blacklinesafety

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

blacklinesafety

Notice

This Management's Discussion and Analysis ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation", the "Company", "we", or "our") unaudited condensed consolidated interim financial statements and accompanying notes, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as set out in IAS 34 *Interim Financial Statements*, for the three and six-month periods ended April 30, 2025. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2024, and its most recently completed Annual Information Form, is available on our website at www.blacklinesafety.com/investors/ and can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca under Blackline Safety Corp.

This MD&A is presented as of June 10, 2025. All financial information contained herein is expressed in Canadian dollars, the Company's presentation currency, unless otherwise indicated. All figures in the MD&A are reported in thousands, except for per share, stock options, common shares, and percentages.

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

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

Overview

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a hardware-enabled software-as-a-service ("HeSaaS") technology company that is focused on bringing connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a suite of safety devices and cloud-connected services in its Calgary headquarters to protect workers at their jobs and support businesses undergoing digital transformation. Blackline has foreign subsidiaries that support its global business located in the United Kingdom, France, United States and Australia, allowing Blackline to serve its customers around the world. Despite the presence of foreign subsidiaries, the Company's principal business activities, including key management and operations are primarily conducted from its principal office in Calgary.

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

Leveraging Blackline's ecosystem of connected safety devices and cloud software, businesses are empowered to increase operational performance through business analytics software and data science services known as Blackline Vision, adding value from the data generated by G6 and G7 safety wearables, EXO area monitors and software. Productivity gains are achieved through employee movement pattern analysis, heat-mapping environmental gas leaks, viewing resource utilization, automating safety compliance reporting, wireless configuration management, evacuation management and interactive reporting.

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

Blackline's G7c device features 4G direct-to-cloud connectivity with wireless coverage in over 100 countries and on over 350 mobile networks. For regions where cellular networks are not available, Blackline's two-part system with a G7x wearable and G7 Bridge satellite base station monitors workers in remote locations in North America, South America, Australia, New Zealand and Africa.

G7 wearables feature the industry's first expandable interface that enables customization to support unique customer scenarios and requirements. All products feature plug-and-play cartridges that are configured for lone worker and gas detection scenarios as required by the end customer. We offer one of four field-replaceable cartridges—a Standard Cartridge, a Single-gas Diffusion Cartridge, a Multi-gas Diffusion Cartridge or a Multi-gas Pumped Cartridge.

The Standard Cartridge is designed for evacuation management and lone worker monitoring scenarios. Single and Multi-gas cartridges support one to five gas configurations with a choice of 21 gas sensors, including combustibles, hydrogen sulfide, carbon dioxide, carbon monoxide, oxygen, volatile organic compounds, sulfur dioxide, ammonia and hydrogen.

Conventional gas detectors are either disposed of at the end of their service life, requiring new equipment to be deployed, or they are taken out of service and individual gas sensors are replaced. Removal and replacement of gas sensors is a time consuming, technical process — businesses often require a third party to ease this burden. To address this problem, G7 offers field-replaceable cartridges that are pre-calibrated, helping equipment to stay in the field and maximizing up-time. Old cartridges can be sent to Blackline for remanufacturing, thereby reducing environmental footprint.

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

Blackline launched the EXO 8 in September 2024, unveiling the new portable area monitor with direct-to-cloud area monitoring capable of detecting up to eight gases and gamma radiation. The EXO 8 contains enhanced features, including a gas expansion module with the ability to add up to eight sensors, optional integrated gamma radiation sensors, AlertLink capabilities and automatic bump and calibration service. The EXO 8 is targeted for large industrial organizations in the oil and gas, petrochemical, mining, hazardous materials, water and wastewater sectors and is intended for organizations to be able to rapidly respond to incidents involving hazardous substances.

Blackline's G6 device is a single-gas cloud-connected gas monitor. The mass-market 4G-enabled, cloud connected single gas monitor is complementary to the current G7 series of connected safety monitors. The longer-lasting connectivity and market leading efficiency enables fast incident response time along with Blackline's leading safety and compliance. The total cost of ownership is reduced for G6 customers due to the G6's lifespan of up to 4 years, doubling that of disposable gas detectors. Connectivity allows for lower information technology infrastructure costs, reduced downtime and over-the-air updates. The G6 monitor is the first connected product designed specifically for industrial workers that will help Blackline drive further growth with its lower price point, as a result lowering customers' operating cost base. The G6 monitor has enhancements to the service line known as "Protect" and "Protect Plus". These features enable the G6 to function with the same real-time connectivity as the G7 product line and includes an emergency SOS button as well as an expanded suite of data and analytics.

A significant portion of customers select Blackline's in-house, 24/7/365 Safety Operations Centre ("SOC"), although they also have the option to self-monitor the safety of their personnel using the Blackline Live cloud-based software platform. Unlike a traditional call centre that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's dedicated SOC focuses solely on safety monitoring. It delivers an immediate response, managing safety alerts from receipt through to resolution according to each customer's customized emergency response protocol. Blackline's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response centre. In regions not covered by Blackline's in-house SOC, customers are able to facilitate monitoring of their employees via approved Blackline Alarm Receiving Centre partners. Blackline's SOC, together with its partner Alarm Receiving Centres in Europe, now monitor over 66,000 devices.

Blackline has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of safety wearables and area monitors that connect to the Blackline Safety Cloud, continuously streaming status, environmental conditions, location, gas readings and alerts. This information enables Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 286 billion data points, over 4.0 billion locations and over 10.2 billion location-enabled gas readings.

Blackline's revenues are comprised of product and service revenues, which are the two operating segments of the Company. Product revenue is generated from sales of Blackline's connected safety monitoring hardware devices and accessories to a variety of industries and geographic locations. Blackline has a broad customer base both in terms of industry, verticals and geographic reach and these diversified markets help to mitigate against dependence on and fluctuations in any one market space. For the three and six-months ended April 30, 2025, product revenue was $14,054 and $31,853, accounting for 39% and 43% of total revenue, respectively (April 30, 2024: $14,824 and $26,260, accounting for 47% and 45% of total revenue, respectively).

Service revenue relates to software and support services that are provided to customers who purchase the Company's connected safety devices. Service revenue also includes recurring revenues from existing customers who renew their services for their Blackline devices as well as device rental and data consulting services. For the three and six-months ended April 30, 2025, service revenue was $21,886 and $41,762, accounting for 61% and 57% of total revenue, respectively (April 30, 2024: $16,756 and $31,645, accounting for 53% and 55% of total revenue, respectively).

The Company also offers its products and services through a lease program with variable lease term commitments. These agreements are typically four years in length and considered to be a finance lease commitment with the hardware revenue component recognized up-front as product revenue, and service and interest revenue are recognized over the life of the contract.

Cost of sales for the Company includes the costs of manufacturing its safety monitoring products as well as the costs of servicing those products. The cost of sales for products comprises of raw materials, direct costs, direct labor, an allocation of overhead, freight charges, warranty, depreciation and scrappage. The cost of sales for services associated with those products is comprised of direct costs, direct labor for the SOC, partner alarm receiving centres, maintenance of the Blackline Live portal, communication costs for devices equipped with cellular and/or satellite technology, costs associated with rental equipment, and an allocation of overhead. For the three and six-months ended April 30, 2025, Blackline's product cost of sales was $8,605 and $19,338, respectively (April 30, 2024: $9,755 and $17,877, respectively) and service cost of sales was $4,634 and $9,157, respectively (April 30, 2024: $3,795 and $7,419, respectively).

Highlights

(CAD thousands, except per share amounts)	Three-Months Ended April 30, 2025	2024	% Change	Six-Months Ended April 30, 2025	2024	% Change
Product revenue	14,054	14,824	(5)	31,853	26,260	21
Service revenue	21,886	16,756	31	41,762	31,645	32
Total Revenue	35,940	31,580	14	73,615	57,905	27
Gross profit	22,701	18,030	26	45,120	32,609	38
Gross margin percentage(1)	63%	57%		61%	56%	
Total Expenses	25,244	21,777	16	47,702	41,693	14
Total Expenses as a percentage of revenue(1)	70%	69%		65%	72%	
Net loss	(3,704)	(4,267)	(13)	(4,834)	(10,058)	(52)
Loss per common share - Basic and diluted	(0.04)	(0.06)	(33)	(0.06)	(0.14)	(57)
EBITDA(1)	(301)	(1,872)	84	1,755	(5,264)	NM
EBITDA per common share(1) - Basic and diluted	0.00	(0.03)	NM	0.02	(0.07)	NM
Adjusted EBITDA(1)	1,040	(2,043)	NM	2,557	(5,278)	NM
Adjusted EBITDA per common share(1) - Basic and diluted	0.01	(0.03)	NM	0.03	(0.07)	NM

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

NM – Not meaningful

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Cash and cash equivalents and short-term investments	52,584	43,107	22
Working capital(1)	71,727	54,141	32
Total assets	163,828	146,879	12
Non-current liabilities	30,027	33,719	(11)
Shareholders’ equity	80,485	57,613	40

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

Key Performance Indicators

Management uses a number of key performance indicators, including those identified below, to measure the performance of the business, identify and assess trends affecting the Company and to make strategic decisions. These key performance indicators do not have any standardized definitions prescribed by IFRS Accounting Standards and cannot be reconciled to a directly comparable IFRS Accounting Standards measure. These key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies. Refer to "Non-GAAP and Supplementary Financial Measures" at the end of this MD&A for further detail.

Annual Recurring Revenue

Annual Recurring Revenue ("ARR") is the total annualized value of recurring service amounts (ultimately recognized as software services revenue) of all service contracts at a point in time. Annualized service amounts are determined solely by reference to the underlying contracts, adjusted for the varying revenue recognition treatments under IFRS 15, *Revenue from Contracts with Customers*. It excludes one-time fees, such as for rentals and non-recurring professional services, and assumes that customers will renew the contractual commitments on a periodic basis as those commitments come up for renewal, unless such renewal is known to be unlikely. We believe that ARR provides visibility into future cash flows and is a fair measure of the performance and growth of our service contracts. The increase in ARR is due to the service plans that have been added on new device sales as well as the expansion of existing contracts with our customers and indicates the continued strength in the growth of our business.

	As at April 30,		
(CAD thousands)	**2025**	**2024**	**% Change**
Annual Recurring Revenue[1]	75,153	56,459	33

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

Net Dollar Retention

Net Dollar Retention ("NDR") compares the aggregate service revenue contractually committed for a full period under all customer agreements of our total customer base as of the beginning of the trailing twelve-month period to the total service revenue of the same group at the end of the period. It includes the effect of our service revenue that expands, renews, is upsold or downsold or is cancelled, but excludes the total service revenue from new activations during the period. NDR reflects the net expansion of our existing contracts with our customers and is offset by the customers who declined to renew their service plans which provides a fair measure of the strength of our recurring revenue streams and growth within our existing customer base.

	As at April 30,		
	2025	**2024**	**Change**
Net Dollar Retention[1]	128%	130%	(200) bps[2]

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

(2) Basis points ("BPS") is defined as one hundredth of 1 percentage point.

Results of Operations

	Three-Months Ended April 30,			Six-Months Ended April 30,		
(CAD thousands)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Product revenue	14,054	14,824	(5)	31,853	26,260	21
Service revenue	21,886	16,756	31	41,762	31,645	32
Total Revenue	35,940	31,580	14	73,615	57,905	27
Product revenue as a percentage of revenue[1]	39%	47%		43%	45%	
Service revenue as a percentage of revenue[1]	61%	53%		57%	55%	
Total	100%	100%		100%	100%	

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

Total revenue for the three-month period ended April 30, 2025 was $35,940 which is an increase of $4,360 from $31,580 in the comparable period of the prior year. The 14% increase was driven by strong growth in recurring service revenue by services on new device sales, customer upsell and expansion of services on existing devices.

Total revenue for the six-month period ended April 30, 2025 was $73,615 which is an increase of $15,710 from $57,905 in the comparable period of the prior year. The 27% increase was due to continued growth in the Company's service revenue from its connected safety monitoring, analysis and compliance solutions as well as higher product sales.

Product Revenue

For the three-months ended April 30, 2025, product revenue was $14,054 which represents a decrease of $770 or 5% compared to $14,824 in the prior year comparative quarter. The decrease was a result of lower product sales due to the trade policy uncertainty related to tariffs, and economic conditions including oil prices, which delayed investment decisions among our energy sector customers. While this timing impacts quarter-over-quarter comparability, product revenue increased 21% for the first half of 2025 compared to the same period in the previous year, underscoring the strength of our continued momentum into the second half of the year.

During the six-month period ended April 30, 2025, product revenue was $31,853, an increase of $5,593 compared to $26,260 in the prior year comparative period. The 21% increase reflects the Company's expanded international sales network and past investments in our global sales team, and targeted demand generation and sales development activities. The Company's enhanced pricing strategy also contributed to the increase in product revenue.

Service Revenue

	Three-Months Ended April 30,			**Six-Months Ended April 30,**		
(CAD thousands)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Software services revenue	19,231	14,542	32	37,390	28,443	31
Rental revenue	2,655	2,214	20	4,372	3,202	37
Total service revenue	21,886	16,756	31	41,762	31,645	32
Software services revenue as a percentage of service revenue(1)	88%	87%		90%	90%	
Rental revenue as a percentage of service revenue(1)	12%	13%		10%	10%	
Total	100%	100%		100%	100%	

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

Total service revenue for the three-months ended April 30, 2025 increased $5,130 or 31% to $21,886 compared to $16,756 in the comparative period of the prior year.

Software services revenue for the three-months ended April 30, 2025 was $19,231, an increase of 32% from $14,542 in the prior year comparative period. The increase is a result of the new activations of the devices sold to end-users over the past twelve months for customers utilizing the Company’s monitoring, software and data services. Total increases in software services of $4,689 included newly activated device service revenue of $515 in the second quarter as well as net service revenue increases within our existing customer base of $4,211 compared to the prior year comparative period. This was partially offset by certain customers who declined to renew their service plans resulting in an impact of $37 in the same period.

Rental revenue for the three-months ended April 30, 2025 increased 20% to $2,655 from $2,214 in the prior year comparative quarter, as the Company continued to experience strong demand for its connected solutions in the manufacturing, industrial construction, facility turnaround and maintenance markets.

Total service revenue for the six-month period ended April 30, 2025 increased $10,117 or 32% to $41,762 compared to $31,645 in the comparative period of the prior year.

Software services revenue for the six-months ended April 30, 2025 was $37,390, an increase of 31% or $8,947 compared to $28,443 in the prior year comparable period. The increase is due to new activations over the previous twelve months, as well as expansion of services within the Company's existing customer base.

Rental revenue for the six-month period ended April 30, 2025 was $4,372, an increase of 37% or $1,170 compared to $3,202 in the prior year comparative period as a result of the Company's strategic marketing efforts and focus on the rental market.

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Revenue from customers by country/geographic area	Three-Months Ended April 30,			Six-Months Ended April 30,		
(CAD thousands)	2025	2024	% Change	2025	2024	% Change
Canada	8,155	6,657	23	14,979	12,044	24
United States	15,766	15,534	1	35,103	28,517	23
Europe	8,412	7,368	14	17,481	13,856	26
Rest of World	3,607	2,021	78	6,052	3,488	74
Total revenue	35,940	31,580	14	73,615	57,905	27
Canada as a percentage of revenue(1)	23%	21%		20%	21%	
United States as a percentage of revenue(1)	44%	49%		48%	49%	
Europe as a percentage of revenue(1)	23%	23%		24%	24%	
Rest of World as a percentage of revenue(1)	10%	7%		8%	6%	
Total	100%	100%		100%	100%	

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

The three-months ended April 30, 2025 saw our Rest of World market deliver strong new hardware sales and growth in our service contracts with existing customers particularly in the utility and energy sector, resulting in an increase of $1,586 or 78%. This robust growth affirms the continued expansion of our sales network and targeted initiatives in key areas such as the Middle East. There was also strong growth in the Canadian market, increasing by $1,498 or 23% and our European market increased by $1,044 or 14%. There was a slowdown in the United States market due to the economic uncertainty surrounding the imposition of tariffs, and declining oil prices which impacted investment decisions within the energy sector in the quarter.

The Company’s Rest of World market is primarily in the Middle East, Asia, Australia, New Zealand and Africa and has not been directly impacted by the ongoing military conflict between Russia and Ukraine or between Israel and Hamas. The growth in revenue across these markets is a result of the expansion of sales personnel covering these regions and the strategic targeting of customers in specific industries including energy, water treatment and utilities.

Lease Revenue

The Company leases certain of its safety monitoring equipment to customers through the Company’s lease program with monthly, quarterly or annual payments.

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

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

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

The 29% increase in undiscounted payments under non-cancellable finance lease contracts from October 31, 2024 is a result of new customers entering into finance lease agreements as well as existing customers renewing lease contracts.

Cost of Sales

(CAD thousands)	Three-Months Ended April 30, 2025	2024	% Change	Six-Months Ended April 30, 2025	2024	% Change
Product	8,605	9,755	(12)	19,338	17,877	8
Service	4,634	3,795	22	9,157	7,419	23
Total cost of sales	13,239	13,550	(2)	28,495	25,296	13
Product cost of sales as a percentage of segment revenue(1)	61%	66%		61%	68%	
Service cost of sales as a percentage of segment revenue(1)	21%	23%		22%	23%	
Cost of sales as a percentage of revenue(1)	37%	43%		39%	44%	

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

Cost of sales for the three-months ended April 30, 2025 totaled $13,239 compared to $13,550 in the prior year comparative period. The decrease in cost of sales is primarily due to a decrease in products sold in the period compared to the prior year comparative quarter. This is partially offset by a 22% increase in the service segment as a result of the associated costs expanding to support our growing customer base.

Cost of sales for the six-months ended April 30, 2025 totaled $28,495 compared to $25,296 in the prior year comparative period which was primarily due to the increase in the cost of sales for the product segment as more products were sold in the period as well as growth in the service segment.

Product Cost of Sales

Product cost of sales decreased by $1,150 or 12% in the three-months ended April 30, 2025 compared to the prior year comparative quarter primarily due to lower material costs and warranty expenses as fewer products were sold due to a slowdown, particularly in the United States market, in the period. These decreases were partially offset by unabsorbed costs, an increase in salaries and related benefits due to a higher headcount compared to the prior year comparative period and tariffs levied on products shipped to the United States for a brief period in the current quarter. Shortly after these tariffs were incurred, the US administration changed its trade policy on United States-Mexico-Canada Agreement ("USMCA") compliant products. Most of the Company's products are USMCA compliant and are exempt from any tariffs currently in place on goods shipped to the United States from Canada.

Product cost of sales for the six-month period ended April 30, 2025 was $19,338 compared to $17,877 in the prior year comparative period, an increase of $1,461 or 8%, primarily due to an increase in material costs as more products were sold in the period and an increase in production salaries and related benefits due to increased headcount. There were also tariffs levied on goods shipped to the United States in the quarter and an increase in unabsorbed costs. There were higher rework costs due to the timing of returned devices from the field in the period compared to the prior year comparative period. The increases were partially offset by lower warranty expense and overhead costs due to ongoing efficiencies in the production process compared to the prior year comparative period.

Service Cost of Sales

Service cost of sales increased by $839 or 22% in the three-months ended April 30, 2025 compared to the prior year comparative quarter. The increase is a result of higher connectivity and data costs driven by the increased user base and SOC team costs to support higher service revenue in the second quarter. There were also increases in depreciation on owned cartridges generating cartridge-as-a-service revenue and on rental equipment as the Company's rental program expanded globally.

Service cost of sales were $9,157 during the six-months ended April 30, 2025, compared to $7,419 in the prior year comparative period, an increase of $1,738 or 23%. This increase is a result of higher connectivity and data costs driven by the increased user base. There were also increases in depreciation on owned cartridges generating cartridge-as-a-service revenue and on rental equipment as the Company's rental program expanded globally. Salaries and related benefits costs increased due to the expansion within the SOC team to support the increased user base compared to the prior year comparative quarter.

Gross Profit

(CAD thousands)	Three-Months Ended April 30, 2025	2024	% Change	Six-Months Ended April 30, 2025	2024	% Change
Product	5,449	5,069	7	12,515	8,383	49
Service	17,252	12,961	33	32,605	24,226	35
Gross profit	22,701	18,030	26	45,120	32,609	38
Product gross margin percentage(1)	39%	34%		39%	32%	
Service gross margin percentage(1)	79%	77%		78%	77%	
Gross margin percentage(1)	63%	57%		61%	56%	

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

Total gross profit for the three-months ended April 30, 2025 was $22,701 compared to $18,030 in the prior year comparative quarter. This represented a total gross margin percentage of 63%, which increased from 57% in prior year comparative quarter. The increase in total gross profit is due to a combination of higher service sales, enhanced pricing strategy, production line automation and cost management within our product and service segments.

Product gross margin percentage for the three-months ended April 30, 2025 increased to 39% from 34% in the prior year comparative quarter due to efficiencies generated as the Company has been able to automate more of its manufacturing line and achieve more effective cost management through improved strategic supplier pricing. The Company's products incurred tariffs that had been levied by the US government on Canadian goods for a brief period which impacted the product gross margin percentage on goods shipped to the United States in the current quarter.

Service gross margin percentage for the three-months ended April 30, 2025 increased to 79% from 77%. The increase reflects an expansion in customer base and a continuous higher penetration of Blackline’s value-added services for which the Company realizes a higher margin. Continued growth and larger absorption of fixed costs as well as improvements to the Company’s received pricing for connectivity and infrastructure also contributed to the improvement in service gross margin percentage.

Total gross profit for the six-months ended April 30, 2025, increased $12,511 or 38% to $45,120 from $32,609 in the prior year comparative period due to higher overall revenues, enhanced pricing strategy, a shift to an increased weighting of service revenue and cost management within our service segment.

Product gross margin percentage was 39% for the six-months ended April 30, 2025, an increase from 32% in the prior year comparative period due to higher overall product revenues and automation efforts across our manufacturing line and better cost management resulting in improved supplier pricing.

Service gross margin percentage was 78% for the six-months ended April 30, 2025, increasing from 77% in the prior year comparative period due to growth of the Company’s high value services, higher overall service revenue, more than offsetting the increase in cost of sales. The Company continued its efforts to optimize its connectivity and data costs.

Expenses

(CAD thousands)	Three-Months Ended April 30, 2025	2024	% Change	Six-Months Ended April 30, 2025	2024	% Change
General and administrative expenses	8,195	6,739	22	15,403	12,949	19
Sales and marketing expenses	11,549	10,515	10	23,061	19,671	17
Product research and development costs	5,504	5,071	9	10,436	9,816	6
Foreign exchange gain	(4)	(548)	(99)	(1,198)	(743)	61
Total Expenses	25,244	21,777	16	47,702	41,693	14
General and administrative expenses as a percentage of revenue(1)	23%	21%		21%	22%	
Sales and marketing expenses as a percentage of revenue(1)	32%	33%		31%	34%	
Product research and development costs as a percentage of revenue(1)	15%	16%		14%	17%	
Total Expenses as a percentage of revenue(1)	70%	69%		65%	72%	

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

Total expenses for the three-months ended April 30, 2025 were $25,244 compared to $21,777 in the prior year comparative quarter, an increase of 16% or $3,467. The increase was primarily due to higher general and administrative expenses, sales and marketing expenses and product research and development costs, and a decrease in foreign exchange gain. Total expenses as a percentage of revenue for the three-months ended April 30, 2025 increased to 70% compared to 69% in the prior year comparative quarter.

During the six-months ended April 30, 2025, total expenses were $47,702 compared to $41,693 in the prior year comparative period, an increase of 14% or $6,009. The increase was primarily due to higher sales and marketing expenses and general and administrative expenses, partially offset by a larger foreign exchange gain. Total expenses as a percentage of revenue for the six-months ended April 30, 2025 decreased to 65% compared to 72% in the prior year comparative period.

General and administrative expenses

General and administrative expenses are comprised of the salaries, benefits and stock-based compensation expense for the accounting and finance, business information technology, operational management as well as general management staff, the executive management team and the Board of Directors of the Company. These costs also include professional fees, costs for internal and external systems supporting the Company's global operations, insurance costs, the costs of compliance associated with being a public company, depreciation of certain property and equipment and general corporate expenses.

General and administrative expenses increased by $1,456 or 22% in the three-months ended April 30, 2025 to $8,195 from $6,739 in the prior year comparative quarter. There were increases in salaries and related benefits expenses as the Company expanded administrative functions to support the scaling of the business as well as stock-based compensation due to a directors, officers and employees stock option grant in the current quarter. The Company also incurred higher subscription and license costs compared to the prior year comparative quarter. General and administrative expenses as a percentage of total revenue increased to 23% from 21% for the second quarter compared to the prior year comparative quarter.

During the six-months ended April 30, 2025, general and administrative expenses increased by $2,454 or 19%, to $15,403 from $12,949 in the prior year comparative period, primarily due to higher salaries and related benefits expenses as the Company expanded administrative functions as the business continues to expand operations. There was also an increase in stock-based compensation due to a directors, officers and employees stock option grant in the second quarter. During the six-months ended April 30, 2025, general and administrative expenses as a percentage of total revenue decreased to 21% from 22% compared to the prior year comparative period.

Sales and marketing expenses

Sales and marketing expenses include the salaries, benefits, internal and external commissions and stock-based compensation expense of the sales and marketing staff as well as travel costs, direct marketing and distribution channel expenses and supporting contractors and consultants' professional fees.

Sales and marketing expenses for the three-months ended April 30, 2025 increased $1,034 or 10% to $11,549 from $10,515 compared to the prior year comparative quarter. This was primarily due to increases in salaries and related benefits expenses due to an increase in headcount to support the Rest of World sales team and growing demand for our connected solutions in those regions. Bad debt expense also increased in the three-months ended April 30, 2025 due to an increase in the Company's provision as a result of increased total revenue and for certain aged receivables. These increases were partially offset by decreases in sales commissions due to slower growth in the quarter. There were also decreases in distributor commissions due to a larger lease contract entered into in the prior year comparative quarter through a channel distributor. Sales and marketing expenses as a percentage of total revenue decreased to 32% for the second quarter compared to 33% in the prior year comparative quarter.

During the six-months ended April 30, 2025, sales and marketing expenses increased by $3,390 or 17% to $23,061 from $19,671 compared to the prior year comparative period. This was primarily due to increases in salaries and related benefits expenses, contractor fees, and related recruiting costs to support the Rest of World sales team with growing demand for our connected solutions in those regions. Bad debt expense also increased in the six-months ended April 30, 2025 due to an increase in total revenue and provision for certain aged receivables. Tradeshow, consulting and subscription expenses also contributed to the increase in the period compared to the prior year comparative period. These increases were partially offset by decreases to distributor commissions as a result of lower number of lease contracts entered into through channel distributors in the period. Sales and marketing expenses as a percentage of total revenue for the six-months ended April 30, 2025 decreased to 31% from 34% compared to the prior year period.

Product research and development costs

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

Product research and development costs increased to $5,504 in the second quarter compared to $5,071 in the prior year comparative quarter. The increase of $433 or 9% was largely attributed to an increase in salaries and related benefits due to an increase in headcount compared to the prior year comparative quarter. There was also an increase in consulting costs to accelerate product development efforts. This was offset by a reduction in severance costs related to a departure of an officer in the prior year comparative period. The second quarter product research and development costs as a percentage of total revenue decreased to 15% from 16% in the prior year comparative quarter.

During the six-months ended April 30, 2025, product research and development costs remained largely consistent, only increasing by $620 or 6% to $10,436 from $9,816 compared to the prior year comparative period. This was primarily due to higher salaries and related benefits costs due to the increased headcount to support growth and an increase in consulting costs to accelerate product development efforts. This was partially offset by a reduction in severance costs related to a departure of an officer in the prior year comparative period. Product research and development costs as a percentage of total revenue for the six-months ended April 30, 2025 decreased to 14% from 17% compared to the prior year period.

Foreign exchange gain

Total net realized and unrealized foreign exchange gain was $4 and $1,198 for the three and six-months ended April 30, 2025, respectively compared to a gain of $548 and $743 in the prior year comparative periods. The foreign exchange gain relates predominately to the impact of changes in the Canadian dollar on the Company's foreign currency denominated cash and cash equivalents, trade and other receivables, trade accounts payables and other accrued liabilities at the end of the period. As a result of geopolitical uncertainty and shift in trade policies throughout the three-month period ended April 30, 2025 the US dollar had a high degree of volatility and weakened against other currencies at the end of the period.

Currency	Date	End of Quarter	3-Month Average	6-Month Average
USD/CAD	April 30, 2025	1.38	1.42	1.42
	April 30, 2024	1.37	1.36	1.35
EUR/CAD	April 30, 2025	1.57	1.54	1.51
	April 30, 2024	1.47	1.47	1.47
GBP/CAD	April 30, 2025	1.84	1.83	1.81
	April 30, 2024	1.72	1.71	1.71

Finance income (expense), net

Finance income, net was $177 and $68 for the three and six-months ended April 30, 2025, respectively, compared to finance expenses, net of $279 and $465 in the comparable prior year periods. Finance income was higher for the three and six-months ended April 30, 2025 due to the interest revenue from finance leases and financial assets held for cash management purposes, partially offset by interest expense on the Company's senior secured operating facility and lease securitization facility.

Net loss, EBITDA and Adjusted EBITDA

Net loss was $3,704 and $4,834 for the three and six-months ended April 30, 2025, respectively, compared to $4,267 and $10,058 in the prior year comparative periods. The decrease in net loss in the three-month period was due primarily to the overall increase in total revenue and increase in overall gross profit compared to the prior year comparative period. This was partially offset by increases in general and administrative expenses, sales and marketing expenses, product research and development costs and a lower foreign exchange gain.

The decrease in net loss in the six-months ended April 30, 2025 was due to the increase in total revenue and overall gross profit, net finance income and a higher foreign exchange gain compared to the prior year comparative period. This was partially offset by increases in sales and marketing expenses, general and administrative expenses and product research and development costs. Overall total expenses as a percentage of total revenue significantly decreased during the six-month period.

EBITDA for three and six-months ended April 30, 2025 was $(301) and $1,755, respectively, compared to $(1,872) and $(5,264) in the prior year comparative periods. The increase in EBITDA was primarily due to the increase in total revenue and gross profit.

Adjusted EBITDA for the three and six-months ended April 30, 2025 was $1,040 and $2,557, respectively, compared to $(2,043) and $(5,278), respectively, for the prior year comparative periods. The increase in Adjusted EBITDA was primarily due to the increase in total revenue and gross profit.

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Key Assets and Liabilities

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Total assets	163,828	146,879	12
Total liabilities	83,343	89,266	(7)

Total assets as at April 30, 2025 were $163,828 compared to $146,879 as at October 31, 2024. The increase in total assets is primarily due to increases in short-term investments, trade and other receivables and cash and cash equivalents, slightly offset by decreases in right-of-use assets and property and equipment.

Total liabilities as at April 30, 2025 were $83,343 compared to $89,266 as at October 31, 2024. The decrease in total liabilities is primarily due to decreases in securitization facility payable and contract liabilities, partially offset by an increase in deferred revenue.

Trade and other receivables

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Trade accounts receivable	38,087	33,999	12
Other receivables – current	11,068	10,073	10
Other receivables – non-current	14,906	12,471	20
Loss allowance	(1,237)	(478)	159
Total	62,824	56,065	12

Trade and other receivables as at April 30, 2025 totaled $62,824, compared to $56,065 as at October 31, 2024, an increase of $6,759 or 12%. The growth is predominantly due to the increase in trade accounts receivable of $4,088 due to the increase in total revenue and timing of collections. There is also an increase in current and non-current other receivables of $3,430 primarily from increases in finance leases entered into in the period.

Inventory

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Parts	9,721	10,024	(3)
Finished goods	7,659	6,802	13
Total	17,380	16,826	3

Inventory totaled $17,380 as at April 30, 2025 compared to $16,826 as at October 31, 2024. Overall, inventory increased due to the management of tariffs and trade policy uncertainties.

Contract assets and contract liabilities

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Contract assets			
Current	1,857	1,755	6
Non-current	995	1,039	(4)
Total	2,852	2,794	2
Contract liabilities			
Current	2,483	3,757	(34)
Non-current	970	933	4
Total	3,453	4,690	(26)

Total contract assets, consisting of current and non-current costs related to the fulfillment of lease contracts, were $2,852 as at April 30, 2025 compared to $2,794 at October 31, 2024. The increase is largely due to the lease contracts sold through channel distributors in the period and the timing of recognition for distributor commissions related to the product component over the course of the contract term.

Total contract liabilities, which represent the Company's obligations to pay commissions to third-party distributors who assist with the fulfillment of certain contracts was $3,453 compared to $4,690 at the prior year end. The decrease is due to distributor payments in the period.

Property and equipment

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Property and equipment	14,103	14,479	(3)

Property and equipment decreased by 3% or $376 at April 30, 2025 to $14,103 from $14,479 at October 31, 2024. There were additions of $1,039 for cartridges, $943 for rental equipment as the Company's rental program expanded globally to meet the demand for our customers' diverse safety needs for short-term projects, and $594 for manufacturing equipment. The additions were fully offset by depreciation of $3,411 for the six-months ended April 30, 2025.

Accounts payable and other accrued liabilities

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Trade accounts payable	11,525	10,642	8
Other accrued liabilities	12,942	12,313	5
Total	24,467	22,955	7

Accounts payable and other accrued liabilities increased by 7% at April 30, 2025 to $24,467 from $22,955 at October 31, 2024 due to the timing of payment of the Company's expenditures at the end of each fiscal period. Other accrued liabilities includes the provision for taxes payable in the United States.

Deferred Revenue

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Current	23,440	21,668	8
Non-current	15,147	14,540	4
Total	38,587	36,208	7

The Company's deferred revenue increased by 7% or $2,379 as at April 30, 2025 to $38,587 due to payments in advance from customers for service contracts, partially offset by service revenue recognized in the period.

Bank indebtedness

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Non-current	10,064	10,653	(6)

The Company has a senior secured operating facility (refer to the liquidity & capital resources section of the MD&A) and as at April 30, 2025, bank indebtedness decreased to $10,064 from $10,653 in October 31, 2024 as the Company had a net repayment of $589 during the six-months ended April 30, 2025.

Proceeds of Share Issuances

On January 23, 2025, the Company closed a non-brokered private placement for a total of 4,170,024 common shares at an issue price of $6.47 per common share for gross proceeds of $26,980. After deduction of issuance fees, the net proceeds from the non-brokered placement was $26,449.

Summary of Quarterly Results

The following table highlights total revenue, gross margin percentage, net loss, net loss per common share, EBITDA, EBITDA per common share, Adjusted EBITDA and Adjusted EBITDA per common share amounts for the eight most recently completed quarters ended April 30, 2025. These have been prepared in accordance with IFRS Accounting Standards, with the non-GAAP and supplementary financial measures captioned below and are presented in Canadian dollars, which is the presentation and functional currency of the Company.

(CAD thousands, except per share amounts)	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	35,940	37,675	35,695	33,686	31,580	26,325	30,035	24,830
Gross margin percentage[(1)]	63%	60%	61%	59%	57%	55%	55%	54%
Net loss	(3,704)	(1,130)	(68)	(2,469)	(4,267)	(5,791)	(4,455)	(6,842)
Net loss per common share[(1)]	(0.04)	(0.01)	0.00	(0.03)	(0.06)	(0.08)	(0.06)	(0.09)
EBITDA[(1)]	(301)	2,056	2,477	53	(1,872)	(3,392)	(1,480)	(4,849)
EBITDA per common share[(1)]	0.00	0.03	0.03	0.00	(0.03)	(0.05)	(0.02)	(0.07)
Adjusted EBITDA[(1)]	1,040	1,517	2,033	810	(2,043)	(3,234)	(1,829)	(3,760)
Adjusted EBITDA per common share[(1)]	0.01	0.02	0.02	0.01	(0.03)	(0.04)	(0.03)	(0.05)

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

Fiscal Year 2025

The decrease in revenue in the second quarter of fiscal 2025 relates to lower product revenue compared to the first quarter of fiscal 2025. Gross margin percentage increased compared to the first quarter of fiscal 2025 due to a decrease in product cost of sales compared to the first quarter of fiscal 2025. The increase in net loss and decrease in EBITDA and Adjusted EBITDA is due to lower product revenue and an increase in total expenses, income tax expenses and lower foreign exchange gain. These increases are partially offset by higher finance income. Expenses as a percentage of revenue increased in the second quarter compared to the first quarter of fiscal 2025.

The increase in revenue in the first quarter of fiscal 2025 relates to higher product and services revenues compared to the fourth quarter of fiscal 2024. Gross margin percentage and expenses as a percentage of revenue for the first quarter of fiscal 2025 remained consistent compared to the fourth quarter of fiscal 2024. The increase in net loss and decrease in EBITDA and Adjusted EBITDA is primarily due to higher general and administrative expenses, product research and development costs, sales and marketing expenses, income tax expenses and finance expenses. These increases are partially offset by a larger foreign exchange gain.

Fiscal Year 2024

The increase in revenue in the fourth quarter of fiscal 2024 relates to higher product and service revenues compared to the third quarter of fiscal 2024. The gross margin percentage for product increased and the gross margin percentage for service remained consistent compared to the prior quarter, resulting in the increase of overall gross margin percentage. The decrease in net loss, improvement to EBITDA and to Adjusted EBITDA in the fourth quarter of fiscal 2024 compared to the previous quarter was primarily due to increased quarterly revenue, increased gross profit and lower general and administrative expenses, lower product research and development costs and a higher foreign exchange gain. This was slightly offset by an increase in sales and marketing expenses. Expenses as a percentage of revenue decreased in the fourth quarter compared to the third quarter of fiscal 2024.

The increase in revenue in the third quarter of fiscal 2024 is a result of increases in both product and service revenues. Similarly, product and service gross margin percentages also increased compared to the prior quarter resulting in the increase of overall gross margin percentage. The decrease in net loss, improvement to EBITDA and to Adjusted EBITDA in the third quarter of fiscal 2024 compared to the previous quarter was primarily due to increased quarterly revenue, increased gross profit and lower sales and marketing expenses and product research and development costs. This was slightly offset by increases in general and administrative expenses. Although general and administrative expenses was higher, the expense as a percentage of revenue were effectively the same.

The increase in revenue in the second quarter of fiscal 2024 is a result of both increased product and service sales. The second quarter of fiscal 2024 also saw an increase in gross margin percentage compared to the first quarter of fiscal 2024 which was a result of higher product and service gross margin percentages. The decrease in net loss and improvement to Adjusted EBITDA in the second quarter of fiscal 2024 compared to the first quarter of 2024 was primarily due to increased quarterly revenues, resulting in higher overall gross profits, which were slightly offset by increases in overall expenses and higher net finance expenses. Although sales and marketing and product research and development expenses were higher in the second quarter as compared to the first quarter of fiscal 2024, the expenses as a percentage of revenue were all lower in the second quarter as compared to the first quarter.

The decrease in revenue in the first quarter of fiscal 2024 compared to the fourth quarter of fiscal 2023 of 12% or $3,710 relates to lower product revenues as well as marginally lower service revenues. Due to the seasonality of the business wherein results are stronger in the latter half of the fiscal year, the revenue in the first quarter of fiscal 2024 decreased expectantly compared to the fourth quarter of the fiscal year, however increased compared to the other quarters of fiscal 2023. The gross margin percentage in the first quarter of fiscal 2024 compared to the seasonally strong fourth quarter of fiscal 2023 remained the same as service revenue made up a higher proportion of total revenue, partially offset by slight decreases in product and service margin percentage compared to the fourth quarter of fiscal 2023. The increase in net loss and decrease in Adjusted EBITDA in the first quarter of fiscal 2024 compared to the fourth quarter of fiscal 2023 was a result of lower total revenue and higher overall expenses. Sales and marketing expenses decreased but were offset by higher general and administrative and product research and development expenses. Overall, the general and administrative and product research and development expenses as a percentage of revenue increased, while sales and marketing expenses as a percentage of revenue decreased.

Fiscal Year 2023

The increase in revenue in the fourth quarter of fiscal 2023 compared to the third quarter of fiscal 2023 relates to higher product and service revenues. The increase in gross margin percentage in the fourth quarter of fiscal 2023 compared to the third quarter of fiscal 2023 was due to a 3% increase in product gross margin and a 2% increase in service gross margin. The decrease in net loss and increase in Adjusted EBITDA in the fourth quarter of fiscal 2023 compared to the third quarter of fiscal 2023 was a result of higher gross margins as well as lower product research and development costs and a foreign exchange gain as opposed to a loss in the third quarter of fiscal 2023. Although general and administrative expenses were marginally higher in the fourth quarter as compared to the third quarter, the expenses as a percentage of revenue decreased. Similarly, despite sales and marketing expenses being higher in the fourth quarter as compared to the third quarter, the expenses as a percentage of revenue remained effectively the same.

Liquidity and Capital Resources

The Company's primary requirements for capital are for general working capital requirements and to fund the development of enhanced product and service offerings. The Company finances these activities primarily through short-term investments, cash flows from operations, funds from equity financing and its senior secured operating facility with a Canadian financial institution.

Total cash and cash equivalents were $18,584 as at April 30, 2025. Cash and cash equivalents increased $2,477 compared to October 31, 2024.

	Three-Months Ended April 30,			Six-Months Ended April 30,		
(CAD thousands)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Cash used in operating activities	(1,791)	(1,537)	17	(5,312)	(1,955)	172
Cash (used in) provided by financing activities	(5,875)	601	NM	19,125	2,184	776
Cash provided by (used in) investing activities	14,616	2,111	592	(10,126)	1,122	NM
Effects of foreign exchange changes	(2,240)	626	NM	(1,210)	393	NM
Net increase in cash and cash equivalents	4,710	1,801	162	2,477	1,744	42

NM – Not meaningful

Operating activities during the three and six-months ended April 30, 2025 used $1,791 and $5,312 of cash, respectively (April 30, 2024: $1,537 and $1,955, respectively). The increase in cash used was primarily a result of a decrease in net changes in non-cash working capital of $(1,110) and $(5,874), respectively, for the three and six-months ended April 30, 2025 (April 30, 2024: $53 and $3,058, respectively). This was partially offset by a lower net loss for the three and six-months ended April 30, 2025 compared to the prior year comparative periods.

The net decrease to changes in non-cash working capital for the three-months ended April 30, 2025, compared to the prior year quarter were primarily due to changes in prepaid expenses and advances of $(1,535) and current and non-current deferred revenue of $(2,290) (April 30, 2024: $(676) and $2,388, respectively). This is offset in the current quarter mainly by current and non-current trade and other receivables of $3,793 (April 30, 2024: $(4,601)).

For the six-months ended April 30, 2025, decreases to changes in non-cash working capital were primarily due to current and non-current trade and other receivables of $(6,126) and current contract liabilities of $(1,275) (April 30, 2024: $(3,543) and $1,513, respectively). In the period, this was mainly offset by current and non-current deferred revenue of $1,988 and accounts payable and other accrued liabilities of $937 (April 30, 2024: $4,679 and $563, respectively).

Financing activities for the three-months ended April 30, 2025 used $5,875 of cash (April 30, 2024: provided $601 of cash). This is primarily due to the full repayment of the lease securitization facility prior to maturity in March 2025 of $6,718 (April 30, 2024: $1,468). This was partially offset by net proceeds from option exercises in the three-months ended April 30, 2025 of $1,040 (April 30, 2024: $243).

Financing activities for the six-months ended April 30, 2025 provided $19,125 of cash (April 30, 2024: $2,184). This is primarily due to the net proceeds from a non-brokered private placement and option exercises in the six-months ended April 30, 2025 of $28,033 (April 30, 2024: $718). This was partially offset by the full repayment of the lease securitization facility of $7,938 (April 30, 2024: $2,960).

Investing activities for the three-months ended April 30, 2025 provided $14,616 of cash (April 30, 2024: provided $2,111). This is primarily due to the redemption of maturing short-term investments of $16,500 (April 30, 2024: $4,500). This was partially offset by purchases of property and equipment of $2,489 (April 30, 2024: $2,503), which comprised primarily of additions of $791 for rental equipment, $327 for manufacturing equipment, and $289 for cartridges (April 30, 2024: rental equipment $1,171, manufacturing equipment $109 and cartridges $831).

Investing activities for the six-months ended April 30, 2025 used cash of $10,126 (April 30, 2024: provided $1,122), primarily due to a purchase, net of redemptions of short-term investments, of $7,000 (April 30, 2024: redemptions of $4,500). This was partially offset by purchases of property and equipment of $4,011 (April 30, 2024: $3,757), which comprised primarily of additions of $1,039 for cartridges, $943 for rental equipment, and $594 for manufacturing equipment (April 30, 2024: cartridges $1,264, rental equipment $1,770 and manufacturing equipment $348).

Total short-term investments held at April 30, 2025 amounted to $34,000 compared to $27,000 as at October 31, 2024.

(CAD thousands)	April 30, 2025	October 31, 2024	% Change
Current assets	125,043	109,688	14
Current liabilities	(53,316)	(55,547)	(4)
Working capital[(1)]	71,727	54,141	32

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

Working capital at April 30, 2025 was $71,727 compared to $54,141 at the prior year end, an increase of $17,586. The increase was mainly due to higher short-term investments, trade and other receivables and cash and cash equivalents. This was offset by increased deferred revenue and accounts payable and other accrued liabilities.

The Company has a two-year $25,000 senior secured operating facility ("operating facility") with a Canadian financial institution (the "lender"). The operating facility includes a $5,000 accordion feature to increase the size of the facility. The operating facility borrowing base is derived from the Company's monthly recurring revenue and bears interest at the Canada prime rate plus 2.00% for CAD advances or U.S. base rate plus 2.00% for USD advances. The operating facility was renewed and extended on October 31, 2024 for two years, maturing on October 31, 2026. The Company had available capacity on its operating facility of $12,522 as at April 30, 2025 (October 31, 2024: $12,276). The Company has a high interest savings account with a prime rate minus 1.95% with a Canadian financial institution.

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

The Company had a renewable securitization facility with a Canadian chartered bank and notified them that the Company will not renew the securitization facility prior to the maturity date of March 31, 2025 and repaid $5,163, net of the reserve account funds, to settle the securitization facility on March 12, 2025. Management believes that the settlement of the facility does not impact the Company's liquidity risk as it has sufficient funds and access to capital.

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

Capital Management

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

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

There are no significant capital expenditure commitments as at April 30, 2025 other than the manufacturing of rental equipment and owned modular cartridges used in the G7 connected suite of technologies which generate service revenue for the Company. These budgetary commitments will be funded primarily through cash flows from operations, funds from brokered and non-brokered private placements, bought deal short-form prospectuses and the Company's operating facility.

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Contractual Obligations

(CAD thousands)	Less than 1 year $	1-3 years $	Thereafter $	Total $
Finance lease obligations	897	1,389	245	2,531
Purchase commitments	9,178	14,591	4,277	28,046
Total	10,075	15,980	4,522	30,577

Contractual obligations relate to various lease obligations, raw materials purchase commitments and business information technology commitments.

The Company has various commitments to minimum inventory purchases, a minimum spend on certain components over a five-year period and has contracted for the services of certain third parties. There were no material changes in the specified contractual obligations during the period ended April 30, 2025.

Off-Balance Sheet Arrangements

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

Related Party Transactions

On January 23, 2025, the Company completed a non-brokered private placement of 1,078,834 common shares for gross proceeds of $6,980 with a significant shareholder. Besides the private placement, there were no transactions outside the ordinary course of business between the Company and related parties for the three and six-month periods ended April 30, 2025 and 2024.

Critical Accounting Judgments and Estimates

The preparation of financial statements requires the use of accounting estimates with management also 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 Company’s critical accounting judgements and estimates can be found in the notes to the annual consolidated financial statements and MD&A for the year ended October 31, 2024. There were no changes to or additional use of critical accounting judgments and estimates for the period ended April 30, 2025.

Changes in Accounting Policies Including Initial Adoption

New Accounting Policies Adopted by the Company

For the period ended April 30, 2025, the Company adopted the below amendments:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures)

The amendments did not have any significant impact on the condensed consolidated financial statements. Refer to Note 2 (b) in the condensed consolidated financial statements for further details.

New Accounting Policies Not Yet Adopted by the Company

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the April 30, 2025 reporting period and have not been early adopted by the Company. Refer to Note 2 (b) in the condensed consolidated financial statements for further details.

Internal Controls and Procedures

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at April 30, 2025, designed or have caused to be designed under their supervision, disclosure controls and procedures and internal control procedures over financial reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. The objective of this instrument is to improve the quality, reliability and transparency of information that is filed or submitted under securities legislation. The CEO and CFO designed our disclosure controls and procedures and internal control procedures over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes.

There were no changes in our internal control over financial reporting during the period beginning on February 1, 2025 and ended April 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The Company's disclosure and internal controls and procedures can only provide reasonable assurance that the objectives of the control system will be met.

Financial Instruments

Blackline held the following financial instruments as at April 30, 2025 fiscal period end:

Financial Assets

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

Financial Liabilities

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

The Company's risk exposure associated with these financial instruments and the strategies used to manage these risks are disclosed in Note 3 (b) of the April 30, 2025 condensed consolidated interim financial statements of the Company. The amounts, timing and certainty of future cash flows associated with those financial instruments are also disclosed in this note. Blackline does not have any financial assets or liabilities that are measured subsequently at fair value, either through other comprehensive income or through profit or loss, or derivative financial instruments used for hedging.

Outstanding Share Data

Blackline had 86,688,027 common voting shares issued and outstanding as at June 10, 2025. The following share options were outstanding at that date:

Share Option Exercise Price	Share Options Outstanding
$1.75	868,333
$2.75	462,750
$3.04	40,000
$3.35	508,997
$3.47	75,000
$4.64	1,261,917
$5.26	387,749
$5.57	100,000
$6.05	77,500
$6.55	50,000
$6.94	1,060,205
$8.00	490,000
$8.50	244,000
$8.93	75,000
Total	5,701,451

Risk Factors and Uncertainties

A discussion of material risk factors that may affect Blackline's business, operations and financial condition or future performance can be found under the section entitled “Risk Factors” in the Company's most recent Annual Information Form filed on SEDAR+ under the Company's profile at www.sedarplus.ca, which section is incorporated by reference herein. As at April 30, 2025, except as set forth below, there are no changes to the material risks that may affect Blackline's business, operations and financial condition or future performance other than those described in the Company's Annual Information Form.

With operations in various markets and the Company's global supply chain and utilization of transportation routes and logistics providers around the world, the Company is exposed to heightened risks as a result of economic, geopolitical, or other events. Changes in international trade policy can also have a substantial adverse effect on the Company, and certain of its customer's, financial condition, results of operations, or their business in general. Steps taken by governments to implement additional or new tariffs on foreign products may have the potential to disrupt existing supply chains, impose additional costs on the Company's business, and could lead to other countries attempting to retaliate by imposing tariffs, which would make the Company's products more expensive for customers, and, in turn, could make the Company's products less competitive. The tariffs that have been announced by the United States and Canadian governments on imports may have a significant adverse effect, including financial, on the Company and the Company's supply chain. Most of the Company's products are USMCA compliant and are exempt from any tariffs currently in place on goods shipped to the United States from Canada. Further, any additional tariffs in the United States or retaliatory tariffs imposed by other governments, including Canada, China, Mexico and other countries or trading blocks could exacerbate the impact.

Outlook

Blackline has a comprehensive portfolio of connected safety wearables and area monitors. Our unique monitoring portal – designed and developed in-house – helps meet the connected safety needs of diverse industrial workplaces around the world. Our customers come from a broad range of sectors spanning utilities, energy and petrochemical, telecommunications, consumer packaged goods, transportation, manufacturing and emergency response. They rely on our technology for real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance, and increase productivity. With turnkey solutions that protect people operating in hazardous locations across urban, suburban, rural, and remote settings, our products and services are as versatile and easy-to-use as they are robust. Our customers continue to select Blackline over other technologies as our solution can reduce the severity of outcomes to affected people by providing visibility and direct help to workers who are isolated or in hazardous environments.

The Company's previous investments in its manufacturing and sales and marketing capabilities allowed Blackline to grow its revenue 14% compared to the prior year comparative quarter. Following the exit of the fiscal 2024 where we achieved strong revenue growth during the last two quarters, positive EBITDA and positive Adjusted EBITDA, we have continued the sales momentum and growth trajectory into the first half of fiscal 2025. We have achieved Net Dollar Retention of 128% which along with new activations has pushed the Company's Annual Recurring Revenue to above $75,000. We will continue to drive strong growth in our high margin service revenue as we continue to play our role in the transformation of the industrial workplace into a connected one.

The Company constantly assesses strategic opportunities in the current market conditions and will continue to manage its capital structure and liquidity risk in order to fund its product roadmap and strategic additions to its global sales and distribution network in order to execute our strategy to continue strong revenue and margin growth while growing our positive Adjusted EBITDA and Free Cash Flow as part of a successful sustainable financial business model.

We believe we are well-positioned to grow our market share and addressable market with our comprehensive suite of connected safety products and services. With the addition of the EXO 8 in the fourth quarter of 2024, Blackline is now able to fully meet the portable gas detection, gamma radiation detection and compliance requirements of thousands of new customers globally. Geopolitical uncertainty and trade policy shifts negatively impact both international and North American economies, dampening business confidence and leading to cautious investment environment. Uncertainty surrounding trade restrictions, particularly tariffs, can disrupt supply chains, delay investment plans, and potentially drive structural adjustments in global value chains. We look forward to expanding our work with leading brands around the world – who share our purpose to ensure every worker has the confidence to get the job done and return home safe, to harness the power of data-driven safety to optimize their performance, increase their competitiveness and empower their people.

Non-GAAP and Supplementary Financial Measures

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

Non-GAAP Financial Measures

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

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

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

"Adjusted EBITDA" is useful to securities analysts, investors and other interested parties in evaluating operating performance by presenting the results of the Company which excludes the impact of certain non-operational items and certain non-cash and non-recurring items, such as stock-based compensation expense. Adjusted EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, foreign exchange loss (gain), and non-recurring impact transactions, if any. The Company considers an item to be non-recurring when a similar revenue, expense, loss or gain is not reasonably likely to occur.

Readers should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as an alternative measure to net loss determined in accordance with IFRS Accounting Standards.

Reconciliation of non-GAAP financial measures	**Three-Months Ended April 30,**			**Six-Months Ended April 30,**		
(CAD thousands)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Net loss	(3,704)	(4,267)	(13)	(4,834)	(10,058)	(52)
Depreciation and amortization	2,242	1,875	20	4,337	3,820	14
Finance (income) expense, net	(177)	279	NM	(68)	465	NM
Income tax expense	1,338	241	455	2,320	509	356
EBITDA	(301)	(1,872)	84	1,755	(5,264)	NM
Stock-based compensation expense[1]	994	377	164	1,449	729	99
Foreign exchange gain	(4)	(548)	(99)	(1,198)	(743)	61
Other non-recurring impact transactions[2]	351	—	NM	551	—	NM
Adjusted EBITDA	1,040	(2,043)	NM	2,557	(5,278)	NM

(1) Stock-based compensation expense relates to the Company's stock compensation plan and stock option expense is extracted from cost of sales, general and administrative expenses, sales and marketing expenses and product research and development costs in the condensed consolidated statements of loss and comprehensive loss.
(2) Other non-recurring impact transactions in the current quarter includes certain tariffs imposed on inventory shipped to the United States and severance costs relating to the departure of a senior management personnel during the prior quarter.
NM – Not meaningful

Non-GAAP Ratios

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

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

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

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

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Supplementary Financial Measures

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

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

- **“Gross margin percentage”** represents gross profit as a percentage of revenue
- **“Working capital”** represents current assets minus current liabilities
- “**Annual Recurring Revenue**” represents total annualized value of recurring service amounts of all service contracts
- “**Net Dollar Retention**” represents the aggregate service revenue contractually committed
- **“Product revenue as a percentage of revenue”** represents product revenue as a percentage of total revenue
- **“Service revenue as a percentage of revenue”** represents service revenue as a percentage of total revenue
- **“Software services revenue as a percentage of service revenue”** represents software services revenue as a percentage of service revenue
- **“Rental revenue as a percentage of service revenue”** represents rental revenue as a percentage of service revenue
- **“Canada as a percentage of revenue”** represents revenues generated in Canada as a percentage of total revenue
- **“United States as a percentage of revenue”** represents revenues generated in the United States as a percentage of total revenue
- **“Europe as a percentage of revenue”** represents revenues generated in Europe as a percentage of total revenue
- **“Rest of World as a percentage of revenue”** represents revenues generated in countries other than Canada, United States and Europe as a percentage of total revenue
- **“Product cost of sales as a percentage of segment revenue”** represents product cost of sales as a percentage of product revenue
- **“Service cost of sales as a percentage of segment revenue”** represents service cost of sales as a percentage of service revenue
- **“Cost of sales as a percentage of revenue”** represents cost of sales as a percentage of total revenue
- **“Product gross margin percentage”** represents product gross profit as a percentage of product revenue
- **“Service gross margin percentage”** represents service gross profit as a percentage of service revenue
- **“General and administrative expense as a percentage of revenue”** represents general and administrative expenses as a percentage of total revenue
- **“Sales and marketing expense as a percentage of revenue”** represents sales and marketing expenses as a percentage of total revenue
- **“Product research and development costs as a percentage of revenue”** represents product research and development expenses as a percentage of total revenue
- **“Total expenses as a percentage of revenue”** represents total expenses as a percentage of total revenue

Forward Looking Statements

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as ‘‘anticipate’’, ‘‘believe’’, “continue”, “could”, ‘‘estimate’’, ‘‘expect’’, “intend”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “targeting”, “will” and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding Blackline's business plan and focus including but not limited to management's belief that the Company has sufficient funds to support the growth of the Company and to fund its development activities; the expected funding of budgetary commitments through cash flows from operations, funds from brokered and non-brokered private placements, bought deal short-form prospectuses and, the operating facility management's belief that the settlement of the securitization facility will not impact its liquidity and that it has sufficient liquidity to fund its development activities; that the Company will continue to drive strong growth in the high margin service revenue as the Company pursues the transformation of the industrial workplace into a connected one; Blackline's expectations regarding managing its capital structure and liquidity risk to result in strong revenue and margin growth while further growing positive Adjusted EBITDA and achieving consistent free cash flow; and the belief that Blackline is well-positioned to grow its market share with its comprehensive suite of connected safety products and services and will expand with leading brands around the world. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, development and commercialization of products, (ii) the ability to execute partnerships and corporate alliances, (iii) uncertainties relating to the regulatory approval process, (iv) the ability to develop plant lines and manufacturing processes that result in competitive advantage and commercial viability, (v) the ability to develop enhanced products and software in a cost-effective and timely manner, (vi) the impact of competitive products and pricing and the ability to successfully compete in the targeted markets, (vii) the ability to attract and retain key personnel and key collaborators, (viii) the ability to adequately protect proprietary information and technology from competitors, (ix) market and general economic conditions (x) the effects and impacts on tariffs and other trade disputes and disruptions on the Company's (and its customers) operations and (xi) the impact if a significant disruption to its information technology were to occur. See also risks identified in our Annual Information Form and our Annual MD&A as at October 31, 2024. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

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