

March 18, 2021

Dear Fellow Shareholder,

As we look back over 2020, we reflect on a challenging year but also one of growth and innovation for Black Diamond with diversification of our business achieved through several notable accomplishments despite the disruption and uncertainties of the COVID-19 pandemic. The safety and well-being of our people is, and will always be, our first priority. Throughout this crisis, we have seen the entire Black Diamond family mobilize to institute disaster recovery and contingency plans; all while continuing to closely look out for one another and service our customers and partners. We believe we are well positioned to emerge from the crisis stronger and that the progress made this past year towards achieving our long-term vision and strategy will add value for many years to come.

In 2020, consolidated revenue of \$180 million was down 3.2% from 2019, we generated Adjusted EBITDA of \$40.7 million, which was up 3.5% from 2019. Our higher margin rental revenues remained flat at \$65.6 million despite market headwinds in parts of our business due to the pandemic. We view this to be indicative of continued growth and improvement in our core, asset-focused rental platform.

Key Highlights for 2020

- Acquired Spectrum Building Systems, Inc and Spectrum Leasing LLC increasing our modular building and modular solutions business in Georgia and surrounding states, which added 200 buildings to our platform
- Activated our Business Continuity Committee and emergency operations protocols to seamlessly shift the Company to a work from home format due to the Covid-19 pandemic.
- Secured a \$720 million conditional letter of award for the provision and operation of a 5,000 room camp to support construction of the Goldboro LNG project in Nova Scotia.
- Won a new rental-only contract in the Workforce Solutions (WFS) segment associated with a pipeline project for \$6.4 million over a 30-month term, with rent beginning in Q4 2020.
- Acquired Vanguard Modular Building Systems for US\$58.7 million plus US\$3 million for deferred receivables for total purchase price consideration of US\$61.7 million, which expanded our Modular Space Solutions (MSS) segment by adding approximately 2,200 buildings over 70% of which are utilized in the education sector.
- Negotiated an increase to our asset-based credit facility to \$300 million from \$200 million with a \$50 million uncommitted accordion, increasing our financial flexibility, while lowering borrowing costs.
- Obtained up to \$3 million of funding through the Opportunity Calgary Investment Fund through LodgeLink, supporting LodgeLink's expansion into its tech ecosystem. The funding is subject to meeting certain hiring thresholds over a five year period.
- Subsequent to the end of 2020, the Company secured a \$16 million contract for the provision of a camp and related services in Australia.

2021 Core Objectives

In 2021, Black Diamond and our executive team intends to drive toward these five core objectives:

- **Scale and Diversify MSS:** Continue to grow fleet count within MSS, add products and services, and increase major project sales, as well as increase sales of value-added products and services (“VAPS”).
- **Unlock WFS Operating Leverage:** through additional markets and diversification of the WFS assets. The business unit will continue to look to market our large format camps to non-traditional industries, such as disaster recovery, infrastructure, power, mining and government. Geographically, we are expanding sales and business development focus in eastern Canada, the U.S., and Australia.
- **LodgeLink Growth:** Continue to ramp up our digital workforce travel and accommodation platform, LodgeLink's key priority is to increase booking volumes, particularly in the U.S. market in order to build on recent quarterly volume records especially as COVID-19 related travel restrictions are eased.

- **Operational Excellence:** Focus on operational efficiencies, which allow our Company to build on our strengths by advancing product standardization, reducing repairs and maintenance costs and increasing the economic life of our assets.
- **Customer Centricity:** We will re-double our efforts to exceed customer expectations by creating and tracking increased touchpoints and feedback and creating innovative solutions to the challenges our customers face.
- **Employee Engagement:** We will continue to focus on leadership and culture to create an environment where employees feel empowered to Create A Better Way.

Key Highlights Thus Far In 2021

Black Diamond's 2021 gross capital spending plan of approximately \$35 million consists of approximately \$25-30 million for MSS, approximately \$4.5 million for WFS and \$1.5 million for capital investment related to LodgeLink's software development. In the normal course of business, the Company will sell used or previously rented assets to existing customers. The average annual proceeds from asset sales has been in the range of \$5 to \$10 million over the last several years. Net capital investment after asset sales is expected to be in the range of \$25 to \$30 million in 2021. It is important to note that we will continue to closely monitor our investment returns as we deploy capital and that there is substantial flexibility for our Company to adjust the pace of our capital investments depending on market conditions. Should our markets begin to see persistent softening, we will adjust our capital allocation decisions accordingly.

Our four-year committed asset-based credit facility gives us ample financial flexibility in uncertain times, with over \$80 million of available liquidity at December 31, 2020, light covenants, and low borrowing costs. At the end of the year, we had approximately \$172 million of net debt against a book value of rentable assets of approximately \$388 million. While the overall business environment has recently been disrupted by macro-economic shocks in the form of viral infections, quarantines, and oil price wars, we remain confident in the growing, diversified platform being built at the Company. Our cash-flow streams are also more predictable than they have been for some time, driven not only by the diversification efforts undertaken in MSS and WFS, but also by contracts in place. As such, we believe the Company is well-equipped to weather any potential, or prolonged weakness in the markets in which we operate.

On behalf of Black Diamond, I would like to express our sincere appreciation to David Olsson, who has decided to retire from the Board. David's depth of understanding and dedication to the business will be missed. We wish him all the best in the future.

In closing, we would like to once again thank our employees for their ongoing commitment to health, safety and market-leading customer service, as we continue to carry out our long-term vision into 2021 and beyond. We thank you for your continued support and confidence.

Respectfully, on behalf of Management and the Board,

(Signed) Trevor Haynes
Chairman, President and Chief Executive Officer

Cautionary Note Regarding Forward-Looking Statements

Certain information or statements in this letter may contain forward-looking statements. The reader is directed to the Cautionary Statement Regarding Forward-Looking Statements in Black Diamond's Annual Information Form for the year ended December 31, 2020, which cautionary statement is deemed to be incorporated by reference herein.

For a reconciliation of Adjusted EBITDA see our management's discussion and analysis for the year ended December 31, 2020 which is available on our SEDAR profile at www.sedar.com.