MANAGEMENTS DISCUSSION AND ANALYSIS

For the three-month period ended January 31, 2021

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* Statements ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), for the three-month period ended January 31, 2021. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2020, 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 March 23, 2021. 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.

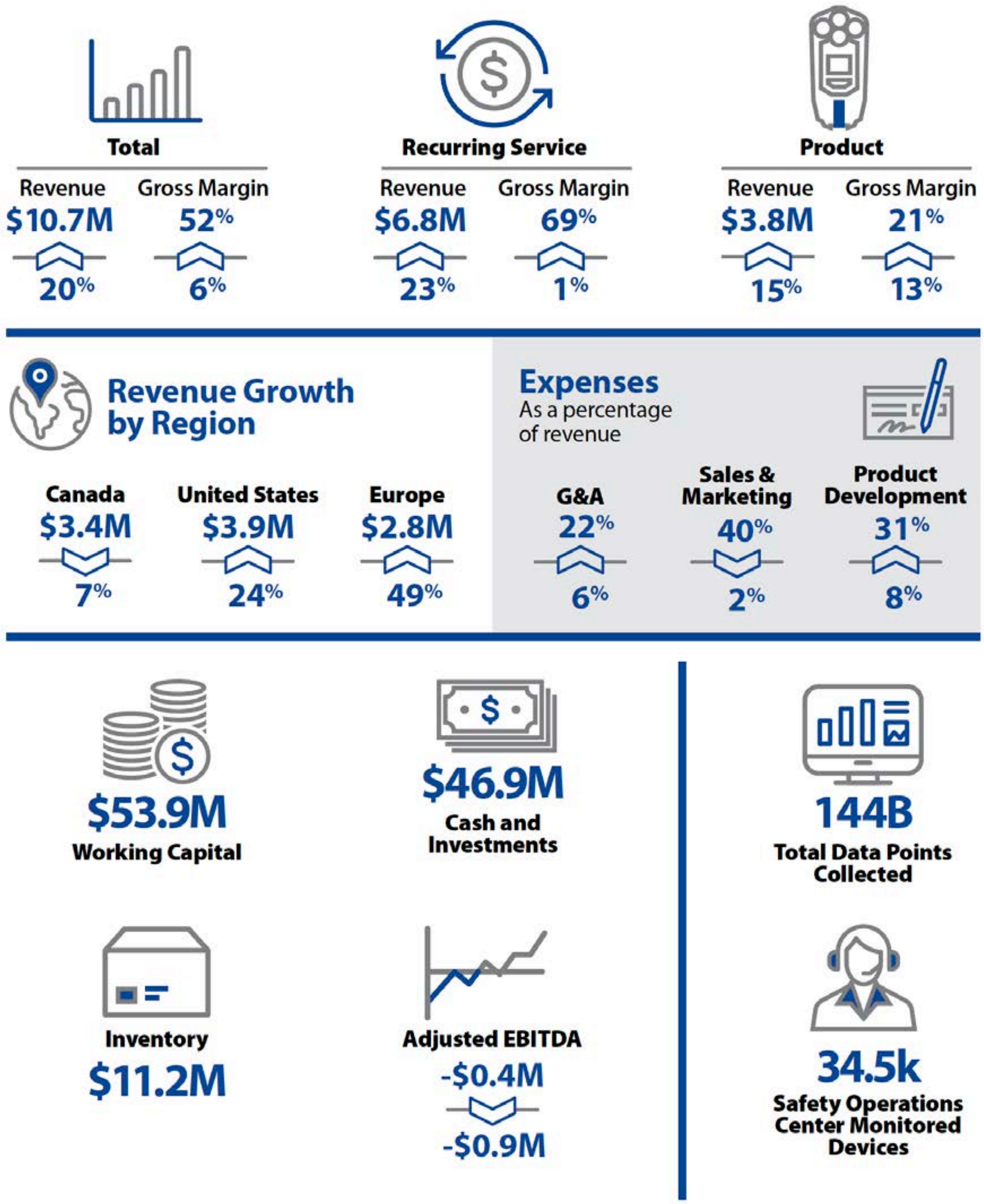
See "Non-IFRS Measures" section below for further details for each measure.


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

CONTENTS

Q1 FY2021 INFOGRAPHIC

EXO product sales and recurring revenues fuel Q1 FY 2021 growth



Q1 FY2021 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended January 31, 2021 to the Company's results for the three-month period ended January 31, 2020. For further information, please see the applicable financial statements 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" 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 hardware enabled software as a service technology company that's focused on bringing leading connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a complete suite of safety wearables and cloud-connected services to protect workers at their jobs and support businesses undergoing digital transformation.

Blackline technology empowers businesses with real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance and to increase operational efficiency. When seconds count, Blackline's connected 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.

Leveraging Blackline's ecosystem of connected wearables and cloud software, businesses are able to increase operational performance through business analytics software and data science services, adding value from the data generated by G7 safety wearables, area monitors and software. Productivity gains are achieved through employee movement pattern analysis, heat-mapping environmental gas leaks, viewing resource utilization, automating safety compliance reporting, wireless configuration management and interactive reporting.

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

Sean Stinson
Chief Revenue Officer

Brendon Cook
Chief Partnership Officer,
Co-founder

Shane Grennan
Chief Financial Officer

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 G7 devices 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 4G/3G direct-to-cloud connectivity with wireless coverage in over 100 countries and on over 350 mobile networks.

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 remote locations in North America, South America, Australia and New Zealand.

G7 WEARABLE COMPARISON	G7c	G7x
COVID-19 contact tracing and proactive close contact detection	■	
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	■	
High update rate environmental gas readings	■	
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	■	■

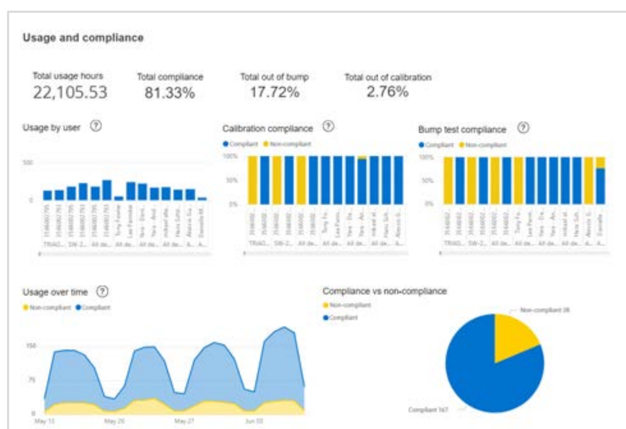
BRINGING GAS DETECTION INTO THE 21ST CENTURY

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 a hazardous 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 Cloud for complete reporting.

Each time that an employee uses their assigned G7, session data is also communicated to the Blackline Safety Cloud 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 Pumped 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 reducing overall cost of ownership as well as the environmental footprint.

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 the 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 G7 EXO AREA MONITOR

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 has launched the G7 EXO area monitor globally to provide businesses with new portable and semi-permanent gas detection monitoring options.

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 dedicated SOC focuses 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 over 34,500 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

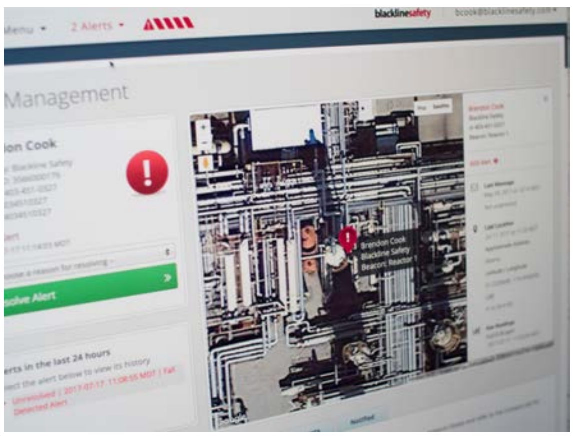
Blackline's proprietary location technology solves the problem of locating employees inside and around facilities with confidence. When working outdoors, GPS provides accurate locations, however, inside buildings, GPS signals are often imprecise or not available due to signal obstruction. GPS location 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 144 billion data points, over 2.2 billion locations and over 3.5 billion location-enabled gas readings.

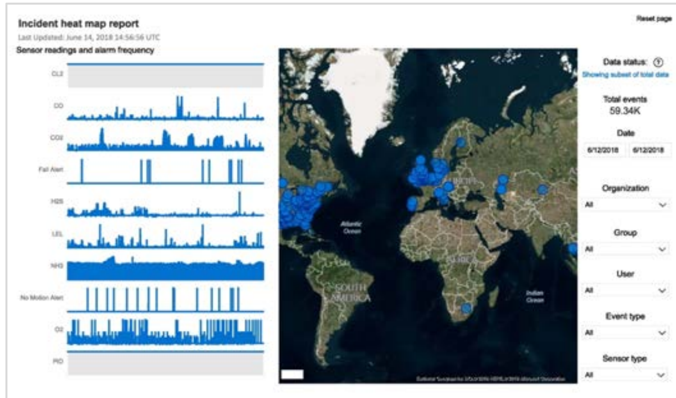
BLACKLINE LIVE MONITORING PORTAL



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



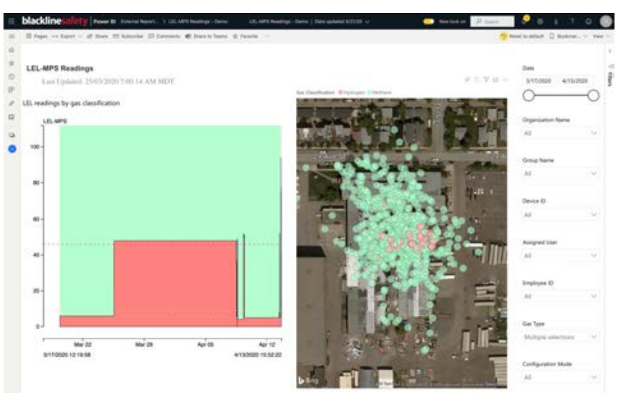
Through the course of use, G7 products continuously communicate with the Blackline Safety Cloud, transmitting employee locations, atmospheric gas sensor readings, detection of slips, trips and falls, messages, employee check-ins and status information such as wireless signal levels and battery levels.

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 insights on their business and safety programs, including:

- Mapping the location of non-zero gas reading to understand 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 the location from one particular site to another site.
- Utilizing contact tracing tools and close contact user notifications as part of pandemic workforce planning

BLACKLINE VISION — DATA SCIENCE CONSULTING



Building on our Blackline Analytics software, Blackline Vision provides clients with direct access to Blackline's data science team and the capability to integrate other sources of data with location-enabled data 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 and insights with other information systems.

Examples of 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

BLACKLINE CATALYST

Blackline Catalyst is a global partner program that exists to accelerate growth innovation as enterprises around the world transform digitally. The program welcomes leading technology and solutions providers seeking to enhance their connectivity offerings or enter the connected safety market.

The program will provide new partnerships with software developers, platform providers, data services and those that create sensors, wearables and connected hardware.

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
- G7 EXO area gas monitor for detection of gas around facilities, tank farms and spill sites
- Field-replaceable cartridges in G7c, G7x and G7 EXO connected devices accommodate a wide variety of configurations not offered by competitor hardware
- 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 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 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 gas sensors
- Portable compact gas sensor calibration
- 3G cellular, satellite, 900 MHz spread spectrum and Bluetooth data communication
- GNSS (including 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 Cloud monitoring infrastructure and Blackline Live monitoring user account
- Cloud-hosted data analytics and reporting software

TECHNOLOGY UNDER DEVELOPMENT

G7 SPEAKER-MIC

Blackline is developing G7 Speaker-mic — a Bluetooth-connected wearable for G7c. Intrinsically safe, this new accessory will support high-quality push-to-talk voice collaboration, delivering affordable and ergonomic walkie-talkie capability. With built-in volume control and channel selection, G7 Speaker-mic will make it easy for G7c users to collaborate with other colleagues and teams with 100 dedicated channels available.

G7 CAMERA

Blackline is developing an intrinsically safe wearable with an embedded camera. Connected to G7c through Bluetooth, G7 Camera will feature a wide-angle front-facing camera and a microphone to send on-demand photos to the Blackline Cloud. Highly configurable, G7 Camera will support employees through easy remote camera vision for support teams to provide assistance to the G7 user and offer recommended courses of action based on conditions in a facility or out in the field. G7 Camera includes the same speaker and microphone capability as G7 Speaker-mic, supporting walkie-talkie functionality across 100 dedicated channels.

G6 SINGLE-GAS CLOUD-CONNECTED GAS MONITOR

Blackline has begun development of 4G-enable and cloud-connected G6 single-gas monitor. Focused on the compliance industry, this monitor will be positioned under the current G7 series of connected safety monitors.

G8 FLAGSHIP CLOUD-CONNECTED GAS MONTIOR

In addition to development of G6 Blackline has begun the development of a new flagship G8 connected gas monitor that will be positioned above the current G7 series of connected safety monitors.

BLACKLINE CLOUD INFRASTRUCTURE DEVELOPMENT

Blackline continues to invest into its Blackline Cloud software infrastructure to support feature expansion, new products and increased numbers of fielded Blackline devices.

GLOBAL DISTRIBUTION NETWORK

Blackline continues to expand its distribution partner network throughout Canada, the United States, 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 personnel 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 (services Scandinavia, Eastern Europe and Central Asia)
- Italy
- France (services Portugal)
- Spain
- The Netherlands
- Belgium (services Germany, Austria and Switzerland)
- Brazil (services Latin America)
- Australia (services New Zealand)
- Singapore (services SE Asia)
- India (services South Asia)
- United Arab Emirates (services Mid East & North Africa)

QUARTER IN REVIEW

Blackline added two key members to the Company in the first quarter, both with experience in the technology industry and leaders in their respective fields. Blackline commenced shipments of G7 EXO in North America and retention rates for service renewals remained strong, contributing to robust recurring service revenue despite the ongoing impact of the COVID-19 pandemic resulting in deferrals of new product sales.

Q1 ACTIVITIES

APPOINTMENT OF CHEEMIN BO-LINN TO BOARD OF DIRECTORS

Blackline announced the appointment of Cheemin Bo-Linn to the Company's Board of Directors. Ms. Bo-Linn was recognized as one of the 'Top 50 Directors' in the United States in 2019 by the National Association of Corporate Directors and has served at the top levels of leadership and innovation. Ms. Bo-Linn currently serves as Chief Executive Officer of a valuation accelerator which provides consulting and operations expertise in software (SaaS), Internet of Things, mobile and digital (analytics, marketing, e-commerce and cybersecurity). She brings more than 25 years of experience as a software executive including her prior role as a Vice-President of IBM Corporation.

APPOINTMENT OF BARBARA HOLZAPFEL AS ADVISOR TO BOARD OF DIRECTORS

Blackline announced the appointment of Barbara Holzapfel as an advisor to the board. She will operate as an advisor prior to being added to the slate of nominations to be presented at Blackline's FY2020 Annual General Meeting. Ms. Holzapfel currently holds the position of VP of Microsoft Education, having previously served as Chief Marketing Officer for two fin-tech companies, and as Senior Vice President and Managing Director for SAP Labs North America. Ms. Holzapfel offers deep executive experience from a variety of industries, including high tech, financial services, management consulting and consumer-packaged goods, while also serving on the boards of several non-profit organizations.

BLACKLINE COLLECTIVE

Blackline Collective is a program focused on building a network of safety-minded organizations and bridges industrial borders, connecting peers committed to fostering a culture of workplace safety and operational excellence, giving their teams the confidence they need to get the job done efficiently and return home safely. The launch of Blackline Collective establishes a community for leaders to share the experiences, best practices and strategies that have helped improve their organizations' safety and operations. It welcomes entities of any size or scale that consider safety a top priority and believe in the sharing of ideas and stories that have helped them keep their teams safe and moving forward efficiently.

DELOITTE 2020 TECHNOLOGY FAST 500

Blackline ranked 321 on Deloitte's Technology Fast 500™, a ranking of the 500 fastest growing technology, media, telecommunications, life sciences and energy tech companies in North America. Blackline Safety grew 315 percent during the three-year assessment period from 2016 through 2019 having previously ranked 431 as an award winner for 2018.

BLACKLINE LAUNCHED 4G CLOUD-CONNECTED SAFETY WEARABLE

Blackline expanded its G7c gas detection and safety monitors to include 4G connectivity, enabling its devices to operate on 350+ mobile networks across 100+ countries. To provide optimum compatibility with wireless networks on a global scale, G7c wearables now combine 4G with 3G or 2G connectivity that continues to be offered by many network providers around the world. Blackline clients further benefit from multi-carrier coverage in most countries, yielding a super-footprint comprised of two or more wireless networks, including across the United States, Canada, the United Kingdom and most European countries.

APPOINTED SEAN STINSON AS CHIEF REVENUE OFFICER

Sean Stinson moved into the role of Chief Revenue Officer, a new position within Blackline's executive team to support the adoption of cloud-connected wearables, data science offerings and recurring cloud services. The role will increase Blackline's alignment within the Industrial Internet of Things space as businesses around the world increasingly pursue digital transformation programs that leverage data to support decision-making.

NEW PARTNER PROGRAM, APPOINTED BRENDON COOK AS FIRST CHIEF PARTNERSHIP OFFICER

Blackline launched Blackline Catalyst, a global partner program that exists to accelerate growth innovation as enterprises around the world transform digitally. The program welcomes leading technology and solutions providers seeking to enhance their connectivity offerings or enter the connected safety market.

Supporting the creation and cultivation of Blackline Catalyst, Brendon Cook has been appointed as Chief Partnership Officer to expand and support this new program. Mr. Cook co-founded Blackline Safety in 2004 and has supported its growth as a technology leader, and in recent years, has overseen its marketing and communications programs.

G7C CLOSE CONTACT DETECTION FOR NORTH AMERICA

Blackline expanded the availability of its new G7 close contact detection firmware to North American and international markets. Previously launched across Europe in October, this new firmware makes Blackline's G7c the industry's first and only cloud-connected gas monitor to integrate close contact detection, a feature that provides users with a real-time notification when they enter into close proximity with other G7c users.

As industrial businesses continue to face stringent safety regulations and social distancing guidelines due to the global COVID-19 pandemic, the new close contact detection feature helps G7c users be mindful of their proximity with colleagues to support social distancing regulations.

BLACKLINE SHIPS G7 EXO AREA GAS MONITORS INTO NORTH AMERICAN MARKET

Blackline began shipping its G7 EXO area gas monitor to clients across North America and throughout international markets. In particular, emergency response and industrial manufacturing organizations. G7 EXO is a next-generation area monitor with 4G cellular connectivity that operates on more than 350 mobile networks and across more than 100 countries. With direct-to-cloud connectivity, G7 EXO eliminates the need for mesh networks that limit the range between devices, restrict the number of devices on a network and impose a maximum number of hops that a message can take before being dropped. The result is an area monitor that can be set up in one tenth of the time of a traditional area monitor.

POST QUARTER UPDATE

NEW $15M FINANCING FACILITY FROM NATIONAL BANK OF CANADA

Blackline announced the closing of a financing facility offer of $15 Million with National Bank of Canada. The Company worked with the bank's Technology and Innovation Banking Group, which offers specialized support to fast-growing technology businesses across Canada. This new credit instrument further increases Blackline's financial flexibility beyond its current enhanced capitalized position following the closing of a Brokered Private Placement in September 2020. The borrowing base for the operating line of credit is determined using a formula driven by the Company's monthly recurring revenue.

ACQUISITION OF WEARABLE TECHNOLOGIES LIMITED

On February 16, 2021 Blackline acquired Wearable Technologies Limited (WTL), based in Leicester, in the United Kingdom, and operating under the brand name of Eleksen. Focused on the construction and light industrial safety market, WTL has developed a complete platform comprised of smart safety clothing, a cloud-connected safety wearable, personal area networking, sensor partnerships, user portal, software infrastructure and data analytics.

LEADING UNITED KINGDOM LANDFILL SERVICE OPERATOR JOINS BLACKLINE COLLECTIVE

Blackline announced that Enovert has joined Blackline Collective. Enovert is one of the United Kingdom's leading landfill and waste resource management companies. As the first organization to officially join the Collective, Enovert shared insight on its data-driven approach to safety and preventing gas exposure among its workforce. Managing more than 2.3 million tonnes of waste each year and producing renewable energy from biogas, Enovert's employees regularly extract landfill gas for energy generation. Since these gases are primarily comprised of methane, Enovert has invested heavily in gas detection solutions and data analytics to ensure worker safety.

PROMINENT US-BASED CATERPILLAR DEALER JOINS BLACKLINE COLLECTIVE

Blackline welcomes Empire Southwest, a Caterpillar dealership based in Mesa, Arizona, to its Blackline Collective program, a network of individuals and organizations committed to advancing workplace safety and productivity. Empire Southwest jumpstarted its top-down safety transformation in recent years with several initiatives, including the formation of a first responder program as well as safety teams at every level of its organization to ensure safety remains a priority during any endeavor. It also organized and regularly conducts town hall meetings where employees are afforded the opportunity to ask questions or provide leadership with recommendations on safety practices and more.

COVID-19 UPDATE

Blackline continues to implement its COVID-19 continuity plan and monitor the global impact of the Coronavirus pandemic. This plan has provided continued delivery of services to customers around the world, ensuring continuing business operations and reducing the impact on Blackline's growth trajectory.

CARING FOR OUR 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 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 local server hardware.

As part of Blackline Analytics our customers utilize our Close Contact tracing tools to enable industrial contact tracing as part of pandemic workforce planning. Our G7c firmware enables real time notification to users when they enter into close proximity with other G7c users. Blackline has continued to include these features during the COVID-19 pandemic at no additional cost to its customers, to support them as they maintain compliance with social distancing regulations.

BUSINESS OPERATIONS

Following the mandatory restrictions enacted by the Government of Alberta in December 2020, Blackline returned to working off-site for our Calgary office teams including sales and supporting services, marketing, finance, QA/integration, software and firmware development. Our in-house manufacturing and logistics teams continue to provide our essential products to customers with the Company adhering to workplace requirements and guidelines published by the Government of Alberta and Alberta Health Services to reduce the risk of transmission of COVID-19 among our employees.

As a result of the mandatory restrictions enacted by the Government of the United Kingdom ("UK") in December, all staff in our Colchester office who can work from home now do so with our warehouse team working safely to ensure product shipments continue to be provided to essential workers.

Our employees in the European Union and the United States are following evolving national and state guidelines regarding work and related travel, with the United States seeing a faster return to work program than the European Union.

GOVERNMENTAL SUPPORT PROGRAMS

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 $810 for payroll related to the quarter ended January 31, 2021. These have been recorded as a reduction in related payroll expenses in the Consolidated Statements of Loss.

On November 19, 2020 the Government of Canada the Canada Emergency Rent Subsidy "(CERS") program that is available to qualifying tenants, subject to eligibility criteria, whose business has been adversely affected by COVID-19. The Company received rent subsidy funding of $65 for rent related to the current fiscal period which has been recorded as a reduction in related rent expense in the Consolidated Statements of Loss.

As at January 31, 2021, $875 is included in trade and other receivables on the Consolidated Statement of Financial Position as the cash subsidy funding was not received until post quarter end.

The Company continues to investigate relevant governmental support programs in those countries where we have operations through 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 resurgence 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 with our recurring service revenue being impacted by lower usage levels amongst some energy customers at this time.

FINANCIAL INFORMATION

The following table presents a summary of select financial information for the current and comparable prior years for the Company. These have been prepared in accordance with IAS 34, using accounting policies consistent with IFRS[1] 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, percentages and unit amounts.

Three months ended January 31,	2021 $	2020 $
Revenues	10,678	8,918
Gross margin	5,554	4,059
Expenses	10,508	6,527
Net loss	(4,884)	(2,355)
EBITDA[1]	(3,867)	(1,503)
Adjusted EBITDA[1]	(364)	520
Loss per common share		
- Basic and diluted	(0.09)	(0.05)
EBITDA per common share[1]		
- Basic and diluted	(0.07)	(0.03)
Adjusted EBITDA per common share[1]		
- Basic and diluted	(0.01)	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 and accessories 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. These revenues are associated with new customers who purchase the Company's connected safety monitoring concurrent with a new device, device rental revenue and data consulting. Service revenues also include recurring revenues from existing customers who renew their monitoring service for a Blackline device.

The Company also offers the G7 Lease program through a three or four-year lease commitment. Leases of more than three years are considered to be a finance lease commitment with hardware revenue recognized up-front in our product revenues and service revenue and interest over the life of the contract. For three-year lease commitments all revenues are recognized on a monthly basis as service is provided and positively impact the monthly service revenue, but negatively impact product revenue from traditional hardware sales and deferred revenue from associated service contracts.

	Three months ended January 31,		
Revenue	2021 $	2020 $	Change %
Product	3,829	3,341	15
Service	6,849	5,577	23
Total revenue	10,678	8,918	20
Percentages of total revenue			
Product	36%	37%	
Service	64%	63%	
Total	100%	100%	

First quarter overall revenue was $10,678, an increase of $1,760 from $8,918 in the same three-month period of the prior fiscal year. The 20% growth was driven by growth in recurring service revenues from both monitoring services from new product sales and recurring revenues from customer renewals and increased sales of our connected safety products.

	Three months ended January 31,		
Country/geographic area	2021 $	2020 $	Change %
Canada	3,398	3,670	(7)
United States	3,856	3,109	24
Europe	2,812	1,891	49
Australia & New Zealand	313	174	80
Other international	299	74	303
Total revenue	10,678	8,918	20
Percentages of total revenue			
Canada	32%	41%	
United States	36%	35%	
Europe	26%	21%	
Australia & New Zealand	3%	2%	
Other international	3%	1%	
Total	100%	100%	

The Company's geographic distribution of revenue generated from customers and distributors for the first quarter included 24% of growth in the United States and 49% in Europe and a decrease of 7% in Canada.

PRODUCT REVENUE

The Company's first quarter product revenue was $3,829 compared to $3,341 in the prior fiscal period. The $488 or 15% increase from the prior year comparable quarter is attributable to higher sales of Blackline's hardware. The continuing impact of COVID-19 resulted in deferrals of customer orders and an inability to access customer sites to conduct and conclude field testing, combined with oil and gas companies facing ongoing production and associated budgetary uncertainties.

The first quarter included the first sales of the Company's new G7 EXO area monitor to North American customers with G7 EXO devices contributing $1,655 in product sales in the period.

SERVICE REVENUE

The Company's first quarter service revenue was $6,849 compared to $5,577 in the same period last year, representing an increase of $1,272 or 23%. The increase can be attributed to the revenue generated from new service activations by end-users of Blackline's devices. New product sales in North America and Europe over the past twelve-month period have contributed to the year-over-year increase with $220 of newly activated device service revenue in Q1 FY 2021. Service revenue retention rates of customers in all regions and industry sectors continues to be robust.

Service revenues were impacted by approximately $240 as customers, across many industries, opted to place some of their service plans on pause due to worksite slowdowns as a result of the impact of COVID-19 or had fewer active devices due to workforce reductions. These reductions were most notable in the energy and energy services industries.

Operating lease revenues contributed $807 in the first quarter compared to $1,056 in the prior year comparable period. The decrease is driven by customers in the past twelve months continuing to opt for finance leases of more than three years or outright purchase of Blackline's products rather than through operating leases.

Direct rental revenues contributed $84 in the current quarter with $77 less rental revenue earned this quarter compared to the prior year quarter due to rental projects being completed.

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 G7 operating lease contracts, excluding the lease service revenue recognized to date, with no amount included in deferred revenue on the Statement of Financial Position.

	2021 $	2020 $
Balance at October 31, 2020 and 2019	4,008	6,749
New operating lease contracts – G7 products	281	999
New operating lease contracts – Cartridges	19	61
Net operating lease contract changes	49	19
Lease revenue recognized in the period	(807)	(1,056)
Balance at January 31	3,550	6,772

In the first quarter of the current fiscal year, the Company entered into new operating leasing contracts for G7 products with a total contract value of $281 (Three-month period ended January 31, 2020: $999). The Company also entered into new leasing contracts for gas sensor cartridges for a total contract value of $19 in the first quarter (Three-month period ended October 31, 2019: $61).

Operating lease revenues recognized were $807 in the first quarter of the current fiscal year compared to $1,056 in the prior year comparable period. The quarter also included $49 (Three-month period ended January 31, 2020: $19) relating to customers who amended their lease contracts resulting in the remainder of the contract term being accounted for as a finance lease.

Contracted future revenue of $3,550 at January 31, 2021 represents a decrease of $3,222 or 48% over the comparable period end amount of $6,772. This is driven by customers in the past twelve months continuing to opt for finance leases of more than three years or outright purchase of Blackline's products rather than operating leases that contribute to contracted future revenue.

FINANCE LEASES

Contracted future revenue does not include leases that are classified as finance leases. The present value of the hardware component of these finance leases is recognized in current and long-term other receivables on the Statements of Financial Position. The service component is recognized within trade receivables when the service is delivered.

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 G7 leasing program and an allocation of overhead. Service cost of sales also includes the direct labor costs for the ongoing maintenance of our Blackline Live monitoring portal and project service costs of the Blackline Vision team members.

	Three months ended January 31,		
Cost of sales	2021 $	2020 $	Change %
Product	3,035	3,084	(2)
Service	2,089	1,775	18
Total cost of sales	5,124	4,859	5
Percentages of segment revenue			
Product	79%	92%	
Service	31%	32%	
Total	48%	54%	

Cost of sales incurred for the quarter ended January 31, 2021 totaled $5,124 compared to $4,859 in the same period last year, an increase of $265 or 5%. This is comprised of cost of sales for the product segment, amounting to $3,035 for the current quarter and $2,089 incurred in the service segment which represents 79% and 31% of each segment's revenue respectively. In the prior year quarter, cost of sales for the product segment was $3,084 and $1,775 for the service segment representing 92% and 32% of each segment's revenue respectively.

COST OF SALES PRODUCT

The cost of sales for products decreased by $49 compared to the prior year first quarter with this being attributable to several factors.

There were decreased material costs of $242 due to the mix of products sold directly and through finance leases in the period. The Company's production payroll and benefits costs increased by $112 quarter-over-quarter, which were reduced by $131 of wage subsidy funding received from the CEWS in response to COVID-19 with no such equivalent in the prior year period. The Company's warranty expense also decreased by $124 period-over-period which is reflective of the lower number of devices sold under warranty in the current period.

There were incremental unabsorbed material costs of $108, increased scrappage costs and a write off of returned used device units and cartridges that were not reworked of $82. There were also higher freight charges of $138 and customs, duty and brokerage charges of $61 incurred quarter-over-quarter.

COST OF SALES SERVICE

Service cost of sales increased by $314 compared to the prior year first quarter. The factors that contributed to this increase include depreciation on owned cartridges and leased units that grew $46 quarter-over-quarter as a result of the growth in the number of owned cartridges in use in the field.

There were increases of $38 from additional infrastructure facility costs to support the growth of the Company's expanding customer usage base and also $44 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.

Salaries and benefits have increased $229 quarter-over-quarter as a result of additional payroll and benefits costs of our SOC team members and the Blackline Vision data science team. These were offset by $88 of wage subsidy funding recorded from the CEWS in response to COVID-19 with no such equivalent in the prior year period.

GROSS MARGIN

	Three months ended January 31,	
Gross margin	2021 $	2020 $
Product	795	257
Service	4,759	3,802
Total gross margin	5,554	4,059
Gross margin percentages		
Product	21%	8%
Service	69%	68%
Total	52%	46%

Total gross margin for the first quarter was $5,554 compared to $4,059 in the comparable three-month period of the prior year. This represented a total gross margin percentage of 52%, a six percent improvement from the prior year quarter. Product gross margin percentage increased to 21% compared to 8% in the prior first quarter. The improved product margin was a result of our first sales of our higher margin G7 EXO area monitor in the quarter to North American customers and our general sales mix.

Service gross margin percentage increased to 69% from 68% earned in comparable prior year fiscal period. The resulting gross margin percentage of 52% was ahead of the 46% level achieved in the same quarter of the prior fiscal year with the Company's improved product margin contributing to the higher overall margin. The improved revenue mix being more heavily weighted to higher margin service revenue also contributed to the increase in overall gross margin percentage. CEWS recorded in the current quarter contributed 2% to the overall margin improvement.

EXPENSES

	Three months ended January 31,		
Expenses	2021 $	2020 $	Change %
General and administrative expenses	2,344	1,458	61
Sales and marketing expenses	4,299	3,752	15
Product development costs	3,324	2,007	66
Foreign exchange (gain) loss	541	(690)	-
Total expenses	10,508	6,527	61
Percentages of total revenue			
General and administrative expenses	22%	16%	
Sales and marketing expenses	40%	42%	
Product development costs	31%	23%	
Total	93%	81%	

Total expenses for the quarter ended January 31, 2021 were $10,508 compared to $6,527 in the first quarter of the prior year, which represents an increase of $3,981 over the comparable three-month period. The increase resulted from general and administrative expenses, sales and marketing expenses and product development costs all rising quarter-over-quarter. Total expenses also included a foreign exchange loss (combined realized and unrealized) in the current quarter of $541 compared to a foreign exchange gain in the prior year comparable period.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise the salaries, benefits and stock-based compensation expense of the accounting and finance, general management staff and the Board of Directors. 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 $2,344 for the first quarter of the year, an increase of $886 or 61% from $1,458 in the same period last year.

The general and administrative function had lower meals and entertainment costs of $30 with all external corporate activities cancelled due to the impact of COVID-19.

There were additional salaries and benefits in the quarter of $387 from the additional general and administrative team members employed to support the continued scaling of the Company in the current quarter when compared to the prior year. These salaries were offset by $78 of wage subsidy funding from the CEWS and recorded as a reduction in related general and administrative salaries in the year with no such equivalent in the prior year period.

There were additional rent expense and building operating costs as a result of the Company occupying additional office space in its Dominion Bridge headquarters in Calgary, Canada. This resulted in incremental rent expense and building operating costs of $76 compared to the prior year quarter. These were offset by $65 of rent subsidy funding from the CERS and recorded as a reduction in related rent in the period with no such equivalent in the prior year period.

In the current period, the total stock-based compensation recognized in general and administrative expenses in the period increased $144 with this principally due to the stock options granted to the Company's new Director and Advisor to the Board of Directors in the quarter.

There were also incremental legal fees of $89 arising from the Company finalizing its new credit facility and increased software costs of $77 arising from new enterprise technology initiatives to assist with the Company's scalability.

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 $4,299 for the first quarter of the year, an increase of $547 or 15% from $3,752 in the same period last year.

Blackline expanded its sales and supporting function teams within the United States, at our European office and in the field in Europe and at Blackline's headquarters resulting in additional salaries, compensation and benefit costs, commissions and sales contractor costs in the current quarter of $860 compared to the prior year equivalent period. The Company was eligible for $299 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. The growth in the sales and supporting function teams also resulted in incremental recruitment fees of $323 in the current period.

As a result of COVID-19 the Company's attendance at tradeshows continues to be severely curtailed resulting in a $122 decrease in tradeshow expenses in the current quarter compared to the prior fiscal year period. The sales and supporting function had lower travel costs of $319 and meals and entertainment costs of $63 due to significantly reduced business travel as a result of COVID-19. The Company's bad debt provision increased by $115 when compared to the prior year quarter with this being due to a higher amount recorded in the expected credit loss model for our trade receivables.

Lease contract fulfilment costs increased $66 in the current quarter as a result of the increase in the number of G7 lease agreements facilitated by distributors in the period when compared to the prior fiscal year period and also due to the immediate recognition of distributor commissions related to the product component of finance leases rather than recognition over the course of the three years as is the case for an operating lease.

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.

Product development costs were $3,324 in the first quarter, up from $2,007 in the comparable prior year period, an increase of $1,317 or 66%. Blackline continues its aggressive investment in its product development efforts in the quarter to further broaden the Company's product portfolio and customer reach with a focus on the development of the G7 EXO area monitor, improvement of the back end supporting platform for the Blackline Live portal to dramatically enhance its ability to absorb data, the external development costs of the addition of camera vision to the G7 connected portfolio and the commencement of design for two new core products.

The employee compensation and benefit expenses and contractor costs were higher in the current quarter by $412 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 $213 of CEWS funding that has been recorded as a reduction in related product development salaries in the period with no such equivalent in the prior year comparable quarter.

The investment into Blackline's improved back end supporting platform for Blackline Live was expanded in the quarter with additional consulting teams engaged to accelerate the completion of these enhancements resulting in an additional $906 in external consulting fees. Product development resulted in an additional $74 in material consumed, principally for G7 EXO development, with software maintenance and licensing costs increasing by $39 and $84 respectively in the current period as compared to the prior year comparable period.

FOREIGN EXCHANGE (GAIN) LOSS

Total net realized and unrealized foreign exchange (gain)/loss was $541 compared with ($690) in the prior year comparable quarter. There was an unrealized foreign exchange loss of $507 in the current quarter compared to an unrealized gain of $712 in the prior comparable period. The foreign exchange gain/loss relates predominately to the Company's foreign currency denominated cash and cash equivalents, accounts receivable and accounts payable at the period end.

FINANCE INCOME, NET

Finance income, net of finance expenses, was $70 in the first quarter compared to $113 in the comparable prior period. This decrease was due to a lower short-term investments balance upon which the interest income is earned as well as lower interest rates during the period.

NET LOSS, EBITDA AND ADJUSTED EBITDA

Net loss was $(4,884) for the three-month period ended January 31, 2021 compared to $(2,355) for the comparable prior year fiscal period. The increased net loss in the period primarily arises from an increase in general and administrative expenses, sales and marketing expenses and product development costs, offset by increased gross margin quarter-over-quarter.

EBITDA[1] was $(3,867) for the three-month period ended January 31, 2021 compared to $(1,503) for the comparable prior year fiscal year. The reduction in EBITDA in the period primarily arises from an increase in general and administrative expenses, sales and marketing expenses and product development costs, offset by increased gross margin quarter-over-quarter.

Adjusted EBITDA[1] for the three-month period ended January 31, 2021 was $(364) compared to $504 in the prior year period. The reduced Adjusted EBITDA arose primarily from an increase in general and administrative expenses and selling and marketing expenses, offset by increased gross margin compared to the prior year quarter.

[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 January 31, 2021 were $86,924 compared to $88,610 as at October 31, 2020. Total liabilities were $24,508 compared to $22,282 as at October 31, 2020.

The decrease in total assets as at January 31, 2021 when compared to the prior fiscal year end is primarily attributable to increased trade and other receivables, inventory and right-of-use assets, offset by decreased cash and cash equivalents.

Cash and cash equivalents at January 31, 2021 were $23,841 compared to $28,523 at October 31, 2020, a decrease of $4,682. The short-term investments with financial institutions at the period end were $23,010 compared to $23,000 at the prior year end, with the majority of the funds being those invested from the September 2020 Brokered Private Placement and the remainder from the October 2018 Brokered Private Placement. This represents a total cash and cash equivalents and short-term investments amount of $46,851 as at January 31, 2021 (October 31, 2020: $51,523).

Trade and other receivables totaled $16,191 up from $13,342 at the prior year end with the increase arising from the growth in trade receivables due to the product sales generated in the current fiscal period compared to the prior year and the associated collection terms and collection timing of these receivables. The increase in other receivables is attributable to the growth in lease receivables from the Company's finance lease contracts in the current fiscal period.

Inventory totaled $11,165 at the current quarter end compared to $10,771 at the prior year end. Material parts inventory decreased to $6,072 from $6,142 at the prior year end with finished goods, comprised of finished and packaged units, increasing to $5,093 from $4,629 at the prior year end. The small growth in overall inventory is attributable to an inventory build for both G7 and G7 EXO.

Total contract assets, consisting of current and long-term costs related to the fulfilment of G7 lease contracts were $705 at the period end compared to $722 at the prior fiscal year end. The decrease is largely due the immediate recognition in the Consolidated Statements of Loss of distributor commissions related to the product component of finance leases rather than recognition over the course of contract term as a contract asset.

Property and equipment at the period end was $8,772 compared to $8,562 at the prior year end. There were net additions of $150 for leasehold improvements arising from the expansion of the Company's headquarters, $123 for new computer equipment for the additional personnel hired by the Company in the quarter and $98 for owned cartridges.

The right-of-use assets of $1,607 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 increase from $1,486 at the fiscal year end arises from the new sublease entered into by the Company for additional office space in the Dominion Bridge building, the Company's Calgary headquarters.

The total current liabilities at January 31, 2021 were $19,818 compared to $17,728 as at October 31, 2020. The amount of accounts payable and accrued liabilities owed by the Company increased to $8,222 from $7,311 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 $10,615 at the quarter-end compared to $9,288 at the prior year end with this being driven by service revenue contracts, the difference being due to the timing of when cash is received, and when 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 G7 lease contracts was $475 as at January 31, 2021 compared to $632 at the prior year end.

The current portion of the Company's lease liabilities was $505 with this being consistent with the balance of $497 at the prior year end.

The total non-current liabilities as at January 31, 2021 were $4,689 compared to $4,554 as at October 31, 2020. The non-current financial liabilities include the non-current portions of deferred revenue and deferred lease incentives.

The long-term portion of the Company's deferred revenue decreased to $3,283 from $3,289 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 $214 as at January 31, 2021 compared to $202 at the prior year end.

The non-current portion of the Company's lease liabilities as at January 31, 2021 were $1,193 compared to $1,064 as at October 31, 2020.

PROCEEDS OF PRIVATE PLACEMENTS

On September 2, 2020, the Company closed an underwritten private placement of 6,000,000 common shares of the Company at an issue price of $6.00 per Common Share for aggregate gross proceeds of $36,000 (the "September 2020 Brokered Private Placement"). After deduction of broker and other fees the net proceeds from the

September 2020 Brokered Private Placement were $33,638. All Common Shares issued pursuant to the Offering were subject to a four month plus one day hold period.

Blackline advised at the time that it intends to use the net proceeds of the September 2020 Brokered Private Placement to undertake a series of programs, including:

- Accelerated investment in two new core products
- Accelerated investment in its cloud-based platform to dramatically enhance its ability to absorb data
- Expand its Blackline Vision data science offering and increase investment into its promotion
- Build new sales channels targeting new core vertical markets
- Explore opportunities for accretive growth through acquisition
- Other general corporate purposes

The Company invested $15,000 of the funds raised in short-term investments and as at January 31, 2021 all of these funds remains invested in short-term investments.

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 January 31, 2021 $12,144 of these funds remains 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[1] and Adjusted EBITDA per share amounts for the eight most recently completed quarters ended January 31, 2021. 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	2021	2020				2019		
Quarter	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue ($)	10,678	11,550	9,437	8,472	8,918	10,746	8,108	8,189
Gross margin (%)	52%	56%	53%	55%	46%	47%	49%	44%
Net loss ($)	(4,884)	(1,804)	(1,762)	(2,099)	(2,355)	(2,924)	(2,240)	(3,016)
- Net loss per share, basic and diluted ($)	(0.09)	(0.04)	(0.04)	(0.04)	(0.05)	(0.06)	(0.05)	(0.06)
Adjusted EBITDA[1] ($)	(364)	2,149	1,420	1,397	520	155	112	253
- Adjusted EBITDA[1] per share, basic and diluted ($)	(0.01)	0.05	0.03	0.03	0.01	0.00	0.00	0.01

[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 2021

The decrease in revenue in the first quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020 relates predominately to lower product revenues, partially offset by increased service revenue. The decrease in gross margin percentage in the first quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020 was due to the lower product margin earned period-over-period. The increase in net loss in the first quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020 resulted from decreased gross margin, increased general and administrative expenses, sales and marketing expenses and product development costs period-over-period. The decrease in Adjusted EBITDA in the first quarter of fiscal 2021 resulted from decreased gross margin, increased general and administrative expenses and sales and marketing expenses period-over-period.

FISCAL YEAR 2020

The increase in revenue in the fourth quarter of fiscal 2020 compared to the third quarter of fiscal 2020 relates predominately to higher product revenues. The increase in gross margin percentage in the fourth quarter of fiscal 2020 compared to the third quarter of fiscal 2020 was due to the product margin earned period-over-period. The increase in net loss in the fourth quarter of fiscal 2020 compared to the third quarter of fiscal 2020 resulted from increased product development costs, offset by increased gross margin, decreased general and administrative expenses and sales and marketing expenses period-over-period. The increase in Adjusted EBITDA in the fourth quarter of fiscal 2020 resulted from increased gross margin, decreased general and administrative expenses and sales and marketing expenses period-over-period.

The increase in revenue in the third quarter of fiscal 2020 compared to the second quarter of fiscal 2020 relates predominately to higher service revenues. The decrease in gross margin percentage in the third quarter of fiscal 2020 compared to the second quarter of fiscal 2020 was due to the product and service mix sold, as well as reduction in service gross margin, period-over-period. The decrease in net loss in the third quarter of fiscal 2020 compared to 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 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 compared to the first 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.

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 $23,841 as at January 31, 2021. Cash and cash equivalents decreased by $4,682 during the period ended January 31, 2021, in comparison to a decrease of $1,014 in the equivalent period of the last fiscal year.

The total of the short-term investments held as at January 31, 2021 amounted to $23,010 compared to $23,000 at the prior year end. The short-term investments were comprised of fixed interest rate guaranteed investments certificates with two Canadian chartered banks. The total cash and cash equivalents and short-term investments at January 31, 2021 was $46,806 (October 31, 2019: $51,523).

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

Three months ended January 31,	2021 $	2020 $
Cash provided by (used in) operating activities	(4,324)	(3,251)
Cash provided by (used in) financing activities	166	62
Cash provided by (used in) investing activities	(946)	2,795
Effect of foreign exchange changes	422	(620)
Total net increase (decrease) in cash and cash equivalents	**(4,682)**	**(1,014)**

Operating activities during the three-months ended January 31, 2021 used $4,324 in cash with $3,251 used in the prior fiscal year period. The net change in non-cash working capital relating to operating activities amounted to $(755) compared to $(1,768) in the prior fiscal year period. The majority of the net change in non-cash working capital in the current year related to changes in trade and other receivables of $2,752, offset by deferred revenue of $1,258 as compared to the immediately preceding fiscal period end date.

Financing activities for the quarter ended January 31, 2021 provided a cash increase of $166 compared to an increase of $62 in the prior fiscal year. In the current period net proceeds of $285 were raised through the exercise of stock options compared to $247 in the prior year comparable period. Lease liability payments of $120 were made in the year relating to the Company's lease obligations with $95 made in the prior year period. There were repayments of $90 made to TECTERRA relating to a funding and compensation agreement in the prior year period with no such repayments in the current year.

Investing activities for the quarter ended January 31, 2021 used cash in the amounts of $946 compared to $2,795 of cash provided in the prior fiscal year. There were purchases of short-term investments of $7,010 in the current year compared to $1,935 in prior year period. These purchases were offset by redemptions of short-term investments in the amount of $7,000 in the current year period compared to $6,003 in the prior fiscal year period.

Net finance income from the Company's cash and cash equivalents and short-term investments in the three-month period ended January 31, 2021 was $43 compared to $64 in the prior year period. In the current period there were capital expenditures of $979, incurred predominately for property and equipment additions of cartridges and furniture and equipment for our expanded workforce, compared to $1,338 in the prior fiscal year period.

	January 31, 2021 $	October 31, 2020 $
Current assets	73,729	75,795
Current liabilities	(19,818)	(17,728)
Working capital	**53,911**	**58,067**

Working capital at January 31, 2021 was $53,911 compared to $58,067 at the prior year end, a decrease of $4,156. The reduction is mainly due to a decrease in cash and cash equivalents and increase in accounts payable and accrued liabilities and deferred revenue in current liabilities, offset by an increase in the current trade and other receivables.

The Company maintained a 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, 2020.

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 is utilizing the Government of Canada's CEWS program 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 $810 for payroll related to the current fiscal period which has been recorded as a reduction in related payroll expenses.

The Company is also utilizing the Government of Canada's CERS program that is available to qualifying tenants, subject to eligibility criteria, whose business has been adversely affected by COVID-19. The Company received rent subsidy funding of $65 for rent related to the current fiscal period which has been recorded as a reduction in related rent expenses.

As at January 31, 2021, $875 is included in trade and other receivables as the subsidy cash funding was not received until post quarter end. The Company will continue to investigate relevant governmental support programs throughout the period of the COVID-19 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 are no capital expenditure commitments at January 31, 2021 other than the manufacturing of owned modular cartridges used in the G7 connected safety device and which generate service revenue for the Company. These budgetary 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

There were no transactions between the Company and related parties for the three-month period ended January 31, 2021 (Three-month period ended January 31, 2020: $nil). As at January 31, 2021, the amount of $nil (October 31, 2020: $nil) was outstanding in accounts payable and accrued liabilities in relation to transactions with related parties.

SUBSEQUENT EVENTS

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 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.

ACQUISITION OF WEARABLE TECHNOLOGIES LIMITED

On February 16, 2021 the Company acquired Wearable Technologies Limited (WTL), based in Leicester, in the United Kingdom, and operating under the brand name of Eleksen. Focused on the construction and light industrial safety market, WTL has developed a complete platform comprised of smart safety clothing, a cloud-connected safety wearable, personal area networking, sensor partnerships, user portal, software infrastructure and data analytics. The Company acquired 100% of the share capital of WTL for GBP 500,000, not inclusive of other transactional costs, and will operate WTL as a wholly owned Blackline subsidiary.

ISSUANCE OF OPTIONS

On March 9, 2021, the Company granted a total of 590,000 stock options to directors, officers, an advisor to the Board of Directors and these options vest immediately. 5,000 options were also granted to a new employee recently hired by the Company, with these options vesting over a three-year period.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

NEW ACCOUNTING POLICIES 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.

NEW ACCOUNTING POLICIES NOT YET ADOPTED BY THE COMPANY

Certain new accounting standards and interpretations have been published that are not mandatory for January 31, 2021 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 January 31, 2021 fiscal period end:

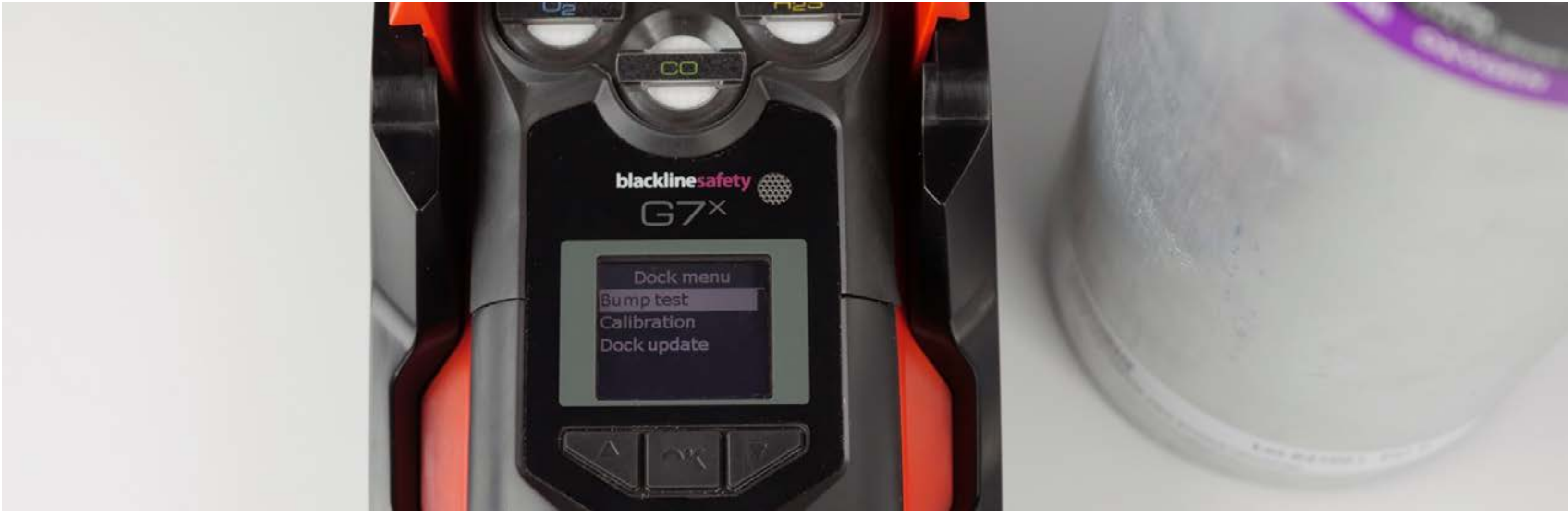
FINANCIAL ASSETS

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 and lease liabilities. 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 January 31, 2021 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-month periods ended January 31, 2021 and January 31, 2020. These are net loss to EBITDA, Adjusted EBITDA and net loss to net loss excluding stock-based compensation expense.

	Three months ended January 31,	
	2021 $	2020 $
Net Loss	**(4,884)**	**(2,355)**
Depreciation and amortization	1,087	965
Finance income, net	(70)	(113)
EBITDA	**(3,867)**	**(1,503)**
Product development costs, net of depreciation, amortization and stock-based compensation expense	3,174	1,930
Stock-based compensation expense	329	93
Other non-recurring impact transactions	-	-
Adjusted EBITDA	**(364)**	**520**
Net Loss	**(4,884)**	**(2,355)**
Stock-based compensation expense	329	93
Net loss excluding stock-based compensation expense	**(4,555)**	**(2,262)**

OUTSTANDING SHARE DATA

Blackline had 54,370,629 common voting shares issued and outstanding as at March 23, 2021.

The following share options were outstanding at that date:

Share Option Exercise Price	Share Options outstanding
$2.85	281,834
$4.25	867,417
$4.40	535,443
$5.26	771,583
$5.50	694,954
$5.84	10,000
$6.55	115,000
$8.00	595,000
Total	3,871,231

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 in Canada, the United States, Europe and other international markets and like all businesses globally, it has been subject to the impact of national and global economic issues related to the global COVID-19. These challenging conditions have affected the global marketplace and have resulted in significant disruption throughout nearly every industry. Blackline is working proactively with client entities whose operational and capital spending has been impacted. These conditions continue to create uncertainty around the demand for products and services currently provided by Blackline.

The effects of this pandemic are pervasive and will continue to affect commodity prices, demand for the products and services provided Blackline’s customers, and access to capital for both the Company and its customers. The extent to which the COVID-19 pandemic may impact our overall business, business opportunities, results of operations, financial condition and cash flows is not within the control of the Company and cannot be accurately predicted at this time.

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, Europe 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 January 31, 2021 of $75,091. 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"). Following parliamentary ratification of Brexit by the UK and the European Union there followed an agreed transitional period that ended on December 31, 2020 during which time a trade agreement was to be negotiated. The EU–UK Trade and Cooperation Agreement ("Agreement") was signed on December 30, 2020 between the UK and the European Union and has been applied provisionally since January 1, 2021 when the Brexit transition period ended.

The effects of the terms of the Agreement on the UK's future trading relationship with the European Union could cause continued economic and political uncertainty in the UK and the European Union. 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 at this time how the Agreement will impact the long-term trading relationship between the UK with the European Union and associated impacts on Blackline and its subsidiaries, one of which, has significant operations in the UK and the European Union. These or other effects of Brexit could be disruptive to Blackline's operations and business in the UK and the European Union and could significantly adversely affect its overall business, business opportunities, results of operations, financial condition and cash flows.

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, consumer packaged goods, transportation 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.

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 the 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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