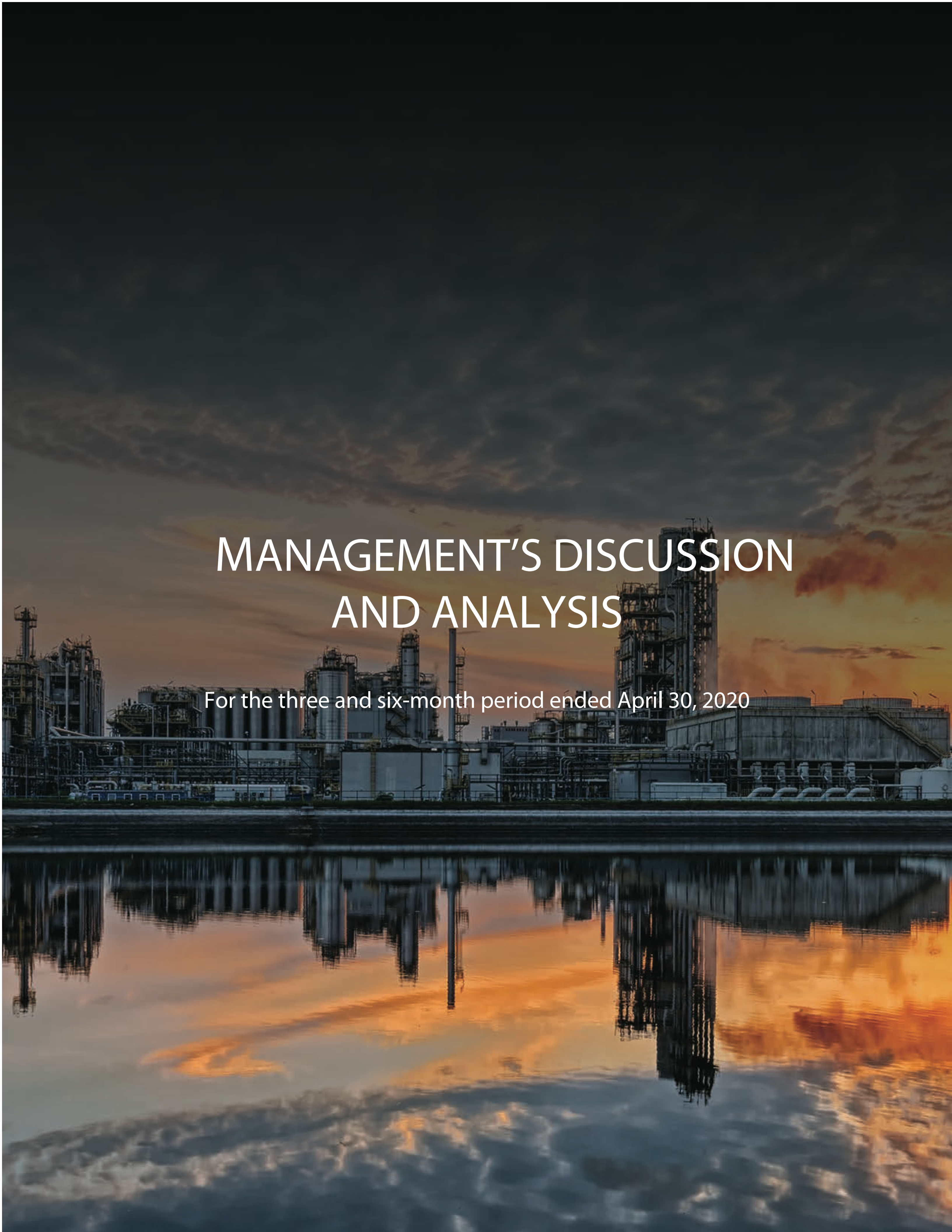


MANAGEMENT'S DISCUSSION AND ANALYSIS

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

NOTICE

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation" or the "Company") unaudited condensed consolidated interim financial statements and accompanying notes, prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), for the three and six-month periods ended April 30, 2020. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2019, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Blackline Safety Corp.

This MD&A is presented as of June 23, 2020. All financial information contained herein is expressed in Canadian dollars, the Company's reporting currency, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "targeting", "will" and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, development and commercialization of products, (ii) the ability to execute partnerships and corporate alliances, (iii) uncertainties relating to the regulatory approval process, (iv) the ability to develop plant lines and manufacturing processes that result in competitive advantage and commercial viability, (v) the ability to develop enhanced products and software in a cost effective and timely manner, (vi) the impact of competitive products and pricing and the ability to successfully compete in the targeted markets, (vii) the ability to attract and retain key personnel and key collaborators, (viii) the ability to adequately protect proprietary information and technology from competitors, (ix) market and general economic conditions and (x) the impact were a significant disruption to its information technology to occur. See also "Risks Factors and Uncertainties" below. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

NON-IFRS FINANCIAL MEASURES

The Company reports its financial results in accordance with IFRS. However, the MD&A contains references to the following non-IFRS financial measures: EBITDA (earnings before interest expense, interest income, income taxes, depreciation and amortization), Adjusted EBITDA (earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product development costs and non-recurring impact transactions, if any), EBITDA per common share, Adjusted EBITDA per common share and net loss excluding stock-based compensation expense. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

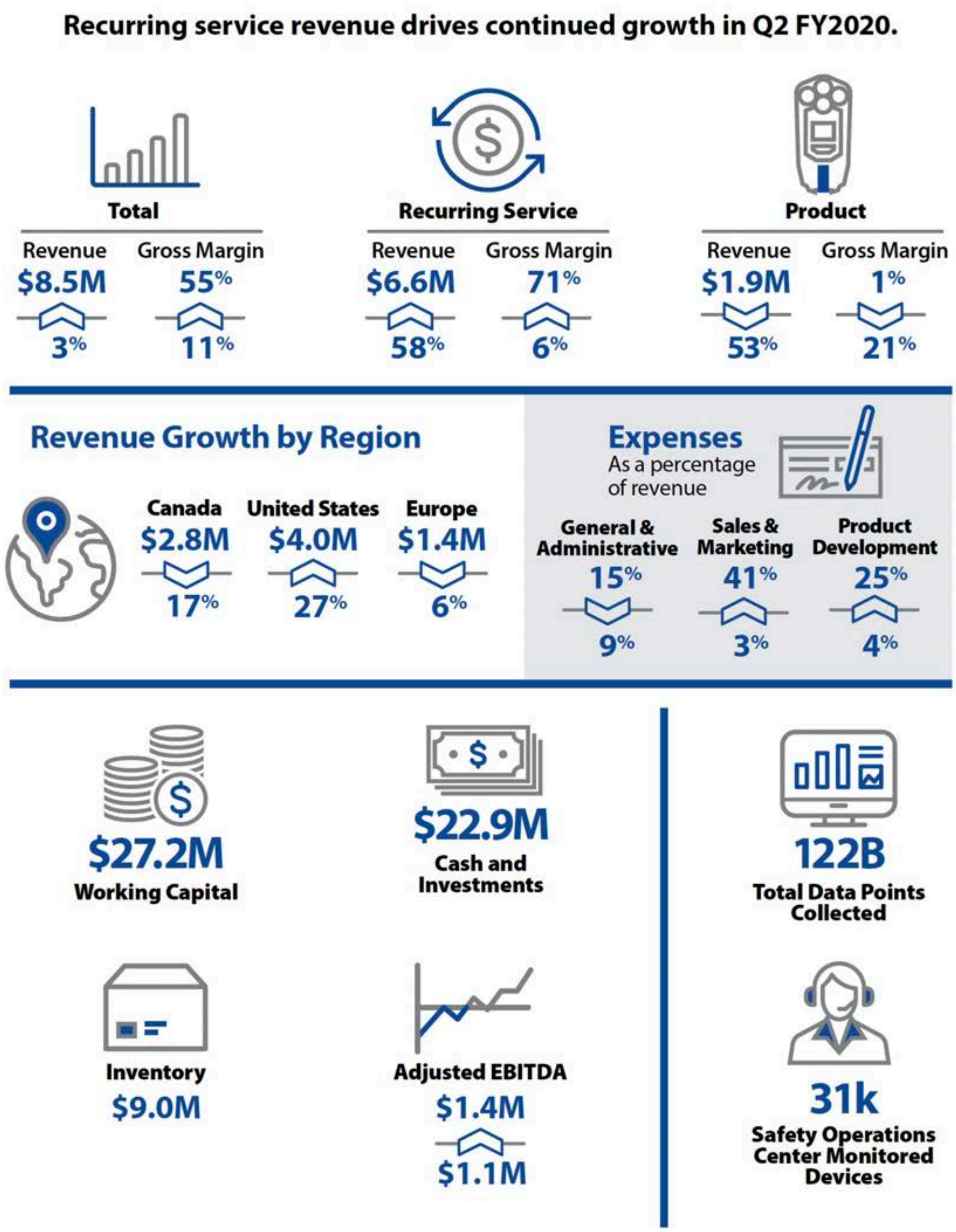
See "Non-IFRS Measures" section below for further details for each measure.


O2
H2S
CO
blacklinesafety
G7c
Fall detected
Chute détectée
Sturz erkannt
Caduta rilevata
Val gedetecteerd
Posible caída
Queda detectado
OK

CONTENTS

Q2 FY2020 INFOGRAPHIC

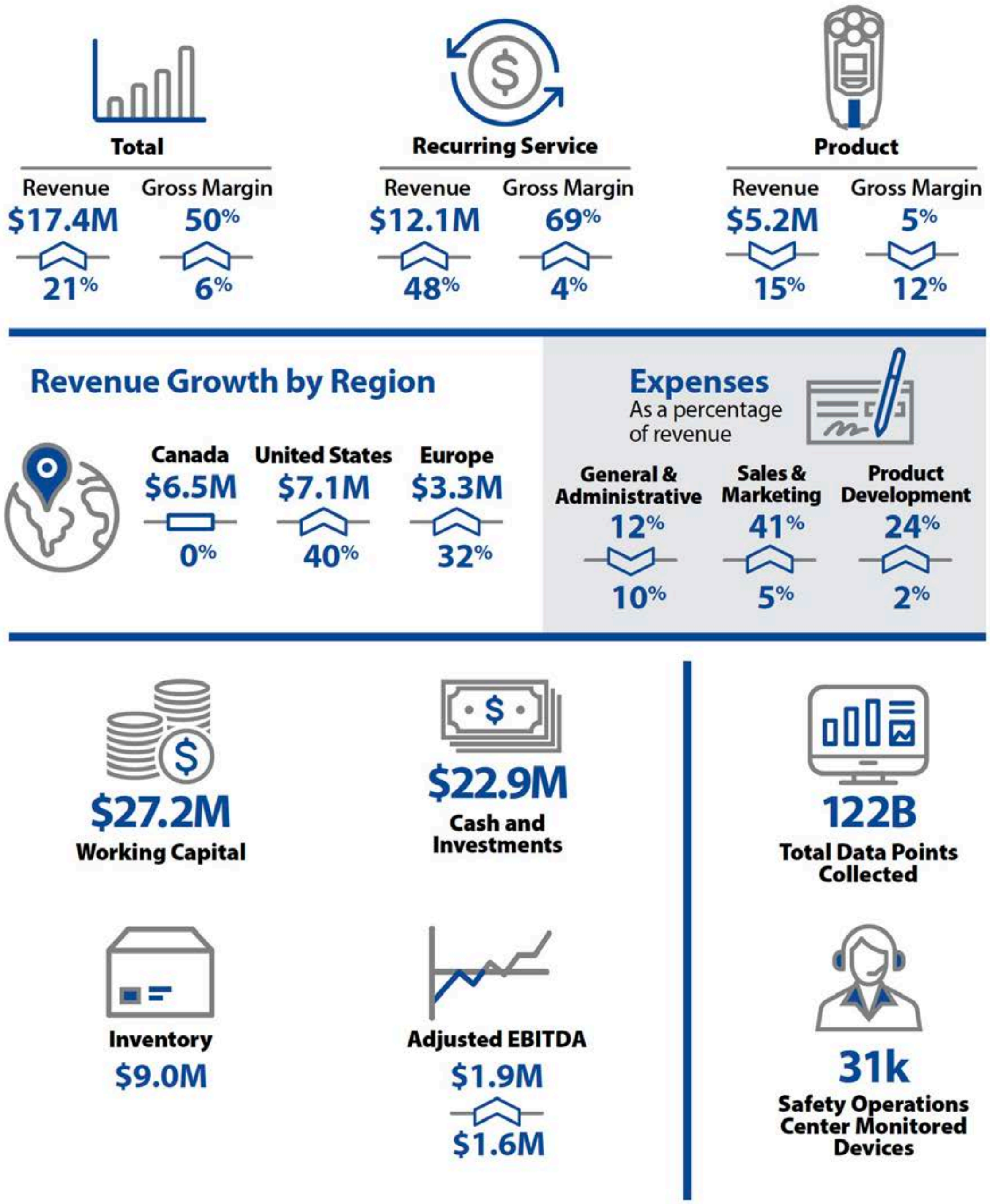
Recurring service revenues drive continued growth in Q2 FY2020.



Q2 FY2020 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended April 30, 2020 to the Company's results for the three-month period ended April 30, 2019. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at www.sedar.com. Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable period.

SIX-MONTHS FY2020 INFOGRAPHIC

Recurring revenue growth offset by COVID-19 impacted product sales.



Six-months FY2020 information presented above provides a period-over-period comparison of the Company's results for the six-month period ended April 30, 2020 to the Company's results for the six-month period ended April 30, 2019. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at www.sedar.com. Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable period.

COMPANY OVERVIEW

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a global connected safety company that develops, manufactures and markets a suite of safety wearables and cloud-connected services. These technologies empower businesses with real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance and increase productivity. When seconds count, Blackline's employee safety monitoring technology enables a live monitoring team to deliver help directly to an employee in the shortest amount of time — to the worker's exact location.

Blackline's connected safety portfolio addresses environmental gas detection, lone worker monitoring and evacuation management scenarios with cellular, satellite and smartphone connectivity. Employee-worn devices incorporate automatic incident detection, manual triggers, wireless communications and location technologies. Safety alerts are communicated in real-time to monitoring personnel who manage the emergency response process.

Leveraging Blackline's ecosystem of safety wearables and cloud software, businesses are able to increase productivity through business analytics software and data science services, adding value from the data generated by G7 safety wearables and software. Productivity gains are delivered through automated gas detection compliance reporting, wireless configuration and firmware updates of safety wearables, employee movement pattern analysis, and minimizing downtime through plug-and-play gas sensor cartridges.

MANAGEMENT TEAM

Blackline's management team delivers expertise in the development, manufacturing and marketing of portable, rugged and wearable safety products for industrial applications. Our team has extensive experience within technology and safety industries, at both private and mature public companies.

Cody Slater
Chief Executive Officer

Kevin Meyers
Chief Operating Officer

Shane Grennan
Chief Financial Officer

Brendon Cook
Chief Technology Officer

Sean Stinson,
VP Sales and Product Management

Barry Moore
VP Product Development

Gavin Boorman
Managing Director Blackline Safety Europe

CLOUD-CONNECTED SAFETY WEARABLES

Blackline's lineup of G7 safety wearables connect to the Blackline Safety Cloud using either cellular or satellite connectivity. All products feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client.

All safety alerts generated by G7 wearables are communicated in real-time to monitoring personnel, pinpointing the employee's location on an interactive map using GPS or Blackline's proprietary location beacons. Our monitoring teams efficiently manage incidents from alert to resolution using cloud-hosted software that provides employee messaging tools, the option for two-way voice calling and quick access to emergency contact escalation.

With its Blackline Live cloud-hosted software, the Company enables businesses to monitor their personnel from a control room or by supervisors using a mobile device. Optionally, Blackline's in-house Safety Operations Center (or an Alarm Receiving Centre partner) provides 24/7 live monitoring services, taking on front-line emergency management and escalating to responders as required.

G7c CELLULAR-CONNECTED WEARABLE
Blackline's G7c device features 3G/4G direct-to-cloud connectivity with wireless coverage in over 100 countries.

G7x SATELLITE-CONNECTED WEARABLE
For regions where cellular networks are not available, Blackline's two-part system with a G7x wearable and G7 Bridge satellite base station monitors workers in North America, South America, Australia and New Zealand.

G7 WEARABLE COMPARISON	G7c	G7x
Lone worker monitoring with real-time alerting	■	■
Environmental gas detection with live low and high-gas alerting	■	■
True Fall Detection®, no-motion detection, missed employee check-ins and live alerting	■	■
An SOS latch (similar to pulling a fire alarm lever)	■	■
Silent emergency button	■	■
Two-way voice calling with the live monitoring team	■	
Two-way messaging with the live monitoring team	■	■
Push-to-talk for real-time voice collaboration with teammates	■	
Graphical display with easy-to-use interface	■	■
Highly configurable for small businesses through to multi-national organizations	■	■
Field-replaceable cartridges to support a variety of gas detection scenarios	■	■
Wireless configuration and firmware updates	■	■
Blackline Live cloud-hosted software for emergency response management	■	■
Cloud-hosted Blackline Analytics business intelligence software	■	■

FILLING A GAP IN THE GAS DETECTION INDUSTRY

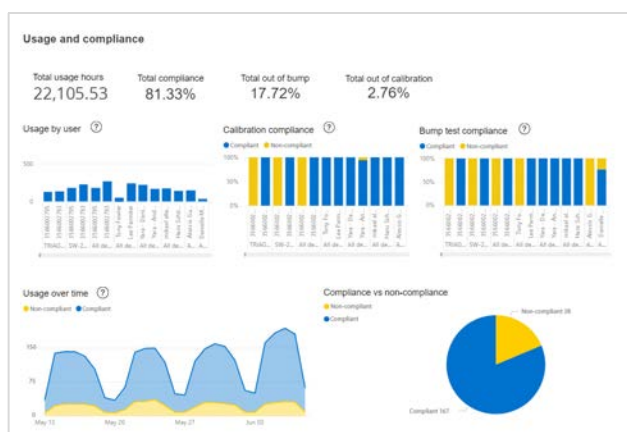
Employee-worn gas detectors are commonplace for situations with risk of exposure to toxic and/or combustible gases. A crucial gap in the portable gas detection industry has, until now, remained unsolved — gas monitors operate like smoke detectors, using a local alarm sound to call for help when an employee has been exposed to gas. If no one is nearby to deliver aid, the employee's call for help can go unanswered.

With shipments beginning in 2017, Blackline introduced the world to a new way of keeping employees safe through the integration of its cloud-connected safety monitoring technology with gas detection. Blackline's G7 line of safety wearables remain the only direct-to-cloud personal monitors that communicate directly with cloud-hosted infrastructure through both cellular and satellite networks.

Nearly a decade of experience has gone into the creation of Blackline's G7 wearables with environmental gas detection capability. Like all Blackline connected safety technology, G7 immediately notifies monitoring personnel of safety incidents, including detected gases and potential no-motion or fall-detection alarms, and pinpoints employees' locations on an interactive map. Responders then know the environmental conditions ahead of time and can appropriately equip for a swift response, complete with breathing equipment if required, to mitigate the risk of exposure to a potentially hazardous environment.

GAS DETECTION REGULATORY COMPLIANCE

Regulatory agencies require businesses to maintain a record of the use and maintenance of all gas detection devices. This means that field personnel must take their gas detection equipment to docking stations that perform testing and store compliance records. It is not always convenient for employees to test and calibrate their gas detection equipment based on the proximity of the nearest docking station. Compliance data from each docking station must also be retrieved, compiled, reviewed and reported within the business and to regulatory agencies. Should an incident affect an employee, businesses are at risk if they are not able to demonstrate proper calibration, testing and employee usage of gas detection equipment.



Blackline's G7 solves these aspects of compliance and saves labor for field employees and the teams that manage the regulatory compliance program. Rather than manually gathering calibration and testing data in the field directly from calibration docks and examining each record, G7 wearables automatically communicate calibration and test data in real-time to the Blackline Safety Network for complete reporting.

Each time that an employee uses their assigned G7, session data is also communicated to the Blackline Safety Network for comprehensive reporting. Configurable reports deliver simple green-yellow-red indicators that assist management in quickly assessing their team's overall compliance, identify when upcoming events need attention and if any user is not compliant at that time.

MODULAR GAS DETECTION

G7 wearables feature the industry's first expandable interface that enables customization to support each customer scenario and requirement. G7 functionality expands using one of four field-replaceable cartridges—a Standard Cartridge, Single-gas Diffusion Cartridge, a Multi-gas Diffusion Cartridge or a Multi-gas Pump Cartridge.

The Standard Cartridge is designed for evacuation management and lone worker monitoring scenarios. Single and Multi-gas cartridges support one to five gas configurations with a choice of 19 gas sensors, including combustibles, hydrogen sulfide, carbon dioxide, carbon monoxide, oxygen, volatile organic compounds, sulfur dioxide, ammonia and hydrogen.

Conventional gas detectors are either disposed of at the end of their service life, requiring new equipment to be deployed, or they are taken out of service and individual gas sensors are replaced. Removal and replacement of gas sensors is a time-consuming, technical process — businesses often require a third party to ease this burden. To address this problem, G7 offers field-replaceable cartridges that are pre-calibrated, ensuring that equipment stays in the field, maximizing up-time. Old cartridges can be sent to Blackline for remanufacturing, thereby minimizing overall cost of ownership.

LONE WORKER MONITORING

Blackline's G7 product line supports lone worker monitoring applications with or without the requirement for gas detection. For dedicated lone worker monitoring, G7 wearables are fitted with a Standard Cartridge while a Single-gas or Multi-gas cartridge supports combined gas detection and lone worker monitoring scenarios. Safety monitoring options offered by G7 devices for lone worker includes True Fall Detection®, no-motion (man-down) detection, missed employee check-in, SOS latch and a silent SOS button.

ACTIVE EVACUATION MANAGEMENT AND MASS NOTIFICATION

Conventional gas detection equipment is disconnected and not able to empower evacuations or deliver field notifications. Initiating evacuations and accounting for every employee at muster points is a difficult and time-consuming process that often requires manual check-lists — employees who reach a muster point are identified and checked off on a list. Personnel across multiple muster points must then compare lists to ensure everyone is accounted for and if someone is missing, it can be very challenging to promptly locate that individual.

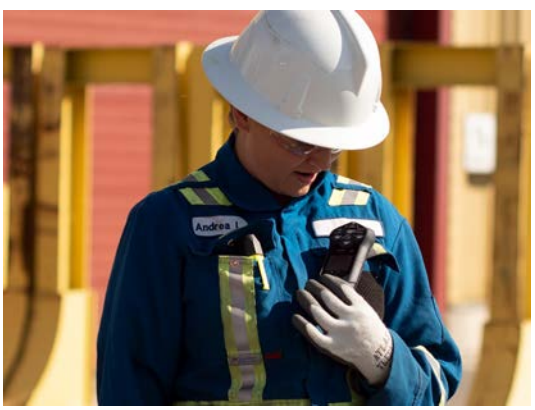
Should a situation demand it, G7 enables teams to quickly trigger an evacuation of their facilities. G7 users are mass-notified using a two-way voice call via built-in speakerphone or through two-way text messaging. Instructions are delivered on how to evacuate safely and avoid any specific hazards. Location technology enables monitoring personnel to actively monitor the progress of the evacuation and account for every employee without needing to use a manual checklist. Should an employee require assistance during the evacuation, the monitoring team can assess the situation and dispatch needed resources immediately.

LIVE-RESPONSE AND TWO-WAY SPEAKERPHONE CAPABILITY

Blackline's safety wearables feature capabilities that make it easy to manage a live emergency response and provide comfort and confidence to the affected employee. When an alert is triggered, monitoring personnel take ownership of the response for the alert, automatically activating the G7 blue LiveResponse™ light that indicates to the employee that monitoring personnel have received the alert and help is on the way.

Monitoring personnel initiate a voice call to the employee's monitoring device to speak with the employee using a built-in speakerphone (G7c wearables only). Designed for use within industrial environments, Blackline's monitoring devices feature a loud-and-clear speaker and sensitive microphone to pick up the employee's voice.

PUSH-TO-TALK VOICE COLLABORATION



Blackline's G7c personal safety monitor provides businesses with a push-to-talk option that enables teams to coordinate their efforts, similar to the way that businesses use two-way radios. Like a walkie talkie, G7c users are able to broadcast messages to all team members who have their G7c wearables set to use the same push-to-talk channel.

Each Blackline client receives their own group of 100 channels that can be assigned to specific teams across their sites and business units. When employees need to communicate with each other, they can press inward on the G7c red latch and hold to call others on the same channel.

Blackline's G7c push-to-talk leverages voice-over internet protocol (VoIP) data communications and 3G/4G wireless technology. Messages of up to 30 seconds can be encoded and broadcast to colleagues in real-time. With coverage in over 100 countries and over 200 wireless carriers, G7c allows businesses to converge gas detection, lone worker monitoring and two-way radios into a single wearable device, reducing overall acquisition costs.

BLACKLINE 24/7 LIVE MONITORING

Although many of Blackline's customers self-monitor the safety of their personnel using their Blackline Live monitoring account, a significant portion select Blackline's in-house, 24/7/365 Safety Operations Center (SOC).

Unlike a traditional call center that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's SOC focuses exclusively on safety monitoring. It delivers an immediate response, managing all safety alerts from receipt through to resolution according to each customer's customized emergency response protocol.

Blackline's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response center. Blackline's SOC, together with its partner Alarm Receiving Centers in Europe, now monitor 31,000 employee wearables.

In regions not covered by Blackline's in-house SOC that provides 24/7 live monitoring, customers are able to provide monitoring of their employees via an approved Blackline Alarm Receiving Center partner.

INDOOR LOCATION TECHNOLOGY

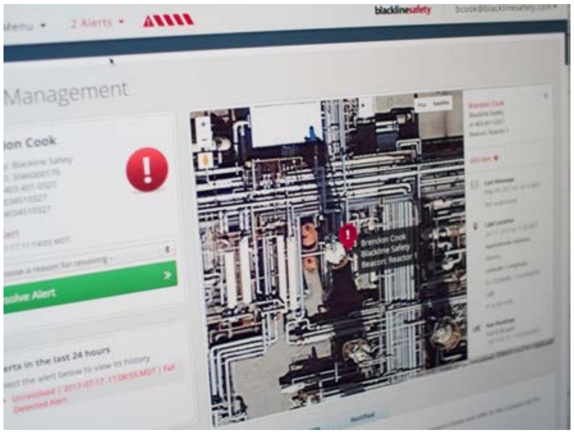
Blackline's proprietary location technology solves the problem of locating employees inside and around facilities with confidence. When working outdoors, GPS provides accurate locations, however, inside buildings, GPS signals are often imprecise or not available due to signal obstruction. GPS location accuracy can also be degraded when used outdoors near larger buildings and around process equipment.

Blackline location beacons are low-cost self-powered devices that are easily installed throughout a facility. Each beacon broadcasts a short-range radio signal for proximity detection by G7 safety wearables. This technology enables Blackline to locate an employee inside and around facilities with the same precision as GPS provides in open, outdoor locations.

BLACKLINE SAFETY CLOUD

Blackline has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of G7 safety wearables that connect to the Blackline Safety Cloud, continuously streaming status, environmental, location, gas readings and alerts. This information is stored online and drives Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 122 billion data points, over 1.9 billion locations and over 2.5 billion location-enabled gas readings.

BLACKLINE LIVE CLOUD-HOSTED MONITORING

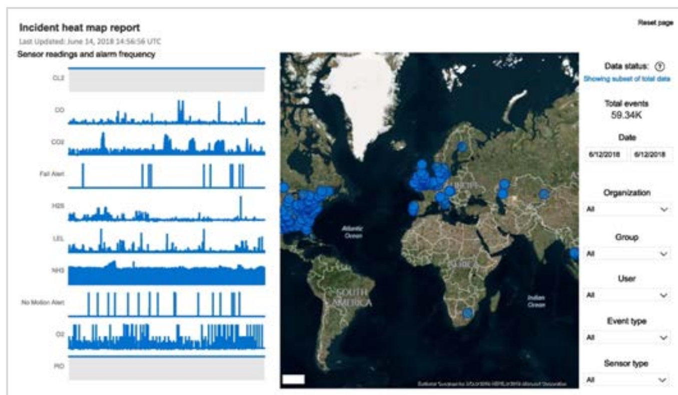


Blackline's cloud-hosted safety monitoring infrastructure provides all the tools necessary to remotely configure G7 devices, assign them to employees and manage safety alerts from receipt through to resolution. The Blackline Live portal supports custom emergency response protocols for individual clients that can be tailored according to specific business units, sites, teams and employee roles. Blackline Live also enables customers to upload custom floor and site plans that work together with Blackline's GPS and proprietary location beacon technology to pinpoint the exact location of an employee in need of assistance.

Blackline's G7 portfolio targets the natural resources, industrial and manufacturing, utilities and public works, warehousing and transportation, engineering and construction, government and health care industries. Current marketing and sales efforts focus on industrial markets where employees face heightened risk levels, particularly with potential exposures to toxic or combustible gases.

ENABLING BUSINESSES WITH ANALYTICS

Through the course of use, G7 products continuously communicate with the Blackline Safety Network, transmitting employee locations, atmospheric gas sensor readings, detection of slips, trips and falls, messages, employee check-ins and status information such as wireless signal levels and battery levels.



Blackline leverages a leading cloud-hosted analytics platform to compile and analyze large volumes of data generated by G7 safety devices.

Many enterprises currently leverage analytics software to interpret diverse data that provides a deep understanding of how the business is operating. Blackline clients use our analytics platform to gain safety program insights including:

- Mapping the location of every non-zero gas reading to understand real-world exposures and where leaks may be occurring
- Understanding the time spent completing a particular task and how efficiencies may be gained
- Viewing the real-time compliance status of all G7 devices to ensure that all equipment is being utilized correctly and according to corporate policies
- Reviewing bump tests and calibrations to see how each G7 wearable and gas sensor cartridge is performing, plus whether any G7 Docks require a new calibration gas tank
- Monitoring slip, trip and fall statistics to understand if there are any trends based on location from one particular site to another site.
- Utilizing Close Contact tracing tools to enable industrial contact tracing as part of pandemic workforce planning

DATA SCIENCE CONSULTING — BLACKLINE VISION

Building on our Blackline Analytics software, Blackline's in-house data science team has developed a new consulting suite of services. Blackline Vision provides enterprise clients with direct access to Blackline's data science team and the capability to integrate other sources of data with location-enabled events from G7 safety wearables. Blackline Vision goes far beyond our Blackline Analytics offering, adding a full new service that will enable the creation of custom reports, dashboards, custom data integration and the ability to share data with other information systems.

Example Blackline Vision data integrations include:

- Connecting scheduling software to location-enabled project tasks and combining real-time situational awareness for proactive task and resource management
- Comparing location-based G7 data to understand how far a supervisor's 'sphere of influence' extends to minimize personnel near-misses
- Combining location-based G7 data with health and safety data to understand correlations between location, time-of-day, employee training and other factors
- Integrating with learning management systems in order to provide real-time notifications when employees enter locations at a facility for which they have no training

SOLUTION PORTFOLIO

Blackline's broad portfolio of products and services addresses the needs of worker safety monitoring across industries, employee roles and work scenarios by offering the following products:

- G7c safety wearable for indoor and outdoor locations covered by 3G wireless
- G7x safety wearable for remote locations in North America, South America, Australia and New Zealand that are not covered by 3G wireless
- Field replaceable cartridges accommodate a wide variety of configurations not offered by competitor hardware
  - Standard cartridge for lone worker monitoring
  - Single-gas diffusion cartridge for gas detection scenarios requiring one sensor
  - Multi-gas diffusion cartridge for gas detection scenarios with up to five sensors
  - Multi-gas pump cartridge for confined space entry and leak check gas detection scenarios
- G7 Bridge, a portable satellite base station for remote locations, communicates with the G7x
- G7 Dock, an accessory product used to calibrate G7c and G7x devices periodically while also offering frequent testing to verify that gas sensors are fully functional
- Loner Mobile, a safety monitoring application for mainstream smartphones
- Loner Duo, a Bluetooth accessory paired with Loner Mobile for medium to high risk work-alone scenarios
- Blackline Location Beacon, an indoor/outdoor location technology that provides precise positioning where GPS signals are weak or unavailable
- Blackline monitoring, a 24/7/365 live monitoring service offered by Blackline's SOC or an approved partner
- Blackline Live, a cloud-hosted, live safety monitoring portal for safety alert management
- Blackline Analytics, a second-generation data analytics package built into Blackline Live
- Blackline Vision, a new data science consulting and software services offering

TECHNOLOGY PORTFOLIO

Blackline's connected safety solutions combine several technologies to facilitate high quality end-user experiences.

- Portable environmental gas detection, including electrochemical, infrared and photoionization-based gas sensors
- Portable compact gas sensor calibration
- 3G cellular, satellite, 900 MHz spread spectrum and Bluetooth data communication
- GPS, cellular and proprietary indoor/outdoor location beacon positioning
- Inertial sensors for fall and no motion detection
- Two-way voice calling and text messaging between the user and monitoring personnel
- Push-to-talk real-time voice collaboration between users and across teams
- Bluetooth audio accessory interface
- Cloud-hosted Blackline Safety Network monitoring infrastructure and Blackline Live monitoring user account
- Cloud-hosted data analytics and reporting software

TECHNOLOGY UNDER DEVELOPMENT

G7 EXO

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to monitor potential atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. Until now, conventional area monitors suffer from short battery life, limited configurability and inadequate connectivity. Blackline will be launching the G7 EXO area monitor in Q4 FY 2020 to provide businesses with new portable and semi-permanent gas detection monitoring options.

CAMERA INTEGRATION

Blackline has partnered with Occly, LLC to integrate its employee camera wearable for industrial safety scenarios. This new integration will provide a live emergency response team with remote vision through four different camera angles.

G7 TOOLTAG

To assist businesses with large-scale facility maintenance and construction projects, Blackline is developing G7 ToolTag, a compact and self-powered wireless tag that can be attached to tools and equipment. Employee-worn G7 connected safety devices will communicate the proximity of nearby G7 ToolTags to the Blackline Safety Cloud. By knowing the location of employees and nearby tools, businesses will gain an increased level of awareness for proactive project management.

GLOBAL DISTRIBUTION NETWORK

Blackline continues to expand its distribution partner network throughout Canada, the United States, the United Kingdom ("UK"), Europe and other international locations. Currently, Blackline has distribution agreements in place with over 100 partners around the world. In contrast to the maturity of competitor distribution networks, Blackline continues to invest in expanding and cultivating its network in order to maximize promotion and sell-through into the global safety marketplace. Blackline has been adding direct sales engineers in specific markets to support the growing distribution market.

REGIONAL SALES MANAGER TEAMS

Blackline supports its global distribution network through a global team of Regional Sales Managers that are also responsible for select end customer accounts. Blackline has deployed Regional Sales Manager employees and contractors in the following locations:

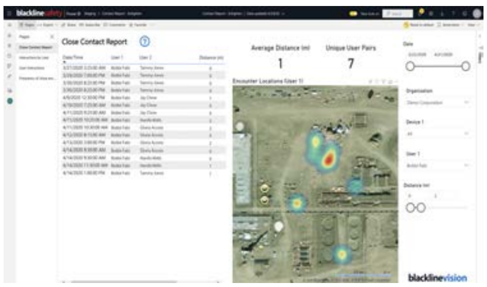
- Canada
- United States
- United Kingdom (covers Scandinavia, Eastern Europe and Central Asia)
- Italy
- France (covers Spain and Portugal)
- Belgium (covers BENELUX and Germany, Austria and Switzerland)
- Brazil (covers Latin America)
- Australia (covers New Zealand)
- Singapore (covers SE Asia)
- India

QUARTER IN REVIEW

The COVID-19 pandemic reduced Blackline's growth rate as sales of new products were deferred by most prospective customers. Our customers continued to rely on our connected safety services with the total field usage hours of our G7 wearables down less than 10% compared to pre-pandemic levels. The vast majority of our customers are essential businesses in various industrial sectors with Blackline supporting their continued operations during the continuing pandemic period. Despite the impact of COVID-19 our retention rates for service renewals remained strong contributing to increased recurring service revenue.

Q2 ACTIVITIES

CLOSE CONTACT DATA ANALYTICS



In response to the COVID-19 pandemic, Blackline developed and launched its Close Contact report for Blackline Analytics. Leveraging the connectivity and location technology built into each G7 wearable, the Close Contact report was provided to Blackline clients at no additional cost. Should an employee test positive for COVID-19 or present with symptoms, a suite of Blackline industrial contact tracing tools makes it easy to work with an employee to retrace her or his steps in order to determine which co-workers may need to self-isolate. A history view provides a breadcrumb history of the employee's location, plus several interactive analytics reports summarize the close proximity and potential interactions with co-workers, a heatmap of that presents where contact may have occurred and tools to investigate how networks of individuals have come together for a period of time.

G7c WEARABLE WITH 4G WIRELESS

Blackline completed the majority of development for an updated G7c safety wearable with 4G wireless connectivity. This new wireless capability ensures that Blackline's G7c products are supported by the widest mobile network coverage possible as some wireless carriers look to decommission previous 3G networks. This product update is scheduled for release in Q3 FY2020, pending intrinsic safety certification.

G7 EXO DEVELOPMENT CONTINUED

Blackline continued the development of G7 EXO, the industry's first direct-to-cloud, drop-and-go area gas monitor with an unprecedented battery life of over 100 days. Cloud-hosted Blackline software to support G7 EXO is also underway to ensure easy customer deployment of area monitoring systems in the field. Launching in Q4 2020, G7 EXO will enable businesses around the world to see the impact that cloud connectivity will have on operational efficiencies and their environmental, social and governance (ESG) programs.

POST QUARTER UPDATE

NEVADANANO PARTNERSHIP

Blackline partnered with NevadaNanotech Systems, Inc. (NevadaNano), a leader in development and commercialization of new sensor technology based on micro-electro-mechanical-systems. Blackline worked with NevadaNano to add their new Molecular Property Spectrometer™ (MPS) to the G7 product line, marking the first major innovation in combustible gas detection in over 40 years. Conventional pellistor and non-dispersive infrared sensors are calibrated to respond accurately to a single gas and will read above or below for other gases. Detecting the lower explosive limit of gases and gas mixtures, the MPS sensor is the first of its kind with linear monitoring performance for a dozen different gases. Further, it offers the industry's first classification system that provides insights into the type of detected gases and mixtures, including hydrogen.

COVID-19 UPDATE

Blackline initiated its continuity plan in early March 2020 due to the impact of COVID-19 and continues to monitor the global impact of the Coronavirus pandemic. This plan provides for continued delivery of services to customers around the world, ensuring ongoing business operations and reducing the impact on Blackline's growth trajectory.

CARING FOR OUR CURRENT CUSTOMERS

Monitoring the safety of tens of thousands of personnel around the world, Blackline's highest priority is for the high-quality delivery of services throughout each of its regions. With our cloud-connected software and distributed workforce, Blackline continues to deliver the highest quality user experience to our clients located globally. Services are delivered through a combination of cloud-hosted tools, wireless networks and both in-house and partner monitoring teams that operate around the clock. As a result, Blackline has been able to, and expects to maintain, its critical 24-hour monitoring services to its customers.

Blackline's cloud software and infrastructure is hosted by Amazon Web Services, a globally recognized leader. By hosting the Company's software in the cloud, clients around the world receive fast loading times and do not need to maintain their own on-premise server hardware.

BUSINESS OPERATIONS & RETURN TO OFFICE WORK PLAN

To slow down the spread of COVID-19, Blackline continues to implement social distancing through a work-from-home program and split-shifts to support social distancing. Our teams in sales and supporting services, marketing, finance, QA/integration, software, firmware and hardware development, together with select sub-teams in manufacturing, are able to work off-site using cloud software, virtual private networking and remote desktop interfaces. Blackline's in-house manufacturing and logistics teams are working using split-shifts with reduced production capacity and continued shipments to customers. The Company did not furlough or perform layoffs in any country of operation.

In light of the decreased Coronavirus incidences in the Calgary region of Alberta, Blackline will be commencing our phased return to office work plan for our Dominion Bridge facility in early July. The return to office work plan will follow the workplace guidelines of the Government of Alberta to reduce the risk of transmission of COVID-19 among our employees and be conducted in phases over the coming months based on the advice of Alberta Health Services.

Our employees in the European Union and the United States have commenced customer and site visits and are following evolving national and state guidelines regarding phased return to work.

GOVERNMENTAL SUPPORT PROGRAMS

Blackline has monitored the various governmental programs available in those countries where we have operations. 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 $1,227 for payroll in the time period of March 15 to May 9 of which $1,047 related to the quarter ended April 30, 2020. This has been recorded as a reduction in related payroll expenses in the Consolidated Statements of Loss.

As at April 30, 2020, $1,047 is included in trade and other receivables on the Consolidated Statement of Financial Position as the cash funding was not received until post quarter end.

The Company will continue to investigate relevant governmental support programs throughout the period of the Coronavirus pandemic.

IMPACT ON GROWTH

There continues to be uncertainty regarding the duration and magnitude of the impact of the COVID-19 pandemic and the possibility of a recurrence in those countries and regions where cases of the Coronavirus have decreased, making it difficult to forecast the impact on the Company's current rate of growth.

In the short term the primary impact will be on new product sales during the COVID-19 pandemic however, we continue to see little impact to our recurring service revenue at this point in time.

FINANCIAL INFORMATION

The following table presents a summary of select financial information for the current and comparable prior quarter for the Company. These have been prepared in accordance with IAS 34, using accounting policies consistent with IFRS as issued by IASB, and are presented in Canadian dollars which is the presentation and functional currency of the Company. All figures in the MD&A are reported in thousands, except for per share, stock option, common share and unit amounts.

	Three months ended April 30,		Six months ended April 30,	
	2020 $	2019 $	2020 $	2019 $
Revenues	8,472	8,189	17,390	14,418
Gross margin	4,658	3,570	8,717	6,412
Expenses	6,844	6,782	13,370	11,602
Net loss	(2,099)	(3,016)	(4,454)	(4,761)
EBITDA[1]	(1,158)	(2,630)	(2,661)	(4,096)
Adjusted EBITDA[1]	1,397	253	1,918	286
Loss per common share				
- Basic and diluted	(0.04)	(0.06)	(0.09)	(0.10)
EBITDA per common share[1]				
- Basic and diluted	(0.02)	(0.06)	(0.06)	(0.09)
Adjusted EBITDA per common share[1]				
- Basic and diluted	0.03	0.01	0.04	0.01

[1] EBITDA, Adjusted EBITDA, EBITDA per common share and Adjusted EBITDA per common share are non-IFRS measures and do not have a standardized meaning prescribed by IFRS. Therefore, these measures may not be comparable to similar measures presented by other companies. See "Non-IFRS Measures" section for a reconciliation of these non-IFRS measures to IFRS.

REVENUE

Blackline's revenues are comprised of product and service revenues, which are the two operating segments of the Company.

Product revenues are generated from sales of Blackline's connected safety monitoring hardware devices to a variety of industries and geographic locations. Blackline has a broad customer base both in terms of industry and geographic reach and this diversified market helps to mitigate against dependence on and fluctuations in any one market space.

Service revenues relate to monitoring and support services that are provided to customers for safety devices. The two components of service revenue are: 1) the revenues associated with new customers who purchase the Company's connected safety monitoring concurrent with a new device, and 2) recurring revenues from existing customers who renew their monitoring service for a Blackline device.

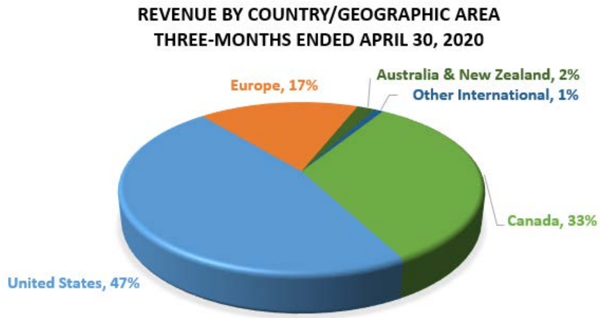
The Company also offers a Blackline Complete leasing program, delivering Blackline monitoring solutions through a service-based model rather than a traditional purchase of the product. The Blackline Complete leasing program is generally a three-year operating lease commitment with revenues recognized on a monthly basis as service is provided. Revenues from the Blackline Complete operating leasing program are accounted for as service revenue on a monthly basis and positively impact the monthly service revenue, but negatively impact product revenue from traditional hardware sales and deferred revenue from associated service contracts. Blackline Complete leases of more than three years are considered to be a finance lease commitment with revenue recognized as both hardware, service and interest in accordance with the terms of the contract.

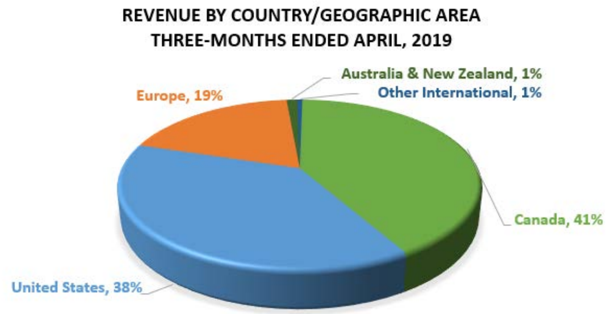
	Three months ended April 30,			**Six months ended April 30,**		
Revenue	**2020 $**	**2019 $**	**Change %**	**2020 $**	**2019 $**	**Change %**
Product	1,908	4,024	(53)	5,249	6,204	(15)
Service	6,564	4,165	58	12,141	8,214	48
Total revenue	8,472	8,189	3	17,390	14,418	21
Percentages of total revenue						
Product	23%	49%		30%	43%	
Service	77%	51%		70%	57%	
Total	100%	100%		100%	100%	

Second quarter overall revenue was $8,472, an increase of $283 from $8,189 in the same three-month period of the last fiscal year. The 3% growth was driven by strong growth in recurring service revenues from both monitoring services from new product sales and recurring revenues from customer renewals offset by reduced sales for our connected safety products as impacted by COVID-19.

The Company's geographic revenue distribution for the second quarter included $3,965 in the United States, $2,820 in Canada and $1,445 in Europe compared to $3,123 in the United States, $3,390 in Canada and $1,537 in Europe in the comparable prior period. Revenue growth quarter-over-quarter was therefore 27% in the United States, with Canada decreasing by 17% and Europe by 6%.

The Company's percentage of revenues from its customers and distributors by country/geographic area for the current and prior fiscal quarter are as follows:





Revenue for the first six months of the fiscal year was $17,390 compared to $14,418 in the same period last year. The overall 21% revenue increase is attributable to increased service revenues from connected safety monitoring services and Blackline Complete leasing revenues, offset by decreased sales of Blackline's hardware solutions in the first six months of the current fiscal year.

SERVICE REVENUE

The Company's second quarter service revenue was $6,564 compared to $4,165 in the same period last year, which represents an increase of $2,399 or 58%. The increase can be attributed to the revenue generated from new service activations by end-users of Blackline's devices and strong device renewals over the past twelve-month period, with minimal impact on renewal levels from COVID-19 in this quarter. Leasing revenues contributed $1,171 in the second quarter compared to $1,099 in the prior year comparable period, representing an increase of 7% as revenues from Blackline Complete operating leases continues to be recognized.

Service revenues for the first six months of the fiscal year were $12,141 compared to $8,214 in the prior period. The increase of $3,927 or 48% from the prior year is attributable to the increase in the Company's customer base throughout the past twelve-month period. The increased sales in North America and Europe over the past year have contributed to the year-over-year increase in service revenue with retention rates of customers in all regions and industry sectors continuing to be robust. Blackline Complete operating leases contributed $2,227 to service revenue in the first six months of the current fiscal year compared to $2,196 in the prior year comparable period representing growth of 1%.

PRODUCT REVENUE

The Company's second quarter product revenue was $1,908 compared to $4,024 in the prior fiscal period. The $2,116 or 53% decrease from the prior year quarter is attributable to lower sales of Blackline's hardware in the current period with COVID-19 resulting in deferrals of customer orders and an inability to access customer sites and to conclude field testing. Sales in the quarter were also impacted by significant declines in commodity prices and decreased oil and gas production with associated budgetary uncertainties for companies operating this industry. The prior year comparable period included the gas detection order from Yorkshire Water, a prominent water and sewerage company in the UK with no such equivalent volume order in the current year period.

The current period also included a credit of $313 to a large UK customer arising from a reduced deployment of prior purchases devices due to the impact of COVID-19 with Blackline agreeing to a requested credit for this portion of the purchased devices. The Company granted this credit on a one-off basis as all product sales are non-returnable. Excluding this credit, product sales in the quarter were $2,221.

Product revenues for the first six months of the fiscal year were $5,249 compared to $6,204 in the prior year period. The 15% decrease from the prior year period is attributable to the impact of COVID-19 with the prior year period including a significant sale to a water and sewerage company in the UK with no such volume sale in the current year period. The current period also includes a one-time credit of $313 to a large UK customer. Excluding this credit, product sales in the six-months ended April 30, 2020 were $5,562.

CONTRACTED FUTURE REVENUE

Contracted future revenue represents future operating lease and associated service revenue commitments in place over the lease term. This amount is comprised of the total undiscounted value of our Blackline Complete operating lease program contracts, excluding the lease service revenue recognized to date, with no amount included in deferred revenue on the Statement of Financial Position.

	2020 $	2019 $
Balance at October 31, 2019 and 2018	**6,749**	**7,959**
New Blackline Complete leasing program contracts – G7 products	999	1,377
New Blackline Complete leasing program contracts – Cartridges	61	94
Net Blackline Complete leasing program contract changes	19	(2)
Lease revenue recognized in the period	(1,056)	(1,097)
Balance at January 31	**6,772**	**8,331**
New Blackline Complete leasing program contracts – G7 products	555	901
New Blackline Complete leasing program contracts – Cartridges	181	53
Net Blackline Complete leasing program contract changes	10	11
Lease revenue recognized in the period	(1,171)	(1,099)
Balance at April 30	**6,347**	**8,197**

In the second quarter of the current fiscal year, the Company entered into new Blackline Complete leasing contracts for G7 products with a total contract value of $555 (Three-month period ended April 30, 2019: $901). The Company also entered into new Blackline Complete leasing contracts for gas sensor cartridges for a total contract value of $181 in the second quarter (Three-month period ended April 30, 2019: $53). Leasing revenues recognized were $1,171 in the second quarter of the current fiscal year compared to $1,099 in the prior year comparable period.

Contracted future revenue of $6,347 at April 30, 2020 represents a decrease of $1,850 or 23% over the comparable period end amount of $8,197. This is driven by several customers in the past twelve months opting for 'Blackline Complete' leases of more than three years rather than operating leases that contribute to the contracted future revenue.

FINANCE LEASES

Contracted future revenue does not include 'Blackline Complete' leases with terms of four years or greater. The future service and financing component of these finance leases is recognized in current and long-term other receivables on the Statement of Financial Position.

COST OF SALES

Cost of sales for the Company includes the costs of manufacturing its safety monitoring products as well as the costs of servicing those products. The cost of sales for products comprises of raw materials, direct costs, direct labor, an allocation of overhead, freight charges, warranty, depreciation and scrappage. The cost of servicing those products is comprised of direct costs, direct labor for the SOC, communication costs for devices equipped with cellular and/or satellite technology, depreciation of cartridges and units leased through the Blackline Complete leasing program and an allocation of overhead.

	Three months ended April 30,			Six months ended April 30,		
Cost of sales	**2020 $**	**2019 $**	**Change %**	**2020 $**	**2019 $**	**Change %**
Product	1,885	3,153	(40)	4,970	5,152	(4)
Service	1,929	1,466	32	3,703	2,854	30
Total cost of sales	3,814	4,619	(17)	8,673	8,006	8
Percentages of total revenue						
Product	22%	38%		29%	36%	
Service	23%	18%		21%	20%	
Total	45%	56%		50%	56%	

Cost of sales incurred for the quarter ended April 30, 2020 totaled $3,814 compared to $4,619 in the same period last year, a decrease of $805 or 17%. This is comprised of cost of sales for the product segment, amounting to $1,885 for the current quarter and $1,929 incurred in the service segment which represents 22% and 23% of total revenue respectively. In the prior year quarter, cost of sales for the product segment was $3,153 or 38% of total revenue and $1,466 for the service segment or 18% of total revenue.

Cost of sales for the first six months of the fiscal year were $8,673 compared to $8,006 in the prior year, an increase of $667 or 8%. This is comprised of $4,970 incurred in the product segment and $3,703 incurred in the service segment which represents 29% and 21% of total revenue respectively. In the prior year period cost of sales for the product segment were $5,152 or 36% of total revenue and $2,854 for the service segment or 20% of total revenue.

COST OF SALES PRODUCT

The cost of sales for products decreased by $1,268 compared to the prior year second quarter with this being attributable to several factors.

There were decreased material costs of $1,512 due to the decrease in the number of product units sold in the period. The Company's production payroll and benefits costs increased by $173 quarter-over-quarter noting that in the period we initiated split-shifts in the latter half of the quarter to facilitate COVID-19 physical distancing in our production facility. This increase was offset by $185 of CEWS funding that the Company accrued in the period with no such equivalent in the prior period.

There were incremental unabsorbed material costs of $392 period-over-period largely arising from the impact of a weakened Canadian dollar compared to a stronger United States dollar (USD) exchange rate in the period. The Company purchases a significant portion of its device components in USD and a weakening Canadian dollar in the period negatively affected our costs of production. This was offset by lower write-downs of products that are no longer being actively marketed of $104. The Company's warranty expense also decreased by $158 period-over-period and is reflective of the lower number of devices sold under warranty in the current period.

The decrease in product costs of sales for the six-month period of $182 can be attributed to the decreased material costs of $727, lower inventory write-downs of legacy products that are no longer being actively marketed of $167 and reduced warranty expense of $129. These were additional production staff payroll and benefits costs of $443 which were offset by $185 of wage subsidy funding received from the CEWS in response to COVID-19. There were also incremental unabsorbed material costs of $445 and additional device decommissioning costs of $146 period-over-period.

COST OF SALES SERVICE

Service cost of sales increased by $463 compared to the prior year second quarter. The largest factor that contributed to this increase was depreciation on owned cartridges and leased units that grew $298 quarter-over-quarter as a result of the growth in number of owned cartridges in use in the field.

There were also increases of $79 from growth in communications costs from new customer device activations, particularly as the Company has expanded its sales of satellite connected devices in the previous twelve-month period, and $103 from additional infrastructure facility costs to support the growth of the Company's expanding customer usage base.

Salaries and benefits have increased $94 quarter-over-quarter as a result of additional SOC team members and the Blackline Vision data science team. These were offset by $104 of wage subsidy funding accrued from the CEWS in response to COVID-19.

These increases were offset by a reduction of $54 in consulting costs as the Company completed a development acceleration program in the prior year period.

Service cost of sales for the first six months of the fiscal year increased by $849 compared to the prior year period. The increase is attributable to growth in depreciation on owned cartridges and leased units of $575 in the current year, increased communications costs resulting from device activations from new customers of $200 and additional infrastructure support costs to support the growth of the Company's customer base of $123.

Salaries and benefits have increased $135 period-over-period as a result of growth in the production team and were offset by $104 of wage subsidy funding accrued from the CEWS. These increases were offset by reduction of $103 in consulting costs as the Company completed a development acceleration program in the prior year comparable period.

GROSS MARGIN

Gross margin for the second quarter was $4,658 compared to $3,570 in the comparable three-month period of the prior year. Product gross margin percentage was 1% which was below that earned in the equivalent quarter of the prior year. Service gross margin percentage increased to 71% from 65% in the comparable prior year fiscal period. The resulting gross margin percentage of 55% was ahead of the 44% level achieved in the same quarter of prior fiscal year.

Overall gross margin for the first six months of the fiscal year was $8,717 compared to $6,412 in the comparable prior period. Product gross margin percentage was 5% compared to 17% in the prior period while service gross margin percentage increased to 69% compared to 65% in the prior period. The resulting gross margin percentage of 50% was greater than the 44% level achieved in the same period of prior year with the Company's sales mix contributing to the improved margin.

	Three months ended April 30,		Six months ended April 30,	
Gross margin	**2020 $**	**2019 $**	**2020 $**	**2019 $**
Product	22	871	279	1,052
Service	4,636	2,699	8,438	5,360
Total gross margin	4,658	3,570	8,717	6,412
Gross margin percentages				
Product	1%	22%	5%	17%
Service	71%	65%	69%	65%
Total	55%	44%	50%	44%

EXPENSES

Total expenses for the quarter ended April 30, 2020 were $6,844 compared to $6,782 in the second quarter of the prior year, which represents an increase of $62 over the comparable three-month period. The increase resulted from both sales and marketing expenses and product development costs rising, offset by a reduction in general and administrative expenses quarter-over-quarter.

Total expenses for the six-month period ended April 30, 2020 were $13,370 compared to $11,602 in the prior period, which represents an increase of $1,768 over the comparable six-month period. The increase resulted from both sales and marketing expenses and product development costs rising, offset by a reduction in general and administrative expenses period-over-period.

	Three months ended April 30,			Six months ended April 30,		
Expenses	**2020 $**	**2019 $**	**Change %**	**2020 $**	**2019 $**	**Change %**
General and administrative expenses	1,279	1,968	(35)	2,046	3,238	(37)
Sales and marketing expenses	3,429	3,106	10	7,180	5,218	38
Product development costs	2,136	1,708	25	4,144	3,146	32
Total expenses	6,844	6,782	1	13,370	11,602	15
Percentages of total revenue						
General and administrative expenses	15%	24%		12%	22%	
Sales and marketing expenses	41%	38%		41%	36%	
Product development costs	25%	21%		24%	22%	
Total	81%	83%		77%	80%	

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise the salaries, benefits and stock-based compensation expense of the accounting and finance and general management staff. These costs also include professional fees, internal systems, the costs of compliance associated with being a public company, amortization of intangible assets, depreciation of certain property and equipment and general corporate expenses.

These expenses were $1,279 for the second quarter of the year, a decrease of $689 or 35% from $1,968 in the same period last year.

In the current quarter the Company granted stock options to directors, officers and employees of the Company with the total stock-based compensation recognized in general and administrative expenses the period being $471 compared to $762 in the comparative period. There was an equivalent stock option grant completed in the comparable fiscal quarterly period however the valuation of the stock options granted was lower in the current year.

There were additional salaries and benefits in the quarter of $199 from the additional general and administrative team members employed in the current quarter when compared to the prior year. These salaries were offset by $94 of wage subsidy funding accrued from the CEWS and recorded as a reduction in related general and administrative salaries in the period with no such equivalent in the prior period.

In the second quarter of the prior year the Company incurred its first rents from the lease for its new Calgary headquarters with the lease for the two facilities previously occupied accounted for as onerous lease contracts with a charge of $224 incurred. There was no such charge in the current year period.

There was an unrealized foreign exchange gain of $471 in the current period compared to an unrealized gain of $275 in the prior comparable period relating predominately to the Company's foreign exchange denominated cash and cash equivalents, accounts receivable and accounts payable at the period end.

For the six-month period ended April 30, 2020, the Company's general and administrative expenses were $2,046 compared to $3,238 in the comparable prior year fiscal period.

In the current six-month period, the total stock-based compensation recognized in general and administrative expenses in the period decreased $343 with this principally due to the lower valuation of the stock options granted in the current period compared to the prior year period. There were additional salaries and benefits of $358 in the current six-month period. These salaries were offset by $94 of wage subsidy funding received from the CEWS and recorded as a reduction in related general and administrative salaries in the period with no such equivalent in the six-month prior period.

There was an unrealized foreign exchange gain of $1,184 in the current six-month period compared to an unrealized gain of $116 in the prior comparable period that relates predominately to the Company's foreign exchange denominated cash and cash equivalents, accounts receivable and accounts payable at the period end.

In the first six months of the prior year the Company incurred its first rents from the lease for its new Calgary headquarters with the lease for the two facilities previously occupied accounted for as onerous lease contracts with a charge of $224 incurred. There was no such charge in the current year comparable period.

SALES AND MARKETING EXPENSES

Sales and marketing expenses include the salaries, benefits and stock-based compensation expense of the sales, marketing, business development, customer care and sales support staff as well as travel costs, selling and marketing expenses and supporting contractors and consultants' professional fees.

These expenses were $3,429 for the second quarter of the year, an increase of $323 or 10% from $3,106 in the same period last year. Blackline has continued to expand its sales and supporting function teams at Blackline's headquarters, within the United States, at our office and in the field in Europe and internationally resulting in additional salaries, compensation and benefit costs, commissions and sales contractor costs in the current quarter of $645 compared to the prior year equivalent period. The Company accrued $358 of CEWS funding that has been recorded as a reduction in related sales and marketing salaries in the period with no such equivalent in the prior period.

In the current quarter the total stock-based compensation recognized in sales and marketing expenses in the period was $189 compared to $237 in the comparative period. There was an equivalent stock option grant completed in the comparable fiscal quarterly period however the valuation of the stock options granted was lower in the current year.

The Company continues to engage its new marketing partner in order to enhance its presence in the marketplace with this, and other associated marketing initiatives, contributing to the increase in advertising expenditures of $321 quarter-over-quarter. The sales and supporting function had lower travel costs of $126 quarter-over-quarter due to reduced travel as a result of the impact of COVID-19. Lease contract fulfilment costs increased $212 in the current quarter as arising from the increase in distributor agreements in the past twelve months and also due to the immediate recognition of distributor commissions related to finance leases rather than recognition over the course of the three years of a Blackline Complete operating lease. Legal expenses also increased $48 due to additional contractual agreement support engaged in the period.

The Company was engaged by a customer to complete a development acceleration program for an enhancement of G7 device connectivity in fiscal 2018 and successfully completed the development program in fiscal 2019 with a total of $397 recognized in service revenue for the program. The customer had subsequently not paid Blackline for the amount owed in accordance with the terms of the contract and accordingly the Company included the full amount owing within the trade receivables loss allowance at the October 31, 2019 year end. Blackline engaged legal counsel and recovered $211 of the amount owed and recorded this in the current quarter as a reduction in our trade receivables loss allowance at the period end. The Company considers this to be a non-recurring transaction.

For the six-month period ended April 30, 2020 the Company's sales and marketing expenses were $7,180 compared to $5,218 in the comparable prior year fiscal period. The principal reasons for the increase of $1,962 in the current year relate to the growth of the Company's sales team and support functions with additional salaries, compensation and benefit costs, commissions and sales contractor costs of $1,731 compared to the prior year. These were offset by $358 of wage subsidy funding accrued in the period from the CEWS in response to COVID-19 that has been recorded as a reduction in sales and marketing expenses salaries in the period with no such equivalent in the prior period.

In the current six-month period, the total stock-based compensation recognized in sales and marketing expenses in the period decreased $52 with this principally due to a valuation of the stock options granted in the current period compared to the prior year period.

Lease contract fulfilment costs increased $291 in the current six-month period as a result of the increase in the number of distributor agreements in the past twelve months and also due to the immediate recognition of distributor commissions related to finance leases rather than recognition over the course of the three years of a Blackline Complete operating lease.

There were increased marketing costs of $602 due to the engagement of our new marketing partner and other associated marketing initiatives in the current six-month period. Legal expenses increased $60 due to additional contractual agreement support with trade show expenses decreasing by $35 due to cancellations arising from the impact of COVID-19 period-over-period.

PRODUCT DEVELOPMENT COSTS

Product development costs reflect the Company's ongoing efforts to expand its product line while enhancing the capabilities of the current revenue-generating product offering. Product development costs include the salaries and benefits of the product development team, external consultants, materials used specifically for product development purposes, amortization of intangible assets and depreciation of certain property and equipment. Blackline also records the impact of government assistance from the Scientific Research and Experimental Development program ("SR&ED") as a reduction in product development costs in accordance with the Company's accounting policy for government assistance.

Product development costs were $2,136 in the second quarter, up from $1,708 in the comparable prior year period, an increase of $428 or 25%. Blackline continued to invest in its product development efforts to further broaden the Company's product portfolio and customer reach with the current quarter including continued investment in the development of the G7 EXO area monitor product line. Blackline is investing in an improved back end supporting platform and also in the development of remote camera vision capability and incurred additional external consulting fees associated with these developments of $122 compared to the prior year quarter.

The employee compensation and benefit expenses and contractor costs were higher in the current quarter by $504 compared to the prior period due to the expansion of the Company's product development team to facilitate our development expansion plans. These were offset by $306 of CEWS funding that has been accrued and recorded as a reduction in related product development salaries in the period with no such equivalent in the prior year comparable quarter.

For the six-month period ended April 30, 2020, the Company's product development costs were $4,144 compared to $3,146 in the comparable prior year fiscal period. In the current period Blackline increased its investment in its product development efforts to further broaden the Company's product portfolio and customer reach with a focus on the continuing development of the G7 EXO area monitor, improvement of the back end supporting platform for the Blackline Live portal and the external development costs of the addition of camera vision to the G7 connected portfolio.

The increase of $998 is attributable to the growth of the product development team with increased salaries and benefit expenses and contractor costs of $804. These were offset by $306 of funding accrued in the current six-month period from the CEWS that has been recorded as a reduction in product development salaries in the period with no such equivalent in the prior period.

The improved back end supporting platform resulted in an additional $227 in external consulting fees, increased software and systems maintenance costs of $104 and an additional $118 in material costs used specifically for product development purposes, including for G7 EXO, period-over-period.

FINANCE INCOME, NET

Finance income, net of finance expenses, was $87 in the second quarter compared to $196 in the comparable prior year period. This decrease was principally due to a lower short-term investments balance upon which the interest income is earned as the Company's investment of the net proceeds of the October 2018 Brokered Private Placement was utilized in fiscal 2019 and in the current fiscal year.

Finance income, net of finance expenses, was $199 in the six-month period ended April 30, 2020 compared to $429 in the comparable prior year period. This decrease was also due to a lower short-term investments balance upon which the interest income is earned as the Company's investment of the net proceeds of the October 2018 Brokered Private Placement was utilized in fiscal 2019 and in the current fiscal year.

NET LOSS, EBITDA AND ADJUSTED EBITDA

Net loss was $(2,099) for the three-month period ended April 30, 2020 compared to $(3,016) for the comparable prior year fiscal period. The decreased net loss in the period primarily arises from an increase in gross margin and decreased general and administrative expenses, offset by increased sales and marketing expenses and product development costs quarter-over-quarter.

Net loss for the six-month period ended April 30, 2020 was $(4,454) compared to $(4,761) in the comparable prior year period. The decreased net loss in the period arises principally from an increase in gross margin and decreased general and administrative expenses, offset by increased selling and marketing expenses and product development costs period-over-period.

EBITDA[1] was $(1,158) for the three-month period ended April 30, 2020 compared to $(2,630) for the comparable prior year fiscal period. The improvement in EBITDA in the period primarily arises from an increase in gross margin and decreased general and administrative expenses, offset by increased selling and marketing expenses and product development costs compared to the prior year quarter.

EBITDA for the six-month period ended April 30, 2020 was $(2,661) compared to $(4,096) in the comparable prior year period. The improvement in EBITDA for the period can principally be attributed to an increase in gross margin and decreased general and administrative expenses, offset by increased selling and marketing expenses and product development costs period-over-period.

Adjusted EBITDA[1] for the three-month period ended April 30, 2020 was $1,397 compared to $253 in the prior year period. The improved Adjusted EBITDA resulted primarily from an increase in gross margin and decreased general and administrative expenses, offset by increased selling and marketing expenses compared to the prior year quarter.

Adjusted EBITDA for the six-month period ended April 30, 2020 was $1,918 compared to $286 in the comparable prior year period. The increase in Adjusted EBITDA for the period can principally be attributed to an increased gross margin and decreased general and administrative expenses, offset by increased sales and marketing expenses compared to the prior fiscal six-month period.

[1] See "Non-IFRS Measures" section for a reconciliation of these non-IFRS measures to IFRS.

TOTAL ASSETS AND LIABILITIES

Blackline's total assets as at April 30, 2020 were $57,928 compared to $58,734 as at October 31, 2019. Total liabilities were $22,174 compared to $19,363 as at October 31, 2019.

The marginal decrease in total assets as at April 30, 2020 when compared to the prior fiscal year end is primarily attributable to decreased short-term investments, offset by increased cash and cash equivalents, right-of-use assets, inventory, trade and other receivables and property and equipment.

Cash and cash equivalents at April 30, 2020 were $14,469 compared to $13,636 at October 31, 2019, an increase of $833. The short-term investments with financial institutions at the period end were $8,455 compared to $17,003 at the prior year end, with the majority of those funds being invested from the October 2018 Brokered Private Placement. The decrease is attributable to the maturing of certain investments and the utilization of these funds for working capital purposes. This represents a total cash and cash equivalents and short-term investments amount of $22,925 as at April 30, 2020 (October 31, 2019: $30,640).

Trade and other receivables totaled $11,807 up from $10,406 at the prior year end with the increase arising from the growth in product sales and service revenues generated in the current fiscal period compared to the prior year and the associated collection terms of these receivables. The other receivables increase is attributable to lease receivables from the Company's finance lease contracts in the current fiscal period as well as the amount of $1,047 for the CEWS that was received post period end.

Inventory totaled $9,018 at the current period end compared to $5,850 at the prior year end. Material parts inventory increased to $4,249 from $3,056 at the prior year end with finished goods, comprised of finished and packaged units, increasing to $4,769 from $2,793 at the prior year end. The growth in overall inventory is attributable to an inventory build for both G7 and the Company's new EXO area monitor product and additional completed product on hand at the period end due to COVID-19 impacted product sales.

Total contract assets, consisting of current and long-term costs related to the fulfilment of a Blackline Complete lease were $858 as at April 30, 2020 (October 31, 2019: $976).

Property and equipment at the period end was $10,017 compared to $9,450 at the prior year end. Of this net increase $337 is attributable to new molds for the G7 EXO product with $318 in cartridges, these being the modular cartridge options, including gas sensors, used in the G7 connected safety device and which generate service revenue for the Company.

The right-of-use assets of $1,605 represent the lease obligations that have been entered into by the Company, the majority of which relate to the lease agreements for the Company's offices in Calgary, Canada and Colchester, UK.

The total current liabilities at April 30, 2020 were $17,001 compared to $15,367 as at October 31, 2019. The amount of accounts payable and accrued liabilities owed by the Company decreased to $6,648 from $7,367 at the prior year end due to the timing of the payment of the Company's expenditures at the end of each fiscal period. The current portion of the Company's deferred revenue, whereby customers commit to service plans that are paid in advance, was $9,137 at the period end which compared to $7,100 at the prior year end with the difference being due to the timing of when cash is received, and revenue is recognized.

The current portion of contract liabilities which represent the Company's obligations to pay commissions to third-party distributors who assist with the fulfilment of 'Blackline Complete' lease contracts was $724 as at April 30, 2020 compared to $611 at the prior year end. The current portion of the repayable funding from TECTERRA Inc. ("TECTERRA") was $98 compared to $289 as at October 31, 2019 which reflects the estimated funds that are due to be repaid in the upcoming twelve months based on the terms of the funding and compensation agreement with TECTERRA. The current portion of the Company's lease liabilities was $394 with this being the first reportable fiscal year where this liability is recognized on the Statement of Financial Position.

The total non-current liabilities at April 30, 2020 were $5,172 compared to $3,996 as at October 31, 2019. The non-current financial liabilities include the non-current portions of deferred revenue, repayable funding from TECTERRA and deferred lease incentives. The long-term portion of the Company's deferred revenue increased to $3,776 from $3,631 at the prior year end, which reflects the timing of when the deferred revenue from service sales will be earned. The non-current portion of contract liabilities was $145 as at April 30, 2020 compared to $193 at the prior year end. The non-current portion of the Company's lease liabilities was $1,251 with this being the first reportable fiscal year where this liability is recognized on the Statement of Financial Position.

PROCEEDS OF PRIVATE PLACEMENTS

On October 22, 2018, the Company closed an underwritten private placement of 6,325,000 common shares of the Company at an issue price of $5.00 per common share for aggregate gross proceeds of $31,625 (the "October 2018 Brokered Private Placement"). After deduction of broker and other fees the net proceeds from the October 2018 Brokered Private Placement were $29,399.

Blackline advised at the time that it intends to use the net proceeds of the October 2018 Brokered Private Placement to support the accelerated growth of its international sales network, to fund potential accretive acquisition opportunities as well as general corporate purposes. The Company invested $27,624 of the funds raised in notice term deposits and short-term investments and as at April 30, 2020 $12,126 of these funds remained invested in notice term deposits and short-term investments.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, gross margin percentage, net loss, net loss per share, Adjusted EBITDA and Adjusted EBITDA per share amounts for the eight most recently completed quarters ended April 30, 2020. These have been prepared in accordance with IFRS, with the non-IFRS measures captioned below, and are presented in Canadian dollars which is the presentation and functional currency of the Company.

Fiscal year	**2020**		**2019**				**2018**	
Quarter	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue ($)	8,472	8,918	10,746	8,108	8,189	6,229	5,544	4,676
Gross margin (%)	55%	46%	47%	49%	44%	46%	45%	40%
Net loss ($)	(2,099)	(2,355)	(2,924)	(2,240)	(3,016)	(1,745)	(2,445)	(2,048)
- Net loss per share, basic and diluted ($)	(0.04)	(0.05)	(0.06)	(0.05)	(0.06)	(0.04)	(0.06)	(0.05)
Adjusted EBITDA[1] ($)	1,397	504	155	112	253	33	(677)	(179)
- Adjusted EBITDA[1] per share, basic and diluted ($)	0.03	0.01	0.00	0.00	0.01	0.00	(0.02)	(0.00)

[1] See “Non-IFRS Measures” for a reconciliation of Adjusted EBITDA as a non-IFRS measure to IFRS. The reconciling items and the movements in these items from period to period are discussed in the MD&A of each period.

The variations over the quarters, including their comparable quarter, are discussed in this MD&A and in the previously filed interim and annual MD&A of the Company.

FISCAL YEAR 2020

The increase in gross margin percentage in the second quarter of fiscal 2020 compared to the first quarter of fiscal 2020 was due to the product and service mix sold period-over-period. The increase in Adjusted EBITDA in the second quarter of fiscal 2020 resulted from increased gross margin, decreased sales and marketing expenses offset by increased general and administrative expenses period-over-period.

The decrease in revenue in the first quarter of fiscal 2020 compared to the fourth quarter of fiscal 2019 relates predominately to lower product revenues. The decrease in net loss in the first quarter of fiscal 2020 compared to the fourth quarter of fiscal 2019 is attributable to decreased general and administrative expenses, offset by decreased revenues and gross margin and increased sales and marketing expenses period-over-period. The increase in Adjusted EBITDA in the first quarter of fiscal 2020 resulted from decreased general and administrative expenses, offset by decreased revenues and gross margin and increased sales and marketing expenses period-over-period.

FISCAL YEAR 2019

The increase in revenue in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 relates predominately to higher product revenues. The decrease in gross margin percentage in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 was due to the product and service mix sold period-over-period. The increase in net loss in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 is attributable to increased selling, general and administrative expenses and product development costs, offset by increased revenues and gross margin period-over-period.

The increase in gross margin percentage in the third quarter of fiscal 2019 compared to the second quarter of fiscal 2019 was due to a proportionally higher product margin due to the mix of products sold period-over-period. The decrease in net loss in the third quarter of fiscal 2019 compared to the second quarter of fiscal 2019 is attributable to stock-based compensation expense incurred in the second quarter of the fiscal year from stock options granted to directors, officers and employees of the Company.

The increase in revenue in the second quarter of fiscal 2019 compared to the first quarter of fiscal 2019 relates predominately to higher product revenues. The increase in net loss in the second quarter of fiscal 2019 compared to the first quarter of fiscal 2019 was mainly attributable to an increase in stock-based compensation expense incurred in the second quarter of fiscal 2019 from stock options granted to directors, officers and employees of the Company with no equivalent grant in the first quarter of fiscal 2019. The increase in Adjusted EBITDA in the second quarter of fiscal 2019 resulted from increased revenues and gross margin, offset by increased selling, general and administrative expenses period-over-period.

The increase in revenue in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 relates to higher product and service revenues. The increase in gross margin percentage in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 was due to a proportionally higher product margin. The decrease in net loss in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 is attributable to increased revenues, gross margin and decreased selling, general and administrative expenses, offset by increased product development costs period-over-period. The increase in Adjusted EBITDA in the first quarter of fiscal 2019 resulted from increased revenues, gross margin and decreased selling, general and administrative expenses period-over-period.

FISCAL YEAR 2018

The increase in revenue in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 relates to higher product and service revenues. The increase in gross margin percentage in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 was due to a proportionally higher service margin. The increase in net loss in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 is attributable to increased selling, general and administrative expenses period-over-period, offset by increased product and service revenues.

The reduction in Adjusted EBITDA in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 relates primarily to an increase in the net loss in the period, largely due to increased selling, general and administrative expenses, including a one-time payment of $268 to a prior contractor, incurred in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018.

There are no factors, other than those previously disclosed, that have caused variations over the quarters necessary to understand general trends that have developed for which separate discussion in this MD&A is required. The Company's business is not significantly impacted by seasonality.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are to fund the development of enhanced product offerings and for general working capital requirements. The Company finances these activities primarily through cash flows from operations, funds from equity financing, a bank demand operating revolving loan facility and government assistance in the form of repayable debt.

Blackline had cash and cash equivalents of $14,469 as at April 30, 2020. Cash and cash equivalents increased by $1,846 and $833 during the three and six-month periods ended April 30, 2020 with an increase of $2,661 and $299 in the equivalent periods of the last fiscal year.

The total of the short-term investments held as at April 30, 2020 amounted to $8,455 compared to $17,003 at the prior year end. The short-term investments were comprised of fixed interest rate guaranteed investment certificates and a term deposit with a Canadian chartered bank. The total cash and cash equivalents and short-term investments at April 30, 2020 was $22,925 (October 31, 2019: $30,640).

Cash flows from operating, financing and investing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized as follows:

	Three months ended April 30,		**Six months ended April 30,**	
	2020 $	**2019 $**	**2020 $**	**2019 $**
Cash provided by (used in) operating activities	(2,037)	434	(5,236)	(3,730)
Cash provided by (used in) financing activities	368	561	430	572
Cash provided by (used in) investing activities	3,808	1,969	6,540	3,233
Effect of foreign exchange changes	(293)	(303)	(901)	224
Total net increase (decrease) in cash and cash equivalents	**1,846**	**2,661**	**833**	**299**

Operating activities in the three and six-months ended April 30, 2020 used $2,037 and $5,236 in cash whereas $434 was provided and $3,370 used in the prior periods. The net change in non-cash working capital relating to operating activities amounting to $(1,699) compared to $1,728 in the prior fiscal quarter. The majority of the net change in non-cash working capital in the current three month period relate to changes in inventory of $2,165 and trade and other receivables of $1,239, offset by changes in net deferred revenue of $1,606 as compared to the immediately prior fiscal quarter end date.

Financing activities in the three and six-month periods ended April 30, 2020 provided a cash increase of $368 and $430 respectively, compared to an increase of $560 and $572 in the same periods of the prior fiscal year. In the current quarter net proceeds of $556 were raised through the exercise of stock options compared to $460 in the prior year comparable period. Lease liability payments of $88 were made in the period relating to the Company's lease obligations with no prior period comparable amount. There were repayments of $100 made to TECTERRA relating to a funding and compensation agreement in the current period with no such repayments in the prior year.

Investing activities in the three and six-month periods ended April 30, 2020 provided cash in the amounts of $3,808 and $6,540 respectively, compared to $1,969 and $3,233 of cash provided in the comparable periods of the prior fiscal year. There were purchases of short-term investments of $455 and $2,398 in the current three and six-month periods. These purchases were offset by redemptions of short-term investments in the amount of $4,931 in the current period and $10,942 in the current six-month period compared to $9,314 and $11,331 respectively in the comparable prior periods.

Net finance income from the Company's cash and cash equivalents and short-term investments in the second quarter was $72 compared to $150 in the comparable prior quarter. In the current three and six-month periods there were capital expenditures of $740 and $2,140, incurred predominately for property and equipment additions of molds and cartridges, compared to $2,495 and $3,303 respectively in the comparable periods of the prior fiscal year.

	April 30, 2020 **$**	**October 31, 2019** **$**
Current assets	44,241	47,600
Current liabilities	(17,001)	(15,367)
Working capital	**27,240**	**32,233**

Working capital at April 30, 2020 was $27,240 compared to $32,233 at the prior year end, a decrease of $4,993. The decrease is mainly due to a reduction in short-term investments offset by an increase in cash and cash equivalents, right-of-use assets, trade and other receivables and inventory in current assets and an increase in deferred revenue with a reduction in accounts payable and accrued liabilities in current liabilities.

The Company continues to maintain its demand operating revolving loan facility ("loan facility") of up to $1,500 with a Canadian chartered bank. The loan facility bears interest at the bank's annual prime rate plus 1% and is repayable on demand. In the event that the total indebtedness of the Company to the bank exceeds $500 the Company shall ensure that the amount advanced and loan outstanding shall at no time exceed the margin requirements of the loan facility. The loan facility is secured by a general security agreement creating a first priority security interest in all present and after acquired personal property of the Company.

The loan facility was not drawn upon during the current quarter end or as at October 31, 2019.

The covenants that must be maintained by the Company, without limiting the Bank's right to demand repayment of any outstanding amounts, are as follows:

- Ratio of debt to tangible net worth, defined as total equity less intangible assets, shall not at any time exceed 3.00 to 1.00, and
- Ratio of current assets to current liabilities to not at any time be less than 1.25 to 1.00.

The Company has repayable funding through a funding and compensation agreement with TECTERRA whereby funding is made available through their Industry Investment Program, interest free, for the development and commercialization of innovative geospatial solutions for integrated resource management. The Company is using this funding to assist in developing an enhanced product within its current portfolio. The total amount owing to TECTERRA as at April 30, 2020 was $98, representing a decrease of $191 from the prior fiscal year end due to repayments in the first six months of the current fiscal year.

The Company is utilizing the Government of Canada's 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 $1,227 for payroll in the time period of March 15 to May 9 of which $1,047 related to the current quarter and has been recorded as a reduction in related payroll expenses. As at April 30, 2020, $1,047 is included in trade and other receivables as the cash funding was not received until post quarter end. The Company will continue to investigate relevant governmental support programs throughout the period of the Coronavirus pandemic.

Management's objective is to maintain sufficient cash and cash equivalents and short-term investments to finance operations and minimize dilution to shareholders. The Company's ongoing development program requires investment in wages, tooling and product certifications during the development process. To meet these development-based capital requirements, in addition to the loan facility and focusing on improving cash flow from operating activities, the Company continues to pursue multiple levels of government grants and funding arrangements. Such arrangements, including zero interest loans for developing new geomatics technologies (TECTERRA) and wage programs to cover the cost of hiring new developers (Alberta Innovates), can assist the Company in meeting its liquidity objective.

Management believes they have sufficient funds to support the growth of the Company and to fund its development activities. No assurances can be given that the Company will achieve all or part of its liquidity objective, or that sufficient funds will be generated internally or that financing from outside sources, if needed, will be available.

There is a capital expenditure commitment of $140 at April 30, 2020 for the purchase of an additional piece of surface mount technology equipment (SMT) that will supplement the existing SMT line. The Company also continues to have capital expenditure commitments for the manufacturing of owned modular cartridges used in the G7 connected safety device and which generate service revenue for the Company. These commitments will be funded primarily through cash flows from operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet financing arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

PURCHASES OF SERVICES

The Company previously purchased public relations consulting services from an entity controlled by a related party of a member of the Company's key management personnel on normal credit terms and measured at the exchange amount of $nil and $nil for the three and six-month periods ended April 30, 2020 (Three-month period ended April 30, 2019: $8 and six-month period ended April 30, 2019: $21). As at April 30, 2020, the amount of $nil (October 31, 2019: $15) was outstanding in accounts payable and accrued liabilities in relation to transactions with that related party.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

NEW ACCOUNTING POLICIES 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.

NEW ACCOUNTING POLICIES NOT YET ADOPTED BY THE COMPANY

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

There are no other mandatory standards that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

FINANCIAL INSTRUMENTS

Blackline held the following financial instruments as at the April 30, 2020 fiscal period end:

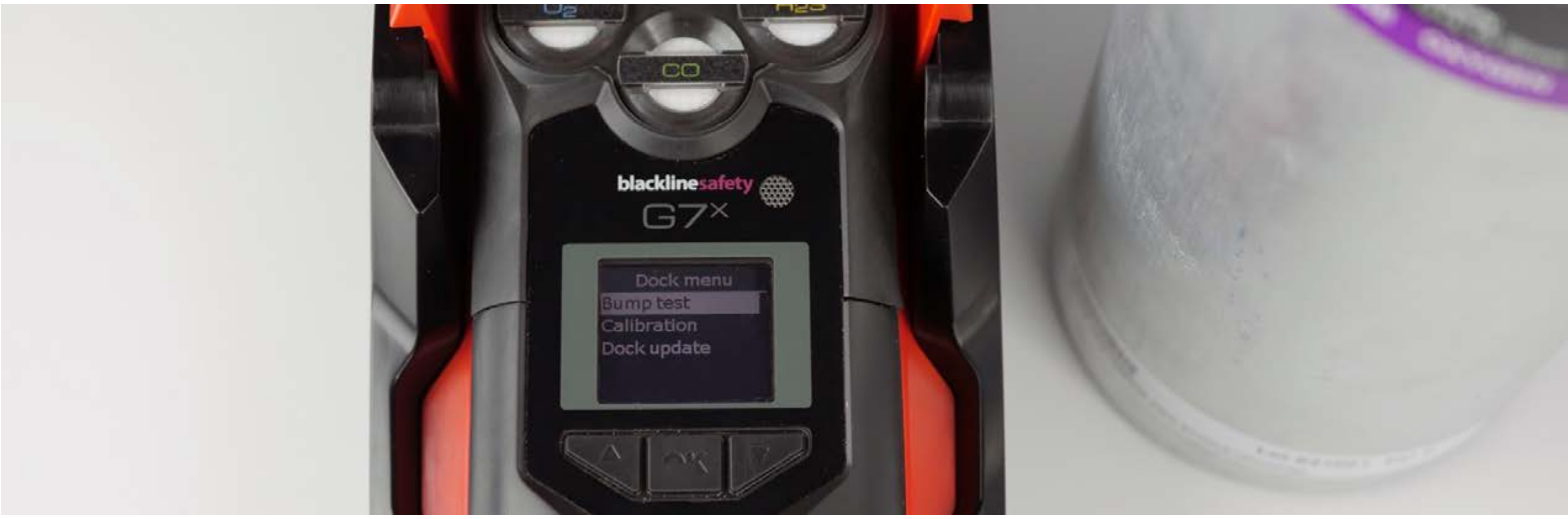
FINANCIAL ASSETS

The financial assets held by the Company consisted of cash and cash equivalents, short-term investments and trade and other receivables. These financial assets are initially measured at fair value with any subsequent changes in measurement being at amortized cost. The carrying amounts of these financial assets are not considered to be significantly different to their fair values due to the instruments short-term nature.

FINANCIAL LIABILITIES

The financial liabilities held by the Company consisted of accounts payable and accrued liabilities, contract liabilities, lease liabilities and repayable funding from TECTERRA. These financial liabilities are initially measured at fair value with any subsequent changes in measurement being at amortized cost. The carrying amounts of these financial liabilities are not considered to be significantly different to their fair values due to the instruments short-term nature.

The Company's risk exposure associated with these financial instruments and the strategies used to manage these risks are disclosed in note 3 b) of the April 30, 2020 unaudited condensed consolidated interim financial statements of the Company. The amounts, timing and certainty of future cash flows, cash flows associated with those financial instruments are also disclosed in this note. Blackline does not have any financial assets or liabilities that are measured subsequently at fair value, either through other comprehensive income or through profit or loss, or derivative financial instruments used for hedging.



NON-IFRS MEASURES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, using accounting policies consistent with IFRS as issued by the IASB.

Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Blackline's results. The calculations of the non-IFRS measures are consistent with the prior year comparable period. These measures include:

EBITDA

EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA refers to earnings before interest expense, interest income, income taxes, depreciation and amortization.

Management believes that operating performance, as determined by EBITDA, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of certain non-operational items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

ADJUSTED EBITDA

Adjusted EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Adjusted EBITDA refers to earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product development costs and non-recurring impact transactions, if any.

The Company does not include stock-based compensation expenses, product development costs or other non-recurring impact transactions, if any, in Adjusted EBITDA. This is presented to provide analysts, investors and other interested parties a representative EBITDA of the Company such that it was not incurring product development costs related to new and existing products or the effects of stock-based compensation expense and non-recurring transactions, if any. The Company considers an item to be non-recurring when a similar loss or gain is not reasonably likely to occur within the next two years or has not occurred during the prior two years.

Management believes that operating performance, as determined by Adjusted EBITDA, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of product development costs related to new and existing products, which enables the primary readers of the MD&A to evaluate the results of the Company such that it was operating without any expenditures in product development. The exclusion of stock-based compensation expense as a non-cash item as well as non-recurring impact transactions, if any, also enables those readers of the MD&A to evaluate the results of the Company because it presents the results of the Company on a basis which excludes the impact of non-cash and non-recurring items, if any. Readers should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

EBITDA PER SHARE AND ADJUSTED EBITDA PER SHARE

EBITDA per share and Adjusted EBITDA per share are calculated on the same basis as net earnings (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the periods presented. These are presented in the "Financial Information" section of the MD&A.

NET LOSS EXCLUDING STOCK-BASED COMPENSATION EXPENSE

Net loss excluding stock-based compensation expense is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Net loss excluding stock-based compensation refers to net loss before stock-based compensation expense.

This is presented to provide analysts, investors and other interested parties a representative net loss of the Company such that it was not incurring the effects of stock-based compensation expense.

Management believes that operating performance, as determined by net loss excluding stock-based compensation expense, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of stock-based compensation expense as a non-operational and non-cash item. Readers should be cautioned, however, that net loss excluding stock-based compensation expense should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

RECONCILIATION OF NON-IFRS MEASURES

The following table presents a reconciliation of the non-IFRS measures presented in the MD&A to their nearest measure under IFRS for the three and six-month periods ended April 30, 2020 and April 30, 2019. These are net loss to EBITDA, Adjusted EBITDA and net loss to net loss excluding stock-based compensation expense.

	Three months ended April 30,		Six months ended April 30,	
	2020 $	**2019 $**	**2020 $**	**2019 $**
Net Loss	**(2,099)**	**(3,016)**	**(4,454)**	**(4,761)**
Depreciation and amortization	1,028	582	1,992	1,094
Finance income, net	(87)	(196)	(199)	(429)
EBITDA	**(1,158)**	**(2,630)**	**(2,661)**	**(4,096)**
Product development costs, net depreciation and amortization	1,939	1,491	3,869	2,863
Stock-based compensation expense	827	1,168	921	1,295
Other non-recurring impact transactions	(211)	224	(211)	224
Adjusted EBITDA	**1,397**	**253**	**1,918**	**286**
Net Loss	**(2,099)**	**(3,016)**	**(4,454)**	**(4,761)**
Stock-based compensation expense	827	1,168	921	1,295
Net loss excluding stock-based compensation expense	**(1,272)**	**(1,848)**	**(3,533)**	**(3,466)**

OUTSTANDING SHARE DATA

Blackline had 48,195,323 common voting shares issued and outstanding as at June 23, 2020.

The following share options were outstanding at that date:

Share Option Exercise Price	Share Options outstanding
$1.80	75,167
$2.85	291,669
$4.25	874,000
$4.40	564,168
$5.26	776,583
$5.50	700,300
$5.84	10,000
Total	**3,291,887**

RISK FACTORS AND UNCERTAINTIES

Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Company. This section describes specific and general risks that could affect the Company. As it is difficult to predict whether any risk will be realized, or its related consequences will occur, the actual effect of any risk on the business could be significantly different from that anticipated. The following descriptions of risk do not include all possible risks, as there may be other risks of which management is currently unaware or currently believe to be immaterial.

GENERAL ECONOMIC CONDITIONS

The Company currently operates from Canada, the United States, Europe and Australia and like all businesses globally, it has been subject to the impact of national and global economic issues related to the global COVID-19 pandemic as well as the impact of depressed oil and gas commodity prices. These challenging conditions have affected the global marketplace and have resulted in significant disruption throughout global industries. Blackline is working directly with client entities whose operational and capital spending has been impacted. Should these conditions prevail, there may be further pressure on the demand for products and services currently provided by Blackline.

With the recent shift in oil commodity pricing, Blackline is closely monitoring and planning for the uncertainties facing the oil sector and how this will impact upstream, midstream and downstream segments.

COMPETITION

The market for location-based services is competitive in the lone worker space, and some competitors in the gas detection industry have launched early wireless-capable solutions. Blackline has experienced, and may continue to experience, intense competition from other organizations with more established sales and marketing presence, superior technical support services and greater financial resources. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards.

As the market for the Company's products continues to develop, additional competitors may enter the market and competition may intensify. Increased competition may cause price reductions, reduced profitability and loss of market share, any of which could have an adverse effect on the Company's business, results of operations and financial condition.

RISK ASSOCIATED WITH INTERNATIONAL OPERATIONS

Management of the Company believes that its continued growth and profitability will require expansion of its sales further in the United States and into other international markets. This expansion will require significant management attention and financial resources and could adversely affect the Company's operating margins. To increase international sales in subsequent periods, the Company may establish additional international operations, incur substantial infrastructure costs, hire additional personnel and recruit international distributors. In addition, even with the possible recruitment of additional personnel and international distributors, there can be no assurance that the Company will be successful in maintaining or increasing international market demand for the Company's products and services.

TECHNOLOGICAL CHANGE AND STANDARDS

The technology industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing products and systems obsolete. Blackline's products employ complex technology and may not always be compatible with current and evolving technical standards. Failure or delays by the Company to meet or comply with the requisite and evolving industry or user standards could have a significantly adverse effect on the Company's business, results of operations and financial condition.

INTELLECTUAL PROPERTY RISKS

Since much of the Company's potential success and value lies in its ownership and use of intellectual property, failure to protect its intellectual property may negatively affect its business and value. The Company typically enters into confidentiality or license agreements with its employees, consultants, customers, strategic partners and vendors in an effort to control access to and distribution of its products, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's proprietary technology without authorization.

The Company is in an industry with many competitors that lay claim to intellectual property. The Company may receive notice from a third party asserting the Company has infringed on their intellectual property rights. As a result of such claims, the Company's earnings could be adversely affected by costly litigation, product injunctions or consumption of management attention.

RELIANCE ON INFORMATION SYSTEMS AND TECHNOLOGY

The Company's business relies upon information technology systems to support its monitoring of hardware devices and to service customers at the point of sale. Its information technology systems may be vulnerable to unauthorized access, computer viruses, system failures, other malicious acts or acts of nature. Were a significant disruption to its information technology to occur, the Company's earnings could be adversely affected through loss of revenue and costs to rectify the disruption as well as potentially suffering damage to its reputation.

The Company may also be required to expend significant capital and resources to protect against the threat of security, encryption and authentication technology breaches or to alleviate problems caused by such breaches.

RELIANCE ON THIRD PARTY LICENSES

The Company relies on certain software that it licenses from third parties, including a software program that is integrated with internally developed software and used in the Company's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could substantially and adversely affect the Company's business, results of operations and financial condition.

DEPENDENCE ON THIRD PARTIES

The Company's products rely on GPS satellites that it does not own or operate. Such satellites and the corresponding ground support systems are complex electronic and mechanical systems that are subject to potential failures. Further, there is no assurance the US Government will continue to operate and maintain the satellites or that it will continue the current policies for the commercial use of the satellites. The Company has contracted with Iridium Satellite LLC to provide data via their independent network of satellites. Should a significant number of the governmental or commercial satellites fail or should the terms of use policies for the US Government satellites change, the earnings of the Company would be considerably impacted.

HISTORY OF OPERATING LOSSES

Since its incorporation, the Company has recorded an inadequate level of revenue to offset its costs and has an accumulated deficit as at April 30, 2020 of $66,640. The deficit is expected to increase in the near term as the Company accelerates the growth of its international sales network and continues its product development.

PRICE VOLATILITY OF PUBLICLY TRADED SECURITIES

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility.

CLIMATE CHANGE

Blackline recognizes climate change as an important environmental issue. It is impracticable to predict the impact of climate change or the regulatory responses to it, on our business. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs and increase the costs of the products we purchase from others. Increasing environmental regulations on oil and gas, pipeline, transportation and other industrial companies could adversely impact certain of our customers' businesses which may impact demand for our products. It is too soon for us to predict with any certainty the ultimate impact of additional regulation, either directionally or quantitatively, on our overall business, results of operations or financial condition.

Furthermore, the potential physical impacts of climate change on our facilities, suppliers and customers and therefore on our operations are uncertain and will be particular to the circumstances in various geographical regions. These potential physical effects may adversely impact the demand for our products and the cost, production, sales and financial performance of our operations.

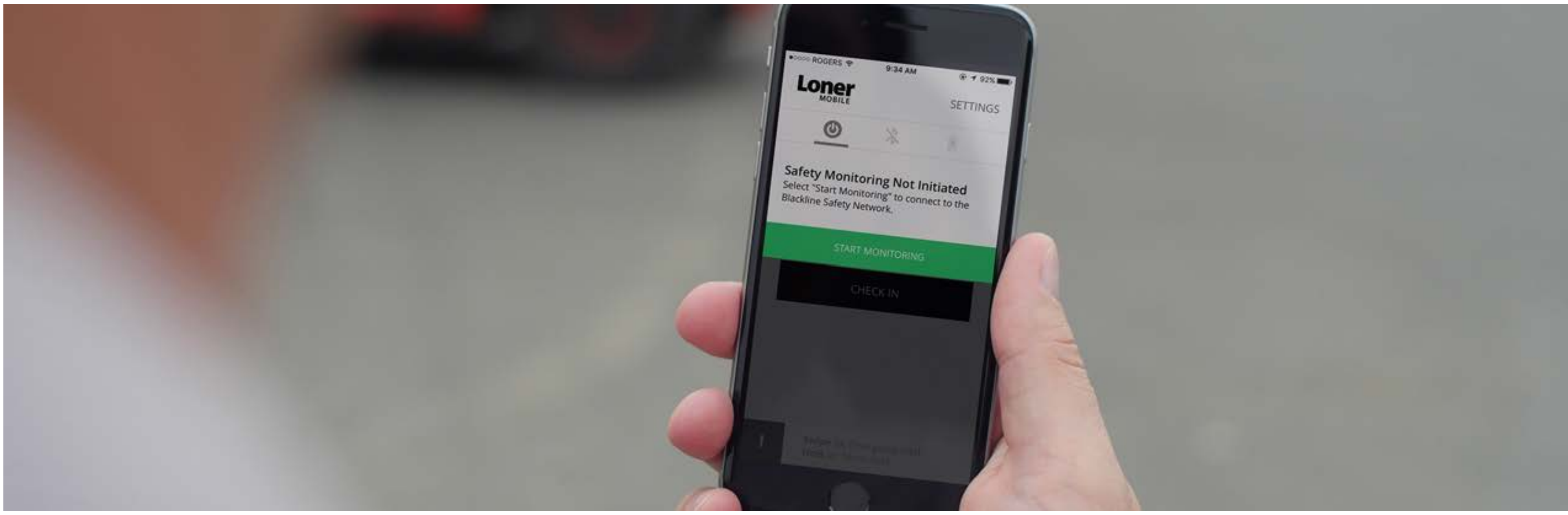
BREXIT

In June 2016, voters in the UK approved the withdrawal of the UK from the European Union (commonly known as "Brexit"). The effects of Brexit will depend on agreements the UK makes to retain access to the European Union markets following the agreed transitional period that ends after December 31, 2020. Uncertainty over the terms of the UK's future trading relationship from the European Union could cause economic and political uncertainty in the UK and the rest of Europe. Brexit could also lead to legal and regulatory uncertainty and potentially differing national laws and regulations as the UK determines which European Union laws to replicate or replace. It is possible that Blackline or certain of its subsidiaries will be subject to increased obligations and complexities imposed by new or changing laws and regulations, including those relating to tax benefits and liabilities, trade, security and employment. This could lead to increased costs and expenses as it adapts to changing legal and regulatory frameworks. It is unclear what financial, trade and legal implications Brexit may have on the UK and how the post-withdrawal transition period trading relationship with the European Union would affect Blackline and its subsidiaries, one of which, has significant operations in the UK and the rest of the European Union.

Any of these or other effects of Brexit could be disruptive to Blackline's operations and business in the UK and the rest of the European Union and could significantly adversely affect its overall business, business opportunities, results of operations, financial condition and cash flows.

COVID-19

The Company's operations may continue to be affected by COVID-19, declared a pandemic by the World Health Organization in March 2020. The prolonged continuance of the COVID-19 pandemic could adversely impact Blackline's operations, including sales activities and financial performance. In addition, the sharp decrease in global energy demand and the uncertainty surrounding the impacts of COVID-19 have led to significant declines in commodity prices and decreased oil and gas production. Low commodity prices and resulting lower cash flow and capital spending in the industry could adversely impact the demand for Blackline's products. The extent to which the COVID-19 pandemic may impact our overall business, business opportunities, results of operations, financial condition and cash flows are outside of the Company's control and cannot be accurately predicted at this time.



OUTLOOK

Blackline has a comprehensive connected safety product and service portfolio that is designed and developed in-house to meet the demands of most industries, from energy and petrochemical to utilities, telecom, industrial, and manufacturing. The Company delivers solutions that provide robust, turn-key safety monitoring for personnel operating in urban, suburban, rural, hazardous and remote locations. Blackline Safety creates and services employee-worn comprehensive safety monitors that support activities outdoors, on sites and throughout facilities. Backline's proprietary location beacon technology supplements GPS, delivering a hybrid location platform that accurately and consistently maps employee locations when working indoors and outside.

Blackline has evolved into a global vendor of environmental gas detection and lone worker monitoring solutions. The Company's G7 connected safety portfolio offers turn-key live monitoring capabilities that do not require customers to deploy complicated industrial Wi-Fi networks, rely on mesh-networking, or deploy expensive smartphones with Bluetooth connections. Blackline addresses a broad range of customer requirements through plug-and-play cartridges that support a broad range of gas sensors. Automated wireless configuration makes it easy to manage a large fleet of G7 devices from Blackline's online software. Leveraging its products and services, the Company intends to be the global connected safety leader by offering comprehensive, enterprise-wide employee safety devices and services to customers around the world.

The Company's Blackline Complete leasing program delivers Blackline's leading technology through a service-based leasing model. With no upfront fees, this program provides everything a customer would require with a simple and affordable monthly fee. This program includes G7 connected safety devices, service subscriptions, 24/7 live monitoring service and a full warranty throughout the lease term.

With a broad safety monitoring portfolio, Blackline's solutions work around the world, enabling the Company to maximize its reach and address new opportunities. Blackline delivers a high level of value to customers, helping them to optimize their emergency response process through enhanced situational awareness delivered by live voice communications between the user and monitoring personnel. The Company believes that continued customer adoption, combined with a leading solution portfolio, will provide for continued business growth.

The Company's operations may continue to be affected by COVID-19 pandemic. The prolonged continuance of the COVID-19 pandemic could adversely impact Blackline's operations, including sales activities and financial performance. The extent to which the COVID-19 pandemic may impact our overall business, business opportunities, results of operations, financial condition and cash flows are outside of the Company's control and cannot be accurately predicted at this time.

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