CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

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, 2023 and 2022, and the consolidated statement of net income, consolidated statement of comprehensive income, 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 material accounting policy information.

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, 2023 and 2022, 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 and equipment For the period ended December 31, 2023, no impairment charge or impairment reversal was recorded with respect to the Company's property and equipment. Refer to note 2, material accounting policy information, of the consolidated financial statements for a description of the Company's impairment of property and equipment accounting policy.	To test the Company's assessment of indicators of impairment and impairment reversal, we performed the following procedures, among others: • Evaluated the earnings used in management's analysis and compared it to historical results and budget for each of the Company's CGUs. • 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Cash-generating units (“CGUs”) are assessed by management for indicators of impairment and impairment reversal at each reporting date. The Company concluded that no indicators of impairment and impairment reversal were present as at December 31, 2023.

Property and equipment are material to the financial statements. Auditing the Company’s assessment of potential indicators of impairment of property 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.</td><td>• Compared the Company’s market capitalization to the carrying value of its net assets.</td></tr>
<tr><td><u>Goodwill impairment</u>
As at December 31, 2023, the carrying amount of goodwill was $16.9 million. As disclosed in note 2, material accounting policy information 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.

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.</td><td>To test the estimated recoverable amount of the group of CGUs, we performed the following procedures, among others:
• 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.
• We assessed the cash flow projections through comparison to historical results, internal budgeted projections, review of executed contracts, and comparison to third-party sources.
• We compared the revenue growth rate to market and economic trends.
• We performed sensitivity analyses on significant assumptions to evaluate any resulting changes to the recoverable amount.
• We assessed the adequacy of the Company’s disclosure around goodwill impairment as included in note 11 of the consolidated financial statements.</td></tr>
</table>

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

- 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
February 29, 2024

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31,

(Expressed in thousands)	2023 $	2022 $
ASSETS		
Current		
Cash and cash equivalents	**6,513**	8,308
Accounts receivable (note 6)	**62,574**	72,229
Prepaid expenses and other current assets (notes 7 and 15)	**15,949**	18,814
Total Current Assets	**85,036**	99,351
Non-Current		
Other long-term assets (note 7)	**2,636**	2,025
Risk management assets (note 17)	**1,425**	2,868
Property and equipment (notes 8 and 11)	**506,474**	491,436
Right-of-use assets (note 9)	**16,056**	16,839
Goodwill and intangible assets (notes 10 and 11)	**31,941**	32,727
Deferred income taxes (note 15)	**4,071**	4,196
Total Non-Current Assets	**562,603**	550,091
Total Assets	**647,639**	649,442
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (notes 5, 12, 13, and 28)	**45,031**	39,440
Current portion of deferred revenue	**24,402**	23,013
Current portion of lease liabilities (note 14)	**8,102**	6,727
Total Current Liabilities	**77,535**	69,180
Non-Current		
Long-term debt (note 16)	**190,439**	226,913
Asset retirement obligations (notes 19 and 24)	**13,099**	13,165
Long-term payable (note 5)	**500**	1,667
Long-term deferred revenue	**1,358**	982
Long-term lease liabilities (note 14)	**13,199**	15,421
Deferred income taxes (note 15)	**57,547**	49,571
Total Non-Current Liabilities	**276,142**	307,719
Total Liabilities	**353,677**	376,899
Shareholders' Equity		
Share capital (note 20)	**385,643**	385,656
Contributed surplus	**22,318**	20,199
Accumulated other comprehensive income	**13,748**	19,218
Retained deficit	**(131,633)**	(156,542)
Total Shareholders' Equity	**290,076**	268,531
Non-controlling interests (note 21)	**3,886**	4,012
Total Equity	**293,962**	272,543
Total Liabilities and Equity	**647,639**	649,442

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 29 and Subsequent Events in Note 30

On behalf of the Board of Directors

Signed "Robert Herdman"

Signed "Robert Wagemakers"

CONSOLIDATED STATEMENT OF NET INCOME

For the years ended December 31,

(Expressed in thousands, except per share amounts)	2023 $	2022 Restated (note 2) $
Revenue (notes 22 and 27)	**393,505**	324,544
Direct costs (note 22)	**219,053**	184,452
Gross profit	**174,452**	140,092
Expenses		
Administrative expenses (note 23)	**69,322**	56,110
Depreciation and amortization (notes 8, 9, 10, and 27)	**44,179**	35,177
Share-based compensation (note 20)	**6,320**	4,876
Finance costs (note 24)	**14,083**	8,851
Impairment reversal on property and equipment (note 11)	**—**	(6,329)
Acquisition costs (note 5)	**—**	1,212
Gain on sale of real estate and other	**—**	(44)
Profit before income taxes	**40,548**	40,239
Income tax expense (note 15)		
Current	**159**	449
Deferred	**8,922**	11,462
Total income tax expense	**9,081**	11,911
Profit before non-controlling interests	**31,467**	28,328
Profit attributable to non-controlling interests (note 21)	**1,109**	1,944
Profit for the year	**30,358**	26,384
Earnings per share (note 25)		
Basic	**0.50**	0.45
Diluted	**0.49**	0.44

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31,

(Expressed in thousands)	**2023**	2022
	$	$
Profit for the year	**30,358**	26,384
Other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent year:		
Translation adjustments	**(4,373)**	7,383
Change in derivative designated as cash flow hedges, net of tax (note 17)	**(1,097)**	2,145
Total comprehensive income	**24,888**	35,912

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Deficit	Total Shareholders' Equity	Non-Controlling interests	Total Equity
	$	$	$	$	$	$	$
As at December 31, 2021	384,477	19,353	9,690	(179,065)	234,455	12,344	246,799
Profit for the year	—	—	—	26,384	26,384	1,944	28,328
Translation adjustments	—	—	7,383	—	7,383	—	7,383
Dividend declared on common shares (note 13)	—	—	—	(3,861)	(3,861)	—	(3,861)
Dividends declared to preferred shareholders (note 21)	—	—	—	—	—	(524)	(524)
Redemption of preferred shares (note 21)	—	—	—	—	—	(8,882)	(8,882)
Distributions declared to partners (note 28)	—	—	—	—	—	(870)	(870)
Issued on exercise of options & vesting of shares in treasury (note 20)	4,095	(1,994)	—	—	2,101	—	2,101
Net purchase of shares in trust (note 20)	(2,155)	—	—	—	(2,155)	—	(2,155)
Net purchase of shares under NCIB (note 20)	(2,205)	—	—	—	(2,205)	—	(2,205)
Change in derivative designated as cash flow hedge (note 17)	—	—	2,145	—	2,145	—	2,145
Vesting of shares in trust (note 20)	1,444	(1,444)	—	—	—	—	—
Share based compensation expense (note 20)	—	4,284	—	—	4,284	—	4,284
As at December 31, 2022	385,656	20,199	19,218	(156,542)	268,531	4,012	272,543
Profit for the year	**—**	**—**	**—**	**30,358**	**30,358**	**1,109**	**31,467**
Translation adjustments	**—**	**—**	**(4,373)**	**—**	**(4,373)**	**—**	**(4,373)**
Dividends declared on common shares (note 13)	**—**	**—**	**—**	**(5,449)**	**(5,449)**	**—**	**(5,449)**
Distributions declared to partners (note 28)	**—**	**—**	**—**	**—**	**—**	**(1,235)**	**(1,235)**
Issued on exercise of options & vesting of shares in treasury (note 20)	**1,639**	**(1,218)**	**—**	**—**	**421**	**—**	**421**
Net purchase of shares in trust (note 20)	**(3,381)**	**—**	**—**	**—**	**(3,381)**	**—**	**(3,381)**
Change in derivative designated as cash flow hedge (note 17)	**—**	**—**	**(1,097)**	**—**	**(1,097)**	**—**	**(1,097)**
Vesting of shares in trust (note 20)	**1,729**	**(1,729)**	**—**	**—**	**—**	**—**	**—**
Share based compensation expense (note 20)	**—**	**5,066**	**—**	**—**	**5,066**	**—**	**5,066**
As at December 31, 2023	**385,643**	**22,318**	**13,748**	**(131,633)**	**290,076**	**3,886**	**293,962**

See accompanying notes to the consolidated financial statements

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31,

(Expressed in thousands)	2023 $	2022 $
Operating activities		
Profit for the year	**30,358**	26,384
Add (deduct) non-cash / non-operating activities:		
Share-based compensation (note 20)	**5,066**	4,284
Depreciation and amortization (notes 8, 9, 10, and 27)	**44,179**	35,177
Finance costs (note 24)	**14,083**	8,851
Impairment reversal (note 11)	**—**	(6,329)
Deferred income taxes (note 15)	**8,922**	11,462
Revisions and settlement of asset retirement obligations (note 19)	**(534)**	(845)
Profit attributable to non-controlling interests (note 21)	**1,109**	1,944
Gain on sale of real estate and other	**—**	(44)
Book value of used fleet sales (notes 8 and 22)	**13,631**	10,059
	116,814	90,943
Change in other long-term assets	**(633)**	634
Change in non-cash working capital related to operating activities (note 26)	**16,814**	(20,788)
Net cash flows from operating activities	**132,995**	70,789
Investing activities		
Purchase of property and equipment (notes 8 and 27)	**(65,310)**	(51,053)
Additions to intangible assets (notes 10 and 27)	**(3,778)**	(3,185)
Business combination, net of cash acquired (note 5)	**—**	(51,262)
Change in non-cash working capital related to investing activities (note 26)	**494**	3,563
Net cash flows used in investing activities	**(68,594)**	(101,937)
Financing activities		
Net issuances (payments) of long-term debt (note 16)	**(36,032)**	64,885
Costs associated with amendment of long-term debt	**—**	(141)
Interest paid, including lease liability interest (note 24)	**(13,531)**	(8,379)
Payment of lease liabilities (note 14)	**(7,802)**	(6,736)
Net purchase of shares in trust and NCIB (note 20)	**(3,381)**	(4,360)
Share options exercised (note 20)	**421**	2,101
Redemption of preferred shares (note 21)	**—**	(8,882)
Distributions paid to non-controlling interests (note 21)	**(1,278)**	(870)
Dividends paid to preferred shareholders of a subsidiary (note 21)	**—**	(524)
Dividends paid to common shareholders (notes 13 and 20)	**(4,808)**	(3,401)
Change in non-cash working capital related to financing activities (note 26)	**536**	821
Net cash flows (used in) from financing activities	**(65,875)**	34,514
(Decrease) increase in cash and cash equivalents	**(1,474)**	3,366
Cash and cash equivalents, beginning of the year	**8,308**	4,558
Effect of foreign currency rate changes on cash and cash equivalents	**(321)**	384
Cash and cash equivalents, end of the year	**6,513**	8,308

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, 2023 and 2022 were authorized for issuance in accordance with a resolution of the Board of Directors on February 29, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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, 2022.

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.

In the first quarter of 2023, the Company completed an assessment of the application of its accounting policy for directly attributable costs in LodgeLink to ensure that costs that were not directly attributable to the generation of revenue were recognized in administrative expenses. This analysis resulted in $2,328 of costs being classified from direct costs to administrative expenses during the twelve months ended December 31, 2023 . The comparative period has been restated to conform with the current period presentation resulting in $1,948 being reclassified from direct costs to administrative expenses during the twelve months ended December 31, 2022.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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, 2023. 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.

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 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 Statement 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 income (loss) for the period.

The Consolidated Statement of Net Income and each component of other comprehensive income (loss) ("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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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;
- Reclassifies the parent's share of components previously recognized in OCI to the Consolidated Statement of Net Income 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.

		Equity Interest	
Name	**Country of formation**	**2023**	2022
Black Diamond Limited Partnership	Canada	**100 %**	100 %
BOXX Modular LP (1)	Canada	**100 %**	100 %
Black Diamond Lodging Inc. (2)	Canada	**100 %**	100 %
LodgeLink Inc.	Canada	**100 %**	100 %
C.L. Martin & Co. Limited	Canada	**100 %**	100 %
Black Diamond West Moberly Limited Partnership	Canada	**50 %**	50 %
Black Diamond Nehiyawak Limited Partnership	Canada	**50 %**	50 %
Black Diamond Dene Limited Partnership	Canada	**50 %**	50 %
Whitecap Black Diamond Limited Partnership	Canada	**49 %**	49 %
BOXX Modular Inc.	US	**100 %**	100 %
Black Diamond Energy Services Inc.	US	**100 %**	100 %
LodgeLink Inc.	US	**100 %**	100 %
MPA Systems, LLC	US	**100 %**	100 %
Black Diamond Modular Buildings Pty Ltd.	Australia	**100 %**	100 %

(1) Britco BOXX Limited Partnership was renamed BOXX Modular LP
(2) Black Diamond Capital Ltd was renamed Black Diamond Lodging Inc.

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 in the Consolidated Statement of Net Income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 purchases a business, it assesses the financial assets acquired 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.

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. 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 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.

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.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined using weighted average cost, and includes all costs of purchase and other costs incurred in bringing the inventories to their existing location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, slow moving or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses (reversals), 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.

Internally generated intangible assets are recorded at cost, net of accumulated amortization and accumulated impairment, once the assets meet the criteria applicable to the development phase which demonstrates that the asset will generate probable future economic benefit. Internally generated intangible assets are amortized over their estimated useful lives on a straight-line basis over 1 to 3 years.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 and disposals, had no impairment loss been recognized for the asset in prior years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 which is estimated as 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Classification and measurement of financial liabilities

A financial liability is initially 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**
Accounts receivable	**Amortized cost**
Risk management assets	**FVOCI**
Other long-term assets	**Amortized cost**
Accounts payable and accrued liabilities	**Amortized cost**
Long-term debt	**Amortized cost**
Long-term payable	**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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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 Net Income if the carrying amount of the right-of use asset has been reduced to zero.

The Company presents right-of-use assets and 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 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

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 probable 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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. The fair value of the awards granted under the share appreciation rights plan is calculated at the payment date(s) by measuring the increase in the value of the common shares of LodgeLink, a subsidiary of the Company, since the grant date, multiplied by the proportion of equity represented by the rights at the time 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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. 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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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, 2024. The Company is evaluating the impact of the standard on the Company's financial statements. The adoption of this amendment is 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.

Changes in accounting policy and disclosure

Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements requiring entities to replace significant accounting policies disclosure with material accounting policy information and provide guidance to users on how materiality is applied in making decisions about accounting policy disclosure. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 12 *Income Taxes*

In May 2021, the IASB issued amendments to IAS 12 Income Taxes to reduce the scope of the initial recognition exception to exclude transactions that result in equal taxable and deductible temporary differences. This amendment was effective January 1, 2023. It has been determined that the amendment to the Standard did not have an impact on the consolidated financial statements of the Company.

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 indicators of impairment and impairment reversal whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or that an impairment loss recognized in prior periods may no longer exist or may have decreased. 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.

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"), Workforce Solutions - Australia ("WFS Australia") and Lodgelink ("LL").

During the fourth quarter of 2023, the Company reassessed the Australia - Workforce Accommodations and Australia - Space Rentals CGU's and concluded that the CGU's in Australia could be combined into one CGU due to increasing integration in operations and asset mix in Australia. As at December 31, 2023, the indicators of impairment was assessed on WFS-Australia.

During the fourth quarter of 2022, the Company reassessed the WFS Canada CGU and concluded that LodgeLink would become a separate CGU due to its increased business activities and growing focus on these operations by management distinct from WFS Canada. As at December 31, 2022, the indicators of impairment on Lodgelink's intangible assets were assessed separately.

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

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 the Company retains all the significant risks and rewards of ownership of these assets; therefore, these contracts are accounted for 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.

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, together with future tax planning strategies.

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

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.

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 estimated based on historical trends including consideration of the Company's budget 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 an impairment or impairment reversal at each reporting date by evaluating conditions specific to the organization that may lead to the impairment loss or impairment reversal 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.

Business combination

Accounting for business combinations requires estimates of fair value for the consideration transferred, assets acquired and liabilities assumed. The Company uses all available information, including third party valuations and appraisals where applicable, to determine these fair values. Changes in estimates of fair value due to additional information related to facts and circumstances that existed at the acquisition date could impact the amount of goodwill recognized. The Company has up to one year from the acquisition date to finalize its determination of fair values for a business combination if needed.

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, useful lives of intangible assets and the estimated fair value of share based awards at grant date. 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, 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 Leveraged 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 Leveraged 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.

4. CAPITAL MANAGEMENT (continued)

At December 31, 2023, the Net Debt to Adjusted Leveraged EBITDA[(1)] ratio is 1.7x (December 31, 2022 - 2.4x). Adjusted Leveraged EBITDA[(1)] is calculated as follows:

	December 31, 2023	December 31, 2022
	$	$
Profit for the year	**30,358**	26,384
Add (deduct):		
Share-based compensation (note 20)	**6,320**	4,876
Depreciation and amortization (notes 8, 9, 10 and 27)	**44,179**	35,177
Finance costs (note 24)	**14,083**	8,851
Gain on sale of real estate and other	**—**	(44)
Current income taxes (note 15)	**159**	449
Deferred income taxes (note 15)	**8,922**	11,462
Non-recurring items [(3)]	**1,524**	—
Acquisition costs (note 5)	**—**	1,212
Impairment reversal on property and equipment (note 11)	**—**	(6,329)
Profit attributable to non-controlling interest (note 21)	**1,109**	1,944
Adjusted EBITDA	**106,654**	83,982
Acquisition pro-forma adjustments [(2)]	**—**	6,473
Adjusted Leveraged EBITDA [(1)]	**106,654**	90,455
Long-term debt (note 16)	**190,439**	226,913
Current portion of long-term debt (note 16)	**320**	310
Cash and cash equivalents	**(6,513)**	(8,308)
Net Debt [(1)]	**184,246**	218,915
Net Debt to Adjusted Leveraged EBITDA	**1.7**	2.4

(1) Net Debt and Adjusted Leveraged EBITDA are not recognized measures under IFRS. The Company's method of calculating Net Debt and Adjusted Leveraged EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.
(2) Includes pre-acquisition Adjusted EBITDA estimates as if the acquisition occurred on January 1, 2022. Pre-acquisition Adjusted EBITDA is not recognized measure under IFRS. The Company's method of calculating may differ from other entities and accordingly, may not be comparable to measures used by other entities.
(3) Non-recurring items for the year ended December 31, 2023 relate to costs for corporate structure reorganization.

5. BUSINESS COMBINATIONS

In a transaction that closed on October 31, 2022, Black Diamond acquired 100% of the common shares of an Ontario-based modular rental company, for total consideration of $54,448 comprised of cash consideration of $51,585 and the assumption of debt of $2,863. Cash consideration includes $2,500 in holdbacks that the Company will settle in annual payments over three years, of which $1,250 plus interest was paid in the first year, 30% will be paid in the second year and the remaining 20% will be paid in third year. Including interest accrued on the holdbacks, $762 and $500 are recorded in accounts payable and accrued liabilities and long-term payable respectively in the Statement of Financial Position as at December 31, 2023.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations* on October 31, 2022, whereby the assets acquired and the liabilities assumed were recorded at their fair values. The acquisition expanded the diversified Modular Space Solutions ("MSS") segment by adding 1,851 space rental assets.

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

Fair Value of Net Assets Acquired	October 31, 2022 $
Cash and cash equivalents	323
Accounts receivable	1,577
Prepaid expenses and other current assets	169
Property and equipment	54,238
Right of use assets	508
Intangible assets (1)	4,900
Goodwill (2)	6,848
Accounts payable and accrued liabilities	(1,269)
Deferred revenue	(1,941)
Deferred tax liability	(10,397)
Lease liabilities	(508)
	54,448
Bank term loans	(2,863)
Net assets	51,585

(1) Intangible assets include customer contracts and brand

(2) Goodwill reflects the assembled workforce and expected synergies from combining operations

If the business combination had occurred on January 1, 2022, the Company would have recognized pro forma revenue and profit for the year ended December 31, 2022 of $10,140 and $2,926, respectively; however, these estimates may not be representative of the actual results if the acquisition had actually occurred on January 1, 2022.

For the year ended December 31, 2023, there were no acquisition costs (December 31, 2022 - $1,212).

6. ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
	$	$
Trade and accrued receivables	**63,145**	72,877
Expected credit losses	**(571)**	(648)
Total accounts receivable	**62,574**	72,229

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, 2023	December 31, 2022
Accounts receivable, net of expected credit losses	**$**	$
Current	**43,582**	47,510
Past due not more than 30 days	**7,944**	10,754
Past due not more than 60 days	**6,738**	2,720
Past due not more than 90 days	**1,934**	2,415
Past due greater than 90 days (1)	**2,376**	8,830
Total accounts receivable, net of expected credit losses	**62,574**	72,229

(1) As at December 31, 2022, there was $5,000 related to timing on the settlement of a holdback for one project. This was subsequently collected in full in 2023.

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 expected credit losses

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

	2023	2022
Expected credit losses	**$**	$
As at January 1,	**648**	561
Amount provided for in year	**519**	444
Recovery in year	**(61)**	(123)
Written off in year	**(535)**	(234)
As at December 31,	**571**	648

7. OTHER ASSETS

Prepaid expenses and other current assets

Prepaid expenses include services paid for but not yet received primarily relating to insurance premiums and operational expenses. Other current assets consist of inventory and current income tax recovery. Inventory primarily consists of materials and fleet inventory held for sale. The total amount of inventory recognized as direct costs during the year was $3,434 (2022 - $2,010).

	December 31, 2023	December 31, 2022
	$	$
Other prepaid expenses	10,036	12,862
Inventory	4,476	4,496
Prepaid insurance	1,437	1,456
Total prepaid expenses and other current assets	15,949	18,814

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%.

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, 2023	10,727	3,122	27,769	12,983	430,096	385,109	30,904	9,658	542	10,136	921,046
Additions (1)	1,807	174	1,411	1,430	45,591	12,614	35	2,553	17	143	65,775
Disposals (1)	—	—	—	(1,035)	(14,037)	(15,082)	(4,944)	(1,735)	—	—	(36,833)
Transfers (1)	—	8	—	(398)	331	661	(50)	(11)	(541)	—	—
Translation and other adjustments	(138)	(25)	(16)	(82)	(5,035)	(1,996)	(13)	(48)	(1)	2	(7,352)
December 31, 2023	12,396	3,279	29,164	12,898	456,946	381,306	25,932	10,417	17	10,281	942,636
Accumulated Depreciation											
January 1, 2023	797	1,169	24,068	8,479	89,936	264,060	25,327	6,620	—	9,154	429,610
Charge for the year (1)	170	65	1,589	2,241	15,595	9,055	1,103	1,880	—	355	32,053
Disposals (1)	—	—	—	(497)	(5,768)	(11,384)	(3,830)	(1,722)	—	—	(23,201)
Transfers (1)	—	4	—	(188)	(34)	256	(27)	(11)	—	—	—
Translation and other adjustments	(3)	(6)	(13)	(55)	(1,036)	(1,159)	(6)	(22)	—	—	(2,300)
December 31, 2023	964	1,232	25,644	9,980	98,693	260,828	22,567	6,745	—	9,509	436,162
Net Book Value											
December 31, 2023	11,432	2,047	3,520	2,918	358,253	120,478	3,365	3,672	17	772	506,474

(1) Includes non-cash transactions.

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

8. PROPERTY AND EQUIPMENT (continued)

	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, 2022	10,292	3,543	28,094	11,412	334,155	406,856	31,807	10,568	24	9,481	846,232
Additions [1]	195	30	634	1,788	42,393	5,555	359	2,115	502	655	54,226
Additions from business combinations (note 5)	—	—	—	1,551	52,687	—	—	—	—	—	54,238
Disposals [1]	—	(2)	(267)	(4,241)	(8,855)	(30,516)	(1,272)	(3,112)	—	—	(48,265)
Transfers [1]	—	(500)	(719)	2,355	(923)	(201)	(27)	15	—	—	—
Translation and other adjustments	240	51	27	118	10,639	3,415	37	72	16	—	14,615
December 31, 2022	10,727	3,122	27,769	12,983	430,096	385,109	30,904	9,658	542	10,136	921,046
Accumulated Depreciation											
January 1, 2022	668	1,183	22,896	9,541	81,397	283,765	25,644	7,639	—	9,020	441,753
Charge for the year [1]	122	95	1,162	1,720	11,525	8,373	791	1,953	—	134	25,875
Disposals [1]	—	(2)	(5)	(3,423)	(2,906)	(25,219)	(1,102)	(3,019)	—	—	(35,676)
Transfers [1]	—	(119)	—	639	(931)	416	(18)	13	—	—	—
Impairment reversal [1]	—	—	—	(82)	(1,135)	(5,112)	—	—	—	—	(6,329)
Translation and other adjustments	7	12	15	84	1,986	1,837	12	34	—	—	3,987
December 31, 2022	797	1,169	24,068	8,479	89,936	264,060	25,327	6,620	—	9,154	429,610
Net Book Value											
December 31, 2022	**9,930**	**1,953**	**3,701**	**4,504**	**340,160**	**121,049**	**5,577**	**3,038**	**542**	**982**	**491,436**

(1) Includes non-cash transactions related to the change in asset retirement obligations estimates and $700 related to an asset exchange

9. RIGHT-OF-USE-ASSETS

	Real Estate	Vehicles & Equipment	Total
	$	$	$
Cost			
December 31, 2022	**35,931**	**5,215**	**41,146**
Additions	**4,410**	**1,405**	**5,815**
Modifications	**999**	**314**	**1,313**
Translation adjustments	**(257)**	**(37)**	**(294)**
December 31, 2023	**41,083**	**6,897**	**47,980**
Accumulated Depreciation			
December 31, 2022	**20,374**	**3,933**	**24,307**
Charge for the year	**6,631**	**1,117**	**7,748**
Translation adjustments	**(110)**	**(21)**	**(131)**
December 31, 2023	**26,895**	**5,029**	**31,924**
Net Book Value			
December 31, 2023	**14,188**	**1,868**	**16,056**

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

	Real Estate	Vehicles & Equipment	Total
	$	$	$
Cost			
December 31, 2021	31,987	4,307	36,294
Additions	3,665	918	4,583
Additions from business combinations (note 5)	508	—	508
Disposals	(510)	(48)	(558)
Translation adjustments	281	38	319
December 31, 2022	**35,931**	**5,215**	**41,146**
Accumulated Depreciation			
December 31, 2021	14,982	2,534	17,516
Charge for the year	5,392	1,421	6,813
Disposals	(99)	(39)	(138)
Translation adjustments	99	17	116
December 31, 2022	**20,374**	**3,933**	**24,307**
Net Book Value			
December 31, 2022	**15,557**	**1,282**	**16,839**

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill	2023 $	2022 $
As at January 1,	**17,061**	9,835
Additions from business combinations (note 5)	**(77)**	6,925
Translation adjustments	**(125)**	301
As at December 31,	**16,859**	17,061

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

Intangible Assets	2023 $	2022 $
Cost		
January 1,	**27,283**	21,686
Additions	**3,778**	3,185
Additions (revisions) from business combinations (note 5)	**100**	4,800
Retirement	**(3,355)**	(2,862)
Translation adjustments	**(197)**	474
December 31,	**27,609**	27,283
Accumulated amortization		
January 1,	**11,617**	10,671
Charge for the year	**4,342**	3,730
Retirement	**(3,355)**	(2,862)
Translation and other adjustments	**(77)**	78
December 31,	**12,527**	11,617
Net Book Value		
December 31,	**15,082**	15,666

Intangible assets consists mainly of customer relationships, contracts, brand, 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

Goodwill

The Company performs its annual impairment test on goodwill as at December 31st each year. As at December 31, 2023, all CGUs with goodwill were tested for impairment in accordance with the requirements of IAS 36. 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 ("MSS consolidated") because 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. No impairment charge was recognized in 2023.

As at December 31, 2023, 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 with previous years. 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 2%. 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 as at December 31, 2023:

	Recoverable Amount	Total Carrying Value	Terminal Growth Rate	Discount Rate
MSS Consolidated	$ 400,900	$ 332,227	2.0 %	12.25 %

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 1.0% and discount rates were increased by 1.0%. The recoverable amount remained greater than the total carrying value after adjusting these assumptions.

11. IMPAIRMENT (continued)

Long-lived assets other than goodwill

As at December 31, 2023, the Company evaluated each of its CGUs for indicators of any potential impairment or impairment reversal of long-lived assets. No indicators of impairment or impairment reversal were identified in the CGU's, and, accordingly, no impairment tests were performed on these CGUs.

As at December 31, 2022, the Company evaluated each of its CGUs for indicators of any potential impairment or impairment reversal of long-lived assets. No indicators of impairment were identified in the CGU's; however, indicators of impairment reversal were identified in the WFS-Australia CGU which includes workforce accommodation assets. Accordingly, an impairment test was performed on this CGU resulting in the recognition of an impairment reversal of $6,329, with a deferred tax impact of $1,899, after adjusting for depreciation that would have otherwise been taken had the original impairment not occurred, as well as disposals that have occurred since the impairment was taken.

To determine the recoverable amount, the Company calculated FVLCD using a discounted cash flow method that projects future cash flows related to the WFS-Australia CGU 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 were 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. 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 was estimated, using a capitalized cash flow approach with a long-term growth rate of 2%. These cash flows were then discounted using a long-term weighted average cost of capital of 12.5% 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 this CGU as at December 31, 2022:

CGU	Recoverable Amount	Total Carrying Value	Terminal Growth Rate	Discount Rate
Australia - Workforce Accommodations	28,416	12,493	2.0 %	12.5 %

These key assumptions were tested for sensitivity by applying a reasonably possible change to those assumptions. Future terminal growth rates were reduced by 1% and discount rates were increased by 1%. The recoverable amount for this CGU remained greater than the total carrying after adjusting these assumptions

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
	$	$
Trade payables	**8,879**	9,902
Accrued liabilities	**19,936**	15,623
Dividends payable (note 13)	**1,805**	1,186
Due to related parties (note 28)	**393**	596
Other payables	**14,018**	12,133
Total accounts payable and accrued liabilities	**45,031**	39,440

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 $5,456 (2022 - $5,374).

13. DIVIDENDS

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, 2023, Black Diamond's dividends on common shares of record were as follows:

	2023		**2022**	
	Dividends per share	**Dividends**	Dividends per share	Dividends
Month ended	**$**	**$**	$	$
March (1)	**0.020**	**1,232**	0.015	895
June (1)	**0.020**	**1,209**	0.015	890
September (1)	**0.020**	**1,203**	0.015	890
December (2)	**0.030**	**1,805**	0.020	1,186
Total dividends declared	**0.090**	**5,449**	0.065	3,861

(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.

In November 2023, the Board of Directors approved an increase of the Company's annual dividend per share payout from $0.08 to $0.12.

14. LEASE LIABILITIES

	2023	2022
	$	$
Lease liabilities, January 1	**22,148**	24,045
Additions	**5,814**	4,583
Additions from business combinations (note 5)	**—**	508
Modification and disposals	**1,313**	(464)
Interest expense	**1,086**	1,139
Lease payments	**(8,888)**	(7,875)
Translation adjustments	**(172)**	212
Lease liabilities, December 31	**21,301**	22,148
Less: current portion	**8,102**	6,727
Long-term lease liabilities, December 31	**13,199**	15,421

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

	December 31, 2023	December 31, 2022
	$	$
Due within one year	**8,102**	6,727
Due later than one year and less than five years	**12,601**	15,350
Due after five years	**598**	71
	21,301	22,148

(1) Payments for lease liabilities are presented on a discounted basis. See Note 17 for payments on an undiscounted basis.

For the year ended December 31, 2023, short-term lease payments were $264 (December 31, 2022 - $267). The Company did not have any low value assets at period end.

During the year ended December 31, 2023, modifications to and terminations of lease arrangements resulted in a change in right of use assets of $1,313 (December 31, 2022 - $420) and corresponding lease liabilities of $1,313 (December 31, 2022 - $464).

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, 2022	84,662	(3,152)	30	(53,053)	(5,890)	(728)	21,869
Recognized in profit for the year (1)	6,401	225	29	5,157	550	(807)	11,555
Recognized from business combinations	9,237	1,272	—	—	(135)	—	10,374
Recognized in OCI	2,541	(238)	—	(1,429)	(25)	728	1,577
December 31, 2022	**102,841**	**(1,893)**	**59**	**(49,325)**	**(5,500)**	**(807)**	**45,375**
Recognized in profit for the year (1)	**2,712**	**702**	**23**	**4,942**	**242**	**171**	**8,792**
Recognized in OCI	**(1,190)**	**84**	**—**	**572**	**37**	**(194)**	**(691)**
December 31, 2023	**104,363**	**(1,107)**	**82**	**(43,811)**	**(5,221)**	**(830)**	**53,476**

(1) Profit in 2022 includes impairment reversal of $6,329 which has a deferred tax impact of $1,899

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

As at December 31, 2023, the Company has no unrecognized tax assets. As at December 31, 2023, the Company had recognized a deferred tax asset of $4,071 (December 31, 2022 - $4,196) 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 had based their assessment for unrecognized tax assets on the expectation of future LodgeLink earnings.

Effective Tax Rate

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

15. INCOME TAXES (continued)

	2023	2022
	$	$
Profit before income taxes	**40,548**	40,239
Provision for income taxes at statutory rate	**9,736**	9,738
Increase (decrease) in income taxes due to:		
Income taxed at higher (lower) tax rates	**(131)**	851
Non-deductible items	**690**	732
Non-controlling interests	**(263)**	(216)
Changes in tax rates impacting deferred taxes	**(57)**	(126)
Return to provision adjustment	**(1,294)**	334
US state tax	**183**	162
Other	**217**	436
Income tax expense for the year	**9,081**	11,911

The statutory rate decreased from 24.20% in 2022 to 24.01% in 2023 due to the apportionment of revenues and salaries across provincial jurisdictions.

As at December 31, 2023, the Company has the following loss carryforwards:

	Loss carryforward	**Expiry**
Canada	$86,756	2037 - 2043
US	US$59,807	2032 - 2041
Australia	AUS$12,384	No expiration

There is a current income tax payable balance of $222 (December 31, 2022 - $48 receivable) in prepaid expenses and other current assets on the Consolidated Statement of Financial Position. In 2023 and 2022, the Company received US$91 ($123) and US$87 ($118) in US income tax refunds respectively.

16. LONG-TERM DEBT

	December 31, 2023	December 31, 2022
	$	$
Asset-based revolving credit facility	**188,907**	225,292
Costs associated with amendment of facilities	**(654)**	(882)
	188,253	224,410
Bank term loans	**2,186**	2,503
Total long-term debt	**190,439**	226,913

The weighted average interest rate on outstanding debt for the year ended December 31, 2023 was 5.7% (December 31, 2022 – 3.6%).

Asset-based revolving credit facility

Effective December 23, 2022, the Company reached an agreement with its lenders to amend its asset-based revolving credit facility ("ABL Facility") increasing the maximum revolving line to $325,000 while maintaining the uncommitted accordion at $50,000. The maturity date of the ABL Facility of October 31, 2026 remained the same and all other material terms remained the same.

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 $325,000 (December 31, 2022 - $325,000). 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, 2023, the Company's draws under the ABL Facility amounted to 53% of a borrowing base of $353,369. As at December 31, 2022, the Company's draws under the ABL Facility amounted to 70% of a borrowing base of $321,983. Therefore, the FCCR covenant was not applicable in either year.

Bank term loans

The bank term loans have fixed interest rates ranging from 3.05% - 3.79%, mature between June 2025 and December 2026, and are secured by equipment specific to the term loan. The amount of payments on the term loans due within one year is $320 which is included in accounts payable and accrued liabilities in the Statement of Financial Position.

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	**6,513**	**—**	**—**	**—**
Accounts receivable	**—**	**62,574**	**—**	**—**
Other long-term assets	**—**	**2,636**	**—**	**—**
Risk management assets	**—**	**—**	**1,425**	**—**
Accounts payable and accrued liabilities	**—**	**—**	**—**	**45,031**
Long-term debt (1)	**—**	**—**	**—**	**191,093**
Long term payable	**—**	**—**	**—**	**500**
December 31, 2023	**6,513**	**65,210**	**1,425**	**236,624**
Cash and cash equivalents	8,308	—	—	—
Accounts receivable	—	72,229	—	—
Other long-term assets	—	2,025	—	—
Risk management assets	—	—	2,868	—
Accounts payable and accrued liabilities	—	—	—	39,440
Long-term debt (1)	—	—	—	227,795
Long term payable	—	—	—	1,667
December 31, 2022	8,308	74,254	2,868	268,902

(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 and financial assets at fair value through other comprehensive income 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, trade and other payables, and long term payable. 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 2023, when annualized, would have resulted in a 2023 net income sensitivity of approximately $1,425 (2022 - $1,165).

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, 2023, 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	**December 21, 2021**	**34 months**	**$25,000**	**100 %**	**1.96 %**	**30 day CDOR**
Swap - Floating to fixed	**December 29, 2022**	**34 months**	**$25,000**	**100 %**	**3.57 %**	**30 day CDOR**

The interest rate related risk management contracts designated as hedges at December 31, 2023 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, 2023, there was no hedge ineffectiveness recorded.

Changes in the fair value of the risk management assets for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	$	$
As at January 1,	**2,868**	38
Change in fair value	**(1,443)**	2,830
As at December 31,	**1,425**	2,868

17. FINANCIAL INSTRUMENTS (continued)

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.

	Less than 3 months	3-12 months	1-5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities (note 12)	**44,002**	**1,029**	**—**	**—**	**45,031**
Long-term debt (2) (note 16)	**—**	**—**	**191,093**	**—**	**191,093**
Long term payable (note 5)	**—**	**—**	**500**	**—**	**500**
Lease liabilities (1)	**2,242**	**6,726**	**13,434**	**623**	**23,025**
Commitments (note 29)	**351**	**1,053**	**2,384**	**—**	**3,788**
December 31, 2023	**46,595**	**8,808**	**207,411**	**623**	**263,437**
Accounts payable and accrued liabilities (note 12)	38,348	1,092	—	—	39,440
Long-term debt (2) (note 16)	—	—	227,795	—	227,795
Long term payable (note 5)	—	—	1,667	—	1,667
Lease liabilities (1)	1,925	5,773	16,366	71	24,135
Commitments (note 29)	351	1,053	3,919	—	5,323
December 31, 2022	40,624	7,918	249,747	71	298,360

(1) Undiscounted lease liabilities.
(2) 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).

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.

17. FINANCIAL INSTRUMENTS (continued)

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.

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.

As at December 31, 2023, there was no concentration of credit risk as there were no individual customers with a balance in excess of 10% of total trade accounts receivable. As at December 31, 2022, the Company had one individual customer which represented 12% of total trade accounts receivable.

d) Foreign currency sensitivity

The Company's profit before tax due to changes in the fair value of the monetary assets and liabilities denominated in US$ and AUS$ would be impacted by 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, 2023 is $6,302 (December 31, 2022 - $5,081).

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, 2023				
Assets measured at fair value:				
Cash and cash equivalents	**6,513**	**6,513**	**—**	**—**
Risk management assets (note 17)	**1,425**	**—**	**1,425**	**—**
	7,938	**6,513**	**1,425**	**—**
December 31, 2022				
Assets measured at fair value:				
Cash and cash equivalents	8,308	8,308	—	—
Risk management assets (note 17)	2,868	—	2,868	—
	11,176	8,308	2,868	—

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, 2023 to be $13,453 (December 31, 2022 - $14,184). Management has estimated the present value of this obligation at December 31, 2023 to be $13,099 (December 31, 2022 - $13,165) using an inflation rate of 3.42% (December 31, 2022 - 3.0%) and pre-tax weighted average risk-free interest rate of 3.67% (December 31, 2022 - 3.1%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2025 to 2029.

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:

	2023	2022
	$	$
As at January 1,	**13,165**	14,353
Accretion in year (note 24)	**320**	273
Discount and inflation rate changes	**268**	613
Revisions	**(32)**	(1,449)
Settlements	**(622)**	(625)
As at December 31,	**13,099**	13,165

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.

	2023		2022	
	Number	**Amount**	Number	Amount
Issued - Common shares		**$**		$
As at January 1,	**59,282**	**385,656**	58,158	384,477
Issued on exercise of options	**771**	**1,639**	1,520	4,095
Net purchase of shares in trust	**(557)**	**(3,381)**	(583)	(2,155)
Net purchase of shares in NCIB	**—**	**—**	(552)	(2,205)
Vesting of shares from trust	**691**	**1,729**	739	1,444
As at December 31,	**60,187**	**385,643**	59,282	385,656

On March 14, 2023, the Company commenced a normal course issuer bid ("NCIB"), under which the Company may purchase for cancellation up to a maximum of 4,396 common shares of the Company. The NCIB will terminate on March 13, 2024 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Company's election. For the NCIB which terminated on March 13, 2023, the Company obtained approval to purchase 4,325 common shares, and purchased 552 common shares at a cost of $2,205 during the year ended December 31, 2022. For the NCIB which will terminate on March 13, 2024, there have been no common shares purchased to date.

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 treasury-based 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, 2023, there were 3,334 common shares (December 31, 2022 - 3,299) reserved for issuance upon the exercise of options granted pursuant to the Option Plan, and 511 common shares (December 31, 2022 - 491) 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 6.3% of the outstanding common shares of Black Diamond at December 31, 2023 (December 31, 2022 - 6.3%). 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 14, 2019	189	1.96	0.20	189	0.86
March 14, 2019	459	1.96	0.20	459	0.95
October 1, 2019	120	1.77	0.75	120	0.89
March 16, 2020	513	1.29	1.21	513	0.62
March 17, 2021	789	3.31	2.21	526	1.46
March 14, 2022	727	4.36	3.20	242	1.54
March 14, 2023	537	6.65	4.20	—	2.27
Balance December 31, 2023	3,334			2,049	
Weighted average		3.44	2.15	2.41 (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at December 31, 2023.

Black Diamond recorded the following share option activity during 2023 and 2022:

	2023		2022	
	Number of options outstanding	**Weighted average exercise price per share**	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	**3,299**	**2.75**	3,951	2.45
Granted	**537**	**6.65**	727	4.36
Exercised	**(490)**	**2.40**	(1,325)	2.66
Forfeited	**(12)**	**3.31**	(54)	2.63
As at December 31,	**3,334**	**3.44**	3,299	2.75

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

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
March 14, 2022	1.38%	53.49%	1.58%
March 14, 2023	1.20%	48.35%	3.67%

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.

(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 settled 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.

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.

20. SHARE CAPITAL (continued)

Share Appreciation Rights ("SAR")

The Company has a Share Appreciation Rights Plan pursuant to which it may make SAR awards to employees. Subject to the terms and conditions of the SAR Plan, the outstanding SAR awards entitle the holder to a sum (the “SAR Value”) to be paid in tranches of one to five years, depending on the terms of the grant. The SAR Value is calculated at the payment date(s) by measuring the increase in the value of the common shares of LodgeLink, a subsidiary of the Company, since the grant date, multiplied by the proportion of equity represented by the SARs at the time of grant. The SAR awards are settled in cash at the payment date and are accounted for as a liability to the Company.

Changes in the number of units, with their weighted average fair value, are summarized below:

	Share Award Plan		DSU Plan		IA Plan		SAR 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	Number of units	Weighted fair value per unit
		$		$		$		$
January 1, 2022	749	2.15	214	2.65	1,541	2.10	—	—
Granted	160	4.36	138	4.20	628	4.35	60	28.03
Reinvested	8	2.79	4	3.11	18	2.93	—	—
Forfeited	(18)	2.63	—	—	(75)	2.86	(1)	20.16
Vested	(408)	2.01	—	—	(780)	1.98	—	—
December 31, 2022	**491**	**2.98**	**356**	**3.26**	**1,332**	**3.19**	**59**	**27.88**
Granted	**315**	**6.65**	**93**	**6.24**	**455**	**6.65**	**10**	**72.00**
Reinvested	**7**	**4.84**	**5**	**3.55**	**14**	**4.46**	**—**	**—**
Forfeited	**(6)**	**3.31**	**—**	**—**	**(56)**	**4.73**	**(20)**	**40.39**
Vested	**(296)**	**2.46**	**—**	**—**	**(752)**	**2.61**	**(9)**	**10.16**
December 31, 2023	**511**	**5.57**	**454**	**—**	**993**	**5.15**	**40**	**33.50**

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.

Included in share-based compensation expense for the year ended December 31, 2023 was $1,148 (December 31, 2022 – $1,028) for the costs related to the Share Option Plan.

As at December 31, 2023, these share-based plans include 128 units (December 31, 2022 - 141) that will be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of $415 (December 31, 2022 - $196).

20. SHARE CAPITAL (continued)

Included in share-based compensation expense for the year ended December 31, 2023 was $3,919 related to the other share-based plans (December 31, 2022 - $3,256). Included in share-based compensation expense for the year ended December 31, 2023 was $1,254 (December 31, 2022 - $592) for costs related to other share-based plans expected to be settled in cash.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") 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, 2023, there are 901 shares held in the Trusts (December 31, 2022 - 1,035).

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"), and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership ("WCBDLP"). Management determines that the Company has control of all of these limited partnerships as it controls the general partner in all cases.

Black Diamond Group Inc. is the general partner for each of the above partnerships. Each of the partnerships were formed to allow Black Diamond to work with the applicable First Nations group in the area to provide services to resource development companies as well as other commercial and industrial activity in the Fort Nelson First Nation, and West Moberly First Nations territories in northeastern British Columbia, the Beaver Lake Cree Nation territory in northeastern Alberta, and 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.

	2023	2022
Extract of Statement of Net Income:	**$**	$
Revenue	**56,137**	62,458
Direct costs	**53,022**	59,072
Gross profit	**3,115**	3,386
Profit for the year	**2,183**	2,876

21. NON-CONTROLLING INTERESTS (continued)

Summarized Statement of Financial Position:	**December 31, 2023** $	December 31, 2022 $
Total current assets	**16,449**	18,976
Property and equipment and other non-current assets	**4,376**	3,583
Total current liabilities	**(11,821)**	(13,763)
Asset retirement obligation	**(841)**	(798)
Total net assets	**8,163**	7,998

Preferred Shares of a Subsidiary

In connection with the acquisition 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). In 2022, the Company redeemed the remaining 684 Preferred Shares for cash consideration of US$6,840 ($8,882). As at December 31, 2023, there were no outstanding Preferred shares. During 2022, the Preferred Shares were accounted for as non-controlling interest within these consolidated financial statements.

In 2023, total dividends paid on Preferred Shares were $nil (2022 - $524) and are reflected in profit attributable to non-controlling interest.

The Company 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

	2023	2022
Modular Space Solutions	**$**	$
Rental revenue	**85,419**	72,099
Sales revenue	**65,223**	49,106
Non-rental revenue	**56,068**	49,526
Total revenue	**206,710**	170,731

Workforce Solutions	**$**	$
Rental revenue	**59,629**	48,037
Lodge services revenue	**39,078**	44,139
Sales revenue	**15,126**	10,281
Non-rental revenue	**72,962**	51,356
Total revenue	**186,795**	153,813

During the year ended December 31, 2023, the Company had no significant customer (December 31, 2022 - one customer) that contributed greater than 5% of the Company's consolidated revenue.

Customer deposits of $24,402 relating to non-rental revenue are included in deferred revenue in current liabilities in the Consolidated Statement of Financial Position. These amounts are expected to be recognized within the next twelve months. In addition, there is $1,358 of deferred revenue in long term liabilities that are expected to recognized over 2-5 years.

	2023	2022
Direct Costs	**$**	$
Construction and transportation services	**76,032**	57,613
Custom sales	**44,536**	32,823
Catering, utilities and other consumable costs	**28,168**	31,097
Labour costs	**20,867**	17,330
Repairs and maintenance	**18,113**	14,542
Used fleet sales	**13,631**	10,059
Subleased equipment	**12,211**	14,153
Other direct costs	**3,505**	4,329
Rent expense - subleased properties	**997**	1,285
Fleet insurance	**993**	1,221
Total direct costs	**219,053**	184,452

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, 2023	December 31, 2022
	$	$
Due within one year	**57,032**	47,684
Due later than one year and less than five	**58,625**	30,273
Due after five years	**1,320**	749
	116,977	78,706

23. ADMINISTRATIVE EXPENSES

	2023	2022
	$	$
Personnel costs	**48,448**	40,366
General administrative expenses	**16,828**	11,759
Occupancy and insurance	**4,046**	3,985
Total administrative expenses	**69,322**	56,110

24. FINANCE COSTS

	2023	2022
	$	$
Interest expense	**11,952**	6,595
Lease interest (note 14)	**1,086**	1,139
Other banking and lending fees	**493**	645
Accretion of asset retirement obligation (note 19)	**320**	273
Amortization of long-term debt set-up costs	**232**	199
Total finance costs	**14,083**	8,851

25. EARNINGS PER SHARE

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

Reconciliation of weighted average number of shares	**2023**	2022
Weighted average common shares outstanding - basic	**60,200**	59,189
Effect of share option plan and share award plan	**1,598**	1,240
Weighted average common shares outstanding - diluted	**61,798**	60,429

Excluded from diluted weighted average number of shares are 537 anti-dilutive options for the year ended December 31, 2023 (December 31, 2022 - 727). Also excluded from diluted weighted average number of shares for the year ended December 31, 2023 are 318 anti-dilutive Share Award Plan units (December 31, 2022 - 161).

26. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2023	December 31, 2022
	$	$
Decrease (increase) in accounts receivable	**9,413**	(9,667)
Decrease (increase) in prepaid expenses and other current assets	**2,368**	(4,688)
Increase (decrease) in accounts payable and accrued liabilities	**6,063**	(1,572)
Decrease in non-cash working capital acquired in business combinations	**—**	(477)
Change in non-cash working capital	**17,844**	(16,404)
Attributable to operating activities	**16,814**	(20,788)
Attributable to investing activities	**494**	3,563
Attributable to financing activities	**536**	821
	17,844	(16,404)

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

For the year ended December 31, 2023, the Company had cash receipts of $123 (December 31, 2022 - $118) relating to tax filings in prior years. Income taxes of $540 were paid during the year ended December 31, 2023 (December 31, 2022 - $612).

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 United States 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 and other costs that cannot be readily allocated by segment such as tax, interest and certain administrative costs. Included in Corporate and Other are revenues generated from subleasing of real estate properties.

27. SEGMENTED INFORMATION (continued)

	2023 $	2022 $
Revenue		
Modular Space Solutions	**206,710**	170,731
Workforce Solutions	**186,795**	153,813
Total Revenue	**393,505**	324,544
Depreciation and Amortization		
Modular Space Solutions	**24,172**	18,387
Workforce Solutions	**17,004**	13,961
Corporate and Other	**3,003**	2,829
Total Depreciation and Amortization	**44,179**	35,177
Profit (Loss)		
Modular Space Solutions	**47,636**	34,181
Workforce Solutions (3)	**39,707**	40,628
Corporate and Other	**(56,985)**	(48,425)
Total Profit	**30,358**	26,384
Capital Expenditures (Additions)		
Modular Space Solutions (1)(2)	**43,241**	40,514
Workforce Solutions (2)	**22,663**	12,782
Corporate and Other	**3,184**	942
Total Capital Expenditures	**69,088**	54,238

(1) Amount does not include property and equipment and intangible assets added through business acquisitions.
(2) Amount includes intangible asset additions.
(3) Includes impairment reversal of $6,329 in 2022. See note 11 for further information.

27. SEGMENTED INFORMATION (continued)

	December 31, 2023	December 31, 2022
	$	$
Property and Equipment		
Modular Space Solutions	**344,849**	332,074
Workforce Solutions	**145,610**	145,205
Corporate and Other	**16,015**	14,157
Total Property and Equipment	**506,474**	491,436
Intangible Assets		
Modular Space Solutions	**9,774**	11,978
Workforce Solutions	**5,308**	3,688
Total Intangible Assets	**15,082**	15,666
Goodwill		
Modular Space Solutions	**16,859**	17,061
Total Goodwill	**16,859**	17,061
Assets		
Modular Space Solutions	**406,942**	404,941
Workforce Solutions	**210,309**	218,013
Corporate and Other	**30,388**	26,488
Total Assets	**647,639**	649,442

27. SEGMENTED INFORMATION (continued)

Geographic information

	2023	2022
	$	$
Revenue (1)		
Canada	**205,098**	174,686
United States	**147,109**	120,312
Australia	**41,298**	29,546
Total Revenue	**393,505**	324,544

(1) 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, 2023	December 31, 2022
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**298,659**	299,247
United States	**208,153**	199,561
Australia	**31,603**	25,355
Total Property and Equipment, Intangibles and Goodwill	**538,415**	524,163

28. RELATED PARTY TRANSACTIONS

Related parties include the limited partners of the limited partnerships (see Note 21 Non-controlling Interests) and entities controlled by members of the Board of Directors. 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, 2023 and 2022.

	For the years ended December 31,		**Due to related party as at December 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Non-controlling interests				
Limited partners				
Royalties and distributions declared	**2,371**	2,389	**(354)**	(596)
Other related parties				
Entity controlled by a member of the Board of Directors				
Purchases of goods and services	**577**	336	**—**	—

Services purchased from the entity controlled by a member of the Board of Directors, recorded at exchange value which management believes approximates fair value of $577 for the year ended December 31, 2023 (December 31, 2022 - $336). 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.

	2023	2022
		$
Salaries, bonuses, fees and other short-term employee benefits	**4,822**	5,256
Share-based compensation	**3,537**	3,357
Total Compensation	**8,359**	8,613

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, 2023	December 31, 2022
	$	$
Due within one year	**1,404**	1,404
Due later than one year and less than five	**2,384**	3,919
	3,788	5,323

Capital Commitments

At December 31, 2023, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $31,276 (December 31, 2022 - $22,304).

30. SUBSEQUENT EVENTS

On February 29, 2024, the Company declared a first quarter dividend of $0.03 payable on or about April 15, 2024 to shareholders of record on March 31, 2024.