Blackline Safety Corp.

Management's Discussion and Analysis

For the year ended October 31, 2021

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Notice

This Management's Discussion and Analysis ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation", the "Company", "we", "us", or "our") audited Consolidated Financial Statements and accompanying notes, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), for the years ended October 31, 2021 and 2020. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2021, 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 January 19, 2022. 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. Certain prior period amounts have been reclassified to conform with current period presentation.

This MD&A presents certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios to assist readers in understanding the Company's performance. These measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Non-GAAP financial measures, ratios and supplementary financial measures include 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 research and development costs and non-recurring impact transactions, if any), EBITDA per common share, Adjusted EBITDA per common share, gross margin percentage and other supplementary financial measures. See "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further information.

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.

Overview

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a hardware-enabled software as a service ("HeSaaS") technology company that is focused on bringing connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a complete suite of safety devices 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 safety devices and cloud software, businesses are able to increase operational performance through business analytics software and data science services known as Blackline Vision, adding value from the data generated by G7 safety wearables, G7 EXO 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 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.

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.

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G7 wearables feature the industry's first expandable interface that enables customization to support each customer scenario and requirement. All products feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client. We offer 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 and environmental footprint.

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 featuring drop and go deployment capabilities and the flexibility of four channel pump modules, as well as various power and mounting options and output port usage options. The G7 EXO also offers unlimited connectivity by directly connecting to the cloud via 4G or satellite so there are no range limits between monitors or maximum number of devices allowed on the network.

A significant portion of customers select Blackline's in-house, 24/7/365 Safety Operations Centre (“SOC”), although they have the option to self-monitor the safety of their personnel using their Blackline Live monitoring account. Unlike a traditional call centre 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 centre. 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 Centre partner. Blackline's SOC, together with its partner Alarm Receiving Centres in Europe, now monitor over 40,000 devices.

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 enables Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 167 billion data points, over 2.5 billion locations and over 4.5 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. For the year ended October 31, 2021, product revenue was $24,776, accounting for 46% of total revenue (October 31, 2020: $12,860 and 34%).

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. For the year ended October 31, 2021, service revenue was $29,536, accounting for 54% of total revenue (October 31, 2020: 25,517 and 66%).

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, including those related to the devices, are recognized on a monthly basis as service is provided.

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 is 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. For the year ended October 31, 2021, Blackline's product cost of sales was $18,813 and service cost of sales was $9,105 (October 31, 2020: $10,289 and $7,900).

In February 2021, the Company completed the acquisition of Wearables Technologies Limited ("WTL") based in Leicester in the United Kingdom ("UK"). 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.

In the year ended October 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 to provide efficient access to the European Union ("EU") and helps reduce the environmental impact of shipping devices for servicing and warranty.

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's common shares were delisted from the TSX Venture Exchange.

On October 19, 2021, the Company completed a bought deal short-form prospectus offering for an aggregate of 5,480,000 common shares at an issue price of $7.30 per common share for gross proceeds of $40,004 and share issuance costs of $2,390.

COVID-19

Blackline continues to implement its COVID-19 continuity plan and monitor the global impact of the 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 consistently strong 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.

As part of Blackline Analytics, our customers utilize our Close Contact tracing tools to enable industrial contact tracing for their 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.

Following the mandatory restrictions enacted by the Government of Alberta in September 2021, Blackline returned to working off-site for non-essential staff at our Dominion Bridge facility in Calgary. We continue to adhere to our *Return to Office Work Plan* and the workplace guidelines provided by the province of Alberta and Alberta Health Services to reduce the risk of transmission of COVID-19 among our employees who continue to work on-site.

Following the UK government's announcement of a move to "Plan B" of England's COVID-19 response in December 2021, our Colchester and Leicester offices returned to working off-site for non-essential staff. We continue to adhere to all Blackline workplace requirements stipulated by Blackline's *Return to Office Work Plan,* with our warehouse teams continuing to work safely to ensure product shipments are delivered to essential workers.

Our employees in the EU and the United States ("U.S.") 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 ability to control resurgences worldwide, making it difficult to assess the future impact on the Company's current rate of growth.

Highlights

000s, except per share data	Three-months ended October 31, 2021 $	2020 $	Change %	Year ended October 31, 2021 $	2020 $	Change %
Product revenue	**11,094**	4,838	129	**24,776**	12,860	93
Service revenue	**8,172**	6,712	22	**29,536**	25,517	16
Total Revenue	**19,266**	11,550	67	**54,312**	38,377	42
Gross margin	**9,019**	6,510	39	**26,394**	20,188	31
Gross margin percentage(1)	**47**	56	(9)	**49**	53	(4)
Total Expenses	**18,603**	8,305	124	**59,685**	28,431	110
Net loss	**(9,606)**	(1,804)	432	**(33,305)**	(8,021)	315
Loss per common share - Basic and diluted	**(0.18)**	(0.03)	500	**(0.67)**	(0.16)	319
EBITDA(1)	**(8,157)**	(701)	(1,064)	**(28,235)**	(4,084)	(591)
EBITDA per common share(1) - Basic and diluted	**(0.15)**	(0.01)	1,400	**(0.57)**	(0.09)	533
Adjusted EBITDA(1)	**(3,479)**	2,234	(256)	**(9,921)**	5,591	(277)
Adjusted EBITDA per common share(1) - Basic and diluted	**(0.06)**	0.04	(250)	**(0.20)**	0.12	(267)

(1) Refer to “Non-GAAP and Supplementary Financial Measures” at the end of this MD&A for further detail.

Financial Position 000s	**October 31, 2021**	October 31, 2020	Change %
Cash, cash equivalents and short-term investments	**54,515**	51,523	6
Working capital	**61,950**	58,067	7
Total assets	**109,303**	88,610	23
Non-current liabilities	**7,262**	4,554	59
Shareholders’ equity	**73,339**	66,327	11

Results of Operations

000s	Three-months ended October 31, 2021 $	2020 $	Change %	Year ended October 31, 2021 $	2020 $	Change %
Product revenue	**11,094**	4,838	129	**24,776**	12,860	93
Service revenue	**8,172**	6,712	22	**29,536**	25,517	16
Total Revenues	**19,266**	11,550	67	**54,312**	38,377	42
Product revenue as a percentage of revenue(1)	**58%**	42%		**46%**	34%	
Service revenue as a percentage of revenue(1)	**42%**	58%		**54%**	66%	
Total	**100%**	100%		**100%**	100%	

(1) Refer to “Non-GAAP and Supplementary Financial Measures” at the end of this MD&A for further detail.

Fourth quarter total revenue was $19,266, an increase of $7,716 from $11,550 in the comparable period of the prior year. The 67% 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. Product revenue in the fourth quarter of 2021 was impacted by large customer contracts with a Texas-based turnaround service provider, a UK defense contractor, a U.S.-based natural gas and electric utility company, and two UK water and wastewater authorities.

Revenues for the year ended October 31, 2021 increased $15,935 or 42% compared to 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.

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Product Revenue

The Company's fourth quarter product revenue was $11,094, an increase of $6,256 or 129% compared to $4,838 in the prior year 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 expanded sales network across North America, Europe and international markets over the last twelve months. Blackline continued sales of its G7 EXO area monitors contributing $2,952 in product sales during the quarter (October 31, 2020: $1,887).

For the year ended October 31, 2021, product revenue was $24,776 compared to $12,860, an increase of $11,916 compared to the prior year. The 93% increase in product revenue was a result of the reduction of COVID-19 restrictions allowing more access to customer sites and the contribution of the expanded sales team. The increase in product revenue was also driven by the first full year of sales of the Company's G7 EXO following its launch in October 2020.

Service Revenue

	Three-months ended October 31,			Year ended October 31,		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Software services revenue	**6,811**	5,690	20	**25,518**	20,805	23
Operating lease revenue	**741**	925	(20)	**3,119**	4,231	(26)
Rental revenue	**620**	97	539	**899**	481	87
Total service revenue	**8,172**	6,712	22	**29,536**	25,517	16
Software services revenue as a percentage of service revenue(1)	**83%**	85%		**86%**	82%	
Operating lease revenue as a percentage of service revenue(1)	**9%**	14%		**11%**	16%	
Rental revenue as a percentage of service revenue(1)	**8%**	1%		**3%**	2%	
Total	**100%**	100%		**100%**	100%	

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

The Company's fourth quarter total service revenue increased $1,460 or 22% to $8,172 compared to $6,712 in the same period last year.

Software services revenue for the fourth quarter was $6,811, an increase of 20% from $5,690 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, software and data services. In the current quarter there were newly activated device service revenues of $78 as well as service revenue increases within our existing customer base of $382.

There were also adverse effects of $193 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 $25.

Operating lease revenue in the fourth quarter of 2021 decreased 20% to $741 from $925 in the fourth quarter of 2020 due to certain lease customers opting to renew with a longer-term finance lease. Rental revenue increased to $620 or by 539% in the fourth quarter versus $97 in the prior year quarter as the Company supported the fall industrial turnaround and maintenance market in North America with its new integrated G7 EXO and G7 product and service offering.

Service revenue increased $4,019 or 16% to $29,536 during the year ended October 31, 2021, from $25,517 in the prior year.

Software services revenue for the year ended October 31, 2021 increased $4,713 or 23% compared to 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 $656 of service revenue during the year ended October 31, 2021, while increases to existing customer accounts contributed $4,247. 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 $1,489 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 $137.

Operating lease revenue decreased $1,112 in fiscal 2021 compared to fiscal 2020 due to lease customers opting to renew their agreements with longer-term finance leases. Rental revenue increased $418 or 87% for the year ended October 31, 2021 primarily due to strong rental sales in the fourth quarter as the Company's expanded product portfolio supported the fall turnaround market in North America.

Revenues from external customers by country/geographic area	**Three-months ended October 31,**			**Year ended October 31,**		
000s	**2021 $**	2020 $	Change %	**2021 $**	2020 $	Change %
Canada	**3,647**	2,875	27	**13,300**	12,661	5
United States	**9,427**	5,196	81	**22,787**	16,051	42
Europe	**5,478**	3,050	80	**15,699**	8,337	88
Australia & New Zealand	**330**	220	50	**1,306**	767	70
Other international	**384**	209	84	**1,220**	561	117
Total revenues	**19,266**	11,550	67	**54,312**	38,377	42
Canada as a percentage of revenue(1)	**19%**	25%		**25%**	33%	
United States as a percentage of revenue(1)	**49%**	45%		**42%**	42%	
Europe as a percentage of revenue(1)	**28%**	26%		**29%**	22%	
Australia & New Zealand as a percentage of revenue(1)	**2%**	2%		**2%**	2%	
Other international as a percentage of revenue(1)	**2%**	2%		**2%**	1%	
Total	**100%**	100%		**100%**	100%	

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

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 year revenue growth of $4,417 in the United Kingdom, $1,298 in France, $371 in Ireland, $312 in Germany, $292 in Finland, $236 in Spain and $227 in Italy; all countries where Blackline deployed new sales personnel and focused distribution channel efforts in the past twelve months. As we sell more of our connected safety products to these regions, the associated HeSaaS revenue contributes to the increase in revenue for each region.

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 consolidated statements of financial position. See note 14 in the consolidated financial statements for further details.

000s	**October 31, 2021** **$**	October 31, 2020 $
Balance, beginning of year	**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
Operating lease revenue	**(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
Operating lease revenue	**(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)
Operating lease revenue	**(767)**	(1,079)
Balance at July 31	**2,682**	4,694
New operating lease contracts – G7 products	**510**	208
New operating lease contracts – Cartridges	**62**	33
Net operating lease contract changes	**94**	(2)
Operating lease revenue	**(741)**	(925)
Balance, end of year	**2,607**	4,008

For the three-months ended October 31, 2021, the Company added $510 in new operating lease contracts for G7 products (three-months ended October 31, 2020: $208) and $62 in new leasing contracts for gas sensor cartridges (three-months ended October 31, 2020: $33). For the year ended October 31, 2021, the Company added $1,309 in new operating lease contracts for G7 products and $248 in new leasing contracts for gas sensor cartridges (year ended October 31, 2020: $1,803 and $278, respectively).

Operating lease revenue recognized were $741 and $3,119 in the three-months and year ended October 31, 2021, respectively (October 31, 2020: $925 and $4,231 respectively). The three-months and year ended October 31, 2021 also included $94 and $161 (October 31, 2020: ($2) and ($591)) relating to customers who amended their lease contracts.

Contracted future revenue of $2,607 at October 31, 2021, represents a decrease of $1,401 or 35% over October 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. The Company no longer actively markets operating leases. 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 non-current other receivables on the consolidated statements of financial position. The service component is recognized within trade receivables when the service is delivered.

The total undiscounted payments under non-cancellable finance lease contracts for the right to use the equipment and safety monitoring services of the Company is $18,894 at October 31, 2021 (October 31, 2020: $7,157).

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Cost of Sales

000s	Three-months ended October 31, 2021 $	2020 $	Change %	Year ended October 31, 2021 $	2020 $	Change %
Product	**7,723**	2,918	165	**18,813**	10,289	83
Service	**2,525**	2,122	19	**9,105**	7,900	15
Total cost of sales	**10,248**	5,040	103	**27,918**	18,189	53
Product cost of sales as a percentage of segment revenue(1)	**70%**	60%		**76%**	80%	
Service cost of sales as a percentage of segment revenue(1)	**31%**	32%		**31%**	31%	
Cost of sales as a percentage of revenue(1)	**53**%	44%		**51%**	47%	

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

Cost of sales for the quarter and year ended October 31, 2021 totaled $10,248 and $27,918, respectively compared to $5,040 and $18,189 in the same periods last year, an increase of $5,208 or 103% and $9,729 or 53%, respectively. 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 periods. It is also a result of an increase in the service segment with costs expanding to support a growing customer base.

Cost of Sales Product

The cost of sales for products increased by $4,805 or 165% in the fourth quarter compared to the prior year comparable quarter due to increased material costs of $3,064 and increased production salaries of $481 as more products were sold. Salaries and wage expense, excluding the impact of Canadian Emergency Wage Subsidy ("CEWS") funding, increased $351 during the fourth quarter of 2021 compared to the prior year comparable quarter. CEWS funding of $nil and $130 were reported during the three-months ended October 31, 2021 and 2020, respectively.

Higher sales resulted in an increase in freight costs of $295 versus the prior year quarter, and an increase in inventory build resulted in higher production supplies and equipment expenses of $117. There were also higher scrappage and rework costs of $423 in the fourth quarter compared to the prior year quarter, and an increase in warranty expense of $445 as a higher number of devices, including G7 EXO, were sold under warranty in the current period. These increases were partially offset by lower unabsorbed material and labor costs of $156 in the fourth quarter of 2021 versus the fourth quarter of 2020 arising from the negative impact of COVID-19 on our product sales in the prior year quarter.

Cost of sales for products increased $8,524 or 83% for the year ended October 31, 2021, compared to 2020. The primary reason for the increase was due to additional material costs of $5,703 associated with greater sales in the current year. Salaries and wage expense, excluding CEWS increased $839 from the prior year. CEWS funding of $232 and $425 were reported during the year ended October 31, 2021 and 2020, respectively.

Higher sales for the year ended October 31, 2021 also resulted in higher expenses for freight of $775 and production supplies and equipment of $390. Freight 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. There were also higher scrappage and rework costs of $1,515 and current product upgrade costs of $185 year-over-year. Scrappage costs in the current fiscal year were impacted by certain legacy products reaching their end of life while the change in rework costs was driven by the number of returned devices from the field. Warranty expense increased $219 in the current year from the prior year as a higher number of devices were sold under warranty. These increases were partially offset by lower unabsorbed material and labor costs of $1,559 in the current year compared to the prior year, owing to the increased product sales in the current year.

Cost of Sales Service

Service cost of sales increased by $403 or 19% in the fourth quarter compared to the prior year fourth quarter. The increase is primarily a result of greater salaries expense for our SOC team members and the product development support team, which have increased proportionately in size to support greater revenue from a higher volume of connected customers across new verticals and geographic markets. Salaries and wage expense, excluding CEWS increased $188 in the fourth quarter compared to the prior year quarter. Service cost of sales was also impacted by higher connectivity and data costs of $34 driven by the increased user base and associated higher service revenue in the fourth quarter.

Depreciation on owned cartridges and leased units increased $64 in the fourth quarter compared to the prior year quarter as a result of the growth in the number of owned cartridges in use by our customers.

For the year ended October 31, 2021, service cost of sales increased by $1,204 or 15% compared to the same period in 2020. The increase is primarily due to higher personnel costs for our SOC and product development support team. Salaries and wage expense, excluding CEWS increased $715 year-over-year. Connectivity and data costs increased $44 driven by the increased user base and associated service revenue in the current year compared to the prior year.

Depreciation on owned cartridges and leased units increased $169 in fiscal 2021 compared to the prior year as a result of the growth in the number of owned cartridges in use by our customers.

Gross Margin

	Three-months ended October 31,			**Year ended October 31,**		
000s	**2021** **$**	2020 $	Change %	**2021** **$**	2020 $	Change %
Product	**3,371**	1,921	75	**5,963**	2,571	132
Service	**5,648**	4,589	23	**20,431**	17,617	16
Gross margin	**9,019**	6,510	39	**26,394**	20,188	31
Product gross margin percentage(1)	**30%**	40%		**24%**	20%	
Service gross margin percentage(1)	**69%**	68%		**69%**	69%	
Gross margin percentage(1)	**47%**	56%		**49%**	53%	

(1) Refer to “Non-GAAP and Supplementary Financial Measures” at the end of this MD&A for further detail.

Total gross margin for the fourth quarter was $9,019 compared to $6,510 in the comparable period of the prior year. This represented a total gross margin percentage of 47%, a 9% decrease compared to the prior year period. The decrease in total gross margin percentage is due to the shift in sales mix with product revenue comprising 58% of total revenue in the fourth quarter of 2021 compared to 42% in the fourth quarter of 2020.

Product gross margin percentage, at 30%, was adversely impacted by shortages of certain components and higher than normal freight charges, due to global supply chain challenges in the fourth quarter of 2021, higher warranty and scrappage costs. There was no CEWS recorded in the fourth quarter impacting gross margin compared to the prior year quarter, where the impact of CEWS improved product gross margin percentage by 3% to 40% from 37%.

Service gross margin improved by 1% to 69% in the fourth quarter of 2021 compared to the prior year quarter as service revenue continued to grow, absorbing more fixed costs of sale. There was no CEWS recorded in the fourth quarter impacting gross margin, compared to the prior year quarter where the impact of CEWS improved service gross margin percentage by 1% to 68% from 67%.

Total gross margin for the year ended October 31, 2021 increased $6,206 or 31% to $26,394 from $20,188 in the prior year. Total gross margin percentage decreased to 49% from 53% despite the increase in product gross margin percentage to 24% from 20% due to the shift in sales mix with product revenue comprising 46% of total revenue in the current year compared to 34% in the prior year.

Product gross margin percentage in fiscal 2021 improved to 24% 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. Excluding the impact of CEWS, product gross margin percentage year-over-year improved by 6% to 23% from 17%.

Service gross margin percentage remained consistent in fiscal 2021. Excluding the impact of CEWS, service gross margin percentage year-over-year improved by 1% to 69% from 68% as the increase in the Company’s overall revenue reduced the amount it was eligible to claim.

Expenses

000s	Three-months ended October 31, 2021 $	2020 $	Change %	Year ended October 31, 2021 $	2020 $	Change %
General and administrative expenses	**4,202**	1,817	131	**15,294**	6,406	139
Sales and marketing expenses	**9,824**	3,599	173	**27,005**	14,066	92
Product research and development costs	**4,669**	2,919	60	**16,394**	9,175	79
Foreign exchange (gain)/loss	**(92)**	(30)	207	**992**	(1,216)	(182)
Total expenses	**18,603**	8,305	124	**59,685**	28,431	110
General and administrative expenses as a percentage of revenue[1]	**22%**	16%		**28%**	17%	
Sales and marketing expenses as a percentage of revenue[1]	**51%**	31%		**50%**	37%	
Product research and development costs as a percentage of revenue[1]	**24%**	25%		**30%**	24%	
Foreign exchange (gain)/loss as a percentage of revenue[1]	**-%**	-%		**2%**	(3%)	
Total expenses as a percentage of revenue[1]	**97%**	72%		**110%**	74%	

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

General and administrative expenses

General and administrative expenses comprise of the salaries, benefits and stock-based compensation expense for 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 $2,385 or 131% in the fourth quarter to $4,202 from $1,817 in the prior year quarter. We have expanded our operations team to handle increased production volumes including the ramp-up for G6, as well as continuing our focus on product quality and manufacturing efficiency to address this key aspect of our sustainable growth. As we have accelerated our sales, marketing and product research and 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 (IT) function serving the needs of our global team which has extended as more employees work remotely on a permanent basis and we continue to recruit high level talent beyond our physical office locations. Salaries and wage expense, excluding CEWS for these employees increased $870 during the three-months ended October 31, 2021 compared to the prior year period. CEWS funding recorded in the quarter was $nil compared to $100 in the prior year comparable quarter. These functions, along with the renewal of the Company's credit facility, also led to additional contractor, consulting, legal and bank charges for the quarter of $596.

Also contributing to the increase in general and administrative expenses in the fourth quarter compared to the prior year comparative period were additional software maintenance and subscription costs of $147 as we added more licenses and functionalities to support additional team members joining Blackline globally. Building operating costs increased $82 due to additional office space for our Calgary head office as well as the office for our WTL subsidiary in Leicester, UK and EU based Blackline Safety Europe SAS office in northeastern France.

For the three-months ended October 31, 2021, $547 of general and administrative expenses were directly attributable to the operation of WTL with the focus on integrating their internal team, processes and internal controls.

For the year ended October 31, 2021, general and administrative expenses increased $8,888 or 139% compared to the prior year. Higher general administrative expenses were due to an increase of $2,641 for contractors, consultants, legal, professional, bank charges, insurance and listing fees related to the finalization and renewal 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. Excluding the impact of non-recurring expenses for the WTL acquisition, the increase in general and administrative expenses year-over-year was $8,224 or 128%.

In support of our graduation and continued growth of operations, general and administrative salaries and wage expense, excluding CEWS increased $2,511 during the year ended October 31, 2021, when compared to the same period in the prior year, with employee benefits increasing by $767 year-over-year. CEWS funding recorded in fiscal 2021 was $139 compared to $275 in fiscal 2020. This included our newly expanded enterprise IT, people services, and accounting and finance teams given the near doubling of our global workforce over the past twelve months.

Software maintenance and subscription costs and building operating costs increased $722 and $381, respectively, for the year ended October 31, 2021, when compared with the prior year.

Stock-based compensation during the year ended October 31, 2021 was $1,252 compared to $505 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 during the year.

For the year ended October 31, 2021, $2,084 of general and administrative expenses are directly attributable to WTL.

Sales and marketing expenses

Sales and marketing expenses include the salaries, commissions, 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 fourth quarter of 2021 increased $6,225 or 173% to $9,824 from $3,599 in the prior year quarter. The increase is primarily due to increases in recruiting costs, salaries of new hires, and the easing of COVID-19 restrictions resulting in higher sales and business development travel and tradeshow costs. Recruiting costs increased $156 during the three-months ended October 31, 2021 compared to the same period in 2020. The increase in salaries and wage expense, excluding CEWS for the sales and marketing team was $2,144 during the three-months ended October 31, 2021 compared to the same period in 2020, with employee benefits and stock-based compensation increasing by $495 period-over-period. As global restrictions eased, there were increased tradeshow and travel-related costs of $688 during the fourth quarter of 2021 compared to the prior year quarter with the Company attending the flagship National Safety Council Congress & Expo this year following its cancellation in the prior year.

Also contributing to the overall increase of sales and marketing expenses during the fourth quarter were sales commissions which increased by $1,189 when compared to the same period in 2020. Sales commissions as a percentage of product revenue increased to 13% from 5% in the prior year quarter as several material sales contracts were realized during the fourth quarter. Additionally, an increase of $232 related to distributor commissions compared to the prior year quarter. Bad debt expense increased 334% to $486 from $112 in the prior year quarter due to a greater number of accounts settled that had been adversely impacted by COVID-19.

Higher sales and marketing activities resulted in higher contractor expenses and subscription expenses of $121 and $116, respectively during the fourth quarter of 2021 compared to the prior year quarter.

For the three-months ended October 31, 2021, $222 of sales and marketing expenses are directly attributable to the growth of the sales and marketing functions of WTL.

During the year ended October 31, 2021, sales and marketing expenses increased $12,939 or 92% to $27,005 from $14,066 compared to the prior year. The increase was largely due to additional salaries for the expanded sales and marketing team. Salaries and wage expense, excluding CEWS increased by $6,036 during the current year compared to the prior year. In addition, employee benefits, sales commissions and stock-based compensation to our sales team were $2,713 greater in the current year compared to the prior year. Sales commissions as a percentage of product revenue increased to 9% from 5% in the previous year as several material sales contracts were realized during the fourth quarter. Consulting and contractor expenses increased $679 in fiscal 2021 compared to fiscal 2020 to support higher sales and marketing activities.

Other drivers of increased sales and marketing costs in fiscal 2021 include recruiting expenses which increased by 366% to $1,071 compared to $230 in fiscal 2020. The addition of new staff resulted in an increase of $205 in software license and software maintenance costs. As global restrictions eased, there were increased tradeshow costs in fiscal 2021 of $324 compared to prior fiscal year.

Bad debt expense for the year ended October 31, 2021 increased by $1,120 compared to the prior year due to settlements of accounts that had been adversely impacted by COVID-19 offset by a bad debt recovery of $211 recorded in fiscal 2020.

For the year ended October 31, 2021, $531 of sales and marketing expenses are directly attributable to the sales and marketing function of WTL.

Product research and development costs

Product research and development costs reflect Blackline's ongoing efforts to expand its product line while enhancing the capabilities of the current revenue-generating product offering. Product research and development costs include the salaries and benefits of the product research and development team, external consultants, materials used specifically for product research and development purposes, amortization of intangible assets and depreciation of certain property and equipment.

Product research development costs increased $1,750 or 60% during the fourth quarter to $4,669 from $2,919 in the prior year comparable quarter. The growth was driven by the increase in materials expense of $404 and software maintenance costs of $257 as we focused on continued development of our product offerings and improving the back end supporting platform for the Blackline Live portal to enhance its ability to absorb data.

Salaries and wage expense, excluding CEWS increased $465, as no CEWS funding was recorded in the fourth quarter of 2021 compared to $313 in the comparable prior year period. As the product research and development team continues to expand, recruiting costs increased $37 in the fourth quarter compared to the fourth quarter of 2020.

Amortization charges increased $132 during the fourth quarter compared to the prior year quarter due to additional product certification costs that have been capitalized over the last twelve months.

In the three-months ended October 31, 2021, $765 of product research and development costs were incurred as part of WTL's continued development of its product offerings. Of this, $100 relates to the amortization of intangible assets acquired as part of the transaction.

For the year ended October 31, 2021 product research and development costs increased $7,219 or 79% to $16,394 from $9,175 in the prior year. External consulting costs increased $2,075 from the prior year due to the increased support for the in-house team to deliver the upcoming product roadmap and continued development of the Blackline Live portal. Software maintenance and subscriptions increased by $879 compared to the prior year.

Salaries and wage expense, excluding CEWS for the year ended October 31, 2021 was $2,208 higher than the prior year. In addition, employee benefits, sales commissions and stock-based compensation of our product research and development team were $277 greater in the current year compared to the prior year. As the product research and development team continues to expand, recruiting costs increased $174 in fiscal 2021 compared to fiscal 2020.

The increase to amortization charges was $421 for the year ended October 31, 2021 compared to the prior year as a result of increased product testing to ensure Blackline's products achieve global compliance standards. Material costs increased $532 over the same period, of which $310 was related to material costs incurred by WTL. Material costs were also impacted by global supply issues which resulted in higher electronic component prices.

In the year ended October 31, 2021, $1,485 of product research and development costs were incurred as part of WTL's continued development of its product offerings. Of this, $296 relates to the amortization of intangible assets.

A summary of CEWS funding recorded during the period and comparative period and its impact to salaries and wage expense is as follows:

	Three-months ended October 31, 2021			Three-months ended October 31, 2020			
000s	**Salaries and wage expense $**	**CEWS funding $**	**Salaries and wage expense, excluding CEWS(1) $**	Salaries and wage expense $	CEWS funding $	Salaries and wage expense, excluding CEWS(1) $	Change in CEWS funding %
Product cost of sales	**807**	**-**	**807**	326	130	456	(100)
Service cost of sales	**435**	**-**	**435**	153	94	247	(100)
General and administrative expenses	**1,457**	**-**	**1,457**	487	100	587	(100)
Sales and marketing expenses	**4,071**	**-**	**4,071**	1,590	337	1,927	(100)
Product research and development costs	**2,051**	**-**	**2,051**	1,273	313	1,586	(100)
Total	**8,821**	**-**	**8,821**	3,829	974	4,803	(100)

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

000s	Year ended October 31, 2021 Salaries and wage expense $	CEWS funding $	Salaries and wage expense, excluding CEWS[(1)] $	Year ended October 31, 2020 Salaries and wage expense $	CEWS funding $	Salaries and wage expense, excluding CEWS[(1)] $	Change in CEWS funding %
Product cost of sales	**2,675**	**232**	**2,907**	1,643	425	2,068	(36)
Service cost of sales	**1,613**	**152**	**1,765**	765	285	1,050	(61)
General and administrative expenses	**4,482**	**139**	**4,621**	1,835	275	2,110	(49)
Sales and marketing expenses	**12,600**	**550**	**13,150**	6,116	998	7,114	(45)
Product research and development costs	**7,486**	**367**	**7,853**	4,754	891	5,645	(59)
Total	**28,856**	**1,440**	**30,296**	15,113	2,874	17,987	(50)

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

Foreign exchange gain or loss

Total net realized and unrealized foreign exchange gain was $92 in the fourth quarter of 2021 compared to a gain of $30 in the prior year comparable quarter. Total net realized and unrealized foreign exchange loss was $992 for the year ended October 31, 2021 compared to a gain of $1,216 in the prior year as the Canadian dollar strengthened at the end of fiscal 2021 closing at 1.24 USD/CAD, 1.70 GBP/CAD and 1.44 EUR/CAD compared to 1.33 USD/CAD, 1.73 GBP/CAD and 1.55 EUR/CAD at October 31, 2020.

The foreign exchange gain or loss relates predominately to the impact of the strengthening Canadian dollar on the Company's foreign currency denominated cash and cash equivalents, trade accounts receivable and trade accounts payable at the period end.

Finance income, Net

Finance income, net of finance expenses was $31 and $173 for the three-months and year ended October 31, 2021, respectively (October 31, 2020: $77 and $327, respectively). The decreases were 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 $9,606 and $33,305 respectively for the three-months and year ended October 31, 2021 compared to $1,804 and $8,021 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 research and development costs, offset by an increase in gross margin. The increase in net loss was also impacted by $nil and $1,440 of CEWS recorded for the three-months and year ended October 31, 2021 compared to $974 and $2,874 for the three-months and year ended October 31, 2020.

EBITDA was ($8,157) and ($28,235) respectively for the three-months and year ended October 31, 2021 compared to ($701) and ($4,084) in the same periods of 2020. The decrease in EBITDA is primarily due to the increase in general and administrative expenses, sales and marketing expenses and product research and development costs, offset by increased gross margin compared to the prior year comparable periods.

Adjusted EBITDA was ($3,479) and ($9,921) respectively for the three-months and year ended October 31, 2021 compared to $2,234 and $5,591 in the same periods of 2020. The decrease in Adjusted EBITDA is a result of the increase in general and administrative expenses and sales and marketing expenses, offset by increased gross margin compared to the prior year comparable periods.

Total Assets and Liabilities

Blackline's total assets as at October 31, 2021 were $109,303 compared to $88,610 as at October 31, 2020. Total liabilities were $35,964 compared to $22,282 as at October 31, 2020.

The increase in total assets as at October 31, 2021 compared to the prior year is primarily due to increases in cash and cash equivalents, trade and other receivables, inventory, property and equipment and intangible assets.

Cash and cash equivalents as at October 31, 2021 were $34,433 compared to $28,523 as at October 31, 2020, an increase of $5,910. Short-term investments with financial institutions at the period end were $20,082 including funds invested from the October 2021 bought deal short-form prospectus offering (October 31, 2020: $23,000).

Trade and other receivables as at October 31, 2021 totaled $23,609, compared to $13,342 as at October 31, 2020, an increase of $10,267. The increase is due to the growth in trade receivables resulting from the product sales generated in the current fiscal year 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 $12,710 as at October 31, 2021 compared to $10,771 at the prior year end. Material parts inventory increased to $7,173 from $6,142 at the prior year end with finished goods, comprised of finished and packaged units, increasing to $5,537 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 year, 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 non-current costs related to the fulfilment of G7 lease contracts, were $1,312 compared to $722 at October 31, 2020. The increase is largely due to the recognition over the course of the contract term as a contract asset rather than immediate recognition in the consolidated statements of loss and comprehensive loss of distributor commissions related to the product component of finance leases.

Property and equipment at the period end was $9,866 compared to $8,562 at the prior year end. There were net additions of $188 of leasehold improvements from the expansion of the Company's headquarters and $442 for new computer equipment as we continued to add personnel throughout the year. The Company also capitalized $790 of equipment for distributor evaluation kits and rental fleet during the year as it prepared to support the fall turnaround market in North America.

Intangible assets were $2,417 at October 31, 2021 compared to $802 at October 31, 2020. Blackline added net intangibles of $2,332 primarily due to the acquisition of WTL during the second quarter of 2021.

Right-of-use assets of $2,234 at October 31, 2021 compared to $1,486 at October 31, 2020, represent the lease obligations that have been entered into by the Company, the majority of which relate to the lease agreements for the Company's offices in Calgary, Canada and its international locations. The increase year-over-year 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, UK for WTL, Blackline Safety Europe SAS in France and Blackline Safety USA Corp. in Houston, Texas all of which were added during fiscal 2021.

Total current liabilities at October 31, 2021 were $28,702 compared to $17,728 at October 31, 2020. Accounts payable and accrued liabilities increased to $16,139 from $7,311 at October 31, 2020 due to the timing of the payment of the Company's expenditures at the end of each fiscal period. The current portion of the Company's deferred revenue, whereby customers commit to service plans that are paid in advance, was $10,859 at the period end compared to $9,288 at the prior year end. The increase is a result of new service revenue contracts, which are paid in advance, net of the 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 $920 compared to $632 at the prior year end.

The current portion of the Company's lease liabilities was $784 at October 31, 2021 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 the UK, France and the United States during the year.

Total non-current liabilities as at October 31, 2021 were $7,262 compared to $4,554 as at October 31, 2020. The non-current liabilities include the non-current portions of deferred revenue and contract liabilities. The non-current portion of the Company's deferred revenue increased to $5,008 as at October 31, 2021 from $3,289 at the prior year end, which reflects the timing of when the deferred revenue from new service sales, which are paid in advance, will be earned. The non-current portion of contract liabilities was $665 as at October 31,2021 compared to $202 at the prior year end.

The non-current portion of the Company's lease liabilities as at October 31, 2021 increased to $1,589 from $1,064 at the prior year end due to the timing of future payments for the Company's expanded corporate headquarters and the additions of facilities for WTL, Blackline Safety Europe SAS and Blackline Safety USA Corp.

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 year ended October 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 year ended October 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 Share Issuances

On October 19, 2021, the Company closed a bought deal short-form prospectus offering for an aggregate of 5,480,000 common shares at an issue price of $7.30 per common share for gross proceeds of $40,004. After deduction of broker and other fees the net proceeds from the bought deal short-form prospectus were $37,614.

Blackline advised at the time that it intended to use the net proceeds of the bought deal short-form prospectus to further strengthen the Company's financial position and allow it to accelerate its growth strategies and investments in sales, marketing and product commercialization, and for general corporate purposes.

The Company invested $6,000 of the funds raised in notice term deposits and short-term investments which remain fully invested as at October 31, 2021.

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 intended 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 October 31, 2021, $8,046 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 intended 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 October 31, 2021 $8,036 of these funds remains invested in short-term investments.

Summary of Quarterly Results

The following table highlights total revenue, gross margin percentage, net loss, net loss per common share, Adjusted EBITDA and Adjusted EBITDA per common share amounts for the eight most recently completed quarters ended October 31, 2021. These have been prepared in accordance with IFRS, with the non-GAAP and supplementary financial measures captioned below, and are presented in Canadian dollars which is the presentation and functional currency of the Company.

	2021				2020			
000s, except per share	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue ($)	**19,266**	12,693	11,675	10,678	11,550	9,437	8,472	8,918
Gross margin percentage[(1)] (%)	**47**	46	51	52	56	53	55	46
Net loss ($)	**(9,606)**	(10,257)	(8,558)	(4,884)	(1,804)	(1,762)	(2,099)	(2,355)
Net loss per common share ($)	**(0.18)**	(0.19)	(0.16)	(0.09)	(0.04)	(0.04)	(0.04)	(0.05)
Adjusted EBITDA[(1)] ($)	**(3,479)**	(4,569)	(1,514)	(360)	2,234	1,448	1,333	575
Adjusted EBITDA per common share[(1)] ($)	**(0.06)**	(0.08)	(0.03)	(0.01)	0.04	0.03	0.03	0.01

(1) Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

Fiscal Year 2021

Product revenue increased in the fourth quarter compared to the third quarter of fiscal 2021 as Blackline secured large customer contracts with a Texas-based turnaround service provider, a UK defense contractor, a U.S.-based natural gas and electric utility company, and two UK water and wastewater authorities. Service revenue continued to increase quarter-over-quarter, comparing fourth quarter to the third quarter of fiscal 2021 as a result of new device activations by end-users of Blackline's devices. The decrease in net loss in the fourth quarter compared to the third quarter of fiscal 2021 was a result of increased product and service revenue resulting in a higher gross margin, offset by increases to general and administrative, product research and development and sales and marketing expenses. The improvement in Adjusted EBITDA in the fourth quarter compared to the third quarter of fiscal 2021 resulted from increased gross margin, offset by increased general and administrative expenses and sales and marketing expenses.

The increase in product revenue in the third quarter compared to the second quarter of fiscal 2021 is a result of the continued expansion in our sales and marketing team in late 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. Service revenue increased in the third quarter compared to the second quarter of 2021, as a result of new device activations by end-users of Blackline's devices. The decrease in gross margin percentage in the third quarter of fiscal 2021 compared to the second quarter of fiscal 2021 was due to lower product margin. The increase in net loss in the third quarter compared to the second quarter of fiscal 2021 resulted from lower gross margin, increased sales and marketing and product research and development costs, offset by a nominal decrease in general and administrative expenses. The decline in Adjusted EBITDA in the third quarter compared to the second quarter of fiscal 2021 resulted from lower gross margin and increased sales and marketing expenses, which were partially offset by lower general and administrative expense.

The increase in product revenue in the second quarter of fiscal 2021 compared to the first quarter of fiscal 2021 is a result of expansion 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 of fiscal 2021 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 compared to the first quarter of fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses and product research and development costs, which were partially offset by an increase in gross margin. The decline in Adjusted EBITDA in the second quarter from the first 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. 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 research and development costs. The decline in Adjusted EBITDA in the first quarter of fiscal 2021 resulted from decreased gross margin, increased general and administrative expenses and sales and marketing expenses.

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 higher product margin. The increase in net loss in the fourth quarter of fiscal 2020 compared to the third quarter of fiscal 2020 resulted from increased gross margin, offset by increased general and administrative, sales and marketing and product research and development expenses. The improvement in Adjusted EBITDA in the fourth quarter of fiscal 2020 from the third quarter of fiscal 2020 resulted from increased gross margin, offset by higher general and administrative and sales and marketing expenses period-over-period.

The increase in revenue in the third quarter of fiscal 2020 compared to the second quarter of fiscal 2020 relates predominately to higher product revenues. The decrease in gross margin percentage in the third quarter of fiscal 2020 compared to the second quarter of fiscal 2020 was due to the product and service mix sold, as well as a reduction in service gross margin. The decrease in net loss in the third quarter of fiscal 2020 compared to the second quarter of fiscal 2020 resulted from increased gross margin and decreased general and administrative and product research and development expenses, offset by increased sales and marketing expenses. The improvement in Adjusted EBITDA in the third quarter of fiscal 2020 from the second quarter of fiscal 2020 resulted from increased gross margin and decreased general and administrative expenses, offset by higher general and sales and marketing expenses period-over-period.

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

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 short-term investments, 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 $34,433 as at October 31, 2021. Cash and cash equivalents increased $5,910 during the year ended October 31, 2021 compared to an increase of $14,886 during the year ended October 31, 2020.

	Three-months ended October 31,			**Year ended October 31,**		
000s	**2021**	2020	Change	**2021**	2020	Change
	$	$	%	**$**	$	%
Cash provided by (used in) operating activities	**(13,379)**	(4,588)	(192)	**(28,970)**	(9,085)	(219)
Cash provided by (used in) financing activities	**37,758**	33,597	12	**38,722**	34,220	13
Cash provided by (used in) investing activities	**(5,759)**	(15,485)	63	**(3,045)**	(9,150)	67
Effect of foreign exchange	**(1,292)**	(213)	(507)	**(797)**	(1,099)	27
Total net increase (decrease) in cash and cash equivalents	**17,328**	13,311	30	**5,910**	14,886	(60)

Operating activities during the three-months and year ended October 31, 2021 used $13,379 and $28,970 of cash respectively (October 31, 2020: $4,588 and $9,085 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 further impacted by changes in non-cash working capital of ($5,793) and ($2,587) for the three-months and year ended October 31, 2021, respectively (October 31, 2020: ($4,417) and ($6,526) respectively).

Changes in non-cash working capital for the three-months ended October 31, 2021 compared to the prior year quarter was primarily impacted by increases in trade and other receivables of $5,951 (October 31, 2020: $3,444). This resulted from higher sales and a build in past due trade receivables of $4,547 compared to $2,411 at July 31, 2021, as a result of a delayed collection cycle in light of the current economic environment.

Improvements to changes in non-cash working capital year-over-year was primarily due to better management of inventory build, using $1,727 of cash compared to $4,903 in the prior year. Non-cash working capital also benefitted from an increase in accounts payable and accrued liabilities of $6,935 in fiscal 2021 compared to a decrease of $370 in the prior year due to growth in the Company's expenditures. This was offset by increases in trade and other receivables of $8,569 during the year (October 31, 2020: $1,515) as a result of higher sales and a build in past due trade receivables of $4,547 compared to $2,129 at October 31, 2020 as a result of a delayed collection cycle in light of the current economic environment.

Financing activities for the three-months and year ended October 31, 2021 provided $37,758 and $38,722 of cash respectively (October 31, 2020: $33,597 and $34,220 respectively). Net proceeds from share issuances raised through the October 2021 bought deal short-form prospectus offering were $37,614 for the year ended October 31, 2021, compared to $33,638 that were raised through the September 2020 Brokered Private Placement in the prior year. During the year, 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 of $289, with no such repayments in the current year. Lease liability repayments of $244 and $652 were made during the three-months and year ended October 31, 2021, respectively, (October 31, 2020: $173 and $445 respectively), as we expanded our office space at our Calgary corporate office, and added office leases for WTL and Blackline Safety Europe SAS during the year.

Investing activities for the three-months and year ended October 31, 2021 used cash of $5,759 and $3,045 respectively (October 31, 2020: $15,485 and $9,150 respectively). There were purchases of short-term investments in the three-month and year ended October 31, 2021 totaling $20,082 and $42,133 respectively compared to $23,000 and $25,403 in the respective prior fiscal year periods. These purchases were offset by redemptions of short-term investments in the three-months and year ended October 31, 2021 of $16,020 and $45,051 respectively (October 31, 2020: $8,000 and $19,406 respectively).

Net finance income from the Company's cash and cash equivalents and short-term investments for the three-months and year ended October 31, 2021 were $16 and $144 respectively (October 31, 2020: $215 and $356 respectively). During the three months and year ended October 31, 2021, the Company incurred capital expenditures of $1,865 and $5,464, respectively primarily for property and equipment additions of revenue generating cartridges, equipment for distributor evaluation kits and rental fleet, and computer equipment for our expanded workforce. Capital expenditures for the three-months and year ended October 31, 2020 totaled $808 and $3,804 respectively for property and equipment, primarily consisting of molds, additional piece of surface mount technology equipment and owned 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 October 31, 2021 amounted to $20,082 compared to $23,000 at the prior year end. The short-term investments were comprised of fixed interest rate guaranteed investment certificates and a notice term deposit with a Canadian chartered bank. The total cash and cash equivalents and short-term investments at October 31, 2021 was $54,515 (October 31, 2020: $51,523).

000s	**October 31, 2021** **$**	October 31, 2020 $	Change %
Current assets	**90,652**	75,795	20
Current liabilities	**(28,702)**	(17,728)	62
Working capital	**61,950**	58,067	7

Working capital at October 31, 2021 was $61,950 compared to $58,067 at the prior year end, an increase of $3,883. The increase was mainly due to increases in cash and cash equivalents, accounts receivable and inventory, offset by an increase in accounts payable and accrued liabilities.

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 $1,939 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 U.S. dollar 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 October 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 subsidiaries Blackline Safety Europe Ltd., Blackline Safety Europe SAS and Wearable Technologies Limited.

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

The Company 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 $1,440 for payroll related expenses during the fiscal year (October 31, 2020: $2,874). This funding has been recorded as a reduction in related payroll expenses on the consolidated statements of loss and comprehensive loss. The amount recorded from the CEWS program was less than the comparable fiscal periods due to the growth in the Company's revenue compared to the baseline calculation period in fiscal 2020.

The Company also utilized the Government of Canada's Canada Emergency Rent Subsidy ("CERS") program, which was enacted on November 19, 2020, 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 $102 for the year ended October 31, 2021 (October 31, 2020: $nil) which has been recorded as a reduction in related rent expenses on the consolidated statements of loss and comprehensive loss.

The CEWS and CERS programs ended on October 23, 2021. The Company will continue to monitor and participate in relevant governmental support programs, if any, as the COVID-19 pandemic progresses.

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 funding for 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 wage programs to cover the cost of hiring new developers, 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 assurance can be given that the Company will achieve all or part of its liquidity objective, 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 October 31, 2021, other than the manufacturing of owned modular cartridges used in the G7 connected suite of technologies and which generate service revenue for the Company. These budgetary commitments will be funded primarily through cash flows from operations.

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Contractual Obligations

000s	Less than 1 year $	1-3 years $	Thereafter $	**Total** **$**
Finance lease obligations	653	755	-	**1,408**
Purchasing commitments	552	-	-	**552**
Total	**1,205**	**755**	**-**	**1,960**

Contractual obligations relate to various lease obligations as well as consulting services and raw materials purchase commitments. The finance lease obligations above were not capitalized as the Company applies the short-term leases and leases of low-value assets practical expedients in accordance with IFRS 16 *Leases*. Finance lease obligations that were capitalized as right-of-use assets have been recognized on the consolidated statements of financial position along with the corresponding lease liabilities which were classified as current and non-current leases liabilities, 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-months and years ended October 31, 2021 and 2020.

Critical Accounting Judgments and Estimates

The preparation of the Company's consolidated 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.

The uncertainties around the COVID-19 pandemic, the continuing resurgences and variants of COVID-19, and related restrictions to contain its spread have been considered in management's estimates and judgments described below at October 31, 2021; however, estimates and judgments made during periods of extreme volatility are subject to a higher level of uncertainty and as a result, there may be prospective material impacts in future periods.

The following are the most significant accounting estimates that the Company has made in the preparation of its 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 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 consolidated statements of financial position and the related depreciation and amortization expenses recognized in the consolidated statements of loss and comprehensive loss. 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.

The following are the most significant judgements that the Company has made in the preparation of the consolidated financial statements:

a) Revenue recognition – bundled arrangements
The determination of the amount of revenue and discounts to allocate to individual elements in a bundled arrangement and whether a deliverable constitutes a separate unit of accounting.

b) Impairment of financial assets
The determination of the expected credit loss for the Company's trade and other receivables is determined by a provision matrix that is based on historical credit loss experiences, adjusted for forward looking factors specific to the debtors and the economic environment.

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 year ended October 31, 2021.

For the year ended October 31, 2021, the Company adopted IFRS 3 *Business combinations.* Refer to note 2b)ii) in the consolidated financial statements for further details.

New Accounting Policies Not Yet Adopted by the Company

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

There are no 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.

Internal Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures and internal control over financial reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as at October 31, 2021, our disclosure controls and procedures and internal control over financial reporting were effective. There were no changes in our internal control over financial reporting during the period beginning on August 1, 2021 and ended October 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Financial Instruments

Blackline held the following financial instruments as at October 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 5 b) of the October 31, 2021 consolidated 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.

Outstanding Share Data

Blackline had 60,280,786 common voting shares issued and outstanding as at January 19, 2022.The following share options were outstanding at that date:

Share Option Exercise Price	Share Options Outstanding
$4.25	815,917
$4.40	469,500
$5.26	739,918
$5.50	661,642
$5.84	10,000
$6.55	115,000
$8.00	595,000
$8.50	518,250
$8.93	200,000
Total	4,125,227

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, which can be found on SEDAR under the Company's profile at www.sedar.com, 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 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 to 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 its products by sourcing raw materials from around the world. We continuously seek 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 have 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 roadmap 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.

Credit Risk

We have an exposure to credit risk related to trade balances owing from customers. In the normal course of business, we monitor the financial condition of our customers and review the credit history of new customers to establish credit limits and terms. We establish a loss allowance that corresponds to the credit risk of our customers, historical trends and economic circumstances to the best of our abilities. Losses could be realized by us if customers default on their balances owing. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Company being unable to collect all or portion of any money owing from such parties. Any of these factors could materially adversely affect the Company's financial and operational results.

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.

Growth Management

The Company may be subject to growth related risks including pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this potential growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Future Acquisitions

We may seek to expand our business and capabilities through the acquisition of compatible technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favourable terms, or that the acquired operations can be profitably operated or integrated in our operations. In addition, any internally generated growth experienced by us could place significant demands on our management, thereby restricting or limiting our available time and opportunity to identify and evaluate potential acquisitions. To the extent management is successful in identifying suitable companies or products for acquisition, we may deem it necessary or advisable to finance such acquisitions through the issuance of common shares, securities convertible into common shares, debt financing, or a combination thereof. In such cases, the issuance of common shares, or convertible securities could result in dilution to the holders of common shares at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result in, among other things, the encumbrance of certain of our assets, impeding our ability to obtain bank financing, and decreasing our liquidity.

To the extent acquisitions occur, we expect to realize strategic and other benefits as a result of such acquisitions and expansions including, among other things, the opportunity to extend our reach in the safety and employee monitoring industry and provide our customers with a wider range of products and services. However, it is impossible to predict with certainty whether, or to what extent, these benefits will be realized. Further, there can be no assurance that Blackline will be able to identify, acquire, develop or profitably manage additional products, or successfully integrate any acquired business, products, or technologies into our business, or increase the scope or change the nature of operations at existing facilities without substantial expenses, delays or other operational or financial difficulties. Our ability to increase the scope or change the nature of our operations or acquire or develop additional businesses may be impacted by the cost of capital and access to credit.

Acquisitions and expansions may involve a number of special risks including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, unanticipated market dynamics in new markets, added political and economic risk in other jurisdictions, risks associated with new market development outside of North America, and legal liabilities, some or all of which could have a material adverse effect on Blackline's performance. In emerging markets, some of these (and other) risks can be greater than they might be elsewhere. In addition, there can be no assurance that an increase in the scope or a change in the nature of operations at existing facilities or that acquired, or newly developed businesses, products, or technologies will achieve anticipated revenues and income. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by management. The realization of some or all of such benefits may be affected by a number of factors, many of which are beyond the control of Blackline.

Technological Change and Standards

We must continue to make significant investments in research and development to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development-stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If we are unable to successfully define, develop and introduce competitive new products, and enhance existing products, our future results would be adversely affected.

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.

Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. Such occurrences could result in damage to our reputation, lost revenue, diverted development resources, increased customer service and support costs, warranty claims, and litigation. Errors, viruses or bugs may be present in software or hardware that we acquire or license from third parties and incorporate into our products or in third party software or hardware that our customers use in conjunction with our products. Changes to third party software or hardware that our customers use in conjunction with our software could also render our applications inoperable. Any errors, defects or security vulnerabilities in our products or any defects in, or compatibility issues with, any third party hardware or software or customers' network environments discovered after commercial release could result in loss of revenues or delay in revenue recognition, loss of customers, theft of trade secrets, data or intellectual property and increased service and warranty cost, any of which could adversely affect our business, financial condition, and results of operations. Undiscovered vulnerabilities in our products alone or in combination with third party hardware or software could expose them to hackers or other unscrupulous third parties who develop and deploy viruses, and other malicious software programs that could attack our products. Actual or perceived security vulnerabilities in our products could harm our reputation and lead some customers to return products, to reduce or delay future purchases, or use competitive products.

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.

Data Privacy

The management, use and protection of data, including sensitive data, are becoming increasingly important, particularly given the high value attributed to data and the potential exposure to operational risks, reputational risks, and regulatory compliance risks and the coming into force of the General Data Protection Regulation by the EU in May 2018, and the expected proliferation of similar regulatory frameworks in other regions. Further, as our collaboration with third parties continues to grow and as we adopt new technologies and business models, our potential exposure to regulatory compliance, operational and reputational risk increases. If we fail to comply with applicable privacy laws, we could be subject to regulatory penalties, experience damage to our reputation or a loss of confidence in our products and services. We may also incur additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could adversely affect our business, operations or financial results. Furthermore, the adoption of emerging technologies, such as cloud computing, artificial intelligence, process automatization and robotics could lead to both new and complex risks that require continued focus and investment to manage effectively. We identify, assess and manage the operational risk associated with the implementation of new technologies prior to their adoption.

Dependence on Third Parties

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.

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 U.S. 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 U.S. 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 October 31, 2021 of $103,512. The deficit is expected to increase in the near term as the Company continues to accelerate the growth of its international sales network and continues its product research and development.

Price Volatility of Publicly Traded Securities

The securities markets in 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.

Environmental, Social and Governance (ESG) and Climate Change

Changes in market-based factors or investor strategies, including ESG, or responsible investing criteria/rankings (such as ESG, social impact or environmental scores) may adversely affect the trading price of the common shares and/or the Corporation's external reputation.

Blackline recognizes climate change as an important ESG 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, costs of the products and related transportation costs of raw materials we purchase from suppliers, and transportation costs related to shipping products to customers. 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.

Political Uncertainty and Tariffs

In June 2016, voters in the UK approved the withdrawal of the UK from the EU (commonly known as "Brexit"). Following parliamentary ratification of Brexit by the UK and the EU, 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 EU 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 EU could cause continued economic and political uncertainty in the UK and the EU. 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 EU and associated impacts on Blackline and its subsidiaries, one of which, has significant operations in the UK and the EU. In order to mitigate this risk, during the year ended October 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 provides efficient access to the EU.

In addition to the political uncertainty in the UK, some North American and European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Company's ability to market its products internationally, increase costs for goods and services required for the Company's operations, reduce access to skilled labour and negatively impact the Company's overall business, business opportunities, results of operations, financial conditions, cash flows and the market value of the common shares.

Outlook

Blackline has a comprehensive HeSaaS portfolio – designed and developed in-house – to meet the connected safety needs of diverse industrial workplaces around the word. Our customers come from a broad range of sectors spanning utilities, energy and petrochemical, telecommunications, consumer packaged goods, transportation and manufacturing. They rely on our technology for real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance, and increase productivity. With turnkey solutions that protect people operating across urban, suburban, rural, hazardous and remote locations, our products and services are as versatile and easy-to-use as they are robust.

Throughout 2021, we stood by behind our customers, supporting them through demanding operational conditions amidst the ongoing global pandemic. Despite a business environment that continues to be challenged, Blackline was able to grow its revenue 42% year-over-year, including 89% growth outside North America. We continued our global expansion by establishing new offices in France (Fresnes-Les-Mons), the United Kingdom (Leicester, UK) and the United States (Houston, Texas), completed our first corporate acquisition and graduated to the TSX. We also added significant resources to our already talented, diverse team, including our Executive and Board to bring additional marketing, sales and technology development expertise to the table.

Our acquisition of Wearable Technologies Limited, combined with our sales, marketing and channel expansions (especially in Europe and the Middle East) led to increased velocity of deals and deal size across new verticals (in particular, water, utilities, food manufacturing and consumer packaged goods) and geographies while deepening our penetration into existing markets. We expect continued sales momentum and an anticipated return to our pre-pandemic growth trajectory in 2022 as we pursue the transformation of the industrial workplace into a connected one.

Our strong balance sheet and working capital position means we can continue to mature and enhance our products and service offerings. We are advancing our product roadmap with the final push to bring G6 to market, our single-gas wearable safety monitor, that will open Blackline's connected safety technology to thousands more industrial workers. To support its launch and the anticipated high volume of demand, we have increased the manufacturing capacity of our in-house production through additional investments in Surface Mount Technology ("SMT"). SMT can boost productivity on the manufacturing line between 30 – 45%, while also driving increased efficiency and quality control.

We also continue to mature our Blackline Catalyst partner program bringing on new partnerships like Vlahi Systems, with software for plume modeling of chemical releases leveraging our real-time gas reading data. Partnering with other technology and solutions providers enhances the value we bring to the market and enhances our competitiveness.

2022 will also see the release of our second annual ESG report. Blackline has always focused internally on initiatives that help us to build greater resiliency and adaptability into our overall business model and safeguarded the value that we have created. It is clear that our investments in talent, environmental sustainability and protection, supply chain resiliency and various risk mitigation programs all help towards executing on our business model. In releasing our ESG report, and tracking on our performance annually, this additional accountability foundation supports the continued growth of our business.

Taken together, these initiatives leave us well-positioned to grow our market position in connected safety. We look forward to expanding our work with leading brands around the world – who share our purpose to ensure every worker has the confidence to get the job done and return home safe – to harness the power of data-driven safety to optimize their performance, increase their competitiveness and empower their people.

Non-GAAP and Supplementary Financial Measures

Non-GAAP and supplementary financial measures, including non-GAAP ratios not recognized under IFRS are provided where management believes they assist the reader in understanding Blackline's results. The calculations of the non-GAAP and supplementary financial measures are consistent with the prior year comparable periods. The Company utilizes the following terms for measurement within the MD&A that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Non-GAAP Financial Measures

A non-GAAP financial measure: (a) depicts the historical or expected future financial performance, financial position or cash of the Company; (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most comparable financial measure presented in the primary consolidated financial statements; (c) is not presented in the primary financial statements of the Company; and (d) is not a ratio.

Non-GAAP financial measures presented and discussed in this MD&A are as follows:

"EBITDA" is useful to securities analysts, investors and other interested parties in evaluating operating performance by presenting the results of the Company on a basis which excludes the impact of certain non-operational items. EBITDA refers to earnings before interest expense, interest income, income taxes, depreciation and amortization.

"Adjusted EBITDA" is useful to securities analysts, investors and other interested parties in evaluating operating performance by presenting the results of the Company on a basis which excludes the impact of certain non-operational items, product research and 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 research and development, and certain non-cash and non-recurring items, such as stock compensation expense, that the Company considers appropriate to adjust given the irregular nature and relevance to comparable companies. Adjusted EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product research and development costs and non-recurring impact 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.

Readers should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as an alternative measure to net loss determined in accordance with IFRS. Management does not use these non-GAAP financial measures to assess the Company's financial results against internal expectations.

Reconciliation of non-GAAP financial measures	**Three-months ended October 31,**			**Year ended October 31,**		
000s	**2021** **$**	2020 $	Change %	**2021** **$**	2020 $	Change %
Net loss	**(9,606)**	(1,804)	432	**(33,305)**	(8,021)	315
Depreciation and amortization	**1,428**	1,094	31	**5,055**	4,159	22
Finance income, net	**(31)**	(77)	(60)	**(173)**	(327)	(47)
Income taxes	**52**	86	(40)	**188**	105	79
EBITDA	**(8,157)**	(701)	(1,064)	**(28,235)**	(4,084)	(591)
Product research and development costs, net of depreciation, amortization and stock-based compensation expense(1)	**4,274**	2,746	56	**15,111**	8,588	76
Stock-based compensation expense(2)	**404**	189	114	**2,539**	1,298	96
Other non-recurring impact transactions	**-**	-	-	**664**	(211)	(415)
Adjusted EBITDA	**(3,479)**	2,234	(256)	**(9,921)**	5,591	(277)

(1) Product research and development costs exclude depreciation and amortization, as well as stock-based compensation relating to product research and 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 research and development costs on the consolidated statements of loss and comprehensive loss.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure presented in the form of a ratio, fraction, percentage or similar representation and that has a non-GAAP financial measure as one or more of its components.

Non-GAAP ratios presented and discussed in this MD&A are as follows:

“EBITDA per common share” is useful to securities analysts, investors and other interested parties in evaluating operating and financial performance. EBITDA per common share is calculated on the same basis as net loss per common share, utilizing the basic and diluted weighted average number of common shares outstanding during the periods presented.

“Adjusted EBITDA per common share” is useful to securities analysts, investors and other interested parties in evaluating operating and financial performance. Adjusted EBITDA per common share is calculated on the same basis as net loss per common share, utilizing the basic and diluted weighted average number of common shares outstanding during the periods presented.

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

Supplementary financial measures presented and discussed in this MD&A are as follows:

- **“Gross margin percentage”** represents gross margin as a percentage of revenue
- **“Product revenue as a percentage of revenue”** represents product revenue as a percentage of total revenue
- **“Service revenue as a percentage of revenue”** represents service revenue as a percentage of total revenue
- **“Software services revenue as a percentage of service revenue”** represents software services revenue as a percentage of service revenue
- **“Operating lease revenue as a percentage of service revenue”** represents operating lease revenue as a percentage of service revenue
- **“Rental revenue as a percentage of service revenue”** represents rental revenue as a percentage of service revenue
- **“Canada as a percentage of revenue”** represents revenues generated in Canada as a percentage of total revenue
- **“United States as a percentage of revenue”** represents revenues generated in the United States as a percentage of total revenue
- **“Europe as a percentage of revenue”** represents revenues generated in Europe as a percentage of total revenue
- **“Australia & New Zealand as a percentage of revenue”** represents revenues generated in Australia & New Zealand as a percentage of total revenue
- **“Other international as a percentage of revenue”** represents revenues generated in Other International countries as a percentage of total revenue
- **“Product cost of sales as a percentage of segment revenue”** represents product cost of sales as a percentage of product revenue
- **“Service cost of sales as a percentage of segment revenue”** represents service cost of sales as a percentage of service revenue
- **“Cost of sales as a percentage of revenue”** represents cost of sales as a percentage of total revenue
- **“Product gross margin percentage”** represents product gross margin as a percentage of product revenue
- **“Service gross margin percentage”** represents service gross margin as a percentage of service revenue
- **“General and administrative expense as a percentage of revenue”** represents general and administrative expenses as a percentage of total revenue
- **“Sales and marketing expense as a percentage of revenue”** represents sales and marketing expenses as a percentage of total revenue
- **“Product research and development as a percentage of revenue”** represents product research and development expenses as a percentage of total revenue
- **“Foreign exchange (gain)/loss as a percentage of revenue”** represents foreign exchange (gain)/loss as a percentage of total revenue
- **“Total expenses as a percentage of revenue”** represents total expenses as a percentage of total revenue
- **“Salaries and wage expense, excluding CEWS”** represents salaries and wage expense excluding any CEWS funding received during the period

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 Blackline's business plan and focus; the results, including but not limited to the functionality and benefits of the use of Blackline's products, technologies and hardware enabled software as a service; the focus of WTL and the offerings thereof; Blackline's COVID-19 continuity plan and the results thereof; Blackline's expectations as to growth, including as to it aggressively expanding its sales network in the United States, Europe and other international markets; contracted future revenue; anticipated orders for G7 and G7 EXO; the results of Blackline's building up stock on hand; the Company's expectation that it will continue to monitor and participate in relevant governmental support programs, if any, as the COVID-19 pandemic progresses; the Company's expectation that it will continue to pursue multiple levels of government grants and funding arrangements and the results thereof; management's belief that the Company has sufficient funds to support the growth of the Company and to fund its development activities; the financing of the Company's capital expenditure commitments; the impact of the Company's acquisition of WTL; the Company's expectation that it will continue sales momentum and an anticipates return to its pre-pandemic growth trajectory in 2022 as it pursues the transformation of the industrial workplace into a connected one; the Company's ability to mature and enhance our products and service offerings; advancing our product roadmap with the final push to bring G6 to market, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof) such as additional investments in Surface Mount Technology, competitive advantages, business prospects and opportunities, maturing our Blackline Catalyst partner program, expanding our work with leading brands around the world, and the timing of the release of our second ESG report; and the Company's ability to grow its market position in connected safety. 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 if a significant disruption to its information technology were to occur. See also “Risks Factors and Uncertainties” in this MD&A. 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.

With respect to the forward-looking statements and FOFI (as defined below) contained in this MD&A, management has made assumptions regarding, among other things: our ability to enter new markets and industry verticals; our ability to attract, develop and retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; timeline for new product launches, our ability to continue investing in infrastructure and implement scalable controls, systems and processes to support our growth; our ability to successfully integrate the company we have acquired and to derive the benefits we expect from the acquisition thereof; seasonality in our business and in the business of our customers; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards.

Any financial outlook or future oriented financial information (in each case "FOFI") contained in this MD&A regarding prospective financial position is based on reasonable assumptions about future events, including those described above, based on an assessment by management of the relevant information that is currently available. The actual results will likely vary from the amounts set forth herein and such variations may be material. Readers are cautioned that any such FOFI contained herein should not be used for purposes other than those for which it is disclosed herein. Such information was made as of the date of this MD&A and the Company disclaims any intention or obligation to update or revise any such information, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law.

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blacklinesafety

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