CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

BLACK DIAMOND GROUP

To the Shareholders of Black Diamond Group Limited

Opinion

We have audited the consolidated financial statements of Black Diamond Group Limited and its subsidiaries [collectively, the "Company"], which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statement of net income (loss), consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of indicators of impairment or impairment reversal of property, plant and equipment a. For the period ended December 31, 2021, no impairment charge or impairment reversal was recorded with respect to the Company's long-lived assets. Refer to note 2, significant accounting policies, of the consolidated financial statements for a description of the Company's impairment of long-lived assets accounting policy.	a. To test the Company's assessment of indicators of impairment or impairment reversal, we performed the following procedures, among others: b. Evaluated the Company's actual earnings results in comparison to historical results and budget. c. Compared significant assumptions used by management to industry and market trends and other relevant factors such as executed contracts, analyst reports, interest rates and third-party sources.

Key audit matter	How our audit addressed the key audit matter
b. Cash-generating units ("CGUs") are assessed by management for indicators of impairment or impairment reversal at each reporting date. The Company concluded that no indicators of impairment or impairment reversal were present as at December 31, 2021. c. Property, plant and equipment are material to the financial statements. Auditing the Company's assessment of potential indicators of impairment of property, plant and equipment was complex due to the degree of judgement required to evaluate the results of management's significant assumptions, all of which are sensitive to and affected by economic, industry and company-specific qualitative factors.	d. Compared the Company's market capitalization to the carrying value of its net assets.
Goodwill impairment a. As at December 31, 2021, the carrying amount of goodwill was $9.8 million. As disclosed in note 2, significant accounting policies and, note 3, significant accounting judgments, estimates and assumptions of the consolidated financial statements, the Company has recognized goodwill from historical acquisitions which must be tested for impairment at least annually. When performing impairment tests, the Company estimates the recoverable amount of the group of CGUs to which the goodwill has been allocated using a discounted cash flow model. The recoverable amount is based on the higher of the estimated value-in-use and fair value less costs of disposal at the reporting date. The Company discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in note 11 to the consolidated financial statements. b. Auditing management's annual goodwill impairment test was complex, due to the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of the group of CGUs. Significant assumptions included cash flow projections, revenue growth rate and discount rate which are affected by expectations about future market economic conditions.	a. To test the estimated recoverable amount of the group of CGUs, we performed the following procedures, among others: b. With the assistance of our valuation specialists, we evaluated the Company's model, valuation methodology, and certain significant assumptions, including the discount rate. We assessed the selection and application of the discount rate by evaluating the inputs and mathematical accuracy of the calculation. c. We assessed the historical accuracy of management's estimates on cash flow projections and revenue growth rate by comparing management's past projections to actual and historical performance. d. We assessed the cash flow projections through comparison to historical results, review of executed contracts, and comparison to third-party sources. e. We compared the revenue growth rate to market and economic trends. f. We performed sensitivity analyses on significant assumptions to evaluate any resulting changes to the recoverable amount. g. We assessed the adequacy of the Company’s disclosure around goodwill impairment as included in note 11 of the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

a. Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Troy Jubenvill.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
March 3, 2022

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31,

(Expressed in thousands)	**2021**	2020
	$	$
ASSETS		
Current		
Cash and cash equivalents	**4,558**	3,681
Accounts receivable (note 6)	**58,228**	46,094
Prepaid expenses and other current assets (notes 7 and 15)	**13,181**	7,703
Total Current Assets	**75,967**	57,478
Non-Current		
Other long-term assets (note 7)	**2,602**	3,304
Property and equipment (notes 8 and 11)	**404,479**	409,984
Right-of-use assets (note 9)	**18,778**	18,156
Goodwill and intangible assets (notes 10 and 11)	**20,850**	22,968
Deferred income taxes (note 15)	**7,665**	—
Total Non-Current Assets	**454,374**	454,412
Total Assets	**530,341**	511,890
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (notes 12, 13 and 28)	**40,840**	32,362
Deferred revenue	**19,131**	13,798
Current portion of lease liabilities (note 14)	**6,280**	4,599
Total Current Liabilities	**66,251**	50,759
Non-Current		
Long-term debt (note 16)	**155,639**	175,735
Asset retirement obligations (notes 19 and 24)	**14,353**	15,115
Long-term lease liabilities (note 14)	**17,765**	18,226
Deferred income taxes (note 15)	**29,534**	25,376
Total Non-Current Liabilities	**217,291**	234,452
Total Liabilities	**283,542**	285,211
Shareholders' Equity		
Share capital (note 20)	**384,477**	381,891
Contributed surplus	**19,353**	18,637
Accumulated other comprehensive income	**9,690**	10,157
Retained deficit	**(179,065)**	(197,973)
Total Shareholders' Equity	**234,455**	212,712
Non-controlling interests (note 21)	**12,344**	13,967
Total Equity	**246,799**	226,679
Total Liabilities and Equity	**530,341**	511,890

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 29 Commitments

On behalf of the Board of Directors
Signed "Robert Herdman"

Signed "Robert Wagemakers"

CONSOLIDATED STATEMENT OF NET INCOME (LOSS)

for the years ended December 31,

(Expressed in thousands, except per share amounts)	2021	2020
	$	$
Revenue (notes 22 and 27)	**339,550**	179,857
Direct costs (note 22)	**227,925**	107,645
Gross profit	**111,625**	72,212
Expenses		
Administrative expenses (note 23)	**47,578**	31,570
Depreciation and amortization (notes 8, 9, 10 and 27)	**35,170**	33,017
Share-based compensation (note 20)	**3,408**	2,943
Finance costs (note 24)	**6,036**	5,656
Acquisition costs (note 5)	**—**	1,872
Gain on sale of real estate and other (notes 8 and 14)	**(594)**	—
Profit (loss) before income taxes	**20,027**	(2,846)
Income tax expense (recovery) (note 15)		
Current	**93**	424
Deferred	**(1,847)**	(883)
Total income tax recovery	**(1,754)**	(459)
Profit (loss) before non-controlling interest	**21,781**	(2,387)
Profit attributable to non-controlling interest (note 21)	**1,422**	1,115
Profit (loss) for the year	**20,359**	(3,502)
Earnings (loss) per share (note 25)		
Basic	**0.35**	(0.06)
Diluted	**0.34**	(0.06)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

for the years ended December 31,

(Expressed in thousands)	**2021**	2020
	$	$
Profit (loss) for the year	**20,359**	(3,502)
Other comprehensive loss to be reclassified to Consolidated Statement of Net Income (Loss) in subsequent year:		
Translation adjustments	**(467)**	(1,622)
Total comprehensive income (loss)	**19,892**	(5,124)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended December 31, 2021 and 2020

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2020	378,823	17,657	11,779	(194,471)	213,788	1,409	215,197
Loss for the year	—	—	—	(3,502)	(3,502)	1,115	(2,387)
Translation adjustments	—	—	(1,622)	—	(1,622)	—	(1,622)
Distributions declared to partners (note 28)	—	—	—	—	—	(1,031)	(1,031)
Partners' contributions (note 28)	—	—	—	—	—	1,216	1,216
Issuance of preference shares (notes 5 and 21)	—	—	—	—	—	11,258	11,258
Issuance of common shares (note 20)	3,999	—	—	—	3,999	—	3,999
Issued on exercise of options & vesting of shares from treasury (note 20)	1,095	(1,023)	—	—	72	—	72
Net purchase of shares in trust (note 20)	(2,205)	—	—	—	(2,205)	—	(2,205)
Net purchase of shares under NCIB (note 20)	(630)	—	—	—	(630)	—	(630)
Vesting of shares in trust (note 20)	809	(809)	—	—	—	—	—
Share-based compensation (note 20)	—	2,812	—	—	2,812	—	2,812
As at December 31, 2020	**381,891**	**18,637**	**10,157**	**(197,973)**	**212,712**	**13,967**	**226,679**
Profit for the year	**—**	**—**	**—**	**20,359**	**20,359**	**1,422**	**21,781**
Translation adjustments	**—**	**—**	**(467)**	**—**	**(467)**	**—**	**(467)**
Dividends declared on common shares (note 13)	**—**	**—**	**—**	**(1,451)**	**(1,451)**	**—**	**(1,451)**
Distributions declared to partners (note 28)	**—**	**—**	**—**	**—**	**—**	**(27)**	**(27)**
Dividend paid to preferred shareholders (note 21)	**—**	**—**	**—**	**—**	**—**	**(642)**	**(642)**
Redemption of preference shares (note 21)	**—**	**—**	**—**	**—**	**—**	**(2,376)**	**(2,376)**
Issued on exercise of options & vesting of shares from treasury (note 20)	**2,866**	**(1,171)**	**—**	**—**	**1,695**	**—**	**1,695**
Net purchase of shares in trust (note 20)	**(1,551)**	**—**	**—**	**—**	**(1,551)**	**—**	**(1,551)**
Net purchase of shares under NCIB (note 20)	**(36)**	**—**	**—**	**—**	**(36)**	**—**	**(36)**
Vesting of shares in trust (note 20)	**1,307**	**(1,307)**	**—**	**—**	**—**	**—**	**—**
Share-based compensation (note 20)	**—**	**3,194**	**—**	**—**	**3,194**	**—**	**3,194**
As at December 31, 2021	**384,477**	**19,353**	**9,690**	**(179,065)**	**234,455**	**12,344**	**246,799**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended December 31,

(Expressed in thousands)	2021 $	2020 $
Operating activities		
Profit (loss) for the year	**20,359**	(3,502)
Add (deduct) non-cash / non-operating activities:		
Share-based compensation (note 20)	**3,194**	2,812
Depreciation and amortization (notes 8, 9, 10 and 27)	**35,170**	33,017
Finance costs (note 24)	**6,036**	5,656
Deferred income taxes (note 15)	**(1,847)**	(883)
Revisions and settlement of ARO liability (note 19)	**(678)**	(1,198)
Profit attributable to non-controlling interest (note 21)	**1,422**	1,115
Gain on sale of real estate and other (notes 8 and 14)	**(594)**	—
Book value of used fleet sales (notes 8 and 22)	**13,545**	5,509
	76,607	42,526
Change in long-term assets	**702**	1,288
Change in non-cash working capital related to operating activities (note 26)	**(6,172)**	6,217
Net cash flows from operating activities	**71,137**	50,031
Investing activities		
Purchase of property and equipment (notes 8 and 27)	**(36,284)**	(34,977)
Proceeds from real estate sales (note 8)	**2,277**	—
Additions to intangible assets (notes 10 and 27)	**(1,593)**	(991)
Business acquisitions (note 5)	**—**	(71,516)
Change in non-cash working capital related to investing activities (note 26)	**1,969**	(2,369)
Net cash flows used in investing activities	**(33,631)**	(109,853)
Financing activities		
Net issuances (payments) of long-term debt (note 16)	**(19,849)**	73,053
Costs associated with issuance of long-term debt	**(481)**	—
Net interest paid, including lease liability interest (note 24)	**(5,670)**	(5,221)
Payment of lease liabilities (note 14)	**(6,208)**	(5,216)
Net purchase of shares in trust and NCIB (note 20)	**(1,587)**	(2,835)
Share options exercised (note 20)	**1,695**	72
Redemption of preference shares (note 21)	**(1,948)**	—
Distributions declared to non-controlling interest (note 21)	**(27)**	(1,031)
Dividend paid to preferred shareholders (note 21)	**(642)**	—
Dividend paid to common shareholders (notes 13 and 20)	**(725)**	—
Change in non-cash working capital related to financing activities (note 26)	**(1,116)**	221
Net cash flows (used in) from financing activities	**(36,558)**	59,043
Increase (decrease) in cash and cash equivalents	**948**	(779)
Cash and cash equivalents, beginning of the year	**3,681**	4,291
Effect of foreign currency rate changes on cash and cash equivalents	**(71)**	169
Cash and cash equivalents, end of the year	**4,558**	3,681

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

Black Diamond is a specialty rentals and industrial services company with two operating business units - Modular Space Solutions ("MSS") and Workforce Solutions ("WFS"), which operate in Canada, the United States ("US"), and Australia. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

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

The audited consolidated financial statements of Black Diamond Group Limited, its subsidiaries, and its controlled limited partnerships (collectively "Black Diamond" or the "Company") for the years ended December 31, 2021 and 2020 were authorized for issuance in accordance with a resolution of the Board of Directors on March 3, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except as otherwise disclosed, the same accounting policies and methods of computation were followed in the preparation of these consolidated financial statements as at and for the year ended December 31, 2020.

Certain comparative period amounts in these consolidated financial statements have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

The consolidated financial statements have been prepared on a historical cost basis, except those items that are presented at fair value as detailed in the accounting policies disclosed below. The consolidated financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand ($'000), except per share amounts or as otherwise noted.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships as at December 31, 2021. Control is achieved when Black Diamond Group Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When Black Diamond Group Limited has less than a majority of the voting or similar rights of an investee, Black Diamond Group Limited considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- Black Diamond Group Limited's voting rights and potential voting rights.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Black Diamond Group Limited re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Black Diamond Group Limited obtains control over the subsidiary and ceases when Black Diamond Group Limited loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Net Income (Loss) from the date Black Diamond Group Limited gains control until the date Black Diamond Group Limited ceases to control the subsidiary.

Where Black Diamond Group Limited interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interest ("NCI"). Where a Black Diamond Group Limited subsidiary has outstanding preference shares that are classified as equity and are held by non-controlling interest, Black Diamond Group Limited computes its share of profit or loss after adjusting for the dividends on preference shares which is shown on the Consolidated statements of Changes in Equity as a deduction in NCI. The NCI is translated using exchange rates prevailing at the end of each reporting period with the foreign exchange translation included in other comprehensive earnings (loss) for the period.

The Consolidated Statement of Net Income (Loss) and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Black Diamond Group Limited loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interests;
- De-recognizes the translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes any surplus or deficit in the Consolidated Statement of Net Income (Loss);
- Reclassifies the parent's share of components previously recognized in OCI to the Consolidated Statement of Net Income (Loss) or retained deficit, as appropriate, as would be required if Black Diamond Group Limited had directly disposed of the related assets or liabilities; and
- Recognizes the fair value of the remaining investment.

The consolidated financial statements of Black Diamond Group Limited include the following significant operational entities listed below. The ultimate holding entity of the companies listed below is Black Diamond Group Limited.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Name	Country of formation	Equity Interest 2021	2020
Black Diamond Limited Partnership	Canada	**100 %**	**100 %**
LodgeLink Inc.	Canada	**100 %**	**100 %**
Britco BOXX Limited Partnership	Canada	**100 %**	**100 %**
Black Diamond Dene Limited Partnership	Canada	**50 %**	**50 %**
Black Diamond West Moberly Limited Partnership	Canada	**50 %**	**50 %**
Black Diamond Nehiyawak Limited Partnership	Canada	**50 %**	**50 %**
Whitecap Black Diamond Limited Partnership	Canada	**49 %**	**49 %**
Black Diamond Energy Services Inc.	US	**100 %**	**100 %**
BOXX Modular Holdings Inc.(1)	US	**100 %**	**100 %**
BOXX Modular, Inc.	US	**100 %**	**100 %**
MPA Systems, LLC	US	**100 %**	**100 %**
LodgeLink Inc.	US	**100 %**	**100 %**
Black Diamond Modular Buildings Pty Ltd.	Australia	**100 %**	**100 %**

(1) Excludes preferred shares issued as part of the Vanguard acquisition (Note 5 Business Combinations). If these were to be included the equity interest would be 89% (2020 - 86%).

Business acquisitions

The acquisition method of accounting is used to account for the purchase of subsidiaries by the Company. The cost of the acquisition is the aggregate of the consideration transferred, measured at the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects to measure any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets on a historical cost basis. Acquisition costs incurred are expensed and included in administrative expenses in the Consolidated Statement of Net Income (Loss).

When determining the nature of an acquisition as either a business combination or an asset acquisition, management defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The primary focus in management's determination is the presence of processes capable of converting the inputs purchased into outputs, evidencing a business is purchased. If these processes are not present then this suggests an asset purchase and not a business combination.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the combination date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

If the business combination is achieved in stages, the combination date fair value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the combination date through the Consolidated Statement of Net Income (Loss). Any contingent consideration to be transferred by the Company is recognized at fair value at the combination date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognized in accordance with IFRS 9, *Financial instruments* ("IFRS 9") either in Consolidated Statement of Net Income (Loss) or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of combination is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Net Income (Loss).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank overdrafts. Bank overdrafts outside of the committed extendible revolving facility are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position to the extent that there is no right of offset and no practice of net settlement with cash balances.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost is the fair value of the consideration given to acquire the asset at the time of acquisition and includes the direct cost of bringing the asset to the location and condition necessary for operation. Property and equipment are depreciated over their estimated useful lives using the following rates and methods:

Furniture, service equipment, computer hardware and software	30% declining balance or straight-line over five years
Space rentals fleet equipment	6% declining balance, residual value of 25%
Workforce accommodation rental	10% declining balance, residual value of 10%
Surface rental equipment	10% - 50% declining balance
Buildings	5% declining balance
Carry-on options	Straight-line over two to four years
Leasehold improvements	Straight-line over term of lease
Asset retirement obligation	Straight-line over four to ten years

Land and deposits on equipment are not subject to depreciation.

Intangible assets

Separately acquired intangible assets with finite lives are recorded at cost, net of accumulated amortization and accumulated impairment. The cost of intangible assets acquired in business combinations is their fair value on acquisition date. Intangible assets are amortized over their estimated useful lives on a straight-line basis over 1 to 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arises when the acquisition cost of an acquired business exceeds the sum of the amounts allocated to the net assets acquired on a fair value basis. Goodwill is allocated as at the acquisition date to the cash-generating units ("CGUs") of Black Diamond's operations that are expected to benefit from the business combination.

Goodwill is not amortized, but is evaluated on an annual basis for impairment, or when an event occurs that more likely than not reduces the expected recoverable value of a CGU below its carrying value.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the lowest level within the Company at which the associated goodwill is monitored for management purposes based on shared infrastructure, geographical proximity, exposure to market risk and product offering and is not larger than the operating segments determined in accordance with IFRS 8, *Operating segments*. Goodwill impairments are not reversed.

Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGUs recoverable amount. The recoverable amount is the higher of an asset's or CGUs fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). Impairment losses are recognized to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining FVLCD, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated five-year after-tax discounted cash flow approach, cross-checked to comparable market transactions and public company trading multiples. Where available, these calculations are corroborated by implied valuation multiples for comparable industry participants or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. Financial assets are recognized by the Company under IFRS 9. There are three measurement categories into which the Company classified its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value Through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable. Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

Financial instruments

The following table shows the measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial Instrument	Measurement Category
Cash and cash equivalents	**FVTPL**
Current accounts receivable	**Amortized cost**
Other long-term assets - risk management contracts	**FVOCI**
Other long-term assets - other	**Amortized cost**
Accounts payable and accrued liabilities	**Amortized cost**
Long-term debt	**Amortized cost**

Lease obligations

The Company assesses whether a contract contains a lease at inception by exercising judgment about whether a contract pertains to a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset. Certain classes of lease arrangements that contain both lease and non-lease components within the same contract are recognized as a single lease component.

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments (discounted at the interest rate implicit in the lease, if applicable, or the Company's incremental borrowing rate), plus initial direct costs and costs of obligations to retire the asset, less any incentives received. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if indicators of impairment are present.

When a lease contains an extension or purchase option that the Company is reasonably certain to exercise, the extension and/or cost of the option is included in the lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if there is a change in the Company's estimate or the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination period.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Comprehensive Income (Loss) if the carrying amount of the right-of use asset has been reduced to zero.

The Company presents right-of-use assets and finance lease liabilities in the Statement of Financial Position.

The Company has elected not to recognize ROU assets and lease liabilities for leases where the lease term is less than or equal to 12 months, or for leases of low value assets (<$5,000). Payments for these leases are recognized in the Statement of Net Income (Loss) on a straight-line basis over the lease term.

As a lessor, the Company determines at inception whether each lease is a finance lease or an operating lease. The Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incremental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If the contract contains lease and non-lease components, the Company applies IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") to allocate the consideration in the contract.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In establishing such provisions, the Company takes into account the relevant facts and circumstances of each matter and considers advice of professional advisors when needed. The ultimate liability may vary from the amounts currently provided and may be dependent upon the discovery of facts that are currently uncertain.

Black Diamond recognizes asset retirement obligations ("ARO") associated with its operations as required. The present value of the ARO is recognized in the period in which the obligations are incurred. The estimated present value of the ARO is the discounted expected future cash flows to settle the ARO at a pre-tax risk-free interest rate that reflects current market assessments of the time value of money. The present value of the ARO is sensitive to estimates of the future obligations and interest rate used.

Asset retirement costs are capitalized and depreciated over the asset's estimated remaining useful life. In subsequent periods, the ARO is adjusted for the passage of time through accretion expense, which is recognized as a finance cost and for changes in the amount or timing of the underlying future cash flows. Changes in the estimated future costs or in the discount rate applied are added to, or deducted from, the cost of the asset. Actual expenditures are charged against the provision when incurred with any differences between actual costs and estimated costs recorded in net income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is determined by estimating the present value of payments in excess of the expected benefits.

Share capital

The Company currently has one class of outstanding voting common shares, which is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Revenue recognition

Black Diamond is in the business of providing rental of specialized equipment, plus the support services for these assets including transportation, installation, catering, utilities, security and sub-contracting third party service providers for other specific requirements of our customers. Revenue is recognized by Black Diamond under both IFRS 15 and IFRS 16, *Leases* ("IFRS 16").

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. A five-step model is used to account for revenue arising from contracts with customers. Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires management to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

(a) Rental

Rental revenue is associated with the rental of Black Diamond's owned assets to customers and is recognized in the period the equipment is used by the customer on a straight-line basis over the term of the related rental agreement.

(b) Sales

Revenue from the sale of new units, custom manufactured equipment and used rental equipment generally include one performance obligation. Revenue from the sale of equipment is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

(c) Non-Rental

Non-rental revenue includes delivery, pickup, installation, transportation, maintenance (together, "Operations"), dismantlement of assets, catering services, subleased equipment, stand-by fees on disaster recovery contracts and revenue earned on bookings at third party lodges and hotels through LodgeLink. Non-rental revenue services are usually bundled together with sales or rental contracts. Black Diamond reviews and assesses bundled contracts to determine that performance obligations related to various services or goods provided within the same contract are distinct and clearly identifiable. The amount of revenue is based on the prices outlined in the contracts and is recognized at the time when the distinct performance obligation is satisfied and the customer receives and consumes the benefits of the services or goods provided by the Company. When a price or multiple prices outlined within a contract are not reasonably comparable to stand-alone pricing for the various performance obligations, the Company reallocates the total contract consideration based on the relative stand-alone selling prices.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from catering services, subleased equipment and stand-by fees on disaster recovery are recognized over the time the service is provided to the customer on a straight-line basis.

Revenue from delivery, pickup, installation, transportation, maintenance and dismantlement of assets is recognized on a percentage-of-completion basis proportionate to the costs incurred in performance of the service. At the completion of the contract, any remaining profit on the contract is recognized as revenue. When it is probably that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenue from bookings at third party lodges and hotels through LodgeLink are recognized on a net revenue basis (gross bookings billed to a customer less cost paid to a supplier). Lodgelink is an agent in the transaction as it is not responsible for providing the service to the customer and does not control the service provided by a supplier. Revenue is recognized at the time the service is provided to the customer.

(d) Lodge Services

Revenue from provision of full turnkey lodge services provided to customers are recognized in the period the service is provided to the customer.

Share-based compensation

Black Diamond maintains share-based compensation plans, consisting of a share option plan and other share-based plans. Options granted pursuant to the share option plan to employees and officers are accounted for using the fair value method. Share-based compensation expense is recorded along with a corresponding increase in contributed surplus, based on the fair values determined through the use of an option pricing model when the options are granted. The calculation of the fair value of option grants is sensitive to the expected forfeiture rate, volatility, dividend yield and expected life of the option. Any consideration paid to Black Diamond on the exercise of the options plus the attributed contributed surplus is recorded to share capital at the time of exercise. The fair value of awards granted under the other share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

Share-based compensation cost is recognized on a graded amortization basis over the vesting period. Forfeitures are estimated at the date of grant, with adjustments being made over the vesting period for changes in expectations due to actual forfeitures through failure to satisfy vesting conditions. Costs related to surrendered or canceled options are recognized immediately for the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

The Company has directed an independent trustee to purchase and hold common shares in trust for the participants of the other share-based plans until the applicable vesting date. The cost of the purchase of common shares held in trust is accounted for as a reduction in outstanding common shares and the trust is consolidated as a special purpose entity. Compensation expense for equity-settled share-based plans, based on the fair value of the common shares underlying the rights granted, is recognized on a graded amortization basis over the vesting period with a corresponding increase to contributed surplus. Upon vesting, share capital is increased and contributed surplus is decreased.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of cash-settled share-based payments is measured at fair value and recognized as an expense over the vesting period, with a corresponding liability recognized on the Consolidated Statement of Financial Position. Each subsequent period the liability is remeasured to reflect the passage of time, changes in the Company's share price, and the actual number of units for which the related service and non-market vesting conditions are met. Changes in the fair value of the liability are recognized through profit or loss until the liability is ultimately settled.

Income taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using enacted or substantively enacted tax rates and laws that are expected to be in effect when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and investments subject to significant influence, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that future realization of the tax benefit is probable.

Current income taxes are amounts expected to be payable or recoverable as a result of operations in the current year and any adjustments to tax payable in respect of previous years.

Foreign currency translation

The operating results of the Company's US and Australian operations, which have a functional currency of United States Dollars ("US$") and Australian Dollars ("AUS$"), respectively, are translated into Canadian Dollars using the rate of exchange on the date of the transaction. The Company determines the functional currency to be that of the primary economic environment in which the undertaking operates. The Statement of Financial Position of the US and Australian operations are translated into Canadian Dollars at the rates of exchange at the period end. Exchange differences arising between the translation into Canadian Dollars of the net assets of these operations at rates at the beginning and end of the period are recognized in other comprehensive income.

In the event that a foreign subsidiary is sold, the gain or loss on disposal recognized in the Consolidated Statement of Net Income (Loss) is determined after taking into account the cumulative currency translation differences that are attributed to the subsidiary concerned.

Foreign currency transactions entered into by the Company during the year through the Canadian operations are translated into Canadian Dollars at the rates of exchange on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date. Non-monetary assets denominated in foreign currencies are translated at historical exchange rates. All foreign currency transaction translation differences relating to the Canadian operations are recorded in the Consolidated Statement of Net Income (Loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Per share amounts

Basic net income per share is computed by dividing net income attributable to Black Diamond by the weighted average number of shares outstanding during the period.

The treasury stock method is used to determine the diluted per share amounts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding, in-the-money options are used to purchase shares of Black Diamond at their estimated average market price during the period, and the difference between Black Diamond shares issued upon the exercise of the options and the number of options exercisable under this method, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive options are not considered in computing diluted earnings per share.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, determined to be the Board of Directors and the senior executives, as these are the individuals that make strategic decisions and resource allocations.

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.

Risk management contracts

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2022.

Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets
In May 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets. Effective January 1, 2022, the amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

Amendments to IAS 1 Presentation of Financial Statements
In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. This will be effective on January 1, 2023. The Company is evaluating the impact of the standard on the Company's financial statements. The adoption of this amendments not expected to have a material impact of the standard on the Company's consolidated financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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. 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.

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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Determination of a CGU

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

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

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

Financial assets and financial liabilities that are measured at fair value are classified into levels reflecting the method used to make the measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The inputs to these valuations 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. See Note 17 Financial Instruments for further disclosures.

Determination of control and significant influence

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Income taxes

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

Aggregation of interest in subsidiaries

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

Estimates and assumptions

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

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

Revenue recognition

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 FVLCD and its 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 EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilization during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset retirement obligations

The Company has recognized a provision for asset retirement obligations associated with land leases held by the Company. In determining the 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 includes 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 and the determination of functional currency.

4. CAPITAL MANAGEMENT

Black Diamond's primary objectives when managing capital are:

- to maintain the strength of its statement of financial position, ensuring Black Diamond's strategic objectives are met, while retaining an appropriate amount of leverage; and
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets.

Black Diamond manages its capital structure within guidelines approved by the Board of Directors of the Company, and makes adjustments in light of changes in economic conditions, planned requirements, and the requirements of a financial covenant. Black Diamond considers its capital structure to include shareholders' equity, short and long term credit facilities, and working capital. Black Diamond has the ability to adjust its capital structure by issuing or repurchasing equity or issuing or repaying debt, selling assets to reduce debt, controlling the amount it returns to shareholders through dividends or share buybacks and making adjustments to its capital expenditure program. The only restriction Black Diamond has on its capital is in respect to a financial covenant contained in its asset-based revolving credit facility disclosed in Note 16 Long-term Debt. Breaches in meeting the financial covenant would permit its lenders to immediately call loans and borrowings. There have been no breaches in the financial covenant of any interest-bearing loans and borrowings in the current or past periods.

Black Diamond monitors its capital structure by managing the level of available borrowing capacity, which is largely driven by the Net Orderly Liquidation(1) value of eligible rental fleet and qualified receivables and by using the Net Debt to Adjusted EBITDA(2) ratio. The ratio is a key measure of operating performance as it demonstrates the Company's ability to generate the necessary funds for capital investment and to service and repay debt. Black Diamond believes, based on its current level of customer and geographic diversification, that a longer term Net Debt to Adjusted EBITDA(2) ratio of 2.0x to 3.0x provides the Company with strong risk-adjusted returns to shareholders while providing necessary flexibility across the platform.

Net Debt(2) is calculated as long-term debt minus cash and cash equivalents. At December 31, 2021, the Net Debt to Adjusted EBITDA(2) ratio is 2.36x (December 31, 2020 - 4.23x). Adjusted EBITDA(2) is calculated as follows:

	December 31, 2021	December 31, 2020
	$	$
Profit (loss) for the year	**20,359**	(3,502)
Add (deduct):		
Share-based compensation (note 20)	**3,408**	2,943
Depreciation and amortization (notes 8, 9, 10 and 27)	**35,170**	33,017
Finance costs (note 24)	**6,036**	5,656
Gain on sale of real estate and other (notes 8 and 14)	**(594)**	—
Current income taxes (note 15)	**93**	424
Deferred income taxes (note 15)	**(1,847)**	(883)
Acquisition costs (note 5)	**—**	1,872
Profit attributable to non-controlling interest (note 21)	**1,422**	1,115
Adjusted EBITDA (2)	**64,047**	40,642

(1) Net Orderly Liquidation value is defined as Orderly Liquidation value net of the costs of liquidation. Orderly Liquidation value is an estimated amount which the subject equipment could typically realize by the seller over an extended period.
(2) Net Debt and Adjusted EBITDA are not recognized measures under IFRS. The Company's method of calculating Net Debt and Adjusted EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

5. BUSINESS COMBINATIONS

Vanguard

In a transaction that closed on November 30, 2020, Black Diamond acquired 100% of Vanguard Modular Building Systems LLC ("Vanguard") for total cash consideration of US$50,000 ($64,927), the issuance of 867 preferred shares of the Company's subsidiary BOXX Modular Holding Inc. for a fair value of US$8,670 ($11,258), and the issuance of 2,230,728 common shares of the Company for a fair value at the acquisition date of $1.76 per share or US$3,080 ($3,999) for total compensation of US$61,750 ($80,182). The acquisition has been accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations* on November 30, 2020, whereby the assets acquired and the liabilities assumed were recorded at their fair values.

The acquisition expanded the diversified MSS segment by adding 2,196 space rental assets.

The final allocation of the fair value of the net assets acquired and aggregate consideration is presented below.

	November 30, 2020
Fair value of net assets acquired:	**$**
Cash and cash equivalents	6
Accounts receivable	5,516
Prepaid expenses and other current assets	7,099
Deferred receivable	3,938
Property and equipment	72,269
Right-of-use assets	766
Intangible assets [(1)(2)]	5,516
Accounts payable and accrued liabilities	(12,277)
Deferred tax liability	(800)
Leases and other liabilities [(2)]	(1,851)
Net assets	80,182

(1) Intangible assets include customer relationships.
(2) The amount assigned to Intangible assets and estimated leases and other liabilities, from initial allocation, had been increased by $788.

6. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
	$	$
Trade and accrued receivables	**58,789**	46,646
Provision for doubtful accounts	**(561)**	(552)
Total accounts receivable	**58,228**	46,094

a) Trade and accrued receivables

Trade receivables are aged from the date of invoicing, with normal payment terms being 30 - 60 days.

The aging of the trade and accrued receivables is as follows:

	December 31, 2021	December 31, 2020
Accounts receivable, net of provision for doubtful accounts	**$**	$
Current	**38,294**	29,979
Past due not more than 30 days	**11,142**	7,047
Past due not more than 60 days	**3,669**	2,328
Past due not more than 90 days	**2,749**	1,568
Past due greater than 90 days	**2,374**	5,172
Total accounts receivable, net of provision for doubtful accounts	**58,228**	46,094

Credit risk is the risk that Black Diamond will experience financial loss if a customer does not fulfill its contractual obligations to the Company. Refer to Note 17 Financial Instruments for further analysis and discussion of credit risk.

b) Provision for doubtful accounts

Management expects full collection on accounts receivable that are not impaired.

	2021	2020
Movement in provision for doubtful accounts	**$**	$
As at January 1,	**552**	224
Amount provided in year	**495**	525
Recovery in year	**(44)**	—
Written off in year	**(442)**	(197)
As at December 31,	**561**	552

7. OTHER ASSETS

Prepaid expenses and other current assets

Prepaid expenses consist of services paid for but not yet received and primarily relates to insurance premiums and operational expenses. Other current assets consist of current income tax recovery and inventories.

Other long-term assets

Other long-term assets consist primarily of long-term accounts receivables. Revenue recognized on services rendered will be collected over the term of the contract that ranges from two to five years and bears an interest rate of 12% to 15%.

Other long-term assets as at December 31, 2021, also include risk management assets of $38 (December 31, 2020 - nil) relating to the Company's risk management strategy. Further information relating to the risk management strategy can be found in Note 17 Financial Instruments.

8. PROPERTY AND EQUIPMENT

	Land and improvements	Building	Leasehold improvements	Computers, furniture and service equipment	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
January 1, 2021	11,835	4,555	30,960	11,922	319,671	423,215	39,281	9,331	203	9,414	860,387
Additions [1]	182	344	776	1,034	27,956	4,527	24	2,098	(278)	139	36,802
Disposals	(1,720)	(457)	(3,628)	(1,625)	(13,732)	(19,221)	(7,389)	(1,128)	—	(72)	(48,972)
Transfers	(10)	(899)	—	110	798	(261)	(109)	272	99	—	—
Translation and other adjustments	5	—	(14)	(29)	(538)	(1,404)	—	(5)	—	—	(1,985)
December 31, 2021	10,292	3,543	28,094	11,412	334,155	406,856	31,807	10,568	24	9,481	846,232
Accumulated Depreciation											
January 1, 2021	621	2,174	25,390	9,817	76,283	289,897	31,133	6,289	—	8,799	450,403
Charge for the year	159	130	1,146	1,234	11,165	9,160	979	2,317	—	221	26,511
Disposals	(104)	(457)	(3,628)	(1,621)	(6,255)	(14,168)	(6,389)	(1,118)	—	—	(33,740)
Transfers	(9)	(664)	—	134	531	(69)	(80)	157	—	—	—
Translation and other adjustments	1	—	(12)	(23)	(327)	(1,055)	1	(6)	—	—	(1,421)
December 31, 2021	668	1,183	22,896	9,541	81,397	283,765	25,644	7,639	—	9,020	441,753
Net Book Value											
December 31, 2021	9,624	2,360	5,198	1,871	252,758	123,091	6,163	2,929	24	461	404,479

(1) Charge for the year includes non-cash transactions.

8. PROPERTY AND EQUIPMENT (continued)

In December 2021, Black Diamond completed the sale of certain real estate properties with a net book value of $1,564 for cash consideration of $2,277 resulting in a gain on sale of $670 included in gain on real estate and other on the Consolidated Statement of Net Income (Loss).

Transfers include reclassifications between asset categories to reflect the re-purposing of assets and the application of deposits.

	Land and improvements	Building	Leasehold improvements	Computers, furniture and service equipment	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
January 1, 2020	11,296	3,230	30,644	16,542	223,690	429,942	36,342	14,764	505	9,416	776,371
Additions	594	—	535	1,346	25,860	3,008	2,547	2,542	(300)	219	36,351
Additions from business combinations (note 5)	—	10	3	247	77,952	—	—	21	—	—	78,233
Disposals	—	—	(217)	(4,847)	(6,326)	(7,674)	(465)	(8,837)	—	(221)	(28,587)
Transfers	76	1,334	—	(1,412)	978	(2,688)	889	823	—	—	—
Translation and other adjustments	(131)	(19)	(5)	46	(2,483)	627	(32)	18	(2)	—	(1,981)
December 31, 2020	11,835	4,555	30,960	11,922	319,671	423,215	39,281	9,331	203	9,414	860,387
Accumulated Depreciation											
January 1, 2020	429	1,110	24,318	14,610	71,356	285,997	30,416	12,210	—	8,432	448,878
Charge for the year	121	14	1,277	1,197	7,755	10,292	1,014	1,864	—	588	24,122
Disposals	—	—	(217)	(4,842)	(2,793)	(5,922)	(380)	(8,703)	—	(221)	(23,078)
Transfers	75	1,060	—	(1,196)	165	(1,085)	89	892	—	—	—
Translation and other adjustments	(4)	(10)	12	48	(200)	615	(6)	26	—	—	481
December 31, 2020	621	2,174	25,390	9,817	76,283	289,897	31,133	6,289	—	8,799	450,403
Net Book Value											
December 31, 2020	**11,214**	**2,381**	**5,570**	**2,105**	**243,388**	**133,318**	**8,148**	**3,042**	**203**	**615**	**409,984**

9. RIGHT-OF-USE ASSETS

	Real Estate	Vehicles & Equipment	Total
	$	$	$
Cost			
December 31, 2020	27,272	1,987	29,259
Additions	**6,530**	**2,537**	**9,067**
Disposals	**(1,738)**	**(211)**	**(1,949)**
Exchange rate adjustment	**(77)**	**(6)**	**(83)**
December 31, 2021	**31,987**	**4,307**	**36,294**
Accumulated Depreciation			
December 31, 2020	10,011	1,092	11,103
Charge for the year	**5,227**	**1,501**	**6,728**
Disposals	**(208)**	**(54)**	**(262)**
Exchange rate adjustment	**(48)**	**(5)**	**(53)**
December 31, 2021	**14,982**	**2,534**	**17,516**
Net Book Value			
December 31, 2020	17,261	895	18,156
December 31, 2021	**17,005**	**1,773**	**18,778**

9. RIGHT-OF-USE-ASSETS (continued)

	Real Estate	Vehicles & Equipment	Total
	$	$	$
Cost			
December 31, 2019	23,200	1,858	25,058
Additions	4,008	123	4,131
Exchange rate adjustment	64	6	70
December 31, 2020	27,272	1,987	29,259
Accumulated Depreciation			
December 31, 2019	4,880	442	5,322
Charge for the year	5,096	646	5,742
Exchange rate adjustment	35	4	39
December 31, 2020	10,011	1,092	11,103
Net Book Value			
December 31, 2019	18,320	1,416	19,736
December 31, 2020	17,261	895	18,156

10. GOODWILL AND INTANGIBLE ASSETS

	2021	2020
Goodwill	**$**	$
As at January 1,	**9,833**	9,946
Translation adjustment	**2**	(113)
As at December 31,	**9,835**	9,833

Goodwill is allocated to the reportable segments as reflected in Note 27 Segmented Information.

10. GOODWILL AND INTANGIBLE ASSETS (continued)

Intangible Assets	**2021** **$**	2020 $
Cost		
January 1,	**21,034**	28,449
Additions	**1,593**	991
(Revisions) additions from business combinations (1) (note 5)	**(865)**	7,046
Retirement	**(120)**	(15,347)
Translation adjustment	**44**	(105)
December 31,	**21,686**	21,034
Accumulated amortization		
January 1,	**7,899**	20,292
Charge for the year	**2,883**	2,904
Retirement	**(120)**	(15,347)
Translation adjustment	**9**	50
December 31,	**10,671**	7,899
Net Book Value		
December 31,	**11,015**	13,135

(1) Revisions from business combinations includes subsequent adjustments to finalize the allocation of the purchase consideration allocated to the fair value of the net assets acquired from business combinations in 2020.

Intangible assets consists mainly of customer relationships, LodgeLink website development costs, non-compete agreements and trademarks. Intangible assets belong to the reportable segments as reflected in Note 27 Segmented Information. The retirement of intangible assets consists of the write-off of fully amortized assets.

11. IMPAIRMENT

In accordance with the requirements of IAS 36, all CGUs with goodwill were tested for impairment. This included the MSS CGUs of MSS Canada West, MSS Canada East, and MSS US. The MSS CGUs were tested for impairment at the aggregated MSS North America level because together they meet the aggregation criteria, specifically that the group of CGUs are expected to benefit together from the synergies created by the acquisitions on which the goodwill arose.

This resulted in no impairment charge to the MSS CGUs in 2021.

As at December 31, 2020, the Company applied the exemption criteria of IAS 36.99 allowing the use of the recoverable amount calculations from 2019 in the 2020 impairment assessment. This resulted in no impairment charge to the MSS CGUs in 2020.

The Company calculated FVLCD using a discounted cash flow method that projects future cash flows over a 5-year period. Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth throughout a business cycle. These cash flows are estimated with reference to assumptions about rates and utilization levels, the Company's cost of capital, capital expenditures, anticipated capital spending by customers, anticipated government infrastructure spending, and industry and local market conditions that might directly impact the individual CGUs' operations in the future. The methodology applied in estimating these cash flows was consistent in 2021 and 2019. These fair value measurements are categorized as Level 3 in the fair value hierarchy as certain significant inputs are not observable. In addition, a terminal value is estimated, using a capitalized cash flow approach with a long-term growth rate of 1.5% to 2.0%. These cash flows are then discounted using a long-term weighted average cost of capital based on an estimate of investment returns that would be required by a market participant.

The following table summarizes the key values and assumptions for the impairment test for each CGU as at December 31, 2021:

CGU	Recoverable Amount	Terminal Growth Rate	Discount Rate
MSS Canada West	154,900	2.0 %	9.5 %
MSS Canada East	72,100	2.0 %	9.5 %
MSS US	191,500	1.5 %	9.5 %

The estimation of FVLCD involves significant judgment in the determination of inputs to the discounted cash flow model and is most sensitive to changes in terminal growth rate and discount rates. These key assumptions were tested for sensitivity by applying a reasonably possible change to those assumptions. Future terminal growth rates were reduced by 0.5% and discount rates were increased by 0.5%. The recoverable amounts of the CGUs tested remained greater than the total carrying values of the CGUs after adjusting these assumptions.

As at December 31, 2021 and 2020, the Company evaluated each of its CGUs for indicators of any potential impairment or impairment reversal of long-lived assets. As a result of these assessments, no indicators were identified, and, accordingly, no impairment tests were performed on these CGUs.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
	$	$
Trade payables	**11,242**	13,744
Accrued liabilities	**20,868**	11,477
Dividends payable (note 13)	**726**	—
Due to related parties (note 28)	**414**	637
Other payables	**7,590**	6,504
Total accounts payable and accrued liabilities	**40,840**	32,362

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 30-60 days.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Other payables include profit incentive accruals of $4,961 (2020 - $1,104).

13. DIVIDENDS

During November 2021, Black Diamond's Board of Directors approved a special dividend and the reinstatement of a quarterly dividend on common shares of record of $0.0125 per share, or $0.05 per share on an annualized basis.

At the Board of Directors discretion, cash dividends are declared and paid by Black Diamond on the common shares on a quarterly basis to shareholders of record on the last business day of each quarter. Dividends are payable on or about the 15th day of the month following the record date. During the year ended December 31, 2021, Black Diamond's dividends on common shares of record were as follows:

	2021	
	Dividend per share	**Dividends**
Month ended	**$**	**$**
November (1)	**0.0125**	**725**
December (2)	**0.0125**	**726**
Total dividends declared	**0.0250**	**1,451**

(1) Dividends declared and paid on common shares net of shares held in trust.
(2) Dividends declared and payable on common shares net of shares held in trust.

14. LEASE LIABILITIES

	2021	2020
	$	$
Lease liabilities, January 1	**22,825**	23,922
Additions	**9,067**	4,131
Disposals	**(1,611)**	—
Interest expense	**1,335**	1,136
Lease payments	**(7,543)**	(6,352)
Effect of movement in foreign exchange rates	**(28)**	(12)
Lease liabilities, December 31	**24,045**	22,825
Less: current portion	**6,280**	4,599
Long-term lease liabilities, December 31	**17,765**	18,226

Lease liabilities mature over the next five fiscal years and thereafter as follows:

	December 31, 2021	December 31, 2020
	$	$
Due within one year	**6,280**	4,599
Due later than one year and less than five years	**17,418**	13,827
Due after five years	**347**	4,399
	24,045	22,825

For the year ended December 31, 2021, short-term lease payments were $410 (2020 - $437) and sub-lease income was $14 (2020 - $71). Variable and low value leases are immaterial.

During the year ended December 31, 2021, modifications to and terminations of lease arrangements resulted in the derecognition of right of use assets of $1,687 and corresponding lease liabilities of $1,611. The net loss of $76 was included in gain on real estate and other on the Consolidated Statement of Net Income (Loss).

15. INCOME TAXES

Deferred Tax Liabilities (Assets)

The following are the major deferred tax liabilities related to U.S., Canadian and Australian operations recognized by the Company and movements thereon during the year:

	Property & Equipment	Goodwill and intangible assets	Finance fees	Tax loss carry forward	Lease liability	Other	Total
	$	$	$	$	$	$	$
January 1, 2020	57,777	2,440	(230)	(29,324)	(5,457)	(1,148)	24,058
Recognized in loss for the year	24,114	(1,434)	67	(23,217)	(48)	(366)	(884)
Recognized in equity	2,126	412	—	(36)	—	63	2,565
Recognized in OCI	(415)	(35)	—	319	7	(239)	(363)
December 31, 2020	83,602	1,383	(163)	(52,258)	(5,498)	(1,690)	25,376
Recognized in loss for the year	**1,685**	**(4,541)**	**193**	**4,893**	**(182)**	**1,177**	**3,225**
Recognition of previously unrecognized losses	**(645)**	**—**	**—**	**(5,609)**	**(205)**	**(224)**	**(6,683)**
Recognized in OCI	**20**	**6**	**—**	**(79)**	**(5)**	**9**	**(49)**
December 31, 2021	**84,662**	**(3,152)**	**30**	**(53,053)**	**(5,890)**	**(728)**	**21,869**

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

Unrecognized Tax Assets

Deferred tax assets were not recognized on the following deductible temporary differences:

	2021	2020
	$	$
Australian non-capital losses and property and equipment	—	23,598
Total	—	23,598

The Company has recognized a deferred tax asset of $7,665 relating to unused tax losses that are considered able to offset against the Company's taxable profits expected to arise in future accounting periods. The Company has based their assessment on the expectation of future LodgeLink and Australian earnings.

15. INCOME TAXES (continued)

Effective Tax Rate

The following is a reconciliation of income tax recovery calculated at the statutory Canadian income tax rate to the income tax provision included in the Consolidated Statement of Net Income (Loss).

	2021	2020
	$	$
Profit (loss) before income taxes	**20,027**	(2,846)
Provision for income taxes at statutory rate	**4,823**	(708)
Increase (decrease) in income taxes due to:		
Income (loss) taxed at higher tax rates	**556**	357
Non-deductible items	**326**	565
Non-controlling interests	**(188)**	(277)
Change in unrecognized tax benefits	**(6,683)**	(1,297)
Return to provision adjustment	**(648)**	979
US state tax	**94**	103
Other	**(34)**	(181)
Income tax recovery for the year	**(1,754)**	(459)

The statutory rate decreased from 24.86% in 2020 to 24.08% in 2021 due to a change in the Alberta corporate income tax rate and the apportionment of revenues and salaries across provincial jurisdictions.

As at December 31, 2021, the Company has the following loss carryforwards:

	Loss carryforward	**Expiry**
Canada	**$98,753**	**2037 - 2041**
US	**US$75,393**	**2032 - 2041**
Australia	**AUS$17,416**	**No expiration**

There is a current income tax receivable balance of $81 (2020 - $323) in prepaid expenses and other current assets on the Consolidated Statement of Financial Position. In 2021, the Company received US$90 ($116) in US income tax refunds. In 2020, Black Diamond received $535 in federal and Alberta income tax refunds which were related to 2016 non-capital loss carrybacks.

16. LONG-TERM DEBT

	December 31, 2021	December 31, 2020
	$	$
Asset-based revolving credit facility	**156,588**	176,380
Costs associated with issue and restructuring of facilities	**(949)**	(645)
Total long-term debt	**155,639**	175,735

The weighted average interest rate on outstanding debt for the year ended December 31, 2021 was 2.1% (2020 – 2.6%).

Asset-based revolving credit facility

Effective November 30, 2020, the Company reached an agreement with its lenders to amend its asset-based revolving credit facility ("ABL Facility") increasing the maximum revolving line to $300 million and the uncommitted accordion to $50,000. Amounts drawn on the credit facility incur interest at Bank Prime rate plus 0.25% to 0.75%, or Bankers' Acceptance rate plus 1.5% to 2.0%. The ABL Facility has a standby fee of 0.25% of the unutilized capacity.

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

The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the Net Orderly Liquidation Value of eligible rental fleet and qualified receivables plus certain other qualifying assets, up to $300 million (December 31, 2020 - $300 million). The Company is required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at December 31, 2021, the Company's draws under the ABL Facility amounted to 59% of a borrowing base of $264,700. As at December 31, 2020, the Company's draws under the ABL Facility amounted to 69% of a borrowing base of $257,079. Therefore the FCCR covenant was not applicable in either year.

17. FINANCIAL INSTRUMENTS

Analysis of financial assets and liabilities

	Financial assets at FVTPL	Financial assets at amortized cost	Financial assets at FVOCI	Financial liabilities at amortized cost
	$	$	$	$
Cash and cash equivalents	**4,558**	**—**	**—**	**—**
Current accounts receivable	**—**	**58,228**	**—**	**—**
Other long-term assets	**—**	**2,564**	**38**	**—**
Accounts payable and accrued liabilities	**—**	**—**	**—**	**40,840**
Long-term debt (1)	**—**	**—**	**—**	**156,588**
December 31, 2021	**4,558**	**60,792**	**38**	**197,428**
Cash and cash equivalents	3,681	—	—	—
Current accounts receivable	—	46,094	—	—
Other long-term assets	—	3,304	—	—
Accounts payable and accrued liabilities	—	—	—	32,362
Long-term debt (1)	—	—	—	176,380
December 31, 2020	3,681	49,398	—	208,742

(1) The amounts in the table above exclude costs associated with issue and restructuring of facilities as they are not considered financial assets (Note 16 Long-term Debt).

Fair value of financial instruments

There are no material differences in the carrying amounts of those instruments classified as financial assets at fair value through profit or loss, financial assets measured at amortized cost or financial liabilities measured at amortized cost and their estimated fair values. The fair value of financial instruments is classified as a non-current asset or liability if the remaining maturity is more than 12 months and, as a current asset or liability, if the maturity is less than 12 months.

Financial risk management objectives and policies

The Company's principal financial liabilities are comprised of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash that derive directly from its operations.

The Company is exposed to interest rate risk, liquidity risk, credit risk and foreign currency sensitivity. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk and treasury department that advises on financial risks and the appropriate financial risk governance and cash management strategies for the Company.

17. FINANCIAL INSTRUMENTS (continued)

a) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. Black Diamond is subject to cash flow interest rate risk on its long-term debt. The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates.

A 1% increase in interest rates in the year, assuming debt patterns consistent with those that actually occurred in 2021, when annualized, would have resulted in a 2021 net income sensitivity of approximately $1,475 (2020 - $1,239).

Black Diamond has entered into interest rate swap contracts to fix a portion of its floating rate interest on long-term debt. The interest rate swap contracts require the monthly exchange of payments without the exchange of the notional principal amounts on which the payment is based. At December 31, 2021, Black Diamond had the following interest rate swap contracts outstanding:

	Designation date	Remaining term	Notional amount	Hedge Ratio	Fixed rate	Floating rate
Swap - Floating to fixed	**April 29, 2021**	**22 months**	**$15,000**	**100 %**	**0.97 %**	**30 day CDOR**
Swap - Floating to fixed	**April 29, 2021**	**22 months**	**$15,000**	**100 %**	**0.97 %**	**30 day CDOR**
Swap - Floating to fixed	**December 21, 2021**	**58 months**	**$25,000**	**100 %**	**1.96 %**	**30 day CDOR**

The interest rate related risk management contracts designated as hedges at December 31, 2021 were classified as cash flow hedges and hedge accounting was applied. Each interest rate swap contract is matched to a specific tranche of ABL debt resulting in hedge ratios of 100% or 1:1 for all hedge relationships. During the year ended December 31, 2021, there was no hedge ineffectiveness recorded.

b) Liquidity risk

Black Diamond is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash resources to meet its commitments as they come due. Black Diamond mitigates this risk through its management of cash, debt, working capital, and capital expenditures.

The table below summarizes the maturity profile of the Company's financial liabilities and commitments based on contractual undiscounted payments.

17. FINANCIAL INSTRUMENTS (continued)

	Less than 3 months	3-12 months	1-5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities (note 12)	**40,840**	**—**	**—**	**—**	**40,840**
Long-term debt (note 16)	**—**	**—**	**156,588**	**—**	**156,588**
Lease liabilities (1)	**1,834**	**5,502**	**19,003**	**356**	**26,695**
Commitments (note 29)	**380**	**1,141**	**5,025**	**—**	**6,546**
December 31, 2021	**43,054**	**6,643**	**180,616**	**356**	**230,669**
Accounts payable and accrued liabilities (note 12)	32,362	—	—	—	32,362
Long-term debt (note 16)	—	—	176,380	—	176,380
Lease liabilities (1)	1,405	4,214	15,991	4,698	26,308
Commitments (note 29)	328	982	5,903	1,352	8,565
December 31, 2020	34,095	5,196	198,274	6,050	243,615

(1) Undiscounted lease liabilities.

Black Diamond maintains sufficient unused capacity in its ABL Facility to meet short-term working capital requirements. Black Diamond manages its liquidity requirements through the use of short and long-term cash forecasts maintaining conservative working capital balances.

On a regular basis, management monitors its ability to meet its obligations as well as the commitments as disclosed in Note 29 Commitments. Management believes the Company has adequate liquidity to meet these obligations, due to the future cash flows from operations, unused capacity of the ABL Facility, and the Company's incremental borrowing capacity.

c) Credit risk

Credit risk arises from the possibility that the counterparties for which Black Diamond provides rentals and/or services are unable to meet their payment obligations, leading to financial loss. Black Diamond manages customer credit risk by assessing the creditworthiness of its customers on an ongoing basis subject to the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are monitored by management on a weekly basis. The Company recognizes loss allowances for ECLs on its accounts receivable and other long-term assets, which are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Cash and cash equivalents do not carry credit risk as they are held with major Canadian banking institutions.

17. FINANCIAL INSTRUMENTS (continued)

The maximum exposure to credit risk at the reporting date relating to the counterparties to which Black Diamond provides rentals and/or services, is the carrying value of the Company's accounts receivables as disclosed in Note 6 Accounts Receivable. Management assesses impairment after taking into consideration the customer's payment history, their credit worthiness, the current economic environment in which the customer operates and their position within their respective industries. To date, Black Diamond's bad debts have not been significant and have been limited to specific customer circumstances.

As at December 31, 2021 and 2020, the Company had concentration of credit risk as one individual customer represented 14% of total trade accounts receivable.

d) Foreign currency sensitivity

The impact on the Company's profit before tax due to changes in the fair value of the monetary assets and liabilities denominated in US$ and AUS$ as a result of fluctuations in exchange rates. The impact on the Company's other comprehensive income of a 3% change in the US$ and AUS$ exchange rates at the reporting date for the year ended December 31, 2021 is $4,433 (December 31, 2020 - $3,892).

18. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of assets and liabilities measured at fair value:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	$	**$**	**$**	**$**
December 31, 2021				
Assets measured at fair value:				
Cash and cash equivalents	**4,558**	**4,558**	**—**	**—**
Risk management asset [(1)]	**38**	**—**	**38**	**—**
	4,596	**4,558**	**38**	**—**
December 31, 2020				
Assets measured at fair value:				
Cash and cash equivalents	3,681	3,681	—	—

(1) Risk management asset is included within other long-term assets on the consolidated statements of financial position.

19. ASSET RETIREMENT OBLIGATIONS

Black Diamond's asset retirement obligations relate to closure and post-closure costs related to camps where the Company has assumed the land lease obligations. Black Diamond estimates the undiscounted, inflation-adjusted cash flows required to settle these obligations at December 31, 2021 to be $14,912 (December 31, 2020 - $15,807). Management has estimated the present value of this obligation at December 31, 2021 to be $14,353 (December 31, 2020 - $15,115) using an inflation rate of 1.9% (December 31, 2020 - 1.7%) and pre-tax weighted average risk-free interest rate of 1.6% (December 31, 2020 - 0.7%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2024 to 2026.

These estimates are based upon current and proposed reclamation and closure techniques in view of current contractual obligations, environmental laws and regulations. Therefore, it is possible the costs could change in the future and changes to these estimates could have a significant effect on Black Diamond's consolidated financial statements. Black Diamond recorded the following asset retirement obligation activity during the year:

	2021	2020
	$	$
As at January 1,	**15,115**	17,731
Accretion in year (note 24)	**133**	177
Discount rate change	**(289)**	151
Revisions	**72**	(1,746)
Settlements	**(678)**	(1,198)
As at December 31,	**14,353**	15,115

20. SHARE CAPITAL

a) Share capital

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

	2021		2020	
	Number	**Amount**	Number	Amount
Issued - Common shares		**$**		$
As at January 1,	**56,694**	**381,891**	55,211	378,823
Issued on exercise of options & vesting of shares from Treasury	**1,136**	**2,866**	510	1,095
Net purchase of shares in trust (note 20 (b))	**(401)**	**(1,551)**	(1,301)	(2,205)
Net purchase of shares in NCIB	**(69)**	**(36)**	(329)	(630)
Vesting of shares from trust (note 20 (b))	**798**	**1,307**	372	809
Issuance of common shares (note 5)	**—**	**—**	2,231	3,999
As at December 31,	**58,158**	**384,477**	56,694	381,891

On January 15, 2021, the Company re-commenced a normal course issuer bid ("NCIB"), under which the Company may repurchase for cancellation up to a maximum of 4,209 common shares of the Company. The NCIB terminated on January 14, 2022. For the year ended December 31, 2021, a total of 69 common shares (2020 - 329) at a cost of $36 (2020 - $630) were purchased, cancelled and removed from share capital under the terms of the NCIB.

b) Share-based compensation plans

(i) Share option plan

Black Diamond has a share option plan (the "Option Plan") pursuant to which options to purchase common shares may be granted to officers, employees and consultants of Black Diamond in order to provide an opportunity for these individuals to obtain a proprietary interest in Black Diamond's long-term success.

The aggregate number of common shares of the Company that may be issued pursuant to the exercise of options granted under the Option Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares of Black Diamond from time to time. At December 31, 2021, there were 3,951 common shares (December 31, 2020 - 4,302) reserved for issuance upon the exercise of options granted pursuant to the Option Plan, and 749 common shares (December 31, 2020 - 1,026) reserved for issuance under the Share Award Plan. The aggregate number of common shares of the Company reserved for issuance under the Option Plan and the Share Award Plan represents 7.9% of the outstanding common shares of Black Diamond at December 31, 2021 (December 31, 2020 - 9.1%). The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Option Plan generally vest on a straight-line basis over three years and the option term is five years from the date of grant.

20. SHARE CAPITAL (continued)

(expressed in thousands except per share amounts and years)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value at grant date
		$			$
March 21, 2017	473	3.60	0.22	473	0.81
August 14, 2017	336	1.74	0.62	336	0.74
September 12, 2017	103	1.91	0.70	103	0.83
March 15, 2018	537	2.53	1.20	537	0.86
March 14, 2019	837	1.96	2.20	624	0.86
October 1, 2019	120	1.77	2.75	80	0.89
March 16, 2020	630	1.29	3.21	168	0.62
June 1, 2020	36	1.40	3.42	12	0.68
March 17, 2021	879	3.31	4.21	—	1.46
Balance December 31, 2021	3,951			2,333	
Weighted average		2.45	2.29	2.33[(1)]	

(1) Amount refers to the weighted average exercise price of the exercisable options as at December 31, 2021.

Black Diamond recorded the following share option activity during 2021 and 2020:

	2021		2020	
	Number of options outstanding	**Weighted average exercise price per share**	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	**4,302**	**2.36**	3,911	3.72
Granted	**987**	**3.31**	874	1.34
Exercised	**(729)**	**2.14**	(38)	1.91
Expired	**(339)**	**4.72**	(445)	12.35
Forfeited	**(270)**	**2.13**	—	—
As at December 31,	**3,951**	**2.45**	4,302	2.36

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

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
March 16, 2020	—	59	0.59
June 1, 2020	—	61	0.37
March 17, 2021	—	56	0.78

20. SHARE CAPITAL (continued)

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

Included in share-based compensation expense for the year ended December 31, 2021 was $860 (2020 – $781) for the costs related to the Share Option Plan.

(ii) Other share-based plans

Restricted and Performance Award Incentive Plan ("Share Award Plan")

The Company has a Share Award Plan which provides for the grant of restricted awards and performance awards (collectively, the "SAs"). The outstanding SAs generally entitle the holders to a sum (the "Award Value") to be paid on each of the first, second and third anniversaries of the date of grant (the "Payment Date"). The Award Value is calculated at the Payment Date by multiplying the number of SAs vesting by the fair market value of the common shares of the Company plus accrued dividends. On the Payment Date, the Company has the option of settling the Award Value to which a holder of SAs is entitled in the form of either cash or in common shares which may either be acquired by the Company on the stock exchange or issued from the treasury of the Company, or some combination thereof. The Company's intention is to settle the Award Value in common shares and it has therefore accounted for the SAs as equity-settled. Provided the Company maintains this intention and settles the Award Value through the issuance or purchase of common shares, it will continue to account for the SAs as equity-settled throughout their vesting period.

Deferred Share Unit Plan ("DSU Plan")

The Company has a DSU Plan pursuant to which it may make an annual grant of Deferred Share Units ("DSUs") to non-employee directors and non-employee directors may make an election to receive all or part of, in increments of 25%, their total annual retainer in the form of DSUs. Pursuant to the DSU Plan, DSUs awarded as part of an annual grant typically vest on the first anniversary of the date of grant and DSUs granted in lieu of total annual remuneration vest on the date of grant; however, in each instance, such DSUs will not be released until the non-employee director has ceased to be a member of the board of directors of the Company. The Award Value is calculated at the Payment Date by multiplying the number of DSUs by the fair market value of the common shares of the Company plus accrued dividends. DSUs are settled at the Company's option in cash and/or common shares acquired by the Company on the stock exchange. The Company's intention is to settle the DSU Plan in common shares and it has therefore accounted for the DSU awards as equity-settled.

20. SHARE CAPITAL (continued)

Incentive Award Plan ("IA Plan")

The Company has an IA Plan which provides for the grant of incentive awards ("IAs"). Subject to the terms and conditions of the IA Plan, the outstanding IAs either entitle the holder to a sum (the "IA Value") to be paid in equal tranches on the first, second and third anniversaries of the date of grant. The IA Value is calculated at the payment date(s) by multiplying the number of IAs by the fair market value of the common shares of the Company plus accrued dividends. On the applicable payment date, the Company has the option of settling the IA Value to which a holder of IAs is entitled in the form of either cash or in common shares which are acquired by the Company on the stock exchange or some combination thereof. The awards granted to employees outside Canada are settled in cash and are accounted for as a liability and the awards granted to employees in Canada are settled in common shares and are accounted for as equity-settled. Changes in the number of units, with their weighted average fair value, are summarized below:

	Share Award Plan		DSU Plan		IA Plan	
	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit
		$		$		$
January 1, 2020	1,097	2.19	196	2.87	993	2.08
Granted	519	1.31	54	1.31	1,445	1.29
Forfeited	(118)	2.25	—	—	(239)	1.53
Vested	(472)	2.29	(18)	3.50	(380)	2.32
December 31, 2020	1,026	1.69	232	2.46	1,819	1.47
Granted	**318**	**3.31**	**74**	**3.35**	**586**	**3.49**
Forfeited	**(272)**	**2.06**	**(8)**	**3.31**	**(149)**	**2.14**
Vested	**(323)**	**1.90**	**(84)**	**2.67**	**(715)**	**1.63**
December 31, 2021	**749**	**2.15**	**214**	**2.65**	**1,541**	**2.10**

The fair value of awards granted under these share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

As at December 31, 2021, these share-based plans include 93 units (December 31, 2020 - 112) that will be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of $226 (December 31, 2020 - $173).

Included in share-based compensation expense for the year ended December 31, 2021 was $2,334 related to the other share-based plans (December 31, 2020 - $2,031). There was a $214 expense on cash-settled awards.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") for the purpose of meeting future obligations under the IA and DSU Plans, which are consolidated in the Company's financial statements. Any shares held in the Trusts are accounted for as a reduction of share capital. As at December 31, 2021 there are 1,191 shares held in the Trusts (December 31, 2020 - 1,589).

21. NON-CONTROLLING INTERESTS

The non-controlling interests represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership ("BDDLP"), the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership ("BDWMLP"), the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership ("BDNLP"), the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership ("WCBDLP"), and the preference shares issued by the Company's subsidiary BOXX Modular Holdings Inc. Management determines that the Company has control of all of these limited partnerships as it controls the general partner in all cases.

Equity Partnerships

On September 28, 2009, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Fort Nelson First Nation, as limited partners, formed Black Diamond Dene Limited Partnership through which Black Diamond and the Fort Nelson First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Fort Nelson First Nation territory in northeastern British Columbia.

On October 1, 2010, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and West Moberly First Nations, as limited partners, formed Black Diamond West Moberly Limited Partnership through which Black Diamond and the West Moberly First Nations work together to provide services to resource development companies as well as other commercial and industrial activity in the West Moberly First Nations territory in northeastern British Columbia.

On June 14, 2012, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Beaver Lake Cree Nation, as limited partners, formed Black Diamond Nehiyawak Limited Partnership through which Black Diamond and the Beaver Lake Cree Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Beaver Lake Cree Nation territory in northeastern Alberta.

On December 2, 2014, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Whitecap Dakota First Nation, as limited partners, formed Whitecap Black Diamond Limited Partnership through which Black Diamond and Whitecap Dakota First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Whitecap Dakota Nation territory in central Saskatchewan.

The summarized aggregate financial information of these subsidiaries is provided below. Aggregate financial information is provided as the Company's subsidiaries are involved in a similar course of business in the same industry, as well as operating in western Canada. The information below is based on amounts before inter-company eliminations.

	2021	2020
Extract of Statement of Net Income:	**$**	$
Revenue	**41,942**	31,022
Direct costs	**39,845**	28,493
Gross profit	**2,097**	2,529
Profit for the year	**1,559**	2,066

21. NON-CONTROLLING INTERESTS (continued)

	December 31, 2021	December 31, 2020
Summarized Statement of Financial Position:	**$**	$
Total current assets	**13,302**	14,019
Property and equipment and other non-current assets	**3,887**	3,782
Trade and other payables	**(9,909)**	(12,064)
Asset retirement obligation	**(749)**	(711)
Total net assets	**6,531**	5,026

Preferred Shares of a Subsidiary

In connection with the Vanguard acquisition (Note 5 Business Combinations) on November 30, 2020, 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 ($11,258). In 2021, the Company redeemed 183 Preferred Shares for cash consideration of US$1,500 ($1,948) and non-cash consideration of US$330 ($428). As at December 31, 2021, 684 Preferred Shares for a value of US$6,840 ($8,882) remain outstanding. The Preferred Shares have been accounted for as non-controlling interest within these consolidated financial statements.

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. In 2021, total dividends paid on Preferred Shares were $642 (2020 - nil) and are reflected in profit attributable to non-controlling interest.

The Company does not guarantee the payment of dividends and has the option, at any time, to purchase all or part of the Preferred Shares outstanding for cash consideration. The Company is restricted with its ability to declare dividends on its own preferred shares and common shares, to the extent the cumulative dividends on the Preferred Shares have not been declared and paid. The Preferred Shares do not have voting rights.

Upon any liquidation or dissolution of the Issuer, the holders of the Preferred Shares are entitled to a preference on liquidation over the common shareholders of the Issuer only with no further obligation to the Company. If the assets, of the Issuer, available for distribution are insufficient, the holders of the Preferred Shares will share ratably in the available distributions. The Preferred Shares do not participate in the distributions on liquidation after receiving the Series A Liquidation Amount.

The Company has classified the Preferred Shares as an equity instrument in accordance with the substance of the contractual arrangements that include the discretionary dividend feature, the Issuer's option to redeem the Preferred Shares and the preference on liquidation over the common shares.

22. REVENUE AND DIRECT COSTS

	2021	2020
Modular Space Solutions	**$**	$
Rental revenue	**59,926**	39,253
Sales revenue	**56,815**	20,494
Non-rental revenue	**56,809**	33,987
Total revenue	**173,550**	93,734

Workforce Solutions	**$**	$
Rental revenue	**37,971**	26,281
Sales revenue	**14,237**	6,472
Non-rental revenue	**85,112**	35,541
Lodge service revenue	**28,680**	17,829
Total revenue	**166,000**	86,123

During the year ended December 31, 2021, the Company had two significant customers (December 31, 2020 - one customer) that contributed greater than 5% of the Company's consolidated revenue.

Customer deposits relating to non-rental revenue are included in deferred revenue in the Consolidated Statement of Financial Position. These amounts are expected to be recognized within the next twelve months.

	2021	2020
Direct Costs	**$**	$
Construction and transportation services	**86,203**	39,802
New sales	**39,326**	15,411
Catering, utilities and other consumable costs	**25,878**	16,988
Subleased equipment	**24,215**	5,903
Repairs and maintenance	**16,267**	10,176
Labour costs	**14,801**	8,531
Used fleet sales	**13,545**	5,509
Other direct costs	**3,845**	1,938
Fleet insurance	**2,362**	1,853
Rent expense - subleased properties	**1,483**	1,534
Total direct costs	**227,925**	107,645

Total subsidies received under the Canadian Emergency Wage Subsidy program ("CEWS" program) in the year totaled $372 (2020 - $2,919), of which $160 (2020 - $1,168) was a reduction to direct costs.

Total subsidies received under the Canada Emergency Rent Subsidy program in the year totaled $38 (2020 - nil), which was recorded as a reduction to direct costs.

There are no unfulfilled conditions or other contingencies attached to the government assistance that have been recognized in the financial statements.

22. REVENUE AND DIRECT COSTS (continued)

Operating lease commitments as lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	December 31, 2021	December 31, 2020
	$	$
Due within one year	**40,605**	33,732
Due later than one year and less than five	**28,363**	26,585
Due after five years	**712**	955
	69,680	61,272

23. ADMINISTRATIVE EXPENSES

	2021	2020
	$	$
Personnel costs	**35,717**	21,130
General administrative expenses	**8,964**	7,379
Occupancy and insurance	**2,897**	3,061
Total administrative expenses	**47,578**	31,570

Total CEWS subsidies received in the year totaled $372 (2020 - $2,919), of which $212 (2020 - $1,751) was a reduction to administrative expenses. There are no unfulfilled conditions or other contingencies attached to the government assistance that have been recognized in the financial statements.

24. FINANCE COSTS

	2021	2020
	$	$
Interest expense	**3,517**	3,166
Lease interest	**1,335**	1,136
Debt renewal and other lending fees	**818**	919
Accretion of asset retirement obligation (note 19)	**133**	177
Amortization of long-term debt set-up costs	**233**	258
Total finance costs	**6,036**	5,656

25. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is calculated on the profit (loss) attributable to Black Diamond for the year.

	Twelve months ended December 31,	
Reconciliation of weighted average number of shares	**2021**	2020
Weighted average common shares outstanding - basic	**57,621**	55,177
Effect of share option plan and share award plan	**1,613**	—
Weighted average common shares outstanding - diluted	**59,234**	55,177

Excluded from diluted weighted average number of shares are 879 anti-dilutive options for the year ended December 31, 2021 (2020 - 4,302). Also excluded from diluted weighted average number of shares are 300 anti-dilutive Share Award Plan units for the year ended December 31, 2021 (2020 - 1,026).

26. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2021	December 31, 2020
	$	$
Increase in accounts receivable	**(12,134)**	(319)
Increase in prepaid expenses and other current assets	**(5,478)**	(723)
Increase in accounts payable and accrued liabilities and other	**12,293**	5,109
Increase in non-cash working capital acquired in business combinations	**—**	2
Change in non-cash working capital	**(5,319)**	4,069
Attributable to operating activities	**(6,172)**	6,217
Attributable to investing activities	**1,969**	(2,369)
Attributable to financing activities	**(1,116)**	221

The amounts disclosed above differ from the changes in balances per the Consolidated Statement of Financial Position due to foreign currency translation adjustment and non-cash transactions.

For the year ended December 31, 2021, the Company had cash receipts of $116 (2020 - nil) relating to filings in prior years. There were no income taxes paid in the years ended, December 31, 2021, and 2020.

27. SEGMENTED INFORMATION

Black Diamond has two operating segments: MSS and WFS.

MSS provides high quality, cost effective, modular space rentals to customers throughout North America. These customers operate in the construction, real estate development, education, manufacturing, health care, financial, government and defense industries. 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. MSS sells both new and used space rentals units which helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet. MSS also provides delivery, installation, project management and ancillary products and services.

WFS provides complete workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodge services and provision of travel management logistics through the Company's online digital marketplace, LodgeLink. WFS operates in Canada, the US and Australia. The primary service offerings in WFS are asset rental, lodge services and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation and dismantlement and at times, management will sell used fleet to maintain a relatively newer average age of the fleet.

The Corporate and Other business unit includes costs related to administrative activities that support all segments. Included in Corporate and Other are revenues generated from subleasing of real estate properties.

27. SEGMENTED INFORMATION (continued)

	2021 $	2020 $
Revenue		
Modular Space Solutions	**173,550**	93,734
Workforce Solutions	**166,000**	86,123
Total Revenue	**339,550**	179,857
Depreciation and Amortization		
Modular Space Solutions	**16,349**	14,187
Workforce Solutions	**15,964**	16,172
Corporate and Other	**2,857**	2,658
Total Depreciation and Amortization	**35,170**	33,017
Profit (Loss)		
Modular Space Solutions	**29,716**	12,878
Workforce Solutions	**17,521**	4,452
Corporate and Other	**(26,878)**	(20,832)
Total Profit (Loss)	**20,359**	(3,502)
Capital Expenditures (Additions)		
Modular Space Solutions (1)(2)	**27,356**	26,633
Workforce Solutions (2)	**8,109**	7,566
Corporate and Other	**2,412**	1,769
Total Capital Expenditures	**37,877**	35,968

(1) Amount does not include property and equipment added through business acquisitions.
(2) Amount includes intangible asset additions.

27. SEGMENTED INFORMATION (continued)

	December 31, 2021	December 31, 2020
	$	$
Property and Equipment		
Modular Space Solutions	**246,072**	238,338
Workforce Solutions	**142,444**	155,086
Corporate and Other	**15,963**	16,560
Total Property and Equipment	**404,479**	409,984
Intangible Assets		
Modular Space Solutions	**8,559**	10,513
Workforce Solutions	**2,456**	2,622
Total Intangible Assets	**11,015**	13,135
Goodwill		
Modular Space Solutions	**9,835**	9,833
Total Goodwill	**9,835**	9,833
Assets		
Modular Space Solutions	**304,559**	299,664
Workforce Solutions	**197,971**	183,301
Corporate and Other	**27,811**	28,925
Total Assets	**530,341**	511,890

27. SEGMENTED INFORMATION (continued)

Geographic information

	Twelve months ended December 31,	
	2021	2020
	$	$
Revenue		
Canada	**152,056**	108,648
US	**156,504**	57,610
Australia	**30,990**	13,599
Total Revenue	**339,550**	179,857

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

	December 31, 2021	December 31, 2020
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**224,525**	232,607
US	**184,835**	185,230
Australia	**15,969**	15,115
Total Property and Equipment, Intangibles and Goodwill	**425,329**	432,952

28. RELATED PARTY TRANSACTIONS

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

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

	For the years ended December 31,		Due to related party as at December 31,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Non-controlling interests				
Limited partners				
Royalties and distributions declared	**1,096**	1,641	**(414)**	(637)
Sale of fleet assets	**—**	1,216	**—**	—
Capital contribution	**—**	1,216	**—**	—
Other related parties				
Entity controlled by a member of the Board of Directors				
Purchases of goods and services	**133**	—	**—**	—

During the first quarter of 2020, a limited partner purchased surface rental units of $1,216 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 had a fair value of $133 for the year ended December 31, 2021. Services include sublease and servicing of generators and fuel tanks.

Key Management Personnel Compensation

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

	2021	2020
	$	$
Salaries, bonuses, fees and other short-term employee benefits	**4,850**	2,540
Share-based compensation	**1,642**	778
Total Compensation	**6,492**	3,318

29. COMMITMENTS AND CONTINGENCIES

As Lessee

Black Diamond rents office and storage space, with associated maintenance and operating expenses, under multiple operating leases with varying expiration dates. No arrangements have been entered into for contingent rental payments. The minimum lease payments over the next five fiscal years are as follows:

	December 31, 2021	December 31, 2020
	$	$
Due within one year	**1,521**	1,310
Due later than one year and less than five	**5,025**	5,903
Due after five years	**—**	1,352
	6,546	8,565

Capital Commitments
At December 31, 2021, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $11,526 (December 31, 2020 - $2,116).

30. SUBSEQUENT EVENTS

On March 3, 2022, the Board of Directors approved an increase of 20% to the Company's annual dividend per share payout from $0.05 to $0.06. The Board of Directors also declared a dividend of $0.015 per share payable on April 15, 2022 to shareholders of record on March 31, 2022.