blacklinesafety

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2025

Management's Report

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the accompanying consolidated financial statements and for the consistency therewith of all other financial and operating data presented in this report. The consolidated financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In Management's opinion, the consolidated financial statements are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), have been prepared within acceptable limits of materiality and have utilized supportable, reasonable estimates.

To meet its responsibility for reliable and accurate financial statements, management has established and monitors systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with management's authorization.

The Board of Directors approves the consolidated financial statements. Their financial statement-related responsibilities are fulfilled primarily through the Audit Committee. The Audit Committee is composed entirely of independent directors and includes at least one director with financial expertise. The Audit Committee meets regularly with Management and the external auditors to discuss reporting and control issues and ensures each party is properly discharging its responsibilities. The Audit Committee also considers the independence of the external auditors and reviews their fees.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Under the supervision of our Chief Executive Officer and our Chief Financial Officer we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, we have concluded that as of October 31, 2025, our internal control over financial reporting is effective.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

/s/ Cody Slater
Chief Executive Officer and Chair

/s/ Robin Kooyman
Chief Financial Officer

Calgary, Alberta
January 14, 2026

Independent auditor's report

To the Shareholders of Blackline Safety Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Blackline Safety Corp. and its subsidiaries (together, the Company) as at October 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at October 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 2900
Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825
Fax to mail: ca_calgary_main_fax@pwc.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Impairment assessment of Goodwill

Refer to note 2 – Summary of material accounting policies, note 4 – Significant accounting judgments and estimates and note 12 – Goodwill to the consolidated financial statements.

The Company had goodwill of $4,883 thousand as at October 31, 2025. The Company tests goodwill annually for impairment at the cash generating unit (CGU) level during the fourth quarter, or more frequently when there is indication that goodwill may be impaired. Management has identified each operating segment as a single CGU. An impairment loss is recognized for the amount by which the asset or CGU’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset or CGU’s fair value less costs of disposal and value in use.

Significant estimates and assumptions are used to calculate the fair values less costs of disposal, including the estimated discount rates, terminal value multiple, and annual revenue growth rates.</td><td>Our approach to addressing the matter included the following procedures, among others:

• Evaluated how management determined the recoverable amounts of goodwill, which included the following:

– Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models.

– Tested the reasonableness of annual revenue growth rates applied by management in the discounted cash flow models by comparing them to the budget approved by the board of directors and historical revenue growth rates of the Company.

– Tested the reasonableness of the terminal value multiple applied by management in the discounted cash flow models by comparing them to available market analyst reports.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
No impairment was recognized as a result of the October 31, 2025 impairment tests. We considered this a key audit matter due to the significant judgment by management in determining the recoverable amounts of the CGU's, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	– Professionals with specialized skills and knowledge in the field of valuation assisted in testing the reasonableness of the discount rates applied by management based on available market data. – Tested the underlying data used in the discounted cash flow models. • Tested the disclosures made in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Reynold Tetzlaff.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Calgary, Alberta
January 14, 2026

Blackline Safety Corp.
Consolidated Statements of Financial Position

(In thousands of CAD)	October 31, 2025	October 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 5(a))	32,625	16,107
Short-term investments (Notes 5(a) and 6)	14,000	27,000
Trade and other receivables (Notes 5(a) and 7)	53,544	43,594
Inventory (Note 8)	21,626	16,826
Prepaid expenses and advances	6,206	4,406
Contract assets	1,763	1,755
Total current assets	129,764	109,688
NON-CURRENT ASSETS		
Property and equipment (Note 9)	13,283	14,479
Intangible assets (Note 10)	1,464	1,594
Right-of-use assets (Note 11)	2,472	2,725
Goodwill (Note 12)	4,883	4,883
Contract assets	810	1,039
Other receivables (Notes 5(a) and 7)	13,713	12,471
Total non-current assets	36,625	37,191
TOTAL ASSETS	166,389	146,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities (Note 5(a))	23,642	22,955
Warranty provision (Note 13)	2,766	2,310
Deferred revenue	28,679	21,668
Contract liabilities (Note 5(a))	1,923	3,757
Lease liabilities (Notes 5(a) and 16)	1,024	907
Securitization facility payable (Notes 5(a) and 14)	—	3,950
Total current liabilities	58,034	55,547
NON-CURRENT LIABILITIES		
Bank indebtedness (Notes 5(a) and 15)	10,204	10,653
Warranty provision (Note 13)	1,667	1,913
Deferred revenue	15,995	14,540
Contract liabilities (Note 5(a))	753	933
Lease liabilities (Notes 5(a) and 16)	1,676	2,025
Securitization facility payable (Notes 5(a) and 14)	—	3,655
Total non-current liabilities	30,295	33,719
TOTAL LIABILITIES	88,329	89,266
SHAREHOLDERS' EQUITY		
Share capital (Note 17)	260,802	230,788
Contributed surplus	13,208	12,268
Accumulated other comprehensive income	8,018	9,857
Deficit	(203,968)	(195,300)
TOTAL SHAREHOLDERS' EQUITY	78,060	57,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	166,389	146,879

Commitments (Note 25)

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

/s/ Cody Slater
Director

/s/ Robert J. Herdman
Director

Blackline Safety Corp.
Consolidated Statements of Loss and Comprehensive Loss

For the years ended (In thousands of CAD, except per share amounts)	**October 31, 2025**	**October 31, 2024**
Revenues (Notes 18 and 19)		
Product revenue	60,009	57,824
Service revenue	90,462	69,462
Total revenues	150,471	127,286
Cost of sales (Notes 19 and 20)	55,139	53,039
Gross margin (Note 19)	95,332	74,247
Expenses (Note 20)		
General and administrative expenses	32,212	26,259
Sales and marketing expenses	46,882	41,522
Product research and development costs	22,598	19,546
Foreign exchange gain (Note 5(b)(i))	(563)	(2,433)
Total expenses	101,129	84,894
Results from operating activities	(5,797)	(10,647)
Finance income (expense), net (Note 22)	719	(649)
Net loss before income tax	(5,078)	(11,296)
Income tax expense (Note 23)	(3,590)	(1,299)
Net loss	(8,668)	(12,595)
Other comprehensive loss:		
Foreign exchange translation (loss) gain on foreign operations (Note 5(b)(i))	(1,839)	1,151
Comprehensive loss for the year	(10,507)	(11,444)
Loss per common share (Note 28):		
Basic and diluted	(0.10)	(0.17)

See accompanying notes to the consolidated financial statements.

Blackline Safety Corp.
Consolidated Statements of Changes in Equity

(In thousands of CAD, except number of shares)	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Equity
		$	$	$	$	$
Balance as at October 31, 2023	72,547,146	195,652	11,545	8,706	(182,705)	33,198
Net Loss	—	—	—	—	(12,595)	(12,595)
Foreign exchange translation on foreign operations	—	—	—	1,151	—	1,151
Stock options exercised (Note 17)	464,174	1,078	(366)	—	—	712
Issued for cash through bought deal short-form prospectus offering (Note 17)	5,692,500	23,055	—	—	—	23,055
Issued for cash through private placement (Note 17)	2,846,250	11,527	—	—	—	11,527
Share issuance costs (Note 17)	—	(1,578)	—	—	—	(1,578)
Stock-based compensation expense (Notes 17 and 27)	242,262	1,054	1,089	—	—	2,143
Balance as at October 31, 2024	81,792,332	230,788	12,268	9,857	(195,300)	57,613
Balance as at October 31, 2024	81,792,332	230,788	12,268	9,857	(195,300)	57,613
Net Loss	—	—	—	—	(8,668)	(8,668)
Foreign exchange translation on foreign operations	—	—	—	(1,839)	—	(1,839)
Stock options exercised (Note 17)	848,285	2,462	(862)	—	—	1,600
Issued for cash through private placement (Note 17)	4,170,024	26,980	—	—	—	26,980
Share issuance costs (Note 17)	—	(531)	—	—	—	(531)
Stock-based compensation expense (Notes 17 and 27)	159,012	1,103	1,802	—	—	2,905
Balance as at October 31, 2025	86,969,653	260,802	13,208	8,018	(203,968)	78,060

See accompanying notes to the consolidated financial statements.

Blackline Safety Corp.
Consolidated Statements of Cash Flows

For the years ended (In thousands of CAD)	**October 31, 2025**	**October 31, 2024**
Operating activities		
Net loss	(8,668)	(12,595)
Depreciation and amortization (Note 20)	7,995	7,914
Stock-based compensation expense (Notes 17 and 27)	2,917	1,861
Finance (income) expense, net (Note 22)	(1,372)	387
Unrealized foreign exchange loss	167	136
Loss on disposals of property and equipment (Note 9)	527	409
Net changes in non-cash working capital (Note 29)	(10,440)	3,800
Net cash provided by (used in) operating activities	(8,874)	1,912
Financing activities		
Net proceeds from share issuances and option exercises (Note 17)	29,151	34,770
Net (repayments) proceeds on bank indebtedness (Note 15)	(449)	2,044
Advances from securitization facility (Note 14)	—	2,647
Repayment on securitization facility (Note 14)	(7,938)	(5,901)
Repayment of lease liabilities (Note 16)	(942)	(972)
Net cash provided by financing activities	19,822	32,588
Investing activities		
Purchase of short-term investments (Note 6)	(32,500)	(38,000)
Redemption of short-term investments (Note 6)	45,500	15,500
Finance income (Note 22)	867	296
Purchase of property, equipment and intangible assets (Notes 9 and 10)	(6,462)	(8,372)
Net changes in non-cash working capital (Note 29)	69	118
Net cash generated from (used in) investing activities	7,474	(30,458)
Effect of foreign exchange changes on cash and cash equivalents	(1,904)	577
Net increase in cash and cash equivalents	16,518	4,619
Cash and cash equivalents, beginning of year	16,107	11,488
Cash and cash equivalents, end of year	32,625	16,107

Supplementary cash flow information (Note 29)

See accompanying notes to the consolidated financial statements.

1. Nature of operations

Blackline Safety Corp. and its subsidiaries (together 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 consolidated financial statements were approved and authorized for issuance by the Board of Directors on January 14, 2026.

2. Summary of material accounting policies

a) Basis of preparation

The consolidated financial statements and accompanying notes have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The consolidated financial statements have been prepared under the historical cost convention.

b) Changes in accounting policy and disclosures

i) New and amended standards adopted by the Company

The following new or amended standards that became applicable and were adopted by the Company for the year ended October 31, 2025.

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 consolidated 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 consolidated 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 consolidated financial statements.

ii) *New accounting policies adopted by the Company*

There were no new policies that became applicable and were adopted by the Company for the year ended October 31, 2025.

iii) *New standards and interpretations not yet adopted*

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the October 31, 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 amendment is not likely to have any significant impact on the consolidated financial statements.

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, *Financial Instruments: Disclosures* ("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.

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.

While the adoption of the standard will affect the Company's income statement presentation, The company is still assessing the overall impact of this standard.

c) Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

e) Foreign currency translation

i) *Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

ii) *Foreign currency*

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses are recognized in the consolidated statements of loss and comprehensive loss. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of loss and comprehensive loss within 'Finance (expense) income, net'.

Group companies

The results and financial position of all the Company's entities that have a functional currency difference from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the consolidated statements of financial position;
- Income and expenses are translated at average exchange rates for the year, unless the exchange rates fluctuate significantly during the period in which case the exchange rates at the date of the transaction are used; and
- All resulting exchange differences are recognized in other comprehensive income (loss) ("OCI") as foreign exchange translation gain (loss) on foreign operations.

f) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of financial position and consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities at purchase of three months or less. Any accrued interest earned at the end of the reporting period is recorded within other receivables.

g) Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, otherwise they are presented as non-current assets. The Company leases certain of its safety monitoring equipment to customers through the Company's lease program with monthly or quarterly payments. Other receivables include the net investment in finance leases and transactions outside the usual operating activities of the Company.

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Trade and other receivables are recognized initially at their carrying value and subsequently measured at amortized cost using the effective interest rate method, less the provision for impairment through an expected credit loss assessment.

h) Contract assets

Contract assets consist of costs related to the fulfillment of a lease contract and any other revenue contracts in progress at the end of the reporting period. The costs are recognized over the life of the contract. If contract costs are expected to be recognized in one year or less, they are classified as current assets, otherwise they are presented as non-current assets.

i) Inventory

Raw materials and finished goods are stated at the lower of cost and net realizable value. Cost is determined using the standard costing method using the first-in, first-out inventory method which is updated regularly to reflect current conditions and approximate cost. The cost of finished goods inventory comprises of raw materials, direct labour, other direct costs and related production overhead expenditures, the latter being allocated on the basis of normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Finished goods are comprised of finished hardware units ready for sale.

j) Financial instruments and risk management

Financial assets

i) *Classification*

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through OCI, or through profit or loss) and those to be measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company's financial instruments are all classified at amortized cost. The Company reclassifies financial assets when its business model for managing those assets changes.

ii) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value or, in the case of a financial asset not at fair value through profit or loss ("FVPL") plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statements of loss and comprehensive loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company currently classifies all financial assets in the amortized cost category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets are included in the consolidated statements of loss and comprehensive loss within 'Finance income (expense), net' using the effective interest rate method. Gain or loss arising on derecognition is recognized directly in the consolidated statements of loss and comprehensive loss. Impairment losses are presented as a separate line item in the consolidated statements of loss and comprehensive loss.

The Company's cash and cash equivalents and short-term investments are held at amortized cost and considered to have low credit risk with the loss allowance recognized during the period limited to 12-month expected losses. Management considers 'low credit risk' for short-term investments to be an investment grade credit rating with at least one major rating agency.

iii) *Impairment*

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company assesses, on a forward-looking basis, the expected credit loss ("ECL") associated with its financial instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

i) *Classification*

The Company classifies its financial liabilities in the following categories: financial liabilities at FVPL, financial liabilities at FVOCI or amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Company holds the following financial liabilities at the end of the reporting period:

Financial liabilities at amortized cost

Financial liabilities held by the Company are measured at amortized cost. If payment of the amounts is expected in one year or less they are classified as current liabilities. If not, they are presented as non-current liabilities.

The Company's accounts payable and other accrued liabilities are generally due for settlement within 30 days and therefore are all classified as current. Bank indebtedness is classified as current if it is repayable on demand. Contract liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

ii) *Measurement*

At initial recognition, the Company measures a financial liability at its fair value less transaction costs.

Financial liabilities are subsequently carried at amortized cost using the effective interest method should the fair values be deemed to be significantly different to their carrying amounts.

k) Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. Subsequent costs are included in the carrying amount of the property or equipment or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Company offers its connected safety products and monitoring services through its lease program. The Company accounts for certain of these as operating leases within the meaning of IFRS 16 and are separately accounted for within property and equipment. The cartridge asset category represents the modular cartridge options, including gas sensors, used in the Company's principal safety product devices.

Depreciation is calculated using the straight-line method to expense the cost of property and equipment, less their residual values, over their estimated useful lives as follows:

Surface mount technology (SMT) equipment	10 years
Furniture and equipment	5 years
Manufacturing equipment	5 years
Equipment leased under lease program	4 years
Rental equipment	4 years
Cartridges	4 years
Computer hardware	3 years
Evaluation kits	3 years
Leasehold improvements	Length of lease

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

l) Intangible assets

The Company's intangible assets consist of computer software, government certifications for products and product patent costs. The assets are amortized using the straight-line method over the estimated useful lives of the assets as follows:

Computer software	5 years
Government certifications	Life of certification (1-5 years)
Product patent costs	Estimated life of product (5 years)

The amortization of government certifications and product patent costs commences when the associated products are available for commercial sale.

Research costs are expensed as they are incurred in accordance with IAS 38, *Intangible Assets* ("IAS 38").

Product development costs are expensed in the year they are incurred and are not recognized as an intangible asset for deferral in accordance with IAS 38. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

m) Impairment of non-financial assets

Property and equipment and intangible assets subject to depreciation and amortization respectively are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible indicators of reversal at the end of each reporting period.

n) Accounts payable and other accrued liabilities

Accounts payable and other accrued liabilities are obligations to pay for goods or services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within the agreed terms of the invoice.

Accounts payable and other accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amounts of accounts payable and other accrued liabilities are considered to be the same as their fair values, due to their short-term nature.

o) Contract liabilities

Contract liabilities are obligations to pay commissions to third-party distributors who assist with the fulfillment of lease contracts. The obligations are recognized upon the start of a lease contract. Contract liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amounts of contract liabilities are considered to be the same as their fair values.

p) Leases

Lessee

On the date that the leased asset becomes available for use, the Company recognizes a right-of-use ("ROU") asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to the consolidated statements of loss and comprehensive loss over the duration of the lease. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depreciation and amortization expense and services and materials expenses.

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured as the net present value of the lease payments which may include fixed lease payments, variable lease payments that are based on an index or a rate and expected payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is composed of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The Company's incremental borrowing rate is used to determine the present value of the liability and ROU asset arising from a lease if the implicit rate is not readily available.

The Company applies the IFRS 16 practical expedient whereby short-term leases and leases of low-value assets are not recognized on the consolidated statements of financial position and lease payments are instead recognized in the consolidated statements of loss and comprehensive loss as incurred.

Lessor

When the Company acts as a lessor for the leases of certain of its safety monitoring equipment to customers through the lease program, it determines at the inception of each lease whether it is a finance lease or an operating lease. The classification is dependent on whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset; if this is the case, then the lease is a finance lease. The Company's operating lease payments received are recognized in service lease revenue on the consolidated statement of loss and comprehensive loss. Assets subject to finance leases are initially recognized at an amount equal to the net investment in the lease and are included in current and non-current other receivables on the consolidated statements of financial position.

q) Provisions

Provisions for service warranties are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, adjusted for discounting if considered significant.

r) Stock-based compensation

The Company operates multiple equity-settled stock-based compensation plans, under which the Company grants equity instruments (options and common stock) as consideration for services provided by employees, directors and certain consultants of the Company.

i) *Stock option plan*

Under the Company's stock option plan, options can be granted to officers, employees, consultants and members of the Board of Directors. The exercise price of options is determined by current market price, meaning the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the date of the grant of options. Vesting is over an immediate to three-year period and the expiration of options is to be no greater than five years from the date of grant.

The Company recognizes the value of stock options awarded to employees and non-employees in the consolidated financial statements based on the estimated fair value at the date of grant. The Company calculates the value of stock options issued using the Black-Scholes option pricing model with consideration of factors specific to the Company. Each tranche in an award is considered a separate award with its own vesting year and grant date fair value. Stock-based compensation expense is recognized over the tranche's vesting period, with a corresponding increase to contributed surplus based on the number of awards expected to vest.

When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. The amount previously recorded as contributed surplus on a cashless exercise, where an option is surrendered in exchange for the issuance of common shares equal to the number determined by multiplying the number of common shares which the holder is entitled to purchase by a fraction of which the numerator is the difference between the current market price and the exercise price of such option and the denominator is the current market price, is recorded as share capital. The number of awards expected to vest is reviewed at least quarterly, with any impact being recognized immediately.

The Company is authorized to issue up to 10% of outstanding common shares from treasury in relation to its stock option plan and all other stock compensation arrangements.

ii) *Employee Share Ownership Plan*

Under the Employee Share Ownership Plan ("ESOP"), employees can contribute up to 10% of their salary to purchase shares of the Company with the Company matching 50%. The Company has the option of contributing its employer portion as cash to purchase shares off the market or to issue the shares from treasury.

The employer portion of the ESOP has a one-year vesting period during the first year of an employee's contributions, six month vesting period during the second year of employee contributions and immediately vest during the third and later years of employee contributions.

The Company records the employer portion of the ESOP as stock-based compensation expense in the consolidated statements of loss and comprehensive loss and values the amounts as either the cash contributed or the sum of the weighted average fair value of shares issued.

s) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Loss per common share

i) *Basic loss per common share*

Basic loss per common share is calculated by dividing:

- the loss for the period
- by the weighted average number of common shares outstanding.

ii) *Diluted loss per common share*

Diluted loss per common share adjusts the figures used in the determination of basic loss per common share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential common shares and
- the weighted average number of additional common shares that would have been outstanding assuming the conversion of all dilutive potential common shares.

u) Revenue recognition

Revenue is recognized for the Company's business activities using the methods outlined below:

i) *Product revenue*

The Company designs, manufactures and sells a range of connected safety monitoring products. Revenue from the sale of hardware devices is recognized when control of the products has been transferred, this being when the products are shipped to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the customer's location and the risks of loss have been transferred to the customer, the price to the customer is fixed or determinable and collectability is reasonably assured.

Payment of the transaction price is due upon the product being shipped to the customer in accordance with the agreed credit terms.

The Company's obligation to provide a replacement for defective products under the standard warranty terms is recognized as a warranty provision on the consolidated statements of financial position.

ii) *Software service revenue*

The Company provides automated compliance reporting, monitoring and supporting services for its range of connected safety products. Revenues for safety monitoring and supporting services are recognized over the term of the contracted service period with amounts prepaid by customers accounted for as deferred revenue. Payment of the transaction price is due from the customer in accordance with the agreed credit terms.

Revenues from the use of modular cartridge options are recognized over the term of the contracted service period with amounts prepaid by customers accounted for as deferred revenue. Payment of the transaction price is due from the customer in accordance with the agreed credit terms.

iii) *Bundled product and service arrangements*

The Company offers certain arrangements whereby a customer can purchase products and services together.

Where such bundled arrangements exist, the amount of the transaction price allocated to each performance obligation is based upon the relative stand-alone selling prices of each distinct product or service in the contract. The best evidence of a stand-alone selling price is the observable price of a product or service when the Company sells that product or service separately in similar circumstances and to similar customers.

Any discounts identified as part of a bundled arrangement are proportionately allocated across all distinct performance obligations in the contract, based on their relative stand-alone selling prices.

iv) *Lease revenue*

The Company offers its safety products and monitoring services through its lease program. The Company offers four-year lease contracts which are accounted for as finance leases. Product revenue is recognized upon initial inception of the lease in accordance with the manufacturer or dealer lessors specific guidance under IFRS 16, at the lesser of the fair value of the underlying asset, or the present value of the lease payments accruing to the Company which is discounted using a market rate of interest. Service revenue is recognized on a straight-line basis over the term of the lease. Interest income is recognized over the term of the applicable leases based on the effective interest rate method.

Customers are generally invoiced on a monthly or quarterly basis and consideration is payable when invoiced in accordance with the agreed credit terms in each lease contract.

v) *Rental revenue*

The Company offers its safety products and services through various rental term options. Revenues are recognized over the term of the contracted rental period with amounts prepaid by customers accounted for as deferred revenue. Payment of the transaction price is due from the customer in accordance with the agreed credit terms.

v) Goodwill

Goodwill represents the excess of consideration transferred over the fair value of the net identifiable assets acquired in a business combination. Goodwill is measured at cost less accumulated impairment losses. The Company monitors and tests goodwill at the operating segment level to which goodwill has been allocated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or operating segment's fair value less costs of disposal and value in use. Goodwill is tested annually for impairment, or more frequently when there is indication that goodwill may be impaired.

w) Income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize the temporary differences and losses.

3. Capital management

The Company's primary objectives when managing capital are to profitably grow its business while maintaining adequate financing flexibility to fund new investment opportunities and other unanticipated requirements or opportunities that may arise. Profitable growth is defined as earnings growth commensurate with the additional capital being invested in the business in order for the Company to earn an appropriate rate of return on that capital.

The Company's capital structure is comprised of shareholders' equity and repayable debt. The Company's objectives when managing its capital structure are to:

- maintain sufficient liquidity to finance operations; and
- minimize dilution to shareholders.

The Company monitors its financing requirements through regular forecasting of its liquidity position. Financing decisions are based on the timing and extent of expected operating and capital outlays. The factors considered when determining whether to issue new debt or equity include the amount of liquidity estimated to be required, the availability of debt or equity capital and the related costs and the need to balance value creation for shareholders against the increased liquidity risks associated with debt. The Company may require additional equity and/or debt capital to fund any significant acquisition or development opportunities. The Company's capital management objectives have not changed over the years.

Under the terms of the renewed senior secured operating facility with a Canadian financial institution, the Company is required to comply with the following financial covenant:

- quarterly available liquidity to cash burn ratio of not less than 6.0 to 1.0

The Company was in compliance with this covenant as at October 31, 2025. See Note 14 and Note 15 for additional information regarding the Company's financial covenant requirements.

4. Significant accounting judgments and estimates

The preparation of financial statements requires the use of accounting estimates with management needing to use judgment in applying the Company's accounting policies.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

a) Stock-based compensation

The determination of the fair value of stock options requires the use of a pricing model which requires the estimation of stock price volatility, the expected term of the underlying instruments, the estimation of the risk-free interest rate and if applicable the resulting number of options that will ultimately vest.

b) Property and equipment and intangible assets

Measurement of property and equipment and intangible assets involves the use of estimates in determining the expected useful lives of those assets and the depreciation and amortization methods used.

c) Warranty provision

A provision is recognized for expected warranty claims on products sold during the year, based on previous levels of repairs and returns. Assumptions used to calculate the provision are based on current sales levels and information available about returns based on the warranty period for all products sold.

d) Impairment of non-financial assets

The Company tests goodwill annually irrespective of whether any indicators of impairment are present. Goodwill is tested at the cash generating unit ("CGU") or group of CGU level. Management has grouped CGU's together at the segment level for the purpose of goodwill impairment testing. The impairment test was based on significant estimates and assumptions to calculate the fair value less costs of disposal utilizing the discounted cash valuation model, including the allocation of goodwill to the operating segments, estimated discount rate, terminal value multiple and annual revenue growth rate.

The Company assesses for indicators of impairment at each reporting period that may indicate that property and equipment, right-of-use assets and intangible assets may be impaired.

e) Uncertain tax positions

Tax regulations and legislation of which interpretations are made are subject to change. Changes to tax regulations and legislation and other assumptions are subject to measurement uncertainty. The Company is subject to taxes in various jurisdictions and evaluates its positions with respect to applicable tax regulations and legislation which are subject to interpretation. The Company recognizes provisions related to tax uncertainties when appropriate, based on an estimate of the amount that ultimately will be paid to the tax authorities as of the reporting date. To the extent that interpretations change, there may be a significant impact on the consolidated financial statements.

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

a) Revenue recognition – bundled arrangements

The determination of the amount of revenue and discounts to allocate to individual elements in a bundled arrangement is based on the stand-alone selling prices of the products and services. The determination of whether a deliverable constitutes a separate unit of accounting is based on the distinct performance obligations identified in the contract.

b) Impairment of financial assets

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

(In thousands of Canadian dollars, unless otherwise indicated)

5. Financial instruments and risk management

a) Financial instruments

The Company holds the following financial instruments:

Financial assets	**Notes**	**Carrying amount**
As at October 31, 2025		**$**
Cash and cash equivalents		32,625
Short-term investments	6	14,000
Trade and other receivables	7	67,257
Total		113,882
As at October 31, 2024		
Cash and cash equivalents		16,107
Short-term investments	6	27,000
Trade and other receivables	7	56,065
Total		99,172

Financial liabilities	**Notes**	**Carrying amount**
As at October 31, 2025		**$**
Accounts payable and other accrued liabilities		23,642
Contract liabilities		2,676
Lease liabilities	16	2,700
Bank indebtedness	15	10,204
Total		39,222
As at October 31, 2024		
Accounts payable and other accrued liabilities		22,955
Contract liabilities		4,690
Lease liabilities	16	2,932
Bank indebtedness	15	10,653
Securitization facility payable	14	7,605
Total		48,835

The Company does not hold financial liabilities at FVPL as at October 31, 2025 and October 31, 2024.

The carrying amounts of the financial assets and liabilities, except for lease liabilities, are deemed to be the same as their fair values, due to their short-term nature or that the interest receivable rates are close to current market rates.

The Company's risk exposure to various risks associated with the financial instruments is discussed in Note 5(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.

(In thousands of Canadian dollars, unless otherwise indicated)

i. Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily 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 strategy is to exploit normal operating 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 available. Due to the geopolitical uncertainty surrounding the on-going 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.

Exposure

The Company’s exposure to foreign currency risk at the end of the reporting period, expressed in Canadian dollars, is as follows:

				October 31, 2025
	USD	**GBP**	**EUR**	**AUD**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	3,468	1,279	749	377
Trade and other receivables	43,536	4,383	4,587	669
Financial liabilities				
Accounts payable and accrued liabilities	7,955	4,979	883	93
Contract liabilities	1,260	3	—	—
Lease liabilities	164	678	192	—

				October 31, 2024
	USD	GBP	EUR	AUD
	$	$	$	$
Financial assets				
Cash and cash equivalents	8,206	3,219	1,883	863
Trade and other receivables	35,923	4,445	4,319	529
Financial liabilities				
Accounts payable and accrued liabilities	7,865	4,968	3,003	74
Contract liabilities	2,792	7	11	—
Lease liabilities	313	876	239	—
Securitization facility payable	5,982	—	—	—

(In thousands of Canadian dollars, unless otherwise indicated)

Amounts recognized in consolidated statements of loss and comprehensive loss

During the year, the following foreign exchange related amounts were recognized in the consolidated statements of loss and comprehensive loss.

	October 31, 2025	October 31, 2024
	$	$
Amounts recognized in profit or loss		
Net foreign exchange gain	(563)	(2,433)
Net gains (losses) recognized in Comprehensive Loss		
Translation of foreign operations	(1,839)	1,151

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 cash and cash equivalents, trade and other receivables and accounts payable and other accrued liabilities. As at October 31, 2025, if the Canadian Dollar had weakened/strengthen by 1% against the USD, GBP and EUR, the impact on net loss for the period would have been in corresponding decrease (increase) of $442 (the impact for the prior year comparable period was $422).

Interest rate risk

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.

Exposure

The exposure of 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.

	October 31, 2025	October 31, 2024
	$	$
Variable rate cash and cash equivalents	32,625	16,107
Variable rate bank indebtedness	10,204	10,653
Variable rate securitization facility	—	7,605
Fixed interest rate short-term investments	14,000	27,000

Sensitivity

The sensitivity of profit or loss of the Company is affected by higher/lower interest income from cash and cash equivalents and to higher/lower interest expenses from bank indebtedness and the securitization facility as a result of changes in interest rates. For the years ended October 31, 2025 and 2024, if the interest rate had increased/decreased by 100 basis points ("bps"), with all other variables held constant, the impact on net loss for the periods would not have been significant.

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.

(In thousands of Canadian dollars, unless otherwise indicated)

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 secured operating facility with a Canadian financial institution. To manage credit risk, the Company only deals with highly rated financial institutions and low risk investments. Counterparty credit risk is expected to be low due to the assessment and management of high credit rating counterparties.

The Company assesses the credit quality of the individual customer, taking into account its financial position, past experience, market conditions and other factors. Individual risk limits are set based on internal or external ratings and compliance with credit limits is regularly monitored. There is limited concentration of credit risk as the Company sells to diverse verticals and geographic markets.

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

Trade and other receivables

The creation and release of the Expected Credit Loss (ECL) has been included in 'sales and marketing expenses' in the consolidated statements of loss and comprehensive loss. Amounts specifically identified and charged to the loss allowance are generally written off when there is no expectation of recovery.

Individual trade and other receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For the remaining trade and other receivables, the estimated credit losses are recognized in a separate provision for an ECL.

The Company considers that there is evidence of non-collectability if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- default or delinquency in payments.

Finance lease receivables have a loss rate consistent with current trade receivables as all outstanding payments are current from customers, these receivables are more secured and risk of credit loss is reduced by the Company's ability to re-possess the security should customers not make payment.

Receivables for which a provision was recognized are written off against the provision when there is no expectation of recovering additional cash. Subsequent recoveries of amounts previously written off are credited against 'sales and marketing expenses' on the consolidated statements of loss and comprehensive loss.

Movements in the ECL for trade and other receivables are as follows:

October 31, 2025					
	Current	**Less than 30 days past due**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**
	$	**$**	**$**	**$**	**$**
Gross carrying amount	29,638	4,287	3,243	2,066	6,113
Loss allowance	150	129	148	135	960

(In thousands of Canadian dollars, unless otherwise indicated)

October 31, 2024	Current	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due
	$	$	$	$	$
Gross carrying amount	44,544	3,845	3,071	2,629	2,454
Loss allowance	46	92	98	105	137

	October 31, 2025	October 31, 2024
	$	$
Expected credit loss	1,065	478
Provision for specifically identified contracts	457	—
Loss allowance	1,522	478

During the year, the following losses were recognized in relation to impaired receivables.

	October 31, 2025	October 31, 2024
	$	$
Impairment losses – movement in the loss allowance	474	582
Reversal of previous impairment losses	—	—

Impairment losses recognized in 'sales and marketing' expenses on the consolidated statements of loss and comprehensive loss was $1,205 for the year ended October 31, 2025 (October 31, 2024: $799).

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, short-term investments 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 $32,625 (October 31, 2024: $16,107) and held fully redeemable short-term investments with no redemption fees of $14,000 (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 available credit under an operating facility. The Company had available capacity on its senior secured operating facility, including its accordion feature, of $29,796 (October 31, 2024: $17,276), for total available liquidity of $76,421 (October 31, 2024: $60,383). Refer to Note 15 for additional details.

Management maintains a forward-looking cash 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.

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 secured operating facility. The ability to sustain operations is dependent on successfully commercializing its products, continuing to increase sales and continuing to increase the gross profit 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.

(In thousands of Canadian dollars, unless otherwise indicated)

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 and securitization facility payables.

As at October 31, 2025	Less than 6 months $	6 – 12 months $	Over 1 year $	Total contractual cash flows $	Carrying amount $
Accounts payable and other accrued liabilities	18,423	5,219	—	23,642	23,642
Contract liabilities	1,240	683	753	2,676	2,676
Bank indebtedness	—	—	10,204	10,204	10,204
	19,663	5,902	10,957	36,522	36,522
Lease liabilities	606	583	1,834	3,023	2,700
Total	20,269	6,485	12,791	39,545	39,222
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

6. Short-term investments

	October 31, 2025 $	October 31, 2024 $
Guaranteed investment certificate with fixed interest of 4.20% and maturity date of January 27, 2025	—	9,000
Guaranteed investment certificate with fixed interest of 3.50% and maturity date of April 29, 2025	—	11,000
Guaranteed investment certificate with fixed interest of 4.20% and maturity date of July 30, 2025	—	7,000
Guaranteed investment certificate with fixed interest of 2.80% and maturity date of January 26, 2026	14,000	—
Total	14,000	27,000

(In thousands of Canadian dollars, unless otherwise indicated)

7. Trade and other receivables

	October 31, 2025	October 31, 2024
	$	$
Trade accounts receivable	44,806	33,999
Other receivables – current	10,260	10,073
Other receivables – non-current	13,713	12,471
Loss allowance	(1,522)	(478)
Total	67,257	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.

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 14.

8. Inventory

	October 31, 2025	October 31, 2024
	$	$
Parts	12,455	10,024
Finished goods	9,171	6,802
Total	21,626	16,826

Inventories recognized as an expense and included in 'cost of sales' for product in the consolidated statements of loss and comprehensive loss during the year ended October 31, 2025 amounted to $24,479 (October 31, 2024: $25,874). Write-downs of obsolete parts inventory amounted to $368 for the year ended October 31, 2025 (October 31, 2024: $96).

9. Property and equipment

Net book value						
	October 31, 2024	**Foreign exchange differences**	**Additions**	**Other Disposals & Transfers**	**Depreciation**	**October 31, 2025**
	$	**$**	**$**	**$**	**$**	**$**
SMT equipment	1,361	—	114	—	277	1,198
Manufacturing equipment	1,416	2	1,186	—	618	1,986
Furniture and equipment	251	1	52	—	109	195
Equipment leased under lease program	130	1	195	—	204	122
Rental equipment	5,905	93	2,168	3	2,093	6,076
Cartridges	4,622	8	670	(454)	2,250	2,596
Computer hardware	520	(1)	794	—	420	893
Evaluation kits	144	(1)	2	—	85	60
Leasehold improvements	130	2	137	—	112	157
Total	14,479	105	5,318	(451)	6,168	13,283

(In thousands of Canadian dollars, unless otherwise indicated)

As at October 31, 2025	Cost $	Accumulated depreciation $	Net book value $
SMT equipment	2,616	1,418	1,198
Manufacturing equipment	3,115	1,129	1,986
Furniture and equipment	509	314	195
Equipment leased under lease program	261	139	122
Rental equipment	10,229	4,153	6,076
Cartridges	5,444	2,848	2,596
Computer hardware	1,319	426	893
Evaluation kits	494	434	60
Leasehold improvements	346	189	157
Total	24,333	11,050	13,283

						Net book value
	October 31, 2023 $	Foreign exchange differences $	Additions $	Other Disposals & Transfers $	Depreciation $	October 31, 2024 $
SMT equipment	1,577	—	34	—	250	1,361
Manufacturing equipment	1,142	1	751	—	478	1,416
Furniture and equipment	259	3	115	—	126	251
Equipment leased under lease program	310	—	305	(162)	323	130
Rental equipment	4,563	64	2,865	216	1,803	5,905
Cartridges	4,385	—	2,987	(427)	2,323	4,622
Computer hardware	602	3	385	—	470	520
Evaluation kits	360	1	—	(18)	199	144
Service Equipment	—	—	—	—	—	—
Leasehold improvements	343	1	36	—	250	130
Total	13,541	73	7,478	(391)	6,222	14,479

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
Service Equipment	—	—	—
Leasehold improvements	525	395	130
Total	24,076	9,597	14,479

(In thousands of Canadian dollars, unless otherwise indicated)

Depreciation expense of $4,863 (October 31, 2024: $4,823) is included in ‘cost of sales’, $525 (October 31, 2024: $821) in ‘general and administrative expenses’, $39 in ‘sales and marketing expenses’ (October 31, 2024: $28) and $741 (October 31, 2024: $550) in ‘product research and development costs’ in the consolidated statements of loss and comprehensive loss.

10. Intangible assets

					Net book value
	October 31, 2024	**Additions**	**Transfers**	**Amortization**	**October 31, 2025**
	$	**$**	**$**	**$**	**$**
Computer software	166	13	(111)	15	53
Government certifications and product patent costs	1,428	812	—	829	1,411
Total	1,594	825	(111)	844	1,464

	Cost	**Accumulated amortization**	**Net book value**
As at October 31, 2025	**$**	**$**	**$**
Computer software	102	49	53
Government certifications and product patent costs	4,316	2,905	1,411
Total	4,418	2,954	1,464

				Net book value
	October 31, 2023	Additions	Amortization	October 31, 2024
	$	$	$	$
Computer software	25	158	17	166
Government certifications and product patent costs	1,705	489	766	1,428
Total	1,730	647	783	1,594

	Cost	Accumulated amortization	Net book value
October 31, 2024	$	$	$
Computer software	201	35	166
Government certifications and product patent costs	3,882	2,454	1,428
Total	4,083	2,489	1,594

Amortization expense of $438 (October 31, 2024: $467) is included in ‘cost of sales’, $15 (October 31, 2024: $16) in ‘general and administrative expenses’ and $363 (October 31, 2024: $300) in ‘product research and development costs’ in the consolidated statements of loss and comprehensive loss.

(In thousands of Canadian dollars, unless otherwise indicated)

11. Right-of-use assets

	October 31, 2025 **$**	October 31, 2024 $
Cost		
ROU assets, beginning of year	6,363	5,071
Foreign exchange differences	68	119
Additions	641	1,270
Other disposals	(152)	(97)
ROU assets, end of year	6,920	6,363
Accumulated depreciation		
ROU assets, beginning of year	3,638	2,740
Foreign exchange differences	(113)	(12)
Depreciation	923	910
ROU assets, end of year	4,448	3,638
Net book value	2,472	2,725
Offices and facilities	2,102	2,200
Vehicles and office equipment	370	525

12. Goodwill

As of October 31, 2025, the carrying amount of goodwill is $4,883 (October 31, 2024: $4,883). The Company completed its annual impairment test of goodwill as of October 31, 2025 using a fair value less costs of disposal ("FVLCOD") model and concluded that no impairment was identified.

The Company allocated goodwill at the operating segment level and utilized percentages of revenue for the basis of allocation:

	October 31, 2025 **$**	October 31, 2024 $
Product	1,953	2,197
Service	2,930	2,686
Total	4,883	4,883

The recoverable amount of each operating segment was calculated using the FVLCOD method. Management's budgeted adjusted EBITDA built from historical and current results, market analysis and strategic business plans were also considered in the impairment test. The calculation of recoverable amount using the discounted cash flow approach was based on the following key assumptions:

	October 31, 2025	October 31, 2024
Discount rate	12 %	13 %
Terminal value multiple	12.90	12.90
Annual Revenue Growth rate	19% - 20%	12% - 32%

(In thousands of Canadian dollars, unless otherwise indicated)

The discount rate was determined using a weighted average cost of capital reflecting the current market assessment. The terminal value multiple was based on management's best estimate of transaction multiples at the time of the impairment test and also considered market analyst reports. Revenue growth is based on management's best estimates based on business plans and historical growth. A 10% decline in the market capitalization would not cause an impairment to goodwill. Only a significant change to the key assumptions used in determining the recoverable amount would result in any impairment of goodwill.

The fair value of the CGU to which goodwill was allocated is categorized as a Level 3 fair value based on the unobservable inputs.

13. Warranty provision

The following table shows the changes in warranty provision during the years ended October 31, 2025 and 2024:

	October 31, 2025	October 31, 2024
	$	$
Warranty provision, beginning of year	4,223	2,848
Additional provisions recognized	2,520	4,223
Provision released during the year	(2,310)	(2,848)
Warranty provision, end of year	4,433	4,223
Current	2,766	2,310
Non-Current	1,667	1,913

The warranty provision is recognized for expected warranty claims on products sold during the year, based on previous levels of repairs and returns. Assumptions used to calculate the provision are based on current sales levels and information available about returns based on the warranty period for all products sold.

14. 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. 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.

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

	October 31, 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

(In thousands of Canadian dollars, unless otherwise indicated)

15. Bank indebtedness

The Company has a three-year $25,000 senior secured operating facility (“operating facility” or “facility”) with a Canadian financial institution (the “lender”) pursuant to the terms of the amended and restated commitment letter dated October 31, 2025. The operating facility includes a $15,000 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 a variable rate. On Canadian advances, the interest rate is based on the Canadian Overnight Repo Rate Average (CORRA) plus a margin of 2.25% to 3.25% depending on the term. On USD advances the rate is based on the US Prime rate plus a margin of 1.00% to 2.00%.

The Company had available capacity on its operating facility of $14,796 as at October 31, 2025 (October 31, 2024: $12,276).

The operating facility includes financial covenants, including 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 October 31, 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.

(CAD thousands)	**Maturity Date**	**October 31, 2025**	**October 31, 2024**
Bank indebtedness	October 31, 2028	10,204	10,653

16. Lease liabilities

The following table details the movement of the Company’s lease liabilities for the years ended October 31, 2025 and 2024.

	October 31, 2025	October 31, 2024
	$	$
Lease liability, beginning of year	2,932	2,494
Foreign exchange differences	(119)	(38)
Additions	641	1,270
Disposals	–	(12)
Interest	188	190
Repayments	(942)	(972)
Lease liability, end of year	2,700	2,932
Lease obligations due within 12 months	1,024	907
Lease obligations due later than 12 months	1,676	2,025

Payments relating to short-term leases and leases of low-value assets were $127 for the year ended October 31, 2025 (October 31, 2024: $100).

17. 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.

(In thousands of Canadian dollars, unless otherwise indicated)

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	464,174	1,078
Issued through stock-based compensation plan	242,262	1,054
Issued for cash through bought deal short-form prospectus offering	2,846,250	23,055
Issued for cash through private placement	5,692,500	11,527
Share issue costs	—	(1,578)
As at October 31, 2024	81,792,332	230,788
Options exercised	848,285	2,462
Issued through stock-based compensation plan	159,012	1,103
Issued for cash through private placement	4,170,024	26,980
Share issue costs	—	(531)
As at October 31, 2025	86,969,653	260,802

During the year ended October 31, 2025, 1,280,850 options were exercised for proceeds net of income tax withholdings of $1,600. On exercise of these common share options, 848,285 common shares were issued and $862 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.

During the year ended October 31, 2024, 626,000 options were exercised for proceeds net of income tax withholdings of $712. On exercise of these common share options, 464,174 common shares were issued and $366 was credited to share capital from contributed surplus.

c) Employee Share Ownership Plan

The Company has a custody and administration vehicle to facilitate its employee share ownership program and hold shares of the Company allocated to individual directors and employees. Included in the outstanding common shares of the Company as at October 31, 2025, are 30,970 (October 31, 2024: 98,405) unvested common shares and 2,065,979 (October 31, 2024: 2,263,886) vested common shares which are held by the above-noted vehicle.

(In thousands of Canadian dollars, unless otherwise indicated)

18. Revenue from contracts with customers

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

	October 31, 2025	October 31, 2024
Revenue	$	$
Product revenue	60,009	57,824
Software services revenue	79,269	61,361
Rental revenue	11,193	8,101
Total revenues	150,471	127,286
Timing of revenue recognition		
At a point in time	58,273	56,942
Over time	92,198	70,344
Total revenues	150,471	127,286

19. 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.

(In thousands of Canadian dollars, unless otherwise indicated)

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

	October 31, 2025	October 31, 2024
Revenue		
Product	60,009	57,824
Service	90,462	69,462
Total Revenues	150,471	127,286
Cost of sales		
Product	36,960	36,855
Service	18,179	16,184
Total Cost of sales	55,139	53,039
Gross margin		
Product	23,049	20,969
Service	72,283	53,278
Gross margin	95,332	74,247
General and administrative expenses	32,212	26,259
Sales and marketing expenses	46,882	41,522
Product research and development costs	22,598	19,546
Foreign exchange gain	(563)	(2,433)
Finance (income) expense, net	(719)	649
Net loss before income tax	(5,078)	(11,296)
Income tax expense	(3,590)	(1,299)
Net loss	(8,668)	(12,595)

In the years ended October 31, 2025 and 2024, there were no customers representing greater than 10% of the Company's revenue.

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

	October 31, 2025	October 31, 2024
Canada	29,974	24,598
United States	71,367	61,649
Europe	36,230	30,395
Rest of World(1)	12,900	10,644
Total revenues	150,471	127,286

(1) The Company's rest of world market is primarily in the Middle East, Asia, 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.

(In thousands of Canadian dollars, unless otherwise indicated)

20. Expenses by nature

Cost of sales includes employee compensation and benefit expenses, services and materials and depreciation and amortization on assets relating to operations. Additional information on the nature of expenses is as follows:

	October 31, 2025 **$**	October 31, 2024 $
Employee compensation and benefit expenses	76,391	67,686
Operational expenses	25,148	21,024
Services and materials	47,297	43,742
Depreciation and amortization	7,995	7,914
Foreign exchange gain	(563)	(2,433)
Total costs of sales and expenses	156,268	137,933

21. Employee compensation and benefit expenses

	October 31, 2025 **$**	October 31, 2024 $
Salaries, wages, employment and termination benefits	73,474	65,824
ESOP and stock options granted to directors and employees	2,917	1,862
Total employee compensation and benefit expenses	76,391	67,686

22. Finance income and costs

	October 31, 2025 **$**	October 31, 2024 $
Finance income		
Interest received/receivable from finance leases and financial assets held for cash management purposes	2,836	1,336
Finance costs		
Interest and finance charges paid/payable for financial liabilities	(2,117)	(1,985)
Finance (expense) income, net	719	(649)

(In thousands of Canadian dollars, unless otherwise indicated)

23. Income taxes

Income tax expense is calculated using the combined federal and provincial statutory income tax rates. The combined provision for taxes in the consolidated statements of loss and comprehensive loss reflects an effective tax rate which differs from the expected statutory rate as follows:

	October 31, 2025 $	October 31, 2024 $
Loss before income taxes	(5,078)	(11,296)
Combined federal and provincial income tax rate	23%	23%
Tax calculated at applicable statutory rates applicable to profits	(1,168)	(2,598)
Tax losses and other items for which no deferred income tax asset was recognized	3,927	3,383
Stock-based compensation expense not deductible for tax purposes	669	428
Non-deductible expenses	162	86
Income tax expense	3,590	1,299

The significant components of the Company's net future income tax deductions are summarized as follows:

	October 31, 2025 $	October 31, 2024 $
Non-capital loss carry forwards	139,538	160,886
Undepreciated capital cost	39,450	34,986
Reserves	5,955	4,701
Share issuance costs	1,587	2,170
SR&ED expenditure pool	6,909	6,909
Total future tax deductions	193,439	209,652

In addition to the temporary differences listed above, the Company has $1,834 of investment tax credits available as of October 31, 2025 which will be included in the taxable income of the Company in the tax year following their use.

A deferred income tax asset has not been recognized as there is not sufficient certainty regarding future utilization. The loss carry forwards available for tax reporting purposes are as follows:

	October 31, 2025 $	**Expiration Date**
Non-capital loss carry forwards		
Canada	117,609	2027 – 2047
United Kingdom	21,009	Indefinite
France	921	Indefinite

The Company has recorded a provision for potential taxes payable within individual states in the United States of $525 within other accrued liabilities (October 31, 2024: $850).

(In thousands of Canadian dollars, unless otherwise indicated)

24. Interests in subsidiaries

The Company's interest in subsidiaries as at October 31, 2025 and 2024 is set out below. Unless otherwise stated, subsidiaries have share capital consisting solely of common shares that are held directly by the Company and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business. Subsequent to the year-ended October 31, 2025 the Company established a wholly owned subsidiary, Blackline Safety Europe GmbH for the facilitation of sales in Germany.

Name of entity	Place of business / Country of incorporation	Ownership interest held by the Company		Principal activities
		2025	2024	
		%	%	
Blackline Safety USA Corp.	USA	100	100	Facilitation of sale of safety monitoring products and services in the United States
Blackline Safety Europe Ltd.	United Kingdom	100	100	Sale of safety monitoring products and services in the United Kingdom and certain other countries
Blackline Safety Europe SAS	France	100	100	Sale of safety monitoring products and services in the European Union
Blackline Safety Australia Pty. Ltd.	Australia	100	100	Facilitation of sale of safety monitoring products and services in Australia and New Zealand
Blackline Safety SPV Seller Corp.	Canada	100	100	Securitization vehicle in the purchase and sale of lease contracts to a Canadian chartered bank
Wearable Technologies Limited	United Kingdom	100	100	License owned intellectual property to the Company

25. Commitments

The Company has various commitments to minimum inventory purchases and has contracted for the services of certain third parties. The Company has leases under IFRS 16 to which there are minimum required payments, are excluded below. Refer to Note 16 for further details.

The remaining commitments under the below contracts, including a commitment for minimum spend on inventory purchases and sensors, business information technology commitments and the estimated operating costs for the office space leases, are as follows:

	October 31, 2025	October 31, 2024
	$	$
Within one year	8,599	5,932
Later than one year but not later than five years	14,387	18,625
Later than five years	—	—
Total	22,986	24,557

(In thousands of Canadian dollars, unless otherwise indicated)

26. 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 17 for further details.

Key management personnel compensation

Key management includes the Company's directors and executive officers. The Company's independent directors can receive compensation in the form of director fees, stock options and participate in the Company's ESOP. The compensation paid or payable to key management for employee and director services is shown below:

	October 31, 2025	October 31, 2024
	$	$
Salaries, compensation and employment benefits	3,416	3,131
ESOP and stock options granted	1,864	1,594
Total	5,280	4,725

27. Stock-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 exercise, subject to certain conditions being met.

(In thousands of Canadian dollars, unless otherwise indicated)

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.

(CAD thousands, except number of options and per stock option amounts)	**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
Granted during the period	1,424,400	4.71
Exercised during the period	(626,000)	2.43
Forfeited during the period	(88,667)	5.33
Expired during the period	(674,584)	5.27
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	1,065,205	6.94
Exercised during the period	(1,280,850)	3.58
Forfeited during the period	(204,499)	6.44
Expired during the period	(10,000)	4.25
As at October 31, 2025	5,354,007	5.00
Vested and exercisable at October 31, 2025	3,744,915	4.78

The weighted average share price at the date of exercise of options exercised during the year ended October 31, 2025 was $6.80 (October 31, 2024: $4.38).

Stock options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date – Year ended	**Exercise price $ per share**	**Stock options October 31, 2025**	Stock options October 31, 2024
October 31, 2025	4.25	—	543,251
October 31, 2026	6.55 - 8.93	823,500	974,000
October 31, 2027	1.75 - 6.05	1,158,989	1,571,667
October 31, 2028	2.75 - 3.47	996,197	1,270,833
October 31, 2029	4.64 - 5.57	1,326,116	1,424,400
October 31, 2030	6.94 - 7.15	1,049,205	—
		5,354,007	5,784,151

The weighted average remaining contractual life of the options outstanding as at October 31, 2025 is 2.74 years (October 31, 2024: 3.01 years).

The Company uses the Black-Scholes model and a forfeiture rate of 28% (October 31, 2024: 39%), based on historical data, to calculate the stock-based compensation expense during the period. The weighted average assessed fair value of options granted for the period ended October 31, 2025 was $6.94 per option (October 31, 2024: $4.71). 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. The expected price volatility is based on the historical volatility.

(In thousands of Canadian dollars, unless otherwise indicated)

The model inputs for the option tranches granted during the years ended October 31, 2025 and 2024 included:

	2025	2024
Risk-free interest rate	2.51% - 2.59%	2.79% - 3.40%
Expected life of the option – employees	3 years	3 years
Expected life of the option – directors and officers	4 years	4 years
Expected dividend per share	$nil per share	$nil per share
Expected volatility of the Company's shares	51%	50% - 51%

During the year ended October 31, 2025, the shareholders approved changes to the Company's 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 October 31, 2025.

28. 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)	October 31, 2025	October 31, 2024
Weighted average shares outstanding – basic and diluted(1)	85,547,192	76,231,233
Net Loss for the period	(8,668)	(12,595)
Basic and diluted loss per share	(0.10)	(0.17)

(1) For the year ended October 31, 2025, 0.77 million of outstanding options were excluded from the dilutive weighted average shares calculation, as they were anti-dilutive (0.97 million for the year ended October 31, 2024).

(In thousands of Canadian dollars, unless otherwise indicated)

29. Supplementary cash flow information

The net change in non-cash working capital items increases (decreases) cash flows as follows:

	October 31, 2025	October 31, 2024
Operating activities		
Changes in non-cash working capital:		
Trade and other receivables	(9,489)	(3,656)
Inventory	(4,694)	362
Prepaid expenses and advances	(1,784)	(1,654)
Contract assets	(8)	(570)
Contract assets – non-current	229	467
Other receivables – non-current	(1,241)	(3,845)
Accounts payable and other accrued liabilities	493	1,381
Warranty provision	456	232
Deferred revenue	6,583	8,099
Contract liabilities	(1,835)	1,684
Warranty provision – non-current	(246)	1,143
Deferred revenue – non-current	1,275	839
Contract liabilities – non-current	(179)	(682)
	(10,440)	3,800
Investing activities[1]		
Changes in non-cash working capital:		
Accounts payable and other accrued liabilities	69	118

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

	October 31, 2025	October 31, 2024
Cash taxes paid	1,601	603
Cash interest paid	1,119	1,302

This page is intentionally blank

blacklinesafety

Blackline Safety Corp.
Unit 100 803 24 Avenue SE
Calgary, AB
Canada, T2G 1P5
www.blacklinesafety.com