
**Blackline Safety Corp.
Management's Discussion and Analysis**

For the three and six-month periods ended April 30, 2022



Notice

This Management's Discussion and Analysis ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation", the "Company", "we", or "our") unaudited condensed consolidated interim financial statements and accompanying notes, prepared in accordance with International Accounting Standard 34 *Interim Financial Statements* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, for the three and six-months ended April 30, 2022. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2021, and its most recently completed Annual Information Form, is available on our website at www.blacklinesafety.com/investors/ and can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Blackline Safety Corp.

This MD&A is presented as of June 10, 2022. All financial information contained herein is expressed in Canadian dollars, the Company's presentation currency, unless otherwise indicated. All figures in the MD&A are reported in thousands, except for per share, stock option, common share, percentages and unit amounts. Certain prior period amounts have been reclassified to conform with current period presentation.

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

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

Overview

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a hardware-enabled software as a service ("HeSaaS") technology company that is focused on bringing connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a complete suite of safety devices and cloud-connected services to protect workers at their jobs and support businesses undergoing digital transformation.

Blackline technology empowers businesses with real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance and increase operational efficiency. When seconds count, Blackline's connected technology enables a live monitoring team to deliver help directly to an employee in the shortest amount of time — to the worker's exact location.

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

Blackline's lineup of G7 safety wearables connect to the Blackline cloud using either cellular (G7c) or satellite (G7x) connectivity. All safety alerts generated by G7 wearables are communicated in real-time to monitoring personnel, pinpointing the employee's location on an interactive map using GPS or Blackline's proprietary location beacons. Blackline's monitoring teams efficiently manage incidents from alert to resolution using cloud-hosted software that provides employee messaging tools, the option for two-way voice calling and quick access to emergency contact escalation.

Blackline's G7c device features 4G/3G direct-to-cloud connectivity with wireless coverage in over 100 countries and on over 350 mobile networks. For regions where cellular networks are not available, Blackline's two-part system with a G7x wearable and G7 Bridge satellite base station monitors workers in remote locations in North America, South America, Australia and New Zealand. G7 wearables feature the industry's first expandable interface that enables customization to support each customer scenario and requirement. All products feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client. We offer one of four field-replaceable cartridges—a Standard Cartridge, 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 ameliorating overall cost of ownership and environmental footprint.

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to monitor potential atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. Until now, conventional area monitors suffer from short battery life, limited configurability and inadequate connectivity. Blackline's G7 EXO area monitor provides global businesses with new portable and semi-permanent gas detection monitoring options featuring drop and go deployment capabilities and the flexibility of four channel pump modules, as well as various power and mounting options and output port usage options. The G7 EXO also offers unlimited connectivity by directly connecting to the cloud via 4G or satellite so there are no range limits between monitors or maximum number of devices allowed on the network.

A significant portion of customers select Blackline's in-house, 24/7/365 Safety Operations Centre ("SOC"), although they have the option to self-monitor the safety of their personnel using their Blackline Live monitoring account. Unlike a traditional call centre that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's dedicated SOC focuses solely on safety monitoring. It delivers an immediate response, managing all safety alerts from receipt through to resolution according to each customer's customized emergency response protocol. Blackline's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response centre. In regions not covered by Blackline's in-house SOC that provides 24/7 live monitoring, customers are able to provide monitoring of their employees via an approved Blackline Alarm Receiving Centre partner. Blackline's SOC, together with its partner Alarm Receiving Centres in Europe, now monitor over 49,000 devices.

Blackline has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of G7 safety wearables that connect to the Blackline Safety Cloud, continuously streaming status, environmental, location, gas readings and alerts. This information is stored online and enables Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 180 billion data points, over 2.6 billion locations and over 5.0 billion location-enabled gas readings.

Blackline's revenues are comprised of product and service revenues, which are the two operating segments (as determined in accordance with IFRS) of the Company. Product revenues are generated from sales of Blackline's connected safety monitoring hardware devices and accessories to a variety of industries and geographic locations. Blackline has a broad customer base both in terms of industry and geographic reach and this diversified market helps to mitigate against dependence on and fluctuations in any one market space. For the three and six-months ended April 30, 2022, product revenue was \$7,858 and \$15,182, respectively accounting for 47% of total revenue (April 30, 2021: \$4,572 and \$8,401, accounting for 39% and 38% of total revenue, respectively).

Service revenues relate to software and support services that are provided to customers who purchase the Company's connected safety devices. Service revenues also include recurring revenues from existing customers who renew their services for their Blackline device as well as device rental and data consulting services. For the three and six-months ended April 30, 2022, service revenue was \$8,807 and \$17,152 respectively, accounting for 53% of total revenue (April 30, 2021: \$7,103 and \$13,952, accounting for 61% and 62% of total revenue, respectively).

The Company also offers its products and services through a 'G7 Lease' program with a three or four year lease commitment. Generally, leases of more than three years are considered to be a finance lease commitment with the hardware revenue component recognized up-front as product revenue with service and interest revenue recognized over the life of the contract. For three year lease commitments all revenues, including those related to the devices, are recognized on a monthly basis as service is provided.

Cost of sales for the Company includes the costs of manufacturing its safety monitoring products as well as the costs of servicing those products. The cost of sales for products comprises raw materials, direct costs, direct labor, an allocation of overhead, freight charges, warranty, depreciation and scrappage. The cost of sales for services associated with those products is comprised of direct costs, direct labor for the SOC and maintenance of the Blackline Live portal, communication costs for devices equipped with cellular and/or satellite technology, depreciation of cartridges and units leased through the Blackline 'G7 Lease' program and an allocation of overhead. For the three and six-months ended April 30, 2022, Blackline's product cost of sales were \$6,870 and \$13,489, respectively (April 30, 2021: \$3,436 and \$6,471, respectively) and service cost of sales were \$2,733 and \$5,397, respectively (April 30, 2021: \$2,276 and \$4,365, respectively).

On March 31, 2022, the Company completed the acquisition of Swift Labs Inc. ("Swift Labs"), an Internet of Things design and engineering consulting firm based in Ontario, Canada. The fair value of consideration of \$4,541 consisted of \$3,200 cash paid on the closing date, net of note payable acquired and purchase price adjustments, and 270,776 common shares, at a fair value of \$5.74 per share, which is based on the quoted price of the common shares on the TSX on the closing date.

While global economies have begun to recover from the impacts brought on by the coronavirus ("COVID-19") pandemic, it continues to impact goods manufacturing and supply resulting in component shortages and increases in material prices. There continues to be uncertainty regarding the duration and magnitude of the impact of COVID-19 and the ability to control resurgences worldwide, making it difficult to assess the future impact on the Company's current rate of growth.

Highlights

(CAD thousands, except per share and percentage amounts)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Product revenue	7,858	4,572	72	15,182	8,401	81
Service revenue	8,807	7,103	24	17,152	13,952	23
Total Revenue	16,665	11,675	43	32,334	22,353	45
Gross margin	7,062	5,963	18	13,448	11,517	17
Gross margin percentage ⁽¹⁾	42	51	(9)	42	52	(10)
Total Expenses	21,514	14,441	49	40,838	24,945	64
Net loss	(14,543)	(8,558)	70	(27,416)	(13,442)	104
Loss per common share - Basic and diluted	(0.24)	(0.16)	50	(0.45)	(0.26)	73
EBITDA ⁽¹⁾	(12,833)	(7,204)	(78)	(24,256)	(11,067)	(119)
EBITDA per common share ⁽¹⁾ - Basic and diluted	(0.21)	(0.13)	(62)	(0.40)	(0.21)	(90)
Adjusted EBITDA ⁽¹⁾	(6,364)	(1,455)	(337)	(12,731)	(1,815)	(601)
Adjusted EBITDA per common share ⁽¹⁾ - Basic and diluted	(0.11)	(0.03)	(267)	(0.21)	(0.03)	(600)

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

(CAD thousands)	April 30, 2022	October 31, 2021	% Change
Cash, cash equivalents and short-term investments	30,038	54,516	(45)
Working capital	31,750	62,505	(49)
Total assets	96,067	109,303	(12)
Non-current liabilities	10,349	7,818	32
Shareholders' equity	48,312	73,338	(34)

Results of Operations

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Product revenue	7,858	4,572	72	15,182	8,401	81
Service revenue	8,807	7,103	24	17,152	13,952	23
Total Revenues	16,665	11,675	43	32,334	22,353	45
Product revenue as a percentage of revenue ⁽¹⁾	47%	39%		47%	38%	
Service revenue as a percentage of revenue ⁽¹⁾	53%	61%		53%	62%	
	100%	100%		100%	100%	

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

Second quarter total revenue was \$16,665, an increase of \$4,990 from \$11,675 in the comparable period of the prior year. The 43% increase was driven by higher sales of our connected safety products as well as steady growth in recurring service revenues from new hardware sales over the past twelve months and by customer renewals of service on existing devices.

Total revenue for the six-month period ended April 30, 2022, increased \$9,981 or 45% versus the same period in the prior year. The increase was due to higher product sales and the continued growth in the Company's service revenues from its connected safety monitoring, analysis, and compliance solutions.

Product Revenue

The Company's second quarter product revenue was \$7,858, an increase of \$3,286 or 72% compared to \$4,572 in the prior year comparative quarter. The increase in the current year period reflects the Company's expanded sales network and investment in our global sales team over the past twelve months with a return to more aggressive demand generation and sales development activities. Finance lease revenue growth of \$1,705 also contributed to higher product revenues in the second quarter compared to the prior year quarter.

Blackline continued sales of its G7 EXO area monitors contributing 14% of the Company's total product sales during the second quarter of 2022 (April 30, 2021: 14%).

During the six-month period ended April 30, 2022, product revenue was \$15,182 compared to \$8,401, an increase of \$6,781 compared to the same period in the prior year. The 81% increase was a result of the contribution of the expanded sales team, particularly in the United States and Rest of World markets and reduction of COVID-19 restrictions allowing more access to customer sites and the recommencement of procurement processes, particularly in North America, compared to the prior year period that was impacted by product order deferrals.

Sales of the Company's G7 EXO area monitors contributed 16% of the Company's total product sales during the six months ended April 30, 2022 (April 30, 2021: 19%).

Service Revenue

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Software services revenue	7,793	6,206	26	15,214	12,164	25
Operating lease revenue	564	804	(30)	1,247	1,611	(23)
Rental revenue	450	93	384	691	177	290
Total service revenue	8,807	7,103	24	17,152	13,952	23
Software services revenue as a percentage of service revenue ⁽¹⁾	89%	87%		89%	87%	
Operating lease revenue as a percentage of service revenue ⁽¹⁾	6%	11%		7%	12%	
Rental revenue as a percentage of service revenue ⁽¹⁾	5%	2%		4%	1%	
Total	100%	100%		100%	100%	

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

The Company's second quarter total service revenue increased \$1,704 or 24% to \$8,807 compared to \$7,103 in the same period last year.

Software services revenue for the second quarter was \$7,793, an increase of 26% from \$6,206 in the prior year period. The increase is a result of the new activations of the devices sold to end-users over the past twelve months for customers utilizing the Company's monitoring, software and data services. Total increases in software services of \$1,587 included newly activated device service revenues of \$233 in the second quarter as well as service revenue increases within our existing customer base of \$643 in the same period.

There were also adverse effects of \$632 in the second quarter from customers who renewed fewer active devices after experiencing workforce reductions during the last twelve months. In addition, certain customers declined to renew their service plans resulting in an impact of \$49 in the same period.

Operating lease revenue for the three-months ended April 30, 2022 decreased 30% compared to the prior year due to certain lease customers opting to renew with a longer-term finance lease or continue with Blackline's service on a monthly agreement.

Rental revenue increased by 384% in the three-months ended April 30, 2022 compared to the prior year as a result of the Company's establishment of its rental fleet to bring its complete suite of connected solutions to the market for short-term projects.

Total service revenue increased \$3,200 or 23% during the six months ended April 30, 2022 compared to the prior year period.

Software services revenue for the six-months ended April 30, 2022 was \$15,214, an increase of 25% from \$12,164 in the prior year period. The increase is a result of the new activations of the devices sold to end-users over the past twelve months for customers utilizing the Company's monitoring, software and data services. Total increases in software services were \$3,050 which included newly activated device service revenues of \$543 in the first half of fiscal 2022 as well as service revenue increases within our existing customer base of \$1,161 in the same period.

There were also adverse effects of \$913 in the first half of fiscal 2022 from customers who renewed fewer active devices after experiencing workforce reductions during the last twelve months. In addition, certain customers declined to renew their service plans resulting in an impact of \$62 in the same period.

Operating lease revenue for the six-months ended April 30, 2022 decreased 23% from the prior year comparative period as the number of operating lease contracts declined.

Rental revenue increased 290% in the six-months ended April 30, 2022 when compared to the prior year period as a result of the Company's focus on the rental market.

Revenues from external customers by country/geographic area (CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Canada	5,134	3,119	65	8,445	6,517	30
United States	6,953	4,591	51	13,881	8,447	64
Europe	3,741	3,447	9	7,988	6,258	28
Rest of World	837	518	62	2,020	1,131	79
Total revenues	16,665	11,675	43	32,334	22,353	45
Canada as a percentage of revenue ⁽¹⁾	31%	27%		26%	29%	
United States as a percentage of revenue ⁽¹⁾	42%	39%		43%	38%	
Europe as a percentage of revenue ⁽¹⁾	22%	30%		25%	28%	
Rest of World as a percentage of revenue ⁽¹⁾	5%	4%		6%	5%	
Total	100%	100%		100%	100%	

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

A strengthening in the Canadian industrial safety market resulted in a 65% increase in revenue in the second quarter of fiscal 2022 compared to the prior year quarter in the area. With the establishment of our sales network in the United States and rest of world markets, the Company delivered strong revenue growth in the second quarter of fiscal 2022 compared to the prior year quarter in these regions.

Blackline's rest of world market is primarily in Asia, the Middle East, Australia and New Zealand and has not been directly impacted by ongoing military conflict between Russia and Ukraine or changes in China-Taiwan relations. The growth in revenue across these markets is a result of the increased presence of sales personnel in these regions and the strategic targeting of customers in specific industries including fire, emergency and hazardous materials response, water treatment and food processing.

Lease Revenue

The Company leases certain of its safety monitoring equipment to customers through the Company's 'G7 Lease' program with monthly payments. The terms of the lease determine whether the G7 Lease is accounted for as an operating or finance lease within the meaning of IFRS 16 Leases. Total payments due to the Company under non-cancellable operating lease contracts were \$1,422 as at April 30, 2022 (October 31, 2021: \$2,607).

The present value of the hardware revenue component of finance leases is recognized up-front as product revenue with service and interest revenue recognized over the life of the contract. The hardware component of the Company's leases classified as finance leases is recognized in current and non-current other receivables on the condensed consolidated statements of financial position. The service component is recognized within trade receivables when the service is delivered.

The total undiscounted payments under non-cancellable finance lease contracts for the right to use the equipment and safety monitoring services of the Company are as follows:

(CAD thousands)	April 30, 2022	October 31, 2021
Within one year	7,898	5,233
Later than one year but not later than five years	15,234	11,029
Total	23,132	16,262

The 42% increase in undiscounted payments under non-cancellable finance lease contracts from October 31, 2021 is a result of more customers renewing or entering into long term finance lease agreements as opposed to paying for hardware upfront.

Cost of Sales

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Product	6,870	3,436	100	13,489	6,471	108
Service	2,733	2,276	20	5,397	4,365	24
Total cost of sales	9,603	5,712	68	18,886	10,836	74
Product cost of sales as a percentage of segment revenue ⁽¹⁾	87%	75%		89%	77%	
Service cost of sales as a percentage of segment revenue ⁽¹⁾	31%	32%		31%	31%	
Cost of sales as a percentage of revenue⁽¹⁾	58%	49%		58%	48%	

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

Cost of sales for the three and six-months ended April 30, 2022 totaled \$9,603 and \$18,886, respectively compared to \$5,712 and \$10,836 in the same periods last year. This is primarily due to the increase in the cost of sales for the product segment as a result of more products being sold in the period and ongoing global supply chain constraints. It is also a result of an increase in the service segment with costs expanding proportionately to support a growing customer base.

Cost of Sales Product

Product cost of sales increased by \$3,434 or 100% in the second quarter compared to the prior year quarter due to increased material costs of \$1,383 as more products were sold. Shortages for certain components arising from the current global supply chain disruptions resulted in the Company facing pricing pressure on its input costs as it was necessary to source materials from secondary suppliers which increased the overall material cost on a per unit basis. Freight increased \$207 due to incremental shipping charges from alternative suppliers at expedited rates. Production supplies and equipment also increased \$173 versus the prior year quarter.

Production salaries and wage expense, excluding the impact of Canadian Emergency Wage Subsidy ("CEWS") funding, increased \$291 during the second quarter of 2022 compared to the prior year quarter as the production team has increased in size to meet the significant increase in current production levels and anticipated growth.

Increased material costs of \$410 in the second quarter compared to the prior year quarter was a factor of the Company's 3G Sunset program being implemented to upgrade all current devices deployed in the field to the 4G network. Beginning in February 2022, all major US telecommunications companies began shutting down their 3G network service to retire older equipment and prepare for more advanced technology. Blackline's devices using 3G network service will no longer be monitored, connected or have the ability to contact the monitoring center.

Increased rework costs of \$523 in the second quarter compared to the prior year quarter was a factor of a larger number of devices deployed in the field. These increases were partially offset by lower unabsorbed material and labor costs of \$221 and warranty expense of \$84 in the second quarter of 2022 versus the second quarter of 2021.

Product costs of sales for the six-month period ended April 30, 2022 were \$13,489 compared to \$6,471 in the prior year period, an increase of \$7,018 largely due to an increase in material costs of \$3,891. Higher sales and prevailing global supply chain challenges resulted in an increase in freight costs of \$466 and production supplies and equipment of \$189.

Production salaries and wage expense, excluding the impact of CEWS funding, increased \$548 during the six-month period ended April 30, 2022 compared to the prior year period.

There were also higher scrappage and rework costs of \$1,099 in the six-month period ended April 30, 2022 compared to the same period in the prior year. Scrappage costs in fiscal 2022 were impacted by replacement of certain customers' older generation product with current models.

Cost of Sales Service

Service cost of sales increased by \$457 or 20% in the second quarter compared to the prior year quarter. The increase is primarily a result of higher connectivity and data costs of \$118 driven by the increased user base and associated higher service revenue in the second quarter as well as increased spending on security. Salaries expense for our SOC team members and the product development support team also increased proportionately in size to support greater revenue from a higher volume of connected customers across new verticals and geographic markets. Salaries and wage expense, excluding CEWS increased \$138 in the second quarter compared to the prior year quarter.

Depreciation on owned cartridges and leased units increased \$121 in the second quarter compared to the prior year quarter as a result of the growth in the number of owned cartridges in use by our customers.

Service cost of sales were \$5,397 during the six-months ended April 30, 2022 compared to \$4,365 in the prior year period, an increase of \$1,032. This increase is due to an increase in connectivity and data costs of \$353. Salaries and wage expense, excluding CEWS increased \$247 in the six-months ended April 30, 2022 compared to the prior year period.

During the six-months ended April 30, 2022, depreciation on owned cartridges and leased units increased \$258 compared to the same period in the prior year.

Gross Margin

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Product	988	1,136	(13)	1,693	1,930	(12)
Service	6,074	4,827	26	11,755	9,587	23
Gross margin	7,062	5,963	18	13,448	11,517	17
Product gross margin percentage ⁽¹⁾	13%	25%		11%	23%	
Service gross margin percentage ⁽¹⁾	69%	68%		69%	69%	
Gross margin percentage⁽¹⁾	42%	51%		42%	52%	

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

Total gross margin for the second quarter was \$7,062 compared to \$5,963 in the prior year quarter. This represented a total gross margin percentage of 42%, a 9% decrease compared to the prior year period. The decrease in total gross margin percentage is due to the sales mix with product revenue comprising 47% of total revenue in the second quarter of 2022 compared to 39% in the second quarter of 2021.

Product gross margin percentage, at 13%, was adversely impacted by ongoing global supply challenges which caused the Company to source components from alternative suppliers at higher prices, as well as incur higher than normal freight charges in the second quarter of 2022. Increases in salaries for our production team and higher rework costs also affected product gross margin for the period. There was no CEWS recorded in the second quarter impacting gross margin compared to the prior year quarter, when the impact of CEWS improved product gross margin percentage by 2% to 25% from 23%.

Service gross margin percentage improved by 1% to 69% in the second quarter of 2022 compared to the prior year quarter as service revenue continued to grow, absorbing more fixed cost of sales. There was no CEWS recorded in the second quarter impacting gross margin compared to the prior year quarter, when the impact of CEWS improved service gross margin percentage by 1% to 68% from 67%.

Total gross margin for the six-months ended April 30, 2022, increased \$1,931 or 17% to \$13,448 from \$11,517 in the same period in the prior year. Total gross margin percentage decreased by 10% due to the sales mix with product revenue comprising 47% of total revenue in the current period compared to 38% in the prior year period.

Product gross margin percentage was 11% for the six-months ended April 30, 2022 as a result of an increasingly challenging supply chain environment for hardware manufacturers. The impact of CEWS improved product gross margin percentage by 3% to 23% from 20% in the prior year comparative period.

Service gross margin percentage remained consistent at 69% for the six-months ended April 30, 2022. The impact of CEWS improved service gross margin percentage by 1% to 69% from 68% in the prior year comparative period.

Expenses

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
General and administrative expenses	6,226	4,662	34	11,161	7,002	59
Sales and marketing expenses	8,960	5,510	63	17,838	9,809	82
Product research and development costs	6,329	4,040	57	11,598	7,364	57
Foreign exchange (gain)/loss	(1)	229	100	241	770	(69)
Total expenses	21,514	14,441	49	40,838	24,945	64
General and administrative expenses as a percentage of revenue ⁽¹⁾	37%	40%		35%	31%	
Sales and marketing expenses as a percentage of revenue ⁽¹⁾	54%	47%		55%	44%	
Product research and development costs as a percentage of revenue ⁽¹⁾	38%	35%		36%	33%	
Foreign exchange (gain)/loss as a percentage of revenue ⁽¹⁾	-	2%		-	3%	
Total expenses as a percentage of revenue⁽¹⁾	129%	124%		126%	111%	

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

General and administrative expenses

General and administrative expenses comprise of the salaries, benefits and stock-based compensation expense for the accounting and finance, enterprise information technology, operational and quality assurance management as well as general management staff and the Board of Directors. These costs also include professional fees, costs for internal systems, the costs of compliance associated with being a public company, amortization of intangible assets, depreciation of certain property and equipment and general corporate expenses.

General and administrative expenses increased due to a number of structural changes across the Company in the last year as well as its overall growth. General and administrative expenses increased \$1,564 or 34% in the second quarter of 2022 to \$6,226 from \$4,662 in the prior year quarter. The quarter included \$194 for advisory, legal and other professional fees that were incurred in relation to the acquisition of Swift Labs (April 30, 2021: \$664 incurred in relation to the acquisition of Wearable Technologies Limited ("WTL")). Excluding the impact of these non-recurring expenses, general and administrative expenses increased \$2,034 or 51% in the second quarter of 2022 compared to the prior year quarter.

We have expanded our operations team to handle increased production volumes including the ramp-up for G6, as well as continuing our focus on product quality, procurement and manufacturing efficiency to address this key aspect of our sustainable growth. As we have accelerated our sales, marketing and product research and development efforts, our corporate team has also expanded to support the continued scaling of the Company. Salaries and wage expense, excluding CEWS for these employees increased \$1,346 during the three-months ended April 30, 2022 compared to the prior year period. Related consulting expenses increased \$583 during the same period.

Building operating costs, rent and insurance increased \$148 due to office space for our WTL subsidiary in Leicester, UK, acquired in February 2021, EU based Backline Safety Europe SAS office in northeastern France, which opened in April 2021, and our Houston office which opened in October 2021. Depreciation expense related to these and other property and equipment increased \$194 during the same period.

Software maintenance and subscription costs increased \$341 in the second quarter compared to the prior year quarter as we added more licenses and functionalities to support additional team members joining Blackline globally.

These increases were offset by a \$874 decrease in stock-based compensation expense as there were no stock options granted to directors and the majority of officers of the Company during the current quarter, compounded by employee forfeitures of stock options previously granted.

During the six-months ended April 30, 2022, general and administrative expenses increased 59% or \$4,159, from \$7,002 to \$11,161 from the prior year comparable period. Salaries and wage expense, excluding CEWS increased \$2,605 period-over-period as our corporate and operations team expanded. Related consulting expenses increased \$765 period-over-period.

Building operating costs, rent and insurance increased \$339 period-over-period with related depreciation expense increasing \$326.

Also contributing to the increase in general and administrative expenses in the six-months ended April 30, 2022 compared to the prior year period were additional public reporting, professional and audit fees of \$312, as a result of the Company graduating to the Toronto Stock Exchange in June 2021.

Software maintenance and subscriptions increased \$690. These increases were offset by lower stock-based compensation expense of \$1,181 as there were no stock options granted to directors and the majority of officers during the period, compounded by employee forfeitures of stock options previously granted.

Sales and marketing expenses

Sales and marketing expenses include the salaries, commissions, benefits and stock-based compensation expense of the sales, marketing, business development, customer care and sales support staff as well as travel costs, selling and marketing expenses and supporting contractors and consultants' professional fees.

Sales and marketing expenses for the second quarter of 2022 increased \$3,450 or 63% from \$5,510 to \$8,960, compared to the prior year quarter. The increase is primarily due to increases in salaries of new hires, including our customer care, demand generation and distribution teams to fuel our commercial engine. The increase in salaries and wage expenses excluding CEWS for the sales and marketing team was \$1,685 during the three-months ended April 30, 2022 compared to the same period in 2021.

Also contributing to the overall increase of sales and marketing expenses during the second quarter of 2022 were distributor and sales commissions of \$1,119 in the quarter compared to \$413 in the prior year quarter, an increase of \$706 due to higher product revenue in the same period.

Subscription costs increased \$101 in the second quarter compared to the prior year quarter as we added more licenses and functionalities to support additional sales and marketing team members joining Blackline globally.

Continued easing of global COVID-19 restrictions resulted in higher sales and business development travel and tradeshow costs. Tradeshow costs increased by \$162 while travel and meals and entertainment related costs increased by \$398 during the second quarter of 2022 compared to the prior year quarter.

During the six-months ended April 30, 2022, sales and marketing expenses increased \$8,029 or 82% to \$17,838 from \$9,809 compared to the prior year comparable period. The increase was largely due to additional salaries for the expanded sales and marketing team. Salaries and wage expense, excluding CEWS increased by \$4,445, which was partially offset by lower advertising costs of \$222.

Also contributing to the overall increase of sales and marketing expenses during the six-months ended April 30, 2022 were distributor and sales commissions of \$2,236 compared to \$864 in the prior year.

Other drivers of increased sales and marketing costs in the six-months ended April 30, 2022 included higher subscription costs of \$337. As global restrictions eased, there were increased tradeshow costs of \$445 and higher travel and meals and entertainment related costs of \$844 during the first six months of fiscal 2022 compared to the prior year period.

Product research and development costs

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

Product research and development costs increased \$2,289 or 57% during the second quarter of 2022 to \$6,329 from \$4,040 in the prior year comparable quarter. Salaries and wage expense excluding CEWS increased \$1,726 during the three-months ended April 30, 2022 compared to the prior year period as the Company retained and attracted resources with the required skill and knowledge for our research and development activities in a competitive market. As the product research and development team expanded, recruiting costs increased \$415 in the second quarter of 2022 compared to the second quarter of 2021.

For the three-months ended April 30, 2022, a total of \$452 of product research and development costs were incurred as part of WTL's continued development of the G5, a low power wearable vest style product with cloud connectivity, focused on enhancing productivity in the global construction, rail, ports and other markets.

Product research and development costs increased \$4,234 or 57% during the six-months ended April 30, 2022 to \$11,598 from \$7,364 in the prior year period. Salaries and wage expense excluding CEWS increased \$2,992 during the six-months ended April 30, 2022 compared to the prior year period, with associated recruiting costs increasing \$655 period-over-period.

The increase in product research and development costs was further driven by the increase in software maintenance and subscription costs of \$377 as we advanced our G6, a single-gas wearable safety monitor, towards its launch later this fiscal year and enhanced the capabilities and security of our supporting platform for the Blackline Live portal. This was partially offset by lower consulting costs of \$281.

Amortization charges increased \$113 during the six-months ended April 30, 2022 compared to the prior year comparable period due to additional certification and patent costs that have been capitalized over the last twelve months.

For the six-months ended April 30, 2022, \$1,155 of product research and development costs are directly attributable to WTL. This was offset by \$367 in research and development expenditure credit received in the first quarter of 2022 from the UK government.

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

(CAD thousands)	Three-months ended April 30,						
	2022			2021			Change in CEWS funding %
	Salaries and wage expense	CEWS funding	Salaries and wage expense, excluding CEWS ⁽¹⁾	Salaries and wage expense	CEWS funding	Salaries and wage expense, excluding CEWS ⁽¹⁾	
Product cost of sales	912	-	912	517	104	621	(100)
Service cost of sales	528	-	528	348	42	390	(100)
General and administrative expenses	2,312	-	2,312	913	53	966	(100)
Sales and marketing expenses	4,739	-	4,739	2,833	221	3,054	(100)
Product research and development costs	3,559	-	3,559	1,698	135	1,833	(100)
Total	12,050	-	12,050	6,309	555	6,864	(100)

(CAD thousands)	Six-months ended April 30,						
	2022			2021			Change in CEWS funding %
	Salaries and wage expense	CEWS funding	Salaries and wage expense, excluding CEWS ⁽¹⁾	Salaries and wage expense	CEWS funding	Salaries and wage expense, excluding CEWS ⁽¹⁾	
Product cost of sales	1,871	-	1,871	1,064	259	1,323	(100)
Service cost of sales	1,065	-	1,065	712	106	818	(100)
General and administrative expenses	4,304	-	4,304	1,567	132	1,699	(100)
Sales and marketing expenses	9,836	-	9,836	4,871	520	5,391	(100)
Product research and development costs	6,431	-	6,431	3,090	349	3,439	(100)
Total	23,507	-	23,507	11,304	1,366	12,670	(100)

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

Foreign exchange gain or loss

Total net realized and unrealized foreign exchange gain was \$1 in the second quarter of 2022 compared to a loss of \$229 in the prior year comparable quarter. The Canadian dollar ended the second quarter at 1.28 USD/CAD, 1.62 GBP/CAD and 1.36 EUR/CAD compared to 1.24 USD/CAD, 1.70 GBP/CAD and 1.44 EUR/CAD at October 31, 2021. The average exchange rates of 1.66 GBP/CAD and 1.39 EUR/CAD during the second quarter of 2022 were stronger than the same period in 2021 when they averaged 1.74 GBP/CAD and 1.50 EUR/CAD, while the average exchange rate of 1.27 USD/CAD was weaker than the same period in 2021 at 1.25 USD/CAD.

During the six-months ended April 30, 2022, total net realized and unrealized foreign exchange loss was \$241 compared to a loss of \$770 during the same period of the prior year. The average exchange rates of 1.26 USD/CAD, 1.68 GBP/CAD and 1.41 EUR/CAD during the six-months ended April 31, 2022 was stronger than the same period in 2021 when they averaged 1.27 USD/CAD, 1.74 GBP/CAD and 1.53 EUR/CAD.

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

Finance income, Net

Finance income, net of finance expenses was \$57 and \$122 for the three and six-months ended April 30, 2022. This was compared to \$35 and \$105 in the comparable prior year periods. The increase was due to higher finance lease interest revenue as revenue from finance leases increased, partially offset by lower interest rates obtained from the Company's chartered banks on its short-term investments compared to those available during prior year periods as well as a lower base of funds held for investment.

Net loss, EBITDA, and Adjusted EBITDA

Net loss was \$14,543 and \$27,416 for the three and six-months ended April 30, 2022 compared to \$8,558 and \$13,442 in the same periods of 2021. The increased net loss in the periods is due primarily to increases in general and administrative expenses, sales and marketing expenses and product research and development costs, offset by an increase in gross margin. The increase in net loss was also impacted by CEWS of \$nil recorded for the three and six-months ended April 30, 2022 compared to \$555 and \$1,366 for the same periods of 2021.

EBITDA was (\$12,833) and (\$24,256) for the three and six-months ended April 30, 2022 compared to (\$7,204) and (\$11,067) in the same periods of 2021. The decrease in EBITDA is primarily due to increases in total expenses, offset by increased gross margin compared to the prior year comparable periods.

Adjusted EBITDA was (\$6,364) and \$(12,731) for the three and six-months ended April 30, 2022 compared to (\$1,455) and (\$1,815) in the same periods of 2021. The decrease in Adjusted EBITDA is a result of increases in general and administrative expenses and sales and marketing expenses, offset by increased gross margin compared to the prior year comparable periods.

Total Assets and Liabilities

(CAD thousands)	April 30, 2022	October 31, 2021	% Change
Total assets	96,067	109,303	(12)
Total liabilities	47,755	35,965	33

Blackline's total assets as at April 30, 2022 were \$96,067 compared to \$109,303 as at October 31, 2021. The decrease in total assets as at April 30, 2022 compared to the prior year end is primarily due to a \$24,478 or 45% decrease in cash, cash equivalents and short-term investments.

Trade and other receivables as at April 30, 2022 totaled \$22,900, compared to \$23,609 as at October 31, 2021, a decrease of \$709. This decrease is primarily due to lower trade receivables as a result of an improvement in collections during the period.

Inventory totalled \$17,518 as at April 30, 2022 compared to \$12,710 at the prior year end. Material parts inventory increased to \$10,124 from \$7,173 at the prior year end with finished goods, comprised of finished and packaged units, increasing to \$7,394 from \$5,537. The growth in inventory is a result of proactive management of material levels as a result of ongoing global supply chain challenges, the build for G6, G7 and G7 EXO to meet increased anticipated orders in 2022, and higher stocking requirements for the Company's subsidiaries in the UK and France.

Total contract assets, consisting of current and non-current costs related to the fulfilment of G7 lease contracts, were \$1,755 compared to \$1,312 at October 31, 2021. The increase is largely due to the timing of recognition for distributor commissions related to the product component of G7 lease contracts over the course of the contract term in the condensed consolidated statements of loss and comprehensive loss.

Property and equipment at April 30, 2022 was \$11,734 compared to \$9,866 at the prior year end. There were net additions of \$901 in surface mount technology ("SMT") and manufacturing equipment as the Company enhanced its manufacturing capacity to meet anticipated demand, including the launch of its high-volume G6 product line later in 2022. There were also net additions of \$1,254 in rental equipment as the Company's product rental program continues to expand to accommodate the demand for our global customers' diverse safety project needs.

Intangible assets were \$2,307 at April 30, 2022, consistent with \$2,417 at October 31, 2021.

Right-of-use assets of \$2,065 at April 30, 2022 compared to \$2,234 at October 31, 2021, represent the lease obligations that have been entered into by the Company, the majority of which relate to the lease agreements for the Company's offices in Calgary, Canada and its international locations in the UK, US and EU.

Goodwill in the amount of \$4,883 at April 30, 2022 is related to the acquisition of Swift Labs. The goodwill is composed of expected synergies in utilizing Swift Labs engineering expertise in the Company's product offerings and integrating an assembled workforce that does not qualify for separate recognition as an intangible asset in the condensed consolidated statements of financial position.

Total liabilities as at April 30, 2022 were \$47,755 compared to \$35,965 as at October 31, 2021. Total current liabilities at April 30, 2022 were \$37,406 from \$28,147 at October 31, 2021. Accounts payable and other accrued liabilities increased to \$19,192 from \$14,566 at October 31, 2021 due to timing of payment of the Company's expenditures at the end of each fiscal period. The current portion of warranty provision increased to \$1,126 from \$1,018 as a higher number of devices were sold under warranty in the current period. The current portion of the Company's deferred revenue, whereby customers commit to service plans that are paid in advance, was \$15,385 at April 30, 2022 compared to \$10,859 at October 31, 2021. The increase is a result of new service revenue contracts, which have been paid in advance during the period, net of the revenue being recognized.

The current portion of contract liabilities which represent the Company's obligations to pay commission to third-party distributors who assist with the fulfilment of G7 lease contracts was \$836 compared to \$920 at the prior year end.

The current portion of the Company's lease liabilities was \$867 at April 30, 2022 which increased from \$784 at the prior year end due to additional space leased at the Company's French office and additional leases of vehicles and office equipment.

Total non-current liabilities as at April 30, 2022 were \$10,349 compared to \$7,818 as at October 31, 2021. The non-current liabilities include the non-current portions of warranty provision, deferred revenue and contract liabilities. The non-current portion of warranty provision was \$542 as at April 30, 2022 compared to \$555 at the prior year end. The non-current portion of the Company's deferred revenue increased to \$7,311 as at April 30, 2022 from \$5,008 at the prior year end, which reflects the timing of when the deferred revenue from new service sales, which are paid in advance, will be earned. The non-current portion of contract liabilities was \$1,138 as at April 30, 2022 compared to \$665 at the prior year end.

The non-current portion of the Company's lease liabilities as at April 30, 2022 decreased to \$1,358 from \$1,590 at the prior year end due to the timing of future payments for the Company's leases.

Proceeds of Share Issuances

On October 19, 2021, the Company closed a bought deal short-form prospectus offering for an aggregate of 5,480,000 common shares at an issue price of \$7.30 per common share for gross proceeds of \$40,004. After deduction of broker and other fees the net proceeds from the bought deal short-form prospectus were \$37,614. The Company invested \$6,000 of the funds raised in notice term deposits and short-term investments and as at April 30, 2022, \$2,000 of these funds remain invested in notice term deposits.

On September 2, 2020, the Company closed an underwritten private placement of 6,000,000 common shares of the Company at an issue price of \$6.00 per common share for aggregate gross proceeds of \$36,000 (the "September 2020 Brokered Private Placement"). After deduction of broker and other fees the net proceeds from the September 2020 Brokered Private Placement were \$33,638. The Company invested \$15,000 of the funds raised in short-term investments and as at April 30, 2022, \$8,047 of these funds remain invested in short-term investments.

Summary of Quarterly Results

The following table highlights total revenue, gross margin percentage, net loss, net loss per common share, Adjusted EBITDA and Adjusted EBITDA per common share amounts for the eight most recently completed quarters ended April 30, 2022. These have been prepared in accordance with IFRS, with the non-GAAP and supplementary financial measures captioned below, and are presented in Canadian dollars which is the presentation and functional currency of the Company.

(CAD thousands, except per share and percentage amounts)	2022			2021			2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	16,665	15,670	19,266	12,693	11,675	10,678	11,550	9,437
Gross margin percentage ⁽¹⁾	42	41	47	46	51	52	56	53
Net loss	(14,543)	(12,873)	(9,606)	(10,257)	(8,558)	(4,884)	(1,804)	(1,762)
Net loss per common share	(0.24)	(0.21)	(0.17)	(0.19)	(0.16)	(0.09)	(0.04)	(0.04)
Adjusted EBITDA ⁽¹⁾	(6,364)	(6,367)	(3,447)	(4,539)	(1,455)	(360)	2,234	1,448
Adjusted EBITDA per common share ⁽¹⁾	(0.11)	(0.11)	(0.06)	(0.08)	(0.03)	(0.01)	0.04	0.03

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

Fiscal Year 2022

The increase in revenue in the second quarter of fiscal 2022 compared to the first quarter of fiscal 2022 relates to higher product and service revenue. The increase in gross margin percentage in the second quarter of fiscal 2022 compared to the first quarter of fiscal 2022 was due to higher product and service gross margins. The increase in net loss in the second quarter of fiscal 2022 compared to the first quarter of fiscal 2022 was a result of higher general and administrative, sales and marketing and product research and development expenses, offset by higher gross margin. Adjusted EBITDA period-over-period was consistent.

The decrease in revenue in the first quarter of fiscal 2022 compared to the fourth quarter of fiscal 2021 relates predominantly to lower product revenues, partially offset by increased service revenue. The decrease in gross margin percentage in the first quarter of fiscal 2022 compared to the fourth quarter of fiscal 2021 was due to lower product and service margins. The increase in net loss and decline in Adjusted EBITDA in the first quarter of fiscal 2022 compared to the fourth quarter of fiscal 2021 was a result of lower gross margin, higher general and administrative expenses, foreign exchange losses compared to foreign exchange gains in the fourth quarter of fiscal 2021, offset by lower sales and marketing expenses. Net loss was further impacted by higher product research and development costs in the first quarter of fiscal 2022 compared to the fourth quarter of fiscal 2021.

Fiscal Year 2021

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

The increase in product revenue in the third quarter compared to the second quarter of fiscal 2021 is a result of the continued expansion in our sales and marketing team in late 2020 and early fiscal 2021 which led to increased sales of Blackline's core G7 product line as well as the newly introduced G7 EXO. Service revenue increased in the third quarter compared to the second quarter of 2021, as a result of new device activations by end-users of Blackline's devices. The decrease in gross margin percentage in the third quarter of fiscal 2021 compared to the second quarter of fiscal 2021 was due to lower product margin. The increase in net loss in the third quarter compared to the second quarter of fiscal 2021 resulted from lower gross margin, increased sales and marketing and product research and development costs, offset by a nominal decrease in general and administrative expenses. The decline in Adjusted EBITDA in the third quarter compared to the second quarter of fiscal 2021 resulted from lower gross margin and increased sales and marketing expenses, which were partially offset by lower general and administrative expense.

The increase in product revenue in the second quarter of fiscal 2021 compared to the first quarter of fiscal 2021 is a result of expansion in our sales and marketing team in late fiscal 2020 and early fiscal 2021 which led to increased sales of Blacklines core G7 product line as well as the newly introduced G7 EXO. The second quarter of fiscal 2021 also saw the first sales in the EU for our new wholly owned subsidiary Blackline Safety Europe SAS. Service revenues increased versus the consecutive quarter due to the new service activations by end-users of our devices during the first and second fiscal quarters of 2021. The increase in net loss in the second quarter compared to the first quarter of fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses and product research and development costs, which were partially offset by an increase in gross margin. The decline in Adjusted EBITDA in the second quarter from the first quarter of fiscal 2021 resulted from increased general and administrative expenses, sales and marketing expenses, which were partially offset by an increase in gross margin.

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

Fiscal Year 2020

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

Liquidity and Capital Resources

The Company's primary requirements for capital are to fund the development of enhanced product offerings and for general working capital requirements. Blackline finances these activities primarily through short-term investments, cash flows from operations, funds from equity financing, a bank demand operating line of credit facility and government assistance in the form of repayable debt.

Blackline had cash and cash equivalents of \$21,992 as at April 30, 2022. Cash and cash equivalents decreased \$6,974 and \$12,441 during the three and six-month periods ended April 30, 2022 compared to decreases of \$7,322 and \$12,004 during the prior year comparable periods.

(CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	Change %	2022	2021	Change %
Cash provided by (used in) operating activities	(8,682)	(5,346)	(62)	(17,484)	(9,512)	(84)
Cash provided by (used in) financing activities	(69)	448	(115)	(34)	593	(106)
Cash provided by (used in) investing activities	1,914	(1,883)	202	4,517	(3,023)	249
Effect of foreign exchange	(137)	(541)	75	560	(62)	1,003
Total net increase (decrease) in cash and cash equivalents	(6,974)	(7,322)	5	(12,441)	(12,004)	(4)

Operating activities during the three and six-months ended April 30, 2022 used \$8,682 and \$17,484 of cash, respectively (April 30, 2021: \$5,346 and \$9,512, respectively). The increase in cash used was a result of a larger net loss for the period, excluding greater non-cash charges of depreciation and amortization, and lower stock-based compensation. This was offset by changes in non-cash working capital of \$4,035 and \$6,616 for the three and six-months ended April 30, 2022 respectively, (April 30, 2021: \$712 and \$131, respectively).

Improvements to changes in non-cash working capital for the three-months ended April 30, 2022 compared to the prior year quarter was primarily due to the net change of trade and other receivables of \$2,267 and accounts payable and other accrued liabilities of \$2,425 as we proactively worked with customers and suppliers to improve our working capital turnover (April 30, 2021: \$1,251 and \$648, respectively). This was offset by increasing inventory build using \$2,564 of cash compared to \$1,548 in the prior year quarter as a result of inventory management during the current global supply chain challenges.

Improvements to changes in non-cash working capital for the six-months ended April 30, 2022 compared to the prior year comparative period was primarily due to the net change of trade and other receivables of \$1,995 and accounts payable and other accrued liabilities of \$4,092 (April 30, 2021: (\$1,501) and \$1,563, respectively). This was offset by increasing inventory build using \$5,036 of cash compared to \$1,914 in the prior year period.

Financing activities for the three and six-months ended April 30, 2022 used \$69 and used \$34 of cash, respectively (three and six-months ended April 30, 2021 provided \$448 and \$593 of cash, respectively). During the three and six-months ended April 30, 2022, net proceeds of \$170 and \$410 were raised through the exercise of stock options compared to \$597 and \$882 in the prior year comparable periods. Lease liability repayments of \$239 and \$444 were made during the three and six-months ended April 30, 2022, compared to \$149 and \$289 in the prior year comparable periods.

Investing activities for the three and six-months ended April 30, 2022 provided cash of \$1,914 and \$4,517 (three and six-months ended April 30, 2021 used cash of \$1,883 and \$3,023, respectively). There were purchases of short-term investments in the three and six-months ended April 30, 2022 totaling \$nil compared to \$15,040 and \$22,050 in the prior year comparable periods. These purchases were offset by redemptions of short-term investments in the three and six-months ended April 30, 2022 of \$8,036 and \$12,036, respectively (April 30, 2021: \$15,010 and \$22,010, respectively).

Net finance income from the Company's cash and cash equivalents and short-term investments for the three and six-months ended April 30, 2022 were \$37 and \$38, respectively (April 30, 2021: \$27 and \$70, respectively). During the three and six-months ended April 30, 2022, the Company incurred capital expenditures of \$2,915 and \$4,445 respectively, primarily for property and equipment additions of rental equipment, SMT and manufacturing equipment. Capital expenditures totaling \$929 and \$2,001 for the three and six-months ended April 30, 2021 were primarily for property and equipment additions of cartridges and computer equipment for our expanded workforce.

During the three and six-months ended April 30, 2022, the Company purchased all of the outstanding shares of Swift Labs for \$2,987 of cash (April 30, 2021: purchased all of the outstanding shares of WTL for \$878 of cash).

Total short-term investments held as at April 30, 2022 amounted to \$8,046 compared to \$20,083 at October 31, 2021. The short-term investments were comprised of fixed interest rate guaranteed investment certificates with a Canadian chartered bank. The total cash and cash equivalents and short-term investments at April 30, 2022 was \$30,038 (October 31, 2021: \$54,516).

(CAD thousands)	April 30, 2022	October 31, 2021	% Change
Current assets	69,156	90,652	(24)
Current liabilities	(37,406)	(28,147)	33
Working capital	31,750	62,505	(49)

Working capital at April 30, 2022 was \$31,750 compared to \$62,505 at the prior year end, a decrease of \$30,755. The decrease was mainly due to lower cash, cash equivalents and short-term investments, increases in accounts payable and other accrued liabilities and deferred revenue, offset by an increase in inventory.

Blackline continued to proactively manage its exposure to shortages of components for its devices in inventory as we built up our stock on hand by \$4,808 for the period ended April 30, 2022 to mitigate against current global supply chain challenges and meet anticipated demand for the rest of 2022.

The Company has a demand operating line of credit ("loan facility") of up to \$15,000 with a Canadian chartered bank. The loan facility bears interest at the Canada prime rate plus 1.97% for CAD advances or US base rate plus 1.97% for U.S. dollar advances. The borrowing base for the operating line of credit is determined using a formula driven by the Company's monthly recurring revenue. The loan facility also includes a credit card facility and a facility for the sale or purchase of foreign currencies and other treasury products.

The loan facility includes general covenants and a cash to cash burn financial covenant, tested quarterly, that shall not at any time be below 12.00 to 1.00. The Company was in compliance with all covenants as at April 30, 2022.

The loan facility is secured, including by a general security agreement creating a first priority security interest in all present and after acquired personal property of the Blackline Safety Corp. and its subsidiaries Blackline Safety Europe Ltd., Blackline Safety Europe SAS and Wearable Technologies Limited. The loan facility was not drawn against as at April 30, 2022.

The Company utilized the Government of Canada's CEWS program that was available to any employer, subject to eligibility criteria, whose business had been adversely affected by COVID-19. The Company received wage subsidy funding of \$555 and \$1,366 for payroll related expenses for the three and six-months ended April 30, 2021 which has been recorded as a reduction in related payroll expenses on the condensed consolidated statements of loss and comprehensive loss.

The Company also utilized the Government of Canada's Canada Emergency Rent Subsidy ("CERS") program, which was available to qualifying tenants, subject to eligibility criteria, whose business had been adversely affected by COVID-19. The Company received rent subsidy funding of \$37 and \$102 for the three and six-months ended April 30, 2021 which has been recorded as a reduction in related rent expenses on the condensed consolidated statements of loss and comprehensive loss.

The CEWS and CERS programs ended on October 23, 2021 and no additional funding was received during the three and six-months ended April 30, 2022.

Capital Management

Management's objective is to maintain sufficient cash and cash equivalents and short-term investments to finance operations and minimize dilution to shareholders. The Company's ongoing development program requires funding for wages, tooling and product certifications during the development process. To meet these development-based capital requirements, in addition to the loan facility and focusing on improving cash flow from operating activities, the Company continues to consider multiple levels of equity and debt financing, government grants and funding arrangements. Such arrangements, including wage programs to cover the cost of hiring new developers, can assist the Company in meeting its liquidity objective.

Management believes they have sufficient funds to support the growth of the Company and to fund its development activities. No assurance can be given that the Company will achieve all or part of its liquidity objective, that sufficient funds will be generated internally or that financing from outside sources, if needed, will be available.

There are no significant capital expenditure commitments at April 30, 2022, other than the manufacturing of owned modular cartridges used in the G7 connected suite of technologies and which generate service revenue for the Company. These budgetary commitments will be funded primarily through cash flows from operations.

Contractual Obligations

The Company has various commitments to minimum inventory purchases and has contracted for the services of certain third parties. Since October 31, 2021, Blackline renewed its purchase commitment with a service provider for a total value of \$459. There were no other material changes in the specified contractual obligations during the period ended April 30, 2022.

Off-Balance Sheet Arrangements

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

Related Party Transactions

There were no transactions between the Company and related parties for the three and six-month periods ended April 31, 2022 and 2021.

Acquisition of Swift Labs

On March 31, 2022, the Company acquired 100% of the shares of Swift Labs, a Canadian based Internet of Things design and engineering consulting firm. The fair value of consideration of \$4,541 consisted of \$3,200 cash paid on the closing date, net of note payable acquired, and 270,776 common shares, at a fair value of \$5.74 per share, which is based on the quoted price of the common shares on the TSX on the closing date.

Transaction costs related to due diligence fees, legal costs, advisory fees and other professional fees for the three and six-months ended April 30, 2022 amounting to \$194 were incurred in relation to the acquisition. The amounts have been included in general and administrative expenses in the Company's condensed consolidated statements of loss and comprehensive loss.

The results of operations of Swift Labs have been consolidated with those of the Company from March 31, 2022. The acquisition has been accounted for as a business combination in accordance with IFRS 3 Business Combination, using the acquisition method whereby the assets acquired and liabilities assumed are recorded at fair value.

Critical Accounting Judgments and Estimates

There were no changes to or additional use of critical accounting judgements and estimates for the period ended April 30, 2022. Further information on the Company's critical accounting judgements and estimates can be found in the notes to the annual consolidated financial statements and MD&A for the year ended October 31, 2021.

Changes in Accounting Policies Including Initial Adoption

New Accounting Policies Adopted by the Company

There were no new or amended standards that became applicable and were adopted by the Company for the period ended April 30, 2022.

New Accounting Policies Not Yet Adopted by the Company

There were no significant new accounting standards or interpretations issued during the period ended April 30, 2022.

Internal Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures and internal control over financial reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as at April 30, 2022, the design of our disclosure controls and procedures and internal control over financial reporting were effective. There were no changes in our internal control over financial reporting during the period beginning on February 1, 2022 and ended April 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Financial Instruments

Blackline held the following financial instruments as at April 30, 2022 fiscal period end:

Financial Assets

The financial assets held by the Company consisted of cash and cash equivalents, short-term investments and trade and other receivables. These financial assets are initially measured at fair value with any subsequent changes in measurement being at amortized cost. The carrying amounts of these financial assets are not considered to be significantly different to their fair values due to the instruments' short-term nature.

Financial Liabilities

The financial liabilities held by the Company consisted of accounts payable and other accrued liabilities, contract liabilities and lease liabilities. These financial liabilities are initially measured at fair value with any subsequent changes in measurement being at amortized cost. The carrying amounts of these financial liabilities are not considered to be significantly different to their fair values due to the instruments' short-term nature.

The Company's risk exposure associated with these financial instruments and the strategies used to manage these risks are disclosed in note 3 b) of the April 30, 2022 condensed consolidated interim financial statements of the Company. The amounts, timing and certainty of future cash flows associated with those financial instruments are also disclosed in this note. Blackline does not have any financial assets or liabilities that are measured subsequently at fair value, either through other comprehensive income or through profit or loss, or derivative financial instruments used for hedging.

Outstanding Share Data

Blackline had 60,620,104 common voting shares issued and outstanding as at June 10, 2022. The following share options were outstanding at that date:

Share Option Exercise Price	Share Options Outstanding
\$4.25	791,584
\$4.40	440,500
\$5.26	1,301,584
\$5.50	655,142
\$5.84	10,000
\$6.05	192,500
\$6.55	115,000
\$8.00	590,000
\$8.50	390,750
\$8.93	200,000
Total	4,687,060

Outlook

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

Throughout the second quarter of fiscal 2022, the Company's investments in its sales and marketing capabilities allowed Blackline to grow its revenue 43% year-over-year. We expect continued sales momentum and strong growth trajectory for the rest of the fiscal year as we pursue the transformation of the industrial workplace into a connected one.

The Company continued its investment in product research and development to accelerate its product commercialization. Ongoing supply chain constraints, inflation and geopolitical uncertainty has resulted in the Company rescheduling the launch of its G6 zero-maintenance wearable to the fourth fiscal quarter of 2022. This single-gas wearable safety monitor will open Blackline's connected safety technology to hundreds of thousands more industrial workers. Our WTL subsidiary continued its development of the G5, with the launch of this product also deferred for similar reasons to the latter half of fiscal 2023. The G5 is a low-power wearable vest style product with cloud connectivity, focused on enhancing productivity in the global construction, rail, ports and other markets.

The Company continues to monitor current market conditions and will manage its capital structure and liquidity risk in order to fund its product roadmap and execute its strategy for growth.

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

Non-GAAP and Supplementary Financial Measures

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

Non-GAAP Financial Measures

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

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

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

“**Adjusted EBITDA**” is useful to securities analysts, investors and other interested parties in evaluating operating performance by presenting the results of the Company on a basis which excludes the impact of certain non-operational items, product research and development costs related to new and existing products, which enables the primary readers of the MD&A to evaluate the results of the Company such that it was operating without any expenditures in product research and development, and certain non-cash and non-recurring items, such as stock compensation expense, that the Company considers appropriate to adjust given the irregular nature and relevance to comparable companies. Adjusted EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product research and development costs and non-recurring impact transactions, if any. The Company considers an item to be non-recurring when a similar revenue, expense, loss or gain is not reasonably likely to occur within the next two years or has not occurred during the prior two years.

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

Reconciliation of non-GAAP financial measures (CAD thousands)	Three-months ended April 30,			Six-months ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Net loss	(14,543)	(8,558)	70	(27,416)	(13,442)	104
Depreciation and amortization	1,619	1,274	27	3,134	2,361	33
Finance income, net	(57)	(35)	63	(122)	(105)	16
Income taxes	148	115	29	148	119	24
EBITDA	(12,833)	(7,204)	(78)	(24,256)	(11,067)	(119)
Product research and development costs, net of depreciation, amortization and stock-based compensation expense ⁽¹⁾	5,965	3,633	64	10,964	6,807	61
Stock-based compensation expense ⁽²⁾	310	1,452	(79)	367	1,781	(79)
Other non-recurring impact transactions	194	664	(71)	194	664	(71)
Adjusted EBITDA	(6,364)	(1,455)	(337)	(12,731)	(1,815)	(601)

(1) Product research and development costs exclude depreciation and amortization, as well as stock-based compensation relating to product research and development is excluded and adjusted in the subsequent line as defined below.

(2) Stock-based compensation expense relates to the Company's stock compensation plan and stock option expense extracted from cost of sales, general and administrative expenses, sales and marketing expenses and product research and development costs on the condensed consolidated statements of loss and comprehensive loss.

Non-GAAP Ratios

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

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

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

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

Supplementary Financial Measures

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

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

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

Forward Looking Statements

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "targeting", "will" and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding the duration and magnitude of the impact of COVID-19 on the Company's current rate of growth, Blackline's business plan and focus; the results, including but not limited to the functionality and benefits of the use of Blackline's products, technologies and hardware enabled software as a service; the focus of WTL and the offerings thereof, including the G5, which is scheduled to launch in the latter half of fiscal 2023; future operating lease and associated service revenue, undiscounted payments under non-cancellable finance lease contracts; anticipated orders for G6, G7 and G7 EXO; the results of Blackline's building up stock on hand; the Company's expectation that it will continue to pursue multiple levels of equity and debt financing, government grants and funding arrangements and the results thereof; management's belief that the Company has sufficient funds to support the growth of the Company and to fund its development activities; the financing of the Company's working capital and capital expenditure commitments; the Company's expectation that it will continue sales momentum and strong growth trajectory for the rest of the fiscal year as it pursues the transformation of the industrial workplace into a connected one; accelerating its product commercialization with bringing G6 to market in the fourth fiscal quarter of 2022, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities, expanding our work with leading brands around the world; and the Company's ability to grow its market position in connected safety. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, development and commercialization of products, (ii) the ability to execute partnerships and corporate alliances, (iii) uncertainties relating to the regulatory approval process, (iv) the ability to develop plant lines and manufacturing processes that result in competitive advantage and commercial viability, (v) the ability to develop enhanced products and software in a cost-effective and timely manner, (vi) the impact of competitive products and pricing and the ability to successfully compete in the targeted markets, (vii) the ability to attract and retain key personnel and key collaborators, (viii) the ability to adequately protect proprietary information and technology from competitors, (ix) market and general economic conditions and (x) the impact if a significant disruption to its information technology were to occur. See also risks identified in our Annual Information Form and our Annual MD&A as at October 31, 2021. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

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

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

blacklinesafety

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