have caused further abnormally large volatility in commodity markets. The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

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 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. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the performance of the CGU being tested. Estimates for revenue growth and Adjusted EBITDA margins are 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 are 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 fair value 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.

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, and useful lives of intangible assets. 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 Policies and Disclosure

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under government grant programs related to income are recorded as a reduction to the eligible expenses incurred.

In the Quarter, the Company qualified for the Canada Emergency Wage Subsidy, a taxable government subsidy available to businesses affected by COVID-19 that meet certain criteria. Total subsidies received in the first quarter were \$0.4 million, and are reflected as a reduction of \$0.2 million and \$0.2 million in direct costs and administrative expenses, respectively. There are no unfulfilled conditions or other contingencies attached to the government assistance that have been recognized in the interim financial statements.