



**ANNUAL INFORMATION FORM**

**For the fiscal year ended  
October 31, 2022**

**January 24, 2023**

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## GLOSSARY OF TERMS

Capitalized terms in this Annual Information Form (as defined herein) have the meanings set forth below:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**AOI**" means automated optical inspection.

"**Blackline**", "**Blackline Safety**", "**we**", "**us**", "**our**" or the "**Company**" means Blackline Safety Corp. and where the context requires, includes the Company's predecessors and subsidiaries.

"**Board of Directors**" or "**Board**" means our board of directors.

"**Common Shares**" means the common shares in the capital of the Company, as presently constituted.

"**ESG**" means environmental, social and governance.

"**Docks**" means Blackline's G7 docking stations that can be used with the G6, G7c or G7x devices that calibrates, bump tests and charges the devices when plugged in.

"**G6**" means Blackline's G6 wearable wireless zero-maintenance single gas detector device.

"**G7**" means Blackline's G7 wireless gas detector and lone worker monitoring systems, including, where the context requires, the G7c and the G7x models, or any one of them.

"**G7 EXO**" means Blackline's G7 EXO wireless gas detector and area monitoring system, including where the context requires, its pump and satellite modules.

"**Suite of Devices**" means Blackline's G6 and G7 wearables and G7 EXO area monitoring system collectively.

"**GPS**" means global positioning system, which is a global navigation satellite system (GNSS) that provides location, velocity and time synchronization.

"**IFRS**" means International Financial Reporting Standards.

"**IoT**" means internet of things.

"**LTE-M**" means the LTE-MTC low power wide area technology published by the 3<sup>rd</sup> Generation Partnership Project (3GPP) and suitable for IoT.

"**MPS™**" means Nevada Nanotech Systems, Inc. Molecular Property Spectrometer flammable gas sensor available to the G7 wearables and G7 EXO.

"**PID**" means ION Science Photoionization Detector gas detection technology available to the G7 wearables and G7 EXO.

"**Shareholders**" means holders of Common Shares.

"**SOC**" means Blackline's in-house, 24/7/365 Safety Operations Centre.

"**Swift Labs**" means Swift Labs Inc., a company organized under the laws of Ontario

"**TSXV**" means the TSX Venture Exchange.

"**TSX**" means the Toronto Stock Exchange.

"**UAE**" means United Arab Emirates

"**UK**" means the United Kingdom.

"**United States**" or "**US**" means the United States of America.

"**VoIP**" means voice-over internet protocol

"**WTL**" means Wearable Technologies Limited, a company organized under the laws of England and Wales.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form ("**Annual Information Form**") constitute forward-looking statements. These statements relate to future events or our 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 "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form.

In particular, this Annual Information Form contains forward-looking statements pertaining to, but not limited to, the following:

- Blackline's plans, strategies and focus and the benefits to be derived therefrom;
- Blackline's current products and services and the functions and benefits thereof;
- the anticipated launch and/or development of new products and technologies, including the components, utilization, functions and benefits thereof;
- Blackline's investment in or development of certain infrastructure and the anticipated benefits thereof;
- new and emerging markets;
- customer adoption of technology and products and the expected benefits and results thereof;
- plans to increase prices and the customer acceptance thereof;
- plans to reduce direct and indirect input costs of Blackline's products and services;
- plans to optimize overhead cost structure;
- technological developments;
- plans to develop existing and create new customer relationships;
- plans to invest in relationships with manufacturers and suppliers;
- sources of competition;
- drivers of future success;
- market drivers of product innovation;
- adequacy of facilities;
- dividend policy;
- plans to invest resources in product research and development;
- continuing to access the required skill and knowledge for product research and development;
- focus on expansion and its anticipated effect on growth opportunities;
- competition from new market entrants;
- timing for publishing Blackline's ESG report for fiscal 2022;
- expectations regarding operating losses resulting from a focus on profitability;
- expectations regarding the ability to raise capital; and
- research and capital expenditures programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of, but not limited to, the risk factors set forth below and elsewhere in this Annual Information Form:

- negative conditions in the safety, connected safety, general economic and financial markets;
- inability to introduce new technology and new products in a timely manner;
- sales cycles;
- competition;
- reliance on key suppliers and third parties;
- availability of key supplies and components;
- product liability;
- departure of key personnel;
- legal claims for the infringement of intellectual property and other claims;

- other legal risks;
- misappropriation of proprietary information;
- cyber security risks;
- the effects of inflation;
- growth management;
- impact on our business caused by epidemics and pandemics;
- political uncertainty, conflict tariffs and other trade barriers;
- losses from credit exposures;
- fluctuation in foreign exchange or interest rates;
- changes in income tax laws and other government regulations;
- incorrect assessments of the value of acquisitions;
- successful development of new and emerging markets that we serve;
- stock market volatility and market valuations;
- damage or loss of use of physical facilities;
- conflicts of interest; and
- other factors discussed under "*Risk Factors*".

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future technological developments; a availability and cost of key supplies, components, services, networks and developments; future exchange rates; the cost and timeline of expanding Blackline's product lines; the ability to successfully integrate the company we have acquired and to derive the benefits expected from the acquisition thereof, the impact of increasing competition; the ability of Blackline to raise the prices for its product and services; the ability of Blackline to reduce direct and indirect input costs for its products and services; the continuity of existing business relationships; conditions in general economic and financial markets; the ability to maintain and expand geographic scope; seasonality in the business and in the business of our customers; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; that Blackline's future results of operations will be consistent with past performance and management expectations in relation thereto; the continuity of management and other key sales and technical personnel; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects; ability to obtain financing on acceptable terms; future operating costs; that counterparties to material agreements will continue to perform in a timely manner; and that there are no unforeseen events preventing the performance of contracts.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form in order to provide Shareholders with a more complete perspective on Blackline's current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Annual Information Form. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements.

## **GENERAL MATTERS**

This Annual Information Form 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 Annual Information Form 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.

In this Annual Information Form, unless otherwise indicated, all dollar amounts are in thousands of Canadian dollars. All references to "\$" and "Cdn\$" are to Canadian dollars.

## CORPORATE STRUCTURE

Blackline was incorporated as Picasso Inc. pursuant to the ABCA on October 11, 2006. On May 9, 2007, the articles of Picasso Inc. were amended to remove the private company provisions contained therein. On February 25, 2009, as part of Picasso Inc.'s qualifying transaction on the TSXV, Picasso Inc. acquired all of the issued and outstanding common shares of Blackline GPS Inc. and changed its name to Blackline GPS Corp. Blackline GPS Inc. was incorporated pursuant to the ABCA on November 4, 2004. On June 23, 2011, Blackline GPS Corp. amended its articles to effect a consolidation of the then issued and outstanding Common Shares on a ten (10) to one (1) basis. On October 31, 2011, Blackline GPS Corp. amalgamated with its wholly owned subsidiary, Blackline GPS Inc., pursuant to the provisions of the ABCA. On July 7, 2015, Blackline GPS Corp. filed articles of amendment to change its name to Blackline Safety Corp.

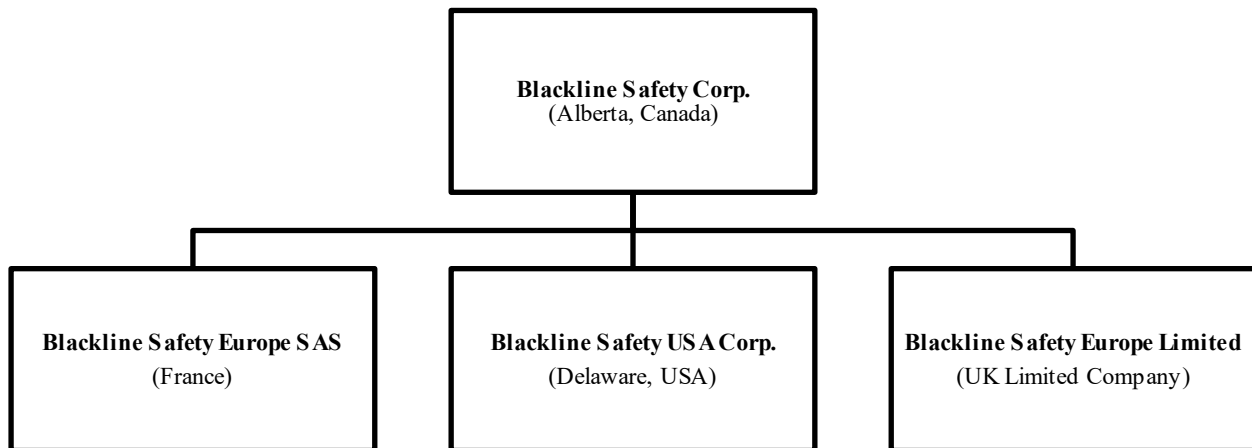
Effective as of June 11, 2021 the Common Shares were listed on the TSX and concurrently delisted from the TSXV.

The Common Shares are currently listed and posted for trading on the TSX under the symbol "BLN".

Blackline's corporate office is located at Unit 100 803-24 Avenue S.E. Calgary, Alberta T2G 1P5. Blackline's registered office is located at 2400, 525-8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1.

### Inter-Corporate Relationships

The following chart sets forth, as of the date hereof, the name of each of Blackline's material subsidiaries and the jurisdiction of incorporation of each. Each subsidiary company is wholly-owned by Blackline.



## DESCRIPTION OF THE BUSINESS

### General

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a technology company with a hardware-enabled software-as-a-service ("HeSaaS") business model that is focused on bringing leading connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a 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 to increase operational efficiency. When seconds count, Blackline's connected technology enables a live monitoring team to deliver help directly to an employee in the shortest amount of time — to the worker's exact location.

Blackline's connected Suite of Devices addresses environmental gas detection, lone worker monitoring and evacuation management scenarios with cellular, satellite and smartphone connectivity. Employee-worn devices incorporate automatic incident detection, manual triggers, wireless communications and location technologies. Area monitors feature drop and go deployment capabilities, flexibility of four channel pump modules, unlimited connectivity and various power and mounting options and output port usage options. Safety alerts are communicated in real-time to monitoring personnel who manage the emergency response process.

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 G6 and 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.

### Products and Services

#### *Products - Cloud Connected Devices*

Blackline's Suite of Devices connect to the Blackline cloud using either cellular (G6, G7c and G7 EXO) or satellite (G7x and G7 EXO) connectivity. G7 wearables and G7 EXOs feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client. All safety alerts generated by these devices 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 a alert to resolution using cloud-hosted software that provides employee messaging tools, the option for two-way voice calling and quick access to emergency contact escalation.

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

Blackline's G7c device features 4G 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.



<b>Blackline Suite of Devices Comparison</b>	<b>G7c</b>	<b>G7x</b>	<b>G7 EXO</b>	<b>G6</b>
Lone worker monitoring with real-time alerting	■	■		■
Environmental gas detection with live low and high-gas alerting and GPS location	■	■	■	■
Graphical display with easy-to-use interface	■	■	■	■
Wireless configuration and firmware updates	■	■	■	■
Blackline Live cloud-hosted software for emergency response management	■	■	■	■
Cloud-hosted Blackline Analytics business intelligence software	■	■	■	■
True Fall Detection®, no-motion detection, missed employee check-ins and live alerting	■	■		
An SOS latch (similar to pulling a fire alarm lever)	■	■	■	
Silent emergency button	■	■	■	
Two-way voice calling with the live monitoring team	■		■	
Two-way messaging with the live monitoring team	■	■	■	
Push-to-talk for real-time voice collaboration with teammates	■		■	
High update rate environmental gas readings	■		■	
Highly configurable for small businesses through to multi-national organizations	■	■	■	
Field-replaceable cartridges to support a variety of gas detection scenarios	■	■	■	
PID and MPS gas sensor options	■	■	■	
Beacon support for indoor location accuracy	■	■	■	
Contact tracing and proactive close contact detection	■			
Iridium satellite connectivity		■	■	
Wide range of mounting options			■	
Up to 100-day battery life			■	
Two configurable output ports			■	
Cast aluminum frame			■	
Drop and go deployment			■	
Find My G6				■
Up to 1-year battery life				■
Color display				■

Employee-worn gas detectors are commonplace for situations with risk of exposure to toxic and/or combustible gases. A crucial gap in the portable gas detection industry, that gas monitors operate like smoke detectors and use a local alarm sound to call for help when an employee has been exposed to a hazardous gas, has been a historical problem for the industry. If no one is nearby to deliver aid, the employee's call for help can go unanswered. With G7 shipments beginning in 2017, Blackline introduced the world to a new way of keeping employees safe through the integration of its cloud-connected safety monitoring technology with gas detection. Blackline's Suite of Devices remain the only direct-to-cloud personal and area monitors that communicate directly with cloud-hosted infrastructure through both cellular and satellite networks.

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

### *Blackline G7 EXO Area Monitor*

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to monitor potential atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. Until now, conventional area monitors suffer from short battery life, limited configurability and inadequate connectivity. In FY2020, Blackline launched the G7 EXO area monitor to provide 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.

### *Blackline G6 Single-Gas Cloud-Connected Gas Monitor*

Blackline launched the G6, a single-gas cloud-connected gas monitor, to the market in September 2022. The mass-market LTE-M enabled, cloud connected single-gas monitor is complementary to the current G7 series of connected safety monitors. The long-lasting connectivity and improved efficiency enables fast incident response time and better safety and compliance. The G6 monitor is the first connected zero-maintenance product designed specifically for industrial workers which can be used with virtually no training or maintenance while lasting twice as long as competitive devices and aims to drive further growth outside of North America and Europe for Blackline with its lower price point and thereby lowering customers' operating cost base.

### *Gas Detection Regulatory Compliance*

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

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

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

### *Modular Gas Detection*

G7 and G7 Exo devices 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, a 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 minimizing overall cost of ownership and environmental footprint.

The Blackline G6 Dock and G7 Dock are available for calibrating, bump testing and charging wearable devices. These Docks require no initial setup and can manage up to four single or multi-gas cylinders. Docks can be used with G6, G7c and G7x devices, and support G7 Single-gas or Quad-gas cartridges. The Docks do not require an internet connection and do not need to be connected to the Blackline network to perform calibrations or bump tests. All data is communicated through connected devices via cellular or satellite networks. The Docks facilitate bump tests and calibrations, generating data for device compliance reporting. When a wearable device is inserted and a test action is completed, the device automatically streams calibration and bump test logs in real-time back to the Blackline Live portal.

#### *Lone Worker Monitoring*

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

#### *Active Evacuation Management and Mass Notification*

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

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

#### *Live-Response and Two-Way Speakerphone Capability*

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

Monitoring personnel initiate a voice call to the employee's monitoring device to speak with the employee using a built-in speakerphone (G7c wearables and G7 EXO only). Designed for use within industrial environments, Blackline's monitoring devices feature a loud-and-clear speaker and sensitive microphone to pick up the employee's voice.

#### *Push-To-Talk Voice Collaboration*

Blackline's G7c personal safety monitor and G7 EXO area monitor provide businesses with a push-to-talk option that enables teams to coordinate their efforts, similar to the way that businesses use two-way radios. Like a walkie talkie, G7c and G7 EXO users are able to broadcast messages to all team members who have their devices set to use the same push-to-talk channel.

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

Blackline's push-to-talk leverages VoIP data communications and 4G wireless technology. Messages of up to 30 seconds can be encoded and broadcast to colleagues in real-time. With coverage in over 100 countries and over 350 mobile networks, G7c and G7 EXO allows businesses to converge gas detection, lone worker monitoring and two-way radios into an integrated solution, providing seamless communication and reducing overall operating costs.

#### *Services – Safety Monitoring and Support Services*

A significant portion of Blackline's customers select Blackline's in-house, 24/7/365 SOC, while others 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 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.

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 provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response centre. Blackline's SOC, together with its partner Alarm Receiving Centres in Europe, now monitor over 45,000 devices.

#### *Indoor Location Technology*

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

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

#### *Blackline Safety Cloud*

Blackline has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of G7 safety wearables and area monitors 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 200 billion data points, over 2.8 billion locations and over 5.6 billion location-enabled gas readings.

#### *Blackline Live Cloud-Hosted Monitoring*

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

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

### *Services - Analytics and Data Consulting*

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

G6 devices store the location and time of gas readings during use, uploading them to the Blackline Safety Cloud when docked.

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

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

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

Building on the Company's Blackline Analytics software, Blackline Vision provides clients with access to Blackline's data science team and the capability to integrate other sources of data with location-enabled data from Blackline's Suite of Devices. Blackline Vision goes beyond the Company's Blackline Analytics offering, adding a full service that enables the creation of custom reports, dashboards, custom data integration and the ability to share data and insights with other information systems.

Example Blackline Vision data integrations include:

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

### *Solution Portfolio*

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

- G6 zero-maintenance single-gas cloud-connected gas monitor
- G7c safety wearable for indoor and outdoor locations covered by 4G wireless.
- G7x safety wearable for remote locations in North America, South America, Australia and New Zealand that are not covered by 4G wireless.

- G7 EXO area gas monitor.
- Field-replaceable cartridges in G7c, G7x and G7 EXO connected devices accommodate a wide variety of configurations not offered by competitor hardware.
- G7 Bridge, a portable satellite base station for remote locations, communicates with the G7x.
- G7 Dock and G6 Dock, accessory products used to calibrate G6, G7c and G7x devices periodically while also offering frequent testing to verify that gas sensors are fully functional.
- Loner Mobile, a safety monitoring application for smartphones.
- Blackline Location Beacon, an indoor/outdoor location technology that provides precise positioning where GPS signals are weak or unavailable.
- Blackline monitoring, a 24/7/365 live monitoring service offered by Blackline's SOC or an approved partner.
- Blackline Live, a cloud-hosted, live safety monitoring portal for safety alert management.
- Blackline Analytics, a second-generation data analytics package built into Blackline Live.
- Blackline Vision, a data science consulting and software services offering.

### *Technology Portfolio*

Blackline's Suite of Devices combine several technologies to facilitate high quality end-user experiences:

- Portable environmental gas detection, including electrochemical, infrared and photoionization-based gas sensors.
- Portable compact gas sensor calibration.
- 4G cellular, LTE-M, satellite, 900 MHz spread spectrum and Bluetooth data communication.
- GNSS (including GPS), cellular and proprietary indoor/outdoor location beacon positioning.
- Inertial sensors for fall and no motion detection.
- Two-way voice calling and text messaging between the user and monitoring personnel.
- Push-to-talk real-time voice collaboration between users and across teams.
- Bluetooth audio accessory interface.
- Cloud-hosted Blackline Safety Cloud monitoring infrastructure and Blackline Live monitoring user account.
- Cloud-hosted data analytics and reporting software.

### *Product and Service Revenues*

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 a gainst dependence on and fluctuations in any one market space.

Service revenues relate to connectivity, monitoring and data services that are provided to customers for safety devices. These recurring revenues are associated with the same customers who purchase the Company's connected products and include access to the Blackline Safety Cloud, compliance and analytics reports, SOC monitoring, two-way voice functionality and push to talk capability.

The Company also offers customers the ability to purchase devices through a lease which is typically a 48-month term where hardware and service is included in a single monthly or quarterly payment, with the hardware revenue recognized at the point of delivery of the products, while the service revenue is recognized over the life of the contract. Included warranty revenue is recognized in product revenue over the term of the contract. For shorter leases, all revenues, including those related to the hardware, are recognized on a monthly basis as service is provided.

Service revenues also include rental revenues, where customers contract Blackline's Suite of Devices for use on short term construction, site maintenance and similar projects which typically last 30-90 days. Customers are billed, and revenue is recognized, for these contracts on a day rate basis as the contract is completed.

Services revenues also include professional and data consulting services which are billed and recognized as the service is provided for the customer's onboarding, training, deployment and data intelligence requirements.

The following table identifies Blackline's product and services revenue as a percentage of overall revenues for the periods indicated:

Segment	Year Ended October 31, 2022 (%)	Year Ended October 31, 2021 (%)
Products	48%	46%
Services	52%	54%

### **Technology and New Products Under Development**

Blackline is committed to ongoing development of new products as well as enhancing the features and functionality of its existing products. Significant new product development projects are detailed below.

#### *Blackline Cloud Infrastructure Development*

Blackline continues to invest in its Blackline Cloud software infrastructure to support feature expansion, product enhancements and increased numbers of fielded Blackline devices.

#### *G5 Productivity Focused Wearable*

The G5, will be developed as a low power wearable vest style product with cloud connectivity, focused on enhancing productivity in the global construction, rail, ports and other markets. It will ship with customer access to pre-defined productivity enhancing reports and upsell-access to machine learning modules that provide safety-improving and money-saving insights to construction leaders taking it beyond the pure safety value proposition. The project has been delayed from its originally anticipated launch as Blackline focuses its technology efforts on its core gas detection offerings and enhancements to the Blackline Safety Cloud.

### **Components**

The Company requires the timely delivery of materials, parts, components, and subassemblies which are manufactured to the Company's specifications from its suppliers and partners. Although the Company makes reasonable efforts to ensure that these components and materials are available from multiple suppliers, this is not always possible, and certain components and materials included in our products may be obtained only from a single supplier or a limited group of suppliers. As the timing and quantum of customer orders cannot be forecasted with complete accuracy, the Company's inventory supply must be planned to protect against variation between the forecast and actual customer demand. Through the Company's business continuity planning, the Company endeavors to minimize the risk of production interruption by, among other things, monitoring the financial condition of suppliers and partners of key parts, components and materials, identifying (but not necessarily qualifying) possible alternative suppliers of such parts, components and materials, and ensuring adequate inventories of key components and materials are available to maintain manufacturing schedules.

### **Product Research and Development and Specialized Skills and Knowledge**

The focus of the Company's product research and development team is the expansion of Blackline's worker safety and related solutions and on developing new products and applications, as well as providing the related services for such products. The Company believes that its product research and development capabilities are critical factors contributing to its success and are primary barriers to potential competitors' entry into the safety, gas detection, productivity and related markets. Accordingly, Blackline intends to continue investing in product research and development.

Blackline's product research and development team includes individuals with specialized skills in the following disciplines, among others: electrical engineering, mobile application design, machine learning, vision engineering, mechanical design, system architecture, software design, simulation engineering, and cloud computing. The availability of these resources can be uncertain, however the Company continues to be able to access the required skill and knowledge required for our product research and development activities.

## **Intellectual Property and Intangible Properties**

The Company's intellectual property rights are important to its business. In accordance with industry practice, the Company protects its proprietary products, technology and our competitive advantage through a combination of contractual provisions and trade secret, patents, copyright and trademark laws in Canada, the United States, Europe and other jurisdictions in which it conducts business. The Company also has confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of its intellectual property. The Company has developed a portfolio of intellectual property, including: trade secrets, technology, product designs, software, patents, trademarks and brand names, among others. The Company currently has 43 granted patents and pending patent applications including applications filed under the Patent Cooperation Treaty (PCT) and in the USA, Canada, Europe, Australia, India, China and New Zealand. Additionally, Blackline uses several trademarks, including 'Blackline Safety', 'Blackline Safety G7', 'SureSafe' and 'TeamAlert'. The Company is subject to risks related to its intellectual property. For more information, see "*Risk Factors – Intellectual Property*" and "*Risk Factors – Proprietary Protection*".

## **Marketing, Sales and Distribution**

Blackline continues to expand its distribution partner network throughout Canada, the United States, Europe and other international locations. Currently, Blackline has distribution agreements in place with over 220 partners around the world. In contrast to the maturity of competitor distribution networks, Blackline continues to invest in expanding and cultivating its network in order to maximize promotion and sell-through into the global safety marketplace. Blackline has been adding direct sales personnel in specific markets to support the growing distribution market.

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

- Canada
- United States
- United Kingdom (covers Eastern Europe and Central Asia)
- Italy (covers Greece and Southern Europe)
- France (covers Portugal)
- Spain
- Belgium (covers BENELUX and Germany, Austria and Switzerland)
- The Netherlands
- Finland (covers Scandinavia and Baltic countries)
- Brazil (covers Latin America)
- Australia (covers New Zealand)
- Thailand (covers South East Asia)
- India (covers South Asia)
- United Arab Emirates (covers Middle East)

## **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.

Among our largest competitors are international companies (or affiliates of international companies) with a worldwide presence. Although none currently have products that duplicate all the functions, capabilities and benefits of the



Company's Suite of Devices they all offer a broad product mix in conventional portable gas detection, and all have a large distribution and sales network and have a broad current installed customer base.

## **Manufacturing**

Blackline manufactures its products in-house, applying its highly skilled labour and leading manufacturing practices to manufacture, test and directly ship products to its customers. In 2018, Blackline commenced its investment in surface mount technology equipment to in-source the assembly of printed circuit boards at its manufacturing facility in Calgary, Canada. Blackline has since expanded its surface mount line, now operating four pick-and-place machines supported by 2D AOI and 3D AOI in line with the rest of its surface mount equipment. The surface mount technology enables Blackline to populate its own printed circuit board assemblies, increasing control over quality, reducing overall costs and speeding time-to-market for new product research and development. As a result, Blackline's operations organization provides production engineering services to ensure that its products can be manufactured at the highest level of quality and test coverage, technical production problems are corrected and averted, and alternative production methodologies are introduced to remain competitive.

Blackline's production and manufacturing operations use a variety of assembly and test techniques in the production of its products, both in-house and outsourced to contract manufacturers. Methods include, but are not limited to, manual, fixtured and semi-automated component assembly using both mechanical and adhesive technologies, fabrication of machined and molded parts, in-house printed circuit board assembly, and component assembly and test within a cleanroom environment. Quality and specification inspection, using various gauge and material analysis equipment, is used in support of production. Services include design, analysis, reliability testing, repair, re-work and upgrade support. The Company manufacturing facility is ISO 9001:2015 certified.

## **Facilities**

The Company conducts operations from its leased facility in Calgary, Canada, where it manufactures and assembles its products, maintains its 24/7/365 SOC, as well as carrying out its research and development, sales and marketing, finance, administration and other head office functions. The Company also has leased facilities in the United Kingdom, France, Canada, the United States and the UAE, providing support and administrative and other services for the Company's European and international operations, including sales and marketing, finance, product research and development and administrative matters.

## **Cyclicality**

Generally, the Company is not impacted by any material cyclical or seasonal fluctuations in its business which may have an effect on the Company's ability to generate revenue and earnings. The Company's business is however dependent, in part, on the strength of the businesses of certain of the industries which the Company supports, which may be subject to seasonal or other cyclical factors. For example, many of the Company's customers are in the energy industry, which has been subject to various national and global economic issues.

## **Personnel**

At October 31, 2022, the Company had 477 employees and 5 contractors.

<b>Employees and contractors by region</b>	
Canada	365
United States	47
Europe	63
Rest of World	7
<b>Total</b>	<b>482</b>

### **Anticipated Changes in the Business**

As at the date hereof and other than as disclosed herein, the Company does not anticipate that any material change in its business will occur during Blackline's current financial year. See "*General Development of the Business*".

### **Foreign Operations**

A large component of the Company's revenues is derived from operations outside of Canada, including the United States and Europe. The Company's geographic revenue distribution for the year ended October 31, 2022 included approximately \$30.2 million (41%) in the United States, approximately \$20 million (28%) in Canada, approximately \$18.2 million (25%) in Europe and approximately \$4.6 million (6%) in various other international jurisdictions.

### **Dependence on Key Suppliers**

The Company is reliant upon certain key suppliers for products, components or services, and no assurances can be given that we will not experience delays or other difficulties in obtaining services and supplies, as a result of trade disputes, financial failures impacting suppliers, geopolitical conflict, pandemics, or from a variety of other potential issues.

The products, components or services used in certain of the Company's products or operations are available only through a limited number of vendors. Although the Company believes there are alternative suppliers for many of these products, components or services, if current suppliers or partners are unable to provide the necessary products, components or services or fail to deliver such products, components or services in the quantities or manner required on a timely basis, then the related delays in the manufacture or distribution of the Company's products and services or the inability for the continued functionality of the Company's products and services could have a material adverse effect on the Company's results of operations and its financial condition. See "*Risk Factors – Availability of Key Suppliers*".

### **Reorganizations**

As at the date hereof and other than as disclosed herein, there have been no material reorganizations of the Company and or any of our subsidiaries within the three most recently completed financial years. See "*General Development of the Business*".

The Company has been proactively working towards strengthening the financial performance of the business through improving efficiency and lowering operating expenses without impacting growth. As part of these measures, a workforce reduction was implemented during the third fiscal quarter of 2022, and operating costs relating to consultants, contractors, recruitment and other business expenses were reduced to conserve liquidity and maximize the Company's resources. The Company incurred \$1,379 of restructuring costs in the third fiscal quarter, of 2022 including severance and redundancy costs and inventory impairment charges.

### **Social and Environmental Policies**

Blackline published its fiscal ESG report for the year ended October 31, 2021 in February 2022. Blackline will be publishing its fiscal 2022 ESG report in February 2023. This report discusses the Company's social and environmental policies and its interaction with the communities in which it does business. These reports, and any new reports, will be available on the Company's website.

### **Economic Dependence**

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 Government of the United States will continue to operate and maintain the satellites or that it will continue the current policies for the commercial use of the satellites. The Company has contracted with Iridium

Satellite LLC to provide data via their independent network of satellites. Should a significant number of the governmental or commercial satellites fail or should the terms of use policies for the US Government satellites change, the ability of the Company to provide its services would be considerably adversely impacted. See "*Risk Factors - Third-Party Dependence*".

### **Changes to Contracts**

Blackline does not have any material aspect of the Company's business that is reasonably expected to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts.

### **Environmental Protection**

Blackline recognizes climate change as an important environmental issue. It is impracticable to predict the impact of climate change or the regulatory responses to it, on our business. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs, 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 not possible 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.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

Major events or conditions that have influenced the general development of the Company over the last three completed financial years are set forth below.

### **Three-Year History**

#### *Year ended October 31, 2022*

On October 20, 2022, Blackline announced the closing of its new two-year, \$15 million senior secured operating facility, with a \$5 million accordion feature to increase the size of the facility, with ATB Financial. This new operating facility replaces Blackline's previous undrawn senior secured credit facility with its previous lender that was mutually cancelled in August 2022.

On September 29, 2022, Blackline announced securing a five-year, \$3.3 million renewal product and service engagement with a leading western Canada-based energy, utility and transportation company involving the purchase of 860 G7 devices and monitoring by Blackline's SOC.

On September 19, 2022, Blackline announced launching the all-new, G6 personal gas detector, delivering expanded benefits such as connectivity, longer battery life, lower cost of ownership and fewer false alarms.

On September 13, 2022, Blackline announced the appointment of Jason W. Cohenour to the Company's Board of Directors. With this appointment, Blackline's Board expanded to eight directors.

On August 31, 2022, Blackline announced the completion of its bought deal short-form prospectus offering and concurrent private placement for aggregate gross proceeds of approximately \$24.9 million. In connection with the bought deal short-form prospectus offering, the Company issued an aggregate of 5,405,885 Common Shares at an issue price of \$2.20 per Common Share for gross proceeds of approximately \$11.9 million. In connection with the concurrent private placement, the Company issued 5,909,091 Common Shares at an issue price of \$2.20 per Common Share for gross proceeds of \$13 million.

On August 2, 2022, Blackline announced securing three energy industry deals with leading North American energy companies for a combined value of over \$10 million based on their five-year lifetime product and services value. The largest of the three deals, with a lifetime value of almost \$7 million, is with a Texas-based oil and gas company who is a new customer of Blackline. The other two deals represent new business with current customers, each with a five-year lifetime value of approximately \$2 million.

On July 20, 2022, Blackline announced securing a three-year, \$2 million contract with a new water and wastewater company in the UK which includes an option to extend for an additional five years of service, bringing the total value to over \$4.2 million.

On May 10, 2022, Blackline announced that Sean Stinson, previously Chief Revenue Officer, had moved into the role of Chief Growth Officer.

On May 5, 2022, Blackline announced its partnership with Nevada Nanotech Systems, Inc., the world's leading innovator in gas detection sensor technology, has resulted in the deployment of over 20,000 of Blackline Safety G7 wearables and G7 EXO portable area gas monitors on customer worksites integrated with the MPS flammable gas sensor.

On April 4, 2022, Blackline announced the completion of the acquisition of 100% of the shares of Swift Labs, an IoT design and engineering consulting firm based in Ontario, Canada. The fair value of consideration being \$4.5 million consisting of \$3.2 million cash paid on the closing date and 270,776 Common Shares, at a fair value of \$5.74 per Common Share.

On January 13, 2022, Blackline announced securing a \$4.3 million deal with a US-based energy company with extensive onshore natural gas and unconventional oil operations across the middle and eastern United States. Under the terms of the contract, the customer will use Blackline's professional 24/7 live monitoring services to protect their lone workers.

On November 10, 2022, Blackline announced closing of a \$7.8 million deal with a US-based natural gas and electric utility company.

#### *Year ended October 31, 2021*

On October 27, 2021, Blackline announced its opening of new offices in Houston, Texas and Dubai to service the Company's growing customer segments in the United States and United Arab Emirates.

On October 19, 2021, Blackline announced the completion of its bought deal short-form prospectus offering of Common Shares, which was conducted through a syndicate of underwriters. In connection with the short-form prospectus offering, the Company issued 5,480,000 Common Shares at an issue price of \$7.30 per Common Share for aggregate gross proceeds of \$40 million.

During the fourth quarter of 2021, the Company secured five multi-year agreements with customers for a combined total value of \$12.7 million. This includes a record-setting \$7.8 million deal with a US-based natural gas and electric utility company. Under the terms of the agreement, the customer purchased G7 wearables and accessories, paired with a two-year service contract to protect close to 3,000 of their front-line workers across multiple states.

On June 10, 2021, Blackline announced that the TSX had granted final approval to list the Common Shares on the TSX effective as of June 11, 2021. The Common Shares were concurrently delisted from the TSXV.

In June 2021, Blackline appointed Christine Gillies as its first Chief Marketing Officer to further accelerate market adoption of its technologies, and Brian Sweeney as its Chief Technology Officer to accelerate innovation through cloud-connected technologies.

In April 2021, Blackline formed a new European subsidiary, Blackline Safety Europe SAS. With the establishment of this company, Blackline now operates a new facility in northeast France that incorporates a distribution warehouse and service centre and provide efficient access to the European Union.

In February 2021, the Company announced that it acquired WTL, based in Leicester in the United Kingdom. Focused on the construction and light industrial safety market, WTL is developing 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.

In February 2021, Blackline announced the closing of a senior secured financing facility offer of up to \$15 million with National Bank of Canada. The financing facility includes an operating line of credit of up to \$15 million with the borrowing base driven by Blackline's monthly recurring revenue, providing Blackline with increased financial flexibility to support its day-to-day operations and continued global growth. The facility is secured, including by a general security agreement over the property of both Blackline Safety Corp. and its subsidiaries Blackline Safety Europe Ltd., Blackline Safety Europe SAS and Wearable Technologies Limited.

In January 2021, Blackline announced that it began shipping its G7 EXO area gas monitor to clients across North America and throughout international markets.

In December 2020, Blackline announced that Sean Stinson, previously Vice President, Sales and Product Management, had moved into the role of Chief Revenue Officer. Brendon Cook was appointed as Chief Partnership Officer, previously Chief Technology Officer, to support Blackline Catalyst, a global partner program that exists to accelerate growth innovation as enterprises around the world transform digitally.

In November 2020, Blackline announced the appointment of Cheem in Bo-Linn to the Company's Board of Directors. With this appointment, Blackline Safety's Board expanded to six directors. The Company also announced the appointment of Barbara Holzapfel, as an advisor to the Board. Ms. Holzapfel was subsequently elected as a director of the Company at its March 30, 2021 Shareholder meeting.

#### *Year ended October 31, 2020*

During the year ended October 31, 2020, Blackline continued the development of its new G7 EXO area monitor product line and continued its expansion of the sales, and research and development teams in anticipation of the launch of this new product. The G7 EXO formally launched in October 2020, as an all new product offering for Blackline.

Blackline also completed the development for an updated G7c safety wearable with 4G wireless connectivity. This new wireless capability ensures that Blackline's G7c products are supported by the widest mobile network coverage possible as some wireless carriers look to decommission 3G networks in the future.

In September 2020, Blackline announced that the Blackline Vision data science team had launched testing with select clients for its first artificial intelligence ('AI') software module, which will help organizations gain further operational insights for improved workforce safety, quality and productivity. Blackline Vision's AI gas leak detection module focuses on the automatic early detection of gas leaks by identifying patterns in low-level gas readings streamed to the Blackline Safety Cloud from G7 wearable gas monitors. Advance detection and proactive maintenance is expected to enable gas leaks to be identified early, minimizing the environmental impact, unexpected future downtime while prioritizing safety.

On September 2, 2020, Blackline announced that it had closed a bought deal private placement through a syndicate of underwriters co-led by Canaccord Genuity Corp. and PI Financial Corp., and including Raymond James Ltd., Beacon Securities Limited and Lightyear Capital Inc., issuing a total of six million Common Shares at an issue price of \$6.00 per Common Share for gross proceeds of \$36 million, which included the sale of one million Common Shares pursuant to the full exercise of the over-allocation option granted to the underwriters in connection with the offering.

In June 2020, Blackline partnered with Nevada Nanotech Systems, Inc., a leader in development and commercialization of new sensor technology based on micro-electro-mechanical-systems. Blackline worked with Nevada Nanotech Systems, Inc. to add their new MPS to the G7 product line. Detecting the lower explosive limit of gases and gas mixtures, the MPS sensor is the first of its kind with linear monitoring performance for a dozen different gases. Further, it offers the industry's first classification system that provides insights into the type of detected gases and mixtures, including hydrogen.

In April 2020, Blackline announced it had partnered with STANLEY Security, a division of STANLEY Black & Decker, to provide 24/7/365 monitoring and emergency response management to Blackline customers in the United Kingdom and Europe. Beginning in April 2020 in the United Kingdom and throughout Europe by the end of 2020, Blackline's partnership with STANLEY Security has enabled Blackline to centralise its European monitoring and emergency response functions.

In April 2020, Blackline announced that it had developed and launched its "Close Contact" report for Blackline Analytics. Leveraging the connectivity and location technology built into each G7 wearable, the Close Contact report was provided to Blackline clients at no additional cost. Should an employee become ill, a suite of Blackline industrial contact tracing tools makes it easy to work with an employee to retrace her or his steps in order to determine which co-workers may need to isolate.

## SIGNIFICANT ACQUISITIONS

Blackline has not completed any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

## CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series (the "**Preferred Shares**"). As at the date of this Annual Information Form, an aggregate of 72,139,344 Common Shares and no Preferred Shares were issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to each class of shares.

### **Common Shares**

The holders of Common Shares are entitled to one vote at all meetings of our Shareholders except at meetings of which only holders of a specified class of shares are entitled to vote. The holders of Common Shares are entitled to receive, subject to the prior rights and privileges attaching to any other class of the Company's shares, such dividends as may be declared by the Company. Holders of Common Shares are entitled upon any liquidation, dissolution or winding-up of the Company, subject to the prior rights and privileges attaching to any other class of shares of the Company, to receive the remaining property and assets of the Company.

### **Preferred Shares**

The Board may at any time and from time-to-time issue Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board. The Company has no outstanding Preferred Shares at this time.

The Preferred Shares of each series rank on a parity with the Preferred Shares of every other series with respect to accumulated dividends and return of capital. The Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of the Company ranking junior to the Preferred Shares with respect to priority in the payment of dividends, if declared, and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets among Shareholders for the purpose of winding-up the affairs of the Company.

The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Preferred Shares given as specified in the Company's articles.

### **Prior Sales**

On August 31, 2022, Blackline announced the completion of its bought deal short-form prospectus offering and concurrent private placement for aggregate gross proceeds of approximately \$24.9 million. In connection with the bought deal short-form prospectus offering, the Company issued an aggregate of 5,405,885 Common Shares at an

issue price of \$2.20 per Common Share for gross proceeds of approximately \$11.9 million. In connection with the concurrent private placement, the Company issued 5,909,091 Common Shares at an issue price of \$2.20 per Common Share for gross proceeds of \$13 million.

During the year ended October 31, 2022, the Company issued an aggregate of 82,518 Common Shares from options exercised at exercise prices ranging from \$2.85 to \$5.26 and issued an aggregate of 173,097 Common Shares at issue prices ranging from \$1.93 to \$6.41 pursuant to the terms of its employee stock purchase plan.

Subsequent to the year ended October 31, 2022 (and up to the date of this Annual Information Form), the Company issued an aggregate of 76,251 Common Shares at issue prices ranging from \$1.81 to \$1.86 pursuant to the terms of its employee stock purchase plan.

## DIVIDEND POLICY

The Company has not paid any dividends on the Common Shares during the last three financial years. The future payment of dividends will be determined by the Board, and will depend on the financial needs of the Company to fund future growth, the general financial condition of the Company, capital expenditure requirements, potential acquisition opportunities, debt position and other conditions that the Board may consider relevant at such future time, including the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including capital expenditure requirements, contractual restrictions, general and administrative costs and foreign exchange rates.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, as of the date of this Annual Information Form, except as set forth below, no Common Shares are held in escrow or subject to contractual restriction on transfer. The 270,776 Common Shares issued by the Company in connection with the acquisition of Swift Labs are subject to contractual restriction on transfer (without the consent of the Company), such that 135,388 Common Shares became freely tradeable on September 30, 2022 and the balance will become freely tradeable on September 30, 2023.

## MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "BLN".

The following table shows the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

Period	High (Cdn\$)	Low (Cdn\$)	Volume
<b><u>2021</u></b>			
November	7.00	6.01	784,147
December	6.40	5.78	350,283
<b><u>2022</u></b>			
January	6.96	5.84	307,214
February	6.49	6.00	445,828
March	6.39	4.76	287,470
April	5.90	5.07	396,263
May	5.49	4.00	360,604
June	4.49	2.74	587,251
July	3.05	2.01	827,488
August	2.74	1.98	765,169
September	2.09	1.55	2,211,468
October	1.88	1.53	515,221
November	1.88	1.55	463,468
December	1.98	1.55	561,492

## DIRECTORS AND OFFICERS

The names, provinces/states and countries of residence, positions with the Company and principal occupation during the last five-years of the directors and executive officers of the Company are set out below and in the case of directors, the period each has served as a director of the Company.

Name, State/Province and Country of Residence.	Position	Principal Occupation
Cody Slater Alberta, Canada	Chief Executive Officer and a Director (Chair of the Board) since February 25, 2009	Mr. Slater has served as Chief Executive Officer of Blackline since January 10, 2011 and has been a director of the predecessor to Blackline's business (Blackline GPS Inc.) since February 25, 2009 and a director of Blackline's corporate predecessor (Picasso Inc.) since October 2006. Prior thereto, Mr. Slater was an independent businessman. Mr. Slater was the founder of BW Technologies Ltd. (a TSX listed company). Mr. Slater remained the President and CEO of BW Technologies Ltd. through 2006 when the company was acquired by Honeywell. Mr. Slater is the recipient of numerous awards including Canada's Top 40 Under 40, Alberta's Most Influential Top 50 People, Ernst and Young's Entrepreneur of the Year, and the Certificate of Merit for Business Excellence by Industry, Science, and Technology Canada.
Michael Hayduk, LL.M., K.C. <sup>(1)</sup> Alberta, Canada	Director since February 25, 2009; Corporate Secretary since June 11, 2021	Mr. Hayduk is an independent businessman since 2021. Mr. Hayduk was formerly a lawyer practising with Smith Mack Lamarsh from January 2007 until retiring from practise in 2021. Prior thereto, Mr. Hayduk was an associate and Partner with Miller Thomson LLP. Mr. Hayduk's practise has focused on commercial, corporate and securities law since 1981 when he joined the Alberta Securities Commission and from 1987 to 2006 when he practised at Miller Thomson LLP and its predecessors. Mr. Hayduk holds a Bachelor of Laws from the University of Alberta and a Masters of Laws in securities law from York University Osgoode Hall Law School.
Dr. John Finbow <sup>(2)</sup> Alberta, Canada	Director since January 10, 2011	Dr. Finbow is an independent businessman providing an advisory role to technology firms. Dr. Finbow was CEO for City Technology Ltd from 1989-1999 when the company was one of the world's largest suppliers of electrochemical and catalytic sensors to the gas detection industry. In 1996 he oversaw a successful \$170 million initial public offering for City Technology on the London Stock Exchange. Dr. Finbow is a graduate from the University of London with a degree in Chemistry.
Robert J. Herdman <sup>(1)(2)</sup> Alberta, Canada	Director since April 5, 2011	Mr. Herdman is an independent businessman since 2010. Mr. Herdman is a Fellow of the Chartered Professional Accountants and was formerly a senior Partner at PricewaterhouseCoopers LLP in Calgary serving that firm's largest Calgary based public clients, with extensive experience in a number of industries including manufacturing, utilities, transportation, mining, oil and gas and financial services. After enjoying a 34-year career with PricewaterhouseCoopers LLP, Mr. Herdman retired from practice in 2010. Mr. Herdman received a Bachelor of Education degree from the University of Calgary and is a Chartered Professional Accountant (CPA).



Name, State/Province and Country of Residence.	Position	Principal Occupation
Brad Gilewich <sup>(1)</sup> Alberta, Canada	Director since June 23, 2016	Mr. Gilewich is President of the Katz Group having previously served as Managing Director and Chief Operating Officer. Katz Group has holdings in various sectors including sports and entertainment, real estate, and public and private investments. Mr. Gilewich is responsible for operational and corporate support across Katz Group, and he is also Trustee and the lead executive that directs and oversees the finance function and administration of the Family Office for Mr. Daryl Katz, Owner and Chairman of the Edmonton Oilers Hockey Club. Mr. Gilewich is a CPA and joined Katz Group in 2011 after spending 16 years with PricewaterhouseCoopers LLP, including five years as a Partner.
Cheemin Bo-Linn <sup>(1)(2)(3)</sup> California, USA	Director since November 10, 2020	Ms. Bo-Linn previously served as Chief Executive Officer of Peritus Partners, Inc., a valuation accelerator which also provides consulting and operations expertise in software, IoT, mobile and digital (analytics, marketing, e-commerce and cybersecurity) until 2022. Previously she served as a Vice-President of IBM Corporation where she was responsible for a fast growth multi-billion-dollar global business. In 2015, she was inducted into the Women in Technology International Professional Association Hall of Fame. Ms. Bo-Linn currently and previously served on several boards across the US, Canada and Europe. Ms. Bo-Linn earned a doctorate degree in computer-based management information systems and organizational change from the University of Houston.
Barbara Holzapfel <sup>(2)</sup> Washington State, USA	Director since March 30, 2021	Ms. Holzapfel currently serves as Chief Marketing Officer of Genesys a software company that sells customer experience and call center technology. Previously she served as Vice President, Microsoft Education at Microsoft Corporation, having previously served as Chief Marketing Officer for two fin-tech companies, and as Senior Vice President and Managing Director for SAP Labs North America. Ms. Holzapfel earned her master's degree in business administration from the University of Michigan and the University of Saarbrücken, Germany.
Jason W. Cohenour Washington State, USA	Director since September 13, 2022	Mr. Cohenour previously served as President, Chief Executive Officer, and Director at Sierra Wireless, Inc. (" <b>Sierra</b> ") from 2005 to 2018. During this time, Mr. Cohenour led a successful business turn-around, resulting in revenue growth of nearly 800% to an annualized run rate of over CAD \$1 Billion. He also led a multi-year business transformation, pivoting the company from a mobile computing pure play to the global leader in intelligent wireless solutions for IoT. Prior to this role, Mr. Cohenour held several executive positions at Sierra from 1996 to 2005, including Vice President of Sales, and Chief Operating Officer. Mr. Cohenour also serves on the boards of CalAmp, Lantronix and RF Industries.
Shane Grennan Alberta, Canada	Chief Financial Officer	Chief Financial Officer of Blackline since February 2016. Prior thereto, Controller of a Mitsubishi Corporation subsidiary in the natural gas industry since January 2014 and

Name, State/Province and Country of Residence.	Position	Principal Occupation
Kevin Meyers Alberta, Canada	Chief Operating Officer	Senior Manager in the audit and assurance practice of PricewaterhouseCoopers LLP since September 2008. Chief Operating Officer of Blackline since December 2008. Prior thereto, VP of Operations at Imaging Dynamics Corporation, a publicly listed company on the TSXV, from September 2007 to November 2008.
Brendon Cook Alberta, Canada	Chief Partnership Officer	Chief Partnership Officer of Blackline since December 2020. Prior thereto, Chief Technology Officer and Co-Founder since February 2009.
Sean Stinson Alberta, Canada	Chief Growth Officer	Chief Growth Officer of Blackline since May 2022. Prior thereto, Chief Revenue Officer of Blackline since December 2020, Vice-President, Sales and Product Management of Blackline since June 2015, Vice President Product Management since April 2014 and Product Portfolio Manager since May 2013.
Brian Sweeney Nevada, USA	Chief Technology Officer	Chief Technology Officer of Blackline since June 2021. Prior thereto Chief Operating Officer and Chief Technology Officer of TubeScience, a pay-for-performance video advertising company, from July 2020 to June 2021, prior thereto Senior Vice President, Tech Operations of Springcoin, Inc. d/b/a Spring Labs, a financial technology company from August 2019 to April 2020, prior thereto Chief Executive Officer of Collide.com from January 2018 to July 2019 and prior thereto Director, Software Development and Tech Partnerships at Hulu, LLC.
Christine Gillies Alberta, Canada	Chief Marketing Officer	Chief Marketing Officer of Blackline since June 2021. Prior thereto Director of Product & Client Marketing at Benevity Corporate Solutions, a company that provides charitable donation-management and grant-management platforms from September 2019 to June 2021, prior thereto Vice-President of Aware360 Ltd., a technology safety company, from May 2018 to August 2019 and prior thereto Vice-President, of Mitacs, non-profit national research organization, from September 2001 to April 2018.

Notes:

- (1) Member of the Audit Committee. Mr. Herdman is Chair of the Audit Committee.
- (2) Member of the Governance, Compensation and Sustainability Committee. Ms. Bo-Linn is Chair of the Governance, Compensation and Sustainability Committee.
- (3) Lead Independent Director.

Each of the Company's directors will hold office until the next annual general meeting of Shareholders or until each director's successor is appointed or elected pursuant to the ABCA.

As of the date of this Annual Information Form, the directors and officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 4,208,715 Common Shares or approximately 5.8% of the issued and outstanding Common Shares.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No current director or executive officer of the Company has, within the last ten years prior to the date of this document, been a director, chief executive officer or chief financial officer of any issuer (including the Company) that: (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was subject to an order that was issued, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of an issuer, and which resulted in the issuer being subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer.

No current director or executive officer or security holder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including the Company) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## **Conflicts of Interest**

The directors and officers of the Company may, from time to time, be involved in the business and operations of other issuers, in which case a conflict may arise. See "*Risk Factors*".

The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, there were no material interests, direct or indirect, of our directors or executive officers, any person or company who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Company. See "*Directors and Officers*".

In connection with the subscription and purchase of Common Shares and warrants in the capital of the Company, in February 2014, DAK Capital Inc. ("**DAK**"), an insider of the Company by virtue of its ownership of the Company's voting securities, has been provided the contractual right to nominate a mutually agreeable individual to serve on the Board, subject to customary conditions and approvals, including maintaining a significant equity interest in the Company (5% of the issued and outstanding Common Shares on a non-diluted basis). Brad Gilewich has been presented to the Board by DAK for consideration and nomination as a director of the Company pursuant to DAK's above noted nomination right and Mr. Gilewich serves as a member of the Company's Board of Directors.

On August 31, 2022, DAK acquired 5,909,091 Common Shares at an issue price of \$2.20 per Common Share pursuant to a private placement financing. DAK owns or controls **18,353,309** Common Shares, representing approximately **25.4%** of the issued and outstanding Common Shares as at the date of this Annual Information Form. In addition, each of Cody Slater, the Chair and Chief Executive Officer of the Company and an entity owned and controlled by Brad Gilewich, a director of the Company, acquired 227,273 Common Shares at an issue price of \$2.20 per Common Share in the private placement.

## **INTERESTS OF EXPERTS**

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a

filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by us during, or related to, our most recently completed financial year other than PricewaterhouseCoopers LLP, Chartered Professional Accountants, Blackline's auditors. PricewaterhouseCoopers LLP, Chartered Professional Accountants, has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta in Canada.

In addition, neither PricewaterhouseCoopers LLP, Chartered Professional Accountants, nor any director, officer or employee of PricewaterhouseCoopers LLP, Chartered Professional Accountants, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year but which is still material and is in effect, are:

- the agreement between Blackline and ATB Financial dated October 20, 2022 for Blackline's secured financing facility including an operating line of credit up to \$15 million; and
- the agreement between Blackline and Iridium Satellite LLC dated August 26, 2016 with respect to the provision of satellite services to support Blackline's products.

The above listed agreements are available on our SEDAR profile at [www.sedar.com](http://www.sedar.com).

## TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company, at its principal offices in Calgary, Alberta, Vancouver, British Columbia, and Toronto, Ontario, is the transfer agent and registrar of the Common Shares.

## AUDIT COMMITTEE INFORMATION

The Company's audit committee (the "**Audit Committee**") is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee is currently composed of four (4) independent directors (as determined in accordance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**")). All four (4) are financially literate, meaning they are able to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of Blackline. The Audit Committee's Charter is available in Appendix "A" to this Annual Information Form.

### Audit Committee Members

*Robert Herdman, FCPA, FCA, Calgary, Alberta (Chair)*

Mr. Herdman is a Fellow of the Chartered Professional Accountants and was formerly a senior Partner at PricewaterhouseCoopers LLP in Calgary serving that firm's largest Calgary based public clients, with extensive experience in a number of industries including manufacturing, utilities, transportation, mining, oil and gas and financial services. After enjoying a 34-year career with PricewaterhouseCoopers LLP, Mr. Herdman retired from practice in 2010. He currently serves on the boards of directors of two companies and has served on a number of committees overseeing the practice of accounting in Alberta and as a director for a number of not-for-profit organizations. Mr. Herdman graduated with a Bachelor of Education degree from the University of Calgary.

*Michael Hayduk, LLM, K.C, Calgary, Alberta*

Mr. Hayduk was formerly a practicing lawyer since 1978, from 2007 as an associate with Smith Mack Lamarsh, from 1987 to 2006 as associate and partner with Miller Thomson LLP, from 1981 to 1987 as counsel at the Alberta

Securities Commission and prior thereto with a small firm. Mr. Hayduk has been a member of the Audit Committee since 2009. He was a director of Valentine Ventures Corp., a listed capital pool corporation, from 2006 to 2010 when the qualifying transaction was completed. He was secretary of Sawtooth International Resources, a listed oil and gas company, from 1997 to 2006.

*Brad Gilewich, CPA, CA, Edmonton, Alberta*

Mr. Gilewich is President of the Katz Group having previously served as Managing Director and Chief Operating Officer. Katz Group has holdings in various sectors including sports and entertainment, real estate, and public and private investments. Mr. Gilewich is responsible for operational and corporate support across Katz Group, and he is also Trustee and the lead executive that directs and oversees the finance function and administration of the Family Office for Mr. Daryl Katz, Owner and Chairman of the Edmonton Oilers Hockey Club. Mr. Gilewich is a CPA and joined Katz Group in 2011 after spending 16 years with PricewaterhouseCoopers LLP including 5 years as a Partner.

*Cheemin Bo-Linn, San Jose, California, United States*

Ms. Bo-Linn previously served as Chief Executive Officer of Peritus Partners, Inc. until 2022, a valuation accelerator which also provides consulting and operations expertise in software, IoT, mobile and digital (analytics, marketing, e-commerce and cybersecurity) until 2022. Previously she served as Vice-President of IBM Corporation where she was responsible for a fast growth multi-billion-dollar global business. In 2015, she was inducted into the Women in Technology International Professional Association Hall of Fame. Ms. Bo-Linn currently and previously served on several boards across the US, Canada and Europe. Ms. Bo-Linn earned a doctorate degree in computer-based management information systems and organizational change from the University of Houston.

#### **Pre-approval Policies and Procedures – Audit and Non-Audit Services**

The Audit Committee has adopted policies regarding non-audit services to be rendered by the external auditor which are refinements of the general policies in the Audit Committee's Charter (attached hereto as Appendix "A"): (a) all non-audit services must be approved by the Chair of the Audit Committee in advance of the Company engaging the services of the external audit firm; and (b) a separate engagement letter is required for each individual service to be provided by the external auditors. Where non-audit services are approved by the Chair of the Audit Committee in advance of the Company engaging the services of the external audit firm, the Audit Committee is apprised of such approval at the next meeting of the Audit Committee.

#### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt any recommendation of the Audit Committee, including to nominate or compensate an external auditor.

#### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions contained in NI 52-110 with respect to independence or the composition of the Company's Audit Committee.

#### **Auditor Service Fees**

The following fees are for services provided by the Company's external auditors, PricewaterhouseCoopers LLP, for the years ended October 31, 2022 and October 31, 2021.

Type of Service Provided	Year ended October 31, 2022	Year ended October 31, 2021
Audit Fees	\$212,500	\$245,000
Audit Related Fees	\$80,000	\$75,000
Tax Fees	\$104,643	\$67,510
All Other Fees	\$66,952	\$60,000

Total

\$464,095

\$447,510

Notes:

- (1) **"Audit Fees"** include (i) fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements, and (ii) fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements,
- (2) **"Audit-Related Fees"** are services that are traditionally performed by the auditor including other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (3) **"Tax Fees"** include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.
- (4) **"All Other Fees"** include all other non-audit services, which includes systems and organizational controls audit services and privacy regulation compliance services.

## RISK FACTORS

The following is a summary of certain risk factors relating to our business. The information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. An investment in the Common Shares involves a significant degree of risk. Prospective investors should carefully consider the following factors, together with other information contained in this Annual Information Form.

### 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. The ongoing conflict between Russia and Ukraine and the sanctions that many countries have imposed, create risks across the global economy, including fluctuations in commodity prices, foreign exchange rates, supply chain disruptions and potential slowdowns in a variety of industries. Blackline will continue to monitor the impact of the ongoing Russia-Ukraine conflict, however the conflict has not had a significant adverse effect on the Company's overall business, business opportunities, results of operations, financial condition and cash flows as this time.

### Dependence on New Products

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 safety industry is characterized by rapidly changing customer preferences which require us to address multiple delivery platforms, new mobile devices and cloud computing. Life cycles of hardware and software products can be short and this can exacerbate the risks associated with developing new products. The introduction of third-party solutions embodying new, disruptive technologies and the emergence of new industry standards could make our existing and future software solutions and other products obsolete or non-competitive. If we are not able to develop hardware and software and other solutions that address the increasingly sophisticated needs of our customers, or if we are unable to adapt to new platforms, technologies or new industry standards that impact our markets, our ability to retain or increase market share and operating results could be materially adversely affected.

### Sales Cycles

Typically, the Company's sales cycles are long and certain of its orders are subject to re-scheduling, budget deferrals or cancellation, which may lead to fluctuations in the Company's operating results. Many of the Company's products are complex and customers for these products require substantial time to qualify our products and make purchase decisions. These customers often perform, or require us to perform, extensive configuration, testing and evaluation of our products before committing to purchasing them, which can require a significant upfront investment. The sales cycle for these products from initial contact through shipment varies significantly, is difficult to predict and can last

more than a year. If the Company fails to anticipate the likelihood, costs, or timing associated with sales of these products, the Company's business and results of operations would be negatively affected. The Company may, from time to time, experience order re-scheduling, budget deferrals or cancellations, which can result in fluctuation of our operating results from period to period.

### **Competition**

We are in a highly competitive industry that is constantly evolving and changing. We expect this competition to increase as new competitors enter the market. Many of our competitors have greater financial, technical, sales, and production and marketing resources. We compete with companies that also have established customer bases and greater name recognition. This may allow competitors to respond more quickly and better implement technological developments. There is no assurance that we will be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or increased operating expenses.

### **Third-Party Dependence**

Many of our products rely on signals from satellites and other ground support systems or applications that we do not own or operate. Such applications are complex and subject to electronic, mechanical or software failures and possible sabotage. In respect of satellite services, satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of our satellite enabled devices and/or the growth of current and additional market opportunities, which would adversely affect our results of operations and customer satisfaction may suffer which may result in loss of customers as well as litigation. In addition, there is no assurance that the US government will remain committed to the operation and maintenance of GPS satellites over a long period of time; or, that the policies of the US government for the commercial use of GPS without charge will remain unchanged. Our products are dependent on radio frequency spectrum and products may be subject to harmful interference from modified spectrum uses or intentional jamming.

### **Availability of Key Suppliers**

We are reliant upon certain key suppliers and partners for products, components or services and no assurances can be given that we will not experience delays or other difficulties in obtaining the same, as a result of trade disputes or other matters. Although we believe there are alternative suppliers for most of our key requirements, if our current suppliers and partners are unable to provide the necessary products, components or services or otherwise fail to timely deliver products, components or services in the quantities or manners required, any resulting delays in the manufacture or distribution of existing products, or the provision of Blackline's services, could have a material adverse effect on our results of operations and our financial condition. Further, unusual supply disruptions, such as disruptions caused by natural disasters or pandemics, could cause suppliers and partners to invoke "force majeure" clauses in their agreements, causing shortages of material or the loss of certain services. In certain circumstances, success in offsetting higher material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly. If we are not able to fully offset the effects of material availability and costs, financial results could be adversely affected.

We consume individual raw materials, the costs of which in certain instances reflect market prices impacted by other market forces. These prices are subject to worldwide supply and demand as well as other factors beyond our control. Although we are sometimes able to pass such price increases to our customers, significant variations in the cost of raw materials can affect our operating results from period to period.

The Company also relies on certain software that it licenses from third parties. 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.

## **Product Liability**

The sale and use of our products entail risk of product liability. Although we have product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

## **Inflation**

The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact returns and future decisions, which could have a material adverse effect on its financial performance and cash flows. Materials and services required by the Company may not be available when required at reasonable prices. A failure to secure the materials and services necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows.

## **Litigation**

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries, property damage, patent infringement and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Company's financial condition.

## **Dependence on Key Personnel**

Our success is largely dependent upon the performance of key personnel. The unexpected loss or departure of any of the key officers or employees could be detrimental to our future operations. Our success will depend, in part, upon our ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, research and development, management, and other employees is high in the industries in which we operate. There can be no assurance that we will be able to engage the services of such personnel or retain our current personnel. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of our management.

## **Intellectual Property**

The industry in which we operate has many participants that own, or claim to own, proprietary intellectual property. We may receive in the future, claims from third parties alleging that the Company has infringed the intellectual property rights of others and we may in the future commence lawsuits against others whom the Company believes are infringing upon its rights. Determination of the rights to intellectual property is very complex and costly litigation may be required to establish if we have violated the intellectual property rights of others or if others have violated the Company's intellectual property rights. The Company's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Company's favour. In the event of an adverse outcome as a defendant in any such litigation, the Company may, among other things, be required to: (a) pay substantial damages and third party litigation costs; (b) cease the development, use, sale or importation of products that infringe upon other patented intellectual property; (c) expend significant resources to develop, license or acquire non-infringing intellectual property; (d) discontinue products incorporating infringing technology; (e) obtain licences to the infringing intellectual property; and/or (f) incur legal and other costs. The Company may not be successful in such development or acquisition, or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Company's business and financial results.



We license the software, technologies and intellectual property underlying some of our software from third parties. These third-party licenses may not continue to be available to us on commercially reasonable terms, or at all, and the software and technologies may not be appropriately supported, maintained or enhanced by the licensors. Some of our licenses are subject to annual renewals at the discretion of the licensors. In some cases, if we were to breach a provision of these license agreements, the licensor could terminate the agreement immediately. The loss of licenses, or inability to support, maintain and enhance, any such third-party software or technology could result in increased costs, or delays in software releases or updates, until such issues have been resolved. This could have a material adverse effect on our business, financial condition, results of operations, cash flows and future prospects.

We also incorporate open source software into our products. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by US and Canadian courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to market or sell our products or to develop new products. In that case, we could be forced to seek licenses from third-parties in order to continue offering our products, to disclose and offer royalty-free licenses in connection with our own source code, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis, any of which could materially adversely affect our business.

### **Proprietary Protection**

Our success will depend, in part, on our ability to obtain patents, maintain trade secrets and unpatented know-how protection and to operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. We rely on a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect our proprietary information. There can be no assurance that the steps taken will prevent misappropriation of our proprietary rights. Our competitors could also independently develop technology similar to our technology. Although we do not believe that our products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us, or that any such assertions or prosecutions will not materially adversely affect our business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, we could incur significant costs and diversion of resources with respect to the defence thereof, which could have a material adverse effect on our business.

### **Technology Risk**

Our success may depend in part on our ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end-user preferences and requirements. Our products embody complex technology that may not meet those standards, changes and preferences. We may be unable to successfully address these developments on a timely basis or at all. Failure to respond quickly and cost-effectively to new developments through the development of new products or enhancements to existing products could cause us to be unable to recover significant research and development expenses and could reduce our revenue.

Our products are highly technical and complex and, when deployed, may contain errors, defects or security vulnerabilities. We must develop our products to keep pace with the rapidly changing market, and we have a history of introducing new products. 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.

### **Technology Failures or Cyber-Risks**

We rely on information technology systems to process, transmit and store electronic information. In addition, a significant portion of internal communications, as well as communication with customers and suppliers depends on information technology. Further, certain of our products depend upon GPS and other systems through which our products interact with government computer systems and other centralized information sources. The Company is subject to a variety of information technology and system risks as a part of its normal course operations, including: potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of the Company's information technology systems by third parties or insiders. Cyber risks may be deliberate attacks for the theft of intellectual property or other sensitive information or may be the result of unintentional events. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations, disruption to our business activities or our competitive position. The Company applies technical and process controls in line with industry-accepted standards to protect our information assets and systems; however, these controls may not be adequate or implemented properly to prevent cyber security breaches and to ensure that our operations are not disrupted. Potential consequences of a material cyber incident include damage to our reputation, litigation and increased cyber security protection and remediation costs. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

It is also possible that unauthorized access to customer data or confidential information may be obtained through inadequate use of security controls by customers, vendors, or business partners. Efforts to prevent bad actors from disrupting our services or otherwise accessing our systems are expensive to develop, implement, and maintain. Such efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated and may limit the functionality of, or otherwise negatively impact, our service offering and systems.

### **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 European Union 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.

### **Radio Frequency Spectrum Risks**

Some of our products depend on satellite signals and on terrestrial communication bands. International allocations of radio frequency are made by the International Telecommunications Union ("ITU"), a specialized technical agency of the United Nations. The ITU's allocations are governed by radio regulations that have treaty status and which may be subject to modification every two to three years by the World Radio Communication Conference. Each country regulates how each band is used in the country. In the United States, the Federal Communications Commission ("FCC") and the National Telecommunications and Information Administration share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or local reallocation of radio frequency bands, including radio frequency band segmentation and sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our products and have significant negative impacts on our customers, both of which could reduce demand for our products. For example, the FCC is currently considering proposals to repurpose spectrum adjacent to the GPS bands for terrestrial broadband wireless operations throughout the United States. If the FCC implements such proposals, or similar proposals, terrestrial broadband wireless operations could create harmful interference to GPS receivers within range of such operations and impose costs to retrofit or replace affected receivers.

### **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.

### **Epidemics and Pandemics**

The Company's business, operations and financial condition could be adversely affected by the outbreak of epidemics or pandemics or other health crises. Such events could result in declaring states of emergency, imposing quarantines, border closures, cancelling public gatherings, temporary business closures for companies and industries deemed non-essential, significant travel restrictions, school closures and mandated social distancing. Additionally, companies around the world may take measures to reduce the spread of an epidemic or pandemic including reducing hours of operation, having employees work remotely and cancelling all in person meetings. These actions could result in volatility and disruptions in regular business operations, supply chains and financial markets, as well as declining trade and market sentiment and could pose the risk that we or our employees, contractors, suppliers, customers and other partners may be restricted or prevented from conducting business activities for undetermined periods of time. The Company will continue to monitor potential health crises and will reassess its strategy and operational activities as necessary. Any significant decrease in the demand for the products or services which the Company's customers operate or use could in turn disrupt the Company's business, activities, and operations. In addition, disruption in global financial markets could limit the Company's ability to access capital and sources of liquidity at attractive rates or at all, adversely affecting the Company's business, financial condition, liquidity and results of operations.

### **Government Regulation**

Our products are subject to government regulation, including certain quality and related certifications, in the regions in which we operate. Although we believe that we have obtained the necessary approvals and certifications for the products that we currently sell, we may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change, or we may not be able to obtain regulatory approvals from countries in which we may desire to sell products in the future. Certain regulatory certifications or permits which we, or our products, may require from time to time may be subject to lengthy and detailed application processes, which could result in increased time to market our developed products or generate sales in respect of our developed products or prohibit the Company from selling or marketing certain of its products or services.

### **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.

## **Foreign Currency Exchange Rate Fluctuations and Interest Rates**

Sales of our products and services are transacted in Canadian dollars, United States dollars, Euro, British pounds, Australian dollars and other currencies. Expenses are incurred in US dollars, Australian dollars, Canadian dollars, British pound, Euro and other currencies, and as a result, we are exposed to risk associated with those currency fluctuations.

The Company's functional currency is the Canadian dollar and a stronger Canadian dollar, compared to the currencies of countries where Blackline is selling its products, makes our products more expensive to customers in those countries. As a result, a strengthening Canadian dollar could have a negative impact on sales to such countries. As our operations are expanding with increased global sales, it is expected that it may be necessary to transact sales in foreign currencies rather than Canadian dollars, thus exposing us to additional foreign currency risk.

An increase in interest rates could result in a significant increase in the amount the Company pays to service debt, resulting in a reduced amount available to fund its business activities. Such an increase could also negatively impact the market price of the Common Shares.

## **Income Taxes**

The Company files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada), the *Internal Revenue Code* (US), His Majesty's Revenue and Customs (UK), the *Direction Générale des Finances Publiques* (France) and all other applicable federal, national, provincial/state tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, such reassessment may have an impact on current and future taxes payable.

## **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, 2022 of approximately \$157 million. The deficit is expected to increase in the near term as the Company transitions from its invest to grow strategy to a focus on profitability.

## **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, decreasing our liquidity, and adversely affecting our ability to declare and pay dividends to our Shareholders.

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.

### **Volatility of Market Price of Common Shares**

The market price of our Common Shares may be volatile. This volatility may affect the ability of holders to sell the Common Shares at what in their perspective is an advantageous price. Market price fluctuations in the Common Shares may be due to the downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by us or by our competitors, along with a variety of additional factors, including, without limitation, those set forth in this "Risk Factors" section or in the section titled "*Special Note Regarding Forward Looking Statements*".

### **Dilution**

We may make future acquisitions or enter into financings or other transactions involving the issuance of Common Shares of the Company which may be dilutive to current and future holders of our Common Shares.

### **Additional Funding Requirements**

The Company's cash flow from its operations may not be sufficient to fund its ongoing activities at all times and from time to time, the Company may require additional financing in order to carry out its activities. Failure to obtain financing on a timely basis could cause the Company to miss certain acquisition opportunities and reduce or terminate its operations. Due to global economic and political volatility, the Company may from time to time have restricted access to capital and increased borrowing costs.

To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Company's ability to make capital investments and maintain existing operations may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Company's business may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing Shareholders or substantially alter the Company's capitalization or business organization.

The Company may seek access to capital from different sources and/or markets which may place the Company under additional regulatory or compliance requirements. These requirements could be costly and/or cause the Company to be subject to fines or penalties if it is not in compliance.

### **Environmental, Social and Governance Risk**

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 Company's external reputation.

### **Climate Change**

Blackline is committed to responsibly managing the regulatory and physical impacts of climate change on its business. It is not possible to predict with certainty the impact of climate change or the regulatory responses to it, on our business although we recognize that they could be significant. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs, costs of the components and related transportation costs of raw

materials we purchase from suppliers, and transportation costs related to shipping products to customers. Increasing environmental regulations on natural resources, pipeline, transportation, utilities 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 operation.

### **Breach of Confidentiality**

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of this Company. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

### **Physical Facilities**

In addition to our facilities in Calgary, Canada, Colchester, United Kingdom, Leicester, United Kingdom, Fresnel-Montauban, France, Houston, US and Dubai, UAE we have component inventory, finished goods and capital assets at a number of other third-party facilities. Tangible property at each location is subject to risk of fire, earthquake, flood and other natural acts of God. In the event of such events or acts, there could be delays in production and shipments of product due to both the loss of inventory and/or capacity to produce. Furthermore, Blackline provides live monitoring services through its facilities in Calgary, Canada, and through other third-party facilities, which may be subject to similar risks of disruption, shut down or delay in the event of fire, earthquake, flood and other natural acts of God as well as potential disruptions and shut downs resulting from pandemics, geopolitical conflicts or similar events. While the Company and its partners have strategies, including alternative facilities and arrangements in place that are designed to mitigate such events, there is no certainty that they will prove to be effective.

### **Conflicts of Interest**

Certain of our directors may in the future serve as directors of our suppliers or competitors and some may also be engaged in the design, manufacture and marketing of electronic or software products and situations may arise where the directors may be in direct competition with our business. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with us to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

### **Forward Looking Information May Prove Inaccurate**

Shareholders and prospective investors are cautioned not to place undue reliance on forward looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on risks, assumptions and uncertainties are found in the section "*Special Note Regarding Forward Looking Statements*".

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

We are not aware of any proceedings or penalties against the Company (including any contemplated proceedings), or any actions or penalties under securities legislation or by a securities regulatory authority (or any settlement

agreements entered into before a court relating to securities legislation or with a securities regulatory body) during the year ended October 31, 2022 or otherwise.

#### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans, as applicable, is contained in our information circular for the most recent annual meeting of Shareholders that involved the election of directors. Additional financial information is contained in our consolidated financial statements for the year ended October 31, 2022 and the related management's discussion and analysis, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Documents affecting the rights of security holders, along with additional information relating to the Company, may also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

For additional copies of this Annual Information Form and the materials listed in the preceding paragraph, please contact Blackline Safety Corp. at:

Unit 100, 803-24 Avenue S.E.  
Calgary, Alberta T2G 1P5  
Tel: (403) 451-0327  
Fax: (403) 451-9981  
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## APPENDIX "A"

### BLACKLINE SAFETY CORP.

#### AUDIT COMMITTEE

#### MANDATE AND TERMS OF REFERENCE

##### Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Blackline Safety Corp. ("**Blackline**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the following:

1. nature and scope of the annual audit;
2. the oversight of reporting by management of Blackline ("**Management**") on internal accounting standards and practices;
3. the review of financial information, accounting systems and procedures;
4. financial reporting and financial statements,

and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are to:

1. assist directors of Blackline ("**Directors**") in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters, including compliance with legal and regulatory requirements;
2. provide better communication between Directors and external auditors;
3. enhance the external auditor's independence;
4. increase the credibility and objectivity of financial reports, the financial reporting process and internal controls over financial reporting;
5. strengthen the role of the independent Directors by facilitating in-depth discussions between Directors on the Committee, Management and external auditors;
6. maintain oversight of risk identification, assessment and management programs; and
7. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.

##### Membership of Committee

1. The Board, on recommendation of the Governance, Compensation and Sustainability Committee, will appoint members to the Committee. The Committee will be composed of at least three (3) Directors or such greater number as the Board may determine from time to time, and all members of the Committee shall be "independent" (as such term is used in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.



2. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee (the "**Chair**").
3. All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon.

### **Mandate and Responsibilities of Committee**

It is the responsibility of the Committee to:

1. oversee the work of the external auditors, including the resolution of any disagreements between Management and the external auditors regarding financial reporting;
2. satisfy itself on behalf of the Board with respect to Blackline's internal control systems, including financial and non-financial elements; identify, monitor and mitigate business risks; and ensuring compliance with legal, ethical and regulatory requirements;
3. review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - (b) reviewing significant accruals, reserves or other estimates such as impairment calculations;
  - (c) reviewing accounting treatment of material unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan or other credit facility agreements;
  - (e) reviewing subsequent events and related disclosures;
  - (f) reviewing disclosure requirements for commitments and contingencies;
  - (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (h) reviewing unresolved differences between Management and the external auditors;
  - (i) obtaining explanations of significant variances with comparative reporting periods; and
  - (j) determining through inquiry if there are any related party transactions and ensuring that the nature and extent of such transactions are properly disclosed;
4. in addition to the review of financial statements and MD&A described above, review public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results, prospectuses, and if applicable, the annual information form) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Blackline's disclosure of all other financial information and will periodically assess the accuracy of those procedures;

5. with respect to the appointment of external auditors by the Board:
  - (a) evaluate the performance of the external auditors through discussions with the CFO and CEO following the conclusion of the annual financial statement audit and determine whether a request for proposal on external audit services is deemed necessary;
  - (b) recommend to the Board the external auditors to be nominated;
  - (c) recommend to the Board the terms of engagement of the external auditor, including compensation and a confirmation that the external auditors will report directly to the Committee;
  - (d) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - (e) monitor the relationship between Management and the external auditor including reviewing any Management letters or other reports of the external auditor and discussing any material differences of opinions between Management and the external auditor;
  - (f) when there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (g) review and pre-approve any non-audit services to be provided to Blackline or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time;
6. review with external auditors (and internal auditor if one is appointed by Blackline) their assessment of the internal controls of Blackline, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Blackline and its subsidiaries;
7. review risk management policies and procedures of the Corporation (i.e., hedging, litigation, third party credit risk, insurance and cybersecurity). In this regard, the Committee shall regularly:
  - (a) identify and review the principal business risks, including potential emerging risks, of the Corporation and the actions taken by the Corporation to mitigate the risks;
  - (b) identify and review the principal financial risks and exposures of the Corporation, together with mitigating strategies, including physical and financial positions in commodities markets, derivatives strategies, capital commitments, foreign exchange exposures, and exposure to interest rate fluctuations, as well as liaising with the Governance, Compensation and Sustainability Committee on non-financial risks and exposures including, but not limited to, risks relating to climate change, environmental and social elements;
  - (c) review the policies and activities of the Corporation's finance group and the financial risks arising from those activities, including any proposed authorities of Management from the Board for the hedging of the exposures;
  - (d) review, and if desirable, recommend changes to the insurance program including coverage for property damage, business interruption and liabilities; and

- (e) review and identify information technology, information systems and cybersecurity risks of the Corporation;
8. establish a procedure for:
- (a) the receipt, retention and treatment of complaints received by Blackline regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of Blackline of concerns regarding questionable accounting, auditing or other governance and compliance matters; and
9. review and approve Blackline's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Blackline. All employees of Blackline are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Blackline without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote and in such cases, the undecided matter should be referred to the Board as a whole.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board. For greater certainty, a meeting of the Committee may be called by the Chair of the Committee, without the concurrence of any other person.
4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer of Blackline will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair of the meeting.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries and related corporate entities as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee. At each meeting, the Committee will meet, including with the external auditors, in-camera without Management present.

8. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation as determined by the Committee.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all of the Committee's powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from Committee meetings that bear on the relationship between the Board and Management should be communicated to the Chair of the Board or, if applicable, to the Lead Director of the Board by the Chair.
12. In discharging its duties under this Mandate, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Corporation's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.