

A photograph of an industrial facility, likely a refinery or chemical plant, at sunset. The sky is filled with dark, heavy clouds, with a bright orange and yellow glow from the setting sun visible on the right side. The industrial structures, including tall distillation columns and various pipes, are silhouetted against the sky. In the foreground, a body of water reflects the industrial structures and the colorful sky. The overall mood is industrial and atmospheric.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six-month periods ended April 30, 2020

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Blackline Safety Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

Blackline Safety Corp.
Consolidated Statement of Financial Position
(Unaudited)

	April 30, 2020 \$	October 31, 2019 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	14,469,237	13,636,427
Short-term investments	8,455,445	17,003,361
Trade and other receivables (note 4 (b))	10,742,441	9,840,853
Inventory	9,018,117	5,849,769
Prepaid expenses and advances	1,053,230	754,511
Contract assets	502,412	515,017
Total current assets	<u>44,240,882</u>	<u>47,599,938</u>
NON-CURRENT ASSETS		
Property and equipment	10,016,531	9,449,817
Intangible assets	645,517	658,638
Right-of-use assets	1,605,381	-
Long-term contract assets	355,460	460,595
Long-term other receivables	1,064,547	564,816
Total non-current assets	<u>13,687,436</u>	<u>11,133,866</u>
TOTAL ASSETS	<u>57,928,318</u>	<u>58,733,804</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,647,850	7,367,353
Deferred revenue	9,136,810	7,099,703
Current portion of contract liabilities	724,207	611,143
Government assistance (note 4 (a))	98,420	288,793
Current portion of lease liabilities	393,845	-
Total current liabilities	<u>17,001,132</u>	<u>15,366,992</u>
NON-CURRENT LIABILITIES		
Deferred revenue	3,776,257	3,630,635
Contract liabilities	144,845	193,405
Lease liabilities	1,251,266	-
Deferred lease incentives	-	171,725
Total non-current liabilities	<u>5,172,368</u>	<u>3,995,765</u>
TOTAL LIABILITIES	<u>22,173,500</u>	<u>19,362,757</u>
SHAREHOLDERS' EQUITY		
Share capital (note 5)	93,872,293	92,781,280
Contributed surplus	9,230,911	8,770,346
Accumulated other comprehensive income (loss)	(707,962)	177,465
Deficit	(66,640,424)	(62,358,044)
TOTAL SHAREHOLDERS' EQUITY	<u>35,754,818</u>	<u>39,371,047</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>57,928,318</u>	<u>58,733,804</u>

See accompanying notes to the condensed consolidated interim financial statements

Blackline Safety Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

	Three-month period ended		Six-month period ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
	\$	\$	\$	\$
Revenues (note 6 and 7)				
Product revenue	1,907,690	4,023,855	5,249,138	6,203,934
Service revenue	6,563,882	4,165,011	12,140,518	8,213,599
Total revenues	8,471,572	8,188,866	17,389,656	14,417,533
Cost of sales (note 7)	3,813,822	4,619,003	8,672,727	8,005,760
Gross margin	4,657,750	3,569,863	8,716,929	6,411,773
Expenses				
General and administrative expenses	1,278,579	1,968,075	2,046,533	3,238,366
Sales and marketing expenses	3,428,976	3,105,844	7,180,341	5,217,426
Product development costs	2,136,250	1,708,442	4,143,578	3,146,331
Total expenses	6,843,805	6,782,361	13,370,452	11,602,123
Results from operating activities	(2,186,055)	(3,212,498)	(4,653,523)	(5,190,350)
Finance income, net	86,753	196,288	199,425	429,406
Net loss	(2,099,302)	(3,016,210)	(4,454,098)	(4,760,944)
Other comprehensive income (loss)				
Foreign exchange translation gain (loss) on foreign operations (note 3 (b)(i))	(227,813)	(180,809)	(885,427)	25,602
Comprehensive loss for the period	(2,327,115)	(3,197,019)	(5,339,525)	(4,735,342)
Loss per common share (note 10):				
Basic and diluted	(0.04)	(0.06)	(0.09)	(0.10)

See accompanying notes to the condensed consolidated interim financial statements

Blackline Safety Corp.
Consolidated Statement of Changes in Equity
(Unaudited)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (Loss) \$	Deficit \$	Total Equity \$
Balance at October 31, 2018	47,147,538	90,791,496	7,940,859	97,623	(52,433,585)	46,396,393
Loss for the period	-	-	-	-	(4,760,944)	(4,760,944)
Foreign exchange translation on foreign operations	-	-	-	25,602	-	25,602
Exercising of options (note 5)	278,247	647,782	(191,712)	-	-	456,070
Stock-based compensation expense (note 5)	25,568	135,813	1,175,960	-	-	1,311,773
Balance at April 30, 2019	47,451,353	91,575,091	8,925,107	123,225	(57,194,529)	43,428,894
Loss for the period	-	-	-	-	(5,163,515)	(5,163,515)
Foreign exchange translation of foreign operations	-	-	-	54,240	-	54,240
Exercising of options (note 5)	358,115	1,046,477	(321,577)	-	-	724,900
Stock-based compensation expense (note 5)	26,375	159,712	166,816	-	-	326,528
Balance at October 31, 2019	47,835,843	92,781,280	8,770,346	177,465	(62,358,044)	39,371,047
Opening adjustment (Note 2(b)(i))	-	-	-	-	171,718	171,718
Loss for the period	-	-	-	-	(4,454,098)	(4,454,098)
Foreign exchange translation on foreign operations	-	-	-	(885,427)	-	(885,427)
Exercising of options (note 5)	233,084	900,313	(287,277)	-	-	613,036
Stock-based compensation expense (note 5)	31,975	190,700	747,842	-	-	938,542
Balance at April 30, 2020	48,100,902	93,872,293	9,230,911	(707,962)	(66,640,424)	35,754,818

See accompanying notes to the condensed consolidated interim financial statements

Blackline Safety Corp.
Consolidated Statements of Cash Flows
(Unaudited)

	Three-month period ended		Six-month period ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Loss for the period	(2,099,302)	(3,016,210)	(4,454,098)	(4,760,944)
Depreciation and amortization	1,027,902	582,280	1,992,529	1,093,689
Stock-based compensation expense	728,266	1,167,894	748,002	1,295,494
Finance income, net	(117,862)	(196,287)	(249,701)	(429,406)
Unrealized foreign exchange (gains) losses	83,677	122,350	15,166	(212,478)
Disposals of property and equipment	39,989	46,079	117,544	64,894
	(337,330)	(1,293,894)	(1,830,558)	(2,948,751)
Net changes in non-cash working capital (note 11)	(1,699,306)	1,727,733	(3,405,241)	(781,318)
Net cash provided by (used in) operating activities	(2,036,636)	433,839	(5,235,799)	(3,730,069)
Financing activities				
Proceeds from option exercises	556,151	460,437	803,558	472,348
Repayment of lease liabilities	(88,037)	-	(183,287)	-
Proceeds from government assistance (note 4)	-	100,000	-	100,000
Repayments of government assistance (note 4)	(100,000)	-	(190,373)	-
Net cash provided by (used in) financing activities	368,114	560,437	429,898	572,348
Investing activities				
Purchase of short-term investments	(455,445)	(5,000,000)	(2,397,955)	(5,000,000)
Redemption of short-term investments	4,931,030	9,313,820	10,942,377	11,330,765
Finance income, net	72,232	150,147	135,843	205,185
Purchase of property and equipment and intangible assets	(740,034)	(2,494,723)	(2,139,812)	(3,302,915)
Net cash provided by (used in) investing activities	3,807,783	1,969,244	6,540,453	3,233,035
Effect of foreign exchange changes on cash and cash equivalents	(292,766)	(302,955)	(901,742)	223,243
Net increase (decrease) in cash and cash equivalents	1,846,495	2,660,565	832,810	298,557
Cash and cash equivalents, beginning of period	12,622,742	8,999,632	13,636,427	11,361,640
Cash and cash equivalents, end of period	14,469,237	11,660,197	14,469,237	11,660,197

Supplementary cash flow information (note 11)

See accompanying notes to the condensed consolidated interim financial statements

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month periods ended April 30, 2020 and 2019
(Unaudited)

1. Nature of operations

Blackline Safety Corp. (the “Company”) is a global connected safety technology company that develops, manufactures and markets products and services that empower businesses with real-time safety insights to manage emergency responses, evacuations and gas detection compliance programs. The Company is a public company listed on the Toronto Venture Exchange (TSXV) under the ticker symbol “BLN” and is incorporated and domiciled in Canada.

The Company’s principal business office is Unit 100, 803 24 Avenue S.E., Calgary, Alberta, T2G 1P5 and the Company’s registered office is Suite 2400, 525 8 Avenue S.W., Calgary, Alberta, T2P 1G1.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on June 23, 2020.

2. Summary of significant accounting policies

a) Basis of preparation

The condensed consolidated interim financial statements and accompanying notes have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended October 31, 2019.

These condensed consolidated interim financial statements do not contain all the disclosures required for full annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended October 31, 2019, other than as described in note 2 b).

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

b) Changes in accounting policy and disclosures

i) New and amended standards adopted by the Company

The Company adopted IFRS 16 *Leases* using the modified retrospective approach on November 1, 2019. The changes in accounting policies, including the opening adjustments on November 1, 2019 are disclosed in the January 31, 2020 condensed consolidated interim financial statements.

There were no new or amended standards that became applicable and were adopted by the Company for the current reporting period.

ii) New standards and interpretations not yet adopted

Certain new and amended accounting standards and interpretations have been published that are not mandatory for April 30, 2020 reporting period and have not been early adopted by the Company.

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited)

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Financial instruments and risk management

a) Financial instruments

The Company holds the following financial instruments:

<i>Financial assets</i>	Notes	Carrying amount
As at April 30, 2020		\$
Cash and cash equivalents		14,469,237
Short-term investments		8,455,445
Trade and other receivables		11,806,988
		34,731,670
As at October 31, 2019		
Cash and cash equivalents		13,636,427
Short-term investments		17,003,361
Trade and other receivables		10,405,669
		41,045,457
<i>Financial liabilities</i>	Notes	Carrying amount
As at April 30, 2020		\$
Accounts payable and accrued liabilities		6,647,850
Contract liabilities		869,052
Government assistance	4	98,420
Lease liabilities		1,645,111
		9,260,433
As at October 31, 2019		
Accounts payable and accrued liabilities		7,367,353
Contract liabilities		804,548
Government assistance	4	288,793
		8,460,694

The Company does not hold financial liabilities at fair value through profit or loss as at April 30, 2020 and April 30, 2019.

The carrying amounts of the financial assets and liabilities are deemed to be the same as their fair values, due to their short-term nature or the interest receivable is close to current market rates.

The Company's risk exposure to various risks associated with the financial instruments is discussed in note 3 b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

b) Financial risk management

The Company's risk management includes foreign exchange risk, interest rate risk, credit risk and liquidity risk.

i. Market risk**Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including U.S. dollar ("USD"), British pound ("GBP"), Euro ("EUR") and Australian dollar ("AUD"). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company's policy with respect to foreign currency risk management is to obtain natural hedges of revenue and expenses to the extent possible. The Company does not speculate in foreign currency and remains at risk to the market where natural hedges are not in place.

Amounts recognized in Consolidated Statement of Loss and Comprehensive Loss

During the three and six-month periods, the following foreign-exchange related amounts were recognized in loss and other comprehensive loss.

	Three-month period ended		Six-month period ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
	\$	\$	\$	\$
<hr/>				
<i>Amounts recognized in loss</i>				
Net foreign exchange gain/(loss)	459,787	291,958	1,149,605	147,721
<hr/>				
<i>Net gains (losses) recognized in Comprehensive Loss</i>				
Translation of foreign operations	(227,813)	(180,809)	(885,427)	25,602
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Sensitivity

The Company is primarily exposed to changes in USD/CAD, GBP/CAD, EUR/CAD and AUD/CAD exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from USD, GBP, EUR and AUD denominated cash and cash equivalents, short-term investments, trade accounts receivable and accounts payable.

For the three and six-month periods ended April 30, 2020 and 2019, if the Canadian dollar had weakened/strengthened by 10% against the USD, GBP, EUR and AUD with all other variables held constant, the impact on net loss for the periods would not have been significant.

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month periods ended April 30, 2020 and 2019
(Unaudited)

Interest rate risk

The Company's interest rate risk arises from its cash and cash equivalents and bank indebtedness with variable rates which expose the Company to cash flow interest rate risk. The Company's short-term investments have fixed interest rates.

Exposure

The exposure of the Company's cash and cash equivalents and bank indebtedness are subject to variable interest rate changes and the fixed interest rate short-term investments have contractual repricing dates of six months or less.

Sensitivity

The net loss of the Company is sensitive to higher/lower interest income from cash and cash equivalents and to higher/lower interest expenses from bank indebtedness as a result of changes in interest rates. For the three and six-month periods ended April 30, 2020 and 2019, if the interest rate had increased/decreased by 100 basis points, with all other variables held constant, the impact on net loss for the periods would not have been significant.

ii. Credit risk

Credit risk arises from cash and cash equivalents, short-term investments held with banks as well as credit exposure to customers, including outstanding trade accounts receivables.

Risk management

Credit risk is managed consistently across the Company. The cash and cash equivalents are comprised of cash and highly liquid short-term deposits with a Canadian chartered bank, United States chartered bank and a UK plc bank. The bank indebtedness is comprised of the amount drawn on the Company's demand operating revolving loan facility with a Canadian chartered bank. The Company only deals with highly rated financial institutions.

The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings with compliance with credit limits regularly monitored.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. A significant portion of the Company's trade receivables are with customers in the oil and gas industry and are subject to normal credit terms.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period, the Company held cash and cash equivalents of \$14,469,237 (October 31, 2019: \$13,636,427) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding by maintaining availability under a committed credit line.

Management maintains a forward-looking cash requirement forecast, comprising cash and cash equivalents, short-term investments and a demand operating revolving loan facility with a Canadian chartered bank. This ensures that funds are readily available to meet financial obligations as they become due, as well as ensuring that adequate funds exist to support business strategies.

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

The Company has financed its activities primarily through cash flows from operations, funds from brokered and non-brokered private placements, a bank demand operating revolving loan facility and government assistance in the form of repayable debt. The ability to sustain operations is dependent on successfully commercializing its products, continuing to increase sales of the Company's products and services and, if required, the ability to raise additional equity through financing. The Company has sufficient funds and access to capital for at least the next 12 months.

Maturity of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 24 months equal their carrying balances as the impact of discounting is not significant.

<i>Contractual maturities of financial liabilities</i>	Less than 6 months	6 – 12 months	Over 1 year	Total contractual cash flows	Carrying amount
As at April 30, 2020	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	5,730,606	917,244	-	6,647,850	6,647,850
Contract liabilities	497,592	226,615	144,845	869,052	869,052
Lease Liabilities	183,336	210,509	1,251,266	1,645,111	1,645,111
Government assistance	98,420	-	-	98,420	98,420
Total	6,509,954	1,354,368	1,396,111	9,260,433	9,260,433
As at October 31, 2019					
Accounts payable and accrued liabilities	6,640,778	726,575	-	7,367,353	7,367,353
Contract liabilities	393,157	217,986	193,405	804,548	804,548
Government assistance	200,000	88,793	-	288,793	288,793
Total	7,233,935	1,033,354	193,405	8,460,694	8,460,694

4. Government assistance

a) TECTERRA Inc. Funding

The Company has a compensation and funding agreement with TECTERRA Inc. ("Tecterra"), an Alberta provincial technology organization which supports the development and commercialization of geomatics solutions. Under the terms of the agreement, the Company receives funding for the development of a certain geomatic product. The agreement contains security in the form of a first security interest (subject only to any security interest and charge granted by the Company to its principal bank) on all present and after acquired property of the Company for the performance of its agreement obligations. The funding received is fully repayable by the Company on a quarterly basis with the amounts of each quarterly payment based on the lesser of a percentage of sales of that product or 20% of the funding amount. The Company shall commence repayment at the end of the calendar quarter in which the first sale of the product for which funding has been provided occurs.

On June 16, 2017, the Company entered into a funding and compensation agreement with Tecterra whereby up to \$500,000 in funding was made available to the Company, interest free, for the creation and development of a new product. The Company has received all \$500,000 of the available funding under this agreement (October 31, 2019: \$500,000).

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

As at April 30, 2020, the Company has repaid \$401,580 (October 31, 2019: \$211,207) of the amount received. Of the total amount outstanding as at April 30, 2020, \$98,420 (October 31, 2019: \$288,793) is estimated to be repayable within 12 months of the period end date and classified as a current liability.

b) Canada Emergency Wage Subsidy

On April 11, 2020, the Government of Canada enacted the Canada Emergency Wage Subsidy ("CEWS") that is available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19.

The Company received wage subsidy funding of \$1,047,322 for the three and six-month periods ended April 30, 2020 (Three-month period ended April 30, 2019: \$nil and six-month period ended April 30, 2019: \$nil), which has been recorded as a reduction in related payroll expenses in the Consolidated Statements of Loss and Comprehensive Loss.

As at April 30, 2020, \$1,047,322 (October 31, 2019: \$nil) is included in trade and other receivables on the Consolidated Statement of Financial Position.

5. Share capital

a) Authorized

An unlimited number of common voting shares without nominal or par value. An unlimited number of preferred shares without nominal or par value.

b) Issued

	Number of Shares	Amount \$
<hr/>		
Common Shares		
As at October 31, 2018	47,147,538	90,791,496
Options exercised	278,247	647,782
Issued through stock-based compensation plan	25,568	135,813
As at April 30, 2019	47,451,353	91,575,091
Options exercised	358,115	1,046,477
Issued through stock-based compensation plan	26,375	159,712
As at October 31, 2019	47,835,843	92,781,280
Options exercised	233,084	900,313
Issued through stock-based compensation plan	31,975	190,700
As at April 30, 2020	48,100,902	93,872,293

During the period ended April 30, 2020, 233,084 common share options were exercised for cash proceeds of \$613,036. On exercise of these common share options, \$287,277 was credited to share capital from contributed surplus.

During the period ended April 30, 2019, 278,247 common share options were exercised for cash proceeds of \$456,070. On exercise of these common share options, \$191,712 was credited to share capital from contributed surplus.

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

6. Revenue from contracts with customers

	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
<i>Revenue</i>	\$	\$	\$	\$
Revenue from contracts with customers – Product	1,907,690	4,023,855	5,249,138	6,203,934
Revenue from contracts with customers – Service	5,392,996	3,066,326	9,913,323	6,017,807
Revenue from leases	1,170,886	1,098,685	2,227,195	2,195,792
Total	8,471,572	8,188,866	17,389,656	14,417,533
<i>Timing of revenue recognition</i>				
At a point in time	1,907,690	4,023,855	5,249,138	6,203,934
Over time	6,563,882	4,165,011	12,140,518	8,213,599
Total	8,471,572	8,188,866	17,389,656	14,417,533

7. Segment information

The Chief Executive Officer is the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Chief Executive Officer for the purposes of allocating resources and assessing performance.

The Chief Executive Officer considers the business performance from a product and service perspective. The product revenues are driven by sales of the Company's suite of safety products with the service revenue generated by the monitoring and the support of those products. There are no sales between segments and revenue from external parties is measured in a manner consistent with that in the consolidated statement of loss.

The Chief Executive Officer regularly reviews the following for each reportable segment:

	Product			
	Three-month period ended		Six-month period ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
	\$	\$	\$	\$
Revenue	1,907,690	4,023,855	5,249,138	6,203,934
Cost of sales	1,885,407	3,153,071	4,969,722	5,151,743
Gross margin	22,283	870,784	279,416	1,052,191

	Service			
	Three months ended		Six months ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
	\$	\$	\$	\$
Revenue	6,563,882	4,165,011	12,140,518	8,213,599
Cost of sales	1,928,415	1,465,932	3,703,005	2,854,017
Gross margin	4,635,467	2,699,079	8,437,513	5,359,582

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

The Company's expenses, finance income and costs, assets and liabilities are not allocated to reportable segments.

In the three and six-month periods ended April 30, 2020, there were no customers representing greater than 10% of the Company's revenue (April 30, 2019: no customer represented greater than 10%).

Revenues from external customers and distributors by country/geographic area are as follows:

	Three-month period ended		Six-month period ended	
	April 30, 2020 \$	April 30, 2019 \$	April 30, 2020 \$	April 30, 2019 \$
Canada	2,820,170	3,389,915	6,489,797	6,459,992
United States	3,965,249	3,123,364	7,074,193	5,058,491
Europe	1,444,699	1,537,161	3,336,091	2,531,464
Australia & New Zealand	163,062	93,322	336,996	276,224
Other International	78,392	45,104	152,579	91,362
Total	8,471,572	8,188,866	17,389,656	14,417,533

8. Related party transactions

The Company purchased consulting services from an entity controlled by a related party of a member of key management personnel on normal credit terms and conditions in the amounts of \$nil and \$nil for the three and six-month periods ended April 30, 2020, respectively (Three-month period ended April 30, 2019: \$8,156 and six-month period ended April 30, 2019: \$20,531). As at April 30, 2020, the amount of \$nil (October 31, 2019: \$15,356) was outstanding in accounts payable and accrued liabilities in relation to transactions with that related party.

9. Stock-based compensation

The Company has established a stock-based compensation plan ("stock option plan" or the "plan") which was reapproved by shareholders at the prior year annual general meeting. The purpose of the stock option plan is to provide long-term incentives for directors, officers, employees and consultants of the Company to deliver long-term shareholder returns.

Participation in the plan is at the Board of Directors' discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The plan allows for the purchase of one common share for each option granted, at a fixed price not less than the fair market value of the stock at the time of grant, subject to certain conditions being met.

Options granted under the plan vest over an immediate to three-year period. For those options which vest immediately, they remain exercisable for a period of five years and for those options which vest after three years, the options remain exercisable for a period of two years after vesting.

Options granted under the plan are for no consideration and carry no dividend or voting rights. When exercised, each option converts into one common share.

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

	Number of options	Weighted average exercise price per stock option \$
As at October 31, 2018	2,680,652	3.61
Vested and exercisable at October 31, 2018	2,171,435	3.33
Granted during the period	802,000	5.26
Exercised during the period	(278,247)	1.64
Forfeited during the period	(11,751)	4.46
Expired during the period	(7,000)	1.31
As at April 30, 2019	3,185,654	4.20
Vested and exercisable at April 30, 2019	2,612,471	4.02
Granted during the period	10,000	5.27
Exercised during the period	(358,115)	1.85
Forfeited during the period	(85,735)	4.87
As at October 31, 2019	2,751,804	4.46
Vested and exercisable at October 31, 2019	2,368,112	4.36
Granted during the period	874,000	4.25
Exercised during the period	(233,084)	2.63
Forfeited during the period	(17,333)	4.15
As at April 30, 2020	3,375,387	4.54
Vested and exercisable at April 30, 2020	2,784,870	4.50

10. Loss per common share

The effects of potentially dilutive instruments such as stock options and warrants on loss per common share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per common share.

	Three-month period ended		Six-month period ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
Weighted average shares outstanding - basic and diluted	48,004,703	47,332,417	47,939,707	47,242,231
Loss for the period	(2,099,302)	(3,016,210)	(4,454,098)	(4,760,944)
Basic and diluted earnings per share	(0.04)	(0.06)	(0.09)	(0.10)

Blackline Safety Corp.**Notes to the Condensed Consolidated Interim Financial Statements**

For the three and six-month periods ended April 30, 2020 and 2019

(Unaudited)

11. Supplementary cash flow information

The net change in non-cash working capital items increases (decreases) cash flows as follows:

	Three-month period ended		Six-month period ended	
	April 30, 2020 \$	April 30, 2019 \$	April 30, 2020 \$	April 30, 2019 \$
Trade and other receivables	(911,263)	(1,758,586)	(774,503)	(3,412,428)
Inventory	(2,164,859)	1,475,899	(3,147,774)	917,101
Prepaid expenses and advances	(280,904)	(42,667)	(296,634)	(32,516)
Contract assets	19,678	(221,937)	12,619	(398,248)
Contract assets – long-term	91,066	109,261	105,150	(18,203)
Other receivables – long-term	(327,875)	(95,330)	(499,731)	(95,330)
Accounts payable and accrued liabilities	281,558	1,093,852	(999,126)	559,749
Deferred revenue	1,549,580	1,180,689	2,007,351	1,384,946
Contract liabilities	(11,387)	(36,829)	113,065	159,977
Deferred lease incentives	-	(42,030)	-	(60,043)
Deferred revenue – long term	55,939	(722)	122,902	6,918
Contract liabilities – long term	(839)	10,439	(48,560)	96,678
Deferred lease incentives – long term	-	55,694	-	110,081
	(1,699,306)	1,727,733	(3,405,241)	(781,318)

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Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month periods ended April 30, 2020 and 2019
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Blackline Safety Corp.
Unit 100, 803 24 Avenue SE
Calgary, AB T2G 1P5
www.BlacklineSafety.com