Blackline Safety Corp.

Management’s Discussion and Analysis

For the three and nine-month periods ended July 31, 2021

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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", the "Company", "we", "us", or "our") 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 and nine-month periods ended July 31, 2021. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2020, and its most recently completed Annual Information Form, is available on our website at www.blacklinesafety.com/investors/ and 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 September 10, 2021. All financial information contained herein is expressed in Canadian dollars, the Company's presentation currency, unless otherwise indicated. All figures in the MD&A are reported in thousands, except for per share, stock option, common share, percentages and unit amounts.

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, and Adjusted EBITDA per common share. 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.

This MD&A contains company names, product names, trade names, trademarks and service marks of Blackline and other organizations, all of which are the property of their respective owners. Solely for convenience, Blackline's trademarks and trade names referred to in this MD&A may appear without the ® or ™ symbols, or other applicable symbols, but such references are not intended to indicate, in any way, that Blackline will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names.

Company Overview

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a hardware enabled software as a service ("HeSaaS") technology company that's focused on bringing 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 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.

Blackline's lineup of G7 safety wearables connect to the Blackline cloud using either cellular (G7c) or satellite (G7x) connectivity. All products feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client.

All safety alerts generated by G7 wearables are communicated in real-time to monitoring personnel, pinpointing the employee's location on an interactive map using GPS or Blackline's proprietary location beacons. Blackline's 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.

Blackline's G7c device features 4G/3G direct-to-cloud connectivity with wireless coverage in over 100 countries and on over 350 mobile networks. 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 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 ameliorating overall cost of ownership.

The Blackline G7 Dock is available for calibrating, bump testing and charging G7 devices. The G7 Dock requires no initial setup and can manage up to four single or multi-gas cylinders. Docks can be used with both G7c and G7x devices, and support G7 Single-gas or Quad-gas cartridges. The G7 dock doesn't require an internet connection and it doesn't need to be connected to the Blackline network to perform calibrations or bump tests. All data is communicated through connected G7 devices via cellular or satellite networks. The G7 Dock facilitates bump tests and calibrations, generating data for device compliance reporting. When a G7 device is inserted and a test action is completed, the device automatically streams calibration and bump test logs in real-time back to the Blackline Live portal.

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's G7 EXO area monitor provides global businesses with new portable and semi-permanent gas detection monitoring options.

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 Centre ("SOC").

Unlike a traditional call center that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's dedicated SOC focuses solely 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 38,500 devices.

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.

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 158 billion data points, over 2.7 billion locations and over 3.8 billion location-enabled gas readings.

Blackline's revenues are comprised of product and service revenues, which are the two operating segments (as determined in accordance with IFRS) 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 software and support services that are provided to customers who purchase the Company's connected safety devices. Service revenues also include recurring revenues from existing customers who renew their services for their Blackline device as well as device rental and data consulting services.

The Company also offers its products and services through a 'G7 Lease' program with a three or four-year lease commitment. Leases of more than three years are considered to be a finance lease commitment with the hardware revenue component recognized up-front as product revenue with service and interest revenue recognized 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 service revenue, but negatively impact product revenue from traditional hardware sales and deferred revenue from associated service contracts.

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 raw materials, direct costs, direct labor, an allocation of overhead, freight charges, warranty, depreciation and scrappage. The cost of servicing those products in comprised of direct costs, direct labor for the SOC and maintenance of the Blackline Live portal, communication costs for devices equipped with cellular and/or satellite technology, depreciation of cartridges and units leased through the Blackline 'G7 Lease' program and an allocation of overhead.

In February 2021, the Company completed the acquisition of Wearables Technologies Limited ("WTL"), operating under the brand name of Eleksen and based in Leicester in the United Kingdom. Focused on the construction and light industrial safety market, WTL continues to develop a complete offering comprised of smart safety clothing, a cloud-connected safety wearable, personal area networking, sensor partnerships, user portal, software infrastructure and data analytics.

During the nine-months ended July 31, 2021, the Company established a new wholly-owned subsidiary, Blackline Safety Europe SAS in France. With the establishment of this company, Blackline operates a new facility in northeastern France that incorporates a warehouse and service centre and provide efficient access to the European Union ("EU").

On June 10, 2021, Blackline was granted final approval to list its common shares on the Toronto Stock Exchange ("TSX") at the opening of the market on June 11, 2021. Blackline's shares commenced trading on the TSX, under the ticker symbol BLN and concurrently, Blackline common shares were delisted from the TSX Venture Exchange.

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COVID-19

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 mitigating the impact on Blackline's growth trajectory.

Monitoring the safety of tens of thousands of personnel around the world, Blackline's 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 exceptional 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.

Blackline continues its phased return to office work plan for our office teams at our Dominion Bridge facility in line with the Government of Alberta "Open for Summer" plan. We continue to adhere to our *Return to Office Work Plan* and the workplace guidelines of Alberta and Alberta Health Services to reduce the risk of transmission of COVID-19 among our employees.

Our Colchester and Leicester staff have returned to the Company's office locations and also adhere to all Blackline workplace requirements stipulated by Blackline's *Return to Office Work Plan,* joining our warehouse team who continue working safely to ensure product shipments are delivered 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.

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 customers at this time.

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Highlights

000s, except per share data	Three-months ended July 31, 2021 $	2020 $	Change %	Nine-months ended July 31, 2021 $	2020 $	Change %
Product revenue	**5,282**	2,772	91	**13,682**	8,021	71
Service revenue	**7,411**	6,665	11	**21,364**	18,806	14
Total Revenue	**12,693**	9,437	35	**35,046**	26,827	31
Gross margin	**5,859**	4,961	18	**17,376**	13,678	27
Gross margin %	**46%**	53%	(7)	**50%**	51%	(1)
Total Expenses	**16,137**	6,747	139	**41,082**	20,126	104
Net loss	**(10,257)**	(1,762)	482	**(23,699)**	(6,217)	(281)
Loss per common share - Basic and diluted	**(0.19)**	(0.04)	(375)	**(0.44)**	(0.13)	(238)
EBITDA[1]	**(8,953)**	(713)	(1,156)	**(20,079)**	(3,383)	(494)
EBITDA per common share[1] - Basic and diluted	**(0.16)**	(0.02)	(700)	**(0.37)**	(0.07)	(429)
Adjusted EBITDA[1]	**(4,569)**	1,448	(416)	**(6,443)**	3,356	(292)
Adjusted EBITDA per common share[1] - Basic and diluted	**(0.08)**	0.03	(367)	**(0.13)**	0.07	(286)

Financial Position 000s	**July 31, 2021**	October 31, 2020	Change %
Cash, cash equivalents and short-term investments	33,124	51,523	(36)
Working capital	35,453	58,067	(39)
Total assets	79,711	88,610	(10)
Non-current liabilities	5,545	4,554	22
Shareholders' equity	46,182	66,327	(30)

[1] *Refer to "Non-IFRS Measures" for further detail.*

Results of Operations

Revenue

000s	Three-months ended July 31, 2021 $	2020 $	Change %	Nine-months ended July 31, 2021 $	2020 $	Change %
Product revenue	**5,282**	2,772	91	**13,682**	8,021	71
Service revenue	**7,411**	6,665	11	**21,364**	18,806	14
Total Revenue	**12,693**	9,437	35	**35,046**	26,827	31
Percentages of total revenue						
Product	**42%**	29%		**39%**	30%	
Service	**58%**	71%		**61%**	70%	
Total	**100%**	100%		**100%**	100%	

Third quarter overall revenue was $12,693, an increase of $3,256 from $9,437 in the comparable period of the prior year. The 35% increase was due to higher sales of our connected safety products as well as growth in recurring service revenues from new hardware sales over the past twelve months compounded by customer renewals of service on existing devices.

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Revenues for the nine-month period ended July 31, 2021 increased $8,219 or 31% versus the same period in the prior year. The increase was due to higher product sales and the continued growth in the Company's service revenues from its connected safety monitoring, analysis and compliance solutions.

Product Revenue

The Company's third quarter product revenue was $5,282, an increase of $2,510 or 91% compared to $2,772 in the prior comparative quarter. The increase in the current year period was due to our ability to regain access to customer sites and procurement processes recommencing, particularly in the United States and Europe, compared to the prior year period that was heavily impacted by product order deferrals and a lack of customer site access due to COVID-19 restrictions. The increase also reflects the Company's investment in the expanded sales network across North America, Europe and international markets over the last twelve months.

Blackline continued sales of its new G7 EXO area monitor contributing $1,766 in product sales during the quarter.

During the nine-month period ended July 31, 2021, product revenue was $13,682 compared to $8,021, an increase of $5,661 compared to the same period in the prior year. The 71% increase was a result of the reduction of COVID-19 restrictions allowing more access to customer sites and the contribution of the expanded sales team. Sales of the Company's new G7 EXO amounted to $4,626 of the product sales in the period.

Service Revenue

	Three-months ended July 31,			Nine-months ended July 31,		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Software services revenue	**6,542**	5,494	19	**18,706**	15,116	24
Operating lease revenue	**767**	1,079	(29)	**2,378**	3,306	(28)
Rental revenue	**102**	92	11	**279**	384	(27)
Total	**7,411**	6,665	11	**21,364**	18,806	14
Percentages of total service revenue						
Software services revenue	**89%**	83%		**88%**	80%	
Operating lease revenue	**10%**	16%		**11%**	18%	
Rental revenue	**1%**	1%		**1%**	2%	
Total	**100%**	100%		**100%**	100%	

The Company's third quarter total service revenue was $7,411 compared to $6,665 in the same period last year with an increase of $746 or 11%.

Software services revenue for the third quarter was $6,542 up 19% from $5,494 in the prior year period. The increase is a result of the new activations of the devices sold to end-users over the past twelve months for customers utilizing the Company's monitoring, SaaS and data services. In the current quarter there were newly activated device service revenues of $251 as well as service revenue increases within our existing customer base of $564.

There were also adverse effects of $447 from customers who renewed fewer active devices after experiencing workforce reductions during last twelve months. In addition, certain customers declined to renew their service plans resulting in an impact of $17.

Operating lease revenue decreased 29% to $767 from $1,079 due to certain lease customers opting to renew with a longer-term finance lease. Rental revenue increased to $102 in the third quarter versus $92 in the prior year quarter.

Service revenues increased $2,558 or 14% to $21,364 during the nine-months ended July 31, 2021, from $18,806 in the prior year period.

Software services revenue for the nine-months ended July 31, 2021 increased $3,590 or 24% versus the same period in the prior year. This growth is a result of the increase in Blackline's customer base throughout the past twelve months as well as strong retention of our existing customers across geographic regions and industry sectors. Newly activated devices globally contributed $577 of service revenue during the nine-months ended July 31, 2021, while increases to existing customer accounts contributed $3,395. The rate of service revenue growth reflects growing G7 EXO sales which have a higher upfront product value and a comparably lower monthly service component as compared to the Company's historical product and service mix.

There were also adverse effects of $1,414 from customers who renewed fewer active devices after experiencing workforce reductions during the last twelve months. In addition, certain customers declined to renew their service plans resulting in an impact of $112.

Operating lease revenue decreased $928 year to date compared to the same prior year period due to lease customers opting to renew their agreements with longer-term finance leases. Rental revenue decreased $105 during the nine-months ended July 31, 2021 with several larger projects being completed in the prior year period.

	Three-months ended July 31,			**Nine-months ended July 31,**		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Canada	**2,873**	3,289	(13)	**9,653**	9,786	(1)
United States	**4,936**	3,837	29	**13,360**	10,855	23
Europe	**4,201**	1,951	115	**10,220**	5,287	93
Australia & New Zealand	**402**	210	91	**975**	547	78
Other international	**281**	150	87	**838**	352	138
Total	**12,693**	9,437	35	**35,046**	26,827	31
Percentages of total revenue						
Canada	**23%**	35%		**27%**	37%	
United States	**39%**	41%		**38%**	40%	
Europe	**33%**	21%		**30%**	20%	
Australia & New Zealand	**3%**	2%		**3%**	2%	
Other international	**2%**	1%		**2%**	1%	
Total	**100%**	100%		**100%**	100%	

Blackline continues to maintain a strong presence in the Canadian market while aggressively expanding its sales network in the United States, Europe and other international markets. The growth in revenue across these markets is a result of the increased presence of sales personnel in these regions and the strategic targeting of customers in specific industries including fire, emergency and hazardous materials response, water treatment and food processing. Within Europe this was reflected in current quarterly revenue growth of $69 in Germany, $54 in Ireland and $28 in Italy; all countries where Blackline deployed new sales personnel in the past twelve months. As we sell more of our connected safety products to these regions, the associated SaaS revenue contributes to the increase in revenue for the region as well.

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.

000s	**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
New operating lease contracts – G7 products	**226**	555
New operating lease contracts – Cartridges	**58**	181
Net operating lease contract changes	**7**	10
Lease revenue recognized in the period	**(804)**	(1,171)
Balance at April 30	**3,037**	6,347
New operating lease contracts – G7 products	**292**	41
New operating lease contracts – Cartridges	**109**	3
Net operating lease contract changes	**11**	(618)
Lease revenue recognized in the period	**(767)**	(1,079)
Balance at July 31	**2,682**	4,694

In the third quarter of the current fiscal year, the Company entered into $292 of new operating lease contracts for G7 products (three-month period ended July 31, 2020 - $41) and $109 of new leasing contracts for gas sensor cartridges in the third quarter (three-month period ended July 31, 2020 - $3).

Operating lease revenues recognized were $767 in the third quarter of the current fiscal year (three-month period ended July 31, 2020 - $1,079). The quarter also included $11 (three-month period ended July 31, 2020 - $618) 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 $2,682 at July 31, 2021, represents a decrease of $2,282 or 43% over July 31, 2020. The decrease is due to the ongoing trend of customers opting for four year and longer leases, which are accounted for as finance leases or outright purchases of Blackline's products throughout the past twelve months.

These lease options do not contribute to contracted future revenue as do operating leases which the company no longer actively markets. As customers' operating leases come to an end, they are opting to continue with Blackline's services on a monthly agreement or renewing with a finance lease of four years or more.

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 Consolidated Statement of Financial Position. The service component is recognized within trade receivables when the service is delivered.

Cost of Sales

000s	Three-months ended July 31, 2021 $	2020 $	Change %	Nine-months ended July 31, 2021 $	2020 $	Change %
Product	**4,620**	2,401	92	**11,090**	7,371	50
Service	**2,214**	2,075	7	**6,580**	5,778	14
Total cost of sales	**6,834**	4,476	53	**17,670**	13,149	34
Percentages of segment revenue						
Product	**87%**	87%		**81%**	92%	
Service	**30%**	31%		**31%**	31%	
Total	**54%**	47%		**50%**	49%	

Cost of sales for the quarter ended July 31, 2021, totaled $6,834 compared to $4,476 in the same period last year, an increase of $2,358 or 53%. This is primarily due to the increase in the cost of sales for the product segment as a result of more products being sold in the quarter. It is also a result of an increase to the service segment with costs expanding to support a growing customer base.

Cost of Sales Product

The cost of sales for products increased in the current quarter versus the prior year quarter by $2,219 or 92% due to increased material costs of $1,366 and increased production salaries of $424 due to more products being sold in the quarter. Gross production salaries increased $291 during the three-months ended July 31, 2021. This increase was greater on a net basis after accounting for the impact of the Canadian Emergency Wage Subsidy (“CEWS”) during the quarter of $12 (three-months ended July 31, 2020 - $144).

Higher sales resulted in higher freight costs of $189 versus the prior year quarter, and our increase in inventory build resulted in higher production supplies and equipment expenses of $172. Freight was also increased due in part to additional shipping charges required to source materials from alternative suppliers due to prevailing global supply chain challenges. Shortages for certain components resulted in the Company also facing pricing pressure on its input costs and increasing the overall material cost on a per unit basis.

These increases were partially offset by lower unabsorbed material and labor costs of $505 in Q3 2021 versus Q3 2020 arising from the negative impact of COVID-19 on our product sales in the prior year quarter.

Cost of sales for products increased $3,719 or 50% for the nine-months ended July 31, 2021, compared to the nine-months ended July 31, 2020. The primary reason for the increase was due to additional material costs of $2,638 associated with greater sales in current year to date. Salaries for production increased $551 on a net basis with lower CEWS funding of $232 versus $325 in the prior year period.

Higher sales for the nine-months ended July 31, 2021, also resulted in higher expenses for freight of $480 and production supplies and equipment of $273. There were also higher scrappage costs and current product upgrade costs of $1,462 and $140, respectively.

These increases were partially offset by lower unabsorbed material and labor costs of $1,521 in the current year to date period as compared to the same period in the prior year, owing to the increased product sales in the current nine-month period.

Cost of Sales Service

Service cost of sales increased by $139 or 7% compared to the prior year third quarter. The increase is a result of greater salaries expense for our SOC team members and the Blackline Vision data science team which have increased in size to support our expanded scope of service. The increase in salaries is also a result of lower CEWS funding recorded of $7 in the current quarter versus $87 in the same period in the prior year.

The overall increase in service cost of sales was partially offset by a decrease in infrastructure and carrier charges of $206 as we worked through a renegotiation of a contract with a supplier providing connectivity for our devices.

During the nine-months ended July 31, 2021, service cost of sales increased by $802 or 14% compared to the same period in 2020. The increase is due to higher personnel costs for our SOC and Blackline Vision data science team. Salaries increased $535 on a gross basis period over period and $574 on a net basis after CEWS of $152 which was recorded during the nine-months ended July 31, 2021, compared to $191 recorded during the nine-months ended July 31, 2020.

Gross Margin

	Three-months ended July 31,			Nine-months ended July 31,		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Product	**662**	371	78	**2,592**	651	298
Service	**5,197**	4,590	13	**14,784**	13,027	13
Total gross margin	**5,859**	4,961	18	**17,376**	13,678	27
Gross margin percentages						
Product	**13%**	13%		**19%**	8%	
Service	**70%**	69%		**69%**	69%	
Total	**46%**	53%		**50%**	51%	

Total gross margin for the third quarter was $5,859 compared to $4,961 in the comparable three-month period of the prior year. This represented a total gross margin percentage of 46%, a 7% decrease compared to the prior year comparable quarter. The decrease in total gross margin percentage is due to the shift in sales mix with product revenue comprising 42% of total revenue compared to 29% for the three-months ended July 31, 2020. Product margin in particular was adversely impacted by shortages of certain components and higher than normal freight charges, due to global supply chain challenges. This was partially offset by an increase in service margin of 1% as the service revenue continued to grow absorbing more fixed costs of sale. CEWS recorded for the quarter did not materially impact product or service margin percentage, compared to the prior year quarter where the impact of CEWS improved product margin percentage 4% and service margin percentage 1%.

Total gross margin for the nine-months ended July 31, 2021 increased $3,698 or 27% to $17,376 from $13,678 in the same period in the prior year. Total gross margin percentage decreased to 50% from 51% despite the increase in product margin percentage to 19% from 8% due to the shift in sales mix with product revenue comprising 39% of total revenue in the current period compared to 30% in the prior year period. Product margin during the current year period has also improved due to the introduction of Blackline's new G7 EXO area gas monitor and its associated sales and cost mix compared to Blackline's other connected safety products.

Product margin percentage also benefited 2% from CEWS funding recorded against production salaries during the year-to-date period, while service margin percentage benefited 1% from CEWS recorded against SOC and Blackline Vision salaries. In the prior year, product margin percentage benefited from CEWS by 4% while service margin percentage benefited 1%.

Expenses

000s	Three-months ended July 31, 2021 $	2020 $	Change %	Nine-months ended July 31, 2021 $	2020 $	Change %
General and administrative expenses	**4,091**	1,384	196	**11,092**	4,589	142
Sales and marketing expenses	**7,372**	3,287	124	**17,181**	10,467	64
Product development costs	**4,361**	2,113	106	**11,725**	6,256	87
Foreign exchange (gain) loss	**313**	(37)	946	**1,084**	(1,186)	191
Total expenses	**16,137**	6,747	139	**41,082**	20,126	104
Percentages of total revenue						
General and administrative expenses	**32%**	15%		**32%**	17%	
Sales and marketing expenses	**58%**	35%		**49%**	39%	
Product development costs	**34%**	22%		**33%**	23%	
Foreign exchange (gain) loss	**2%**	0%		**3%**	(4%)	
Total expenses	**126%**	72%		**117%**	75%	

General and administrative expenses

General and administrative expenses comprise the salaries, benefits and stock-based compensation expense of the accounting and finance, enterprise information technology, operational management as well as general management staff and the Board of Directors. These costs also include professional fees, costs for 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.

General and administrative expenses increased $2,707 or 196% in the current quarter to $4,091 from $1,384 in the prior year quarter. As we have accelerated our sales, marketing and product development efforts, our corporate team has also expanded to support the continued scaling of the Company. This includes the establishment of a new enterprise information technology function serving the needs of our global team. Salaries and benefits for these employees increased $999 during the three-months ended July 31, 2021, compared to the prior year period. CEWS funding recorded in the quarter was $7 compared to $81 in the prior year comparable quarter. These functions and our graduation to the TSX also led to additional contractor and consulting costs for the quarter of $293.

Also contributing to the increase for the quarter were additional software maintenance costs of $73 as we added more licenses and functionalities to support additional team members joining Blackline. Building operating costs increased $72 due to additional office space for our Calgary head office as well as the office for our WTL subsidiary in Leicester. The Company was not eligible for any Canadian Emergency Rent Subsidy (“CERS”) funding during the quarter (July 31, 2020 – $nil).

In the three-months ended July 31, 2021, $916 of general and administrative expenses were directly attributable to the operation of WTL with the focus on building their internal team, processes and controls.

During the nine-month period ended July 31, 2021, general and administrative expenses increased $6,503 or 142% compared to the same period in 2020. Excluding the impact of non-recurring expenses for the WTL acquisition, the increase was $5,839 or 127%. The increase was due to the increase of $633 for contractors, consultants, legal, professional, and listing fees related to the finalization of the Company’s new credit facility, our preparation for graduation to the TSX and the professional and legal fees related to the incorporation of our new EU subsidiary.

In support of our graduation and continued growth of operations, general and administrative salaries increased $1,676 during the nine-month period ended July 31, 2021, when compared to the same period in the prior year. CEWS funding recorded year to date was $139 compared to $176 for a net decrease of $37 year over year.

Software maintenance costs increased $291 for the nine-months ended July 31, 2021, when compared with the prior year and rent and building operating costs increased $211 net of CERS funding recorded of $103 which was not available in the prior fiscal year period.

Stock-based compensation during the nine-months ended July 31, 2021 was $1,149 compared to $488 in the prior year. The expense associated with the granting of the stock options was greater in the current year as determined by the valuation model used, compounded by a greater number of stock options granted. There were also incremental options issued to two new executives of the Company, as well as members of management of the newly acquired WTL subsidiary.

For the nine-months ended July 31, 2021, $1,537 of general and administrative expenses are directly attributable to WTL.

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.

Sales and marketing expenses for the quarter increased $4,085 or 124% to $7,372 from $3,287 versus the prior year quarter. The increase is primarily due to the hiring of additional sales personnel and support team members over the last twelve months. The gross increase in salaries and benefits for the sales and marketing team was $1,818 during the three-months ended July 31, 2021, compared to the same period in 2020. The net increase to salaries and benefits was larger at $2,091 after accounting for CEWS funding recorded for the quarter of $30 compared to $303 for the three-months ended July 31, 2020.

Also increasing sales and marketing expense during the quarter were incremental sales commissions to our sales personnel of $282 resulting from increased hardware sales when compared to the same period in 2020. In addition, recruiting costs were greater by $162 versus the prior year quarter and bad debt expense increased $427 due to the settlement of an account that had been adversely impacted by COVID-19.

In the quarter ended July 31, 2021, $233 of sales and marketing expenses are directly attributable to the growth of the sales and marketing functions of WTL.

During the nine-months ended July 31, 2021, sales and marketing expenses increased $6,714 or 64% to $17,181 from $10,467 compared to the nine-months ended July 31, 2020. The increase was largely due to additional salaries and benefits for the expanded sales and marketing team. The increase on a gross basis was $3,892 during the current period compared to the same period in the prior year. The increase was $4,003 on a net basis after CEWS of $550 was recorded for the nine-months ended July 31, 2021 (nine-months ended July 31, 2020 - $661). In addition, sales commissions to our sales staff were $361 greater in the current period compared to the same period in the prior year.

Increases period over period for consulting ($358), subscriptions and licenses ($166) and recruiting costs ($685) supporting our expanded sales workforce were mostly offset by the reduction in travel ($369) and tradeshow ($160) costs due to the ongoing impact of restrictions and trade show cancellations due to COVID-19.

Bad debt expense for the nine-months ended July 31, 2021, increased by $746 compared to the same period in the prior year due to the settlement in the current period and a bad debt recovery of $211 recorded in the third quarter of 2020.

For the nine-months ended July 31, 2021, $308 of sales and marketing expenses are directly attributable to the sales and marketing function of WTL.

Product development costs

Product development costs reflect Blackline'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 increased $2,248 or 106% during the current quarter to $4,361 from $2,113 in the prior year comparable quarter. The increase was driven by increased consulting fees of $515 focused on improving the back end supporting platform for the Blackline Live portal to enhance its ability to absorb data as well as an increase of $194 in software maintenance and license costs.

The employee compensation costs increased $849 on a gross basis and by $1,103 including the impact of $18 of CEWS funding recorded in the three-months ended July 31, 2021 compared to $272 of funding recorded for the comparable prior year period. As the team was continued to expand, recruiting costs increased $145 for the quarter compared to the third quarter of 2020.

Amortization charges increased $149 during the current quarter due to additional product certification costs that have been capitalized over the last twelve months.

In the three-months ended July 31, 2021, $475 of product development costs were incurred as part of WTL's continued development of its product offerings. Of this, $99 relates to the amortization of intangible assets acquired as part of the transaction.

During the nine-months ended July 31, 2021 product development costs increased $5,469 or 87% to $11,725 from $6,256 in the prior year period. External consulting costs increased $2,036 compared to the nine-months ended July 31, 2020, due to the increased support for the inhouse team to deliver the upcoming product roadmap and continued development of the Blackline Live portal. Software maintenance and subscriptions resulted in an increase of $615 versus the prior year.

Salaries for the nine-months ended July 31, 2021 were $1,742 higher than the same period in the prior year, before the impact of CEWS. Including $367 of government support recorded in 2021 (nine-months ended July 31, 2020 - $578) the increase was $1,954.

The increase to amortization charges was $323 during the current fiscal year compared to the prior period and material costs increased $129 over the same period.

In the nine-months ended July 31, 2021, $721 of product development costs were incurred as part of WTL's continued development of its product offerings. Of this, $198 relates to the amortization of intangible assets.

A summary of CEWS funding recorded during the period and comparative period is as follows:

	Three-months ended July 31, 2021			**Three-months ended July 31, 2020**			
000s	**Net $**	**CEWS $**	**Gross $**	**Net $**	**CEWS $**	**Gross $**	**Gross Change %**
Product cost of sales	**803**	12	815	**379**	109	488	67
Service cost of sales	**308**	7	315	**201**	87	288	9
General and administrative expenses	**1,458**	7	1,465	**459**	81	540	171
Sales and marketing expenses	**3,658**	30	3,688	**1,567**	303	1,870	97
Product development costs	**2,345**	18	2,363	**1,242**	272	1,514	56
Total	**8,572**	74	8,646	**3,848**	852	4,699	84

	Nine-months ended July 31, 2021			**Nine-months ended July 31, 2020**			
000s	**Net $**	**CEWS $**	**Gross $**	**Net $**	**CEWS $**	**Gross $**	**Gross Change %**
Product cost of sales	**1,868**	232	2,100	**1,317**	289	1,606	31
Service cost of sales	**1,178**	152	1,330	**604**	191	795	67
General and administrative expenses	**3,025**	139	3,164	**1,348**	176	1,524	108
Sales and marketing expenses	**8,529**	550	9,079	**4,526**	661	5,187	75
Product development costs	**5,435**	367	5,802	**3,481**	578	4,059	43
Total	**20,035**	1,440	21,475	**11,276**	1,895	13,172	39

Foreign exchange (gain) loss

Total net realized and unrealized foreign exchange loss was $313 in the current quarter compared to a gain of ($37) in the prior year comparable quarter.

Total net realized and unrealized foreign exchange loss was $1,084 year to date compared with a gain of ($1,186) during the same period of the prior year.

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 $37 for the three-months ended July 31, 2021 and $143 for the nine-months ended July 31, 2021. This was compared to $52 and $251 in the comparable prior year period, respectively. The decrease was due to the lower interest rates obtained from the Company's chartered banks on its short-term investments compared to those available during the prior year periods.

Net loss, EBITDA, and Adjusted EBITDA

Net loss was ($10,257) and ($23,699) respectively for the three and nine-months ended July 31, 2021 compared to ($1,762) and ($6,217) in the same periods of 2020. The increased net loss in the periods is due primarily to an increase in general and administrative expenses, sales and marketing expenses and product development costs, offset by an increase in gross margin year-over-year.

EBITDA[1] was ($8,953) and ($20,079) respectively for the three and nine-months ended July 31, 2021 compared to ($713) and ($3,383) in the same periods of 2020. The decrease in EBITDA arises from the increase in general and administrative expenses, sales and marketing expenses and product development costs, offset by increased gross margin compared to the prior year comparable periods.

Adjusted EBITDA[1] was ($4,569) and ($6,443) respectively for the three and nine-months ended July 31, 2021 compared to $1,448 and $3,356 in the same periods of 2020. The decrease in Adjusted EBITDA is a result of the increase in general and administrative expenses, sales and marketing expenses, offset by increased gross margin compared to the prior year comparable periods.

[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 July 31, 2021 were $79,711 compared to $88,610 as at October 31, 2020. Total liabilities were $33,529 compared to $22,282 as at October 31, 2020.

The decrease in total assets as at July 31, 2021 when compared to the prior fiscal year end is primarily due to the decrease in cash and cash equivalents which was partially offset by increased trade and other receivables, inventory, property and equipment and intangibles.

Cash and cash equivalents as at July 31, 2021 were $17,104 compared to $28,523 as at October 31, 2020, a decrease of $11,419. Short-term investments with financial institutions at the period end were $16,020 with the majority of those funds being invested from the October 2018 Brokered Private Placement and the remainder from the September 2020 Brokered Private Placement. This represents total cash and cash equivalents and short-term investments of $33,124 as at July 31, 2021 (October 31, 2020 - $51,523).

Trade and other receivables totaled $16,906 an increase from $13,342 at the prior year end. The increase is due to the growth in trade receivables resulting from the product sales generated in the current fiscal period and the associated collection terms and timing of these receivables. The increase in other receivables is attributed to the growth in lease receivables from the Company's finance lease contracts in the current fiscal period.

Inventory totaled $13,591 as at July 31, 2021 compared to $10,771 at the prior year end. Material parts inventory increased to $6,451 from $6,142 at the prior year end with finished goods, comprised of finished and packaged units, increasing to $7,140 from $4,629. The growth in inventory is a result of the build for both G7 and G7 EXO to meet increased anticipated orders during the quarter, higher stocking requirements for the Company's subsidiaries in the UK and France as well as proactive management of material levels in light of current global supply chain challenges.

Total contract assets, consisting of current and long-term costs related to the fulfilment of G7 lease contracts, were $675 compared to $722 at October 31, 2020. The decrease is largely due to the immediate recognition in the Consolidated Statements of Loss of distributor commission related to the product component of finance leases rather than recognition over the course of the contract term as a contract asset.

Property and equipment at the period end was $9,174 compared to $8,562 at the prior year end. There were net additions of $387 of leasehold improvements from the expansion of the Company's headquarters and $502 for new computer equipment as we continued to add personnel throughout the quarter. Blackline also added net owned cartridges of $307 from hardware sales during the period. The Company also capitalized $409 of equipment for distributor evaluation kits and rental fleet during the quarter as it prepares to support the fall turnaround market in North America.

Intangible assets were $2,607 at July 31, 2021 compared to $802 at October 31, 2020. Blackline added net intangibles of $1,805 primarily due to the acquisition of WTL during the second quarter of 2021.

Right-of-use assets of $1,854 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, Colchester and Leicester in the UK and in the Pas-de-Calais department in France. The increase from year end is due to amortization of these obligations being offset by the new sublease entered into by the Company for additional office space in the Dominion Bridge building, the Company's Calgary headquarters as well as the addition of office space in Leicester for WTL and for Blackline Safety Europe SAS in France, both of which were acquired during the second quarter of 2021.

Total current liabilities at July 31, 2021 were $27,985 compared to $17,728 at October 31, 2020. Accounts payable and accrued liabilities owed by Blackline increased to $14,434 from $7,311 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 $12,364 at the quarter-end compared to $9,288 at the prior year end. The increase is a result of new service revenue contracts net of the timing of when cash is received, and revenue being recognized.

The current portion of contract liabilities which represent the Company's obligations to pay commission to third-party distributors who assist with the fulfilment of G7 lease contracts was $518 compared to $632 at the prior year end.

The current portion of the Company's lease liabilities was $669 which increased from $497 at the prior year end due to the addition of the obligations related to the additional space at the Company's Calgary headquarters and the newly acquired offices in Leicester and France.

Total non-current liabilities as at July 31, 2021 were $5,545 compared to $4,554 as at October 31, 2020. The non-current liabilities include the non-current portions of deferred revenue and deferred lease incentives. The long-term portion of the Company's deferred revenue increased to $4,020 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 $232 as at July 31, 2021 compared to $202 at the prior year end.

The non-current portion of the Company's lease liabilities as at July 31, 2021 increased slightly to $1,293 from the prior year end obligation of $1,064 due to the timing of future payments for the Company's expanded corporate headquarters and the addition of the office in Leicester for WTL and in France for Blackline Europe SAS.

Acquisition of Wearable Technologies Limited

On February 10, 2021 the Company acquired 100% of the shares of WTL for $878 (GBP 500). WTL enhances the Company's current safety offering with a focus in the construction and light industrial safety market. WTL continues to develop 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.

Transaction costs relating to due diligence fees, legal costs, advisory fees and other professional fees for the nine-months ended July 31, 2021 amounting to $664 were incurred in relation to the acquisition. These amounts have been included in general and administrative expenses in the Company's consolidated statements of loss and comprehensive loss.

In conjunction with the acquisition of WTL, the Company assumed certain deferred compensation obligations due to employees of WTL of $535. These obligations were settled during the nine-months ended July 31, 2021.

The results of operations of WTL have been consolidated with those of the Company as at February 10, 2021. The acquisition has been accounted for as a business combination in accordance with IFRS 3 *Business Combinations*, using the acquisition method whereby the net assets acquired, and the liabilities assumed are recorded at fair value. The majority of the value of net assets acquired relates to the intangible assets of WTL.

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 July 31, 2021; $8,000 of these funds remain 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 July 31, 2021 $9,163 of these funds remains invested in a notice term deposit and short-term investments.

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Summary of Quarterly Results

The following table highlights revenue, gross margin percentage, net loss, net loss per share, Adjusted EBITDA[1] and Adjusted EBITDA[1] per share amounts for the eight most recently completed quarters ended July 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.

	2021			2020				2019
000s, except per share	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Total revenue ($)	**12,693**	11,675	10,678	11,550	9,437	8,472	8,918	10,746
Gross margin (%)	**46**	51	52	56	53	55	46	47
Net loss ($)	**(10,257)**	(8,558)	(4,884)	(1,804)	(1,762)	(2,099)	(2,355)	(2,924)
Net loss per share ($)	**(0.19)**	(0.16)	(0.09)	(0.04)	(0.04)	(0.04)	(0.05)	(0.06)
Adjusted EBITDA[1] ($)	**(4,569)**	(1,514)	(360)	2,234	1,448	1,333	575	252
Adjusted EBITDA[1] per share ($)	**(0.08)**	(0.03)	(0.01)	0.04	0.03	0.03	0.01	0

[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 increase in product revenue in the third quarter of fiscal 2021 compared to the second quarter of fiscal 2021 relates to the continuation of results from the investments in our sales and marketing team in late fiscal 2020 and early fiscal 2021 which led to increased sales of Blackline's core G7 product line as well as the newly introduced G7 EXO. The third quarter also saw the first full quarter of sales in the EU for our wholly owned subsidiary Blackline Safety Europe SAS from France.

Service revenues increased versus the consecutive quarter due to the new service activations by end-users of our devices during the first three fiscal quarters of 2021.

The increase in net loss in the third quarter of fiscal 2021 compared to the second quarter for fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses and product development costs, which were partially offset by an increase in gross margin.

The decrease in Adjusted EBITDA in the third quarter of fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses, which were partially offset by an increase in gross margin.

The increase in product revenue in the second quarter of fiscal 2021 compared to the first quarter of fiscal 2021 relates to the early returns of the investments in our sales and marketing team in late fiscal 2020 and early fiscal 2021 which led to increased sales of Blacklines core G7 product line as well as the newly introduced G7 EXO. The second quarter also saw the first sales in the EU for our new wholly owned subsidiary Blackline Safety Europe SAS.

Service revenues increased versus the consecutive quarter due to the new service activations by end-users of our devices during the first and second fiscal quarters of 2021.

The increase in net loss in the second quarter of fiscal 2021 compared to the first quarter for fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses and product development costs, which were partially offset by an increase in gross margin.

The decrease in Adjusted EBITDA in the second quarter of fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses, which were partially offset by an increase in gross margin.

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 andmarketing 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 third 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 third quarter of fiscal 2020 was due to the product and service mix sold, as well as a reduction in service gross margin, period-over-period. The decrease in net loss in the third quarter of fiscal 2020 compared to the third 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 third 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 third 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.

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. Blackline finances these activities primarily through cash flows from operations, funds from equity financing, a bank demand operating line of credit facility and government assistance in the form of repayable debt.

Blackline had cash and cash equivalents of $17,104 as at July 31, 2021. Cash and cash equivalents increased by $585 during the three-months ended July 31, 2021 and decreased $11,418 during the nine-month period ended July 31, 2021. This was compared to an increase of $742 and $1,575 during the three and nine-month periods ended July 31, 2020.

	Three-months ended July 31,			**Nine-months ended July 31,**		
000s	**2021** **$**	2020 $	Change %	**2021** **$**	2020 $	Change %
Cash provided by (used in) operating activities	**(6,127)**	444	(1,480)	**(15,542)**	(4,497)	(246)
Cash provided by (used in) financing activities	**331**	193	72	**964**	623	55
Cash provided by (used in) investing activities	**5,810**	89	6,428	**2,665**	6,335	(58)
Effect of foreign exchange	**571**	16	3,469	**495**	(886)	156
Total net increase (decrease in cash and cash equivalents)	**585**	742	(21)	**(11,418)**	1,575	(825)

Operating activities during the three and nine-months ended July 31, 2021 used $6,127 and $15,542 of cash respectively (three and nine-months ended July 31, 2020, provided $444 and used $4,497 respectively). The increase in cash used was a result of a larger net loss for the period, excluding greater non-cash charges of depreciation, amortization, and stock-based compensation. This was partially offset for the current quarter by improvements in non-cash working capital of $2,865 compared to $998 in the same quarter of the prior year. This improvement was due primarily to the net change accounts payable and accrued liabilities of $3,742 (three-months ended July 31, 2020 - $575) as we proactively worked with suppliers to improve our working capital turnover.

During the nine-months ended July 31, 2021 operating activities used $15,542 of cash (nine-months ended July 31, 2020 - $4,497). The increase in cash used was a result of a larger net loss for the period, excluding greater non-cash charges of depreciation, amortization, and stock-based compensation. This was partially offset by improvements in non-cash working capital of $3,157 compared to ($2,109) in the prior year. This improvement was due to a better management of inventory build, using $2,510 of cash compared to $3,822 in the prior year as well as an increase in accounts payable and accrued liabilities of $5,530 versus ($1,276) in the same period of 2020.

Financing activities for the three and nine-months ended July 31, 2021 provided $331 and $964 of cash respectively (three and nine-months ended July 31, 2020 - $193 and $623 respectively). Proceeds from option exercises were $627 and $1,509 for the three and nine-months ended July 31, 2021, compared to $380 and $1,184 in the comparative periods. During the quarter, the Company repaid the full $138 outstanding that was due for the British Business Bank bounce back loan that was obtained by WTL prior to it being acquired. In the prior year there were repayments made to TECTERRA relating to a funding and compensation agreement in the three and nine-month periods ending July 31, 2020 of $98 and $289 respectively, with no such repayments in the current year. Our repayment of lease liabilities partially offset this with payments of $158 and $408 made during the three and nine-month periods ended July 31, 2021, compared to $89 and $272 during the three and nine-month periods ended July 31, 2020, as we expanded our office space at our Calgary corporate office as well as the inclusion of the office lease for WTL and Blackline Safety Europe SAS acquired in the quarter.

Investing activities in the three and nine-month periods ended July 31, 2021 provided cash of $5,810 and $2,665 respectively compared to cash provided of $89 and $6,335 in the comparable three and nine-month periods. There were purchases of short-term investments totaling $nil and $22,051 compared to $nil and $2,403 in the prior year comparable periods. These purchases were offset by redemptions of short-term investments of $7,021 and $29,031 during the three and nine-months ended July 31, 2021, respectively (three and nine-months ended July 31, 2020 - $455 and $11,406 respectively).

Net finance income from the Company's cash and cash equivalents and short-term investments in three and nine-month periods ended July 31, 2021 was $10 and $80 respectively (three and nine-months ended July 31, 2020 - $5 and $141 respectively). During the three and nine-months ended July 31, 2021, the Company incurred capital expenditures of $1,221 and $3,517, primarily for property and equipment additions of cartridges and computer equipment for our expanded workforce. Capital expenditures for the three and nine-month periods ended July 31, 2020, totaled $372 and $2,810 respectively for property and equipment, primarily consisting of molds and cartridges.

During the year, the Company purchased all of the outstanding shares of WTL for $878 (GBP 500) of cash.

The total of the short-term investments held as at July 31, 2021 amounted to $16,020 compared to $23,000 at the prior year end. The short-term investments were comprised of fixed interest rate guaranteed investment certificates with a Canadian chartered bank. The total cash and cash equivalents and short-term investments at July 31, 2021 was $33,124 (October 31, 2020 - $51,523).

000s	**July 31, 2021 $**	October 31, 2020 $	Change %
Current assets	**63,438**	75,795	(16)
Current liabilities	**(27,985)**	(17,728)	(58)
Working capital	**35,453**	58,067	(39)

Working capital at July 31, 2021, was $35,453 compared to $58,067 at the prior year end, a decrease of $22,614. 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 increases in accounts receivable and inventory.

Blackline continued to proactively manage its exposure to shortages of components for its devices in inventory as we built up our stock on hand by $2,820 to mitigate against current global supply chain challenges.

The Company has a demand operating line of credit ("loan facility") of up to $15,000 with a Canadian chartered bank. The loan facility 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 loan facility also includes a credit card facility and a facility for the sale or purchase of foreign currencies and other treasury products.

The loan 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 Company was in compliance with all covenants as at July 31, 2021.

The loan 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.

The loan facility was not drawn against as at July 31, 2021.

The Company has utilized 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 $74 for payroll related to the current fiscal quarter (three-months ended July 31, 2020 - $852) and a total of $1,440 during the fiscal year to date (nine-months ended July 31, 2020 - $1,895). This funding has been recorded as a reduction in related payroll expenses.

The Company has also utilized 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 $nil and $102 for the three and nine-months ended July 31, 2021 (three and nine-months ended July 31, 2020 -$nil) which has been recorded as a reduction in related rent expenses.

The amount recorded from these programs was less than the comparable fiscal periods due to the growth in the Company's revenue compared to the baseline calculation period in 2020. The Company has assessed its eligibility in periods from July 31, 2021 to the date of this MD&A subsequent periods and was not eligible for any additional CEWS or CERS funding.

As at July 31, 2021, $74 is included in trade and other receivables as the subsidy cash funding was not received until post quarter end. The Company will continue to participate in relevant governmental support programs throughout the period of the COVID-19 pandemic.

Capital Management

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 significant capital expenditure commitments at July 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.

Contractual Obligations

000s	Less than 1 year $	1-3 years $	Thereafter $	**Total** **$**
Finance lease obligations	572	810	2	**1,384**
Operating leases	64	107	-	**171**
Purchasing commitments	527	-	-	**527**
Total	**1,163**	**917**	**2**	**2,082**

Contractual obligations relate to finance lease obligations, operating leases and committed lease related expenses as well as purchasing commitment with suppliers of consulting services and raw materials. Finance lease obligations have been recognized on the Consolidated Statement of Financial Position as short-term and long-term leases liabilities and corresponding right-of-use assets, in accordance with IFRS 16 *Leases*.

Off-Balance Sheet Arrangements

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

Related Party Transactions

There were no transactions between the Company and related parties for the three and nine-month periods ended July 31, 2021 and 2020. As at July 31, 2021 and October 31, 2020, there were no amounts outstanding in accounts payable and accrued liabilities in relation to transactions with related parties.

Critical Accounting Estimates

The preparation of the Company's condensed consolidated interim financial statements requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying value of assets and liabilities. These estimates are based on historical experience and management's judgments based on information available as at the financial statement date, and as a result, the estimates used by management involve uncertainty and may change as additional experience is acquired. Furthermore, as the impacts of the COVID-19 pandemic on the global economy continue, management cannot reasonably estimate the resulting length or severity of the impact on the Company. As such, actual results may differ significantly from estimates made within the condensed consolidated interim financial statements for the three months ended July 31, 2021.

The following are the most significant accounting estimates that the Company has made in the preparation of its condensed consolidated financial statements and this MD&A:

a) **Stock-based compensation**
The determination of the fair value of stock options impacts all the Company's expense captions and is calculated using a Black-Scholes option pricing model which requires the estimation of stock price volatility, the expected term of the underlying instruments, the estimation of the risk-free interest rate, and if applicable the resulting number of options that will ultimately vest, which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

b) **Property and equipment and intangible assets**
When calculating depreciation of property, plant and equipment, and amortization of intangible assets, the Company estimates the useful lives and residual values of the related assets. The estimates made by management regarding the useful lives and residual values affect the carrying amounts of the property and equipment and intangible assets on the balance sheet and the related depreciation and amortization expenses recognized in the statement of operations. Assessing the reasonableness of the estimated useful lives of property and equipment and intangible assets requires judgment and is based on available information. The Company periodically, and at least annually, evaluates its depreciation and amortization methods and rates for consistency against those methods and rates used by its peers, or may revise initial estimates for changes in circumstances, such as technological advancements. A change in the estimated remaining useful life or the residual value will affect the depreciation or amortization expense prospectively.

c) **Standard cost of inventory**
Inventory cost includes a portion of production related overhead expenditures, being allocated on the basis of normal operating capacity. The estimates are made using current forecast information and are regularly updated to reflect current conditions and approximate cost. If the actual production or costs were to be adversely affected by demand for products or other factors, cost of sales and inventory valuation could be negatively impacted.

d) **Warranty provision**
A provision is recognized in cost of sales for expected warranty claims on products sold during the year, based on previous levels of repairs and returns. Assumptions used to calculate the provision are based on current sales levels and information available about returns based on the warranty period for all products sold. Information is limited on new products that have been introduced during the previous twelve months, and the possible impact of future adverse events could result in actual warranty expense differing significantly from these estimates.

e) **Business combinations**
Accounting for business combinations involves the allocation of the cost of an acquisition to the underlying net assets acquired based on estimated fair values. As part of this allocation process, the Company identifies and attributes values and estimated lives to identifiable intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk, and the weighted average cost of capital used by a market participant. These estimates and assumptions determine the amount allocated to identifiable separable intangible assets, as well as the amortization period for identifiable intangible assets with finite lives. If future events or results differ adversely from these estimates and assumptions, the Company could record increased amortization or impairment charges.

There have been no changes made to the methodology used to determine the critical accounting estimates in the previous two years. Each of these accounting estimates impact both the product and service reportable segments of the Company's results.

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 July 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 July 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 July 31, 2021 unaudited condensed consolidated interim financial statements of the Company. The amounts, timing and certainty of future 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.

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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 periods. 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 nonrecurring impact transactions, if any, in Adjusted EBITDA. This is presented to provide analysts, investors, and other interested parties a representative adjusted 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 revenue, expense, 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 "Highlights" section of the MD&A.

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Reconciliation of Non-IFRS Measures

The following table presents a reconciliation of the non-IFRS measures presented in the MD&A to their nearest measures under IFRS for the three and nine-month periods ended July 31, 2021 and July 31, 2020. These are net loss to EBITDA, and Adjusted EBITDA.

	Three-months ended July 31,			**Nine-months ended July 31,**		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Net loss	**(10,257)**	(1,762)	(482)	**(23,699)**	(6,217)	(281)
Depreciations and amortization	**1,324**	1,073	23	**3,627**	3,066	18
Finance income, net	**(37)**	(52)	29	**(143)**	(251)	43
Income tax	**17**	28	(39)	**136**	19	616
EBITDA	**(8,953)**	(713)	(1,156)	**(20,079)**	(3,383)	(494)
Product development costs, net of depreciation, amortization and stock-based compensation expense[1]	**4,030**	1,973	(104)	**10,837**	5,842	(86)
Stock-based compensation expense[2]	**354**	188	88	**2,135**	1,108	(93)
Other non-recurring impact transactions	**-**	-	-	**664**	(211)	415
Adjusted EBITDA	**(4,569)**	1,448	(416)	**(6,443)**	3,356	(292)

[1] Product development costs exclude depreciation and amortization, as well as stock-based compensation relating to product development is excluded and adjusted in the subsequent line as defined below.
[2] Stock-based compensation expense relates to the Company's stock compensation plan and stock option expense extracted from cost of sales, general and administrative expenses, sales and marketing expenses and product development costs on the Consolidated Statements or Loss and Comprehensive Loss.

Outstanding Share Data

Blackline had 54,666,310, common voting shares issued and outstanding as at September 10, 2021.The following share options were outstanding at that date:

Share Option Exercise Price	Share Options Outstanding
$2.85	118,834
$4.25	828,084
$4.40	473,000
$5.26	741,583
$5.50	668,309
$5.84	10,000
$6.55	115,000
$8.00	595,000
$8.50	671,500
$8.93	200,000
Total	4,421,310

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 risk factors and uncertainties that could affect Blackline, with the Company's Annual Information Form containing a comprehensive list of 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, including on global supply chains. 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.

Global Supply Chain

The Company develops and manufactures it products by sourcing raw materials from around the world. We continuously seek the best suppliers who share our values and provide competitive pricing while allowing the Company to maintain visibility and security around its ability to build enough products to meet its customers demands. Recent events affecting global supply chains has caused the Company to refocus its procurement strategy in order to maximize flexibility and access to required components.

If these global supply chain challenges were to exacerbate or prolong, the Company's margins and ability to meet sales demand or develop new products in its pipeline could be adversely affected.

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 is 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 July 31, 2021 of $93,906. 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

The securities markets in the United States and Canada can experience 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 suppliers. 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.

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Outlook

Blackline has a comprehensive connected safety hardware enabled SaaS portfolio that is designed and developed in-house to meet the demands of industry, from utilities to energy and petrochemical, telecom, consumer packaged goods, transportation and manufacturing. The Company delivers solutions that provide robust, turn-key safety solutions for personnel operating in urban, suburban, rural, hazardous and remote locations.

Throughout the last year, we have stood behind our customers through the worst pandemic in memory, supporting them through an incredibly demanding operational environment. Despite these challenges, Blackline was able to grow its revenue 31% quarter over prior year quarter, including 111% growth outside North America. We have continued our global expansion by establishing a new European Union based subsidiary, completing our first corporate acquisition, and graduating to the TSX. We have done this by adding considerable resources to our already talented, diverse team and by staying true to our commitment to ensure that every worker has the confidence to get the job done and return home safe.

This growth has positioned us well to maintain our market position in connected safety. Our solid working capital position provides us the opportunity to continue investing in our products and service offerings as well as accelerating our sales to new verticals and geographies while increasing our penetration into existing markets.

We are already beginning to see demand returning, though more slowly than we had initially anticipated, as procurement processes reinitiate across the world, as businesses execute on their post COVID-19 operational strategies. As employees return to worksites at full capacity, current and prospective customers are understanding more than ever the value that connected safety and data offers. We plan to capitalize on these factors with our expanded sales force and anticipate returning to our pre-pandemic growth trajectory as we pursue the transformation of the industrial workplace into a connected one.

Blackline will continue to accelerate our product development plans to meet ever changing market demands for connected safety and build relationships with current and new distribution and industrial partners. We believe our connected safety offering provides a competitive advantage to our customers and we look forward to working with other leading organizations that are committed, as we are, to going the extra mile driving innovative, data centric, resilient, sustainable workforce safety solutions that serve our customers and empower their people.

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