

The background features a dark blue, almost black, field filled with a grid of binary code (0s and 1s). Overlaid on this are several translucent, geometric shapes, primarily triangles and quadrilaterals, outlined in a light blue or white. These shapes are interconnected, creating a complex, web-like structure. Small, glowing orange and yellow dots are scattered throughout the scene, some appearing as if they are part of the geometric structure, while others are floating independently. The overall effect is a sense of digital connectivity and data flow.

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended January 31, 2021

**Blackline Safety Corp.**  
**Consolidated Statements of Financial Position**  
(Unaudited)

	January 31, 2021	October 31, 2020
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	23,840,622	28,522,703
Short-term investments	23,010,356	23,000,000
Trade and other receivables	14,401,417	11,601,814
Inventory	11,164,966	10,771,252
Prepaid expenses and advances	851,250	1,400,483
Contract assets	460,679	498,886
Total current assets	<u>73,729,290</u>	<u>75,795,138</u>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	8,772,202	8,562,410
Intangible assets	781,203	802,152
Right-of-use assets	1,607,429	1,486,321
Long-term contract assets	243,829	223,571
Long-term other receivables	1,790,020	1,740,041
Total non-current assets	<u>13,194,683</u>	<u>12,814,495</u>
<b>TOTAL ASSETS</b>	<u><u>86,923,973</u></u>	<u><u>88,609,633</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	8,222,395	7,311,475
Deferred revenue	10,615,281	9,287,542
Current portion of contract liabilities	475,238	632,151
Current portion of lease liabilities	505,494	496,539
Total current liabilities	<u>19,818,408</u>	<u>17,727,707</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred revenue	3,282,664	3,288,545
Contract liabilities	213,551	201,997
Lease liabilities	1,193,224	1,063,885
Total non-current liabilities	<u>4,689,439</u>	<u>4,554,427</u>
<b>TOTAL LIABILITIES</b>	<u><u>24,507,847</u></u>	<u><u>22,282,134</u></u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 5)	128,492,482	128,159,004
Contributed surplus	9,435,610	9,271,331
Accumulated other comprehensive income (loss)	(420,897)	(895,772)
Deficit	(75,091,069)	(70,207,064)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><u>62,416,126</u></u>	<u><u>66,327,499</u></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>86,923,973</u></u>	<u><u>88,609,633</u></u>

Subsequent event (note 11)

See accompanying notes to the condensed consolidated interim financial statements

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

	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
Revenues (note 6 and 7)		
Product revenue	3,829,032	3,341,448
Service revenue	6,848,628	5,576,636
Total revenues	10,677,660	8,918,084
Cost of sales (note 7)	5,123,745	4,858,905
<b>Gross margin</b>	<b>5,553,915</b>	<b>4,059,179</b>
Expenses (note 4 (b))		
General and administrative expenses	2,343,891	1,457,801
Sales and marketing expenses	4,299,032	3,751,365
Product development costs	3,324,458	2,007,297
Foreign exchange loss (gain)	540,764	(689,817)
Total expenses	10,508,145	6,526,646
<b>Results from operating activities</b>	<b>(4,954,230)</b>	<b>(2,467,467)</b>
Finance income, net	70,225	112,671
<b>Net loss</b>	<b>(4,884,005)</b>	<b>(2,354,796)</b>
Other comprehensive income (loss)		
Foreign exchange translation gain (loss) on foreign operations (note 3 (b)(i))	474,875	(657,614)
<b>Comprehensive loss for the period</b>	<b>(4,409,130)</b>	<b>(3,012,410)</b>
<b>Loss per common share</b> (note 9):		
Basic and diluted	(0.09)	(0.05)

See accompanying notes to the condensed consolidated interim financial statements

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

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (Loss) \$	Deficit \$	Total Equity \$
<b>Balance at October 31, 2019</b>	47,835,843	92,781,280	8,770,346	177,465	(62,358,044)	39,371,047
Opening adjustment	-	-	-	-	171,718	171,718
Loss for the period	-	-	-	-	(2,354,795)	(2,354,795)
Foreign exchange translation on foreign operations	-	-	-	(657,614)	-	(657,614)
Exercising of options (note 5)	51,917	260,050	(94,474)	-	-	165,576
Stock-based compensation expense (note 5)	13,423	81,843	19,741	-	-	101,584
<b>Balance at January 31, 2020</b>	47,901,183	93,123,173	8,695,613	(480,149)	(64,541,121)	36,797,516
Loss for the period	-	-	-	-	(5,665,943)	(5,665,943)
Foreign exchange translation of foreign operations	-	-	-	(415,623)	-	(415,623)
Exercising of options (note 5)	338,959	1,068,915	(329,076)	-	-	739,839
Brokered private placement (note 5)	6,000,000	36,000,000	-	-	-	36,000,000
Share issuance costs (note 5)	-	(2,361,503)	-	-	-	(2,361,503)
Stock-based compensation expense (note 5)	55,573	328,419	904,794	-	-	1,233,213
<b>Balance at October 31, 2020</b>	54,295,715	128,159,004	9,271,331	(895,772)	(70,207,064)	66,327,499
Loss for the period	-	-	-	-	(4,884,005)	(4,884,005)
Foreign exchange translation on foreign operations	-	-	-	474,875	-	474,875
Exercising of options (note 5)	35,288	205,291	(48,200)	-	-	157,091
Stock-based compensation expense (note 5)	17,596	128,187	212,479	-	-	340,666
<b>Balance at January 31, 2021</b>	54,348,599	128,492,482	9,435,610	(420,897)	(75,091,069)	62,416,126

See accompanying notes to the condensed consolidated interim financial statements

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

	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the period	(4,884,005)	(2,354,796)
Depreciation and amortization	1,087,122	964,627
Stock-based compensation expense	212,466	19,736
Finance income, net	(85,342)	(131,729)
Unrealized foreign exchange (gains) losses	7,903	(57,820)
Loss on disposal of property and equipment	92,632	77,555
	<u>(3,569,224)</u>	<u>(1,482,427)</u>
Net changes in non-cash working capital (note 10)	(754,555)	(1,768,116)
<b>Net cash provided by (used in) operating activities</b>	<u>(4,323,779)</u>	<u>(3,250,543)</u>
<b>Financing activities</b>		
Proceeds from option exercises	285,291	247,408
Repayment of lease liabilities	(119,576)	(95,250)
Repayments of government assistance (note 4 (a))	-	(90,373)
<b>Net cash provided by (used in) financing activities</b>	<u>165,715</u>	<u>61,785</u>
<b>Investing activities</b>		
Purchase of short-term investments	(7,010,356)	(1,934,524)
Redemption of short-term investments	7,000,000	6,003,361
Finance income, net	43,198	63,556
Purchase of property and equipment and intangible assets	(979,160)	(1,337,653)
<b>Net cash provided by (used in) investing activities</b>	<u>(946,318)</u>	<u>2,794,740</u>
<b>Effect of foreign exchange changes on cash and cash equivalents</b>	422,301	(619,667)
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,682,081)	(1,013,685)
Cash and cash equivalents, beginning of period	28,522,703	13,636,427
<b>Cash and cash equivalents, end of period</b>	<u>23,840,622</u>	<u>12,622,742</u>

Supplementary cash flow information (note 10)

*See accompanying notes to the condensed consolidated interim financial statements*

**Blackline Safety Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

**1. Nature of operations**

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

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on March 23, 2021.

**2. Summary of significant accounting policies**

**a) Basis of preparation**

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

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended October 31, 2020.

These condensed consolidated interim financial statements do not contain all the disclosures required for full annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended October 31, 2020, other than as described in note 2 b).

Foreign exchange loss (gain) comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**b) Changes in accounting policy and disclosures**

***i) New and amended standards adopted by the Company***

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

***ii) New standards and interpretations not yet adopted***

Certain new and amended accounting standards and interpretations have been published that are not mandatory for January 31, 2021 reporting period and have not been early adopted by the Company.

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

**Blackline Safety Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

**3. Financial instruments and risk management**

**a) Financial instruments**

The Company holds the following financial instruments:

<i>Financial assets</i>	Carrying amount
As at January 31, 2021	\$
Cash and cash equivalents	23,840,622
Short-term investments	23,010,356
Trade and other receivables	16,191,437
	<u>63,042,415</u>
As at October 31, 2020	
Cash and cash equivalents	28,522,703
Short-term investments	23,000,000
Trade and other receivables	13,341,855
	<u>64,864,558</u>
 <i>Financial liabilities</i>	 Carrying amount
As at January 31, 2021	\$
Accounts payable and accrued liabilities	8,222,395
Contract liabilities	688,789
Lease liabilities	1,698,718
	<u>10,609,902</u>
As at October 31, 2020	
Accounts payable and accrued liabilities	7,311,475
Contract liabilities	834,148
Lease liabilities	1,560,424
	<u>9,706,047</u>

The Company does not hold financial liabilities at fair value through profit or loss as at January 31, 2021 and October 31, 2020.

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

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

**b) Financial risk management**

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

**i. Market risk**

**Foreign exchange risk**

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

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

For the three-month periods ended January 31, 2021 and 2020

(Unaudited)

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

*Amounts recognized in Consolidated Statement of Loss and Comprehensive Loss*

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

	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
<hr/>		
<i>Amounts recognized in loss</i>		
Net foreign exchange gain/(loss)	540,764	(689,817)
<hr/>		
<i>Net gains (losses) recognized in Comprehensive Loss</i>		
Translation of foreign operations	474,875	(657,614)
<hr/>		

*Sensitivity*

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

For the three-month period ended January 31, 2021 and 2020, if the Canadian dollar had weakened/strengthened by 10% against the USD, GBP, EUR and AUD with all other variables held constant, the impact on net loss for the period would not have been significant.

**Interest rate risk**

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

*Exposure*

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

*Sensitivity*

The net loss of the Company is sensitive to higher/lower interest income from cash and cash equivalents and to higher/lower interest expenses from bank indebtedness as a result of changes in interest rates. For the three-month periods ended January 31, 2021 and 2020, if the interest rate had increased/decreased by 100 basis points, with all other variables held constant, the impact on net loss for the period would not have been significant.



**Blackline Safety Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

**ii. Credit risk**

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

*Risk management*

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

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

Sales to certain customers, or customers without credit terms, are required to be settled in cash or using major credit cards, mitigating credit risk.

**iii. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period, the Company held cash and cash equivalents of \$23,840,622 (October 31, 2020: \$28,522,703) that are readily available for managing liquidity risk. Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding by maintaining availability under a committed credit line.

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

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

*Maturity of financial liabilities*

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

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

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

For the three-month periods ended January 31, 2021 and 2020

(Unaudited)

<i>Contractual maturities of financial liabilities</i>	Less than 6 months	6 – 12 months	Over 1 year	Total contractual cash flows	Carrying amount
As at January 31, 2021	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	7,241,522	980,873	-	8,222,395	8,222,395
Contract liabilities	257,721	217,517	213,551	688,789	688,789
Lease liabilities	251,734	253,760	1,193,224	1,698,718	1,698,718
Total	7,750,977	1,452,150	1,406,775	10,609,902	10,609,902
As at October 31, 2020					
Accounts payable and accrued liabilities	6,260,426	1,051,049	-	7,311,475	7,311,475
Contract liabilities	498,059	134,092	201,997	834,148	834,148
Lease liabilities	241,324	255,215	1,063,885	1,560,424	1,560,424
Total	6,999,809	1,440,356	1,265,882	9,706,047	9,706,047

**4. Government assistance**

## a) TECTERRA Inc. funding

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

On June 16, 2017, the Company entered into a funding and compensation agreement with Tecterra whereby up to \$500,000 in funding was made available to the Company, interest free, for the creation and development of a new product. The Company has received all \$500,000 of the available funding under this agreement. As at January 31, 2021, the Company has fully repaid the amount received (January 31, 2020: \$301,580 repaid).

## b) Canada Emergency Wage Subsidy

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

The Company recorded wage subsidy funding of \$809,946 for the three-month period ended January 31, 2021 (January 31, 2020: \$nil) which has been recorded as a reduction in related payroll expenses in the consolidated statement of loss.

As at January 31, 2021, \$809,946 (January 31, 2020: \$nil) is included in trade and other receivables on the consolidated statement of financial position.

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

For the three-month periods ended January 31, 2021 and 2020

(Unaudited)

## c) Canada Emergency Rent Subsidy

On November 19, 2020 the Government of Canada enacted legislation for the Canada Emergency Rent Subsidy (“CERS”) to provide support for qualifying tenants, subject to eligibility criteria, whose business has been adversely affected by COVID-19.

The Company recorded rent subsidy funding of \$64,827 for the three-month period ended January 31, 2021 (January 31, 2020: \$nil) which has been recorded as a reduction in related rent expenses in the consolidated statement of loss.

As at January 31, 2021, \$64,827 (January 31, 2020: \$nil) is included in trade and other receivables on the consolidated statement of financial position.

**5. Share capital**

## a) Authorized

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

## b) Issued

	Number of Shares	Amount \$
Common Shares		
As at October 31, 2019	47,835,843	92,781,280
Options exercised	51,917	260,050
Issued through stock-based compensation plan	13,423	81,843
As at January 31, 2020	47,901,183	93,123,173
Options exercised	338,959	1,068,915
Issued through stock-based compensation plan	55,573	328,419
Issued for cash through private placement	6,000,000	36,000,000
Share issue costs	-	(2,361,503)
As at October 31, 2020	54,295,715	128,159,004
Options exercised	35,288	205,291
Issued through stock-based compensation plan	17,596	128,187
As at January 31, 2021	54,348,599	128,492,482

During the period ended January 31, 2021, 35,288 common share options were exercised for cash proceeds of \$157,091. On exercise of these common share options, \$48,200 was credited to share capital from contributed surplus.

During the period ended January 31, 2020, 51,917 common share options were exercised for cash proceeds of \$165,576. On exercise of these common share options, \$94,474 was credited to share capital from contributed surplus.

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

For the three-month periods ended January 31, 2021 and 2020

(Unaudited)

**6. Revenue from contracts with customers**

<i>Revenue</i>	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
Revenue from contracts with customers – Product	3,829,032	3,341,448
Revenue from contracts with customers – Service	6,041,246	4,520,326
Revenue from leases	807,382	1,056,310
<b>Total</b>	<b>10,677,660</b>	<b>8,918,084</b>
<i>Timing of revenue recognition</i>		
At a point in time	3,829,032	3,341,448
Over time	6,848,628	5,576,636
<b>Total</b>	<b>10,677,660</b>	<b>8,918,084</b>

**7. Segment information**

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

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

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

	Product		Service	
	Three-month period ended			
	January 31, 2021	January 31, 2020	January 31, 2021	January 31, 2020
	\$	\$	\$	\$
Revenue	3,829,032	3,341,448	6,848,628	5,576,636
Cost of sales	3,034,448	3,084,314	2,089,297	1,774,591
Gross margin	794,584	257,134	4,759,331	3,802,045

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

In the three-month period ended January 31, 2021, there were no customers representing greater than 10% of the Company's revenue (January 31, 2020: no customer represented greater than 10%).

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

**Blackline Safety Corp.**  
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For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
Canada	3,398,368	3,669,628
United States	3,855,606	3,108,944
Europe	2,811,621	1,891,392
Australia & New Zealand	312,863	173,934
Other International	299,202	74,186
<b>Total</b>	<b>10,677,660</b>	<b>8,918,084</b>

**8. Stock-based compensation**

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

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

The number of options that may be exercised depends on the Company’s share price as listed on the TSXV. Options granted under the plan vest over an immediate to three-year period. For those options which vest immediately, they remain exercisable for a period of five years and for those options which are fully vested after three years, the options remain exercisable for a period of two years after vesting.

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

	Number of options	Weighted average price per stock option \$
As at October 31, 2019	2,751,804	4.46
Vested and exercisable at October 31, 2019	2,368,112	4.36
Exercised during the period	(51,917)	3.19
Forfeited during the period	(15,083)	3.94
As at January 31, 2020	2,684,804	4.49
Vested and exercisable at January 31, 2020	2,324,695	4.38
Granted during the period	874,000	4.25
Exercised during the period	(338,959)	2.18
Forfeited during the period	(3,250)	5.50
Expired during the period	(3,000)	1.80
As at October 31, 2020	3,213,595	4.67
Vested and exercisable at October 31, 2020	2,784,461	4.68
Granted during the period	115,000	6.55
Exercised during the period	(35,288)	4.45
Forfeited during the period	(4,750)	2.85
As at January 31, 2021	3,288,557	4.74
Vested and exercisable at January 31, 2021	2,846,382	4.75

**Blackline Safety Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

**9. Loss per common share**

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

	Three-month period ended	
	January 31, 2021	January 31, 2020
Weighted average common shares outstanding - basic and diluted	54,323,856	47,876,123
Loss for the period	(4,884,005)	(2,354,796)
Basic and diluted earnings per common share	(0.09)	(0.05)

**10. Supplementary cash flow information**

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

	Three-month period ended	
	January 31, 2021	January 31, 2020
	\$	\$
Trade and other receivables	(2,752,275)	136,760
Inventory	(366,914)	(982,914)
Prepaid expenses and advances	551,101	(15,729)
Contract assets	38,219	(7,059)
Contract assets – long-term	(20,256)	14,084
Other receivables – long-term	(49,980)	(171,856)
Accounts payable and accrued liabilities	733,133	(1,342,864)
Deferred revenue	1,287,294	457,770
Contract liabilities	(156,913)	124,451
Deferred revenue – long term	(29,518)	66,962
Contract liabilities – long term	11,554	(47,721)
	(754,555)	(1,768,116)

**Blackline Safety Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the three-month periods ended January 31, 2021 and 2020  
(Unaudited)

**11. Subsequent events**

a) Financing facility

On February 2, 2021, the Company closed an offer of financing with a Canadian chartered bank for certain financing product facilities (“financing facility”). The Company incurred set up fees for the financing facility and will be charged standby fees as well as a standard management and review fee.

The financing facility includes a combined CAD and USD operating line of credit of up to \$15,000,000 that bears interest at the Canada prime rate plus 1.97% for CAD advances or U.S. base rate plus 1.97% for USD advances. The borrowing base for the operating line of credit is determined using a formula driven by the Company’s monthly recurring revenue. The financing facility also includes a credit card facility and a facility for the sale or purchase of foreign currencies and other treasury products.

The financing facility includes general covenants and a cash to cash burn financial covenant, tested quarterly, that shall not at any time be below 12.00 to 1.00.

The financing facility is secured, including by a general security agreement creating a first priority security interest in all present and after acquired personal property of the Blackline Safety Corp. and its subsidiary Blackline Safety Europe Ltd.

b) Acquisition of Wearable Technologies Limited

On February 16, 2021, the Company announced that it acquired 100% of the shares of UK based industrial safety company Wearable Technologies Limited (operating under the brand name Eleksen) for GBP 500,000, not inclusive of other transactional costs.

c) Option Issuance

On March 9, 2021, the Company granted a total of 595,000 stock options. Each option is exercisable for one common share of the Company at a price of \$8.00 per share until expiry on March 9, 2025. 590,000 options were granted to executives and directors of the Company, these options vested immediately. 5,000 options were granted to a new employee recently hired by the Company, with these options vesting over a three-year period.

**blacklinesafety**

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