MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended October 31, 2019

blacklinesafety

NOTICE

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation" or the "Company") consolidated financial statements and accompanying notes, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), for the year ended October 31, 2019. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2019, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Blackline Safety Corp.

This MD&A is presented as of January 28, 2020. All financial information contained herein is expressed in Canadian dollars, the Company's reporting currency, unless otherwise indicated.

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 future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, development and commercialization of products, (ii) the ability to execute partnerships and corporate alliances, (iii) uncertainties relating to the regulatory approval process, (iv) the ability to develop plant lines and manufacturing processes that result in competitive advantage and commercial viability, (v) the ability to develop enhanced products and software in a cost effective and timely manner, (vi) the impact of competitive products and pricing and the ability to successfully compete in the targeted markets, (vii) the ability to attract and retain key personnel and key collaborators, (viii) the ability to adequately protect proprietary information and technology from competitors, (ix) market and general economic conditions and (x) the impact were a significant disruption to its information technology to occur. See also "Risks Factors and Uncertainties" below. 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.

NON-IFRS FINANCIAL MEASURES

The Company reports its financial results in accordance with IFRS. However, the MD&A contains references to the following non-IFRS financial measures: EBITDA (earnings before interest expense, interest income, income taxes, depreciation and amortization), Adjusted EBITDA (earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product development costs and other non-recurring non-cash impact transactions, if any), EBITDA per common share, Adjusted EBITDA per common share and net loss excluding stock-based compensation expense. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

See "Non-IFRS Measures" section below for further details for each measure.


O2
H2S
CO
blacklinesafety
G7c
Fall detected
Chute détectée
Sturz erkannt
Caduta rilevata
Val gedetecteerd
Posible caída
Queda detectado
OK

CONTENTS

Q4 FY2019 INFOGRAPHIC

Strong demand for connected safety wearables and cloud-connected services continued through Q4 FY2019.

Total

Revenue $10.7M, up 94%

Gross Margin 47%, up 2%

Recurring Service

Revenue $5.1M, up 42%

Gross Margin 68%, up 1%

Product

Revenue $5.6M, up 191%

Gross Margin 29%, up 25%

Revenue Growth by Region

Canada $2.9M, up 50%

United States $4.5M, up 69%

Europe $2.9M, up 275%

Expenses

As a percentage of revenue

SG&A 57%, down 10%

Product Development 19%, down 4%

$32.2M Working Capital

$30.6M Cash and Investments

110B Total Data Points Collected

Inventory $5.9M, down 6%

Adjusted EBITDA $0.2M, up $0.8M

27k Safety Operations Center Monitored Devices

Q4 FY2019 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended October 31, 2019 to the Company's results for the three-month period ended October 31, 2018. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at www.sedar.com. Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable periods.

FY2019 INFOGRAPHIC

Blackline saw strong demand for connected safety wearables and cloud-connected services throughout the year, resulting in the strongest annual finish yet.

Total

Revenue $33.3M, 87%
Gross Margin 47%, 3%

Recurring Service

Revenue $18M, 59%
Gross Margin 66%, 0%

Product

Revenue $15.3M, 136%
Gross Margin 24%, 20%

Revenue Growth by Region

Canada $12.1M, 62%
United States $12.8M, 93%
Europe $7.1M, 139%

Expenses

As a percentage of revenue

SG&A 58%, 7%
Product Development 20%, 10%

$32.2M
Working Capital

$30.6M
Cash and Investments

110B
Total Data Points Collected

Inventory
$5.9M
6%

Adjusted EBITDA
$0.6M
$1.7M

27k
Safety Operations Center Monitored Devices

FY2019 information presented above provides a year-over-year comparison of the Company's results for the twelve-month period ended October 31, 2019 to the Company's results for the twelve-month period ended October 31, 2018. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at www.sedar.com. Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable periods.

COMPANY OVERVIEW

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a global connected safety company that develops, manufactures and markets a suite of safety wearables and cloud-connected services. These technologies empower businesses with real-time safety insights to manage emergency responses and evacuations, proactively manage gas detection compliance and increase productivity. When seconds count, Blackline's employee safety monitoring 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.

Blackline's connected safety portfolio addresses environmental gas detection, lone worker monitoring and evacuation management scenarios with cellular, satellite and smartphone connectivity. Employee-worn devices incorporate automatic incident detection, manual triggers, wireless communications and location technologies. Safety alerts are communicated in real-time to monitoring personnel who manage the emergency response process.

Leveraging Blackline's ecosystem of safety wearables and cloud software, businesses are able to increase productivity through business analytics software and data science services, making it easy to take advantage of data generated by G7 safety wearables and software. Productivity gains are delivered through automated gas detection compliance reporting, wireless configuration and firmware updates of safety wearables, employee movement pattern analysis, and minimizing downtime through plug-and-play gas sensor cartridges.

MANAGEMENT TEAM

Blackline's management team delivers expertise in the development, manufacturing and marketing of portable, rugged and wearable safety products for industrial applications. Our team offers broad experience within technology and safety industries, at companies ranging from start-ups to mature technology firms.

Cody Slater
Chief Executive Officer

Sean Stinson,
VP Sales and Product Management

Kevin Meyers
Chief Operating Officer

Barry Moore
VP Product Development

Shane Grennan
Chief Financial Officer

Gavin Boorman
Managing Director Blackline Safety Europe

Brendon Cook
Chief Technology Officer

CONNECTED SAFETY WEARABLES

Blackline's lineup of G7 safety wearables connect to the Blackline Safety Cloud using either cellular or satellite connectivity. Both products feature plug-and-play cartridges that configure for lone worker and gas detection scenarios as required by the end client.

All safety alerts generated by G7 wearables are communicated in real-time to monitoring personnel, pinpointing the employee's location on an interactive map using GPS or Blackline's proprietary location beacons. The monitoring team efficiently manages 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.

With its Blackline Live cloud-hosted software, the Company makes it easy for business to monitor their personnel from a control room or by supervisors using a mobile device. Optionally, Blackline's in-house Safety Operations Center (or an Alarm Receiving Centre partner) provides 24/7 live monitoring services, taking on front-line emergency management and escalating to responders as required.

G7c CELLULAR-CONNECTED WEARABLE
Blackline's G7c device features 3G/4G direct-to-cloud connectivity with wireless coverage in over 100 countries.

G7x SATELLITE-CONNECTED WEARABLE
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 North America, South America, Australia and New Zealand.

G7 WEARABLE COMPARISON	G7c	G7x
Lone worker monitoring with real-time alerting	■	■
Environmental gas detection with live low and high-gas alerting	■	■
True Fall Detection®, no-motion detection, missed employee check-ins and live alerting	■	■
An SOS latch (similar to pulling a fire alarm lever)	■	■
Silent emergency button	■	■
Two-way voice calling with the live monitoring team	■	
Two-way messaging with the live monitoring team	■	■
Push-to-talk for real-time voice collaboration with teammates	■	
Graphical display with easy-to-use interface	■	■
Highly configurable for small businesses through to multi-national organizations	■	■
Field-replaceable cartridges to support lone worker and gas detection scenarios	■	■
Wireless configuration changes and firmware updates	■	■
Blackline Live cloud-hosted software for emergency response management	■	■
Cloud-hosted Blackline Analytics business intelligence software	■	■

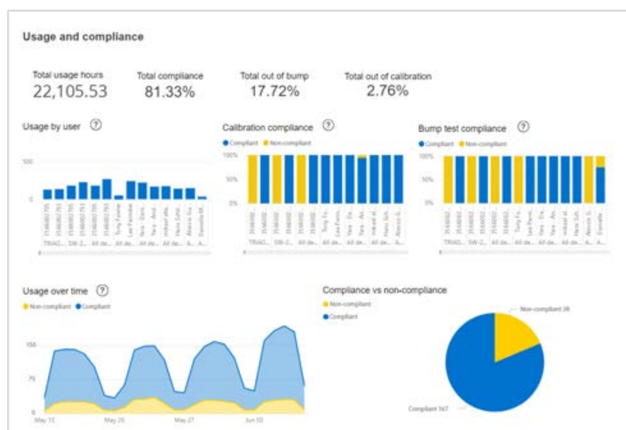
FILLING A GAP IN THE GAS DETECTION INDUSTRY

Employee-worn gas detectors are commonplace for situations with risk of exposure to toxic and/or combustible gases. A crucial gap in the portable gas detection industry has, until now, remained unsolved — gas monitors operate like smoke detectors, using a local alarm sound to call for help when an employee has been exposed to gas. If no one is nearby to deliver aid, the employee's call for help can go unanswered.

The gas detection industry tried to solve this problem with wireless solutions that rely on facility Wi-Fi networks or the need for an additional device to relay messages via mesh networking or Bluetooth wireless to an expensive industrial-grade smartphone. These solutions have not seen success in the market due to their complexity and infrastructure cost. Blackline's G7 technology solves this problem with integrated cellular and satellite communications, coupled with cloud-hosted monitoring infrastructure, to deliver a solution that works right out of the box.

Nearly a decade of experience has gone into the creation of Blackline's G7 wearables with environmental gas detection capability. Like all Blackline connected safety technology, G7 immediately notifies monitoring personnel of safety incidents, including detected gases and potential no-motion or fall-detected alarms, and pinpoints employees' locations on an interactive map. Responders then know the environmental conditions ahead of time and can appropriately equip for a swift response, complete with breathing equipment if required, to mitigate the risk of exposure to a potentially hazardous environment.

GAS DETECTION REGULATORY COMPLIANCE



Regulatory agencies require businesses to maintain a record of the use and maintenance of all gas detection devices. This means that field personnel must take their gas detection equipment to docking stations that perform testing and store compliance records. It is not always convenient for employees to test and calibrate their gas detection equipment based on the proximity of the nearest docking station. Compliance data from each docking station must also be retrieved, compiled, reviewed and reported within the business and to regulatory agencies. Should an incident affect an employee, businesses are at risk if they are not able to demonstrate proper calibration, testing and employee usage of gas detection equipment.

Blackline's G7 solves these aspects of compliance and saves labor both for field employees and the teams that manage the regulatory compliance program. Rather than manually gathering calibration and testing data in the field directly from calibration docks and examining each record, G7 wearables automatically communicate calibration and test data in real-time to the Blackline Safety Network for complete reporting.

Each time that an employee uses their assigned G7, session data is also communicated to the Blackline Safety Network for comprehensive reporting. Configurable reports deliver simple green-yellow-red indicators that assist management in quickly assessing their team's overall compliance, identify when upcoming events need attention and if any user is not compliant at that time.

MODULAR GAS DETECTION

G7 wearables feature the industry's first expandable interface that enables customization to support each customer scenario and requirement. G7 functionality expands using one of four field-replaceable cartridges—a Standard Cartridge, Single-gas Diffusion Cartridge, a Multi-gas Diffusion Cartridge or a Multi-gas Pump Cartridge.

The Standard Cartridge is designed for evacuation management and lone worker monitoring scenarios. Single and Multi-gas cartridges support one to five gas configurations with a choice of 19 gas sensors, including combustibles, hydrogen sulfide, carbon dioxide, carbon monoxide, oxygen, volatile organic compounds, sulfur dioxide, ammonia and hydrogen.

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

LONE WORKER MONITORING

Blackline's G7 product line supports lone worker monitoring applications with or without the requirement for gas detection. For dedicated lone worker monitoring, G7 wearables are fitted with a Standard Cartridge while a Single-gas or Multi-gas cartridge supports combined gas detection and lone worker monitoring scenarios. Safety monitoring options offered by G7 devices for lone worker includes True Fall Detection®, no-motion (man-down) detection, missed employee check-in, SOS latch and a silent SOS button.

ACTIVE EVACUATION MANAGEMENT AND MASS NOTIFICATION

Conventional gas detection equipment is disconnected and not able to empower evacuations or deliver field notifications. Initiating evacuations and accounting for every employee at muster points is a difficult and time-consuming process that often requires manual check-lists — employees who reach a muster point are identified and checked off on a list. Personnel across multiple muster points must then compare lists to ensure everyone is accounted for and if someone is missing, it can be very challenging to promptly locate that individual.

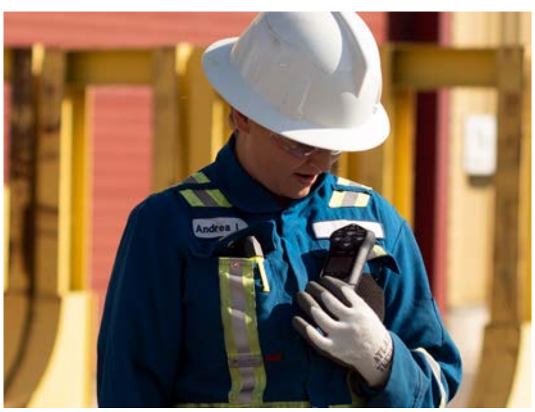
Should a situation demand it, G7 enables teams to quickly trigger an evacuation of their facilities. G7 users are mass-notified using a two-way voice call via built-in speakerphone or through two-way text messaging. Instructions are delivered on how to evacuate safely and avoid any specific hazards. Location technology enables monitoring personnel to actively monitor the progress of the evacuation and account for every employee without needing to use a manual checklist. Should an employee require assistance during the evacuation, the monitoring team can assess the situation and dispatch needed resources immediately.

LIVE-RESPONSE AND TWO-WAY SPEAKERPHONE CAPABILITY

Blackline's safety wearables feature capabilities that make it easy to manage a live emergency response and provide comfort and confidence to the affected employee. When an alert is triggered, monitoring personnel take ownership of the response for the alert, automatically activating the G7 blue LiveResponse™ light that indicates to the employee that monitoring personnel have received the alert and help is on the way.

Monitoring personnel initiate a voice call to the employee's monitoring device to speak with the employee using a built-in speakerphone (G7c wearables only). Designed for use within industrial environments, Blackline's monitoring devices feature a loud-and-clear speaker and sensitive microphone to pick up the employee's voice.

PUSH-TO-TALK VOICE COLLABORATION



Blackline's G7c personal safety monitor provides businesses with a push-to-talk option that enables teams to coordinate their efforts, similar to the way that businesses use two-way radios. Like a walkie talkie, G7c users are able to broadcast messages to all team members who have their G7c wearables set to use the same push-to-talk channel.

Each Blackline client receives their own group of 100 channels that can be assigned to specific teams across their sites and business units. When employees need to communicate with each other, they can press inward on the G7c red latch and hold to call others on the same channel.

Blackline's G7c push-to-talk leverages voice-over internet protocol (VoIP) data communications and 3G/4G wireless technology. Messages of up to 30 seconds can be encoded and broadcast to colleagues in real-time. With coverage in over 100 countries and over 200 wireless carriers, G7c allows businesses to converge gas detection, lone worker monitoring and two-way radios into a single wearable device, reducing overall acquisition costs.

BLACKLINE 24/7 LIVE MONITORING

Although many of Blackline's customers self-monitor the safety of their personnel using their Blackline Live monitoring account, a significant portion select Blackline's in-house, 24/7/365 Safety Operations Center (SOC).

Unlike a traditional call center that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's SOC focuses exclusively on safety monitoring. It delivers an immediate response, managing all safety alerts from receipt through to resolution according to each customer's customized emergency response protocol.

Blackline's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response center. Blackline's SOC now monitors over 27,000 employee wearables.

In regions not covered by Blackline's in-house SOC that provides 24/7 live monitoring, customers are able to provide monitoring of their employees via an approved Blackline Alarm Receiving Center partner.

INDOOR LOCATION TECHNOLOGY

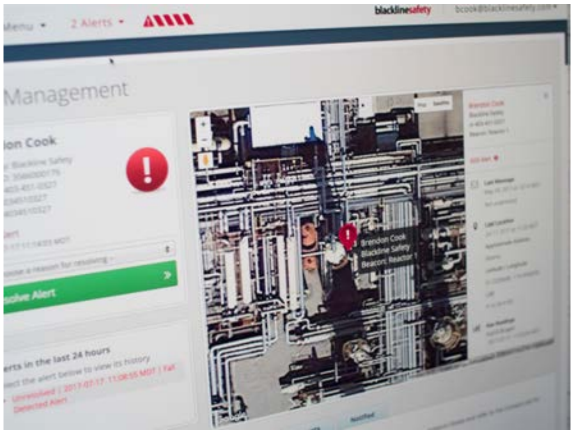
Blackline's proprietary location technology solves the problem of locating employees inside and around facilities with confidence. When working outdoors, GPS provides accurate locations, however, inside buildings, GPS signals are often imprecise or not available due to signal obstruction. GPS location accuracy can also be degraded when used outdoors near larger buildings and around process equipment.

Blackline location beacons are low-cost self-powered devices that are easily installed throughout a facility. Each beacon broadcasts a short-range radio signal for proximity detection by G7 safety wearables. This technology enables Blackline to locate an employee inside and around facilities with the same precision as GPS provides in open, outdoor locations.

BLACKLINE SAFETY CLOUD

Blackline Safety has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of G7 safety wearables that connect to the Blackline Safety Cloud, continuously streaming status, environmental, location, gas readings and alerts. This information is stored online and drives Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 110 billion data points, nearly 1.7 billion locations and nearly 2 billion location-enabled gas readings.

BLACKLINE LIVE CLOUD-HOSTED MONITORING

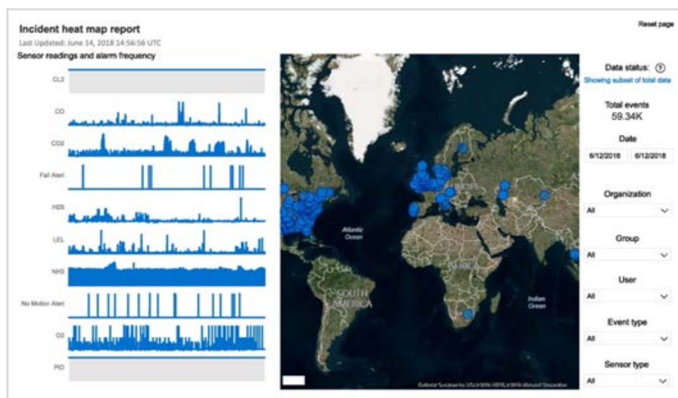


Blackline's cloud-hosted safety monitoring infrastructure provides all the tools necessary to remotely configure G7 devices, assign them to employees and manage safety alerts from receipt through to resolution. The Blackline Live portal supports custom emergency response protocols for individual clients that can be tailored according to specific business units, sites, teams and employee roles. Blackline Live also enables customers to upload custom floor and site plans that work together with Blackline's GPS and proprietary location beacon technology to pinpoint the exact location of an employee in need of assistance.

Blackline's G7 portfolio targets the natural resources, industrial and manufacturing, utilities and public works, warehousing and transportation, engineering and construction, government and health care industries. Current marketing and sales efforts focus on industrial markets where employees face heightened risk levels, particularly with potential exposures to toxic or combustible gases.

ENABLING BUSINESSES WITH ANALYTICS

Through the course of use, G7 products continuously communicate with the Blackline Safety Network, transmitting employee locations, atmospheric gas sensor readings, detection of slips, trips and falls, messages, employee check-ins and status information such as wireless signal levels and battery levels.



Blackline leverages a leading cloud-hosted analytics platform to compile and analyze large volumes of data generated by G7 safety devices.

Many enterprises currently leverage analytics software to interpret diverse data that provides a deep understanding of how the business is operating. Blackline clients use our analytics platform to gain safety program insights including:

- Mapping the location of every non-zero gas reading to understand real-world exposures and where leaks may be occurring
- Understanding the time spent completing a particular task and how efficiencies may be gained
- Viewing the real-time compliance status of all G7 devices to ensure that all equipment is being utilized correctly and according to corporate policies
- Reviewing bump tests and calibrations to see how each G7 wearable and gas sensor cartridge is performing, plus whether any G7 Docks require a new calibration gas tank
- Monitoring slip, trip and fall statistics to understand if there are any trends based on location from one particular site to another site.

BLACKLINE VISION DELVIERS LEADING DATA SCIENCE

Blackline's in-house data science team has developed a new program, Blackline Vision, that provides a framework for data-focused consultancy and software services. Blackline Vision provides enterprise clients with direct access to Blackline's data science team and the capabilities to integrate other sources of data with location-enabled events from G7 safety wearables. Blackline Vision goes far beyond our Blackline Analytics offering, adding a full new service that will enable the creation of custom reports, dashboards, custom data integration and the ability to share data with other information systems.

Example Blackline Vision data integrations include:

- Connecting scheduling software to location-enabled project tasks and combine real-time situational awareness for proactive task and resource management
- Comparing location-based G7 data to understand how far a supervisor's 'sphere of influence' extends to minimize personnel near-misses
- Combining location-based G7 data with health and safety software data to understand correlations between location, time-of-day, employee training and other factors
- Integrating with learning management systems in order to provide real-time notifications when employees enter locations at a facility for which they have no training

SOLUTION PORTFOLIO

Blackline's broad portfolio of products and services addresses the needs of worker safety monitoring across industries, employee roles and work scenarios by offering the following products:

- G7c safety wearable for indoor and outdoor locations covered by 3G wireless
- G7x safety wearable for remote locations in North America, South America, Australia and New Zealand that are not covered by 3G wireless
- Field replaceable-changeable cartridges accommodate a wide variety of configurations not offered by competitor hardware
  - Standard cartridge for lone worker monitoring
  - Single-gas diffusion cartridge for gas detection scenarios requiring one sensor
  - Multi-gas diffusion cartridge for gas detection scenarios with up to five sensors
  - Multi-gas pump cartridge for confined space entry and leak check gas detection scenarios
- G7 Bridge, a portable satellite base station for remote locations, communicates with the G7x
- G7 Dock, an accessory product used to calibrate G7c and G7x devices periodically while also offering frequent testing to prove that gas sensors are fully functional
- Loner Mobile, a safety monitoring application for mainstream smartphones
- Loner Duo, a Bluetooth accessory paired with Loner Mobile for medium to high risk work-alone scenarios
- Blackline Location Beacon, an indoor/outdoor location technology that provides precise positioning where GPS signals are weak or unavailable
- Blackline monitoring, a 24/7/365 live monitoring service offered by Blackline's SOC or an approved partner
- Blackline Live, a cloud-hosted, live safety monitoring portal for safety alert management
- Blackline Analytics, a second-generation data analytics package built into Blackline Live
- Blackline Vision, a new data science consulting and software services offering

TECHNOLOGY PORTFOLIO

Blackline's connected safety solutions combine several technologies to facilitate high quality end-user experiences.

- Portable environmental gas detection, including electrochemical, infrared and photoionization-based gas sensors
- Portable compact gas sensor calibration
- 3G cellular, satellite and 900 MHz spread spectrum and Bluetooth data communication
- GPS, cellular and proprietary indoor/outdoor location beacon positioning
- Inertial sensors for fall and no motion detection
- Two-way voice calling and text messaging between the user and monitoring personnel
- Push-to-talk real-time voice collaboration between users and across teams
- Bluetooth audio accessory interface
- Cloud-hosted Blackline Safety Network monitoring infrastructure and Blackline Live monitoring user account
- Cloud-hosted data analytics and reporting software

TECHNOLOGY UNDER DEVELOPMENT

G7 EXO

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to monitor potential atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. Until now, conventional area monitors suffer from a short battery life, limited configurability and inadequate connectivity. Blackline recently announced that the G7 EXO area monitor is currently under development, this new Blackline product line will provide businesses with portable and semi-permanent gas detection monitoring options. G7 EXO will make use of the same gas sensor cartridges as our portable G7c and G7x wearables.

CAMERA INTEGRATION

Blackline has partnered with Occly, LLC to integrate its employee camera wearable for industrial safety scenarios. This new integration will provide a live emergency response team with remote vision through four different camera angles.

G7 TOOLTAG

To assist businesses with large-scale facility maintenance and construction projects, Blackline is developing G7 ToolTag, a compact and self-powered wireless tag that can be attached to tools and equipment. Employee-worn G7 connected safety devices will communicate the proximity of nearby G7 ToolTags to the Blackline Safety Cloud. By knowing the location of employees and nearby tools, businesses will gain an increased level of awareness for proactive project management.

DISTRIBUTION PARTNER NETWORK

Blackline continues to expand its distribution partner network throughout Canada, the United States, the United Kingdom ("UK"), Europe and other international locations. Currently, Blackline has distribution agreements in place with over 100 partners around the world. In contrast to the maturity of competitor distribution networks, Blackline continues to invest in expanding and cultivating its network in order to maximize promotion and sell-through into the global safety marketplace. Blackline has been adding direct sales engineers in specific markets to support the growing distribution market.

YEAR IN REVIEW

During the 2019 fiscal year, Blackline received several major orders from UK water/wastewater authorities, launched its new data science business unit 'Blackline Vision', began shipping its new G7 cartridge with a built-in pump and continued its careful expansion of the sales and product development teams.

Q1 ACTIVITIES

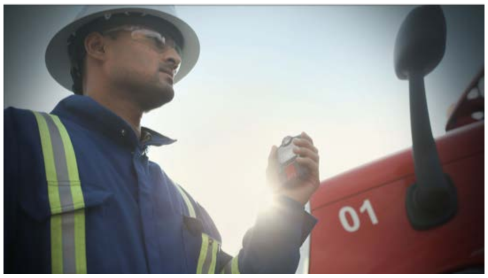
$1.1M ORDER FROM GOVERNMENTAL SAFETY AGENCY IN CANADA

Blackline received an order for G7c and combination G7x & G7 Bridge lone worker safety monitoring systems from a provincial safety agency in Canada. This customer win was achieved through a public tender process where the Company competed against other lone worker vendors, demonstrating the value and capability of Blackline solutions. Included with this order was Blackline's 24/7 live monitoring service using its in-house SOC.

$1.4M CONNECTED GAS DETECTION ORDER TO A MAJOR U.S. UTILITY COMPANY

Blackline received a $1.4M gas detection order from a major utility company on the West Coast of the United States. Under this order, the Company has delivered G7x & G7 Bridge satellite-based connected safety systems. Each G7x wearable was equipped with a four-gas sensor cartridge to support their need for environmental gas detection, in addition to lone worker monitoring.

RANKED NUMBER 431 ON DELOITTE'S 2018 TECHNOLOGY FAST 500



Blackline ranked 431 on Deloitte's Technology Fast 500™, a ranking of the 500 fastest growing technology, media, telecommunications, life sciences and energy tech companies in North America. Blackline Safety was the only business in Calgary to rank and grew 178 percent in revenue during the three-year period from 2014 through 2017.

Q2 ACTIVITIES

COMPLETED THE DEVELOPMENT OF THE NEW G7 PUMP

Blackline's in-house hardware and firmware teams completed the development work required and submitted the final G7 pump cartridge for intrinsic safety certification. This new cartridge expands beyond previous diffusion-based cartridges, enabling users to remotely sample the atmosphere of a tank, sewer or other confined space in order to understand whether potential gas hazards are present. The internal pump draws air samples from the remote location through up to 100 feet of tubing.

YORKSHIRE WATER INVESTS $1.9M TO DEPLOY BLACKLINE SAFETY CONNECTED GAS DETECTION

Blackline received a $1.9M gas detection order from Yorkshire Water, a prominent water/wastewater company in the UK. This customer win was achieved through a public tender process where the Company, through a UK distributor, competed against other gas detection vendors. Under this order, Blackline delivered its single and four-gas G7c detectors with integrated 3G wireless and a five-year G7 Insight service program that bundles gas detection with automated compliance and analytics tools.

BLACKLINE COMPLETED ITS HEADQUARTERS MOVE INTO A NEW FACILITY

In March, Blackline completed its move to its new headquarters in the Dominion Bridge building in Ramsay, Calgary. Dominion Bridge is a historic building that will provide the facilities needed to support the Company's growth in the upcoming years. This move also enabled Blackline to consolidate its circuit board surface-mount line and product assembly lines into a single facility.

EXPANDED BLACKLINE ANALYTICS REPORTS

Blackline Analytics reports were updated to support the new G7 pump cartridge and corresponding user modes that operate the pump for remote sampling in confined space entry and leak check scenarios. Updated reports now enable customers to visualize, explore and export data related to each confined space entry and leak check performed by employees in the field. A new gas sensor report was also added that displays the gas readings for a specific G7 device over time. This report is particularly useful for exploring the background events that led up to an event of interest. The report visually presents gas readings for each user mode using a time-series format.

BLACKLINE SAFETY RECEIVED $1M ORDER FROM LARGEST CANADIAN CUSTOMER

Blackline received a major order from its largest Canadian customer as their business upgraded to G7 gas monitors from previous-generation Loner 900 wearables and Loner Bridge satellite base stations. G7 converges two devices into one — the Loner 900 wearable and a separate gas detector. This upgrade will help the customer save money by working with one vendor rather than two, plus leveraging Blackline's leading data analytics software. Blackline Analytics streamlines the effort required to manage a world-class gas detection program by automating regulatory compliance data collection and reporting.

Q3 ACTIVITIES

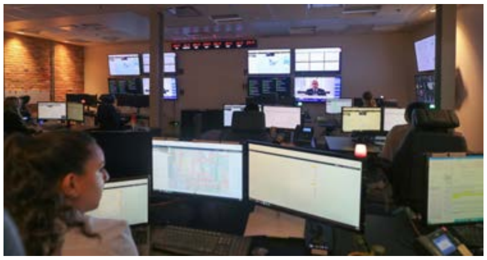
BLACKLINE SAFETY CERTIFIES G7 PUMP CARTRIDGE, SHIPS FIRST 1,000 UNITS FOR CONFINED SPACE ENTRY

Blackline began delivering its certified G7 pump cartridge and shipped the first 1,000 units from its orders backlog. This new cartridge enables G7 safety wearables to be equipped with the functionality needed to support confined space entry and leak check scenarios. Air is remotely sampled through a length of tubing, or using a probe, to determine whether any gas-based hazards exist in a confined space or are leaking from equipment or piping.

BLACKLINE SAFETY RECEIVED $1.1M PURCHASE ORDER FROM SECOND MAJOR UK-BASED WATER UTILITY

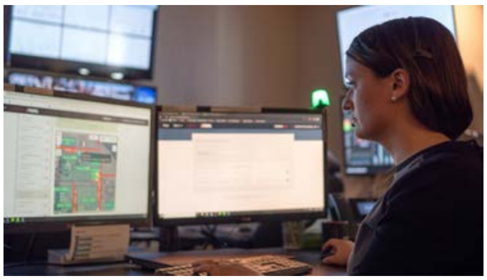
Blackline received a purchase order from a second water/wastewater company in the UK, Welsh Water, one of the 12 major water authorities in the UK. In contrast to the previous water utility order for G7 Insight, this second order was for lone worker monitoring products and services. G7 wearables were equipped with a Standard Cartridge that provides the option of adding gas detection at a later date. Welsh Water has indicated an interest to upgrade G7 equipment to include gas detection sensors in the future.

BLACKLINE SAFETY PARTNERED WITH GEOS, EXPANDS ITS SOC WITH GLOBAL DISPATCH



Blackline Safety announced its partnership with GEOS Response, based in Houston, Texas. Through this relationship, Blackline expanded its ability to dispatch local emergency responders to an incident. Knowing the complete situation, Blackline's in-house SOC can escalate the need for international dispatch to the GEOS International Emergency Response Coordination Center.

BLACKLINE SAFETY RESPONDS IN SECONDS, SAVES LONE WORKER'S LIFE



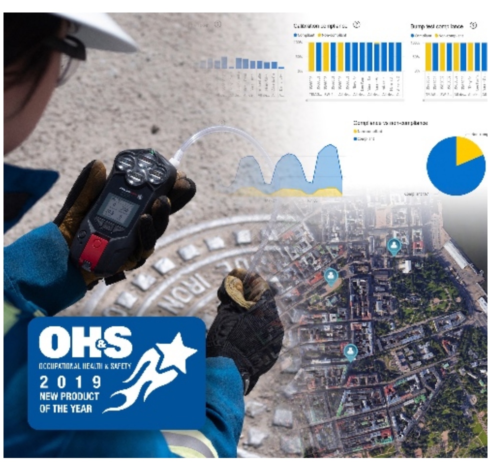
Blackline saved the life of a worker on the East Coast of the United States through real-time alerting. The worker suffered cardiac arrest, fell and sustained a head injury that required immediate assistance. By providing real-time notification to the business, the onsite supervisor was able to use an automated external defibrillator to initially treat the colleague while Blackline dispatched local EMS and police services. The worker was promptly taken to a hospital for medical care and was subsequently discharged.

BLACKLINE SAFETY'S G7 TRIGGERS EMERGENCY RESPONSE AFTER FIERY COLLISION IN REMOTE MEXICO

Blackline leveraged the internal dispatch services of GEOS to direct firefighter and ambulance services to a highway vehicle incident that occurred in remote Mexico. A Blackline distributor was following behind the accident and used a G7 wearable to contact the Company's in-house SOC for emergency services dispatch with no serious injuries reported.

Q4 ACTIVITIES

WON THREE NEW PRODUCT OF THE YEAR AWARDS



Occupational Health & Safety Magazine (OH&S) announced the annual winners of its New Product of the Year award program, spanning 24 different categories. This year, an independent panel of judges named Blackline Safety the winner of three categories — Blackline's G7 Pump won the Industrial Hygiene – Confined Space Safety category, and Blackline Analytics won both the Industrial Hygiene – Software and Internet of Things categories. Over the last six years, Blackline has taken home a total of nine OH&S New Product of the Year awards.

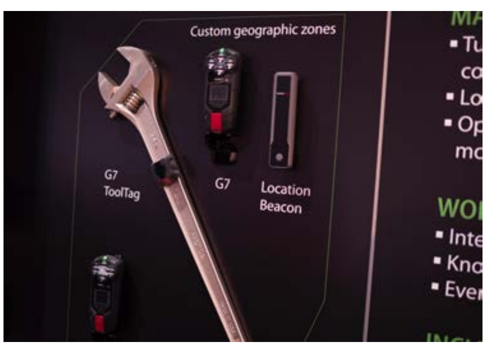
LAUNCHED BLACKLINE VISION DATA SCIENCE

Blackline Safety launched Blackline Vision, a new data science offering to assist businesses with optimizing their digital transformation. This offering provides a combination of consulting and software services that enables data from independent sources and interfaces to be combined and reviewed through machine learning and artificial intelligence. The combination of data and advanced software methods enables businesses to understand how to use the right resources at the right time, increase overall quality and optimize safety programs.

OPENED G7 EXO EARLY ACCESS PROGRAM

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to identify for atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. At the September 2019 National Safety Council Congress & Expo (“NSC”), Blackline Safety opened its G7 EXO Early Access program to businesses around the world. For businesses about to embark with area monitoring procurement programs, this program provides early access to Blackline’s upcoming area monitoring technology coupled with direct access to our product development team.

ANNOUNCED NEW G7 TOOLTAG



Spanning a broad range of industries, many months of careful planning go into preparing for large-scale facility maintenance and construction projects. Businesses without a real-time understanding of where their workforce and assets are deployed can struggle to deliver these projects on-time and on-budget. At NSC 2019, Blackline Safety showcased an innovative solution to this common challenge with its upcoming G7 ToolTag. A new addition to Blackline’s digital transformation suite of products and services, G7 ToolTag is slated for a mid-2020 release and will enable businesses to assess and improve workforce productivity through tool-based location awareness.

ANNOUNCED NEW PARTNERSHIP WITH OCCLY

Industrial Workers in the field and throughout facilities face workplace hazards that never rest. Award-winning connected worker technology from Blackline Safety accompanies personnel, monitoring their environment, so they can be more confident and focused in their work. Partnering with Occly, a leading designer of wearable camera systems, Blackline is adding live camera vision to its G7 connected portfolio with multiple points of view that stream to its cloud-hosted infrastructure.

RANKED NO. 177 ON THE 2019 GROWTH 500 LIST

Canadian Business and Maclean's ranked Blackline Safety No. 177 on their annual Growth 500 list, a prominent ranking of Canada's Fastest-Growing Companies. Produced by leading Canadian business and current affairs media brands, the Growth 500 ranks Canadian businesses on five-year revenue growth. As a Growth 500 winner, Blackline was profiled in a special print issue of Canadian Business published with Maclean's magazine.

BLACKLINE WINS PRÉVENTICA PRIZE FOR INNOVATION

An independent panel of judges in Marseille, France, including professional organisations, industry representatives and specialist journalists, named Blackline as the winner of the DATI/Geolocation Prize for Innovation for the second time running.

THIRD MAJOR UK WATER COMPANY INVESTS $3.4M TO DEPLOY G7

The third of twelve major water/wastewater companies in the United Kingdom awarded a $3.4M contract for Blackline Safety's G7c connected gas detection wearables with a five-year G7 Insight service plan. The G7c products and services were deployed through Blackline's authorized distributor, Breathe Safety.

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POST YEAR UPDATE

G7 EXO WORLD TOUR

At the A+A event in Dusseldorf, Germany, Blackline Safety showcased its upcoming G7 EXO area monitor. Held every two years, A+A is the world's largest safety, security and health at work event that welcomes 65,000 visitors and 2,000 exhibitors from over 60 countries. Following A+A, G7 EXO travelled to Abu Dhabi for the ADIPEC event, the preeminent energy conference in the Middle East. G7 EXO will become the world's first direct-to-cloud connected area monitor with built-in cellular and satellite communications.

CONTINUED G7 EXO PRODUCT DEVELOPMENT

Blackline continued development of its new G7 EXO area monitor product line. This new area gas detection system with cellular and Iridium satellite connectivity is currently scheduled to launch globally in spring 2020. Beginning in January 2020, the Company will begin external beta testing with a selection of hand-picked partners in parallel to a robust internal validation program. As G7 EXO development comes to a close, Blackline will initiate intrinsic safety certification.

FINANCIAL INFORMATION

The following table presents a summary of select financial information for the current and comparable prior years for the Company. These have been prepared in accordance with IFRS[1] as issued by IASB and are presented in Canadian dollars which is the presentation and functional currency of the Company. All figures in the MD&A are reported in thousands, except for per share, stock option, common share and unit amounts.

Year ended October 31,	**2019 $**	**2018 $**	**2017 $**
Revenues	33,271	17,772	11,619
Gross margin	15,502	7,731	5,122
Expenses	(26,228)	(16,903)	(13,793)
Net loss	(9,924)	(9,002)	(8,565)
EBITDA[1]	(8,150)	(7,847)	(8,127)
Adjusted EBITDA[1]	554	(1,096)	(1,959)
Loss per common share			
- Basic and diluted	(0.21)	(0.23)	(0.27)
EBITDA per common share[1]			
- Basic and diluted	(0.17)	(0.20)	(0.25)
Adjusted EBITDA per common share[1]			
- Basic and diluted	0.01	(0.03)	(0.06)
Total assets	58,734	57,885	24,352
Total non-current financial liabilities	193	356	222

[1] EBITDA, Adjusted EBITDA, EBITDA per common share and Adjusted EBITDA per common share are non-IFRS measures and do not have a standardized meaning prescribed by IFRS. Therefore, these measures may not be comparable to similar measures presented by other companies. See "Non-IFRS Measures" section for a reconciliation of these non-IFRS measures to IFRS.

REVENUE

Blackline's revenues are comprised of product and service revenues, which are the two operating segments of the Company.

Product revenues are generated from sales of Blackline's connected safety monitoring hardware devices to a variety of industries and geographic locations. Blackline has a broad customer base both in terms of industry and geographic reach and this diversified market helps to mitigate against dependence on and fluctuations in any one market space.

Service revenues relate to monitoring and support services that are provided to customers for safety devices. The two components of service revenue are: 1) the revenues associated with new customers who purchase the Company's connected safety monitoring concurrent with a new device, and 2) recurring revenues from existing customers who renew their monitoring service for a Blackline device.

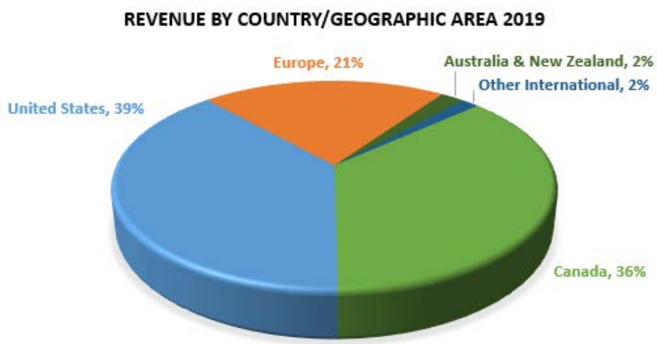
The Company also offers a Blackline Complete leasing program, delivering Blackline monitoring solutions through a service-based model rather than a traditional purchase of the product. Although the Blackline Complete leasing program is generally a three-year operating lease commitment, revenues from the program are only recognized on a monthly basis as service is provided. Revenues from the Blackline Complete operating leasing program are accounted for as service revenue on a monthly basis and positively impact the monthly service revenue, but negatively impact product revenue from traditional hardware sales and deferred revenue from associated service contracts. Blackline Complete leases of more than three years are generally considered to be a finance lease commitment with revenue recognized as both hardware and service in accordance with the present value of the lease contract.

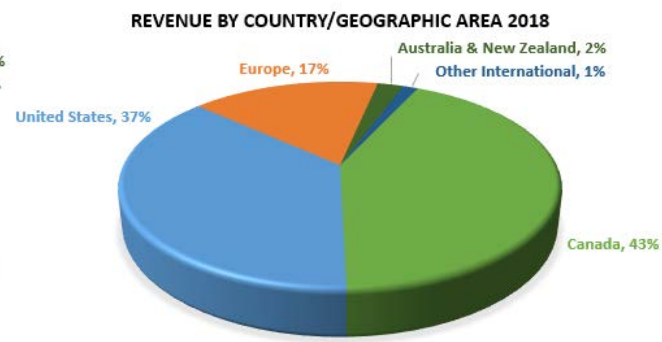
	Three months ended October 31,			Year ended October 31,		
	2019 $	2018 $	Change %	2019 $	2018 $	Change %
Revenue						
Product	5,615	1,931	191	15,288	6,471	136
Service	5,131	3,613	42	17,983	11,301	59
Total revenue	10,746	5,544	94	33,271	17,772	87
Percentages of total revenue						
Product	52%	35%		46%	36%	
Service	48%	65%		54%	64%	
Total	100%	100%		100%	100%	

Fourth quarter overall revenue was $10,746, an increase of $5,202 from $5,544 in the same three-month period of the last fiscal year. The 94% growth was driven by product revenue from sales of our connected safety products to industrial customers with service revenue from both monitoring services and revenues earned from the Blackline Complete leasing program also contributing to this increase. The Company's geographic revenue distribution for the fourth quarter included $2,932 in Europe, $4,508 in the United States and $2,926 in Canada compared to $781 in Europe, $2,661 in the United States and $1,949 in Canada in the comparable prior period. Revenue growth quarter-over-quarter was therefore 275% in Europe, with the United States increasing by 69% and Canada by 50%.

Revenue for the fiscal year was $33,271 compared to $17,772 in the prior year. The overall 87% revenue increase is due to increased demand for Blackline's connected safety solutions driving both product hardware and recurring service revenues. Revenue growth was particularly strong in Europe with growth of 139% year-over-year, with the United States increasing by 93% and Canada by 62%.

The Company's percentage of revenues from its customers and distributors by country/geographic area for the current and prior fiscal year are as follows:





SERVICE REVENUE

The Company's fourth quarter service revenue was $5,131 compared to $3,613 in the same period last year, which represents an increase of $1,518 or 42%. The increase can be attributed to the revenue generated from new service activations by end-users of Blackline's product, including the UK water/wastewater companies' new activations in the period. Leasing revenues contributed $1,062 in the fourth quarter compared to $889 in the prior year comparable period, representing an increase of 19% and was driven by increased Blackline Complete adoption in the past twelve months.

The Company was engaged by a customer to complete a development acceleration program for an enhancement of G7 device connectivity. The Company recognized $245 in service revenue in the fourth quarter of the prior fiscal year relating to this program with no such revenues in the current year period as the program was completed in the third quarter of fiscal 2019. Excluding the impact of the revenue generated from this one time program, service revenues grew 52% quarter-over-quarter.

Service revenues for the fiscal year were $17,983 compared to $11,301 in the prior year. The increase of $6,682 or 59% from the prior year is attributable to the increase in the Company's customer base throughout the past twelve-month period. The increased sales in North America and Europe over the past year have contributed to the year-over-year increase in service revenue with retention rates of customers in all regions and industry sectors continuing to be robust. Blackline Complete operating leases contributed $4,358 to service revenue in the current fiscal year compared to $2,724 in the prior year representing growth of 60%.

The Company recognized $152 in service revenue in the current fiscal year relating to the development acceleration program that was successfully completed with $245 recognized in the prior fiscal year relating to this program.

PRODUCT REVENUE

The Company's fourth quarter product revenue was $5,615 compared to $1,931 in the prior fiscal period. The $3,684 or 191% increase from the prior year quarter is attributable to the growth in the sale of connected safety hardware devices to new customers globally. The increase includes the connected gas detection wearables order from a third water/wastewater company in the UK, that was shipped in the period.

In the fourth quarter the Company delivered its products and services through five new finance leases resulting in product revenues of $354 being earned with a lease receivable being included in current and long-term other receivables for the service revenue and financing portion of these contracts. Blackline's finance leases earn immediate product revenue as revenue is recognized for the value of gas sensor cartridges sold as part of the lease contract when compared to the Company's standard G7 device sales.

Product revenues for the fiscal year were $15,288 compared to $6,471 in the prior year. The increase of $8,817 or 136% from the prior year is attributable to the stronger global sales of connected safety hardware devices to new customers year-over-year. The growth included the purchase of Blackline's connected safety solutions by three UK water/wastewater companies, a provincial safety agency in Canada, a U.S. utility and an upgrade to G7 gas monitors from previous-generation devices by an existing Canadian customer.

In the current fiscal year, the Company delivered its products and services through 11 new finance leases resulting in product revenues of $1,170 being earned with a lease receivable being included in current and long-term other receivables for the service revenue and financing portion of these contracts. There were no finance leases entered into with the Company in the prior fiscal year.

CONTRACTED FUTURE REVENUE

Contracted future revenue represents future operating lease and associated service revenue commitments in place over the lease term. This amount is comprised of the total undiscounted value of our Blackline Complete operating lease program contracts, excluding the lease service revenue recognized to date, with no amount included in deferred revenue on the Statement of Financial Position.

	2019 $	2018 $
Balance at October 31, 2018 and 2017	**7,959**	**4,378**
New Blackline Complete leasing program contracts – G7 products	2,905	2,523
New Blackline Complete leasing program contracts – Cartridges	284	292
Net Blackline Complete leasing program contract changes	(455)	(79)
Lease revenue recognized in the period	(3,294)	(1,835)
Balance at July 31	**7,399**	**5,279**
New Blackline Complete leasing program contracts – G7 products	388	3,278
New Blackline Complete leasing program contracts – Cartridges	41	301
Net Blackline Complete leasing program contract changes	(17)	(10)
Lease revenue recognized in the period	(1,062)	(889)
Balance at October 31	**6,749**	**7,959**

In the fourth quarter of the current fiscal year, the Company entered into new Blackline Complete leasing contracts for G7 products with a total contract value of $388 (Three-month period ended October 31, 2018: $3,278). The Company also entered into new Blackline Complete leasing contracts for gas sensor cartridges for a total contract value of $41 in the fourth quarter (Three-month period ended October 31, 2018: $301). Leasing revenues recognized were $1,062 in the fourth quarter of the current fiscal year compared to $889 in the prior year.

Contracted future revenue of $6,749 at October 31, 2019 represents a decrease of $1,210 or 15% over the comparable period end amount of $7,959. This is driven by several customers in the current fiscal year opting for 'Blackline Complete' leases of more than three years rather than operating leases that contribute to the contracted future revenue. This resulted in the lease revenue recognized being greater than the value of new leases entered into in the current fiscal year, contributing to a lower contracted future revenue balance at year end.

FINANCE LEASES

Contracted future revenue does not include 'Blackline Complete' finance leases as the future service and financing component of these finance leases is recognized in current and long-term other receivables on the Statement of Financial Position.

COST OF SALES

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 servicing those products is comprised of direct costs, direct labor for the SOC, communication costs for devices equipped with cellular and/or satellite technology, depreciation of cartridges and units leased through the Blackline Complete leasing program and an allocation of overhead.

	Three months ended October 31,			Year ended October 31,		
	2019 $	2018 $	Change %	2019 $	2018 $	Change %
Cost of sales						
Product	4,000	1,851	116	11,678	6,239	87
Service	1,647	1,189	39	6,091	3,802	60
Total cost of sales	5,647	3,040	86	17,769	10,041	77
Percentages of total revenue						
Product	37%	33%		35%	35%	
Service	15%	21%		18%	21%	
Total	52%	54%		53%	56%	

Cost of sales incurred for the quarter ended October 31, 2019 totaled $5,647 compared to $3,040 in the same period last year, an increase of $2,607 or 86%. This is comprised of cost of sales for the product segment, amounting to $4,000 for the current quarter and $1,647 incurred in the service segment which represents 37% and 15% of total revenue respectively. In the prior year quarter, cost of sales for the product segment was $1,851 or 33% of total revenue and $1,189 for the service segment or 21% of total revenue.

Cost of sales for the fiscal year were $17,769 compared to $10,041 in the prior year, an increase of $7,728 or 77%. Cost of sales for the fiscal year is comprised of $11,678 incurred in the product segment and $6,091 incurred in the service segment which represents 35% and 18% of total revenue respectively. In the prior year period cost of sales for the product segment were $6,239 or 35% of total revenue and $3,802 for the service segment or 21% of total revenue.

COST OF SALES PRODUCT

The cost of sales for products increased by $2,149 compared to the prior year fourth quarter with this being attributable to several factors. There were increased material costs of $1,615 due to the increased product sales with associated freight costs increasing by $158. To facilitate this growth the Company incurred additional production staff payroll and benefits costs of $233 quarter-over-quarter.

There was also an incremental reduction in unabsorbed material cost variance incurred in the quarter of $(41) following the revision of some standard costs earlier in fiscal 2019 following a year of in-house use of the surface mount technology manufacturing line as well as continued supplier negotiations due to increased G7 build volumes. In the current quarter the Company has seen the benefit of these lower inventory costs through improved product margins. There were additional used device decommissioning costs and inventory scrappage of $134, write-downs of products that are no longer being actively marketed of $53 and production supplies usage of $56.

The increase in product costs of sales for the year can be attributed to the increased material costs of $3,903 with associated freight costs increasing by $330. There were also additional production staff payroll and benefits costs of $658 for the G7 product build, used device decommissioning costs of $165 and inventory write-downs of legacy products that are no longer being actively marketed of $258 as well as incremental unabsorbed material costs of $105 period-over-period. The current fiscal year included a full year of usage of the Surface Mount Technology equipment with additional depreciation of $107. The Company's warranty expense has increased $193 period-over-period and is reflective of the Company's expanded number of devices under warranty through the Company's product sales and Blackline Complete leasing growth.

COST OF SALES SERVICE

Service cost of sales increased by $458 compared to the prior year fourth quarter. The largest factor that contributed to this increase was depreciation on owned cartridges and leased units that grew $266 quarter-over-quarter as a result of the rise in sales of the Company's gas detection products as well as sales through the Blackline Complete leasing program that generate lease revenues. There were also increases of $109 from growth in communications costs from new customer device activations, particularly as the Company has expanded its sales of satellite connected devices in the current fiscal year, and $92 from additional infrastructure support costs to support the growth of the Company and its expanding customer usage base in the current fiscal year. This expansion has also been facilitated through the growth of the SOC team, as well as an allocation for the Blackline Vision data science team, with associated salaries and benefits increasing by $48 quarter-over-quarter.

In the fourth quarter of the prior year there were service costs of sales of $76 related to the development acceleration program that the Company was engaged to complete which concluded in the third quarter of the current year with no such costs incurred in the current quarter.

Service cost of sales increased by $2,289 compared to the prior year. The increase is attributable to growth in depreciation on owned cartridges and leased units of $957 in the current year, increased communications costs resulting from device activations from new customers of $672, additional infrastructure support costs to support the growth of the Company of $338 and the growth of the SOC team and the Blackline Vision team of $226 year-over-year.

GROSS MARGIN

Gross margin for the fourth quarter was $5,099 compared to $2,504 in the comparable three-month period of the prior year. Product gross margin percentage increased to 29% compared to 4% in the prior year fourth quarter. The improved product margin was a result of the revision of our standard costing following a year of in-house use of the surface mount technology manufacturing line as well as economies of scale resulting from production volume. Service gross margin percentage increased to 68% from 67% in the comparable prior year fiscal period. The resulting gross margin percentage of 47% was greater than the 45% level achieved in the same quarter of fiscal 2019 with the Company's greater sales volume and product mix contributing to the improved margin.

Overall gross margin for the fiscal year was $15,502 compared to $7,731 in the prior year. Product gross margin percentage increased to 24% compared to 4% in the prior year while service gross margin percentage remained at 66% year-over-year. The resulting gross margin percentage of 47% was greater than the 44% level achieved in the prior year with the Company's greater sales volume and product mix contributing to the improved margin.

	Three months ended October 31,		Year ended October 31,	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Gross margin				
Product	1,615	80	3,610	232
Service	3,484	2,424	11,892	7,499
Total gross margin	5,099	2,504	15,502	7,731
Gross margin percentages				
Product	29%	4%	24%	4%
Service	68%	67%	66%	66%
Total	47%	45%	47%	44%

EXPENSES

Total expenses for the quarter ended October 31, 2019 were $8,198 compared to $4,996 in the fourth quarter of the prior year, which represents an increase of $3,202 over the comparable three-month period. The increase resulted from both selling, general and administrative expenses and product development costs rising quarter-over-quarter.

	Three months ended October 31,			Year ended October 31,		
	2019 $	2018 $	Change %	2019 $	2018 $	Change %
Expenses						
Selling, general and administrative expenses	6,167	3,722	66	19,430	11,574	68
Product development costs	2,031	1,275	59	6,798	5,329	28
Total expenses	8,198	4,997	64	26,228	16,903	55
Percentages of total revenue						
Selling, general and administrative expenses	57%	67%		58%	65%	
Product development costs	19%	23%		20%	30%	
Total	76%	90%		78%	95%	

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses include the salaries and benefits of the sales, accounting and finance, marketing, customer care and general management staff as well as travel costs, selling and marketing expenses, supporting contractors and consultants professional fees, amortization of intangible assets, depreciation of certain property and equipment and stock-based compensation expense.

These expenses were $6,167 for the fourth quarter of the year, an increase of $2,445 or 66% from $3,722 in the same period last year. Blackline has continued to expand its sales and supporting function teams at Blackline's headquarters, within the United States, at our office and in the field in Europe and internationally resulting in additional salaries, compensation and benefit costs, commissions and sales contractor costs in the current quarter of $946 compared to the prior year equivalent period.

The Company was engaged by a customer to complete a development acceleration program for an enhancement of G7 device connectivity in the fourth quarter of fiscal 2018. The Company successfully completed the development program in the third quarter of the current fiscal year with a total of $397 recognized in service revenue for the program. The customer has subsequently not paid Blackline for the amount owed in accordance with the terms of the development acceleration contract and accordingly the Company included the full amount owing within the trade receivables loss allowance at the period end. The Company considers this to be a non-recurring transaction. Blackline is taking steps, including the engagement of legal counsel, to recover the amount owed.

The sales and supporting function growth also resulted in increased travel costs of $198, lease contract fulfilment costs of $93, software and systems support costs of $117 quarter-over-quarter. The fourth quarter also included the costs associated with the September 2019 National Safety Council Congress & Expo, Blackline's largest North American tradeshow. This year Blackline amplified its presence with a larger booth, learning labs and demo pods where visitors could learn more about our offerings resulting in additional trade show expenses of $342.

There was an unrealized foreign exchange loss of $224 in the current period compared to an unrealized loss of $172 in the prior comparable period relating predominately to the Company's foreign exchange denominated cash and cash equivalents, short-term investments, accounts receivable and accounts payable at the period end.

For the year ended October 31, 2019, the Company's general and administrative expenses were $19,430 compared to $11,574 in the comparable prior year fiscal period. The principal reasons for the increase in the current year are related to the growth of the Company's sales team and support functions with additional salaries, compensation and benefit costs, commissions and sales contractor costs of $3,365 compared to the prior year. There were also increased travel costs of $679, lease contract fulfilment costs of $361 trade show expenses of $563 and software and systems support costs of $256 year-over-year.

Building rent costs were higher by $553 in the current year with the Company incurring rent from the lease entered into for its new Calgary headquarters effective October 2018. The Company continued to pay rent for the later vacated two facilities before their expiry in August 2019. This was accounted for as an onerous lease contract with a charge of $224 recorded in the second quarter that was amortized over the remainder of the life of the leases and considered to be a non-recurring transaction.

There was an unrealized foreign exchange loss of $31 in the current fiscal year compared to a gain of $402 in the prior year that relates predominately to the Company's foreign exchange denominated short-term investments and accounts receivable at the year end. There was also a realized foreign exchange gain of $46 in the current year compared to a loss of $244 in the prior fiscal year.

There was also additional depreciation of the Company's capital assets of $164 with the Company's trade receivables loss allowance increasing by $482 arising from the specific provision made for the development acceleration program of $397 and the utilization of the expected credit loss model in the current year following the adoption of IFRS 9 *Financial Instruments.*

PRODUCT DEVELOPMENT COSTS

Product development costs reflect the Company's ongoing efforts to expand its product line while enhancing the capabilities of the current revenue-generating product offering. Product development costs include the salaries and benefits of the product development team, external consultants, materials used specifically for product development purposes, amortization of intangible assets and depreciation of certain property and equipment. Blackline also records the impact of government assistance from the Scientific Research and Experimental Development program ("SR&ED") as a reduction in product development costs in accordance with the Company's accounting policy for government assistance.

Product development costs were $2,031 in the fourth quarter, up from $1,275 in the comparable prior year period, an increase of $756 or 59%. Blackline continues to invest in its product development efforts to further broaden the Company's product portfolio and customer reach with the current quarter including continued investment in the development of the G7 EXO area monitor product line.

The employee compensation and benefit expenses and contractor costs were higher in the current quarter by $330 compared to the prior period due to the expansion of the Company's product development team needs. Blackline is investing in an improved back end supporting platform and incurred additional external consulting fees associated with this development of $288 when compared to the prior year quarter.

For the year ended October 31, 2019, the Company's product development costs were $6,797 compared to $5,329 in the prior year. In the current fiscal year Blackline increased its investment in its product development efforts to further broaden the Company's product portfolio and customer reach with a focus on the development of the G7 EXO area monitor, improvement of the back end supporting platform for the Blackline Live portal and a partnership to add camera vision to the G7 connected portfolio.

The increase of $1,468 is attributable to the growth of the product development team with increased salaries and benefit expenses and contractor costs of $974 and an associated recruiting cost rise of $68. The improved back end supporting platform resulted in increases of $244 in external consulting fees with software and systems maintenance costs of $198 year-over-year.

FINANCE INCOME, NET

Finance income, net of finance expenses, was $176 in the fourth quarter compared to $47 in the comparable prior year period. This increase was principally due to the interest earned on the Company's investment of the net proceeds of the October 2018 Brokered Private Placement in short-term investments.

Finance income, net of finance expenses, was $801 in the year ended October 31, 2019 compared to $169 in the comparable prior year period. This increase was also primarily due to the interest earned on the Company's investment of the net proceeds of the October 2018 Brokered Private Placement in short-term investments.

NET LOSS, EBITDA AND ADJUSTED EBITDA

Net loss was $(2,924) for the three-month period ended October 31, 2019 compared to $(2,445) for the comparable prior year fiscal period. The increased net loss in the period primarily arises from an increase in selling, general and administrative expenses in the period, particularly relating to the impact of a non-recurring specific receivable loss allowance inclusion and the growth and support of the Company's sales function, and product development expenses, offset by an increased gross margin quarter-over-quarter.

Net loss for the year ended October 31, 2019 was $(9,924) compared to $(9,002) in the comparable prior year period. The increased net loss in the period arises principally from an increase in selling, general and administrative expenses and product development expenses, offset by an increased gross margin year-over-year.

EBITDA[1] was $(2,336) for the three-month period ended October 31, 2019 compared to $(2,050) for the comparable prior year fiscal period. The deterioration in EBITDA in the period arises from an increase in selling, general and administrative expenses and product development costs, offset by increased gross margin compared to the prior year quarter.

EBITDA for the year ended October 31, 2019 was $(8,150) compared to $(7,847) in the comparable prior year period. The deterioration in EBITDA for the year can be attributed to an increase in selling, general and administrative expense and product development costs offset by an increased gross margin year-over-year.

Adjusted EBITDA[1] for the three-month period ended October 31, 2019 was $155 compared to $(677) in the prior year period. The improved Adjusted EBITDA resulted from an increase in gross margin, offset by an increase in selling, general and administrative expenses compared to the prior year quarter.

Adjusted EBITDA for the year ended October 31, 2019 was $554 compared to $(1,096) in the comparable prior year period. The improvement in Adjusted EBITDA for the period can be attributed to an increased gross margin offset by increased selling, general and administrative expenses compared to the prior year.

[1] See "Non-IFRS Measures" section for a reconciliation of these non-IFRS measures to IFRS.

TOTAL ASSETS AND LIABILITIES

Blackline's total assets as at October 31, 2019 were $58,734 compared to $57,885 as at October 31, 2018. Total liabilities were $19,363 compared to $11,489 as at October 31, 2018.

The marginal increase in total assets as at October 31, 2019 when compared to the prior fiscal year end is primarily attributable to increased cash and cash equivalents, trade and other receivables and property and equipment offset by decreased short-term investments.

Cash and cash equivalents at October 31, 2019 were $13,636 compared to $11,362 at October 31, 2018, an increase of $2,274. The short-term investments with financial institutions at the year-end were $17,003 compared to $28,332 at the prior year end, with the majority of those funds being invested from the October 2018 Brokered Private Placement. This represents a total cash and cash equivalents and short-term investments amount of $30,640 as at October 31, 2019 (October 31, 2018: $39,694).

Trade and other receivables totaled $10,406 up from $4,242 at the prior year end with the increase arising from the growth in product sales and service revenues generated in the current fiscal period compared to the prior year and the associated collection terms of these receivables. The trade receivables balance at October 31, 2019 includes the receivables from two of the UK water/wastewater companies, as well as expanded sales through our North American distribution network, in the current fiscal year. The other receivables increase is attributable to lease receivables from the Company's finance lease contracts in the current fiscal year with the prior year balance being largely interest receivable from the Company's short-term investments.

Inventory totaled $5,850 at the current period end compared to $6,231 at the prior year end. Material parts inventory decreased to $3,056 from $3,648 at the prior year end with finished goods, comprised of finished and packaged units, increasing to $2,793 from $2,584 at the prior year end. The reduction in overall inventory is attributable to increased efficiencies in the production process of Blackline G7 connected safety products. The marginal increase in finished goods resulted from the build of inventory for expected sales of finished products in the coming quarter.

Total contract assets, consisting of current and long-term costs related to the fulfilment of a Blackline Complete lease were $976 as at October 31, 2019 (October 31, 2018: $863).

Property and equipment at the period end was $9,450 compared to $5,692 at the prior year end. Of this net increase $2,733 is attributable to cartridges, these being the modular cartridge options, including gas sensors, used in the G7 connected safety device and which generate service revenue for the Company. The Company incurred additional capital expenditures primarily from the Company's move to its new headquarters in the Dominion Bridge building in Calgary with leasehold improvements up net $580 and furniture and equipment up net $244.

The total current liabilities at October 31, 2019 were $15,367 compared to $9,273 as at October 31, 2018. The amount of accounts payable and accrued liabilities owed by the Company increased to $7,367 from $4,037 at the prior year end as a result of increased payables due to the timing of the payment of the Company's growing expenditures at the end of each fiscal period. The current portion of the Company's deferred revenue, whereby customers commit to service plans that are paid in advance, was $7,100 at year end which compared to $4,713 at the prior year end with the difference being due to the timing of when cash is received, and revenue is recognized.

The current portion of contract liabilities which represent the Company's obligations to pay commissions to third-party distributors who assist with the fulfilment of 'Blackline Complete' lease contracts was $611 as at October 31, 2019 compared to $263 at the prior year end. The current portion of the repayable funding from TECTERRA Inc. ("TECTERRA") was $289 compared to $200 as at October 31, 2018 which reflects the estimated funds that are due to be repaid in the upcoming twelve months based on the terms of the funding and compensation agreement with TECTERRA.

The total non-current liabilities at October 31, 2019 were $3,996 compared to $2,216 as at October 31, 2018. The non-current financial liabilities include the non-current portions of deferred revenue, repayable funding from TECTERRA and deferred lease incentives. The long-term portion of the Company's deferred revenue increased to $3,631 from $1,842 at the prior year end, which reflects the timing of when the deferred revenue from service sales will be earned.

The non-current portion of contract liabilities was $193 as at October 31, 2019 compared to $156 at the prior year end. The non-current portion of the repayable funding from TECTERRA was $nil at the end of the current period compared to $200 at the end of the prior fiscal year which reflects the estimated funds that are due to be repaid more than twelve months after the balance sheet date based on the terms of the funding and compensation agreement with TECTERRA.

PROCEEDS OF PRIVATE PLACEMENTS

On October 22, 2018, the Company closed an underwritten private placement of 6,325,000 common shares of the Company at an issue price of $5.00 per common share for aggregate gross proceeds of $31,625 (the "October 2018 Brokered Private Placement"). After deduction of broker and other fees the net proceeds from the October 2018 Brokered Private Placement were $29,399.

Blackline advised at the time that it intends to use the net proceeds of the October 2018 Brokered Private Placement to support the accelerated growth of its international sales network, to fund potential accretive acquisition opportunities as well as general corporate purposes. The Company invested $27,624 of the funds raised in notice term deposits and short-term investments and as at October 31, 2019 $21,079 of these funds remained invested in notice term deposits and short-term investments.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, gross margin percentage, net loss, net loss per share, Adjusted EBITDA and Adjusted EBITDA per share amounts for the eight most recently completed quarters ended October 31, 2019. These have been prepared in accordance with IFRS, with the non-IFRS measures captioned below, and are presented in Canadian dollars which is the presentation and functional currency of the Company.

Fiscal year	**2019**				**2018**			
Quarter	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue ($)	10,746	8,108	8,189	6,229	5,544	4,676	3,749	3,803
Gross margin (%)	47%	49%	44%	46%	45%	40%	44%	45%
Net loss ($)	(2,924)	(2,240)	(3,016)	(1,745)	(2,445)	(2,048)	(2,905)	(1,604)
- Net loss per share, basic and diluted ($)	(0.06)	(0.05)	(0.06)	(0.04)	(0.06)	(0.05)	(0.07)	(0.05)
Adjusted EBITDA[1] ($)	155	112	253	33	(677)	(179)	(104)	(136)
- Adjusted EBITDA[1] per share, basic and diluted ($)	0.00	0.00	0.01	0.00	(0.02)	(0.00)	(0.00)	(0.00)

[1] See "Non-IFRS Measures" for a reconciliation of Adjusted EBITDA as a non-IFRS measure to IFRS. The reconciling items and the movements in these items from period to period are discussed in the MD&A of each period.

The variations over the quarters, including their comparable quarter, are discussed in this MD&A and in the previously filed interim and annual MD&A of the Company.

FISCAL YEAR 2019

The increase in revenue in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 relates predominately to higher product revenues. The decrease in gross margin percentage in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 was due to the product and service mix sold period-over-period. The increase in net loss in the fourth quarter of fiscal 2019 compared to the third quarter of fiscal 2019 is attributable to increased selling, general and administrative expenses and product development costs, offset by increased revenues and gross margin period-over-period.

The increase in gross margin percentage in the third quarter of fiscal 2019 compared to the second quarter of fiscal 2019 was due to a proportionally higher product margin due to the mix of products sold period-over-period. The decrease in net loss in the third quarter of fiscal 2019 compared to the second quarter of fiscal 2019 is attributable to stock-based compensation expense incurred in the second quarter of the fiscal year from stock options granted to directors, officers and employees of the Company.

The increase in revenue in the second quarter of fiscal 2019 compared to the first quarter of fiscal 2019 relates predominately to higher product revenues. The increase in net loss in the second quarter of fiscal 2019 compared to the first quarter of fiscal 2019 was mainly attributable to an increase in stock-based compensation expense incurred in the second quarter of fiscal 2019 from stock options granted to directors, officers and employees of the Company with no equivalent grant in the first quarter of fiscal 2019. The increase in Adjusted EBITDA in the second quarter of fiscal 2019 resulted from increased revenues and gross margin, offset by increased selling, general and administrative expenses period-over-period.

The increase in revenue in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 relates to higher product and service revenues. The increase in gross margin percentage in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 was due to a proportionally higher product margin. The decrease in net loss in the first quarter of fiscal 2019 compared to the fourth quarter of fiscal 2018 is attributable to increased revenues, gross margin and decreased selling, general and administrative expenses, offset by increased product development costs period-over-period. The increase in Adjusted EBITDA in the first quarter of fiscal 2019 resulted from increased revenues, gross margin and decreased selling, general and administrative expenses period-over-period.

FISCAL YEAR 2018

The increase in revenue in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 relates to higher product and service revenues. The increase in gross margin percentage in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 was due to a proportionally higher service margin. The increase in net loss in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 is attributable to increased selling, general and administrative expenses period-over-period, offset by increased product and service revenues.

The reduction in Adjusted EBITDA in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018 relates primarily to an increase in the net loss in the period, largely due to increased selling, general and administrative expenses, including a one-time payment of $268 to a prior contractor, incurred in the fourth quarter of fiscal 2018 compared to the third quarter of fiscal 2018.

The increase in revenue in the third quarter of fiscal 2018 compared to the second quarter of fiscal 2018 relates to higher service revenues. The decrease in gross margin percentage in the third quarter of fiscal 2018 compared to the second quarter of fiscal 2018 was due to a proportionally higher cost of goods sold for the Company's product segment as a result of material costs increases, the impact of SMT set up costs and the growth of the Company's production team. The decrease in net loss in the third quarter of fiscal 2018 compared to the second quarter of fiscal 2018 is attributable to stock-based compensation expense incurred in the second quarter of the fiscal year from stock options granted to directors, officers and employees of the Company.

The increase in net loss in the second quarter of fiscal 2018 compared to the first quarter of fiscal 2018 was mainly attributable to an increase in stock-based compensation expense incurred in the third quarter of fiscal 2018 from stock options granted to directors, officers and employees of the Company with no equivalent grant in the first quarter of fiscal 2018.

There are no factors, other than those previously disclosed, that have caused variations over the quarters necessary to understand general trends that have developed for which separate discussion in this MD&A is required. The Company's business is not significantly impacted by seasonality.

LIQUIDITY AND CAPITAL RESOURCES

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

Blackline had cash and cash equivalents of $13,636 as at October 31, 2019. Cash and cash equivalents increased by $2,275 during the year October 31, 2019, in comparison to an increase of $5,753 in the last fiscal year.

Cash flows from operating, financing and investing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized as follows:

	2019 $	2018 $
Cash provided by (used in) operating activities	(5,123)	(7,944)
Cash provided by (used in) financing activities	1,365	38,769
Cash provided by (used in) investing activities	5,854	(25,034)
Effect of foreign exchange changes	179	(38)
Total net increase (decrease) in cash and cash equivalents	**2,275**	**5,753**

Operating activities during the year ended October 31, 2019 used $(5,123) in cash whereas $(7,944) was used in the prior fiscal year. The net change in non-cash working capital relating to operating activities amounting to $1,630 compared to $(1,647) in the prior fiscal year. The majority of the net change in non-cash working capital in the year related to changes in, net deferred revenue of $4,113 and accounts payable and accrued liabilities of $3,255 offset by changes in trade and other receivables of $6,225 on a year-over-year basis.

Financing activities for the year ended October 31, 2019 provided a cash increase of $1,365 compared to an increase of $38,769 in the prior fiscal year. In the current year net proceeds of $1,476 were raised through the exercise of stock options compared to $41,414 in the prior year that was raised through the October 2018 Brokered Private Placement and the exercise of stock options and warrants.

There was no bank indebtedness activity in the current fiscal year compared to net repayments of $200 in the prior year. There were proceeds of $100 received in the current fiscal year relating to the TECTERRA compensation and funding agreement with $200 received in the prior year. Repayments of $211 were made to TECTERRA in the current year relating to compensation and funding agreements with $419 repaid in the prior year.

Investing activities for the year ended October 31, 2019 provided cash in the amount of $5,854 and compared to $(25,034) used in the prior fiscal year. There were purchases of short-term investments of $20,000 in the current year compared to $35,333, of which $23,312 represented an investment of the funds raised by the Company in the October 2018 Brokered Private Placement. These purchases were offset by redemptions of short-term investments in the amount of $31,327 in the current year compared to $15,070 in the prior fiscal year. Net finance income from the Company's cash and cash equivalents and short-term investments in the year ended October 31, 2019 was $796 compared to $212 in the prior year driven by the increased levels of short-term investments held by the Company.

In the current year there have been capital expenditures of $6,269, incurred predominately for property and equipment additions of cartridges, leasehold improvements and office equipment compared to $4,984 in the prior fiscal year.

The total of the short-term investments held as at October 31, 2019 amounted to $17,003 compared to $28,332 at the prior year end. The short-term investments were comprised of fixed interest rate guaranteed investment certificates with a Canadian chartered bank. The total cash and cash equivalents and short-term investments at October 31, 2019 was $30,640 (October 31, 2018: $39,694).

	2019 **$**	**2018** **$**
Current assets	47,600	51,131
Current liabilities	(15,367)	(9,273)
Working capital	**32,233**	**41,858**

Working capital at October 31, 2019 was $32,233 compared to $41,858 at the prior year end, a decrease of $9,625. The decrease was mainly due to a reduction in short-term investments and rise in accounts payable and accrued liabilities and deferred revenue offset by an increase in trade and other receivables.

The Company continues to maintain its demand operating revolving loan facility ("loan facility") of up to $1,500 with a Canadian chartered bank. The loan facility bears interest at the bank's annual prime rate plus 1% and is repayable on demand. In the event that the total indebtedness of the Company to the bank exceeds $500 the Company shall ensure that the amount advanced and loan outstanding shall at no time exceed the margin requirements of the loan facility. The loan facility is secured by a general security agreement creating a first priority security interest in all present and after acquired personal property of the Company.

The loan facility was not drawn upon during the current fiscal year or as at October 31, 2019.

The covenants that must be maintained by the Company, without limiting the Bank's right to demand repayment of any outstanding amounts, are as follows:

- ratio of debt to tangible net worth, defined as total equity less intangible assets, shall not at any time exceed 3.00 to 1.00;
- ratio of current assets to current liabilities to not at any time be less than 1.25 to 1.00; and
- deposits with the Bank shall not be less than $1,500 at any time.

The Company has repayable funding through a compensation and funding agreement with TECTERRA whereby funding is made available through their Industry Investment Program, interest free, for the development and commercialization of innovative geospatial solutions for integrated resource management. The Company is using this funding to assist in developing an enhanced product within its current portfolio. The total amount owing to TECTERRA as at October 31, 2019 was $289, representing a decrease of $111 from the prior fiscal year end due to the final tranche of funding being received in the second quarter offset by the repayments in the third and fourth current fiscal year quarters.

Management's objective is to maintain sufficient cash and cash equivalents and short-term investments to finance operations and minimize dilution to shareholders. The Company's ongoing development program requires investment in wages, tooling and product certifications during the development process. To meet these development-based capital requirements, in addition to the loan facility and focusing on improving cash flow from operating activities, the Company continues to pursue multiple levels of government grants and funding arrangements. Such arrangements, include zero interest loans for developing new geomatics technologies (TECTERRA) and wage programs to cover the cost of hiring new developers (Alberta Innovates), 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 assurances can be given that the Company will achieve all or part of its liquidity objective, or that sufficient funds will be generated internally or that financing from outside sources, if needed, will be available.

There are no capital expenditure commitments at October 31, 2019, other than the manufacturing of owned modular cartridges used in the G7 connected safety device and which generate service revenue for the Company. This will be funded primarily through cash flows from operations and government assistance in the form of repayable debt.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

PURCHASES OF SERVICES

The Company purchased public relations consulting services from an entity controlled by a related party of a member of the Company's key management personnel on normal credit terms and conditions and measured at the exchange amount of $41 for the year ended October 31, 2019 (Year ended October 31, 2018: $35). As at October 31, 2019, the amount of $15 (October 31, 2018: $5) was outstanding in accounts payable and accrued liabilities in relation to transactions with that related party.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management includes the Company's directors and executive officers. The Company's directors can receive compensation in the form of stock options or participate in the Company's employee share ownership plan. The compensation paid or payable to key management for employee and director services is as disclosed in a note to the consolidated financial statements of the Company as at October 31, 2019.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

NEW ACCOUNTING POLICIES ADOPTED BY THE COMPANY

There were no new accounting policies arising from standards that were adopted by the Company during the current fourth quarter reporting period.

The Company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on November 1, 2018 and the Company's considerations whether it had to change its accounting policies and make retrospective adjustments as a result of the adoptions of these new standards was addressed in the first quarterly period MD&A.

NEW ACCOUNTING POLICIES NOT YET ADOPTED BY THE COMPANY

Certain new accounting standards and interpretations have been published that are not mandatory for October 31, 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of the applicable new standard on its accounting policies is set out below.

IFRS 16 *LEASES*

IFRS 16 *Leases* ("IFRS 16") was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors, including the Blackline Complete leasing program, will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments. The Company is concluding its determination of the extent to which these commitments will result in the recognition of an asset and a liability for future payments. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for financial years commencing on or after January 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

FINANCIAL INSTRUMENTS

Blackline held the following financial instruments as at the October 31, 2019 fiscal year end:

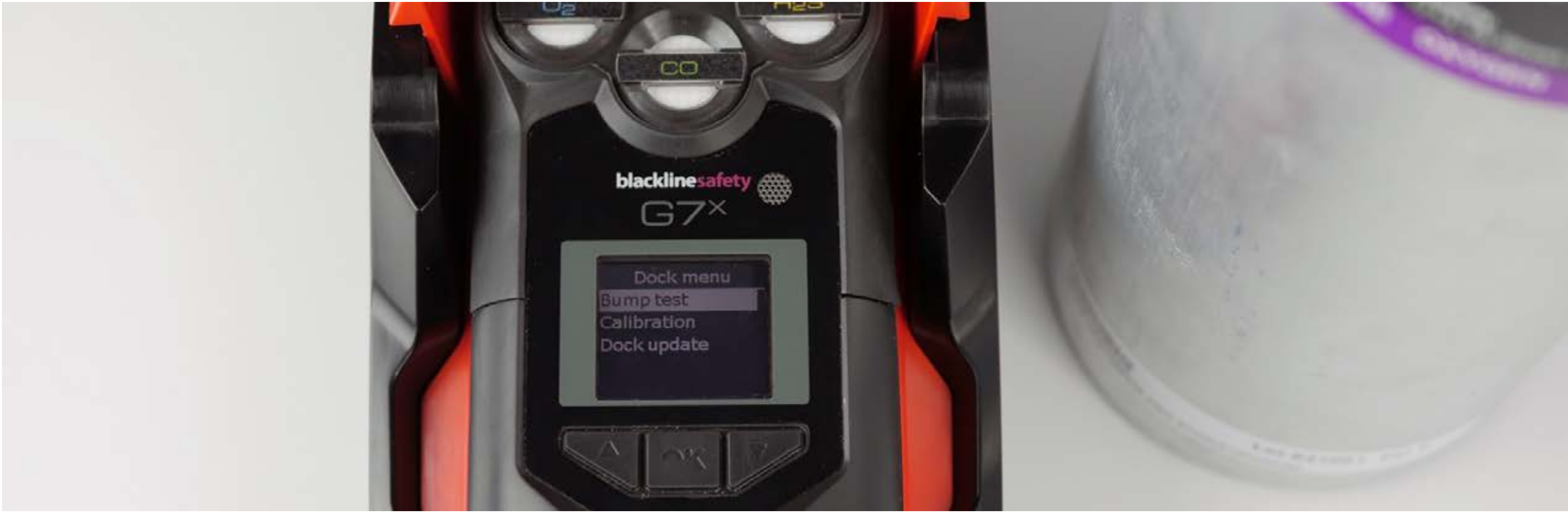
FINANCIAL ASSETS

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

FINANCIAL LIABILITIES

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

The Company's risk exposure associated with these financial instruments and the strategies used to manage these risks are disclosed in note 5 b) of the October 31, 2019 audited consolidated financial statements of the Company. The amounts, timing and certainty of future cash flows, 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.



NON-IFRS MEASURES

The audited consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Blackline's results. The calculations of the non-IFRS measures are consistent with the prior year comparable period. These measures include:

EBITDA

EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA refers to earnings before interest expense, interest income, income taxes, depreciation and amortization.

Management believes that operating performance, as determined by EBITDA, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of certain non-operational items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

ADJUSTED EBITDA

Adjusted EBITDA is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Adjusted EBITDA refers to earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product development costs and non-recurring impact transactions, if any.

The Company does not include stock-based compensation expenses, product development costs or other non-recurring impact transactions, if any, in Adjusted EBITDA. This is presented to provide analysts, investors and other interested parties a representative EBITDA of the Company such that it was not incurring product development costs related to new and existing products or the effects of stock-based compensation expense and non-recurring transactions, if any. The Company considers an item to be non-recurring when a similar loss or gain is not reasonably likely to occur within the next two years or has not occurred during the prior two years.

Management believes that operating performance, as determined by Adjusted EBITDA, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of product development costs related to new and existing products, which enables the primary readers of the MD&A to evaluate the results of the Company such that it was operating without any expenditures in product development. The exclusion of stock-based compensation expense as a non-cash item as well as other non-recurring impact transactions, if any, also enables those readers of the MD&A to evaluate the results of the Company because it presents the results of the Company on a basis which excludes the impact of non-cash and non-recurring items, if any. Readers should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

EBITDA PER SHARE AND ADJUSTED EBITDA PER SHARE

EBITDA per share and Adjusted EBITDA per share are calculated on the same basis as net earnings (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the periods presented. These are presented in the "Financial Information" section of the MD&A.

NET LOSS EXCLUDING STOCK-BASED COMPENSATION EXPENSE

Net loss excluding stock-based compensation expense is not a measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Net loss excluding stock-based compensation refers to net loss before stock-based compensation expense.

This is presented to provide analysts, investors and other interested parties a representative net loss of the Company such that it was not incurring the effects of stock-based compensation expense.

Management believes that operating performance, as determined by net loss excluding stock-based compensation expense, may be meaningful to securities analysts, investors and other interested parties because it presents the results of the Company on a basis which excludes the impact of stock-based compensation expense as a non-operational and non-cash item. Readers should be cautioned, however, that net loss excluding stock-based compensation expense should not be construed as an alternative measure to net earnings (loss) determined in accordance with IFRS. Management does not use this non-IFRS measure to assess the Company's financial results against internal expectations.

RECONCILIATION OF NON-IFRS MEASURES

The following table presents a reconciliation of the non-IFRS measures presented in the MD&A to their nearest measure under IFRS for the three and twelve-month periods ended October 31, 2019 and October 31, 2018. These are net loss to EBITDA, Adjusted EBITDA and net loss to net loss excluding stock-based compensation expense.

	Three months ended October 31,		Year ended October 31,	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Net Loss	**(2,924)**	**(2,445)**	**(9,924)**	**(9,002)**
Depreciation and amortization	764	442	2,575	1,324
Finance income, net	(176)	(47)	(801)	(169)
EBITDA	**(2,336)**	**(2,050)**	**(8,150)**	**(7,847)**
Product development costs, net depreciation and amortization	1,944	1,210	6,501	5,070
Stock-based compensation expense	150	163	1,582	1,681
Other non-recurring impact transactions	397	-	621	-
Adjusted EBITDA	**155**	**(677)**	**554**	**(1,096)**
Net Loss	**(2,924)**	**(2,445)**	**(9,924)**	**(9,002)**
Stock-based compensation expense	150	163	1,582	1,681
Net loss excluding stock-based compensation expense	**(2,774)**	**(2,282)**	**(8,342)**	**(7,321)**

OUTSTANDING SHARE DATA

Blackline had 47,890,100 common voting shares issued and outstanding as at January 28, 2020.

The following share options were outstanding at that date:

Share Option Exercise Price	Share Options outstanding
$1.80	241,167
$2.85	380,169
$4.40	576,668
$5.26	777,833
$5.50	708,925
$5.84	10,000
Total	**2,694,762**

RISK FACTORS AND UNCERTAINTIES

Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Company. This section describes specific and general risks that could affect the Company. As it is difficult to predict whether any risk will be realized, or its related consequences will occur, the actual effect of any risk on the business could be significantly different from that anticipated. The following descriptions of risk do not include all possible risks, as there may be other risks of which management is currently unaware or currently believe to be immaterial.

GENERAL ECONOMIC CONDITIONS

The Company currently operates from Canada, the United States, Europe and Australia and like all businesses globally, it has been subject to the impact of national and global economic issues affecting oil and gas companies. The challenging conditions affecting the energy industry have resulted in significant reductions in capital budgets for oil and gas companies. Blackline is working directly with entities whose capital spending has been reduced to generate non-capital proposals for safety services that would generate less revenue in the short-term but greater revenue, cash flow and profitability in the longer term. However, should these conditions continue to prevail, there may be further pressure on the demand for products and services currently provided by Blackline.

COMPETITION

The market for location-based services is competitive in the lone worker space, and some competitors in the gas detection industry have launched early wireless-capable solutions. Blackline has experienced, and may continue to experience, intense competition from other organizations with more established sales and marketing presence, superior technical support services and greater financial resources. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards.

As the market for the Company's products continues to develop, additional competitors may enter the market and competition may intensify. Increased competition may cause price reductions, reduced profitability and loss of market share, any of which could have an adverse effect on the Company's business, results of operations and financial condition.

RISK ASSOCIATED WITH INTERNATIONAL OPERATIONS

Management of the Company believes that its continued growth and profitability will require expansion of its sales further in the United States and into other international markets. This expansion will require significant management attention and financial resources and could adversely affect the Company's operating margins. To increase international sales in subsequent periods, the Company may establish additional international operations, incur substantial infrastructure costs, hire additional personnel and recruit international distributors. In addition, even with the possible recruitment of additional personnel and international distributors, there can be no assurance that the Company will be successful in maintaining or increasing international market demand for the Company's products and services.

TECHNOLOGICAL CHANGE AND STANDARDS

The technology industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company’s existing products and systems obsolete. Blackline’s products employ complex technology and may not always be compatible with current and evolving technical standards. Failure or delays by the Company to meet or comply with the requisite and evolving industry or user standards could have a significantly adverse effect on the Company’s business, results of operations and financial condition.

INTELLECTUAL PROPERTY RISKS

Since much of the Company's potential success and value lies in its ownership and use of intellectual property, failure to protect its intellectual property may negatively affect its business and value. The Company typically enters into confidentiality or license agreements with its employees, consultants, customers, strategic partners and vendors in an effort to control access to and distribution of its products, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's proprietary technology without authorization.

The Company is in an industry with many competitors that lay claim to intellectual property. The Company may receive notice from a third party asserting the Company has infringed on their intellectual property rights. As a result of such claims, the Company’s earnings could be adversely affected by costly litigation, product injunctions or consumption of management attention.

RELIANCE ON INFORMATION SYSTEMS AND TECHNOLOGY

The Company’s business relies upon information technology systems to support its monitoring of hardware devices and to service customers at the point of sale. Its information technology systems may be vulnerable to unauthorized access, computer viruses, system failures, other malicious acts or acts of nature. Were a significant disruption to its information technology to occur, the Company’s earnings could be adversely affected through loss of revenue and costs to rectify the disruption as well as potentially suffering damage to its reputation.

The Company may also be required to expend significant capital and resources to protect against the threat of security, encryption and authentication technology breaches or to alleviate problems caused by such breaches.

RELIANCE ON THIRD PARTY LICENSES

The Company relies on certain software that it licenses from third parties, including a software program that is integrated with internally developed software and used in the Company's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could substantially and adversely affect the Company's business, results of operations and financial condition.

DEPENDENCE ON THIRD PARTIES

The Company's products rely on GPS satellites that it does not own or operate. Such satellites and the corresponding ground support systems are complex electronic and mechanical systems that are subject to potential failures. Further, there is no assurance the US Government will continue to operate and maintain the satellites or that it will continue the current policies for the commercial use of the satellites. The Company has contracted with Iridium Satellite LLC to provide data via their independent network of satellites. Should a significant number of the governmental or commercial satellites fail or should the terms of use policies for the US Government satellites change, the earnings of the Company would be considerably impacted.

HISTORY OF OPERATING LOSSES

Since its incorporation, the Company has recorded an inadequate level of revenue to offset its costs and has an accumulated deficit as at October 31, 2019 of $(62,358). The deficit is expected to increase in the near term as the Company accelerates the growth of its international sales network and continues its product development.

PRICE VOLATILITY OF PUBLICLY TRADED SECURITIES

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility.

CLIMATE CHANGE

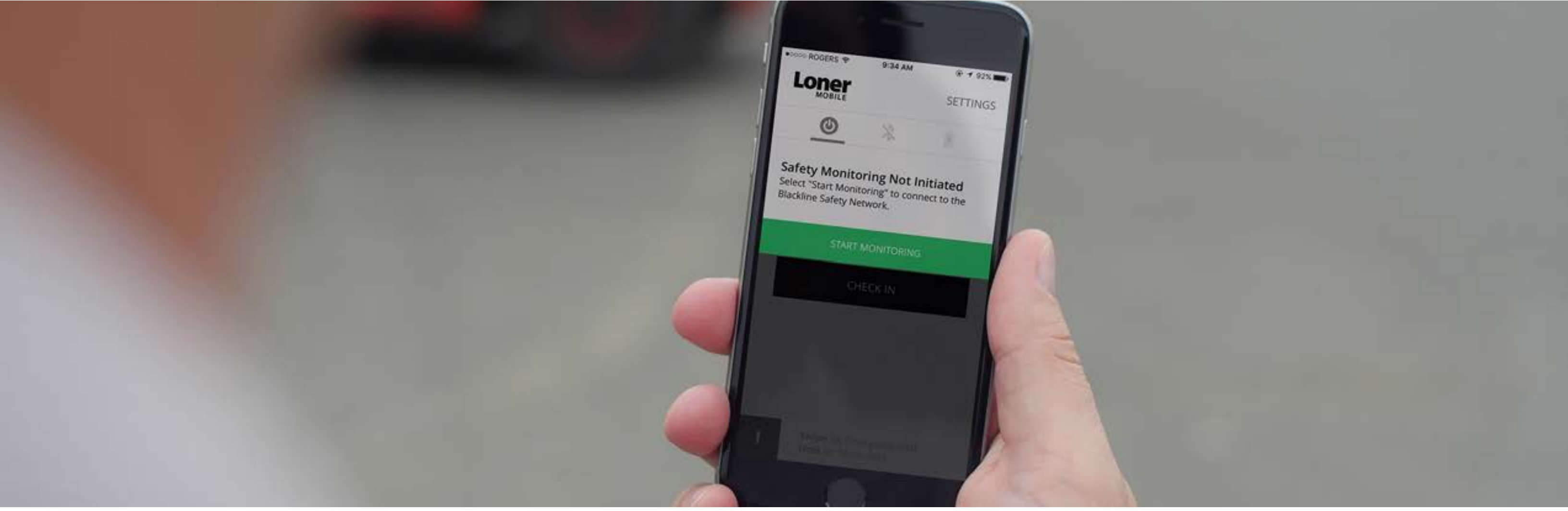
Blackline recognizes climate change as an important environmental issue. It is impracticable to predict the impact of climate change or the regulatory responses to it, on our business. The most direct impacts are likely to be an increase in energy costs, which would increase our operating costs and increase the costs of the products we purchase from others. Increasing environmental regulations on oil and gas, pipeline, transportation and other industrial companies could adversely impact certain of our customers' businesses which may impact demand for our products. It is too soon for us to predict with any certainty the ultimate impact of additional regulation, either directionally or quantitatively, on our overall business, results of operations or financial condition.

Furthermore, the potential physical impacts of climate change on our facilities, suppliers and customers and therefore on our operations are uncertain and will be particular to the circumstances in various geographical regions. These potential physical effects may adversely impact the demand for our products and the cost, production, sales and financial performance of our operations.

BREXIT

In June 2016, voters in the UK approved the withdrawal of the UK from the European Union (commonly known as "Brexit"). The effects of Brexit will depend on agreements the UK makes to retain access to the European Union markets following the agreed transitional period that ends after December 31, 2019. Uncertainty over the terms of the UK's future trading relationship from the European Union could cause economic and political uncertainty in the UK and the rest of Europe. Brexit could also lead to legal and regulatory uncertainty and potentially differing national laws and regulations as the UK determines which European Union laws to replicate or replace. It is possible that Blackline or certain of its subsidiaries will be subject to increased obligations and complexities imposed by new or changing laws and regulations, including those relating to tax benefits and liabilities, trade, security and employment. This could lead to increased costs and expenses as it adapts to changing legal and regulatory frameworks. It is unclear what financial, trade and legal implications Brexit may have on the UK and how the post-withdrawal transition period trading relationship with the European Union would affect Blackline and its subsidiaries, one of which, has significant operations in the UK and the rest of the European Union.

Any of these or other effects of Brexit could be disruptive to Blackline's operations and business in the UK and the rest of the European Union and could significantly adversely affect its overall business, business opportunities, results of operations, financial condition and cash flows.



OUTLOOK

Blackline has a comprehensive connected safety product and service portfolio that is designed and developed in-house to meet the demands of most industries, from energy and petrochemical to utilities, telecom, industrial, and manufacturing. The Company delivers solutions that provide robust, turn-key safety monitoring for personnel operating in urban, suburban, rural, hazardous and remote locations. Blackline Safety creates and services employee-worn comprehensive safety monitors that support activities outdoors, on sites and throughout facilities. Backline's proprietary location beacon technology supplements GPS, delivering a hybrid location platform that accurately and consistently maps employee locations when working indoors and outside.

Blackline has evolved into a global vendor of environmental gas detection and lone worker monitoring solutions. The Company's G7 connected safety portfolio offers turn-key live monitoring capabilities that do not require customers to deploy complicated industrial Wi-Fi networks, rely on mesh-networking, or deploy expensive smartphones with Bluetooth connections. Blackline addresses a broad range of customer requirements through plug-and-play cartridges that support a broad range of gas sensors. Automated wireless configuration makes it easy to manage a large fleet of G7 devices from Blackline's online software. Leveraging its products and services, the Company intends to be the global connected safety leader by offering comprehensive, enterprise-wide employee safety devices and services to customers around the world.

The Company's Blackline Complete leasing program delivers Blackline's leading technology through a service-based leasing model. With no upfront fees, this program provides everything a customer would require with a simple and affordable monthly fee. This program includes G7 connected safety devices, service subscriptions, 24/7 live monitoring service and a full warranty throughout the 36-month leasing term.

With a broad safety monitoring portfolio, Blackline's solutions work around the world, enabling the Company to maximize its reach and address new opportunities. Blackline delivers a high level of value to customers, helping them to optimize their emergency response process through enhanced situational awareness delivered by live voice communications between the user and monitoring personnel. The Company believes that continued customer adoption, combined with a leading solution portfolio, will provide for continued business growth.

Blackline continues to expand its North American, European and international presence by developing its distribution partner network around the globe. The Company is currently recruiting additional field sales personnel to aid in expanding its distribution channel while cultivating new customer opportunities.

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blacklinesafety

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