MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2020 and 2019

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, 2020 (the "Quarter") with the three months ended December 31, 2019 (the "Comparative Quarter") and the twelve months ended December 31, 2020 (the "YTD") with the twelve months ended December 31, 2019 (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, 2020 and 2019. 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, 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 4, 2021 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond’s common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2020, 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 2021 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including changing activity levels, particularly in the face of COVID-19 restrictions, expectations regarding project delays and uncertainty caused by the COVID-19 pandemic, effects on demand and performance based on the changing operating environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond’s annual information form for the year ended December 31, 2020 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on 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.

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EXECUTIVE SUMMARY

Key Highlights from the Fourth Quarter of 2020

- Generated consolidated revenue of $56.3 million and Adjusted EBITDA of $11.1 million, up 19% and 4% from the Comparative Quarter respectively.
- Closed the acquisition of Vanguard Modular Building Systems ("Vanguard") for US$58.7 million, plus ~US$3 million for deferred receivables for total purchase price consideration of US$61.8 million and an increase in the credit facility from $200.0 million to $300.0 million.
- Received approval for a funding grant from the Opportunity Calgary Investment Fund of up to $3 million towards continued growth of LodgeLink, the Company's digital platform for crew travel.
- Announced a 2021 gross capital plan of ~$35 million ($25 to $30 million net), with roughly $25 to $30 million anticipated for ongoing organic growth of the Modular Space Solutions ("MSS") segment.
- MSS rental revenue of $11.3 million was the fourth consecutive quarterly record and grew 31% from the Comparative Quarter.
- MSS Adjusted EBITDA of $10.0 million was a quarterly record and increased 49% from the Comparative Quarter.
- MSS rental fleet grew to 8,784, up 43% from the Comparative Quarter, while utilization held steady and average rental rates increased 6%.
- LodgeLink room bookings set another quarterly record and grew 49% to ~36,000 room nights.
- There was no contribution from the Canadian Emergency Wage Subsidy during the Quarter.
- Subsequent to the Quarter the Company:
    - Increased Workforce Solutions ("WFS") contracted revenue by over $36 million, inclusive of rental and non rental revenue.
    - Renewed its Normal Course Issuer Bid.

The MSS segment has continued to grow its recurring, rental-revenue due to ongoing fleet growth, strengthening rental rates, stable utilization and increased ancillary rentals through Value Added Products and Services ("VAPS"). Rental revenue in the Quarter grew to a quarterly record of $11.3 million, up 31% versus the Comparative Quarter. MSS revenue of $31.4 million was up 47% versus the Comparative Quarter primarily due to higher revenue from rental and non-rental sources. Adjusted EBITDA of $10.0 million was a quarterly record and increased 49% from the Comparative Quarter. Results for the Quarter included one month of contribution from Vanguard.

The Company's WFS business unit generated Adjusted EBITDA of $4.3 million, a 39% decrease versus the Comparative Quarter. WFS revenue of $24.9 million was down 4% from the Comparative Quarter primarily due to lower sales, and rental revenue in its US Energy and Lodging businesses caused in large part by weak industry conditions brought on by COVID-19.

At the end of the Quarter, Net Debt of $172.0 million was up from $111.3 million in Q3 2020 primarily due to the acquisition of Vanguard. Excess borrowing capacity under the Company's asset-based credit facility was approximately $84.3 million and the value of eligible rental inventory used to calculate the Company's borrowing base was approximately $292 million at the end of the Quarter.

OUTLOOK

Fourth quarter 2020 results reflect continued growth and diversification of the overall business as the Company remains focused on growing its recurring rental-revenue stream across the platform.

The Company is encouraged with the performance of its MSS segment which saw rental revenue set a fourth consecutive quarterly record high. This was driven by organic growth within the existing platform as well as one month of contribution from the acquisition of Vanguard. The outlook for the MSS segment remains positive as the rental business proved to be resilient throughout 2020 and continues to see opportunities for deployment of additional growth capital across North America and through the recently acquired Vanguard platform. Utilization is anticipated to stay consistent with levels observed over the last several quarters while rental revenues should see continued growth through ongoing fleet additions, VAPS growth and rental rate increases.

The Company's WFS segment continues to see an active pipeline as the backlog of contracted total revenue in the division has increased by more than $36 million since the start of 2021. This includes the recently announced Australian contract for $16 million, further change orders related to assets in support of the Coastal GasLink pipeline construction of approximately $12 million as well as additional sales and rental projects in Eastern Canada. Total contracted WFS revenue associated with the Coastal GasLink project (including Sukunka River Lodge) is approximately $65 million, with approximately $40 million yet to be billed. Previously deferred rental projects are also expected to see a measured restart in the coming quarters. While occupancy levels and utilization in both the operated lodges and U.S. wellsite business have been soft since the start of the COVID-19 pandemic, there is a line of sight to a gradual recovery depending on the pace with which COVID-19 restrictions continue to ease. The large format accommodations fleet has also continued to benefit from diversification efforts, with over 1,000 beds on rent in Eastern Canada. The Company sees continued opportunities for additional asset deployment in this region. WFS Australia continues to build on strong momentum over the last several quarters with a recent, sizable contract win which will further contribute to ongoing diversification of revenue within the broader WFS segment.

On October 1, 2020, the Company announced that, in partnership with the Nova Scotia Mi'kmaq Communities, it had received a Letter of Award from the proponent of the Goldboro LNG Facility for approximately $720 million to provide a workforce lodge in support of the Goldboro LNG Project. Currently, a final investment decision for the project is estimated to be announced on or before June 30, 2021, by the project proponent, which continues to work through various approvals and financing conditions. Should the project go ahead, Black Diamond expects a meaningful increase to existing camp rental utilization levels over the term of the contract, which is currently anticipated to be in the range of four years.

LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation has continued to have a strong uptake with new and existing customer and suppliers. Despite an expected fourth quarter holiday slow-down and ongoing headwinds for travel services related to COVID-19, LodgeLink set a quarterly record in volumes with ~36,000 room nights booked in the Quarter. At the end of the Quarter, LodgeLink had 582 unique corporate customers on the platform with ~2,500 properties listed representing approximately ~242,000 rooms.

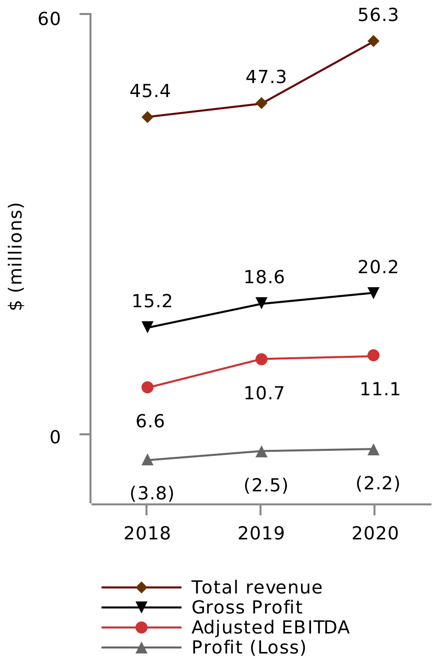
FINANCIAL REVIEW

- Revenue for the Quarter was $56.3 million, up 19% or $9.0 million from the Comparative Quarter mainly due to increased rental revenue in MSS.

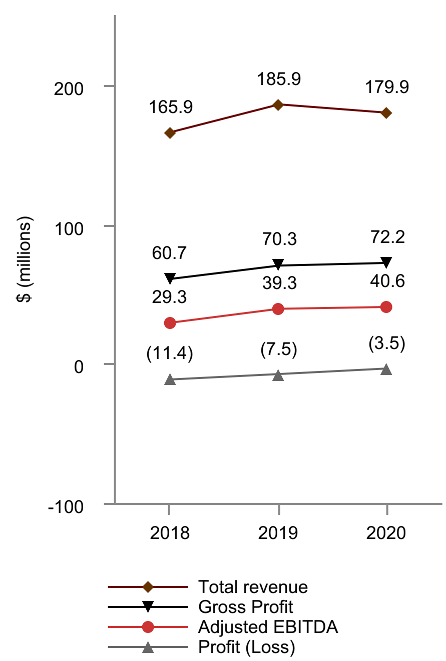
- Adjusted EBITDA for the Quarter was $11.1 million, up $0.4 million or 10.7 million from the Comparative Quarter primarily due to higher rental revenue and non-rental margins.

- The Company exited 2020 with a Net Debt to Adjusted EBITDA ratio of 4.23 (December 31, 2019 - 2.50) and Net Debt to Adjusted EBITDA of 3.35 including Vanguard trailing twelve months EBITDA.

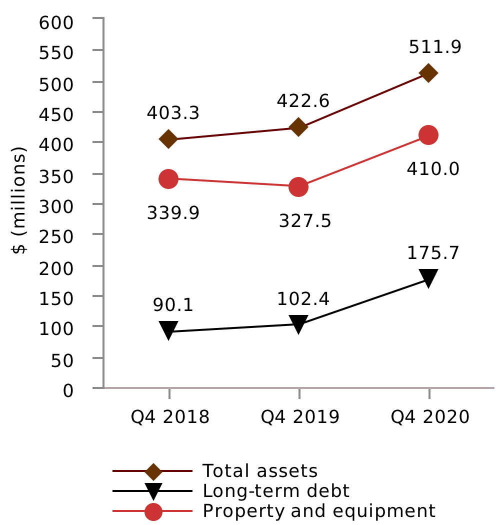
Three Months Ended December 31, Financial Highlights



Twelve Months Ended December 31, Financial Highlights



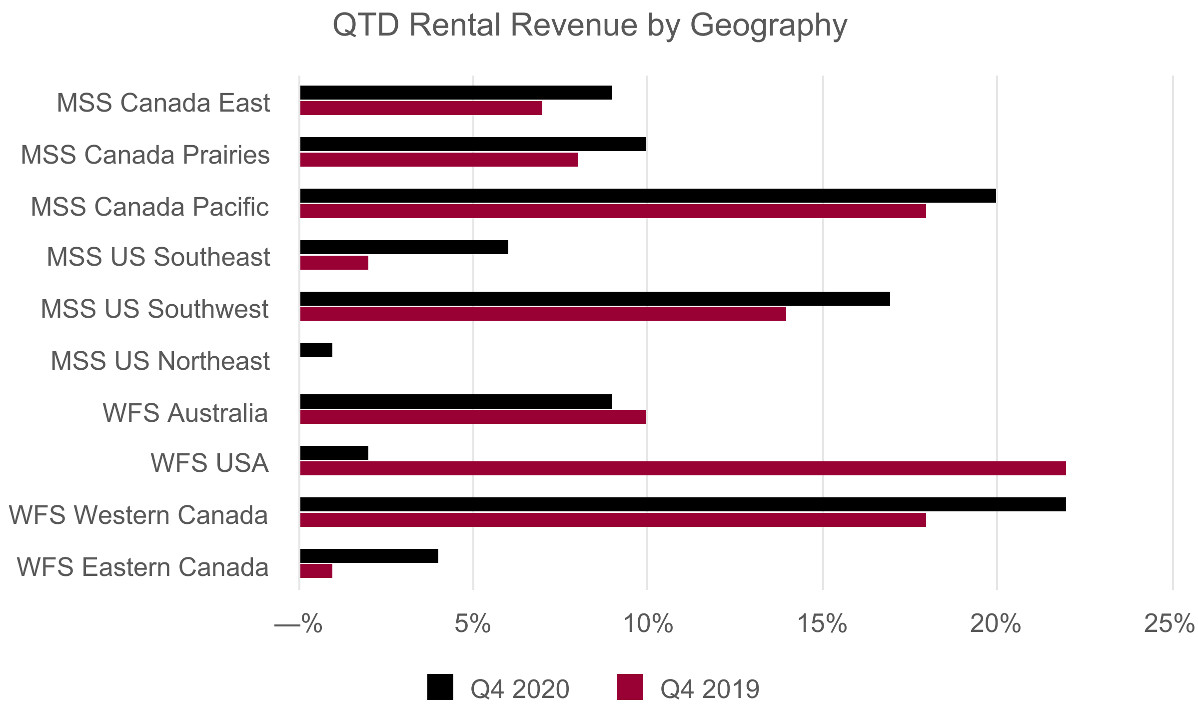
As at December 31, Financial Highlights

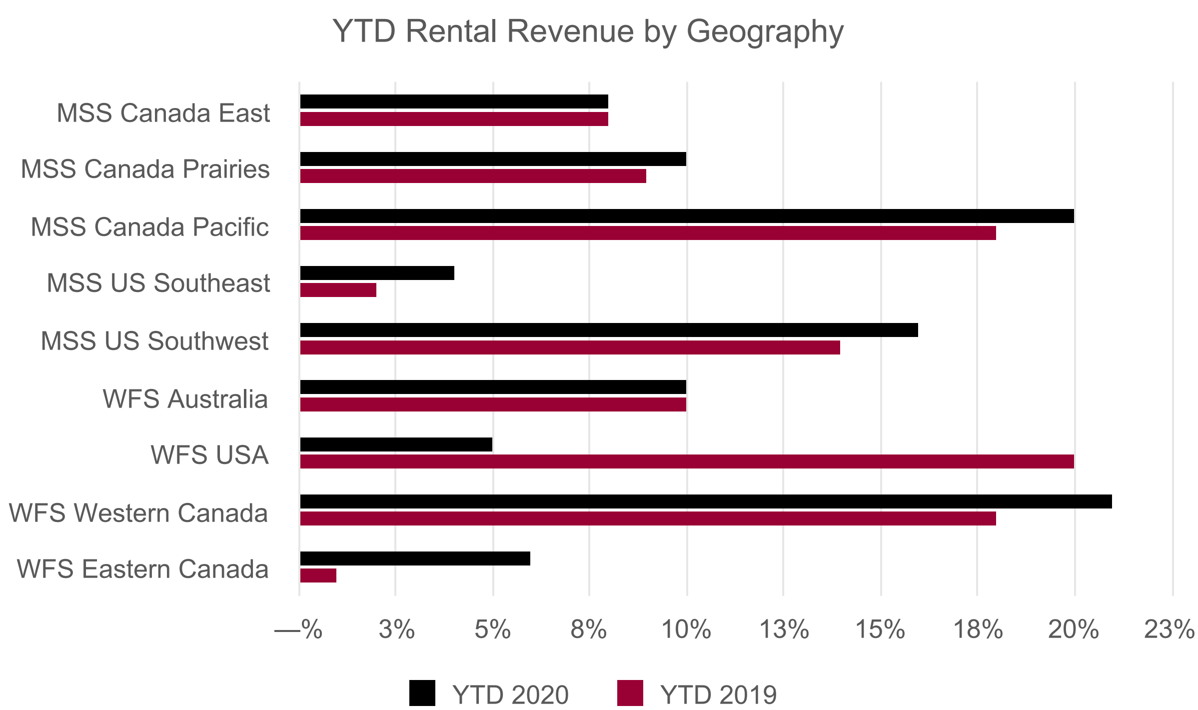


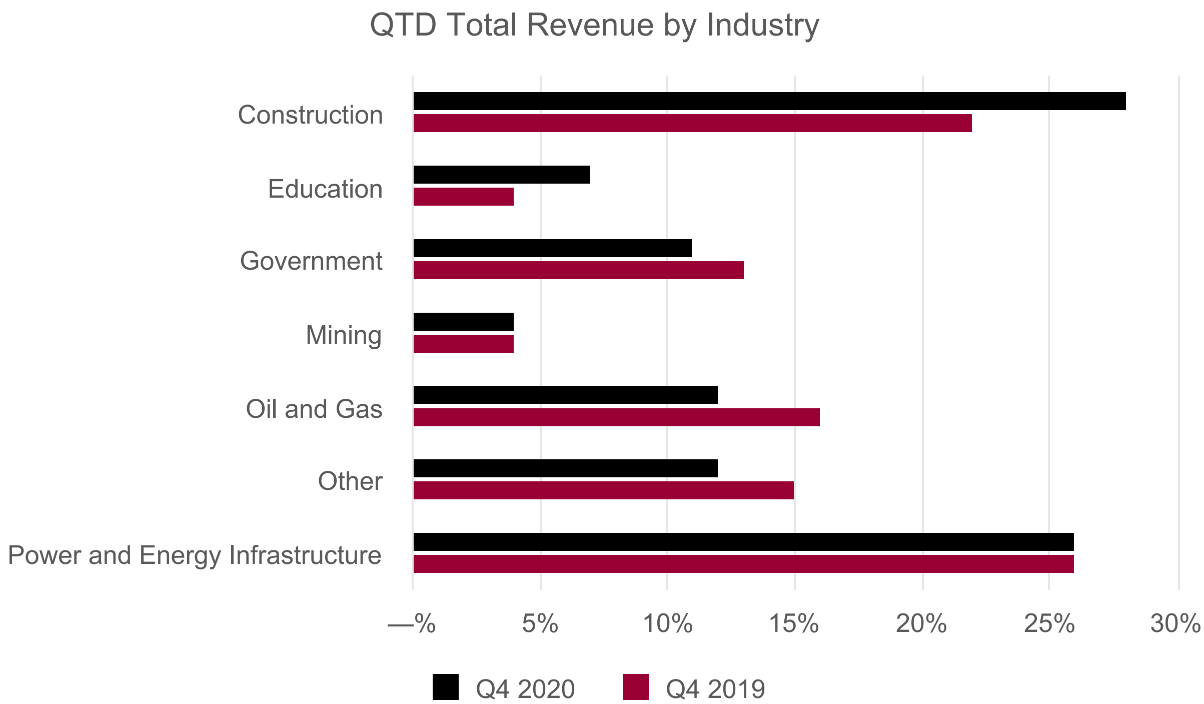
Geographic Revenue Segmentation

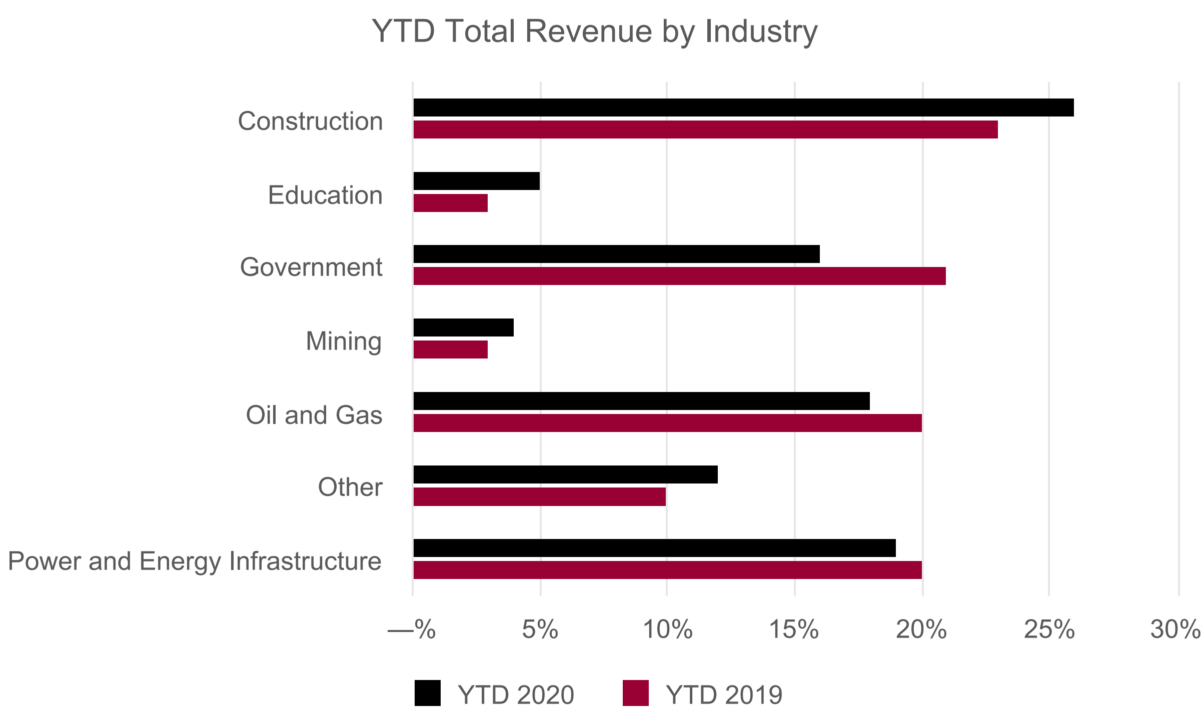
($ millions)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Revenue						
Canada	**37.3**	29.6	26 %	**108.7**	107.1	1 %
United States	**15.8**	13.8	14 %	**57.6**	65.5	(12)%
Australia	**3.2**	3.9	(18)%	**13.6**	13.3	2 %
Total	**56.3**	47.3	19 %	**179.9**	185.9	(3)%

Percentage of total revenue	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Revenue						
Canada	**66 %**	62 %	4	**60 %**	58 %	2
United States	**28 %**	29 %	(1)	**32 %**	35 %	(3)
Australia	**6 %**	9 %	(3)	**8 %**	7 %	1
Total	**100 %**	100 %		**100 %**	100 %	


QTD Rental Revenue by Geography
MSS Canada East
MSS Canada Prairies
MSS Canada Pacific
MSS US Southeast
MSS US Southwest
MSS US Northeast
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
Q4 2020
Q4 2019


YTD Rental Revenue by Geography
MSS Canada East
MSS Canada Prairies
MSS Canada Pacific
MSS US Southeast
MSS US Southwest
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
3%
5%
8%
10%
13%
15%
18%
20%
23%
YTD 2020
YTD 2019


QTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
Q4 2020
Q4 2019


YTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
YTD 2020
YTD 2019

Capital Plan

Capital expenditures for the Quarter were $5.0 million and capital commitments were $2.1 million as at the YTD. This is compared with capital expenditures of $7.8 million in the Comparative Quarter and capital commitments of $10.7 million as at the Prior YTD. Capital expenditures for the Quarter included maintenance capital of $2.1 million, compared to $2.9 million in the Comparative Quarter. Capital expenditures for the YTD were $36.0 million (excluding Spectrum and Vanguard acquisitions) compared with capital expenditures of $33.5 million in the Prior YTD.

The Company's 2020 gross capital plan of $35 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows.

The Company's net capital expenditures for the Quarter were $1.2 million compared with net capital expenditures of $3.9 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were $27.8 million compared with net capital expenditures of $20.7 million 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 $3.8 million compared with $3.9 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $8.2 million compared with $12.8 million in the Prior YTD.

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, Vanguard 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 through its principal brands, Black Diamond Camps and Black Diamond Energy Services, owns a large rental fleet of modular accommodation assets of all 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 turn-key operated camps to a wide array of customers in the resource, infrastructure, construction, disaster recovery, and education sectors. The WFS business unit also includes the Company's wholly owned subsidiary, LodgeLink, which operates a digital marketplace for business-to-business crew accommodation, travel, and logistics 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 original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to sell our used assets for more than their book value and this is recorded as sales revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

Integrated Revenue Model

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

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

Business Diversification

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

Capital Allocation

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

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

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 years ended December 31, 2020 and 2019.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	**56.3**	47.3	19%	**179.9**	185.9	(3)%
Gross profit	**20.2**	18.6	9%	**72.2**	70.3	3%
Administrative expenses	**9.1**	8.0	14%	**31.6**	31.0	2%
Adjusted EBITDA (1)	**11.1**	10.7	4%	**40.6**	39.3	3%
Funds from operations (1)	**12.2**	11.4	7%	**42.5**	45.3	(6)%
Per share ($)	**0.22**	0.21	5%	**0.77**	0.82	(6)%
Loss before income taxes	**(2.2)**	(4.6)	52%	**(2.8)**	(13.2)	79%
Loss	**(2.2)**	(2.5)	12%	**(3.5)**	(7.5)	53%
Loss per share - Basic and diluted	**(0.04)**	(0.05)	20%	**(0.06)**	(0.14)	57%
Capital expenditures	**5.0**	7.8	(36)%	**36.0**	33.5	7%
Business acquisitions	**80.2**	—	—%	**86.8**	—	—%
Property & equipment	**410.0**	327.5	25%	**410.0**	327.5	25%
Total Assets	**511.9**	422.6	21%	**511.9**	422.6	21%
Long-term debt	**175.7**	102.4	72%	**175.7**	102.4	72%
Cash and cash equivalents	**3.7**	4.3	(14)%	**3.7**	4.3	(14)%

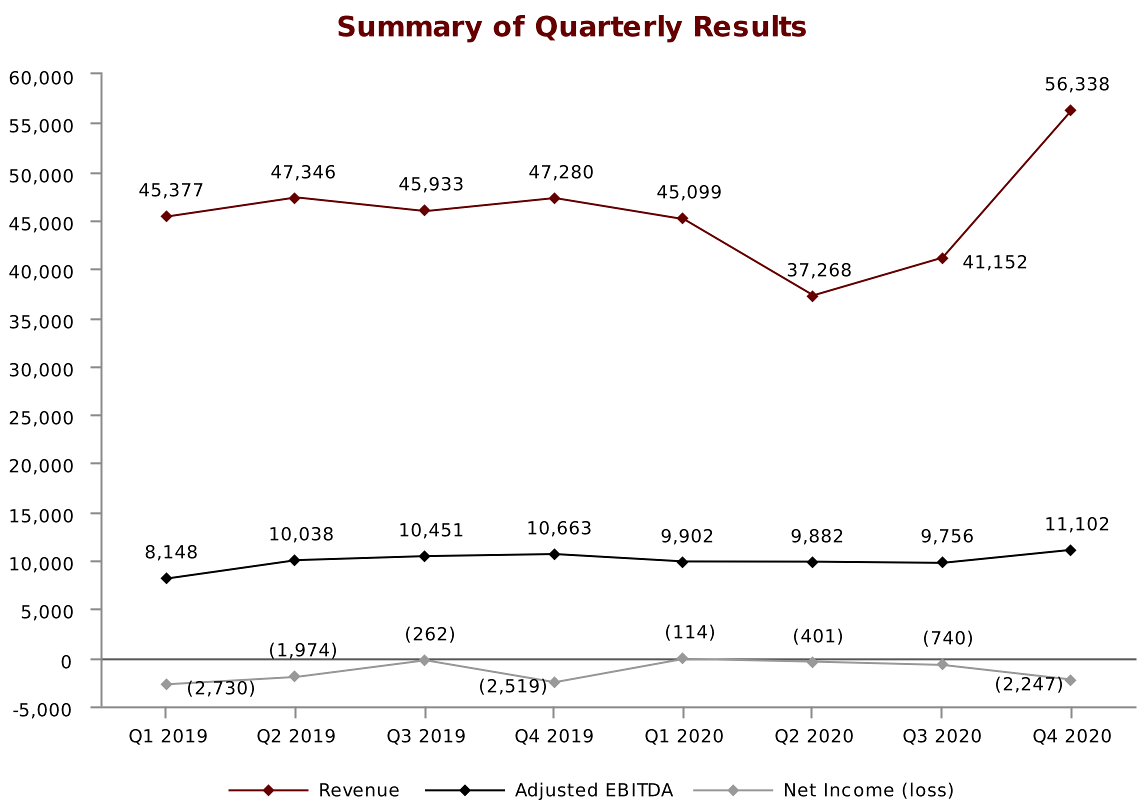
(1) Adjusted EBITDA and Funds from Operations are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA and Funds from Operations may not be comparable to similar measures presented by other issuers. See "Non-GAAP Measures" for further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

Margin Summary	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	**2020**	**2019**	**Change (1)**	**2020**	**2019**	**Change (1)**
Gross Profit	**36%**	39%	(3)	**40%**	38%	2
Administrative expenses	**16%**	17%	(1)	**18%**	17%	1
Adjusted EBITDA	**20%**	23%	(3)	**23%**	21%	2

(1) Percentage point basis.

SUMMARY OF QUARTERLY RESULTS

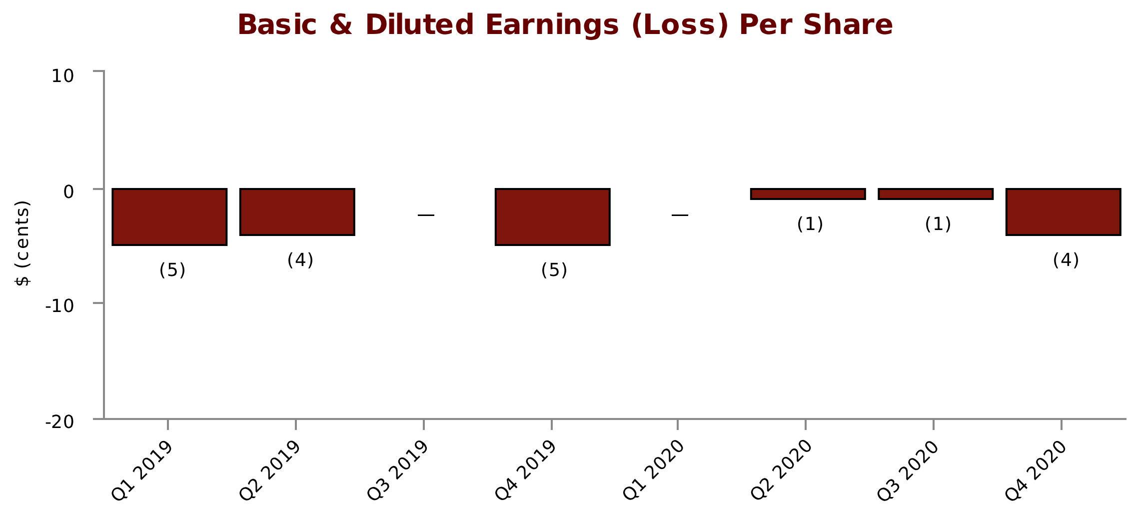
The following is a summary of the previous eight quarters:



From Q1 2019, Revenue has remained relatively flat for five quarters with a general recovery in operations over that period, followed by a fall in revenue in Q2 and Q3 2020 due to the negative effects of COVID-19 on business operations, specifically in WFS.

The Net Loss and Adjusted EBITDA over the last eight quarters generally trended positively with increasing higher margin rental revenue over the same period. The Net Loss in the Comparative Quarter fell somewhat below this trend with $3.2 million of costs related to the early extinguishment of debt. The Loss Per Share followed the same trend as the Net Loss as there were no significant changes in shares outstanding over the eight quarter period.

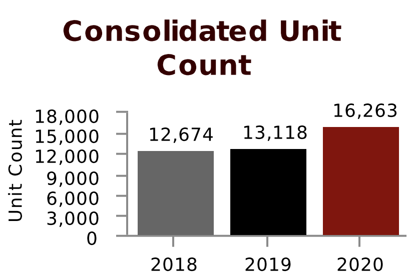
During Q3 2020 Revenue and Net Income began to resemble more typical amounts experienced prior to the COVID-19 pandemic. Revenue in the Quarter continues the trend of recovery combined with one month from Vanguard revenue of $5.8 million. Net Loss in the Quarter is driven by acquisition costs offset by one month of Vanguard operations.

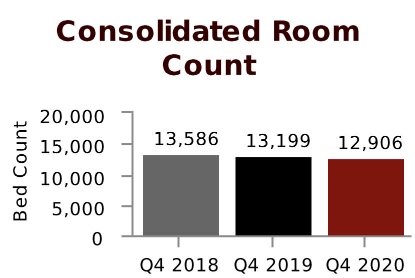


CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 16,263 units at the end of the Quarter compared with 13,118 in the Comparative Quarter primarily due to the Vanguard acquisition. The increase in units is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are in higher demand in the current environment. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 12,906 rooms in the Quarter compared with 13,199 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,		
	2020	**2019**	**Change (1)**	**2020**	**2019**	**Change (1)**
Modular Space Solutions	**78%**	75%	3	**75%**	75%	—
Workforce Solutions:						
Workforce Housing Accommodations: Rental Fleet	**36%**	41%	(5)	**35%**	35%	—
Wellsite Accommodations	**22%**	70%	(48)	**35%**	74%	(39)
Surface Equipment	**36%**	25%	11	**36%**	24%	12
Consolidated	**59%**	63%	(4)	**57%**	62%	(5)

(1) Percentage point basis.

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

Q4 2020 vs Q4 2019

The increase in utilization in MSS is primarily due to increased activity in Canada. The decrease in workforce housing accommodations rental fleet utilization is due to California assets coming off rent in the first quarter of 2020, partially offset by the second phase of Sukunka River Lodge and projects mainly in eastern Canada. The decrease in utilization of wellsite accommodation is due to decreased U.S. drilling activity due to COVID-19. The increase in surface equipment utilization in WFS is due to increased activity in Canada.

Year to Date 2020 vs 2019

The utilization in MSS is flat in comparison with the Prior YTD. Workforce housing accommodations rental fleet utilization was also flat with the Prior YTD. The decrease in utilization of wellsite accommodation is due to decreased U.S. drilling activity due to COVID-19. The increase in surface equipment utilization in WFS is due to the purchase of rig mat units in the first quarter related to a long-term project for a key customer.

Revenue

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

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

Lodging Revenues are generated from provision of full turnkey lodging services provided to customers. The rooms in our lodging 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.

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

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

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Rental Revenue	**18.1**	17.6	3%	**65.6**	65.5	—%
Lodging Revenue	**7.6**	5.5	38%	**17.8**	23.9	(26)%
Sales Revenue	**11.2**	7.7	45%	**27.0**	27.5	(2)%
Non-Rental Revenue	**19.4**	16.5	18%	**69.5**	69.0	1%
Revenue	**56.3**	47.3	19%	**179.9**	185.9	(3)%

Percentage of consolidated revenue	Three months ended December 31, 2020	2019	Change (1)	Twelve months ended December 31, 2020	2019	Change (1)
Rental Revenue	**32%**	37%	(5)	**36%**	35%	1
Lodging Revenue	**13%**	12%	1	**10%**	13%	(3)
Sales Revenue	**20%**	16%	4	**15%**	15%	0
Non-Rental Revenue	**35%**	35%	0	**39%**	37%	2

(1) Percentage point basis.

Q4 2020 vs Q4 2019

Rental revenue for the Quarter was $18.1 million, up 3% or $0.5 million from the Comparative Quarter primarily due to a $2.7 million increase in MSS rental revenue attributed to the acquisition of Vanguard and a larger fleet, along with higher rental rates, partially offset by a $2.2 million decrease in WFS rental revenue due to a decrease in rental fleet utilization.

Lodging revenue for the Quarter was $7.6 million, up 38% or $2.1 million from the Comparative Quarter due to increased occupancy at Sunset Prairie Lodge, Sukunka River Lodge and turnkey lodges, partially offset by Smoky River Lodge and Horn River Lodge being closed in the Quarter.

Sales revenue for the Quarter was $11.2 million, up 45% or $3.5 million from the Comparative Quarter driven by a $4.4 million increase in MSS sales revenue due to the custom sales generated by Vanguard partially offset by a $0.8 million decrease in WFS sales revenue due to fewer used fleet sales in the Quarter.

Non-rental revenue for the Quarter was $19.4 million, up 18% or $2.9 million from the Comparative Quarter due to a $2.9 million increase in MSS non-rental revenue primarily due to an increase in installation revenue, as well as the contribution from Vanguard. WFS non-rental revenue was flat with the Comparative Quarter.

Year to Date 2020 vs 2019

Rental revenue for the YTD was $65.6 million, flat with the Prior YTD due to a $6.1 million increase in MSS rental due to the acquisition of Vanguard and a larger fleet, along with higher rental rates and utilization offset by a $6.0 million decrease in WFS rental revenue due to reduced U.S. activity, partially offset by Sukunka River Lodge being operational in the YTD.

Lodging revenue for the YTD was $17.8 million, down 26% or $6.1 million from the Prior YTD due to a decrease in occupancy at all lodges except Sukunka River Lodge.

Sales revenue for the YTD was $27.0 million, down 2% or $0.5 million from the Prior YTD primarily due to a $0.3 million decrease in WFS with fewer used fleet sales in North America, partially offset by increased fleet sales in Australia during the year. This is combined with a $0.2 million decrease in MSS as a result of decreased used fleet sales, partially offset by custom sales generated by Vanguard and the existing segment.

Non-rental revenue for the YTD was $69.5 million, up 1% or $0.5 million from the Prior YTD primarily due to a $1.2 million increase in MSS non-rental revenue due to an increase in installation revenue, as well as a modest contribution from Vanguard. This is partially offset with a $0.7 million decrease in WFS non-rental revenue.

Direct Costs and Gross Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2020**	2019	Change	**2020**	2019	Change
Direct Costs	**36.1**	28.7	26%	**107.6**	115.6	(7)%
Gross Profit	**20.2**	18.6	9%	**72.2**	70.3	3%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	**2020**	2019	Change (1)	**2020**	2019	Change (1)
Direct Costs	**64%**	61%	3	**60%**	62%	(2)
Gross Profit	**36%**	39%	(3)	**40%**	38%	2

(1) Percentage point basis.

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

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

	Three months ended December 31,			Twelve months ended December 31,		
Direct Costs	**2020**	2019	Change	**2020**	2019	Change
($ million, except as noted)	**$**	$		**$**	$	
Construction and transportation services	**12.6**	9.4	34%	**39.8**	44.3	(10)%
Catering, utilities and other consumable costs	**6.5**	5.1	27%	**17.0**	18.2	(7)%
New sales	**6.1**	3.9	56%	**15.4**	13.5	14%
Repairs and maintenance	**2.6**	2.2	18%	**10.2**	10.9	(6)%
Labour costs	**2.6**	2.2	18%	**8.5**	9.8	(13)%
Subleased equipment	**1.1**	1.2	(8)%	**5.9**	5.7	4%
Used fleet sales	**2.3**	2.5	(8)%	**5.5**	7.8	(29)%
Other direct costs	**1.3**	1.3	—%	**1.9**	2.6	(26)%
Fleet Insurance	**0.6**	0.4	50%	**1.9**	1.3	46%
Rent Expense - Subleased Properties	**0.4**	0.5	(20)%	**1.5**	1.5	—%
Total direct costs	**36.1**	28.7	26%	**107.6**	115.6	(7)%

Q4 2020 vs Q4 2019

Direct costs for the Quarter were $36.1 million, up 26% or $7.4 million from the Comparative Quarter primarily due to increases in construction and new sales.

Gross profit for the Quarter was $20.2 million, up 9% or $1.6 million from the Comparative Quarter primarily due to an increase in sales margins.

Year to Date 2020 vs 2019

Direct costs for the YTD were $107.6 million, down 7% or $8.0 million from the Prior YTD primarily due to decreased used fleet sales.

Gross profit for the YTD was $72.2 million, up 3% or $1.9 million from the Prior YTD primarily due to an increase in non rental margins.

Administrative Expenses

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2020**	2019	Change	**2020**	2019	Change
Personnel Costs	**6.2**	5.4	15%	**21.1**	20.5	3%
Other Administrative Expenses	**2.1**	2.0	5%	**7.4**	7.8	(5)%
Occupancy and Insurance	**0.8**	0.5	60%	**3.1**	2.7	15%
Total Administrative expenses	**9.1**	7.9	15%	**31.6**	31.0	2%
% of Consolidated Revenue	**16%**	17%	(1)	**18%**	17%	1

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

Q4 2020 vs Q4 2019

Total administrative expenses for the Quarter were $9.1 million, up 15% or $1.2 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 $6.2 million, up 15% or $0.8 million from the Comparative Quarter primarily due to an increase in staffing levels and the acquisition of Vanguard.
- Other administrative expenses for the Quarter were $2.1 million, up 5% or $0.1 million from the Comparative Quarter primarily due to an increase in professional fees and information technology, partially offset by a decrease in travel costs.
- Occupancy and insurance costs for the Quarter were $0.8 million, up 60% or $0.3 million from the Comparative Quarter due to increased operating expenses.

Year to Date 2020 vs 2019

Total administrative expenses for the YTD were $31.6 million, up 2% or $0.6 million from the Prior YTD.

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

- Personnel costs for the YTD were $21.1 million, up 3% or $0.6 million from the Prior YTD primarily due to an increase in staffing levels, partially offset by Black Diamond's utilization of the CEWS Program.
- Other administrative expenses for the YTD were $7.4 million, down 5% or $0.4 million from the Prior YTD primarily due a decrease in travel costs.
- Occupancy and insurance costs for the YTD were $3.1 million, up 15% or $0.4 million from the Prior YTD primarily due to increased operating expenses.

Adjusted EBITDA

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Adjusted EBITDA [(1)]	**11.1**	10.7	4%	**40.6**	39.3	3%
% of Consolidated Revenue	**20%**	23%	(3)	**23%**	21%	2

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

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

Q4 2020 vs Q4 2019

Adjusted EBITDA for the Quarter was $11.1 million, up 4% or $0.4 million from the Comparative Quarter due to an increase in non-rental margins and rental revenue.

Year to Date 2020 vs 2019

Adjusted EBITDA for the YTD was $40.6 million, up 3% or $1.3 million from the Prior YTD primarily due to an increase in sales margins, rental revenue and the receipt of a government subsidy received through the CEWS Program.

Depreciation and Amortization

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Depreciation and amortization, net of depreciation of right-of-use assets	**7.5**	8.6	(13)%	**27.3**	34.0	(20)%
% of Property and equipment	**2%**	3%	(1)	**7%**	10%	(3)
Depreciation of right-of-use assets	**1.5**	1.5	—%	**5.7**	5.3	8%

Q4 2020 vs Q4 2019

Depreciation and amortization for the Quarter was $7.5 million, down 13% or $1.1 million from the Comparative Quarter primarily due to a change in estimate regarding the residual values of the space rental fleet and workforce accommodation fleet.

Depreciation of right-of-use assets was flat with the Comparative Quarter.

Year to Date 2020 vs 2019

Depreciation and amortization for the YTD was $27.3 million, down 20% or $6.7 million from the Prior YTD primarily due to a change in estimate regarding the residual values of the space rental fleet and workforce accommodation fleet.

Depreciation of right-of-use assets increased 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, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Finance cost	**1.6**	1.9	(16)%	**5.7**	7.6	(25)%
Long-term debt	**175.7**	102.4	72%	**175.7**	102.4	72%
Average interest rate(1)	**2.18%**	4.34%	-216 bps	**2.57%**	4.61%	-204 bps

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

On October 31, 2019, Black Diamond entered into a four-year secured asset-based revolving credit facility (the "ABL Facility"). In the fourth quarter of 2019, the Company expensed costs in the amount of $2.4 million associated with the early termination of its former debt facilities.

Effective November 30, 2020, the Company reached an agreement with its lenders to amend the ABL Facility increasing the maximum revolving line to $300.0 million.

Q4 2020 vs Q4 2019

Finance costs for the Quarter were $1.6 million, down 16% or $0.3 million from the Comparative Quarter primarily due to lower interest rates on the ABL Facility as compared to the Company's previous debt instruments.

Year to Date 2020 vs 2019

Finance costs for 2020 were $5.7 million, down 25% or $1.9 million from the Prior YTD primarily due to lower interest rates on the ABL Facility as compared to the Company's previous debt instruments.

Income Tax

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Current tax expense	**0.4**	0.1	300%	**0.4**	—	—%
Deferred tax recovery	**(0.7)**	(2.3)	70%	**(0.9)**	(6.2)	85%
Total tax recovery	**(0.3)**	(2.3)	87%	**(0.5)**	(6.1)	92%

Q4 2020 vs Q4 2019

For the Quarter, Black Diamond recognized a current income tax expense of $0.4 million, a change of $0.3 million from the Comparative Quarter current tax expense. The Company also recognized a deferred income tax recovery of $0.7 million, a change of $1.6 million from the Comparative Quarter. The tax recovery in the Quarter is reflective of continued losses which will be carried forward to future years, which decreases the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Year to Date 2020 vs 2019

For the YTD, Black Diamond recognized a current income tax expense of $0.4 million, a change of $0.4 million from the Prior YTD current tax expense. The Company also recognized a deferred income tax recovery of $0.9 million, a change of $5.3 million from the Prior YTD. The deferred tax recovery YTD is reflective of continued losses which will be carried forward to future years, which decreases the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia. The Alberta corporate tax rate was planned to be decreased by one percentage point on January 1 of each year until it reaches 8% on January 1, 2022. As part of Alberta's Recovery Plan, the government accelerated the plan, reducing the corporate income tax rate to 8% on July 1, 2020, a year and a half sooner than originally planned.

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 Vanguard acquisition, the Company issued 867 Preferred Shares (the "Preferred Shares") of its wholly owned subsidiary BOXX Modular Holdings Inc. (the "Issuer") for gross proceeds of US$8,670 (C$11,258). The Preferred Shares have been accounted for as non-controlling interest within audited 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% 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.

Dividends to preferred shareholders for the year ended December 31, 2020 were $nil.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Non-controlling interest	**0.3**	0.2	50%	**1.1**	0.4	175%

Q4 2020 vs Q4 2019

The NCI for the Quarter was $0.3 million, up $0.1 million from the Comparative Quarter due to increased net income earned through the limited partnerships.

Year to Date 2020 vs 2019

The NCI for the YTD was $1.1 million, up $0.7 million from the Prior YTD due to increased net income earned through the limited partnerships.

Net Loss

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Net loss	**(2.2)**	(2.5)	**12%**	**(3.5)**	(7.5)	53%

Q4 2020 vs Q4 2019

Net loss for the Quarter was $2.2 million, an improvement of 12% or $0.3 in the Comparative Quarter primarily due to an increase in gross margin and a decrease in depreciation expense partially offset by $1.9 million of acquisition costs related to the Vanguard acquisition.

Year to Date 2020 vs 2019

Net loss for the YTD was $3.5 million, an improvement of 53% or $4.0 million from the Prior YTD primarily due to an increase in gross margin, a decrease in depreciation expense and the receipt of a government subsidy received through the CEWS Program, partially offset by $1.9 million of acquisition costs related to the Vanguard acquisition.

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 month periods ended December 31, 2020 and 2019, 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,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	**31.4**	21.4	47 %	**93.8**	86.7	8 %
Workforce Solutions	**24.9**	25.9	(4)%	**86.1**	99.2	(13)%
Total Revenue	**56.3**	47.3	19 %	**179.9**	185.9	(3)%

Segmented Adjusted EBITDA

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

	Three months ended December 31,			Twelve months ended December 31,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	**10.0**	6.7	49 %	**29.4**	24.9	18 %
Workforce Solutions	**4.3**	7.0	(39)%	**22.1**	25.7	(14)%
Corporate and Other	**(3.2)**	(3.1)	(3)%	**(10.9)**	(11.3)	4 %
Total Adjusted EBITDA	**11.1**	10.7	4 %	**40.6**	39.3	3 %

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

MODULAR SPACE SOLUTIONS BUSINESS UNIT

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

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

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

Revenue

There are three revenue streams to which these assets contribute.

1. **Rental**: Black Diamond's MSS segment provides assets to customers on a rental basis. Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. Rental often includes VAPS when the non-fleet equipment is owned by Black Diamond.

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

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

   - Used fleet sales have typically been both a profitable and cost-effective method to finance the replenishment or upgrade of the rental fleet while generating free cash flow during periods of lower rental demand and utilization.

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

Financial Highlights

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

Due to the diversity of our locations and customers we contract with, the rental revenue in MSS is predictable and experiences consistent margins. Non-rental and sales revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on Non-rental and sales revenues are lower than margins for rental revenues due to the operating costs associated with Non-rental revenue. As a result, changes in the mix between rental, Non-rental and sales revenue, and the general variability in Non-rental and sales revenue margins, can lead to fluctuations in Adjusted EBITDA margin between periods.

Revenue by Stream ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Rental Revenue	**11.3**	8.6	31%	**39.3**	33.2	18%
Sales Revenue	**9.8**	5.4	81%	**20.5**	20.7	(1)%
Non-rental Revenue	**10.3**	7.4	39%	**34.0**	32.8	4%
Total Revenue	**31.4**	21.4	47%	**93.8**	86.7	8%
Adjusted EBITDA	**10.0**	6.7	49%	**29.4**	24.9	18%
Adjusted EBITDA as a % of revenue	**32%**	31%	1	**31%**	29%	2
Return on Assets (1)	**18%**	15%	3	**16%**	14%	2

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

	Three months ended December 31,			**Twelve months ended December 31,**		
Value Added Products & Services	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
VAPS as a % of Total Rental Revenue	**13%**	13%	—	**15%**	14%	1

Revenue by Geography ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Canada	**16.3**	13.1	24%	**51.2**	47.6	8%
United States	**15.1**	8.3	82%	**42.6**	39.1	9%
Total revenue	**31.4**	21.4	47%	**93.8**	86.7	8%

Q4 2020 vs Q4 2019

The MSS business unit's total revenue for the Quarter was $31.4 million, up 47% or $10.0 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $11.3 million, up 31% or $2.7 million from the Comparative Quarter due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** during the Quarter was $9.8 million, up 81% or $4.4 million from the Comparative Quarter primarily due to the custom sales generated by Vanguard.
- **Non-rental** revenue during the Quarter was $10.3 million, up 39% or $2.9 million from the Comparative Quarter primarily due to an increase in installation revenue, as well as a modest contribution from Vanguard.

Adjusted EBITDA for the Quarter of $10.0 million increased 49% or $3.3 million from the Comparative Quarter. Adjusted EBITDA as a percentage of revenue increased 1 percentage point to 32% as compared to the Comparative Quarter primarily due to an increase in rental revenue, and higher margins on Non-rental revenue. Repairs & maintenance costs were also lower due to improving efficiencies.

Return on Assets ("ROA") for the Quarter was 18%, an increase of 3 percentage point from 15% in the Comparative Quarter.

Year to Date 2020 vs 2019

MSS business unit's total revenue for the YTD was $93.8 million, up 8% or $7.1 million from the Prior YTD.

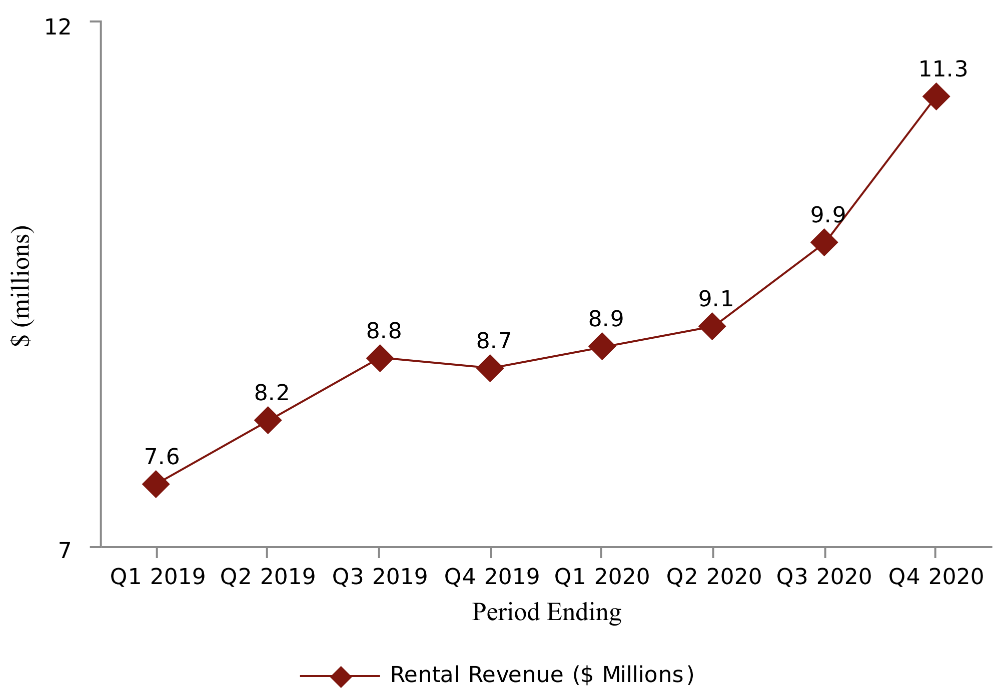
- **Rental revenue** for the YTD was $39.3 million, up 18% or $6.1 million from the Prior YTD due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** for the YTD was $20.5 million, down 1% or $0.2 million from the Prior YTD due to decreased used fleet sales, partially offset by increased custom sales.
- **Non-rental revenue** for the YTD was $34.0 million, up 4% or $1.2 million primarily due to an increase in installation revenue, as well as a modest contribution from Vanguard.

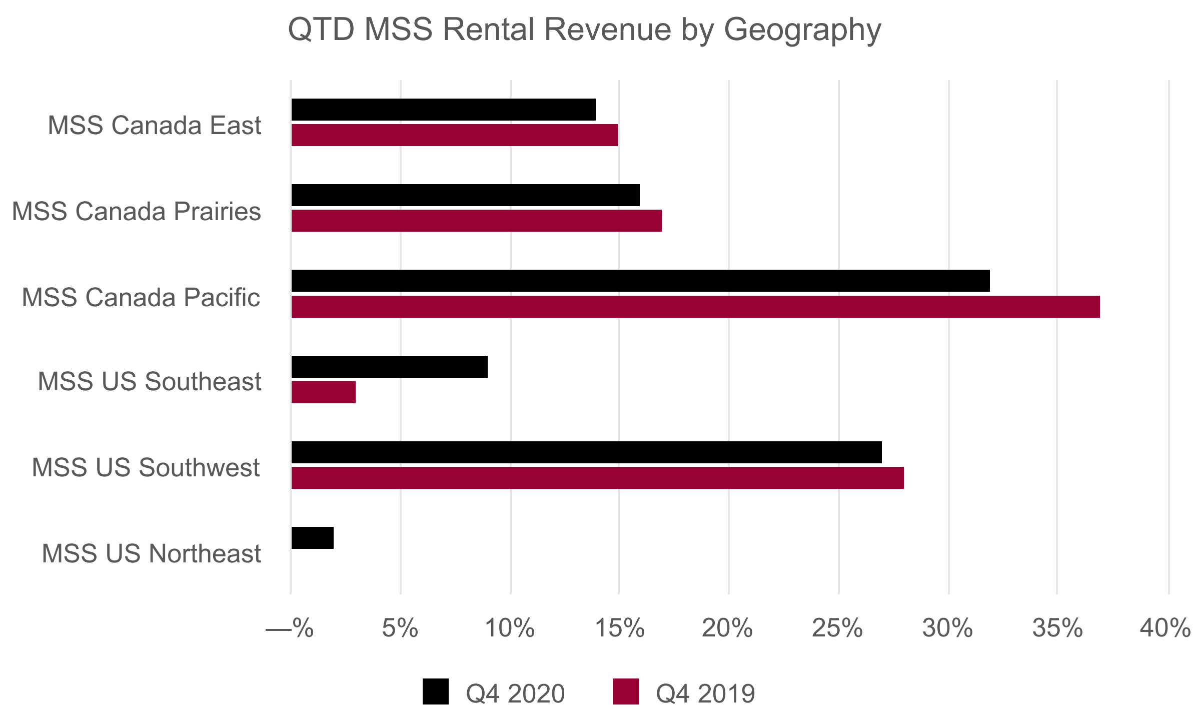
Adjusted EBITDA for the YTD was $29.4 million, which increased 18% or $4.5 million from the Prior YTD. This is primarily due to increased revenue and the acquisition of Vanguard. This was partially offset by lower margins on sales, which drove a higher Adjusted EBITDA margin of 31%, an increase of 2 percentage points as compared to the Prior YTD. The lower margins on sales are largely attributed to certain project costs under dispute related to a single custom sales project during the YTD, which has also delayed collection of associated revenue.

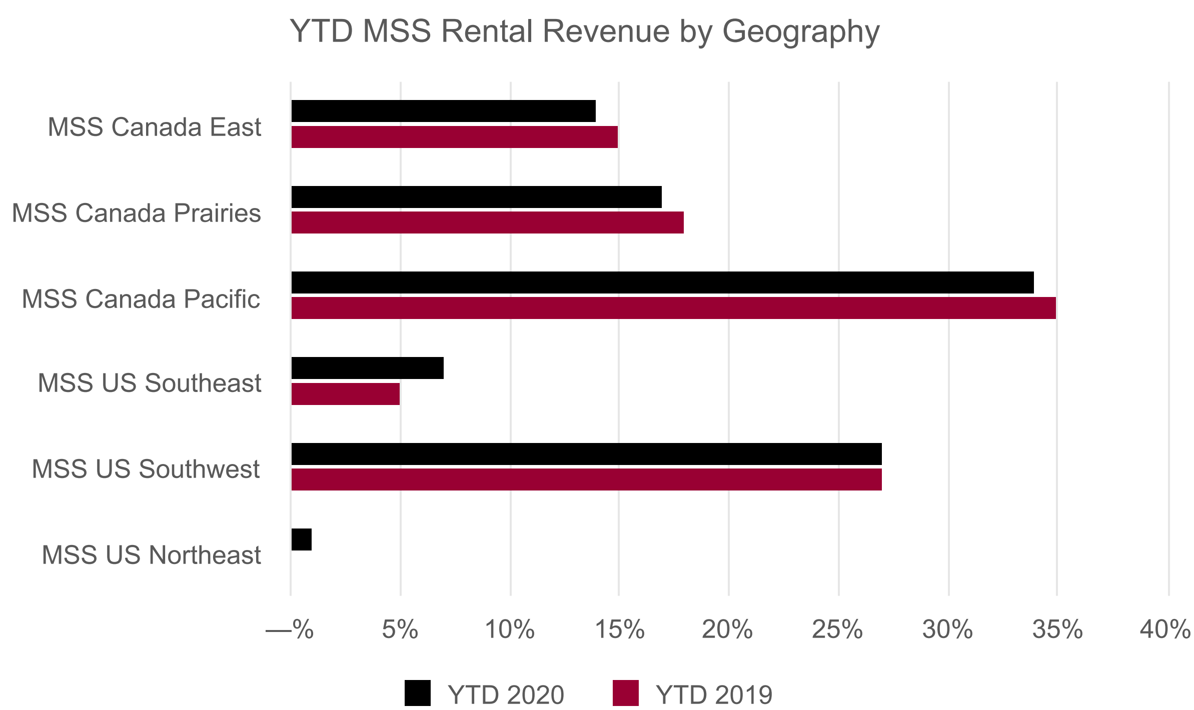
YTD ROA increased to 16% from 14% as EBITDA grew more quickly than Average Net Book Value.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last nine quarters (22% CAGR from Q4 2018 to Q4 2020).







MSS geographic diversification increased in Q4 over the comparable quarter with an increased share of rental revenues in the US Northeast and US Southeast regions and reduced share of rental revenues from MSS Canada Pacific. This is due to one month of contribution from Vanguard, the full quarter contribution from Spectrum and by unit additions in the Southeast. Vanguard added significant rental revenue in all three US regions not just the Southeast but don't see the growth in the Southwest due to the only one month of Vanguard but will see it next quarter.

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 29.9 months as at December 31, 2020, an increase of 2.4 months from 27.5 months as at December 31, 2019.

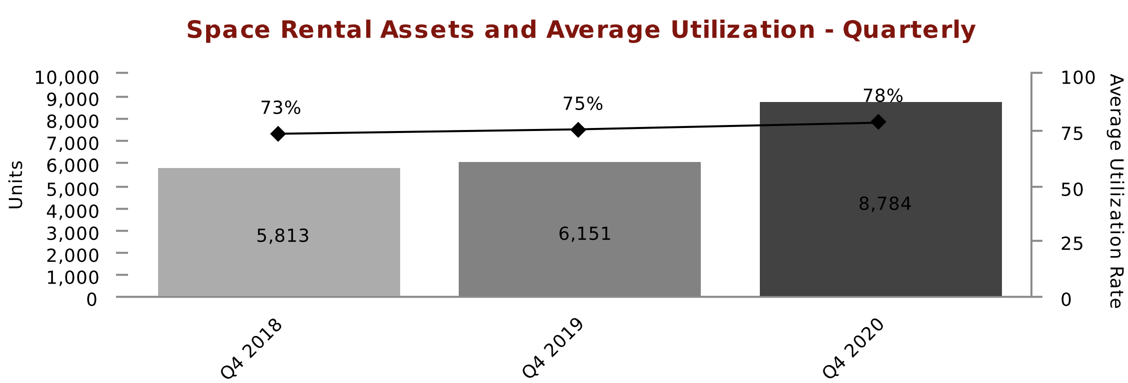
Space Rental Assets and Average Utilization

The MSS fleet consisted of 8,784 units as at December 31, 2020, which increased from 6,151 units as at December 31, 2019. This was due to the addition of 2,791 new units, of these 2,398 were from acquisitions and 393 were new builds, partially offset by the sale and disposal of 158 units.

MSS Consolidated

	Three months ended December 31,			Twelve months ended December 31,		
MSS Assets, Utilizations, and Rates	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Property and Equipment Net Book Value ($ millions) (2)	**238.3**	148.5	60%	**238.3**	148.5	60%
Modular Space Assets	**8,784**	6,151	43%	**8,784**	6,151	43%
Average Utilization (1)	**78%**	75%	3	**75%**	75%	—
Average Monthly Rental Rate	**$646**	$608	6%	**$639**	$595	7%

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



Q4 2020 vs Q4 2019

Utilization for the Quarter was 78%, a 3 percentage point increase from 75% in the Comparative Quarter mainly due to increased activity within Canada.

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

Year to Date 2020 vs 2019

Utilization for the YTD was 75%, flat in comparison with the Prior YTD.

The average rental rate has improved as compared to the Prior YTD by 7%, due to higher rates across all regions.

WORKFORCE SOLUTIONS BUSINESS UNIT

The WFS business unit provides workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodging and provision of travel management logistics through LodgeLink. WFS operates in Canada, the U.S. and Australia.

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

The assets included in the rental business are:

Workforce housing accommodations: the rental fleet includes modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes and recreation facilities. These assets are often necessary for operations related to infrastructure and large scale construction projects, oil and gas, mining, disaster recovery, government, and other industries. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

Wellsite accommodations: modular accommodation structures which consist of single unit or multi-unit complexes, rented to customers, typically in the oil and gas, construction, disaster recovery, government industries throughout western Canada and the U.S.

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

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. WFS currently operates three lodges in British Columbia (Sunset Prairie Lodge, Little Prairie Lodge and Horn River Lodge) and two in Alberta (Sunday Creek Lodge and Smoky River Lodge).

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

Revenue

There are four revenue streams to which these assets contribute.

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

2. **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 through LodgeLink.

4. **Lodging:** workforce housing accommodations assets, categorized as lodging fleet, typically generate revenue from the provision of full turnkey lodging services to our customers. Lodging 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 return on assets are key financial measures which fluctuate in direct proportion to utilization, occupancy and rates.

Revenue by Stream ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Rental Revenue	**6.7**	8.9	(25)%	**26.3**	32.3	(19)%
Lodging Revenue	**7.6**	5.5	38%	**17.8**	23.9	(26)%
Sales Revenue	**1.5**	2.3	(35)%	**6.5**	6.8	(4)%
Non-rental Revenue	**9.1**	9.2	(1)%	**35.5**	36.2	(2)%
Total Revenue	**24.9**	25.9	(4)%	**86.1**	99.2	(13)%

Revenue by Geography ($ millions, except as noted)	**Three months ended December 31,**			**Twelve months ended December 31,**		
Canada	**21.1**	16.6	27%	**57.8**	59.9	(4)%
United States	**0.6**	5.4	(89)%	**14.7**	26.0	(43)%
Australia	**3.2**	3.9	(18)%	**13.6**	13.3	2%
	24.9	25.9	(4)%	**86.1**	99.2	(13)%
Adjusted EBITDA	**4.3**	7.0	(39)%	**22.1**	25.7	(14)%
Adjusted EBITDA as a % of revenue	**17%**	27%	(10)	**26%**	26%	—
Return on Assets (1)	**11%**	17%	(6)	**14%**	15%	(1)

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

Q4 2020 vs Q4 2019

Adjusted EBITDA decreased in the Quarter to $4.3 million from $7.0 million, a decrease of $2.7 million or 39% due to lower contribution from higher-margin rental revenue.

Year to Date 2020 vs 2019

Adjusted EBITDA decreased to $22.1 million from $25.7 million in the Prior YTD, a decrease of $3.6 million or 14%, primarily due to a 13% decrease in total revenue.

Rental

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

	Three months ended December 31,			Twelve months ended December 31,		
Average Asset Utilization	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Workforce Housing Accommodations: Rental Fleet	**36 %**	41 %	(5)	**35 %**	35 %	—
Wellsite Accommodations	**22 %**	70 %	(48)	**35 %**	74 %	(39)
Surface Equipment	**36 %**	25 %	11	**36 %**	24 %	12

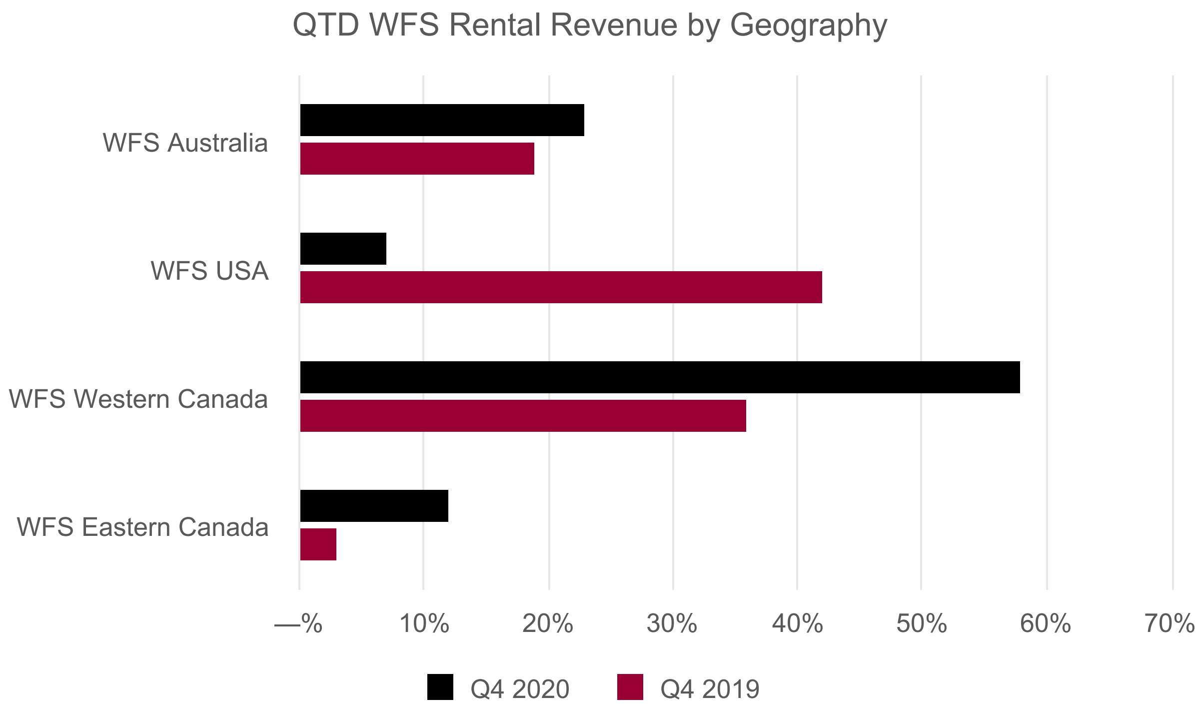
	As at December 31,		
Fleet Count (Units)	**2020**	**2019**	**Change**
Workforce Housing Accommodations: Rental Fleet	**3,311**	3,173	4%
Wellsite Accommodations	**619**	618	—%
Surface Equipment	**2,995**	2,442	23%
Consolidated Room Count by Geography			
Canada	**10,167**	9,783	4%
United States	**1,575**	2,406	(35)%
Australia	**1,164**	1,010	15%
	12,906	13,199	(2)%
Net Book Value by Geography ($ millions)			
Canada	**106.2**	108.5	(2)%
United States	**33.8**	41.2	(18)%
Australia	**15.1**	13.3	14%
	155.1	163.0	(5)%

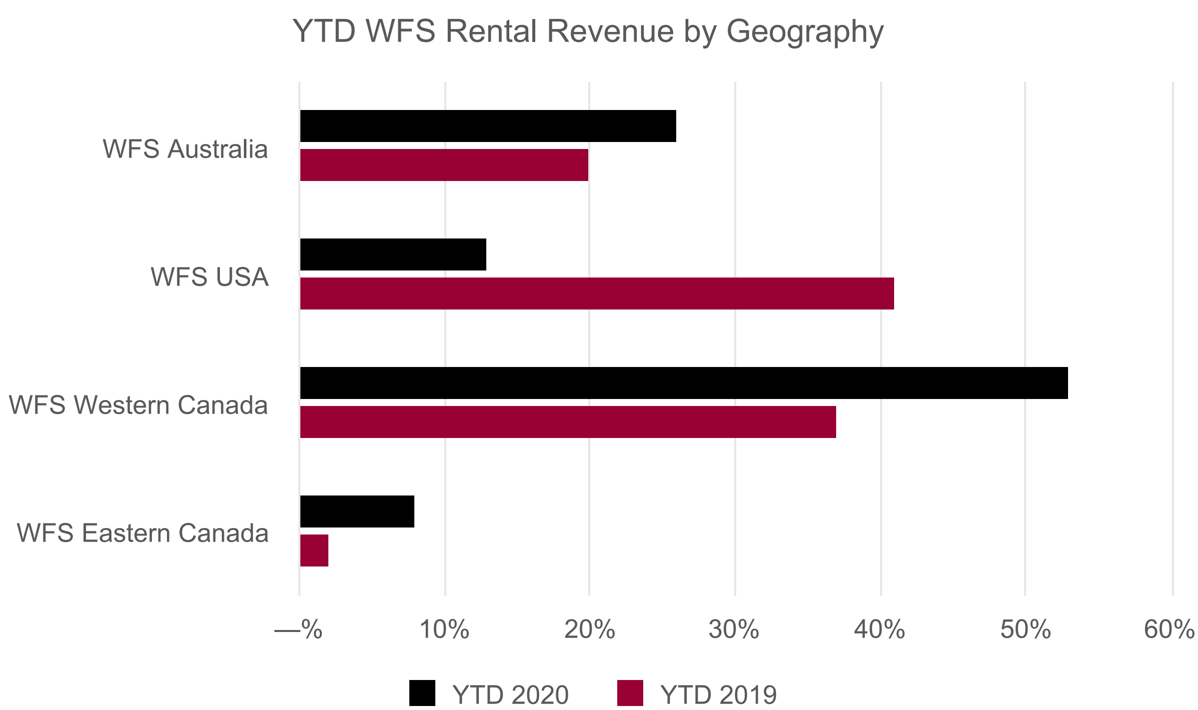
Q4 2020 vs Q4 2019

Rental revenue during the Quarter was $6.7 million, down 25% or $2.2 million from the Comparative Quarter due to a decrease in rental fleet utilization. Workforce housing utilization has decreased due to California assets coming off rent in the first quarter of 2020, partially offset by the second phase of Sukunka River Lodge and projects mainly in eastern Canada. Wellsite accommodation utilization has decreased in the U.S. due to softening market conditions caused by COVID-19.

Year to Date 2020 vs 2019

Rental revenue during 2020 was $26.3 million, down 19% or $6.0 million from the Prior YTD due to reduced U.S. rental activity, partially offset by Sukunka River Lodge being operational in the YTD. Surface equipment fleet count increased mainly due to the purchase of rig mat units in the first quarter related to a long-term project for a key customer.


QTD WFS Rental Revenue by Geography
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
10%
20%
30%
40%
50%
60%
70%
Q4 2020
Q4 2019


YTD WFS Rental Revenue by Geography
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
10%
20%
30%
40%
50%
60%
YTD 2020
YTD 2019

Sales and Non-Rental

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

Q4 2020 vs Q4 2019

Sales revenue during the Quarter was $1.5 million, down $0.8 million from the Comparative Quarter due to fewer used fleet sales in the Quarter.

Non-rental revenue during the Quarter was $9.1 million, flat with the Comparative Quarter.

Year to Date 2020 vs 2019

Sales revenue for the YTD was $6.5 million, down 4% or $0.3 million from the Prior YTD due to fewer used fleet sales in North America, partially offset by increased fleet sales in Australia during the year.

Non-rental revenue for the YTD was $35.5 million, down 2% or $0.7 million from the Prior YTD.

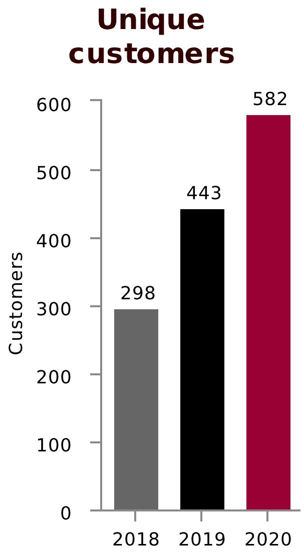
LodgeLink

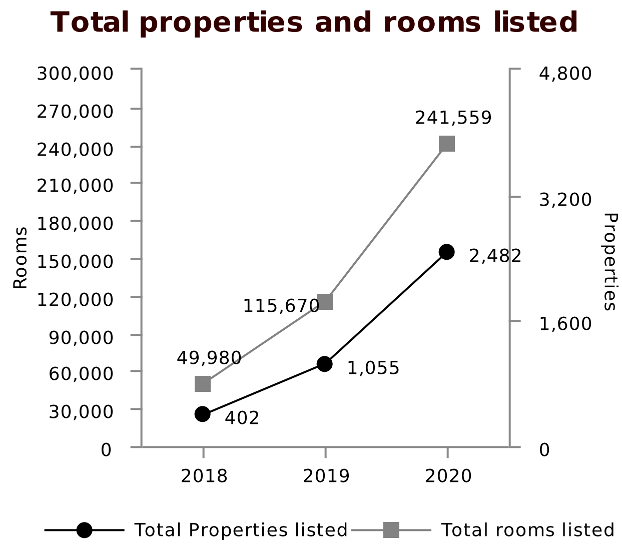
LodgeLink revenue generated from bookings is typically based on a fee per room booked. When the room is booked in a third party hotel or lodge the revenue is categorized as non-rental revenue (revenue from bookings at Black Diamond owned lodges is categorized as lodging revenue).

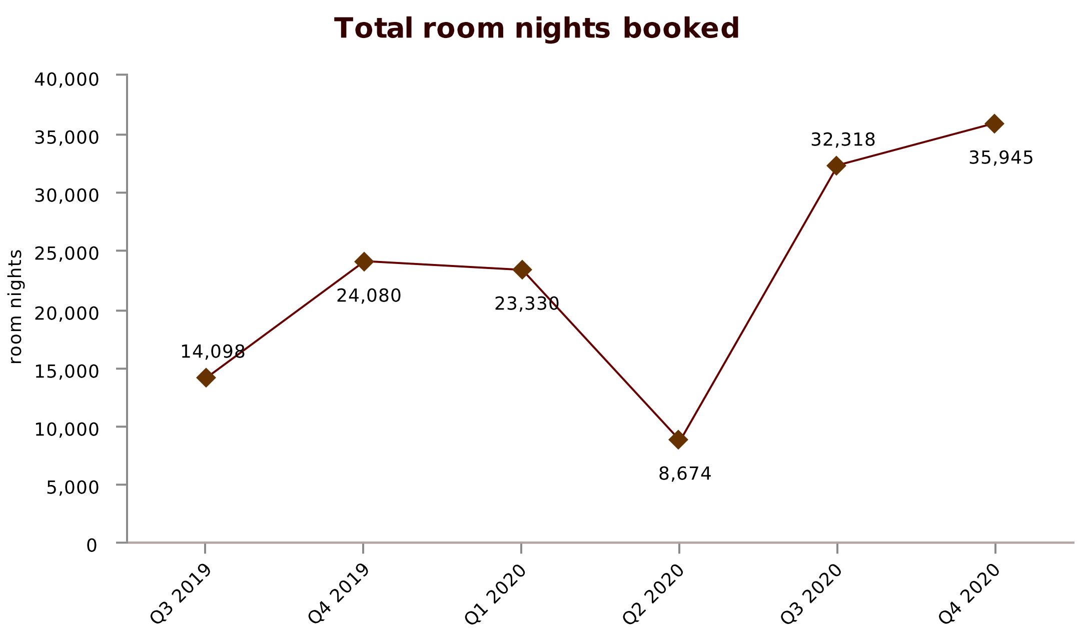
	Three months ended December 31,			Twelve months ended December 31,		
LodgeLink (1)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Total gross bookings ($ millions)	**6.6**	5.4	22%	**18.0**	15.1	19%
Total room nights booked	**35,945**	24,080	49%	**100,267**	82,747	21%

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

Gross booking revenue increased 22% from the Comparative Quarter, despite broad based travel restrictions as a result of COVID-19, due to an increasing number of customers using LodgeLink for all their crew travel needs. Record highs set in the previous Quarter were exceeded in the Quarter for total room nights, number of active properties, and revenue earned in the United States. The company continues to operate near record highs for number of active customers.


Unique customers
600
500
400
300
200
100
0
Customers
298
443
582
2018
2019
2020


Total properties and rooms listed
300,000
270,000
240,000
210,000
180,000
150,000
120,000
90,000
60,000
30,000
0
Rooms
4,800
3,200
1,600
0
Properties
241,559
115,670
49,980
2,482
1,055
402
2018
2019
2020
Total Properties listed
Total rooms listed


Total room nights booked
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
room nights
14,098
24,080
23,330
8,674
32,318
35,945
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020

Lodging

Q4 2020 vs Q4 2019

Lodging revenue during the Quarter was $7.6 million, up 38% or $2.1 million from the Comparative Quarter due to increased occupancy at Sunset Prairie Lodge, Sukunka River Lodge and turnkey lodges, partially offset by Smoky River Lodge and Horn River Lodge being closed in the Quarter. Average Rooms Available of 1,218 were up 15% from the Prior Quarter.

Year to Date 2020 vs 2019

Lodging revenue for the YTD was $17.8 million, down 26% or $6.1 million from the Prior YTD due to a decrease in occupancy at all lodges except Sukunka River Lodge. Average Rooms Available of 727 were down 38% from the Prior YTD as the Company temporarily closed multiple locations due to low industry activity. COVID-19 has had a dramatic impact on the lodging business as the industry in general has pulled back its remote workforce. The business unit is currently seeing a slow return of some operations primarily in the Montney region.

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)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Property and Equipment Net Book Value	**16.6**	15.9	4%	**16.6**	15.9	4%
Adjusted EBITDA	**(3.2)**	(3.1)	(3)%	**(10.9)**	(11.3)	4%

Q4 2020 vs Q4 2019

Adjusted EBITDA for the Quarter was a loss of $3.2 million, flat with the Comparative Quarter.

Year to Date 2020 vs 2019

Adjusted EBITDA for the YTD was a loss of $10.9 million, compared to a loss of $11.3 million in the Prior YTD due to a decrease in personnel costs which was mainly due to the receipt of a government subsidy received through the CEWS Program.

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 $5.1 million (Comparative Quarter – $7.8 million) on additions to property and equipment and intangible assets. The additions are set out in the table below.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2020**	**2019**	**Change %**	**2020**	**2019**	**Change %**
Modular Space Solutions	**3.5**	4.7	(26)%	**26.6**	21.3	25%
Workforce Solutions	**1.0**	2.9	(66)%	**7.6**	11.8	(36)%
Corporate and Other	**0.6**	0.2	200%	**1.8**	0.5	260%
	5.1	7.8	(35)%	**36.0**	33.6	7%

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)	**2020**	**2019**	**Change %**	**2020**	**2019**	**Change %**
Cash from operating activities	**14.7**	7.2	104%	**50.0**	36.7	36%
Cash from (used in) investing activities	**(71.8)**	(5.3)	1,255%	**(109.9)**	(32.8)	235%
Cash from (used in) financing activities	**58.4**	(0.5)	11,780%	**59.0**	(2.8)	2,207%
Total cash (decrease) increase	**1.3**	1.4	(7)%	**(0.9)**	1.1	(182)%

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 $7.5 million higher in the Quarter than in the Comparative Quarter and $13.3 million higher in the YTD than in the Prior YTD. The increase in the Quarter is primarily due to an increase in gross profit. The decrease in the YTD is mainly the result of an increase in non-cash working capital, partially offset by an increase in gross profit.

Cash used in investing activities was $66.5 million higher in the Quarter than in the Comparative Quarter and $77.1 million higher in the YTD than in the Prior YTD. The increase in the Quarter and the YTD is the result of higher capital expenditures and Vanguard acquisition.

The Company increased cash from the financing activities by $58.9 million in the Quarter primarily due to higher draws on long-term debt associated with the Vanguard acquisition.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2020	December 31, 2019	Change $	Change %
Current assets	**57.5**	57.0	0.5	1%
Current liabilities	**50.8**	44.4	6.4	14%
Working capital	**6.7**	12.6	(5.9)	(47)%

The increase in current assets of $0.5 million from December 31, 2019 was due to a increase in accounts receivable of $0.3 million and an increase in other assets of $0.8 million. This was offset by a decrease in cash of $0.6 million.

The increase in current liabilities of $6.4 million from December 31, 2019 was due to a $9.8 million increase in deferred revenue, partially offset by a decrease of $2.8 million in accounts payable, and a $0.6 million decrease in current lease liabilities.

Contractual Obligations and Other Commitments

At December 31, 2020, Black Diamond had capital expenditure commitments in the amount of $2.1 million. Additionally, Black Diamond has a commitment of $8.6 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management’s intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective November 30, 2020, the Company reached an agreement with its lenders to amend its ABL Facility increasing the maximum revolving line to $300.0 million.

The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the Net Orderly Liquidation Value of eligible rental fleet and qualified receivables, up to $300.0 million.

For the three and twelve months ended December 31, 2020, the average interest rates on outstanding debt were 2.18% and 2.57%, respectively (2019 - 4.34% and 4.61%, respectively).

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

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

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at December 31, 2020, the Company's draws under the ABL Facility amounted to $176.4 million (refer to consolidated financial statements), which represents 69% of the borrowing base of $257.1 million, therefore the FCCR covenant was not applicable.

As at December 31, 2020, Black Diamond was in compliance with all debt covenants.

Share Capital

At December 31, 2020, Black Diamond had 56.7 million (December 31, 2019 - 55.2 million) common shares outstanding, net of 1.6 million (December 31, 2019 - 0.7 million) held in trust to settle equity based compensation plans. In addition, at December 31, 2020, Black Diamond had 5.3 million (December 31, 2019 - 5.0 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 4, 2021 (in thousands):

Common shares	56,694
Stock options	4,302
Restricted and performance share units	1,026

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

The following table summarizes Black Diamond's total contractual obligations as at December 31, 2020:

		Payments due by period		
($ millions)	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Long-term debt	176.4	—	176.4	—
Lease obligations	26.3	5.6	16.0	4.7
Commitments	8.6	1.3	5.9	1.4
Purchase obligations	2.1	2.1	—	—
Total contractual obligations	**213.4**	**9.0**	**198.3**	**6.1**

FINANCIAL INSTRUMENTS

All of Black Diamond’s financial instruments as at December 31, 2020 relate to standard working capital accounts and credit facility items.

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

NON-GAAP FINANCIAL MEASURES

The consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Black Diamond’s results. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

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

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change %	Twelve months ended December 31, 2020	2019	Change %
Loss	**(2.2)**	(2.5)	12 %	**(3.5)**	(7.5)	53 %
Add:						
Depreciation and amortization	**9.0**	10.0	(10)%	**33.0**	39.3	(16)%
Acquisition costs	**1.9**	0.2	850 %	**1.9**	0.2	850 %
Finance costs	**1.6**	1.9	(16)%	**5.7**	7.6	(25)%
Share-based compensation	**0.8**	0.9	(11)%	**2.9**	3.1	(6)%
Non-controlling interest	**0.3**	0.2	50 %	**1.1**	0.4	175 %
Current income taxes	**0.4**	—	— %	**0.4**	—	— %
Debt retirement costs	**—**	2.4	(100)%	**—**	2.4	(100)%
Deferred income taxes	**(0.7)**	(2.3)	70 %	**(0.9)**	(6.2)	85 %
Adjusted EBITDA	**11.1**	10.7	4 %	**40.6**	39.3	3 %

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

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

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

($ millions, except as noted)	Three months ended December 31, 2020	2019	Change	Twelve months ended December 31, 2020	2019	Change
Cash Flow from Operating Activities	**14.7**	7.2	104 %	**50.0**	36.7	36 %
Add/(Deduct):						
Change in long-term accounts receivable	**(1.3)**	0.2	(750)%	**(1.3)**	(0.4)	(225)%
Changes in non-cash operating working capital	**(1.2)**	4.0	(130)%	**(6.2)**	9.1	(168)%
Funds from Operations	**12.2**	11.4	7 %	**42.5**	45.3	(6)%

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

Working Capital is calculated as current assets minus current liabilities.

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

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

Return on assets ("ROA") is calculated as annualized Adjusted EBITDA divided by average gross asset cost.

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

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand.

The following table provides the total amount of transactions that have been entered into with related parties during the three and the twelve months ended December 31, 2020 and 2019, as well as balances with related parties as at December 31, 2020 and December 31, 2019.

	For the three months ended December 31,		For the twelve months ended December 31,		Due to related parties as at	
	2020	2019	**2020**	2019	**December 31, 2020**	December 31, 2019
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**718**	71	**1,641**	911	**(637)**	(365)
Sale of fleet assets	**—**	—	**1,216**	—	**—**	—
Capital contribution	**—**	—	**1,216**	—	**—**	—
Other related parties						
Purchases of goods and services	**—**	—	**—**	536	**—**	—

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 include water handling and wastewater treatment services. The entity ceased to be controlled by a Black Diamond board member on August 26, 2019, and is no longer a related party.

Key Management Personnel Compensation

	2020	2019
Key Management Personnel Compensation	**$**	$
Salaries, bonuses, fees and other short-term employee benefits	**2,540**	2,318
Share-based compensation	**778**	1,500
Total Compensation	**3,318**	3,818

The Company has defined key management personnel as senior executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period 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, 2019 and the annual information form of Black Diamond for the year ended December 31, 2020 which will be 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, 2020, 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, 2020, 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 ("COSO") to design Black Diamond's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2020, our ICFR (as defined in NI 52-109) were effective.

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

During the three month ended December 31, 2020, the assets previously held by Vanguard contributed revenues of $5.8 million and net earnings of $1.2 million.

Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2020. Based on this evaluation, the officers concluded that as of December 31, 2020, 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, 2020 and ended on December 31, 2020 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, 2020 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

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

Judgments

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

Impairment of non-financial assets

Goodwill is assessed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment. Judgement is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property and equipment, goodwill and definite life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: MSS East, MSS West, MSS U.S., Camps & Lodging, Energy Services, and Australia.

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

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

Aggregation of interest in subsidiaries

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

Estimates and Assumptions

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

In 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 ("VIU"). 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

At the beginning of 2020, the Company reassessed of the application of its accounting policy for directly attributable costs. This analysis resulted in $2,323 and $8,091 of costs being reclassified from administrative expenses to direct costs in the three and twelve month periods ended December 31, 2020, respectively. Prior periods have been restated to conform with the current period presentation resulting in $2,020 and $6,661 being reclassified from administrative expenses to direct costs in three months and twelve months periods ended December 31, 2020, respectively.

Change in accounting estimate

During the first quarter of 2020, the Company conducted a review of its estimates regarding property and equipment, which resulted in changes in the residual values of its space rentals fleet equipment and workforce accommodation rental equipment. It was previously estimated that space rentals fleet equipment and workforce accommodation rental equipment had a residual value of $nil at the end of their useful lives, whereas it is now estimated that these assets will have residual values of 25% of cost and 10% of cost, respectively.

This change in estimate has been accounted for prospectively from January 1, 2020, and has resulted in a decrease in depreciation expense of $1,825 and $7,029 in three months and twelve months periods ended December 31, 2020, respectively.

Government Grants

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

In the second and third quarters of 2020, the Company qualified for the Canada Emergency Wage Subsidy, a taxable government subsidy available to businesses affected by COVID-19 that meet certain criteria. Total subsidies received on a YTD basis were $2,919, and are reflected as a reduction of $1,168 and $1,751 in direct costs and administrative expenses, respectively. There are no unfulfilled conditions or other contingencies attached to the government assistance that has been recognized in the interim financial statements.