



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX-MONTH PERIODS ENDED
APRIL 30, 2026



Blackline Safety Corp.
Condensed Consolidated Statements of Financial Position

(Unaudited, in thousands of CAD)	April 30, 2026	October 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	45,926	32,625
Short-term investments	—	14,000
Trade and other receivables (Note 5)	60,173	53,544
Inventory	23,267	21,626
Prepaid expenses and advances	5,204	6,206
Contract assets	1,842	1,763
Total current assets	136,412	129,764
NON-CURRENT ASSETS		
Property and equipment (Note 6)	14,096	13,283
Intangible assets	1,789	1,464
Right-of-use assets	2,205	2,472
Goodwill	4,883	4,883
Contract assets	682	810
Other receivables (Note 5)	12,558	13,713
Total non-current assets	36,213	36,625
TOTAL ASSETS	172,625	166,389
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities (Note 4(b)(iii))	29,176	23,642
Warranty provision	2,239	2,766
Deferred revenue	37,972	28,679
Contract liabilities (Note 4(b)(iii))	1,753	1,923
Lease liabilities (Note 4(b)(iii))	1,035	1,024
Total current liabilities	72,175	58,034
NON-CURRENT LIABILITIES		
Bank indebtedness (Note 4(b)(iii) and 7)	10,065	10,204
Warranty provision	2,736	1,667
Deferred revenue	15,042	15,995
Contract liabilities (Note 4(b)(iii))	738	753
Lease liabilities (Note 4(b)(iii))	1,414	1,676
Total non-current liabilities	29,995	30,295
TOTAL LIABILITIES	102,170	88,329
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	264,145	260,802
Contributed surplus	12,995	13,208
Accumulated other comprehensive income	3,227	8,018
Deficit	(209,912)	(203,968)
TOTAL SHAREHOLDERS' EQUITY	70,455	78,060
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	172,625	166,389

See accompanying notes to the condensed consolidated interim financial statements.

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

(Unaudited, in thousands of CAD, except per share amounts)	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Revenue (Notes 9 and 10)				
Product revenue	16,976	14,054	30,933	31,853
Service revenue	27,317	21,886	52,208	41,762
Total revenue	44,293	35,940	83,141	73,615
Cost of sales (Note 10)	15,201	13,239	28,771	28,495
Gross profit (Note 10)	29,092	22,701	54,370	45,120
Expenses (Note 10)				
General and administrative expenses	12,388	8,195	20,932	15,403
Sales and marketing expenses	13,516	11,549	25,648	23,061
Product research and development costs	6,399	5,504	12,310	10,436
Foreign exchange (gain) loss (Note 4(b)(i))	(149)	(4)	1,373	(1,198)
Total expenses	32,154	25,244	60,263	47,702
Results from operating activities	(3,062)	(2,543)	(5,893)	(2,582)
Net finance income (Note 12)	316	177	690	68
Net loss before income tax	(2,746)	(2,366)	(5,203)	(2,514)
Income tax expense	(380)	(1,338)	(741)	(2,320)
Net loss	(3,126)	(3,704)	(5,944)	(4,834)
Other comprehensive loss:				
Foreign exchange translation gain (loss) on foreign operations	325	(1,958)	(4,791)	(1,249)
Comprehensive loss for the period	(2,801)	(5,662)	(10,735)	(6,083)
Loss per common share (Note 13)				
Basic and diluted	(0.04)	(0.04)	(0.07)	(0.06)

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.
Condensed Consolidated Statements of Changes in Equity

(Unaudited, in thousands of CAD)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance as at October 31, 2024	230,788	12,268	9,857	(195,300)	57,613
Net Loss	—	—	—	(4,834)	(4,834)
Foreign exchange translation on foreign operations	—	—	(1,249)	—	(1,249)
Stock options exercised (Note 8)	1,906	(670)	—	—	1,236
Issued for cash through private placement (Note 8)	26,980	—	—	—	26,980
Share Issuance costs (Note 8)	(531)	—	—	—	(531)
Stock-based compensation expense (Notes 8 and 11)	349	921	—	—	1,270
Balance as at April 30, 2025	259,492	12,519	8,608	(200,134)	80,485
Balance as at October 31, 2025	260,802	13,208	8,018	(203,968)	78,060
Net Loss	—	—	—	(5,944)	(5,944)
Foreign exchange translation on foreign operations	—	—	(4,791)	—	(4,791)
Stock options exercised (Note 8)	2,940	(725)	—	—	2,215
Stock-based compensation expense (Notes 8 and 11)	403	512	—	—	915
Balance as at April 30, 2026	264,145	12,995	3,227	(209,912)	70,455

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.
Condensed Consolidated Statements of Cash Flows

(Unaudited, in thousands of CAD)	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Operating activities				
Net loss	(3,126)	(3,704)	(5,944)	(4,834)
Depreciation and amortization	2,132	2,242	4,332	4,337
Stock-based compensation expense (Note 11)	511	994	1,125	1,449
Finance expense (income), net (Note 12)	709	(392)	492	(876)
Unrealized foreign exchange loss (gain)	1,060	(84)	1,226	38
(Gain) loss on disposals of property and equipment (Note 6)	(42)	263	(67)	448
Net changes in non-cash operating items (Note 14)	5,151	(1,110)	6,729	(5,874)
Net cash provided by (used in) operating activities	6,395	(1,791)	7,893	(5,312)
Financing activities				
Net proceeds from share issuances and option exercises (Note 8)	1,801	1,040	2,004	28,033
Proceeds (repayments) on bank indebtedness (Note 7)	330	41	(139)	(589)
Repayment on securitization facility	—	(6,718)	—	(7,938)
Repayment of lease liabilities	(125)	(238)	(413)	(381)
Net cash (used in) provided by financing activities	2,006	(5,875)	1,452	19,125
Investing activities				
Purchase of short-term investments	—	—	—	(32,500)
Redemption of short-term investments	—	16,500	14,000	25,500
Finance income, net (Note 12)	214	207	775	394
Purchase of property, equipment, and intangible assets (Note 6)	(2,127)	(2,489)	(4,356)	(4,011)
Net changes in non-cash investing items (Note 14)	(153)	398	171	491
Net cash provided by (used in) investing activities	(2,066)	14,616	10,590	(10,126)
Effect of foreign exchange changes on cash and cash equivalents	(1,796)	(2,240)	(6,634)	(1,210)
Net increase (decrease) in cash and cash equivalents	4,539	4,710	13,301	2,477
Cash and cash equivalents, beginning of period	41,387	13,874	32,625	16,107
Cash and cash equivalents, end of period	45,926	18,584	45,926	18,584

Supplementary cash flow information (Note 14)

See accompanying notes to the condensed consolidated interim financial statements.

Blackline Safety Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

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 condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on June 9, 2026.

2. Significant events and transactions

On April 8, 2026, the Company entered into a definitive agreement (the "Arrangement Agreement") to be acquired by an affiliate of Francisco Partners Management, L.P. ("FP" and the "Purchaser"). The Purchaser will acquire all of the issued and outstanding common shares of the Company (other than as described below in respect to the Rollover Shares) (the "Transaction"), for up to \$9.50 per share (the "Total Consideration") comprising of \$9.00 per share in cash on closing (the "Cash Consideration") plus a contingent value right of up to \$0.50 per share ("CVR"). In connection with the Transaction, certain shareholders have entered into equity rollover agreements with the Purchaser pursuant to which they have agreed to exchange all or a portion of their common shares (as applicable, the "Rollover Shares") for shares of the Purchaser or an affiliate thereof.

The Cash Consideration and Total Consideration (assuming the maximum cash payment of the CVR) represent an aggregate fully diluted equity value of approximately \$804 million and \$850 million, respectively, based on 100% of the Company's Shares and excluding the impact of Rollover Shares.

The Arrangement Agreement also includes customary deal-protection provisions, including a termination payment of \$30.6 million, payable by Blackline in certain circumstances and a reverse termination payment of \$56.3 million payable by the Purchaser in specified circumstances as well as a limited expenses reimbursement fee of up to \$4.0 million payable to the Purchaser in limited circumstances.

In connection with the Transaction, certain shareholders of the Company (collectively, the "Rollover Shareholders") have entered into equity rollover agreements with the Purchaser pursuant to which they have agreed to exchange all or a portion of their common shares (such applicable Shares, the "Rollover Shares") for shares of the Purchaser or an affiliate thereof. The approximately 26.7 million Rollover Shares subject to the equity rollover agreements represent approximately 31% of the issued and outstanding common shares.

The Transaction will be implemented by way of a plan of arrangement under the Business Corporations Act (Alberta) and will be subject to shareholder approval at a special meeting of Shareholders to be held to consider the Transaction (the "Special Meeting"), which has been scheduled for June 15, 2026. Required shareholder approval for the Transaction will consist of at least (i) 66.67% of the votes cast by shareholders at the Special Meeting, and (ii) a simple majority of the votes cast by Shareholders at the Special Meeting, excluding votes from Shareholders required to be excluded under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Additionally, the Transaction is subject to the court approval, regulatory approvals and other customary closing conditions.

Upon the occurrence of a change of control of the Company, any options that are unvested at that time shall immediately vest and become exercisable in full immediately prior to the effective time of such change of control. The Transaction, if approved, will constitute a change in control for any unvested stock options. At that time an amount equal to the difference between the exercise price and the Cash Consideration will be payable in cash to the option holder.

General and administrative expenses includes costs related to the Transaction incurred in the periods.

Blackline Safety Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

3. Summary of significant accounting policies

a) Basis of preparation

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

These condensed consolidated interim financial statements have been prepared under the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended October 31, 2025, other than as described in Note 3(b).

These condensed consolidated interim financial statements do not contain all the disclosures required for full annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended October 31, 2025.

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 reporting period ended April 30, 2026.

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 had no significant impact on the condensed consolidated interim financial statements.

ii) **New standards and interpretations not yet adopted**

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the April 30, 2026 reporting period and have not been early adopted by the Company.

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

Blackline Safety Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

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.

4. Financial instruments and risk management

a) Financial instruments

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

The Company's exposure to various risks associated with the financial instruments is discussed in Note 4(b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial instrument mentioned above.

b) Financial risk management

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

i. Market risk

Foreign exchange risk

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

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

Sensitivity

The Company is primarily exposed to changes in USD/CAD, GBP/CAD and EUR/CAD exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from cash and cash equivalents, trade and other receivables and accounts payable and other accrued liabilities. The potential impact of this is not material to the Company.

Interest rate risk

The Company's interest rate risk arises from its cash and cash equivalents and bank indebtedness.

Exposure

The Company's cash and cash equivalents and bank indebtedness are subject to variable interest rate changes.

Blackline Safety Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

Sensitivity

The net loss of the Company is sensitive to higher/lower interest income from cash and cash equivalents and to higher/lower interest expenses from bank indebtedness as a result of changes in benchmark interest rates. The potential impact of this is not material to the Company.

ii. Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposure to customers, including outstanding trade accounts receivables and lease receivables.

Risk management

Credit risk is managed consistently across the Company. The cash and cash equivalents are comprised of cash with a Canadian chartered bank, a Canadian financial institution, a United States chartered bank, a UK plc bank and a French bank. Bank indebtedness is comprised of the amount drawn, if any, on the Company's senior secured operating facility with a Canadian financial institution. To manage credit risk, the Company only deals with highly rated financial institutions. Due to the high credit ratings, counterparty risk is expected to be low.

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

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

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period, the Company held cash and cash equivalents of \$45,926 (October 31, 2025: \$32,625) and held fully redeemable short-term investments with no redemption fees of \$nil (October 31, 2025: \$14,000). Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding by maintaining available credit under a senior secured operating facility. Refer to Note 7 for additional details.

Management maintains a forward-looking cash requirement, comprising cash and cash equivalents 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, funds from brokered and non-brokered private placements, prospectus offerings and a senior secured operating facility. The ability to sustain operations is dependent on successfully commercializing its products and services, continuing to increase sales and continuing to increase the gross profit 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.

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, 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.

	Less than 6 months	6 – 12 months	Over 1 year	Total contractual cash flows	Carrying amount
As at April 30, 2026					
Accounts payable and other accrued liabilities	21,121	8,055	—	29,176	29,176
Contract liabilities	1,420	333	738	2,491	2,491
Bank indebtedness	—	—	10,065	10,065	10,065
	22,541	8,388	10,803	41,732	41,732
Lease liabilities	589	477	1,478	2,544	2,449
Total	23,130	8,865	12,281	44,276	44,181

As at October 31, 2025					
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

5. Trade and other receivables

	April 30, 2026	October 31, 2025
Trade accounts receivable	51,504	44,806
Other receivables – current	9,894	10,260
Other receivables – non-current	12,558	13,713
Loss allowance	(1,225)	(1,522)
Total	72,731	67,257

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.

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

6. Property and equipment

April 30, 2026

	October 31, 2025	Foreign exchange differences	Additions	Other Disposals & Transfers	Depreciation	Net book value
SMT equipment	1,198	(1)	63	—	133	1,127
Manufacturing equipment	1,986	(1)	643	—	331	2,297
Furniture and equipment	195	—	5	—	48	152
Equipment leased under lease program	122	—	31	—	38	115
Rental equipment	6,076	(28)	2,035	(11)	1,462	6,610
Cartridges	2,596	(6)	861	78	1,057	2,472
Computer hardware	893	1	454	—	222	1,126
Evaluation kits	60	1	—	—	40	21
Leasehold improvements	157	(1)	71	—	51	176
Total	13,283	(35)	4,163	67	3,382	14,096

April 30, 2026

	Cost	Accumulated depreciation	Net book value
SMT equipment	2,677	1,550	1,127
Manufacturing equipment	3,674	1,377	2,297
Furniture and equipment	432	280	152
Equipment leased under lease program	316	201	115
Rental equipment	10,808	4,198	6,610
Cartridges	4,929	2,457	2,472
Computer hardware	1,760	634	1,126
Evaluation kits	501	480	21
Leasehold improvements	345	169	176
Total	25,442	11,346	14,096

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

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

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

7. 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 \$14,935 as at April 30, 2026 (October 31, 2025: \$14,796).

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, 2026.

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

	Maturity Date	April 30, 2026	October 31, 2025
Bank indebtedness	October 31, 2028	10,065	10,204

8. Share capital

a) Authorized

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

b) Issued

(CAD thousands, except for number of shares)	Number of Shares	Amount
As at October 31, 2024	81,792,332	230,788
Options Exercised	648,046	1,906
Issued through stock-based compensation plan	50,640	349
Issued through private placement	4,170,024	26,980
Share issue costs	—	(531)
As at April 30, 2025	86,661,042	259,492
As at October 31, 2025	86,969,653	260,802
Options Exercised	383,390	2,940
Issued through stock-based compensation plan	60,140	403
As at April 30, 2026	87,413,183	264,145

During the three-months ended April 30, 2026, there were 722,234 common share options exercised for proceeds net of income tax withholdings of \$2,209. On exercise of these common share options, 375,262 common shares were issued and \$714 was credited to share capital from contributed surplus. During the six-months ended April 30, 2026, 740,570 common share options were exercised for proceeds net of income tax withholdings of \$2,215. On exercise of these common share options, 383,390 common shares were issued and \$725 was credited to share capital from contributed surplus.

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

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

9. Revenue from contracts with customers

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

<i>Revenue</i>	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Product revenue	16,976	14,054	30,933	31,853
Software services revenue	23,092	19,231	45,175	37,390
Rental revenue	4,225	2,655	7,033	4,372
Total revenue	44,293	35,940	83,141	73,615
<i>Timing of revenue recognition</i>				
At a point in time	16,311	13,625	29,646	31,076
Over time	27,982	22,315	53,495	42,539
Total revenue	44,293	35,940	83,141	73,615

10. Segment information

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

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

Blackline Safety Corp.
Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month periods ended April 30, 2026 and 2025
(Unaudited, in thousands of Canadian dollars, unless otherwise indicated)

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Revenue				
Product	16,976	14,054	30,933	31,853
Service	27,317	21,886	52,208	41,762
Total Revenue	44,293	35,940	83,141	73,615
Cost of sales				
Product	10,615	8,605	19,453	19,338
Service	4,586	4,634	9,318	9,157
Total Cost of sales	15,201	13,239	28,771	28,495
Gross profit				
Product	6,361	5,449	11,480	12,515
Service	22,731	17,252	42,890	32,605
Gross profit	29,092	22,701	54,370	45,120
General and administrative expenses	12,388	8,195	20,932	15,403
Sales and marketing expenses	13,516	11,549	25,648	23,061
Product research and development costs	6,399	5,504	12,310	10,436
Foreign exchange (gain) loss	(149)	(4)	1,373	(1,198)
Net finance income	(316)	(177)	(690)	(68)
Net loss before income tax	(2,746)	(2,366)	(5,203)	(2,514)
Income tax expense	(380)	(1,338)	(741)	(2,320)
Net loss	(3,126)	(3,704)	(5,944)	(4,834)

In the three and six-month periods ended April 30, 2026 and 2025, 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:

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Canada	7,886	8,155	14,936	14,979
United States	19,615	15,766	37,377	35,103
Europe	11,789	8,412	22,150	17,481
Rest of World ⁽¹⁾	5,003	3,607	8,678	6,052
Total revenue	44,293	35,940	83,141	73,615

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

In the second quarter of 2026, there was a conflict outbreak in the Middle East and Iran. The extent and duration of this conflict cannot be reasonably predicted at this time; however, given the Company's ongoing growth in the area, there is a potential to impact our revenue and operations in the region in the future.

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

11. Share-based compensation

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

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

	Number of options	Weighted average price per stock option \$
As at October 31, 2024	5,784,151	4.38
Vested and exercisable at October 31, 2024	3,907,918	4.58
Granted during the period	1,063,205	6.94
Exercised during the period	(1,019,404)	3.68
Forfeited during the period	(98,500)	6.86
Expired during the period	(10,000)	4.25
As at April 30, 2025	5,719,452	4.94
Vested and exercisable at April 30, 2025	3,398,902	4.73
As at October 31, 2025	5,354,007	5.00
Vested and exercisable at October 31, 2025	3,744,915	4.78
Exercised during the period	(740,570)	7.37
Forfeited during the period	(57,904)	6.36
Expired during the period	(143,000)	8.05
As at April 30, 2026	4,412,533	4.49
Vested and exercisable at April 30, 2026	3,276,734	4.07

The weighted average share price at the time of option exercises during the three and six-months ended April 30, 2026 was \$8.89 and \$8.85, respectively (April 30, 2025: \$6.89 and \$6.84, respectively).

The weighted average remaining contractual life of the options outstanding as at April 30, 2026 is 2.61 years (April 30, 2025: 3.21 years).

The Company uses the Black-Scholes model and a forfeiture rate of 29% (April 30, 2025: 30%), based on historical data, to calculate the stock-based compensation expense during the period. The valuation at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the expected dividend yield.

There were no stock options granted during the three-months ended April 30, 2026. There were 1,063,205 stock options granted in the prior year comparative period. The model inputs for the option tranches granted during the period ended April 30, 2026 and 2025 included:

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

	2026	2025
Risk-free interest rate	—	2.51% - 2.59%
Expected life of the option – employees	—	3 years
Expected life of the option – directors and officers	—	4 years
Expected dividend per share	—	\$nil per share
Expected volatility of the Company's shares	—	51 %

The expected price volatility is based on the historical volatility.

12. Finance income and costs

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
<i>Finance income</i>				
Interest received/receivable from finance leases and financial assets held for cash management purposes	592	770	1,276	1,358
<i>Finance costs</i>				
Interest and finance charges paid/payable for financial liabilities	(276)	(593)	(586)	(1,290)
Net finance income	316	177	690	68

13. Loss per common share

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

(CAD thousands, except number of shares and per share amounts)	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Weighted average shares outstanding – basic and diluted	87,077,861	86,428,418	87,032,817	84,281,321
Net Loss for the period	(3,126)	(3,704)	(5,944)	(4,834)
Basic and diluted loss per share	(0.04)	(0.04)	(0.07)	(0.06)

Blackline Safety Corp.
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For the three and six-month periods ended April 30, 2026 and 2025
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14. Supplementary cash-flow

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

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Operating activities				
Changes in non-cash operating items:				
Trade and other receivables	271	3,079	(7,311)	(3,691)
Inventory	(796)	(551)	(1,641)	(503)
Prepaid expenses and advances	(293)	(1,535)	1,003	(890)
Contract assets	54	29	(79)	(103)
Contract assets – non-current	34	(36)	128	43
Other receivables – non-current	(45)	714	1,155	(2,435)
Accounts payable and other accrued liabilities	5,177	(68)	4,777	937
Warranty provision	(308)	(225)	(527)	(282)
Deferred revenue	1,727	(1,058)	9,293	1,490
Contract liabilities	67	(371)	(170)	(1,275)
Warranty provision – non-current	465	98	1,069	299
Deferred revenue – non-current	(1,259)	(1,232)	(953)	498
Contract liabilities – non-current	57	46	(15)	38
	5,151	(1,110)	6,729	(5,874)
Investing activities⁽¹⁾				
Changes in non-cash investing items:				
Accounts payable and other accrued liabilities	(153)	398	171	491

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

	Three-Months Ended April 30,		Six-Months Ended April 30,	
	2026	2025	2026	2025
Cash taxes paid	1,096	1,088	1,159	1,105
Cash interest paid	(444)	225	(774)	639

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