MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 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 December 31, 2021 (the "Quarter") with the three months ended December 31, 2020 (the "Comparative Quarter") and the twelve months ended December 31, 2021 (the "YTD") with the twelve months ended December 31, 2020 (the "Prior YTD"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020. The accompanying audited consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains non-GAAP financial measures, such as Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA Margin, Net Debt to Adjusted EBITDA, Funds from Operations, Free Cashflow, Gross profit, Gross Profit Margin, Return on Assets, Gross Bookings and Net Revenue Margin which do not have a standardized meaning under GAAP and, therefore may not be comparable to similar measures presented by other issuers. For definitions, reconciliations and further information please see the "Non-GAAP Financial Measures" section of the MD&A. This MD&A was prepared as of March 3, 2022 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2021, may be found on the Black Diamond website at www.blackdiamondgroup.com or Black Diamond profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2022 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 the COVID-19 pandemic and associated restrictions and lifting of 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 this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counterparties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers, inflationary price pressure and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2021 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on Black Diamond profile on SEDAR.

Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

INVESTOR INFORMATION SERVICES

To subscribe to Black Diamond's investor news alerts please go to https://www.blackdiamondgroup.com/investor-centre/news-alerts-subscription/

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Key Highlights from the Fourth Quarter of 2021

- Generated consolidated revenue of $96.1 million and Adjusted EBITDA of $17.5 million, up 71% and 58% from the Comparative Quarter, respectively.
- Consolidated rental revenue of $27.3 million, up 51% from the Comparative Quarter.
- Modular Space Solutions ("MSS") revenue and Adjusted EBITDA of $51.0 million and $13.3 million increased 62% and 33%, respectively, from the Comparative Quarter.
- Workforce Solutions ("WFS") revenue and Adjusted EBITDA of $45.1 million and $9.7 million increased 81% and 126%, respectively, from the Comparative Quarter.
- Cash from Operating Activities was $20.4 million and Free Cashflow for the Quarter was $15.4 million, compared to $7.8 million in the Comparative Quarter.
- Long-term Debt was $155.6 million resulting in Net Debt to Adjusted EBITDA of 2.4x is within the Company's target range of 2 to 3 times, and available liquidity was $112.7 million at the end of the Quarter.
- LodgeLink set a quarterly record with 70,317 room nights booked in the Quarter which increased 96% from the Comparative Quarter.
- The Company redeemed $2.4 million worth of preferred shares, issued by a subsidiary company, as part of the Vanguard acquisition. As of the date hereof, there are $8.9 million of preferred shares outstanding, which may be redeemed by the Company.
- Subsequent to the end of the Quarter, the Company increased its annual dividend per share payout by 20% from $0.05 to $0.06. The Company has declared a first quarter dividend of $0.015 payable on or about April 15, 2022 to shareholders of record on March 31, 2022.

Key Highlights from the YTD

- Generated consolidated revenue of $339.6 million and consolidated Adjusted EBITDA of $64.0 million for the YTD, up 89% and 58% from the Prior YTD, respectively.
- Diluted earnings per share for the YTD was $0.34 compared to $(0.06) in the Prior YTD.
- Profit for YTD was $20.4 million and consolidated Return on Assets ("ROA") for the YTD was 15%, up four percentage points from the Prior YTD.
- MSS rental revenue and Adjusted EBITDA of $60.0 million and $46.8 million, up 53% and 59% from the Prior YTD, respectively.
- WFS rental revenue and Adjusted EBITDA of $38.0 million and $34.6 million, up 44% and 57% from the Prior YTD, respectively.
- LodgeLink Net Revenue was $3.8 million, up 124% from the Prior YTD and Gross Bookings of $35.5 million grew 97% from the Prior YTD.

Each of Adjusted EBITDA, Free Cashflow, Net Debt to Adjusted EBITDA, Return on Assets and Gross Bookings is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

OUTLOOK

Fourth quarter 2021 results reflect the Company's continued focus to grow MSS through fleet additions and value added products and services ("VAPS"), strengthen WFS through higher utilization and further end-market diversity, and scale LodgeLink Gross Booking volumes while increasing margins.

MSS set an eighth consecutive quarterly record in rental revenue and achieved record sales revenue driven primarily by operations in the U.S. The macroeconomic backdrop remains attractive for the Company's MSS rental fleet, with utilization levels expected to remain strong amidst ongoing increases in average rental rate. Average rental rates in the Quarter across MSS were up 9% year-over-year on a constant currency basis and are expected to see ongoing increases based on strong demand in essentially all geographies as well as continued lift from ongoing inflationary pressures. Utilization is expected to remain steady and Management expects ongoing, steady growth in the Company's high margin, recurring, rental revenue into 2022.

WFS is expected to benefit from the Company's continued focus to diversify by end-market and geography, as well as continued strength in commodity prices. Utilization levels have continued to improve throughout WFS in all regions and as a result the outlook for the first half of 2022 remains constructive.

MSS sales revenue set a quarterly record as a result of strong activity levels, particularly in the eastern U.S. The Company expects a normalization in sales revenue in coming quarters but continues to see a healthy market for custom sales opportunities. In WFS, non-rental and sales revenue were also strong in 2021 due to improving utilization levels across the platform which in turn drove higher revenue from installation and ancillary services. The Company continues to see attractive opportunities within WFS to monetize unutilized assets to further improve utilization.

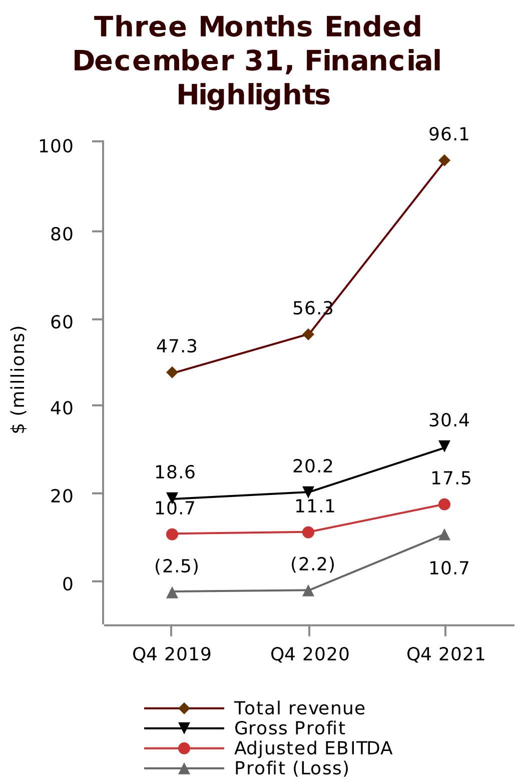
LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation, delivered its highest ever quarter for Gross Bookings and volume of room nights booked. Total Gross Bookings for LodgeLink grew 55% to $10.2 million from the Comparative Quarter. Total room bookings for the quarter grew 96% to 70,317 from the Comparative Quarter. At the end of the Quarter, LodgeLink had 615 unique active corporate customers signed onto the platform with 6,365 properties listed representing 615,799 rooms. The Company remains optimistic on the future growth potential of LodgeLink as the digital platform continues to scale and build volume by continuing to add customers and suppliers to the system.

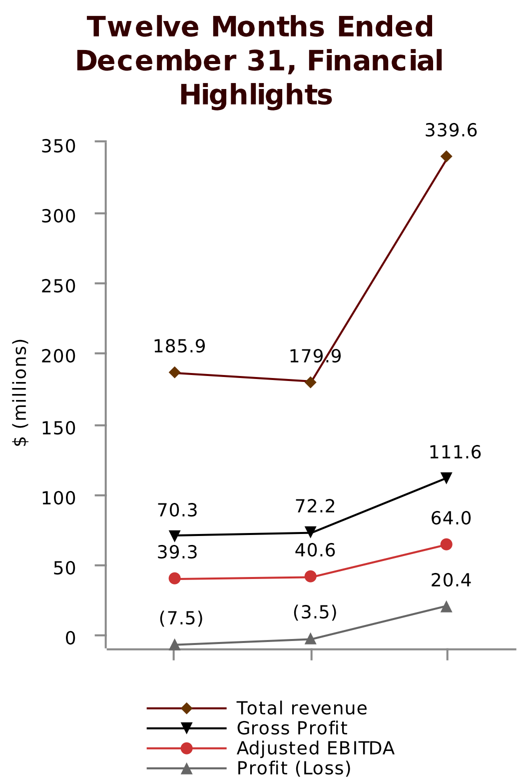
The Company's outlook into 2022 remains positive as growth in recurring rental revenue streams in both MSS and WFS is expected to underpin continued growth in Free Cashflow and the ability to re-invest in opportunities with strong returns across our specialty rental platform. Management expects debt levels to remain within the current Net Debt to Adjusted EBITDA range of 2.0x to 3.0x and remains focused on driving total shareholder returns with an announced 20% increase to its dividend. For 2022, the Company expects gross capital investment in the range of $35 to $45 million (or net capital investment of $30 to $40 million based on expected used asset sales). Capital investment is expected to be deployed in a generally non-speculative manner and is expected to be weighted heavily towards MSS and ongoing growth in Australia.

Gross bookings is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

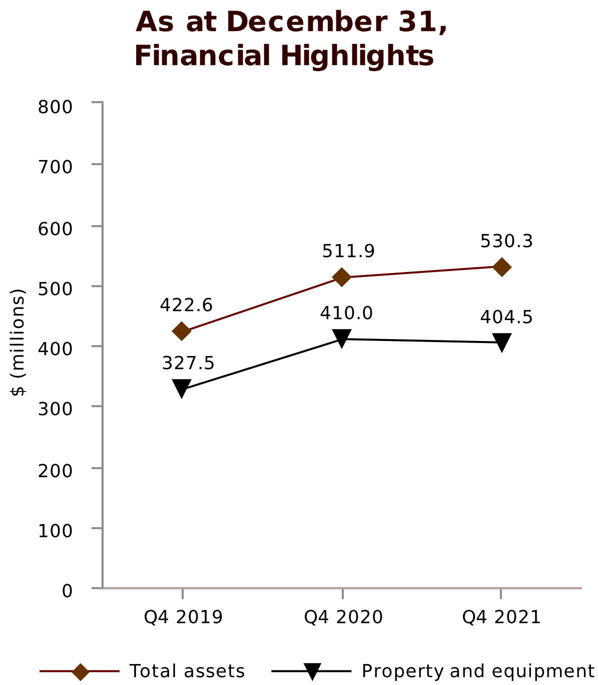
FINANCIAL REVIEW

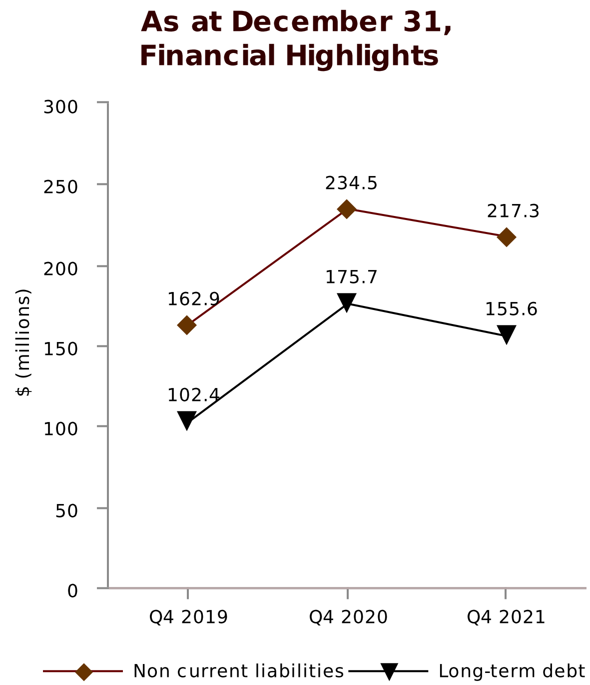
- Revenue for the Quarter was $96.1 million, up 71% or $39.8 million from the Comparative Quarter mainly due to increased rental and sales revenue in MSS and non-rental revenue in WFS.
- Adjusted EBITDA for the Quarter was $17.5 million, up $6.4 million from $11.1 million for the Comparative Quarter 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 2.36 (December 31, 2020 - 4.23).





Each of Adjusted EBITDA and Net Debt to Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

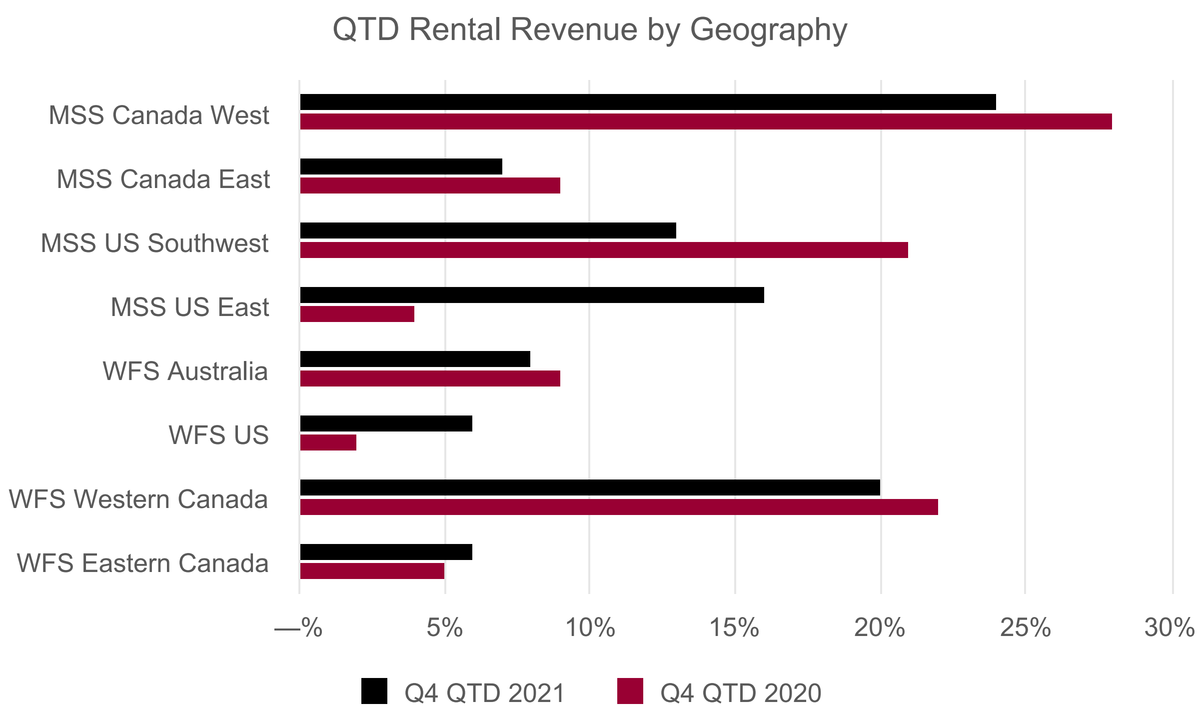


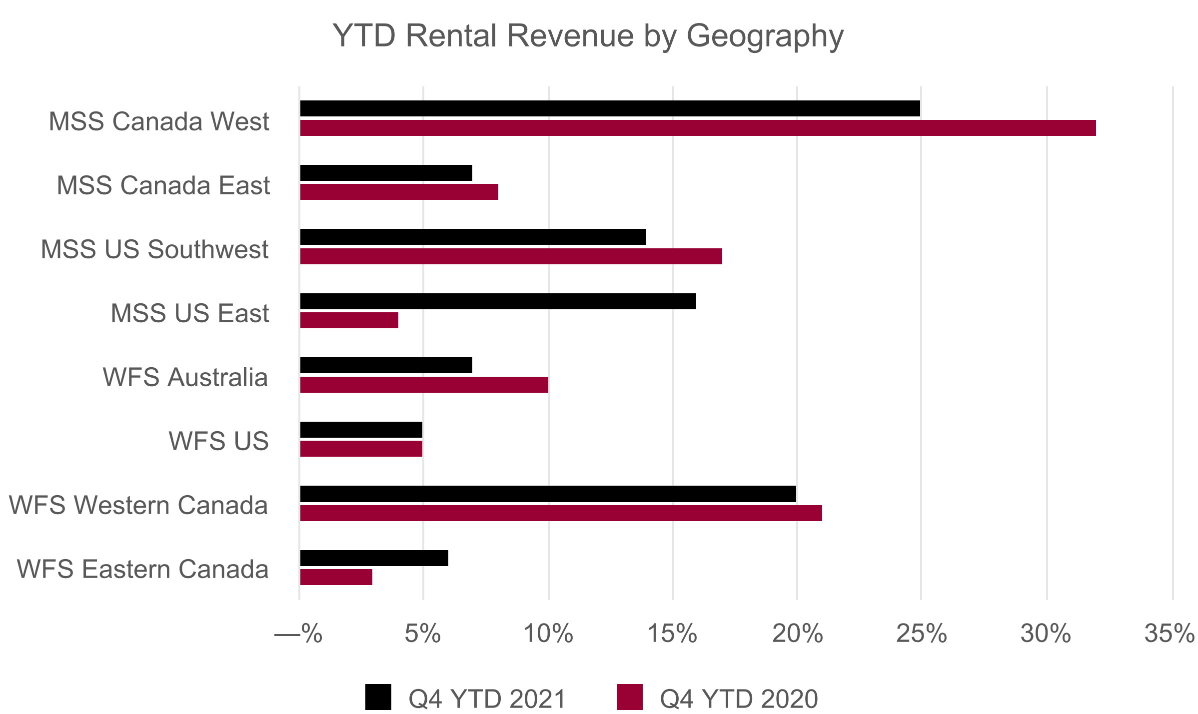


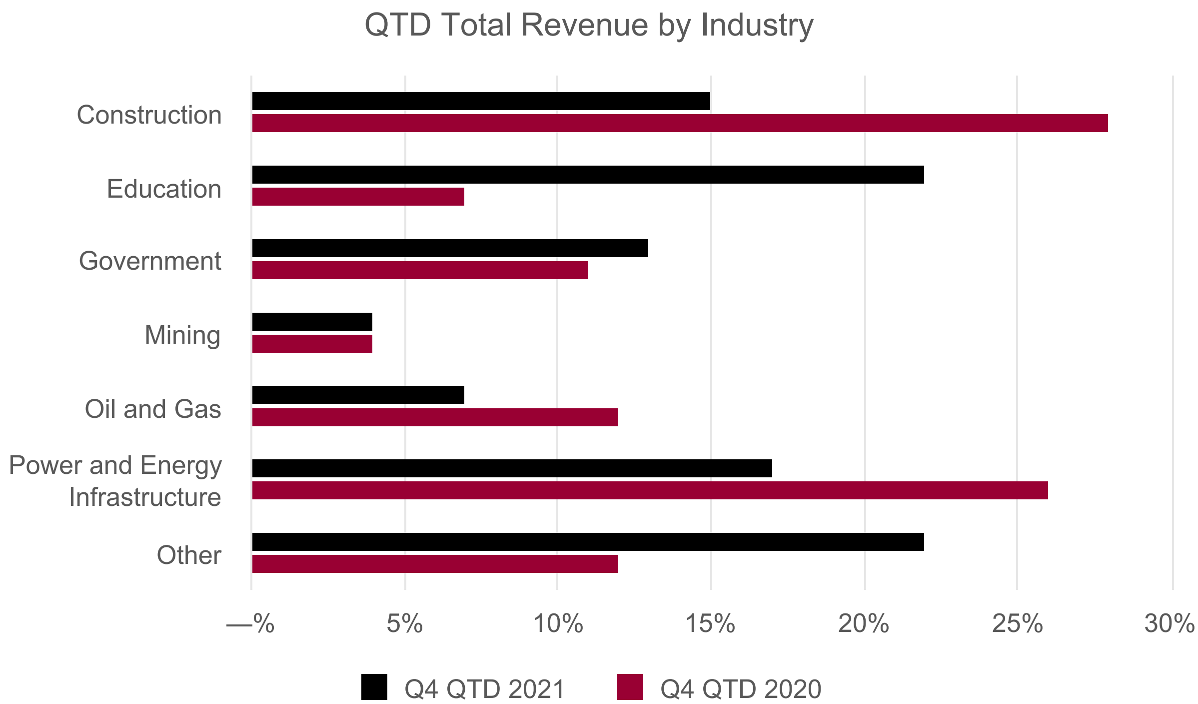
Geographic Revenue Segmentation

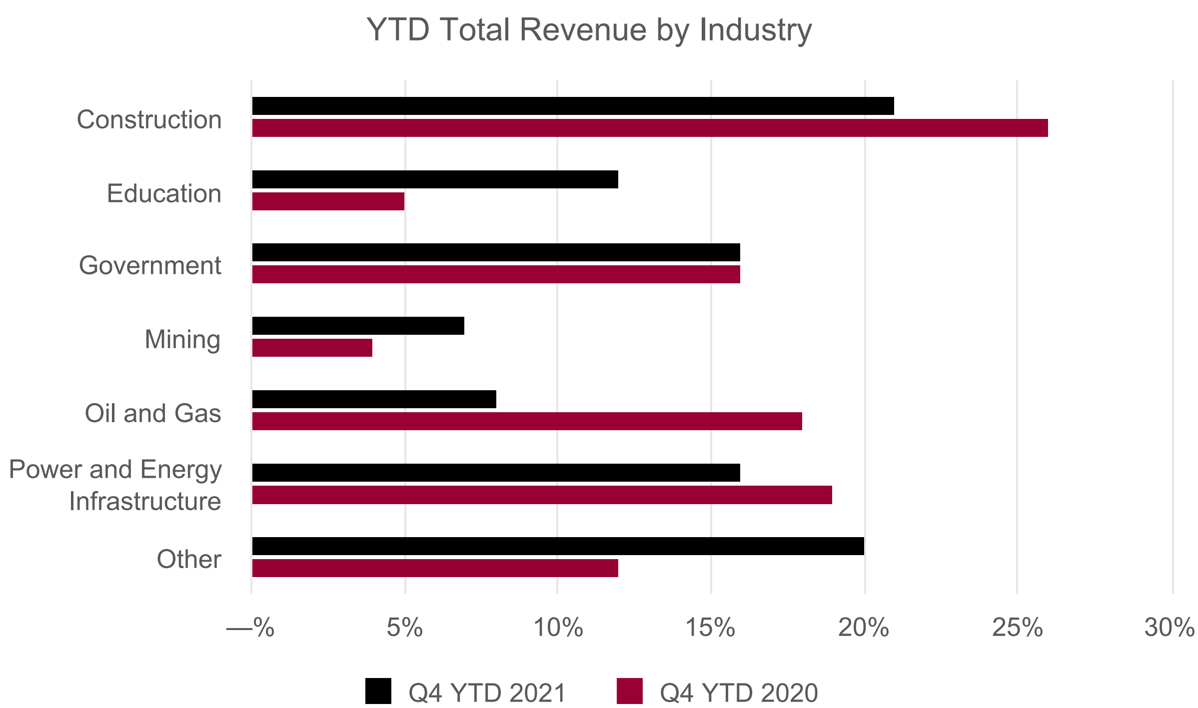
	Three months ended December 31,			Twelve months ended December 31,		
($ millions)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue						
United States	**48.8**	15.8	209%	**156.5**	57.6	172%
Canada	**39.1**	37.3	5%	**152.1**	108.7	40%
Australia	**8.2**	3.2	156%	**31.0**	13.6	128%
Total	**96.1**	56.3	71%	**339.6**	179.9	89%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of total revenue	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue						
United States	**51%**	28%	23	**46%**	32%	14
Canada	**41%**	66%	(25)	**45%**	60%	(15)
Australia	**8%**	6%	2	**9%**	8%	1
Total	**100%**	100%		**100%**	100%	


QTD Rental Revenue by Geography
MSS Canada West
MSS Canada East
MSS US Southwest
MSS US East
WFS Australia
WFS US
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
30%
Q4 QTD 2021
Q4 QTD 2020


YTD Rental Revenue by Geography
MSS Canada West
MSS Canada East
MSS US Southwest
MSS US East
WFS Australia
WFS US
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
30%
35%
Q4 YTD 2021
Q4 YTD 2020


QTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Power and Energy Infrastructure
Other
—%
5%
10%
15%
20%
25%
30%
Q4 QTD 2021
Q4 QTD 2020


YTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Power and Energy Infrastructure
Other
—%
5%
10%
15%
20%
25%
30%
Q4 YTD 2021
Q4 YTD 2020

Capital Plan

Capital expenditures for the Quarter were $12.0 million and capital commitments were $11.5 million as at December 31, 2021. This is compared with capital expenditures of $5.0 million and capital commitments of $2.1 million in the Comparative Quarter. Capital expenditures for the YTD were $37.9 million compared with capital expenditures of $36.0 million (excluding the Spectrum and Vanguard acquisition) in the Prior YTD.

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 $8.0 million compared with $3.8 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $22.9 million compared with $8.2 million in the Prior YTD.

The Company's net capital expenditures for the Quarter were $4.0 million, an increase of $2.8 million from $1.2 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were $15.0 million compared with net capital expenditures of $27.8 million in the Prior YTD.

Capital expenditures for the Quarter included maintenance capital of $2.4 million, compared to $2.1 million in the Comparative Quarter. Capital expenditures for the YTD included maintenance capital of $9.3 million, compared to $9.2 million in the Prior YTD. While the majority of the Company's capital expenditures remain focused on MSS fleet growth, the last several quarters have also benefited from optimization of existing rental fleet as certain assets are refurbished to meet strong market demand, evidenced by continued high utilization of the Company's MSS fleet. Realized returns for fleet optimization from maintenance capital tend to be moderately higher than new-build capital expenditures but is limited by the size of the existing rental fleet.

WHO WE ARE

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

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

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

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

BLACK DIAMOND'S STRATEGY

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

The members of our commercial management team, averaging more than 20 years of industry experience, have built a business platform designed to weather downturns through a prudent approach to capital allocation, risk management, business diversification and asset management.

Asset Management

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

Integrated Revenue Model

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

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

Business Diversification

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

Capital Allocation

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

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

Health and Safety

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

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

Risk Management

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

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information for the three months and twelve months ended December 31, 2021 and 2020.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	**96.1**	56.3	71%	**339.6**	179.9	89%
Gross profit	**30.4**	20.2	50%	**111.6**	72.2	55%
Administrative expenses	**13.0**	9.1	43%	**47.6**	31.6	51%
Adjusted EBITDA [(1)]	**17.5**	11.1	58%	**64.0**	40.6	58%
Adjusted EBIT [(1)]	**8.6**	2.1	310%	**28.8**	7.6	279%
Funds from operations [(1)]	**21.6**	12.2	77%	**76.6**	42.5	80%
Per share ($)	**0.37**	0.22	68%	**1.32**	0.77	71%
Profit before income taxes	**6.6**	(2.2)	400%	**20.0**	(2.8)	814%
Profit (loss)	**10.7**	(2.2)	586%	**20.4**	(3.5)	683%
Profit (loss) per share ($) - Basic	**0.18**	(0.04)	550%	**0.35**	(0.06)	683%
($) - Diluted	**0.18**	(0.04)	550%	**0.34**	(0.06)	667%
Capital expenditures	**12.0**	5.0	140%	**37.9**	36.0	5%
Business acquisitions	**—**	80.2	(100)%	**—**	86.8	(100)%
Property & equipment	**404.5**	410.0	(1)%	**404.5**	410.0	(1)%
Total assets	**530.3**	511.9	4%	**530.3**	511.9	4%
Long-term debt	**155.6**	175.7	(11)%	**155.6**	175.7	(11)%
Cash and cash equivalents	**4.6**	3.7	24%	**4.6**	3.7	24%
Return on assets (%)[(1)]	**17%**	11%	6	**15%**	11%	4
Free cashflow [(1)]	**15.4**	7.8	97%	**54.3**	22.8	138%

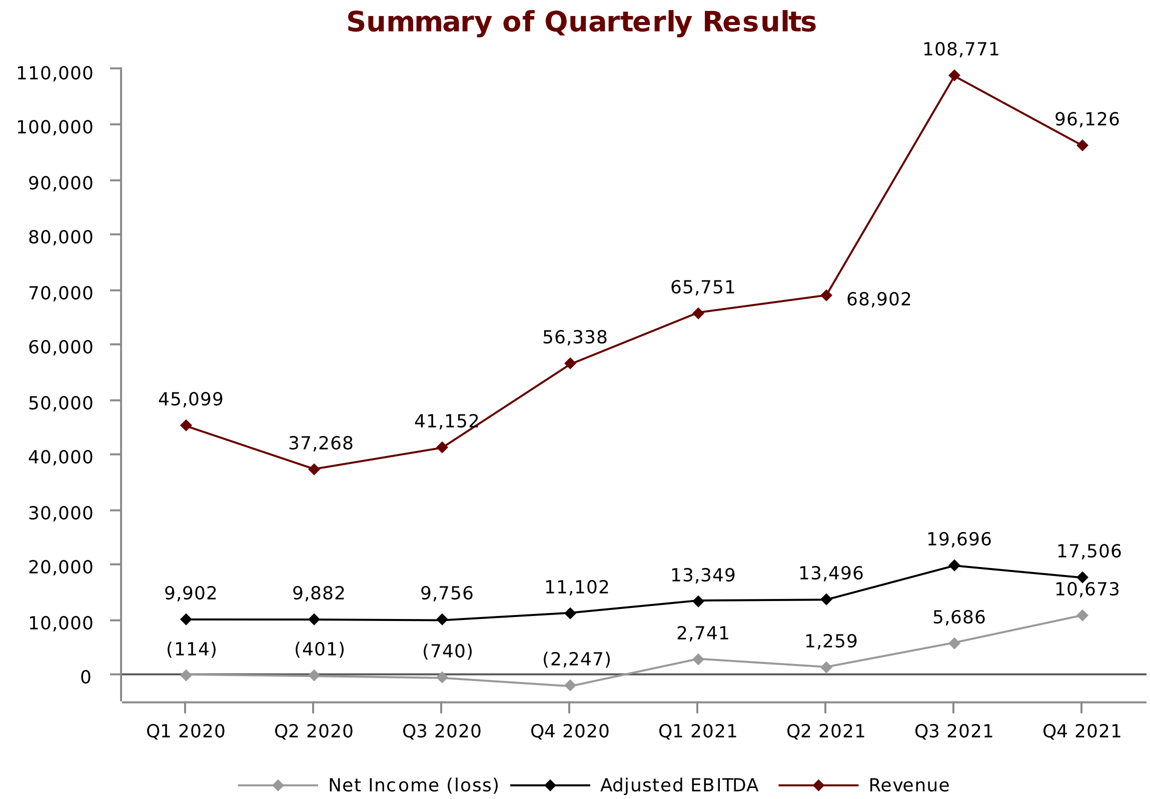
(1) Each of Adjusted EBITDA, Adjusted EBIT, Funds from Operations, Return on Assets and Free Cashflow is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Margin Summary	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	**2021**	**2020**	**Change** [(1)]	**2021**	**2020**	**Change** [(1)]
Gross profit	**32%**	36%	(4)	**33%**	40%	(7)
Administrative expenses	**14%**	16%	(2)	**14%**	18%	(4)
Adjusted EBITDA [(2)]	**18%**	20%	(2)	**19%**	23%	(4)

(1) Percentage point basis.
(2) Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



From Q1 2020, revenue has remained relatively flat for three quarters with a general recovery in operations over that period.

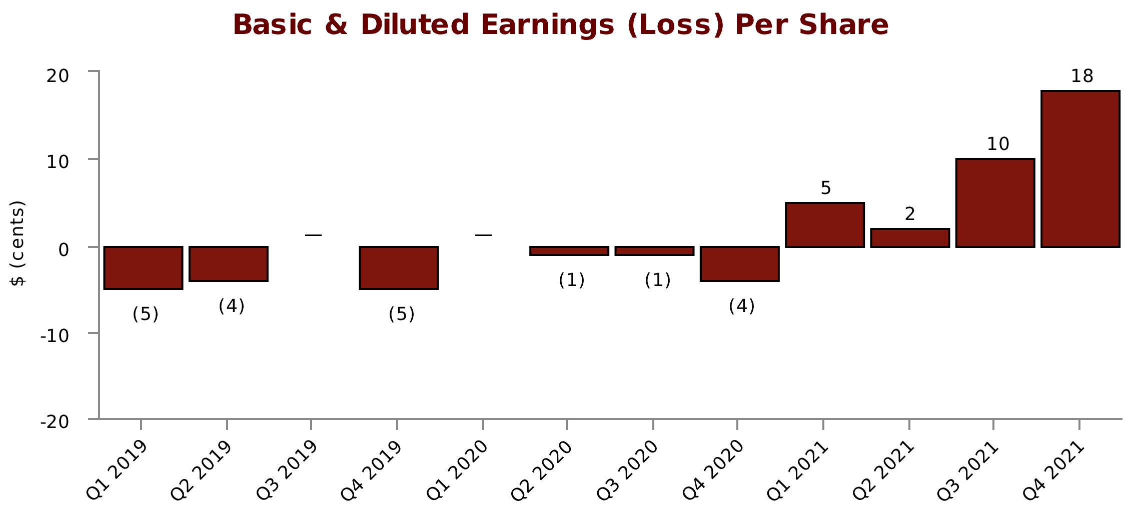
From Q4 2020, revenue and profit have increased due to the acquisition of Vanguard on November 30, 2020 combined with increased activity in all segments.

The Net Income (Loss) and Adjusted EBITDA[(1)] 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.

In Q3 2021, revenue and net income increased due to a significant increase in non-rental activities in the Quarter in both North America and Australia in WFS and increased non-rental margins in WFS and MSS.

In Q4 2021, revenue decreased compared to Q3 2021 due to less non-rental activities in the Quarter in WFS and MSS. Net income increased due to the recognition of a deferred tax asset .

Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

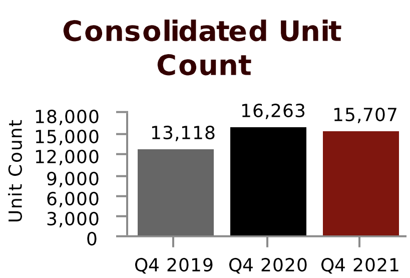


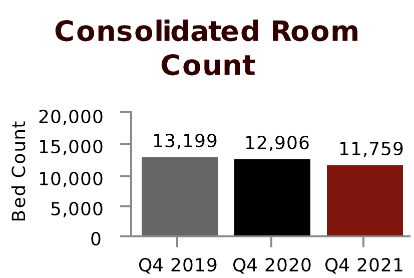
In the Quarter, the Company declared two dividends on its common shares in the amount of $0.0125 each or $0.0250 per share. Previously eleven quarters were nil.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet decreased to 15,707 units at the end of the Quarter compared with 16,263 in the Comparative Quarter primarily due to used fleet sales in WFS in North America. The decrease 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 11,759 rooms in the Quarter compared with 12,906 rooms in the Comparative Quarter due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended December 31,			Twelve months ended December 31,		
	2021	**2020**	**Change (1)**	**2021**	**2020**	**Change (1)**
Modular Space Solutions	**85%**	78%	7	**84%**	75%	9
Workforce Solutions	**49%**	28%	21	**45%**	31%	14
Consolidated	**72%**	56%	16	**69%**	54%	15

(1) Percentage point basis.

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

Q4 2021 vs Q4 2020

The increase in utilization in MSS and WFS is primarily due to increased activity in all regions.

Year to Date 2021 vs 2020

The increase in utilization in MSS and WFS is primarily due to increased activity within all regions.

Revenue

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

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

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

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

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**27.3**	18.1	51%	**97.9**	65.6	49%
Sales revenue	**25.6**	11.2	129%	**71.1**	27.0	163%
Non-rental revenue	**35.9**	19.4	85%	**141.9**	69.5	104%
Lodge services revenue	**7.3**	7.6	(4)%	**28.7**	17.8	61%
Total revenue	**96.1**	56.3	71%	**339.6**	179.9	89%

Percentage of consolidated revenue	Three months ended December 31, 2021	2020	Change (1)	Twelve months ended December 31, 2021	2020	Change (1)
Rental revenue	**28%**	32%	(4)	**29%**	36%	(7)
Sales revenue	**27%**	20%	7	**21%**	15%	6
Non-rental revenue	**37%**	35%	2	**42%**	39%	3
Lodge services revenue	**8%**	13%	(5)	**8%**	10%	(2)

(1) Percentage point basis.

Q4 2021 vs Q4 2020

Rental revenue for the Quarter was $27.3 million, up 51% or $9.2 million from the Comparative Quarter primarily due to a $4.8 million increase in MSS rental revenue due to the acquisition of Vanguard and a larger fleet, along with higher rental rates and utilization, combined with a $4.5 million increase in WFS rental revenue due to increased utilization across all regions.

Sales revenue for the Quarter was $25.6 million, up 129% or $14.4 million from the Comparative Quarter driven by a $10.2 million increase in MSS sales revenue primarily due to the custom sales generated by Vanguard, combined with a $4.2 million increase in WFS sales revenue due to increased fleet sales in U.S and Canada.

Non-rental revenue for the Quarter was $35.9 million, up 85% or $16.5 million from the Comparative Quarter due to a $4.6 million increase in MSS non-rental revenue primarily due to contribution from Vanguard combined with an $11.8 million increase in WFS non-rental revenue due to increased installation activities in the Quarter in U.S. and Australia.

Lodge services revenue for the Quarter was $7.3 million, down 4% or $0.3 million from the Comparative Quarter due to decreased occupancy at a number of open lodges, partially offset by increased occupancy in turnkey lodges.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $97.9 million, up 49% or $32.3 million with the Prior YTD due to a $20.7 million increase in MSS rental due to the acquisition of Vanguard and a larger fleet, along with higher rental rates and utilization, combined with an $11.7 increase in WFS rental revenue due to increased utilization across all regions, particularly within Canada.

Sales revenue for the YTD was $71.1 million, up 163% or $44.1 million from the Prior YTD due to a $36.3 million increase in MSS primarily due to an increase in custom and used sales combined with a $7.7 million increase in WFS due to higher used fleet sales in Canada.

Non-rental revenue for the YTD was $141.9 million, up 104% or $72.40 million from the Prior YTD primarily due to a $22.8 million increase in MSS non-rental revenue primarily due to higher rental and sales activity combined with a $49.6 million increase in WFS non-rental revenue due to increased activities in the YTD in both North America and Australia and increased occupancy at turnkey lodges.

Lodge services revenue for the YTD was $28.7 million, up 61% or $10.9 million from the Prior YTD due to increased occupancy at turnkey lodges partially offset by decreased occupancy in open lodges.

Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended December 31, 2021	2020	Change	Twelve months ended December 31, 2021	2020	Change
Direct costs	**65.7**	36.1	82%	**227.9**	107.6	112%
Gross profit	**30.4**	20.2	50%	**111.6**	72.2	55%

Percentage of consolidated revenue	Three months ended December 31, 2021	2020	Change (1)	Twelve months ended December 31, 2021	2020	Change (1)
Direct costs	**68%**	64%	4	**67%**	60%	7
Gross profit	**32%**	36%	(4)	**33%**	40%	(7)

(1) Percentage point basis.

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

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

Direct Costs ($ million, except as noted)	Three months ended December 31, 2021 $	2020 $	Change	Twelve months ended December 31, 2021 $	2020 $	Change
Construction and transportation services	**25.2**	12.6	100%	**86.2**	39.8	117%
New sales	**14.3**	6.1	134%	**39.3**	15.4	155%
Catering, utilities and other consumable costs	**7.0**	6.5	8%	**25.9**	17.0	52%
Subleased equipment	**3.8**	1.1	245%	**24.2**	5.9	310%
Repairs and maintenance	**4.7**	2.6	81%	**16.3**	10.2	60%
Labour costs	**3.9**	2.6	50%	**14.8**	8.5	74%
Used fleet sales	**4.2**	2.3	83%	**13.5**	5.5	145%
Other direct costs	**1.5**	1.3	15%	**3.8**	1.9	100%
Fleet Insurance	**0.6**	0.6	—%	**2.4**	1.9	26%
Rent expense - subleased properties	**0.5**	0.4	25%	**1.5**	1.5	—%
Total direct costs	**65.7**	36.1	82%	**227.9**	107.6	112%

Q4 2021 vs Q4 2020

Direct costs for the Quarter were $65.7 million, up 82% or $29.6 million from the Comparative Quarter primarily due to increases in construction and transportation services, new sales and subleased equipment.

Gross profit for the Quarter was $30.4 million, up 50% or $10.2 million from the Comparative Quarter primarily due to an increase in rental, sales and non-rental revenues.

Year to Date 2021 vs 2020

Direct costs for the YTD were $227.9 million, up 112% or $120.3 million from the Prior YTD primarily due increases in construction and transportation services, new sales and subleased equipment.

Gross profit for the YTD was $111.6 million, up 55% or $39.4 million from the Prior YTD primarily due to an increase in all revenues streams.

Administrative Expenses

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2021	2020	Change	2021	2020	Change
Personnel costs	**10.5**	6.2	69%	**35.7**	21.1	69%
Other administrative expenses	**1.9**	2.1	(10)%	**9.0**	7.4	22%
Occupancy and insurance	**0.6**	0.8	(25)%	**2.9**	3.1	(6)%
Total administrative expenses	**13.0**	9.1	43%	**47.6**	31.6	51%
% of Consolidated revenue	**14%**	16%	(2)	**14%**	18%	(4)

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

Q4 2021 vs Q4 2020

Total administrative expenses for the Quarter were $13.0 million, up 43% or $3.9 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 $10.5 million, up 69% or $4.3 million from the Comparative Quarter primarily due to an increase in staffing levels, higher profit incentive expenses and the acquisition of Vanguard.
- Other administrative expenses for the Quarter were $1.9 million, down 10% or $0.2 million with the Comparative Quarter primarily due to a decreased bad debt expense.
- Occupancy and insurance costs for the Quarter were $0.6 million, down 25% or $0.2 million from the Comparative Quarter due to decreased property taxes.

Year to Date 2021 vs 2020

Total administrative expenses for the YTD were $47.6 million, up 51% or $16.0 million from the Prior YTD.

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

- Personnel costs for the YTD were $35.7 million, up 69% or $14.6 million from the Prior YTD primarily due to an increase in staffing levels and higher profit incentive expenses. This is offset by the receipt of Canadian Emergency Wage Subsidy ("CEWS") of $2.9 million in 2020 compared to $0.4 million of CEWS received in the YTD.

- Other administrative expenses for the YTD were $9.0 million, up 22% or $1.6 million from the Prior YTD primarily due to increased bad debt expense mainly driven by a $0.7 million bad debt expense related to one project and employee travel and entertainment costs.
- Occupancy and insurance costs for the YTD were $2.9 million, down 6% or $0.2 million from the Prior YTD primarily due to decreased property taxes.

Adjusted EBITDA

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	2020	Change	**2021**	2020	Change
Adjusted EBITDA [(1)]	**17.5**	11.1	58%	**64.0**	40.6	58%
% of Consolidated revenue	**18%**	20%	(2)	**19%**	23%	(4)

(1) Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

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 lodge services, used and custom manufactured fleet sales, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q4 2021 vs Q4 2020

Adjusted EBITDA for the Quarter was $17.5 million, up 58% or $6.4 million from the Comparative Quarter primarily due to increased revenue partially offset by higher personnel costs.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was $64.0 million, up 58% or $23.4 million from the Prior YTD primarily due to increased revenue partially offset by higher personnel costs.

Depreciation and Amortization

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	2020	Change	**2021**	2020	Change
Depreciation and amortization, net of depreciation of right-of-use assets	**7.3**	7.5	(3)%	**28.5**	27.3	4%
% of Property and equipment	**2%**	2%	—	**7%**	7%	—
Depreciation of right-of-use assets	**1.6**	1.5	7%	**6.7**	5.7	18%

Q4 2021 vs Q4 2020

Depreciation and amortization for the Quarter was $7.3 million, down 3% or $0.2 million from the Comparative Quarter primarily due to lower net book value as a result of increased fleet sales in WFS.

Depreciation of right-of-use assets was $1.6 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.

Year to Date 2021 vs 2020

Depreciation and amortization for the YTD was $28.5 million, up 4% or $1.2 million from the Prior YTD primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets for the YTD was $6.7 million, up 18% or $1.0 million due to a larger leased real estate and equipment portfolio in the YTD combined with extensions of previous real estate contracts.

Finance Costs

($ millions, except as noted)	Three months ended December 31, 2021	2020	Change	Twelve months ended December 31, 2021	2020	Change
Finance cost	**1.7**	1.6	6%	**6.0**	5.7	5%
Long-term debt	**155.6**	175.7	(11)%	**155.6**	175.7	(11)%
Average interest rate[1]	**2.23%**	2.18%	5 bps	**2.11%**	2.57%	-46 bps

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

Q4 2021 vs Q4 2020

Finance costs for the Quarter were $1.7 million, up 6% or $0.1 million from the Comparative Quarter primarily due to an increase in accretion expense on asset retirement obligation.

Year to Date 2021 vs 2020

Finance costs for the YTD were $6.0 million, up 5% or $0.3 million from the Prior YTD due higher interest expense and fees associated with the increased loan amount from the Vanguard acquisition combined with increased lease interest due to a larger lease portfolio.

Income Tax

($ millions, except as noted)	Three months ended December 31, 2021	2020	Change	Twelve months ended December 31, 2021	2020	Change
Current tax expense	**0.1**	0.4	(75)%	**0.1**	0.4	(75)%
Deferred tax recovery	**(4.6)**	(0.7)	(557)%	**(1.9)**	(0.9)	(111)%
Total tax recovery	**(4.5)**	(0.3)	(1,400)%	**(1.8)**	(0.5)	(260)%

Q4 2021 vs Q4 2020

For the Quarter, Black Diamond recognized a total income tax recovery of $4.5 million, a change of $4.2 million from the Comparative Quarter. Black Diamond recognized a deferred income tax recovery of $4.6 million, a change of $3.9 million from the Comparative Quarter. The tax recovery in the Quarter is reflective of the recognition of previously unrecognized deferred tax assets which management considers to be available to be offset against the Company's taxable profits expected to arise in future accounting periods. The Company has based their assessment on the expectation of future LodgeLink and Australian earnings.

Year to Date 2021 vs 2020

For the YTD, Black Diamond recognized a total income tax recovery of $1.8 million, a decrease of $1.3 million from the Prior YTD. Black Diamond recognized a deferred income tax recovery of $1.9 million, a change of $1.0 million from the Prior YTD. The deferred tax recovery YTD is reflective of YTD earnings offset by the recognition of previously unrecognized deferred tax assets which management considers to be available to be offset against the Company's taxable profits expected to arise in future accounting periods. The Company has based their assessment on the expectation of future LodgeLink and Australian earnings. The tax provision has been calculated at the enacted tax rate of 24% in Canada, 25% in the U.S. and 30% in Australia.

Non-Controlling Interest

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

In connection with the acquisition of Vanguard, 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). In the YTD, the Company redeemed 183 Preferred Shares for US $1.8 million (C$2.4 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.

	Three months ended December 31,			**Twelve months ended December 31,**		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Non-controlling interest	**0.4**	0.3	33%	**1.4**	1.1	27%

Q4 2021 vs Q4 2020

The NCI for the Quarter was $0.4 million, up $0.1 million from the Comparative Quarter due to dividends paid to holders of Preferred Shares.

Year to Date 2021 vs 2020

The NCI for the YTD was $1.4 million, up $0.3 million from the Prior YTD due to dividends paid to holders of Preferred Shares.

Net Income (Loss)

	Three months ended December 31,			**Twelve months ended December 31,**		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net income (loss)	**10.7**	(2.2)	**586%**	**20.4**	(3.5)	683%

Q4 2021 vs Q4 2020

Net income for the Quarter was $10.7 million, an improvement of 586% or $12.9 million from the Comparative Quarter primarily due to increased margin contribution from all revenue streams, a one-time recognition of a deferred tax asset of $5.3 million and a decrease in acquisition cost, partially offset by higher personnel costs.

Year to Date 2021 vs 2020

Net income for the YTD was $20.4 million, an improvement of 683% or $23.9 million from the Prior YTD primarily due to increased margin contribution from all revenue streams, 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 and twelve months ended December 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.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	Change	2021	2020	Change
(in millions, except where noted)	$	$	%	$	$	%
Revenue						
Modular Space Solutions	**51.0**	31.4	62%	**173.6**	93.8	85%
Workforce Solutions	**45.1**	24.9	81%	**166.0**	86.1	93%
Total revenue	**96.1**	56.3	71%	**339.6**	179.9	89%

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, and gains or losses on the sale of non-fleet assets in the normal course of business.

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	Change	2021	2020	Change
(in millions, except where noted)	$	$	%	$	$	%
Adjusted EBITDA (1)						
Modular Space Solutions	**13.3**	10.0	33%	**46.8**	29.4	59%
Workforce Solutions	**9.7**	4.3	126%	**34.6**	22.1	57%
Corporate and Other	**(5.5)**	(3.2)	(72)%	**(17.4)**	(10.9)	(60)%
Total Adjusted EBITDA	**17.5**	11.1	58%	**64.0**	40.6	58%

(1) Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

MSS has a network of branches in key geographic areas across North America where we provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, 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/ramps 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, MSS generates steady cash flows from its recurring rental revenue.

Revenue

There are three revenue streams to which these assets contribute.

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

   There are two categories of 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.

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 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.

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**16.1**	11.3	42%	**60.0**	39.3	53%
Sales revenue	**20.0**	9.8	104%	**56.8**	20.5	177%
Non-rental revenue	**14.9**	10.3	45%	**56.8**	34.0	67%
Total revenue	**51.0**	31.4	62%	**173.6**	93.8	85%
Adjusted EBITDA (1)	**13.3**	10.0	33%	**46.8**	29.4	59%
Adjusted EBITDA as a % of revenue	**26%**	32%	(6)	**27%**	31%	(4)
Return on assets (1)	**20%**	18%	2	**18%**	15%	3

(1) Each of Adjusted EBITDA and Return on Assets is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

	Three months ended December 31,			Twelve months ended December 31,		
Value Added Products & Services	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**16.1**	11.3	42%	**60.0**	39.3	53%
Less:						
VAPS revenue within rental revenue	**1.0**	0.8	25%	**3.6**	2.7	33%
Rental revenue excluding VAPS revenue	**15.1**	10.5	44%	**56.4**	36.6	54%
VAPS revenue	**1.5**	1.4	7%	**6.2**	5.5	13%
VAPS as a % of Rental revenue excluding VAPS revenue	**10%**	13%	(3)	**11%**	15%	(4)

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
United States	**35.9**	15.1	138%	**115.6**	42.6	171%
Canada	**15.1**	16.3	(7)%	**58.0**	51.2	13%
Total revenue	**51.0**	31.4	62%	**173.6**	93.8	85%

Each of Adjusted EBITDA and Return on Assets is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Q4 2021 vs Q4 2020

MSS' total revenue for the Quarter was $51.0 million, up 62% or $19.6 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $16.1 million, up 42% or $4.8 million from the Comparative Quarter due to the acquisition of Vanguard, a larger fleet, higher unit rental rates and higher utilization.

- **Sales revenue** during the Quarter was $20.0 million, up 104% or $10.2 million from the Comparative Quarter primarily due to increased used sales across the platform and custom sales generated by Vanguard.

- **Non-rental revenue** during the Quarter was $14.9 million, up 45% or $4.6 million from the Comparative Quarter primarily due to contribution from Vanguard.

VAPS as a percent of Total Rental Revenue during the quarter was 10%, down three percentage points from the Comparative Quarter due to the addition of Vanguard which historically did not have a significant focus on VAPS. VAPS revenue in dollar terms continued to increase as we grew VAPS revenue across the platform compared to 2020.

Adjusted EBITDA for the Quarter of $13.3 million increased 33% or $3.3 million from the Comparative Quarter. This was due to growth in both rental dollar margins and non-rental dollar margins from both higher revenues but also higher relative margins while controlling our administration costs. Adjusted EBITDA as a percentage of revenue decreased six percentage points to 26% as compared to the Comparative Quarter primarily due to a change in revenue mix, with a higher proportion of sales and non-rental revenue in the Quarter, which generate lower percentage margins compared to rental revenue.

ROA for the Quarter was 20%, an increase of two percentage points from 18% in the Comparative Quarter due primarily to increasing rental rates and utilization along with higher sales revenues across the platform.

Year to Date 2021 vs 2020

MSS' total revenue for the YTD was $173.6 million, up 85% or $79.8 million from the Prior YTD.

- **Rental revenue** for the YTD was $60.0 million, up 53% or $20.7 million from the Prior YTD due to the acquisition of Vanguard and a larger fleet, along with higher rental rates and utilization.

- **Sales revenue** for the YTD was $56.8 million, up 177% or $36.3 million from the Prior YTD primarily due to an increase in custom and used sales.

- **Non-rental revenue** for the YTD was $56.8 million, up 67% or $22.8 million primarily due to higher rental and sales activity.

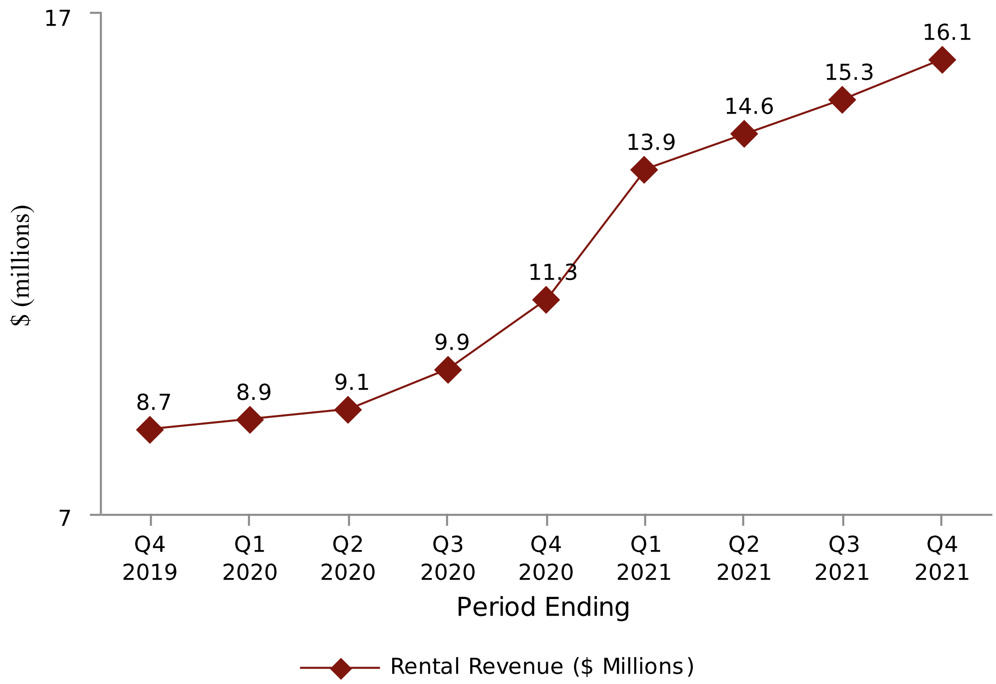
Adjusted EBITDA for the YTD was $46.8 million, which increased 59% or $17.4 million from the Prior YTD. This is primarily due to increased revenue including from the acquisition of Vanguard. Adjusted EBITDA margin was 27%, a decrease of four percentage points as compared to the Prior YTD. This was primarily due to a change of mix towards lower margin sales and non-rental revenue.

YTD ROA increased to 18%, an increase of three percentage points from 15% due primarily to increasing rental rates and utilization along with higher sales revenues across the platform.

Each of Adjusted EBITDA and Return on Assets is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (36% compound annual growth rate from Q4 2019 to Q4 2021).



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 42.3 months as at December 31, 2021, relatively flat compared to 43.0 months as at December 31, 2020.

Contracted Future Revenue

Contracted rental revenue for assets on rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting period. Assets on rent is comprised of only assets that are on rent on or before the reporting period.

Contracted rental revenue for assets on rent as December 31, 2021 was $53.6 million, an increase of $4.0 million or 8% from $49.6 million as at December 31, 2020.

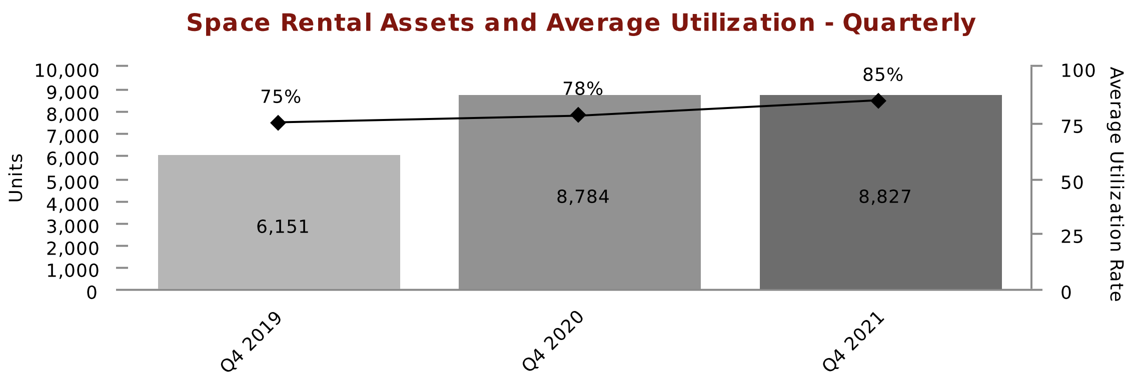
Space Rental Assets and Average Utilization

The MSS fleet consisted of 8,827 units as at December 31, 2021, which increased from 8,784 units as at December 31, 2020. The change of 43 units was due to the addition of 515 new units, partially offset by 472 disposals. Disposals were primarily driven by selective disposal of older units. The majority of disposals were older units where it was not economical to refurbish along with some sales of newer units at or above replacement cost.

MSS Consolidated

	Three months ended December 31,			Twelve months ended December 31,		
MSS Assets, Utilization, and Rates	2021	2020	Change	2021	2020	Change
Property and equipment net book value ($ millions) (1)	**246.1**	238.3	3%	**246.1**	238.3	3%
Modular space assets	**8,827**	8,784	—%	**8,827**	8,784	—%
Average utilization (2)	**85%**	78%	7	**84%**	75%	9
Average monthly rental rate	**$694**	$646	7%	**$673**	$639	5%

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



Q4 2021 vs Q4 2020

Utilization for the Quarter was 85%, a seven percentage point increase from 78% in the Comparative Quarter, mainly due to increased activity within all regions and refurbishing of older units in the fleet.

The average rental rate has improved as compared to the Comparative Quarter by 7%, due to higher rates across all regions. On a constant currency basis, average rental rates increased 9% versus the Comparative Quarter.

Year to Date 2021 vs 2020

Utilization for the YTD was 84%, a nine percentage point increase from 75% in the Prior YTD, mainly due to increased activity within all regions and refurbishing of older units in the fleet.

The average rental rate has improved as compared to the Prior YTD by 5%, due to higher rates across all regions. On a constant currency basis, average rental rates increased 9% versus the Prior YTD.

WORKFORCE SOLUTIONS BUSINESS UNIT

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

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

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

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

Revenue

There are four revenue streams to which these assets contribute.

1. **Rental:** WFS provides assets to customers on a rental basis. Rental contracts may be month to month or a term longer than a month for accommodation fleet assets and based on day rates for surface rental fleet assets. The rates quoted for a rental of workforce accommodation assets are typically monthly and wellsite accommodations and surface equipment are typically quoted as a day rate.

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

3. **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 and hotels through LodgeLink.

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

Financial Highlights

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

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**11.2**	6.7	67%	**38.0**	26.3	44%
Sales revenue	**5.7**	1.5	280%	**14.2**	6.5	118%
Non-rental revenue	**20.9**	9.1	130%	**85.1**	35.5	140%
Lodge services revenue	**7.3**	7.6	(4)%	**28.7**	17.8	61%
Total revenue	**45.1**	24.9	81%	**166.0**	86.1	93%

	Three months ended December 31,			Twelve months ended December 31,		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**23.9**	21.1	13%	**94.1**	57.8	63%
United States	**13.0**	0.6	2,067%	**40.9**	14.7	178%
Australia	**8.2**	3.2	156%	**31.0**	13.6	128%
Total revenue	**45.1**	24.9	81%	**166.0**	86.1	93%
Adjusted EBITDA (1)	**9.7**	4.3	126%	**34.6**	22.1	57%
Adjusted EBITDA as a % of revenue	**22%**	17%	5	**21%**	26%	(5)
Return on assets (1)	**26%**	11%	15	**23%**	14%	9

(1) Each of Adjusted EBITDA and Return on Assets is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Q4 2021 vs Q4 2020

Adjusted EBITDA increased in the Quarter to $9.7 million from $4.3 million, an increase of $5.4 million or 126% due to higher segment revenue. Adjusted EBITDA as a percentage of revenue was 22%, an increase of five percentage points from the Comparative Quarter due to higher margin on used fleet sales and higher activity over relatively flat personnel, administration and occupancy costs.

Year to Date 2021 vs 2020

Adjusted EBITDA increased to $34.6 million from $22.1 million in the Prior YTD, an increase of $12.5 million or 57%, primarily due to higher segment revenue. Adjusted EBITDA as a percentage of revenue was 21%, a decrease of five percentage points from the Prior YTD due to a stronger margin contribution from a significant project in the U.S. in the Prior YTD as well as a higher proportion of non-rental revenue which generates lower margin than rental revenue in the YTD.

Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Rental

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

	Three months ended December 31,			Twelve months ended December 31,		
Average Asset Utilization	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**42%**	25%	17	**38%**	22%	16
United States	**52%**	20%	32	**49%**	37%	12
Australia	**88%**	67%	21	**78%**	75%	3
Consolidated average asset utilization	**49%**	28%	21	**45%**	31%	14

	As at December 31,		
Fleet Count (Units)	**2021**	**2020**	**Change**
Canada	**5,317**	5,882	(10)%
United States	**450**	555	(19)%
Australia	**1,113**	1,042	7%

	As at December 31,		
Consolidated Room Count by Geography	**2021**	**2020**	**Change**
Canada	**9,581**	10,167	(6)%
United States	**1,005**	1,575	(36)%
Australia	**1,173**	1,164	1%
	11,759	12,906	(9)%

	As at December 31,		
Net Book Value by Geography ($ millions)	**2021**	**2020**	**Change**
Canada	**96.2**	106.2	(9)%
United States	**30.2**	33.8	(11)%
Australia	**16.0**	15.1	6%
	142.4	155.1	(8)%

Q4 2021 vs Q4 2020

Rental revenue during the Quarter was $11.2 million, up 67% or $4.5 million from the Comparative Quarter due to increased utilization across all regions.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $38.0 million, up 44% or $11.7 million from the Prior YTD due to increased utilization across all regions, particularly within Canada.

Contracted Future Revenue

Contracted rental revenue for contracts in place is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations 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.

At December 31, 2021, contracted rental revenue from contracts in place was $19.5 million, a decrease of $2.4 million or 11% from $21.9 million as at December 31, 2020.

Sales

Q4 2021 vs Q4 2020

Sales revenue during the Quarter was $5.7 million, up 280% or $4.2 million from the Comparative Quarter due to increased fleet sales in the U.S. and Canada.

Year to Date 2021 vs 2020

Sales revenue for the YTD was $14.2 million, up 118% or $7.7 million from the Prior YTD due to higher used fleet sales in Canada.

Non-Rental

Q4 2021 vs Q4 2020

Non-rental revenue during the Quarter was $20.9 million, up 130% or $11.8 million from the Comparative Quarter due to increased installation activities in the Quarter in the U.S. and Australia.

Year to Date 2021 vs 2020

Non-rental revenue for the YTD was $85.1 million, up 140% or $49.6 million from the Prior YTD due to increased activities in the YTD in both North America and Australia.

Lodge Services

Q4 2021 vs Q4 2020

Lodge services revenue during the Quarter was $7.3 million, down 4% or $0.3 million from the Comparative Quarter due to decreased occupancy at a number of open lodges, partially offset by increased occupancy in turnkey lodges.

Year to Date 2021 vs 2020

Lodge services revenue during the YTD was $28.7 million, up 61% or $10.9 million from the Prior YTD due to increased occupancy at turnkey lodges partially offset by decreased occupancy in open lodges.

LodgeLink

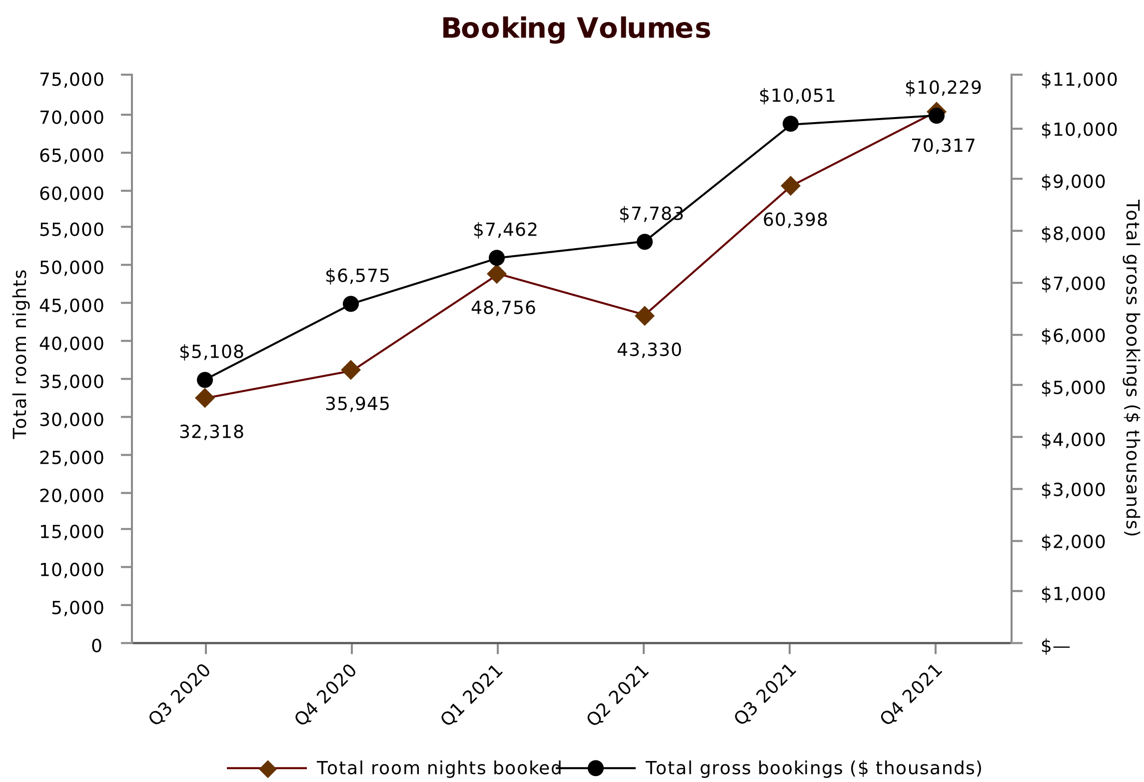
LodgeLink revenue generated from bookings is typically based on a margin per room booked. When the room is booked in a third-party hotel or lodge the revenue is categorized as non-rental revenue (revenue from bookings at Black Diamond owned lodges is categorized as lodge services revenue).

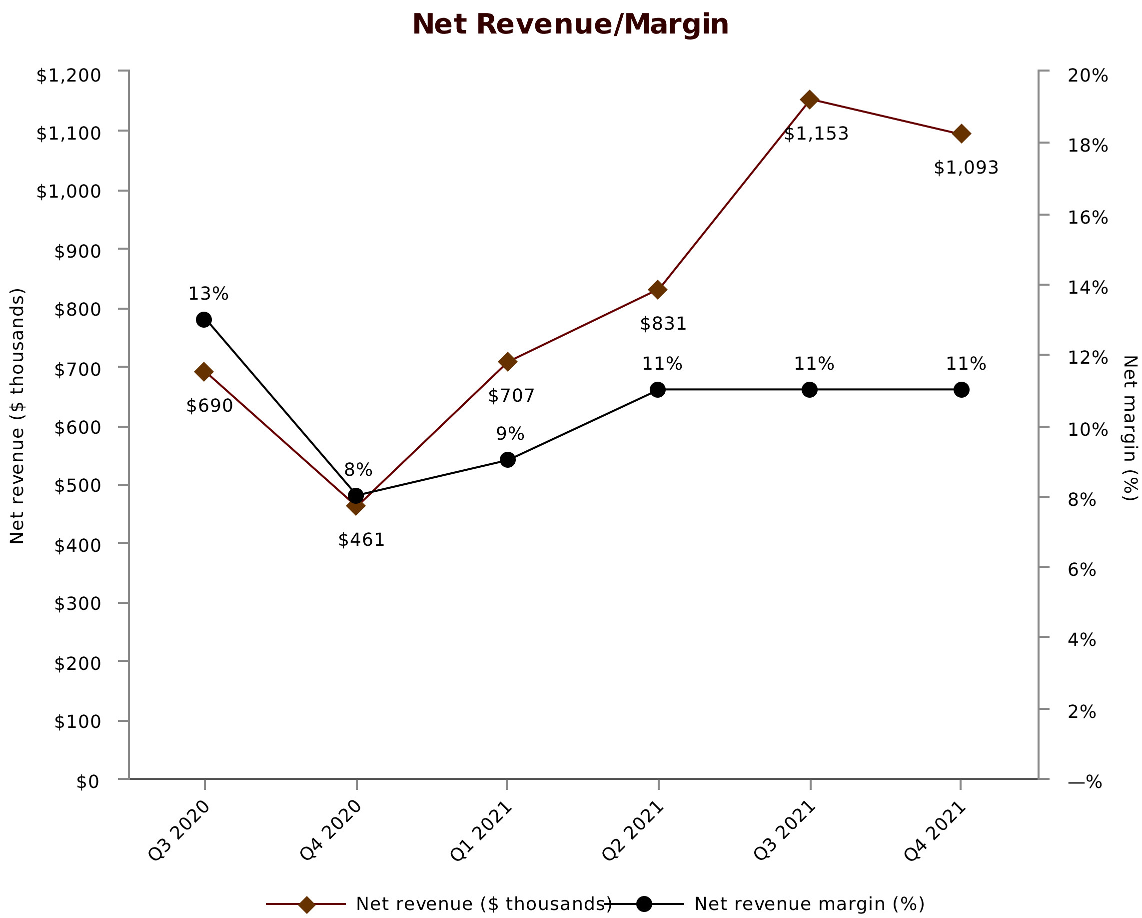
	Three months ended December 31,			Twelve months ended December 31,		
LodgeLink	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Total gross bookings ($ millions)(1)	**10.2**	6.6	55%	**35.5**	18.0	97%
Total net revenue ($ millions)	**1.1**	0.5	120%	**3.8**	1.7	124%
Net revenue margin	**11%**	8%	3	**11%**	9%	2
Total room nights booked	**70,317**	35,945	96%	**222,801**	100,267	122%

(1) Total gross bookings is non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

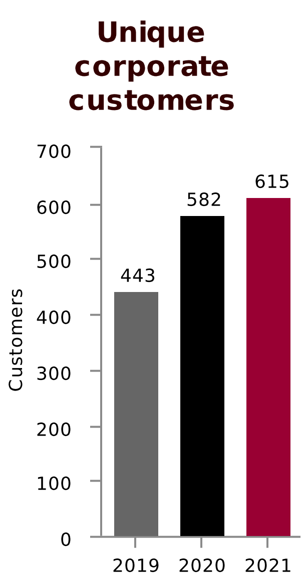
Record highs set in the previous quarter were exceeded in the Quarter for total room nights, number of active properties, number of active customers, and revenue earned in the U.S. Total room nights booked in the Quarter increased 96% from the Comparative Quarter and represent 70% of total room nights booked in twelve months of 2020.

Net revenue margins increased 13% year over year, primarily driven by growth in hotel bookings across Canada and U.S. markets, which result in higher margins than remote lodge bookings. Travel bookings represent 9% of the Quarter's gross bookings and 14% of the annual gross bookings, growing 94% year over year despite ongoing headwinds from COVID-19 restrictions.

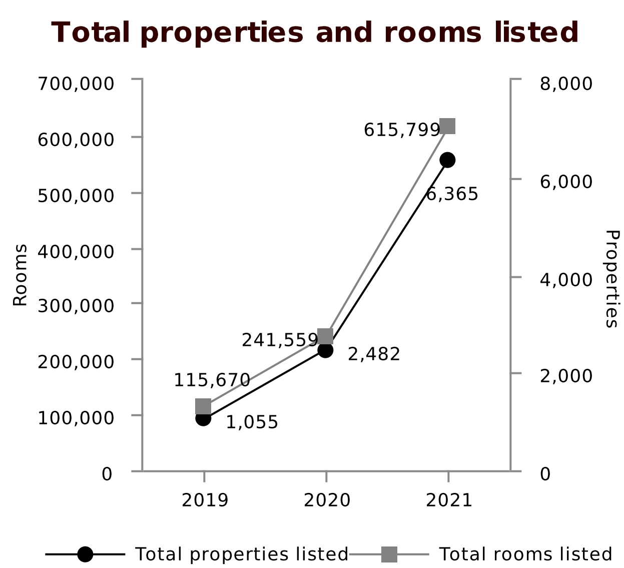




Net Revenue/Margin
Net revenue ($ thousands)
Net margin (%)
$1,200
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
—%
$690
$461
$707
$831
$1,153
$1,093
13%
8%
9%
11%
11%
11%
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Net revenue ($ thousands)
Net revenue margin (%)



Unique corporate customers
Customers
700
600
500
400
300
200
100
0
443
582
615
2019
2020
2021



Total properties and rooms listed
Rooms
Properties
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
8,000
6,000
4,000
2,000
0
115,670
241,559
615,799
1,055
2,482
6,365
2019
2020
2021
Total properties listed
Total rooms listed

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.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Property and equipment net book value	**16.0**	16.6	(4)%	**16.0**	16.6	(4)%
Adjusted EBITDA (1)	**(5.5)**	(3.2)	(72)%	**(17.4)**	(10.9)	(60)%

(1) Adjusted EBITDA is non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

Q4 2021 vs Q4 2020

Adjusted EBITDA for the Quarter was a loss of $5.5 million, a decrease of 72% or $2.3 million, from $3.2 million in the Comparative Quarter, primarily due to higher profit incentive expenses along with increased headcount.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was a loss of $17.4 million, a decrease of 60% or $6.5 million, compared to a loss of $10.9 million in the Prior YTD due to an increase in higher profit incentive expenses and increased headcount.

Adjusted EBITDA is a non-GAAP financial measures. Refer to the "Non-GAAP Financial Measures" section of this MDA for more information on each non-GAAP financial measure.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $12.0 million (Comparative Quarter – $5.1 million) on additions to property and equipment and intangible assets. The expenditures on additions are set out in the table below.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Modular Space Solutions	**8.4**	3.5	140%	**27.4**	26.6	3%
Workforce Solutions	**2.2**	1.0	120%	**8.1**	7.6	7%
Corporate and Other	**1.4**	0.6	133%	**2.4**	1.8	33%
	12.0	5.1	135%	**37.9**	36.0	5%

Sources and Uses of Cash

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Cash from operating activities	**20.4**	14.7	39%	**71.1**	50.0	42%
Cash used in investing activities	**(5.7)**	(71.8)	(92)%	**(33.6)**	(109.9)	(69)%
Cash (used in) from financing activities	**(15.4)**	58.4	(126)%	**(36.6)**	59.0	(162)%
Total cash (decrease) increase	**(0.7)**	1.3	(154)%	**0.9**	(0.9)	200%

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 $5.7 million higher in the Quarter than in the Comparative Quarter and $21.1 million higher in the YTD than in the Prior YTD. The increase in the Quarter is primarily due to an increase in net income and higher used fleet sales, partially offset by higher deferred income taxes and by an increase in non-cash working capital. The increase in the YTD is primarily due to an increase in net income and higher used fleet sales, partially offset by an increase in non-cash working capital.

Cash used in investing activities was $66.1 million lower in the Quarter than in the Comparative Quarter and $76.3 lower in the YTD than in the Prior YTD. The decreases in both the Quarter and in the YTD are the result of a business acquisition in the fourth quarter of 2020.

The Company had lower cash from financing activities of $73.8 million in the Quarter and $95.6 million in the YTD primarily due to drawdowns under the ABL Facility in relation to a business acquisition in the Comparative Quarter as well as net repayments of LT debt in both the Quarter and in the YTD.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2021	December 31, 2020	Change %
Current assets	**76.0**	57.5	32%
Current liabilities	**66.3**	50.8	31%
Working capital (1)	**9.7**	6.7	45%

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

The increase in current assets of $18.5 million from December 31, 2020 was due to an increase in accounts receivable of $12.1 million, an increase in other assets of $5.5 million and an increase in cash of $0.9 million.

The increase in current liabilities of $15.5 million from December 31, 2020 was due to an increase of $8.4 million in accounts payable, a $5.3 million increase in deferred revenue and a $1.7 million increase in current lease liabilities.

Contractual Obligations and Other Commitments

At December 31, 2021, Black Diamond had capital expenditure commitments in the amount of $11.5 million. Additionally, Black Diamond has a commitment of $6.5 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective December 17, 2021, the Company renewed the ABL Facility and extended the maturity date of the ABL Facility to October 31, 2026.

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 plus certain other qualifying assets, up to $300 million.

For the three and twelve months ended December 31, 2021, the average interest rate on outstanding debt was 2.23% and 2.11%, respectively (2020 - 2.18% and 2.57%, respectively).

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

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

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

The Company entered into risk management assets, or interest rate swap agreements, with the ABL lending syndicate in the YTD. In Q2 2021, an aggregate $30.0 million swap was entered into, hedging against a $30.0 million Bankers Acceptance of our Canadian debt. The effective date of the agreement is April 29, 2021 with a termination date of October 29, 2023. In Q4 2021, a further $25.0 million swap was entered into, hedging against a $25.0 million Bankers Acceptance of our Canadian debt. The effective date of the agreement is December 17, 2021 with a termination date of October 29, 2026. As at December 31, 2021, the total risk management asset was less than $0.1 million.

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at December 31, 2021, the Company's draws under the ABL Facility amounted to $156.6 million (refer to consolidated financial statements), which represents 59% of the borrowing base of $264.7 million, therefore the FCCR covenant was not applicable.

As at December 31, 2021, Black Diamond was in compliance with its debt covenants.

Share Capital

At December 31, 2021, Black Diamond had 58.2 million (December 31, 2020 - 56.7 million) common shares outstanding, net of 1.2 million (December 31, 2020 - 1.6 million) held in trust to settle equity based compensation plans. In addition, at December 31, 2021, Black Diamond had 4.7 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 March 3, 2022 (in thousands):

Common shares (net of shares held in trust)	58,177
Common shares (held in trust)	1,189
Stock options	3,887
Restricted and performance share units	749

Off-Balance Sheet Arrangements

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

Contractual Obligations

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

		Payments due by period		
($ millions, except as noted)	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Long-term debt	156.6	—	156.6	—
Lease obligations, undiscounted	26.7	7.3	19.0	0.4
Commitments	6.5	1.5	5.0	—
Capital commitments	11.5	11.5	—	—
Total contractual obligations	**201.3**	**20.3**	**180.6**	**0.4**

FINANCIAL INSTRUMENTS

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

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

NON-GAAP FINANCIAL MEASURES

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

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

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

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

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

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

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

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenue for the period. Black Diamond uses Adjusted EBITDA Margin primarily as a measure of operating performance. Management believes this ratio is an important supplemental measure of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Net Debt to Adjusted EBITDA is a non-GAAP financial measure which is calculated as net debt divided by Adjusted EBITDA. Net Debt, a supplementary financial measure, is calculated as long-term debt minus cash and cash equivalents. A reconciliation to long-term debt, the most comparable GAAP measure, is provided below. Net Debt and Net Debt to Adjusted EBITDA removes cash and cash equivalents from the Company's debt balance. Black Diamond uses these ratios primarily as measures of operating performance. Management believes these ratios are important supplemental measures of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

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

Reconciliation of Consolidated Profit to Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA margin, Net Debt to Adjusted EBITDA and Return on Assets:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Profit (loss)	**10.7**	(2.2)	586%	**20.4**	(3.5)	683%
Add:						
Depreciation and amortization	**8.9**	9.0	(1)%	**35.2**	33.0	7%
Acquisition costs	**—**	1.9	(100)%	**—**	1.9	(100)%
Finance costs	**1.7**	1.6	6%	**6.0**	5.7	5%
Share-based compensation	**1.0**	0.8	25%	**3.3**	2.9	14%
Non-controlling interest	**0.4**	0.3	33%	**1.4**	1.1	27%
Current income taxes	**0.1**	0.4	(75)%	**0.1**	0.4	(75)%
Gain on sale of real estate assets and other	**(0.7)**	—	—%	**(0.6)**	—	—%
Deferred income taxes	**(4.6)**	(0.7)	(557)%	**(1.8)**	(0.9)	(100)%
Adjusted EBITDA	**17.5**	11.1	58%	**64.0**	40.6	58%
Less:						
Depreciation and amortization	**8.9**	9.0	(1)%	**35.2**	33.0	7%
Adjusted EBIT	**8.6**	2.1	311%	**28.8**	7.6	279%
Total revenue	**96.1**	56.3	71%	**339.6**	179.9	89%
Adjusted EBITDA margin	**18%**	20%	(2)	**19%**	23%	(4)
Long-term debt	**155.6**	175.7	(11)%	**155.6**	175.7	(11)%
Cash and cash equivalents	**4.6**	3.7	24%	**4.6**	3.7	24%
Net debt	**151.0**	172.0	(12)%	**151.0**	172.0	(12)%
Net debt to adjusted EBITDA	**8.6**	15.5	(44)%	**2.4**	4.2	(44)%
Annualized multiplier	**4**	4				
Annualized adjusted EBITDA	**70.0**	44.4	58%	**64.0**	40.6	58%
Average net book value of property plant and equipment	**423.0**	400.4	6%	**422.4**	376.8	12%
Return on assets	**17%**	11%	6	**15%**	11%	4

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

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

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Cash flow from operating activities	**20.4**	14.7	39%	**71.1**	50.0	42%
Add/(deduct):						
Change in long-term accounts receivable	**(0.2)**	(1.3)	85%	**(0.7)**	(1.3)	46%
Changes in non-cash operating working capital	**1.4**	(1.2)	217%	**6.2**	(6.2)	200%
Funds from operations	**21.6**	12.2	77%	**76.6**	42.5	80%
Add/(deduct):						
Maintenance capital	**(2.4)**	(2.1)	(14)%	**(9.3)**	(9.2)	(1)%
Net interest paid (including lease interest)	**(1.4)**	(1.5)	7%	**(5.7)**	(5.2)	(10)%
Payment for lease liabilities	**(1.6)**	(1.3)	(23)%	**(6.2)**	(5.2)	(19)%
Net current income tax expense (recovery)	**0.1**	0.4	(75)%	**0.1**	0.4	(75)%
Net current income taxes received (paid)	**0.1**	0.5	(80)%	**0.1**	0.5	(80)%
Distributions declared to non-controlling interest	**(0.1)**	(0.4)	75%	**—**	(1.0)	100%
Dividends paid on preferred shares	**(0.2)**	—	—%	**(0.6)**	—	—%
Dividends paid on common shares	**(0.7)**	—	—%	**(0.7)**	—	—%
Free cashflow	**15.4**	7.8	97%	**54.3**	22.8	138%

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

Reconciliation of Gross Profit to Gross Profit Margin:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Total revenue	**96.1**	56.3	71%	**339.6**	179.9	89%
Direct costs	**65.7**	36.1	82%	**228.0**	107.7	112%
Gross profit	**30.4**	20.2	50%	**111.6**	72.2	55%
Gross profit margin	**32%**	36%	(4)	**33%**	40%	(7)

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

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

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net revenue (1)	**1.1**	0.5	120%	**3.8**	1.7	124%
Costs paid to suppliers (1)	**9.1**	6.1	49%	**31.7**	16.3	94%
Gross bookings (1)	**10.2**	6.6	55%	**35.5**	18.0	97%
Net revenue margin	**11%**	8%	3	**11%**	9%	2

(1) Includes intercompany transactions.

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

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand. The amounts due to other related parties are unsecured and are payable in cash.

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

	Three months ended December 31,		Twelve months ended December 31,		Due to related parties as at December 31,	
	2021	2020	**2021**	2020	**2021**	2020
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**385**	718	**1,096**	1,641	**(414)**	(637)
Sale of fleet assets	**—**	—	**—**	1,216	**—**	—
Capital contribution	**—**	—	**—**	1,216	**—**	—
Other related parties						
Purchases of goods and services	**60**	—	**133**	—	**—**	—

During the first quarter of 2020, 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.

Services purchased from the entity controlled by a member of the board of directors at fair value include sublease and servicing of generators and fuel tanks.

Key Management Personnel Compensation

	Twelve months ended December 31,	
	2021	2020
Key Management Personnel Compensation	**$**	$
Salaries, bonuses, fees and other short-term employee benefits	**4,850**	2,540
Share-based compensation	**1,642**	778
Total Compensation	**6,492**	3,318

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

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2021 which is available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at December 31, 2021, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. **Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the effectiveness of the design and operation of the Company's DC&P.** Based on this evaluation, the CEO and the CFO have concluded that, as at December 31, 2021, our DC&P, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), was effective.

Internal control over financial reporting

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission to design Black Diamond's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2021, our ICFR (as defined in NI 52-109) were effective.

Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the design and effectiveness of the Company's ICFR as at December 31, 2021. Based on this evaluation, the officers concluded that as of December 31, 2021, Black Diamond maintained effective ICFR.

Changes in internal control over financial reporting

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on October 1, 2021 and ended on December 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.

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, 2021 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. Judgement is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

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

During the fourth quarter of 2021, the Company constructed a plan to restructure the Camps & Lodging and Energy Services North America CGUs. The plan, which was brought about by changing market conditions, changes the way management monitors and reviews its workforce solutions business and creates synergies to the Company's various business activities by consolidating service offerings. As a result, the Company reassessed its CGUs concluding that the previous Camps & Lodging and Energy Services North America CGUs should be combined into WFS-Canada and WFS-US. For the current year, the indicators of impairment assessment was therefore completed on the WFS-Canada and WFS-US CGUs.

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

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

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

Risk management contracts

Risk management contracts may be used periodically by the Company to manage its exposure to risks relating to interest rates. When the Company utilizes risk management contracts in hedging relationships, the Company identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

Risk management contracts used for cash flow hedging are initially measured at fair value and included in non-current assets or liabilities until expiry or unless management intends to dispose of the investment within 12 months of the Consolidated Statement of Financial Position date, in which case they are classified as current.

The fair value is determined using counterparties' internal pricing models, estimates, and certain assumptions based on market data and interest rate yield curves at period-end.

The instruments are classified as fair value through OCI ("FVOCI") and are subsequently remeasured to fair value at each reporting date. Hedge effectiveness is evaluated by assessing the critical terms of the hedging relationship at inception, at the end of each reporting date and upon a significant change in the circumstances affecting hedge effectiveness. The effective portion of changes in the fair value of instruments that are designated and qualify as a cash flow hedge are recognized in other comprehensive income and in equity in accumulated other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Net Income (Loss). Changes in the fair value of a risk management contracts designated in a cash flow hedge are recognized in the same line item as the underlying hedged item.