blacklinesafety

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX-MONTH PERIODS ENDED APRIL 30, 2025

Blackline Safety Corp.
Condensed Consolidated Statements of Financial Position

(Unaudited, in thousands of CAD)	April 30, 2025	October 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	18,584	16,107
Short-term investments	34,000	27,000
Trade and other receivables (Note 4)	47,918	43,594
Inventory	17,380	16,826
Prepaid expenses and advances	5,304	4,406
Contract assets	1,857	1,755
Total current assets	125,043	109,688
NON-CURRENT ASSETS		
Property and equipment (Note 5)	14,103	14,479
Intangible assets	1,678	1,594
Right-of-use assets	2,220	2,725
Goodwill	4,883	4,883
Contract assets	995	1,039
Other receivables (Note 4)	14,906	12,471
Total non-current assets	38,785	37,191
TOTAL ASSETS	163,828	146,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities (Note 3(b)(iii))	24,467	22,955
Warranty provision	2,029	2,310
Deferred revenue	23,440	21,668
Contract liabilities (Note 3(b)(iii))	2,483	3,757
Lease liabilities (Note 3(b)(iii))	897	907
Securitization facility payable (Note 3(b)(iii) and 7)	—	3,950
Total current liabilities	53,316	55,547
NON-CURRENT LIABILITIES		
Bank indebtedness (Note 3(b)(iii) and 6)	10,064	10,653
Warranty provision	2,212	1,913
Deferred revenue	15,147	14,540
Contract liabilities (Note 3(b)(iii))	970	933
Lease liabilities (Note 3(b)(iii))	1,634	2,025
Securitization facility payable (Note 3(b)(iii) and 7)	—	3,655
Total non-current liabilities	30,027	33,719
TOTAL LIABILITIES	83,343	89,266
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	259,492	230,788
Contributed surplus	12,519	12,268
Accumulated other comprehensive income	8,608	9,857
Deficit	(200,134)	(195,300)
TOTAL SHAREHOLDERS' EQUITY	80,485	57,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	163,828	146,879

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.
Condensed Consolidated Statements of Loss and Comprehensive Loss

	Three-Months Ended April 30,		Six-Months Ended April 30,	
(Unaudited, in thousands of CAD, except per share amounts)	**2025**	**2024**	**2025**	**2024**
Revenue (Notes 9 and 10)				
Product revenue	14,054	14,824	31,853	26,260
Service revenue	21,886	16,756	41,762	31,645
Total revenue	35,940	31,580	73,615	57,905
Cost of sales (Note 10)	13,239	13,550	28,495	25,296
Gross profit (Note 10)	22,701	18,030	45,120	32,609
Expenses (Note 10)				
General and administrative expenses	8,195	6,739	15,403	12,949
Sales and marketing expenses	11,549	10,515	23,061	19,671
Product research and development costs	5,504	5,071	10,436	9,816
Foreign exchange gain (Note 3(b)(i))	(4)	(548)	(1,198)	(743)
Total expenses	25,244	21,777	47,702	41,693
Results from operating activities	(2,543)	(3,747)	(2,582)	(9,084)
Finance income (expense), net (Note 12)	177	(279)	68	(465)
Net loss before income tax	(2,366)	(4,026)	(2,514)	(9,549)
Income tax expense	(1,338)	(241)	(2,320)	(509)
Net loss	(3,704)	(4,267)	(4,834)	(10,058)
Other comprehensive loss:				
Foreign exchange translation (loss) gain on foreign operations	(1,958)	793	(1,249)	928
Comprehensive loss for the period	(5,662)	(3,474)	(6,083)	(9,130)
Loss per common share (Note 14):				
Basic and diluted	(0.04)	(0.06)	(0.06)	(0.14)

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.
Condensed Consolidated Statements of Changes in Equity

(Unaudited, in thousands of CAD)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance as at October 31, 2023	195,652	11,545	8,706	(182,705)	33,198
Net Loss	—	—	—	(10,058)	(10,058)
Foreign exchange translation on foreign operations	—	—	928	—	928
Stock options exercised (Note 8)	276	(110)	—	—	166
Stock-based compensation expense (Notes 8 and 11)	552	244	—	—	796
Balance as at April 30, 2024	196,480	11,679	9,634	(192,763)	25,030
Balance as at October 31, 2024	230,788	12,268	9,857	(195,300)	57,613
Net Loss	—	—	—	(4,834)	(4,834)
Foreign exchange translation on foreign operations	—	—	(1,249)	—	(1,249)
Stock options exercised (Note 8)	1,906	(670)	—	—	1,236
Issued for cash through private placement (Note 8)	26,980	—	—	—	26,980
Share issuance costs (Note 8)	(531)	—	—	—	(531)
Stock-based compensation expense (Notes 8 and 11)	349	921	—	—	1,270
Balance as at April 30, 2025	259,492	12,519	8,608	(200,134)	80,485

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.
Condensed Consolidated Statements of Cash Flows

	Three-Months Ended April 30,		Six-Months Ended April 30,	
(Unaudited, in thousands of CAD)	**2025**	**2024**	**2025**	**2024**
Operating activities				
Net loss	(3,704)	(4,267)	(4,834)	(10,058)
Depreciation and amortization	2,242	1,875	4,337	3,820
Stock-based compensation expense (Note 11)	994	377	1,449	729
Finance (income) expense, net (Note 12)	(392)	176	(876)	174
Unrealized foreign exchange (gain) loss	(84)	30	38	11
Loss on disposals of property and equipment (Note 5)	263	219	448	311
Net changes in non-cash operating items (Note 15)	(1,110)	53	(5,874)	3,058
Net cash used in operating activities	(1,791)	(1,537)	(5,312)	(1,955)
Financing activities				
Net proceeds from share issuances and option exercises (Note 8)	1,040	243	28,033	718
Net proceeds (repayments) on bank indebtedness (Note 6)	41	2,045	(589)	4,289
Advances from securitization facility (Note 7)	—	—	—	566
Repayment on securitization facility (Note 7)	(6,718)	(1,468)	(7,938)	(2,960)
Repayment of lease liabilities	(238)	(219)	(381)	(429)
Net cash (used in) provided by financing activities	(5,875)	601	19,125	2,184
Investing activities				
Purchase of short-term investments	—	—	(32,500)	—
Redemption of short-term investments	16,500	4,500	25,500	4,500
Finance income, net (Note 12)	207	182	394	182
Purchase of property, equipment, and intangible assets (Note 5)	(2,489)	(2,503)	(4,011)	(3,757)
Net changes in non-cash investing items (Note 15)	398	(68)	491	197
Net cash provided by (used in) by investing activities	14,616	2,111	(10,126)	1,122
Effect of foreign exchange changes on cash and cash equivalents	(2,240)	626	(1,210)	393
Net increase in cash and cash equivalents	4,710	1,801	2,477	1,744
Cash and cash equivalents, beginning of period	13,874	11,431	16,107	11,488
Cash and cash equivalents, end of period	18,584	13,232	18,584	13,232

Supplementary cash flow information (Note 15)

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations

Blackline Safety Corp. (the "Company") is a global connected safety technology company that develops, manufactures and markets products and services that empower businesses with real-time safety insights to manage emergency responses, evacuations and gas detection compliance programs. The Company is a public company listed on the Toronto Stock Exchange ("TSX") under the ticker symbol "BLN" and is incorporated and domiciled in the province of Alberta in Canada.

The Company's principal business office is Unit 100, 803 24 Avenue S.E., Calgary, Alberta, T2G 1P5 and the Company's registered office is Suite 2400, 525 8 Avenue S.W., Calgary, Alberta, T2P 1G1.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on June 10, 2025.

2. Summary of significant accounting policies

a) Basis of preparation

The condensed consolidated interim financial statements and accompanying notes have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended October 31, 2024, other than as described in Note 2(b).

These condensed consolidated interim financial statements do not contain all the disclosures required for full annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended October 31, 2024.

b) Changes in accounting policy and disclosures

i) *New and amended standards adopted by the Company*

There were new or amended standards that became applicable and were adopted by the Company for the current reporting period.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

This amendment to IAS 1, *Presentation of Financial Statements* ("IAS 1") clarifies the requirement in determining whether a certain liability should be classified as current or non-current based on the rights that exist at the end of the reporting period, explains that rights are in existence if covenants are complied with at the end of the reporting period and introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is for application for annual periods beginning on or after January 1, 2024.

The amendment did not have any significant impact on the condensed consolidated interim financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

This amendment specifies that only covenants that an entity is required to comply with on or before the reporting date affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, which must be considered when assessing whether to classify the liability as current or non-current. The new amendment is effective for annual reporting periods beginning on or after January 1, 2024 with earlier adoption permitted.

The amendment did not have any significant impact on the condensed consolidated interim financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendment to IAS 7, *Statement of Cash Flows* ("IAS 7") and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7") introduces additional disclosures relating to supplier finance arrangements that enable users of the financial statements to assess the effects of those arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after January 1, 2024.

The amendment did not have any significant impact on the condensed consolidated interim financial statements.

ii) *New standards and interpretations not yet adopted*

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the April 30, 2025 reporting period and have not been early adopted by the Company.

Lack of Exchangeability (Amendments to IAS 21)

The amendment to IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), contains guidance on when a currency is exchangeable into another currency and how to determine the exchange rate when it is not. The amendment also adds a disclosure requirement when a currency is not exchangeable. The new amendment is effective for annual periods beginning on or after January 1, 2025 with earlier adoption permitted.

The Company is assessing the impact of this amendment.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendment to IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7 clarifies the date of recognition and derecognition of some financial assets and liabilities, including a new exception for certain financial liabilities settled through an electronic payment system before the settlement date. The amendment is effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted.

The Company is assessing the impact of this amendment.

IFRS 18, Presentation and Disclosures in Financial Statements (“IFRS 18”)

This is a new standard on presentation and disclosure in financial statements which replaces IAS 1, with a focus on updates to the statement of profit or loss. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods on or after January 1, 2027, with earlier adoption permitted. IFRS 18 requires retrospective application with specific transition provisions.

The Company is assessing the impact of this amendment.

3. Financial instruments and risk management

a) Financial instruments

The carrying amounts of the Company's cash and cash equivalents, short-term investments, trade and other receivables, accounts payable and other accrued liabilities, contract liabilities and bank indebtedness approximate their fair values.

The Company’s risk exposure to various risks associated with the financial instruments is discussed in Note 3(b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

b) Financial risk management

The Company’s risk management includes foreign exchange risk, interest rate risk, credit risk and liquidity risk.

i. Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including U.S. dollar (“USD”), British pound (“GBP”), Euro (“EUR”) and Australian dollar (“AUD”). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company’s policy with respect to foreign currency risk management is to obtain natural hedges of revenue and expenses to the extent possible. The Company does not speculate in foreign currency and remains at risk to the market where natural hedges are not in place. Due to the geopolitical uncertainty surrounding the imposition of tariffs, there may be an adverse impact to the economy and government fiscal policies which could result in a fluctuation in foreign exchange rates, increasing foreign exchange risk arising from the Company's exposure to various currencies.

Sensitivity

The Company is primarily exposed to changes in USD/CAD, GBP/CAD and EUR/CAD exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from USD, GBP and EUR denominated cash and cash equivalents, trade and other receivables and accounts payable and other accrued liabilities.

Interest rate risk

The Company's interest rate risk arises from its cash and cash equivalents, short-term investments and bank indebtedness.

Exposure

The Company's cash and cash equivalents and bank indebtedness are subject to variable interest rate changes and the short-term investments have fixed interest rates.

Sensitivity

The net loss of the Company is sensitive to higher/lower interest income from cash and cash equivalents and to higher/lower interest expenses from bank indebtedness as a result of changes in benchmark interest rates.

ii. Credit risk

Credit risk arises from cash and cash equivalents and short-term investments held with banks as well as credit exposure to customers, including outstanding trade accounts receivables and lease receivables.

Risk management

Credit risk is managed consistently across the Company. The cash and cash equivalents are comprised of cash and highly liquid short-term deposits with a Canadian chartered bank, a Canadian financial institution, a United States chartered bank, a UK plc bank and a French bank. Bank indebtedness is comprised of the amount drawn, if any, on the Company's senior secured operating facility with a Canadian financial institution. The short-term investments are held with the same Canadian financial institution. To manage credit risk, the Company only deals with highly rated financial institutions and high credit rating investments. Due to the high credit ratings, counterparty risk is expected to be low. None of the held-to-maturity short-term investments are impaired.

The Company assesses the credit quality of all customers, taking into account their financial position, past payment experience, industry and market conditions and other factors. Individual risk limits are set based on internal or external ratings and with compliance with credit limits which are regularly monitored. There is no concentration of credit risk as the Company generates revenue from diverse industries, verticals and geographic markets.

Sales to certain customers, or customers without credit terms, are required to be paid in advance, mitigating credit risk.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period, the Company held cash and cash equivalents of $18,584 (October 31, 2024: $16,107) and held fully redeemable short-term investments with no redemption fees of $34,000 (October 31, 2024: $27,000) that are readily available for managing liquidity risk. Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding by maintaining availability under a senior secured operating facility. Refer to Note 6 for additional details.

Management maintains a forward-looking cash requirement forecast, comprising cash and cash equivalents, short-term investments and a senior secured operating facility with a Canadian financial institution. This ensures that funds are readily available to meet financial obligations as they become due, as well as ensuring that adequate funds exist to support strategic business objectives.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

The Company has financed its activities primarily through cash flows from operations, short-term investments, funds from brokered and non-brokered private placements, bought deal short-form prospectuses and a senior secured operating facility. The ability to sustain operations is dependent on successfully commercializing its products and services, continuing to increase sales and continuing to increase the gross profit margin of the Company's products and services and, if required, the ability to raise additional equity or debt. The Company believes it has sufficient funds and access to capital for at least the next 12 months.

Maturity of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. The undiscounted cash flows equal the carrying value, with the exception of lease liabilities.

	Less than 6 months	**6 – 12 months**	**Over 1 year**	**Total contractual cash flows**	**Carrying amount**
As at April 30, 2025	**$**	**$**	**$**	**$**	**$**
Accounts payable and other accrued liabilities	18,700	5,767	—	24,467	24,467
Contract liabilities	1,924	559	970	3,453	3,453
Bank indebtedness	—	—	10,064	10,064	10,064
	20,624	6,326	11,034	37,984	37,984
Lease liabilities	528	529	1,784	2,841	2,531
Total	21,152	6,855	12,818	40,825	40,515
As at October 31, 2024					
Accounts payable and other accrued liabilities	19,638	3,317	—	22,955	22,955
Contract liabilities	2,957	800	933	4,690	4,690
Bank indebtedness	—	—	10,653	10,653	10,653
	22,595	4,117	11,586	38,298	38,298
Securitization facility payable	2,328	1,993	3,841	8,162	7,605
Lease liabilities	607	488	2,240	3,335	2,932
Total	25,530	6,598	17,667	49,795	48,835

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

4. Trade and other receivables

	April 30, 2025	October 31, 2024
	$	$
Trade accounts receivable	38,087	33,999
Other receivables – current	11,068	10,073
Other receivables – non-current	14,906	12,471
Loss allowance	(1,237)	(478)
Total	62,824	56,065

Current other receivables consist of the current portion of the net investment in the Company's finance lease program, accrued interest from short-term investments and taxes receivable. Non-current other receivables consist primarily of the net investment in the Company's finance lease program.

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:

	April 30, 2025	October 31, 2024
	$	$
Within one year	28,990	23,088
Later than one year but not later than five years	42,017	31,867
Later than five years	—	—
Total	71,007	54,955

As of March 2025, the Company no longer sells certain of its finance lease receivables under a securitization program with a Canadian chartered bank as described in Note 7.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

5. Property and equipment

						April 30, 2025
	October 31, 2024 $	Foreign exchange differences $	Additions $	Other Disposals & Transfers $	Depreciation $	Net book value $
SMT equipment	1,361	—	18	—	126	1,253
Manufacturing equipment	1,416	(3)	594	—	276	1,731
Furniture and equipment	251	—	22	—	49	224
Equipment leased under lease program	130	(1)	107	—	144	92
Rental equipment	5,905	(27)	943	(27)	1,337	5,457
Cartridges	4,622	(12)	1,039	(62)	1,102	4,485
Computer hardware	520	—	361	—	190	691
Evaluation kits	144	(3)	10	—	139	12
Leasehold improvements	130	1	75	—	48	158
Total	14,479	(45)	3,169	(89)	3,411	14,103

			April 30, 2025
	Cost $	Accumulated depreciation $	Net book value $
SMT equipment	2,543	1,290	1,253
Manufacturing equipment	2,763	1,032	1,731
Furniture and equipment	491	267	224
Equipment leased under lease program	373	281	92
Rental equipment	9,463	4,006	5,457
Cartridges	7,663	3,178	4,485
Computer hardware	1,058	367	691
Evaluation kits	550	538	12
Leasehold improvements	342	184	158
Total	25,246	11,143	14,103

			October 31, 2024
	Cost $	Accumulated depreciation $	Net book value $
SMT equipment	2,525	1,164	1,361
Manufacturing equipment	2,653	1,237	1,416
Furniture and equipment	522	271	251
Equipment leased under lease program	207	77	130
Rental equipment	8,612	2,707	5,905
Cartridges	6,938	2,316	4,622
Computer hardware	1,461	941	520
Evaluation kits	633	489	144
Leasehold improvements	525	395	130
Total	24,076	9,597	14,479

Additions to the cartridge asset category represents the modular cartridge options, including gas sensors, used in the Company's principal safety product devices which generate service revenue for the Company.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

6. Bank indebtedness

The Company has a two-year $25,000 senior secured operating facility (“operating facility”) with a Canadian financial institution (the “lender”). The operating facility includes a $5,000 accordion feature to increase the size of the facility. The operating facility borrowing base is derived from the Company’s monthly recurring revenue and bears interest at the Canada prime rate plus 2.00% for CAD advances or U.S. base rate plus 2.00% for USD advances. The operating facility was renewed and extended on October 31, 2024 for two years, maturing on October 31, 2026.

The Company had available capacity on its operating facility of $12,522 as at April 30, 2025 (October 31, 2024: $12,276).

The operating facility includes financial covenants, principally a quarterly liquidity to cash burn ratio, as defined in the agreement with the lender, of not less than 6.0 to 1.0. The Company was in compliance with all covenants as at April 30, 2025.

The operating facility is measured at amortized cost and is secured, including a general security agreement over the property of Blackline Safety Corp. and its significant subsidiaries.

	Maturity Date	**April 30, 2025**	October 31, 2024
		$	$
Bank indebtedness	October 31, 2026	10,064	10,653

7. Securitization of lease finance receivables

Blackline Safety SPV Seller Corp. ("SPV") is a wholly owned subsidiary of the Company and was incorporated to act as a securitization vehicle and is controlled and consolidated by the Company. The SPV’s activities include the sale of lease contracts on behalf of the Company to a Canadian chartered bank ("the Purchaser") which provided funding for the Company’s operational needs.

The securitization facility was a renewable one-year facility with a maturity date of March 31, 2025 with SPV and the Purchaser to sell tranches of lease receivables from safety wearables and area gas monitoring contracts. The available capacity on the securitization facility was $5,000 and USD $10,000, respectively. Under the securitization facility, leases were sold to the Purchaser on a fully serviced and non-recourse basis, at a discount equal to the yield on a Government of Canada Bond or US Treasury Bond with a term to maturity that most closely matches the term of the relevant lease contracts forming part of the tranche plus 375 basis points (“purchase rate”). The tranches of lease receivables were calculated as the present value of combined scheduled payments from the eligible contracts using the purchase rate.

Prior to the quarter, the Company notified the Purchaser that SPV will not renew the securitization facility prior to the maturity date of March 31, 2025. On March 12, 2025 the Company repaid $5,163, net of the reserve account funds to settle the securitization facility and the security has been fully discharged by the Purchaser.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

Management believes that the settlement of the facility does not impact the Company's liquidity risk as it has sufficient funds and access to capital.

	April 30, 2025	October 31, 2024
	$	$
Securitization facility payable, beginning of period	7,605	10,197
Amount drawn on securitization facility	—	2,647
Repayments on securitization facility	(7,938)	(5,901)
Interest expense on securitization facility	175	629
Foreign exchange on translation	158	33
Total securitization facility payable, end of period	—	7,605
Payments due in the next 12 months	—	3,950
Payments due thereafter	—	3,655
Maximum capacity on securitization facility	—	56,066
Less: Securitization facility payable	—	(7,605)
Remaining available capacity, end of period	—	48,461

8. Share capital

a) Authorized

The Company is authorized to issue an unlimited number of common voting shares without nominal or par value and an unlimited number of preferred shares without nominal or par value.

b) Issued

(CAD thousands, except for number of shares)	**Number of Shares**	**Amount**
As at October 31, 2023	72,547,146	195,652
Options exercised	161,212	276
Issued through stock-based compensation plan	139,960	552
As at April 30, 2024	72,848,318	196,480
As at October 31, 2024	81,792,332	230,788
Options exercised	648,046	1,906
Issued through stock-based compensation plan	50,640	349
Issued for cash through private placement	4,170,024	26,980
Share issue costs	—	(531)
As at April 30, 2025	86,661,042	259,492

During the three-month period ended April 30, 2025, there were 667,502 common share options exercised for proceeds net of income tax withholdings of $778. On exercise of these common share options, 405,906 common shares were issued and $429 was credited to share capital from contributed surplus. During the six-month period ended April 30, 2025, 1,019,404 common share options were exercised for proceeds net of income tax withholdings of $1,236. On exercise of these common share options, 648,046 common shares were issued and $670 was credited to share capital from contributed surplus.

On January 23, 2025, the Company completed a non-brokered private placement of 4,170,024 common shares at an issue price of $6.47 per common share for gross proceeds of $26,980.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

During the three-month period ended April 30, 2024, there were no common share options exercised. During the six-month period ended April 30, 2024, 225,000 common share options were exercised for proceeds net of income tax withholdings of $116. On exercise of these common share options, 161,212 common shares were issued and $110 was credited to share capital from contributed surplus.

9. Revenue from contracts with customers

The disaggregation of the Company's revenue from contracts with customers was as follows:

	Three-Months Ended April 30,		**Six-Months Ended April 30,**	
Revenue	**2025**	**2024**	**2025**	**2024**
Product revenue	14,054	14,824	31,853	26,260
Software services revenue	19,231	14,542	37,390	28,443
	33,285	29,366	69,243	54,703
Rental revenue	2,655	2,214	4,372	3,202
Total revenue	35,940	31,580	73,615	57,905
Timing of revenue recognition				
At a point in time	13,625	14,637	31,076	25,942
Over time	22,315	16,943	42,539	31,963
Total revenue	35,940	31,580	73,615	57,905

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

10. Segment information

The Chief Executive Officer is the Company's Chief Operating Decision Maker. Management has determined the operating segments based on the information reviewed by the Chief Executive Officer for the purposes of allocating resources and assessing performance.

The Chief Executive Officer considers the business performance from a product and service perspective. The product revenue is driven by sales of the Company's suite of safety products with the service revenue generated by the automated compliance, monitoring and support of those products and rentals. There are no sales between segments and revenue from customers is measured in a manner consistent with that in the condensed consolidated statement of loss and comprehensive loss. The Company's expenses, finance income and costs, assets and liabilities are not allocated to reportable segments.

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2025	**2024**	**2025**	**2024**
Revenue				
Product	14,054	14,824	31,853	26,260
Service	21,886	16,756	41,762	31,645
Total Revenue	35,940	31,580	73,615	57,905
Cost of sales				
Product	8,605	9,755	19,338	17,877
Service	4,634	3,795	9,157	7,419
Total Cost of sales	13,239	13,550	28,495	25,296
Gross profit				
Product	5,449	5,069	12,515	8,383
Service	17,252	12,961	32,605	24,226
Gross profit	22,701	18,030	45,120	32,609
General and administrative expenses	8,195	6,739	15,403	12,949
Sales and marketing expenses	11,549	10,515	23,061	19,671
Product research and development costs	5,504	5,071	10,436	9,816
Foreign exchange gain	(4)	(548)	(1,198)	(743)
Finance (income) expense, net	(177)	279	(68)	465
Net loss before income tax	(2,366)	(4,026)	(2,514)	(9,549)
Income tax expense	(1,338)	(241)	(2,320)	(509)
Net loss	(3,704)	(4,267)	(4,834)	(10,058)

In the three and six-month periods ended April 30, 2025 and 2024, there were no customers representing greater than 10% of the Company's revenue.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

Revenues from customers and distributors by country/geographic area are as follows:

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2025	**2024**	**2025**	**2024**
Canada	8,155	6,657	14,979	12,044
United States	15,766	15,534	35,103	28,517
Europe	8,412	7,368	17,481	13,856
Rest of World(1)	3,607	2,021	6,052	3,488
Total revenue	35,940	31,580	73,615	57,905

(1) The Company's rest of world market is primarily in Asia, the Middle East, Australia, New Zealand and Africa and is not directly impacted by the ongoing military conflict between Russia and Ukraine and the ongoing conflict between Israel and Hamas.

11. Share-based compensation

The Company has established a stock-based compensation plan ("stock option plan" or the "plan") which was approved by shareholders. The purpose of the stock option plan is to provide long-term incentives for directors, officers, employees and certain consultants of the Company to deliver long-term shareholder returns.

Participation in the plan is at the Board of Directors' discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted under the plan are for no consideration and carry no dividend or voting rights. The plan allows for the purchase of one common share for each option granted, at the volume weighted average trading price for five days prior to the date of grant, subject to certain conditions being met.

The number of options that are expected to be exercised depends on the Company's share price as listed on the TSX. Options granted under the plan vest over an immediate to three-year period. For those options which vest immediately, they remain exercisable for a period of five years and for those options which are fully vested after three years, the options remain exercisable for a period of two years after vesting.

	Number of options	Weighted average price per stock option
		$
As at October 31, 2023	5,749,002	4.32
Vested and exercisable at October 31, 2023	4,006,127	4.60
Exercised during the period	(225,000)	1.75
Forfeited during the period	(78,500)	5.37
Expired during the period	(664,584)	5.26
As at April 30, 2024	4,780,918	4.16
Vested and exercisable at April 30, 2024	3,118,294	4.66
As at October 31, 2024	5,784,151	4.38
Vested and exercisable at October 31, 2024	3,907,918	4.58
Granted during the period	1,063,205	6.94
Exercised during the period	(1,019,404)	3.68
Forfeited during the period	(98,500)	6.86
Expired during the period	(10,000)	4.25
As at April 30, 2025	5,719,452	4.94
Vested and exercisable at April 30, 2025	3,398,902	4.73

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

The weighted average share price at the time of option exercises during the three and six-months ended April 30, 2025 was $6.89 and $6.84, respectively (April 30, 2024: $nil and $3.48, respectively).

The weighted average remaining contractual life of the options outstanding as at April 30, 2025 is 3.21 years (April 30, 2024: 3.15 years).

The Company uses the Black-Scholes model and a forfeiture rate of 30% (April 30, 2024: 38%), based on historical data, to calculate the stock-based compensation expense during the period. The valuation at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the expected dividend yield.

There were 1,063,205 stock options granted during the period ended April 30, 2025. There were no stock options granted in the prior year comparative period. The model inputs for the option tranches granted during the period ended April 30, 2025 and April 30, 2024 included:

	2025	**2024**
Risk-free interest rate	2.51% - 2.59%	—
Expected life of the option – employees	3 years	—
Expected life of the option – directors and officers	4 years	—
Expected dividend per share	$nil per share	—
Expected volatility of the Company's shares	51%	—

The expected price volatility is based on the historical volatility.

During the period ended April 30, 2025, the Company approved changes to its stock based compensation plan to allow for the issuance of Restricted Share Units ("RSU's") and Deferred Share Units ("DSU's"). No RSU's or DSU's have been issued as of April 30, 2025.

12. Finance income and costs

	Three-Months Ended April 30,		**Six-Months Ended April 30,**	
	2025	**2024**	**2025**	**2024**
Finance income				
Interest received/receivable from finance leases and financial assets held for cash management purposes	770	257	1,358	508
Finance costs				
Interest and finance charges paid/payable for financial liabilities	(593)	(536)	(1,290)	(973)
Finance income (expense), net	177	(279)	68	(465)

13. Related party transactions

On January 23, 2025, the Company closed a non-brokered private placement including 1,078,834 common shares at an issue price of $6.47 per common share for gross proceeds of $6,980 with a party related to the Company through a Board member. Refer to Note 8 for further details.

(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

14. Loss per common share

The effects of potentially dilutive instruments such as stock options on loss per common share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per common share.

(CAD thousands, except number of shares and per share amounts)	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2025	**2024**	**2025**	**2024**
Weighted average shares outstanding – basic and diluted	86,428,418	72,987,558	84,281,321	72,764,931
Net Loss for the period	(3,704)	(4,267)	(4,834)	(10,058)
Basic and diluted loss per share	(0.04)	(0.06)	(0.06)	(0.14)

15. Supplementary cash flow information

The net changes in non-cash operating and investing activities are as follows:

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2025	**2024**	**2025**	**2024**
Operating activities				
Changes in non-cash operating items:				
Trade and other receivables	3,079	(3,308)	(3,691)	(1,805)
Inventory	(551)	354	(503)	542
Prepaid expenses and advances	(1,535)	(676)	(890)	(474)
Contract assets	29	(245)	(103)	(457)
Contract assets – non-current	(36)	192	43	101
Other receivables – non-current	714	(1,293)	(2,435)	(1,738)
Accounts payable and other accrued liabilities	(68)	2,069	937	563
Warranty provision	(225)	82	(282)	170
Deferred revenue	(1,058)	2,632	1,490	5,109
Contract liabilities	(371)	745	(1,275)	1,513
Warranty provision – non-current	98	128	299	272
Deferred revenue – non-current	(1,232)	(244)	498	(430)
Contract liabilities – non-current	46	(383)	38	(308)
	(1,110)	53	(5,874)	3,058
Investing activities[(1)]				
Changes in non-cash investing items:				
Accounts payable and other accrued liabilities	398	(68)	491	197

(1) Relates to changes in accounts payable and other accrued liabilities for purchases of property, equipment, and intangible assets on the condensed consolidated statements of cash flows.

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2025	**2024**	**2025**	**2024**
Cash taxes paid	1,088	539	1,105	557
Cash interest paid	225	440	639	617

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