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Blackline Safety Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2024

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Notice

This Management's Discussion and Analysis ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation", the "Company", "we", or "our") audited consolidated financial statements and accompanying notes, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), for the years ended October 31, 2024 and 2023. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2024, and its most recently completed Annual Information Form, is available on our website at www.blacklinesafety.com/investors/ and can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca under Blackline Safety Corp.

This MD&A is presented as of January 15, 2025. All financial information contained herein is expressed in Canadian dollars, the Company's presentation currency, unless otherwise indicated. All figures in the MD&A are reported in thousands, except for per share, stock option, common share, and percentages.

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

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

Overview

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a hardware-enabled software as a service ("HeSaaS") technology company that is focused on bringing connected worker solutions to the global marketplace. Blackline develops, manufactures and markets a suite of safety devices and cloud-connected services to protect workers at their jobs and support businesses undergoing digital transformation.

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

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

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

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

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

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

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

Businesses in energy, utilities, heavy industry and disaster response sectors use portable area monitoring equipment to monitor potential atmospheric hazards around tank farms and along fence lines, during facility maintenance or while containing spills. Conventional area monitors suffer from short battery life, limited configurability and inadequate connectivity. Blackline’s EXO area monitor provides global businesses with new portable and semi-permanent gas detection monitoring options featuring drop and go deployment capabilities and the flexibility of four channel pump modules, as well as various power and mounting options and output port usage options. The EXO also offers connectivity by directly connecting to the cloud via 4G or satellite so there are no range limits between monitors or maximum number of devices allowed on the network. Blackline launched the EXO 8 in September 2024, unveiling the new portable area monitor with direct-to-cloud area monitoring capable of detecting up to eight gases and gamma radiation. The EXO 8 contains enhanced features, including a gas expansion module with the ability to add up to eight sensors, optional integrated gamma radiation sensors, AlertLink capabilities and automatic bump and calibration service. The EXO 8 is targeted for large industrial organizations in the oil and gas, petrochemical, mining, hazardous materials, water and wastewater sectors and is intended for organizations to be able to rapidly respond to incidents involving hazardous substances.

Blackline's G6 device is a single-gas cloud-connected gas monitor. The mass-market 4G-enabled, cloud connected single gas monitor is a more cost effective device than the G7 series of connected safety monitors, requiring virtually no training for users to deploy. The longer-lasting connectivity and market leading efficiency enables fast incident response time along with Blackline’s leading safety and compliance. The total cost of ownership is reduced for G6 customers due to the G6’s lifespan of up to 4 years, doubling that of disposable gas detectors. Connectivity allows for lower information technology infrastructure costs, reduced downtime and over-the-air updates. The G6 monitor is the first connected product designed specifically for industrial workers and is expected to drive further growth outside of North America and Europe for Blackline with its lower price point lowering customers’ operating cost base. The G6 monitor holds enhancements to the service line known as "Protect" and "Protect Plus". These features enable the G6 to function with the same real-time connectivity as the G7 product line and includes an emergency SOS button as well as an expanded suite of data and analytics.

A significant portion of customers select Blackline's in-house, 24/7/365 Safety Operations Centre (“SOC”), although they have the option to self-monitor the safety of their personnel using the Blackline Live cloud-based software platform. Unlike a traditional call centre that often provides unrelated services such as telemarketing, technical support and answering services, Blackline's dedicated SOC focuses solely on safety monitoring. It delivers an immediate response, managing safety alerts from receipt through to resolution according to each customer's customized emergency response protocol. Blackline's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response centre. In regions not covered by Blackline's in-house SOC that provides 24/7 live monitoring, customers are able to access monitoring of their employees via approved Blackline Alarm Receiving Centre partners. Blackline's SOC, together with its partner Alarm Receiving Centres in Europe, now monitor almost 64,000 devices.

Blackline has developed and innovated a proprietary cloud-hosted safety monitoring infrastructure that runs on Amazon Web Services. Blackline has deployed tens of thousands of safety wearables and area monitors that connect to the Blackline Safety Cloud, continuously streaming status, environmental, location, gas readings and alerts. This information is stored via Amazon Web Services and enables Blackline's data-driven services including analytics, emergency response management, notifications to users and more. To date, the Blackline Safety Cloud has stored over 265 billion data points, almost 3.8 billion locations and over 9.4 billion location-enabled gas readings.

Blackline's revenues are comprised of product and service revenues, which are the two operating segments of the Company. Product revenues are generated from sales of Blackline's connected safety monitoring hardware devices and accessories to a variety of industries and geographic locations. Blackline has a broad customer base both in terms of industry and geographic reach and this diversified market helps to mitigate against dependence on and fluctuations in any one market space. For the year ended October 31, 2024, product revenue was $57,824, accounting for 45% of total revenue (October 31, 2023: $46,924 and 47%).

Service revenues relate to software and support services that are provided to customers who purchase the Company's connected safety devices. Service revenues also include recurring revenues from existing customers who renew their services for their Blackline device as well as device rental and data consulting services. For the year ended October 31, 2024, service revenue was $69,462, accounting for 55% of total revenue (October 31, 2023: $53,082 and 53%).

The Company also offers its products and services through a lease program with variable lease term commitments. These agreements are typically four years in length and considered to be a finance lease commitment with the hardware revenue component recognized up-front as product revenue with service and interest revenue recognized over the life of the contract. The Company has a lease securitization program with a Canadian chartered bank which was entered into in April 2023 and renewed in May 2024 for an additional year to provide increased financial flexibility and improved liquidity.

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 raw materials, direct costs, direct labor, an allocation of overhead, freight charges, warranty, depreciation and scrappage. The cost of sales for services associated with those products is comprised of direct costs, direct labor for the SOC, partner alarm receiving centres, maintenance of the Blackline Live portal, communication costs for devices equipped with cellular and/or satellite technology, costs associated with rental equipment, and an allocation of overhead. For the year ended October 31, 2024, Blackline's product cost of sales were $36,855 and service cost of sales were $16,184 (October 31, 2023: $33,951 and $13,274, respectively).

Highlights

	Three-months ended October 31,			**Year ended October 31,**		
(CAD thousands, except per share and percentage amounts)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Product revenue	16,089	15,042	7	57,824	46,924	23
Service revenue	19,606	14,993	31	69,462	53,082	31
Total revenue	35,695	30,035	19	127,286	100,006	27
Gross profit	21,754	16,452	32	74,247	52,781	41
Gross margin percentage(1)	61 %	55 %		58 %	53 %	
Total expenses	21,268	19,776	8	84,894	77,232	10
Total expenses as a percentage of revenue(1)	60 %	66 %		67 %	77 %	
Net loss	(68)	(4,455)	(98)	(12,595)	(25,547)	(51)
Loss per common share - Basic and diluted	0.00	(0.06)	NM	(0.17)	(0.35)	(51)
EBITDA(1)	2,477	(1,480)	NM	(2,733)	(16,992)	84
EBITDA per common share(1) - Basic and diluted	0.03	(0.02)	NM	(0.04)	(0.24)	83
Adjusted EBITDA(1)	2,033	(1,829)	NM	(2,434)	(16,320)	85
Adjusted EBITDA per common share(1) - Basic and diluted	0.02	(0.03)	NM	(0.03)	(0.23)	87

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

NM - Not meaningful

(CAD thousands)	**October 31, 2024**	**October 31, 2023**	**% Change**
Cash and cash equivalents and short-term investments	43,107	15,988	170
Working capital(1)	54,141	32,142	68
Total assets	146,879	109,120	35
Non-current liabilities	33,719	31,560	7
Shareholders' equity	57,613	33,198	74

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

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Key Performance Indicators

Management uses a number of key performance indicators, including those identified below, to measure the performance of the business, identify and assess trends affecting the Company and to make strategic decisions. These key performance indicators do not have any standardized definitions prescribed by IFRS Accounting Standards and cannot be reconciled to a directly comparable IFRS Accounting Standards measure. These key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Annual Recurring Revenue

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

	As at October 31,		
(CAD thousands)	**2024**	**2023**	**% Change**
Annual Recurring Revenue[(1)]	66,404	51,117	30

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

Net Dollar Retention

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

	As at October 31,		
	2024	**2023**	**Change**
Net Dollar Retention[(1)]	127%	129%	(200) bps[(2)]

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

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

Results of Operations

	Three-months ended October 31,			Year ended October 31,		
(CAD thousands)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Product revenue	16,089	15,042	7	57,824	46,924	23
Service revenue	19,606	14,993	31	69,462	53,082	31
Total Revenues	35,695	30,035	19	127,286	100,006	27
Product revenue as a percentage of revenue[(1)]	45%	50%		45%	47%	
Service revenue as a percentage of revenue[(1)]	55%	50%		55%	53%	
Total	100%	100%		100%	100%	

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

Total revenue for the three-month period ended October 31, 2024 was $35,695 which is an increase of $5,660 from $30,035 in the comparable period of the prior year. The 19% increase was driven by strong growth in recurring service revenues by customer upsell and expansion of services on existing devices and higher hardware sales of our connected safety products.

Total revenue for the year ended October 31, 2024 was $127,286 which is an increase of $27,280 from $100,006 compared to the prior year. The 27% increase was due to the continued growth in the Company's service revenues from its connected safety monitoring, analysis and compliance solutions as well as higher product sales.

Product Revenue

For the three-month period ended October 31, 2024 product revenue was $16,089, compared to $15,042 in the prior year comparative quarter. The increase reflects the Company's expanded sales network and past investments in our global sales team through their targeted demand generation and sales development activities. The Company's enhanced pricing strategy also contributed to the increase.

For the year ended October 31, 2024 product revenue was $57,824, an increase of $10,900 compared to $46,924 in the prior year. The 23% increase was a result of the contribution of the expanded sales teams particularly in the United States, Europe and Rest of World markets.

Service Revenue

	Three-months ended October 31,			Year ended October 31,		
(CAD thousands)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Software services revenue	17,007	13,209	29	61,361	47,611	29
Rental revenue	2,599	1,784	46	8,101	5,471	48
Total service revenue	19,606	14,993	31	69,462	53,082	31
Software services revenue as a percentage of service revenue(1)	87%	88%		88%	90%	
Rental revenue as a percentage of service revenue(1)	13%	12%		12%	10%	
Total	100%	100%		100%	100%	

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

Total service revenue for the three-months ended October 31, 2024 increased $4,613 or 31% to $19,606 from $14,993 in the comparative period of the prior year.

Software services revenue for the fourth quarter was $17,007, an increase of 29% from $13,209 in the prior year comparative period. The increase is a result of the new activations of the devices sold to end-users over the past twelve months for customers utilizing the Company's monitoring, software and data services. Total increases in software services of $3,798 included newly activated device service revenues of $564 in the fourth quarter as well as net service revenue increases within our existing customer base of $3,609 in the prior year comparative period. This was partially offset by certain customers who declined to renew their service plans resulting in an impact of $375 in the same period.

Rental revenue increased by 46% to $2,599 from $1,784 in the three-months ended October 31, 2024, compared to the prior year comparative period as the Company continues to meet strong demand for its connected solutions in the industrial, turnaround and maintenance markets.

Total service revenue for the year ended October 31, 2024 increased $16,380 or 31% to $69,462 compared to $53,082 in the prior year.

Software services revenue for the year ended October 31, 2024 was $61,361, an increase of 29% from $47,611 in the prior year. The increase is due to new activations over the previous twelve months, as well as expansion of services within the Company's existing customer base.

Rental revenue increased 48% to $8,101 from $5,471 for the year ended October 31, 2024 when compared to the prior year as a result of the Company's strategic marketing efforts and focus on the rental market.

Revenues from customers by country/geographic area	Three-months ended October 31,			Year ended October 31,		
(CAD thousands)	2024	2023	% Change	2024	2023	% Change
Canada	6,175	7,310	(16)	24,598	25,009	(2)
United States	17,370	14,803	17	61,649	47,511	30
Europe	8,560	6,249	37	30,395	21,396	42
Rest of World	3,590	1,673	115	10,644	6,090	75
Total revenues	35,695	30,035	19	127,286	100,006	27
Canada as a percentage of revenue(1)	17%	24%		19%	25%	
United States as a percentage of revenue(1)	49%	49%		49%	48%	
Europe as a percentage of revenue(1)	24%	21%		24%	21%	
Rest of World as a percentage of revenue(1)	10%	6%		8%	6%	
Total	100%	100%		100%	100%	

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

The three-months and year ended October 31, 2024 saw our United States sales team deliver strong new hardware sales and growth in our service contracts with existing customers resulting in 17% growth or an increase of $2,567, and 30% growth or a $14,138 increase in revenue, respectively, compared to the prior year comparative periods. The European market also had strong growth for the three-months and year ended October 31, 2024, increasing 37% or $2,311 and 42% or $8,999, respectively. The Rest of World market grew at 115% and 75% in the three-months and year ended October 31, 2024, respectively, due to the rapid expansion of the Company's sales presence in these global regions.

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

Lease Revenue

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

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

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

(CAD thousands)	October 31, 2024	October 31, 2023
Within one year	23,088	17,758
Later than one year but not later than five years	31,867	21,878
Total	54,955	39,636

The 39% increase in undiscounted payments under non-cancellable finance lease contracts from October 31, 2024 is a result of new customers entering into finance lease agreements as well as existing customers renewing lease contracts.

Cost of Sales

(CAD thousands)	Three-months ended October 31, 2024	2023	% Change	Year ended October 31, 2024	2023	% Change
Product	9,452	10,181	(7)	36,855	33,951	9
Service	4,489	3,402	32	16,184	13,274	22
Total cost of sales	13,941	13,583	3	53,039	47,225	12
Product cost of sales as a percentage of segment revenue(1)	59%	68%		64%	72%	
Service cost of sales as a percentage of segment revenue(1)	23%	23%		23%	25%	
Cost of sales as a percentage of revenue(1)	39%	45%		42%	47%	

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

Cost of sales for the fourth quarter totaled $13,941 compared to $13,583 in the prior year comparative period. This increase is primarily due to the increase in costs in the service segment with costs expanding to support our growing customer base. This was partially offset by a decrease in costs in the product segment primarily due to the impact of improved supplier pricing.

Cost of sales for the year ended October 31, 2024 totaled $53,039 compared to $47,225 in the same period in the prior year. This was due to the increase in cost of sales for the service segment as well as an increase to cost of sales for the product segment as more products were sold throughout the year.

Product Cost of Sales

Product cost of sales decreased by $729 or 7% in the fourth quarter compared to the prior year comparative quarter were primarily driven by lower unabsorbed material costs and applied overhead costs due to the impact of more favorable purchase commitments for production materials in the current period. The fourth quarter had a partial decrease to materials cost as compared to the prior year comparative period due to the impact of product mix with a higher product margin in the current quarter. The decrease in product cost of sales were slightly offset by an increase in production salaries and related benefits due to increased headcount to be commensurate with increased production volume as we scale and an increase in rework costs due to the increased volume of products sold.

Product cost of sales for the year ended October 31, 2024 were $36,855 compared to $33,951 in the prior year comparative period. The increase was mainly driven by higher material costs as the Company sold more products throughout the year compared to the prior year. There were also higher scrappage costs and cartridge rework costs due to the increased volume of products sold. These increases were offset by lower unabsorbed material costs due to the impact of renegotiated purchasing commitments and ongoing efficiencies in the production process.

Service Cost of Sales

Service cost of sales increased by $1,087 or 32% in the fourth quarter compared to the prior year comparative quarter. The increase was primarily due to higher connectivity and data costs driven by the increased user base and associated higher service revenue in the fourth quarter. There were also increases in costs of rental scrappage and depreciation on rental equipment as the Company's rental program expanded globally.

Service cost of sales were $16,184 during the year ended October 31, 2024, compared to $13,274 in the prior year, an increase of $2,910. The increase is primarily due to higher connectivity due to the increased user base and data costs to improve the security and reliability of the Blackline Live portal. There were also higher depreciation charges on rental equipment, rental scrappage and an increase in salaries and related benefits costs due to the expansion in the SOC team to support the increased user base.

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Gross Profit

(CAD thousands)	Three-months ended October 31, 2024	2023	% Change	Year ended October 31, 2024	2023	% Change
Product	6,637	4,861	37	20,969	12,973	62
Service	15,117	11,591	30	53,278	39,808	34
Gross profit	21,754	16,452	32	74,247	52,781	41
Product gross margin percentage[(1)]	41%	32%		36%	28%	
Service gross margin percentage[(1)]	77%	77%		77%	75%	
Gross margin percentage[(1)]	61%	55%		58%	53%	

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

Total gross profit for the fourth quarter was $21,754 compared to $16,452 in the prior year quarter. This represented a total gross margin percentage of 61%, an increase as compared to 55% in the prior year period. The increase in total gross profit is due to a combination of higher sales volume, production line automation and cost management within our product and service segments.

Product gross margin percentage in the fourth quarter increased to 41% from 32% as the Company continued to focus on sales growth within the Rest of World, United States and European markets. The Company has also been able to automate more of its manufacturing line, better cost manage through improved supplier pricing, and improve the efficiency and throughput of its operations.

Service gross margin percentage remained consistent at 77% in the fourth quarter and in the prior year quarter. Although the percentage remained the same, the total service gross profit has increased reflecting the continuous higher penetration of Blackline's value-added services for which the Company realizes a higher margin. The continued growth and larger absorption of fixed costs as well as improvements to the Company's received pricing for connectivity and infrastructure also contributed to the strength in gross margin percentage in both comparative periods.

Total gross profit for the year ended October 31, 2024, increased $21,466 or 41% to $74,247 from $52,781 in the prior year. This represented a gross margin percentage of 58%, an increase from 53% in the prior year. The improvement in gross profit and margin was driven by higher overall revenues, a shift to heavier weighting of service revenue and cost management within our product segment.

Product gross margin percentage increased to 36% for the year ended October 31, 2024 compared to 28% from the prior year comparative period due to higher overall product revenues, automation efforts across our manufacturing line and better cost management resulting in improved supplier pricing.

Service gross margin percentage increased to 77% from 75% for the year ended October 31, 2024 compared to the service gross margin percentage of the prior year due to the Company's increased penetration of high value services and higher overall service revenue, more than offsetting the increase in cost of sales as the Company continued its effort to optimize its connectivity and data costs.

Expenses

(CAD thousands)	Three-Months Ended October 31, 2024	2023	% Change	Year Ended October 31, 2024	2023	% Change
General and administrative expenses	6,023	5,811	4	26,259	23,764	10
Sales and marketing expenses	11,470	11,236	2	41,522	36,991	12
Product research and development costs	4,820	3,615	33	19,546	18,513	6
Foreign exchange gain	(1,045)	(886)	18	(2,433)	(2,036)	19
Total expenses	21,268	19,776	8	84,894	77,232	10
General and administrative expenses as a percentage of revenue(1)	17%	19%		21%	24%	
Sales and marketing expenses as a percentage of revenue(1)	32%	37%		33%	37%	
Product research and development costs as a percentage of revenue(1)	14%	12%		15%	19%	
Total expenses as a percentage of revenue(1)	60%	66%		67%	77%	

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

Total expenses for the three-months ended October 31, 2024 were $21,268 compared to $19,776 in the prior year comparative quarter, an increase of 8% or $1,492. The increase was primarily due to higher product research and development costs, sales and marketing expenses and general and administrative expenses, partially offset by a higher foreign exchange gain. Total expenses as a percentage of revenue for the three-months ended October 31, 2024 decreased to 17% from 19% in the prior year comparative quarter.

Total expenses for the year ended October 31, 2024 were $84,894 compared to $77,232 in the prior year, increasing by 10% or $7,662. The increase was primarily due to increases in sales and marketing expenses, general and administrative expenses and product research and development costs, partially offset by a higher foreign exchange gain. Total expenses as a percentage of revenue for the year ended October 31, 2024 decreased to 21% from 24% in the prior year.

General and administrative expenses

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

General and administrative expenses increased by $212 in the fourth quarter to $6,023 from $5,811 in the prior year comparative quarter. The increase was primarily due to higher subscription and licenses costs to support the scaling of the business and an increase in stock-based compensation due to an officer stock option grant in the current quarter. The increase was partially offset by a slight decrease in salaries and related benefits. General and administrative expenses as a percentage of total revenue decreased to 17% from 19% for the fourth quarter compared to the prior year comparative quarter.

General and administrative expenses increased $2,495 to $26,259 from $23,764 during the year ended October 31, 2024, compared to the prior year. This is largely attributable to higher salaries and related benefits and recruiting costs as the Company expanded the administrative functions and increased subscription and licenses costs to support the scaling of the business. There were increases to stock-based compensation, professional fees as well as higher insurance costs due to the growth of the business. There were also higher bank service charges related to the lease securitization facility and operating facility bank fees as a result of larger draw-downs. Partially offsetting these increases were decreases to consulting and legal fees due to the costs incurred in the prior year when the lease securitization facility was being entered into. There were also decreases in amortization due to the impact of certain fully depreciated assets in the current year compared to the prior year. During the year ended October 31, 2024, general and administrative expenses as a percentage of total revenue decreased to 21% from 24% compared to the prior year comparative period.

Sales and marketing expenses

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

Sales and marketing expenses for the fourth quarter increased by $234 to $11,470 from $11,236 compared to the prior year comparative quarter. This increase was primarily due to an increase in salaries and related benefits expenses due to costs relating to the departure of management as well as contractor fees to support the Rest of World sales teams with growing demand for our connected solutions in those regions. Additionally, there were increases in bad debt expense due to a higher provision in the quarter from certain older accounts and higher legal expenses and recruiting costs. These increases were offset by decreases in sales commissions due to revised commissions structure and distributor commissions due to a lower number of lease contracts referred through channel distributors in the quarter as well as a decrease in subscription and licenses costs. Our fourth quarter sales and marketing expenses as a percentage of total revenue decreased to 32% from 37% compared to the prior year comparative quarter.

During the year ended October 31, 2024, sales and marketing expenses increased compared to the prior year by $4,531 or 12% to $41,522 from $36,991. The increase was primarily due to higher salaries and related benefits expenses as the sales team expanded to support increasing demand across various regions, contractor fees due to the expansion of sales personnel to support the demand in the Rest of World regions and recruiting costs. Bad debt expense was also higher in the year compared to the prior year due to a higher provision in the fourth quarter. There were also increases in distributor commissions due to larger lease contracts referred through channel distributors throughout the year. Offsetting the increase were decreases to sales commissions and subscription and licenses costs due to cost management efforts. Sales and marketing expenses as a percentage of total revenue for the year ended October 31, 2024, decreased to 33% from 37% compared to the prior year comparative period.

Product research and development costs

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

Product research and development costs increased $1,205 during the fourth quarter of 2024 to $4,820 from $3,615 in the prior year comparative quarter. The increase was largely attributed to salaries and related benefits expenses due to an increase in headcount in the fourth quarter compared to the prior year comparative quarter. There was also increases to consulting costs in efforts to accelerate product development efforts and higher expense materials due to the costs incurred related to the product launch of the EXO 8. The increase was also attributable to a research expenditure credit which was received in the prior year comparable quarter. Our fourth quarter product research and development costs as a percentage of total revenue increased to 14% from 12% last year.

Product research and development costs increased $1,033 or 6% during the year ended October 31, 2024, to $19,546 from $18,513 in the prior year primarily due to consulting fees as a result of a new service agreement aimed at enhancing product development efforts. There was also an increase in stock-based compensation expenses from the impact of forfeitures in the prior year. These increases were offset by decreases in employee stock option plan expense due to a larger credit provided for forfeited unvested shares for terminated employees. During the year ended October 31, 2024, product research and development costs as a percentage of total revenue decreased to 15% from 19% in the prior year.

Foreign exchange gain

Total net realized and unrealized foreign exchange gain was $1,045 in the fourth quarter of 2024 compared to a gain of $886 in the prior year comparative quarter. The Canadian dollar ended the fourth quarter at 1.39 USD/CAD, 1.79 GBP/CAD and 1.51 EUR/CAD compared to 1.36 USD/CAD, 1.68 GBP/CAD and 1.47 EUR/CAD at October 31, 2023. The average exchange rates of 1.78 GBP/CAD and 1.50 EUR/CAD during the fourth quarter of 2024 were favourable compared to the prior year comparative quarter when it averaged 1.69 GBP/CAD and 1.46 EUR/CAD, while the average rate of 1.37 USD/CAD is unfavourable to 1.39 USD/CAD in the prior year.

During the year ended October 31, 2024, total net realized and unrealized foreign exchange gain was $2,433 compared to a gain of $2,036 in the prior year. The average exchange rates of 1.36 USD/CAD, 1.74 GBP/CAD and 1.48 EUR/CAD during the year ended October 31, 2024 were favorable compared to the prior year when they averaged 1.35 USD/CAD, 1.66 GBP/CAD and 1.45 EUR/CAD.

The foreign exchange gain relates predominately to the impact of changes in the Canadian dollar on the Company's foreign currency denominated cash and cash equivalents, trade and other receivables, trade accounts payables and other accrued liabilities and securitization facility payables at the end of the period.

Finance (expense) income, Net

Finance income, net was $78 for the fiscal fourth quarter compared to finance expense, net of $297 in the prior year comparative quarter. Finance income was higher in the quarter due to higher interest revenue from finance leases and higher interest rates obtained on the Company's short-term investments partially offset by interest expense incurred on the amount drawn on the Company's senior secured operating facility over the year and interest expense on the Company's securitization facility.

Finance expense, net was $649 for the year ended October 31, 2024 compared to finance income, net of $220 in the prior year. Finance expenses, net were higher in the year ended October 31, 2024 due to interest expense on the operating facility and securitization facility, partially offset by interest revenue from finance leases and short term investments entered into during the latter half of the fiscal year.

Net loss, EBITDA and Adjusted EBITDA

Net loss decreased by 98% to $68 for the three-months ended October 31, 2024 compared to a net loss of $4,455 the prior year comparative quarter. The decrease in net loss in the three-month period was due primarily to the increase in revenue and overall gross profit, partially offset by increases in product research and development costs, sales and marketing expenses, and general and administrative expenses.

Net loss decreased by 51% to $12,595 for the year ended October 31, 2024 compared to a net loss of $25,547 in the prior year. Net loss for the year ended October 31, 2024 decreased compared to the prior year due to an increase in revenue and gross profit slightly offset by increases in sales and marketing expenses, general and administrative expenses, and product research and development costs.

EBITDA for the three-months ended and year ended October 31, 2024 was $2,477 and $(2,733), respectively, compared to $(1,480) and $(16,992), respectively, in the prior year comparative periods. The increase in EBITDA was primarily due to the increase in revenue and gross profit which contributed to the decrease in net loss compared to the prior year comparable periods.

Adjusted EBITDA was $2,033 and $(2,434) for the three-months ended and year ended October 31, 2024, respectively, compared to $(1,829) and $(16,320), respectively, in the prior year comparative periods. The improvement in Adjusted EBITDA during both the three-months ended and year-ended October 31, 2024 was a result of increased gross profit and a decrease in net loss compared to the prior year comparable periods.

Key Assets and Liabilities

(CAD thousands)	**October 31, 2024**	**October 31, 2023**	**% Change**
Total assets	146,879	109,120	35
Total liabilities	89,266	75,922	18

Total assets as at October 31, 2024 were $146,879 compared to $109,120 as at October 31, 2023. The increase in total assets is primarily due to an increase in short-term investments, cash and cash equivalents and trade and other receivables, partially offset by decreases in inventory.

Total liabilities as at October 31, 2024 were $89,266 compared to $75,922 as at October 31, 2023. The increase in total liabilities is primarily due to increases in deferred revenue, bank indebtedness and accounts payable and other accrued liabilities, partially offset by a decrease in securitization facility payables.

Trade and other receivables

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Trade accounts receivable	33,999	32,123	6
Other receivables – current	10,073	7,816	29
Other receivables – non-current	12,471	8,625	45
Loss allowance	(478)	(411)	16
Total	56,065	48,153	16

Trade and other receivables as at October 31, 2024 totaled $56,065, compared to $48,153 as at October 31, 2023, an increase of $7,912 or 16%. This is primarily due to the increase in current and non-current other receivables of $6,103 from finance leases entered into in the year. Trade accounts receivable increased $1,876 due to the increase in revenue and timing of collections.

Inventory

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Parts	10,024	11,861	(15)
Finished goods	6,802	5,212	31
Total	16,826	17,073	(1)

Inventory totaled $16,826 as at October 31, 2024 compared to $17,073 as at October 31, 2023. Overall, inventory decreased marginally as the Company more effectively managed its supply chain and is continuously working towards improving its inventory turns.

Contract assets and contract liabilities

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Contract assets			
Current	1,755	1,185	48
Non-current	1,039	1,506	(31)
Total	2,794	2,691	4
Contract liabilities			
Current	3,757	2,072	81
Non-current	933	1,614	(42)
Total	4,690	3,686	27

Total contract assets, consisting of current and non-current costs related primarily to the fulfillment of lease contracts, were $2,794 as at October 31, 2024 compared to $2,691 at October 31, 2023. The increase is largely due to the lease contracts sold through channel distributors in the period and the timing of recognition for distributor commissions related to the product component over the course of the contract term.

Total contract liabilities, which represent the Company's obligations to pay commissions to third-party distributors who assist with the fulfillment of certain contracts was $4,690 compared to $3,686 at the prior year end. The increase is due to lease contracts sold through channel distributors being added in the current year.

Property and equipment

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Property and equipment	14,479	13,541	7

Property and equipment increased by 7% or $938 at October 31, 2024 to $14,479 from $13,541 at October 31, 2023. There were additions of $2,987 for cartridges and $2,865 for rental equipment as the Company's rental program expanded globally to meet the demand for our customers' diverse safety needs for short-term projects. The additions were partially offset by depreciation of $6,222 for the year ending October 31, 2024.

Accounts payable and other accrued liabilities

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Trade accounts payable	10,642	10,453	2
Other accrued liabilities	12,313	10,897	13
Total	22,955	21,350	8

Accounts payable and other accrued liabilities increased by 8% at October 31, 2024 to $22,955 from $21,350 at October 31, 2023 due to the timing of payment of the Company's expenditures at the end of each fiscal period. Other accrued liabilities includes the provision for potential taxes payable within individual states in the United States.

Deferred Revenue

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Current	21,668	13,154	65
Non-current	14,540	13,583	7
Total	36,208	26,737	35

The Company’s total deferred revenue increased by 35% or $9,471 at October 31, 2024 to $36,208 from $26,737 at October 31, 2023 due to payments in advance from customers for service contracts, partially offset by service revenue recognized in the period.

Securitization facility payable

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Current	3,950	4,843	(18)
Non-current	3,655	5,354	(32)
Total	7,605	10,197	(25)

The Company has a lease securitization facility with a Canadian chartered bank to sell certain existing and future finance lease contracts, where there is an obligation to collect and remit payments associated with these contracts coincident with the Company’s provision of its connected safety devices and services over the duration of the underlying contracts. The net decrease in the total lease securitization facility payables of $2,592 is primarily due to repayments of $5,901 during the year, partially offset by new advances from the lease securitization facility of $2,647 and the impact of interest and foreign exchange effects.

Bank indebtedness

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Non-current	10,653	8,610	24

The Company has a senior secured operating facility and as at October 31, 2024, bank indebtedness increased to $10,653 from $8,610 in October 31, 2023 as the Company had a net draw-down of $2,043 during the year.

Proceeds of Share Issuances

On June 12, 2024, the Company closed a bought deal short-form prospectus offering for an aggregate of 5,692,500 common shares at an issue price of $4.05 per common share for gross proceeds of $23,055. After deduction of broker and other fees, the net proceeds from the bought deal short-form prospectus were $21,477.

The Company concurrently completed a non-brokered private placement of 2,846,250 common shares at an issue price of $4.05 per common share for gross proceeds of $11,527. There were no issuance fees directly related to the non-brokered private placement since it was concurrently completed with the bought deal short-form prospectus.

Selected Annual Information

(CAD thousands)	October 31, 2024	October 31, 2023	October 31, 2022
Total revenues	127,286	100,006	72,931
Net loss	(12,595)	(25,547)	(53,646)
Loss per share – basic and diluted	(0.17)	(0.35)	(0.86)
Total assets	146,879	109,120	108,049
Total long-term liabilities	33,719	31,560	20,025

Summary of Quarterly Results

The following table highlights total revenue, gross margin percentage, net loss, net loss per common share, EBITDA, EBITDA per common share, Adjusted EBITDA and Adjusted EBITDA per common share amounts for the eight most recently completed quarters ended October 31, 2024. These have been prepared in accordance with IFRS Accounting Standards, with the non-GAAP and supplementary financial measures captioned below and are presented in Canadian dollars, which is the presentation and functional currency of the Company.

(CAD thousands, except per share amounts)	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	35,695	33,686	31,580	26,325	30,035	24,830	24,095	21,046
Gross margin percentage(1)	61%	59%	57%	55%	55%	54%	52%	49%
Net loss	(68)	(2,469)	(4,267)	(5,791)	(4,455)	(6,842)	(6,557)	(7,692)
Net loss per common share	0.00	(0.03)	(0.06)	(0.08)	(0.06)	(0.09)	(0.09)	(0.11)
EBITDA(1)	2,477	53	(1,872)	(3,392)	(1,480)	(4,849)	(4,618)	(6,044)
EBITDA per common share(1)	0.03	0.00	(0.03)	(0.05)	(0.02)	(0.07)	(0.06)	(0.08)
Adjusted EBITDA(1)	2,033	810	(2,043)	(3,234)	(1,829)	(3,760)	(4,500)	(6,231)
Adjusted EBITDA per common share(1)	0.02	0.01	(0.03)	(0.04)	(0.03)	(0.05)	(0.06)	(0.09)

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

Fiscal Year 2024

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

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

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

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

Fiscal Year 2023

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

The increase in revenue in the third quarter of fiscal 2023 compared to the second quarter of fiscal 2023 relates to higher product and service revenues. The increase in gross margin percentage in the third quarter of fiscal 2023 compared to the second quarter of fiscal 2023 was due to higher product and service gross margins. The increase in net loss in the third quarter of fiscal 2023 compared to the second quarter of fiscal 2023 was a result of higher sales and marketing expenses and foreign exchange losses. The increase to Adjusted EBITDA in the third quarter of fiscal 2023 compared to the second quarter of fiscal 2023 was a result of higher gross margins as well as lower general and administrative expenses and lower product research and development costs. The general and administrative expenses and product research and development costs as a percentage of revenue were lower in the third quarter compared to the second quarter. Although sales and marketing expenses were higher in the third quarter, the percentage of revenue was approximately the same for sales and marketing in the third quarter compared to the second quarter.

The increase in revenue in the second quarter of fiscal 2023 compared to the first quarter of fiscal 2023 relates to higher product and service revenue. The increase in gross margin percentage in the second quarter of fiscal 2023 compared to the first quarter of fiscal 2023 was due to higher product and service gross margins. The decrease in net loss and increase in Adjusted EBITDA in the second quarter of fiscal 2023 compared to the first quarter of 2023 was a result of higher gross margins as well as lower project research and development costs and a larger foreign exchange gain. Although general and administrative expenses and sales and marketing expenses were higher in the second quarter as compared to the first quarter, the expenses as a percentage of revenue were approximately the same for general and administrative expenses, but lower for sales and marketing expenses.

Liquidity and Capital Resources

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

Total cash and cash equivalents were $16,107 as at October 31, 2024. Cash and cash equivalents increased $4,619 or 40% compared to October 31, 2023.

	Three-months ended October 31,			Year ended October 31,		
(CAD thousands)	2024	2023	% Change	2024	2023	% Change
Cash provided by (used in) operating activities	4,786	(1,976)	NM	1,912	(22,065)	NM
Cash provided by financing activities	253	548	(54)	32,588	9,235	253
Cash used in investing activities	(1,688)	(1,926)	(12)	(30,458)	(3,461)	NM
Effect of foreign exchange	(1,071)	1,716	NM	577	5,139	(89)
Total net increase (decrease) in cash and cash equivalents	2,280	(1,638)	NM	4,619	(11,152)	NM

NM - Not meaningful

Operating activities during the three-months and year ended October 31, 2024 provided $4,786 and $1,912 of cash, respectively (October 31, 2023: used $1,976 and $22,065, respectively). The increase in cash provided was primarily the result of a lower net loss for the three-months and year ended October 31, 2024. Further increasing it were improvements to net changes in non-cash working capital of $2,362 and $3,800, respectively, compared to $(257) and $(6,162), respectively, in the prior year comparable periods.

For the three-months ended October 31, 2024, improvements to changes in non-cash working capital were primarily due to decreases in current trade and other receivables of $2,296 due to ongoing collection efforts and increases in accounts payable and other accrued liabilities of $2,014 due to growth in the Company's expenditures (October 31, 2023: decrease of $4,470 and increase of $3,688, respectively). Offsetting the changes in the current quarter were increases in non-current receivables of $1,973 (October 31, 2023: increase of $1,370).

For the year ended October 31, 2024, improvements to non-cash working capital were primarily due to increases to current and non-current deferred revenue and accounts payable and other accrued liabilities of $8,938 and $1,381, respectively (October 31, 2023: increase of $5,962 and $1,876, respectively). These were partially offset by increases in current and non-current trade and other receivables of $7,501 and prepaid expenses and advances of $1,654 (October 31, 2023: increase of $16,748 and $490, respectively).

Financing activities for the three-months and year ended October 31, 2024 provided $253 and $32,588 of cash, respectively (three-months and year ended October 31, 2023 provided $548 and $9,235 of cash, respectively). The increase was primarily due to net proceeds from share issuances and option exercises of $381 and $34,770, respectively, for the three-months and year ended October 31, 2024 (three-months and year ended October 31, 2023: $222 and $1,119, respectively). During the three-months and year ended October 31, 2024, there were also proceeds, net of repayments, of bank indebtedness of $1,358 and $2,044 respectively, compared to $1,591 and $35 in the comparable periods of the prior year. For the three-months and year ended October 31, 2024 there were net repayments on the securitization facility of $1,212 and $3,254, respectively (October 31, 2023: net repayments of $934 and net advances of $9,122, respectively).

Investing activities for the three-months and year ended October 31, 2024 used $1,688 and $30,458 of cash, respectively (three-months and year ended October 31, 2023 used cash of $1,926 and $3,461 of cash, respectively). The cash was primarily used in the purchases of short-term investments during the three-months and year ended October 31, 2024 of $11,000 and $38,000, respectively, (October 31, 2023: $nil and $12,500, respectively). During the three-months and year ended October 31, 2024, the Company incurred capital expenditures of $1,805 and $8,372, respectively, primarily for property and equipment additions of revenue-generating cartridges for customers, rental equipment, and manufacturing equipment (October 31, 2023: $1,899 and $7,355, respectively). There were redemptions of short-term investments during the three-months and year ended October 31, 2024 of $11,000 and $15,500, respectively (October 31, 2023: $nil and $16,500, respectively).

Total short-term investments held as at October 31, 2024 amounted to $27,000 compared to $4,500 at October 31, 2023.

(CAD thousands)	October 31, 2024	October 31, 2023	% Change
Current assets	109,688	76,504	43
Current liabilities	(55,547)	(44,362)	25
Working capital(1)	54,141	32,142	68

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

Working capital at October 31, 2024 was $54,141 compared to $32,142 in the prior year, an increase of $21,999. The increase was mainly due to higher short-term investments, cash and cash equivalents and an increase in accounts receivable and prepaid expenses and advances. The increase was partially offset by higher deferred revenue, contract liabilities, and accounts payable and other accrued liabilities.

The Company has a two-year $25,000 senior secured operating facility ("operating facility" or "facility") with a Canadian financial institution (the "lender"). The facility includes a $5,000 accordion feature to increase the size of the facility. The loan facility borrowing base is derived from the Company’s monthly recurring revenue and bears interest at the Canada prime rate plus 2.00% for CAD advances or U.S. base rate plus 2.00% for USD advances. The facility was renewed and extended on October 31, 2024 for two years maturing on October 31, 2026. The Company had available capacity on its operating facility of $12,276 as at October 31, 2024 (October 31, 2023: $13,239).

The operating facility includes financial covenants, principally a quarterly liquidity to cash burn ratio, as defined in the agreement with the lender, of not less than 6.0 to 1.0. The Company was in compliance with all covenants as at October 31, 2024.

The securitization facility is a renewable one-year $15,000 and USD $30,000 securitization facility with Blackline Safety SPV Seller Corp. ("SPV") and a Canadian chartered bank (“the Purchaser”) to sell tranches of lease receivables from safety wearables and area gas monitoring contracts. Under the securitization facility, leases are sold to the Purchaser on a fully serviced and non-recourse basis, at a discount equal to the yield on a Government of Canada Bond or US Treasury Bond with a term to maturity that most closely matches the term of the relevant lease contracts forming part of the tranche plus 375 basis points (“Purchase Rate”). The tranches of lease receivables are calculated as the present value of combined scheduled payments from the eligible contracts using the Purchase Rate. The securitization facility was renewed on May 27, 2024 for an additional year to March 31, 2025.

The securitization facility includes both financial and performance covenants, including maintaining a tangible net worth of at least $18,000 and an unrestricted cash balance of $250 tested quarterly, as defined in the agreement with the Purchaser. As at October 31, 2024, the Company was in compliance with the covenants. The Company had available capacity on its securitization facility of $48,461 as at October 31, 2024 (October 31, 2023: $53,160). On November 1, 2024, SPV signed an amendment to the securitization facility agreement to reduce the available capacity on the securitization facility from $15,000 and USD $30,000 to $5,000 and USD $10,000, respectively.

On June 12, 2024, the Company closed a bought deal short-form prospectus offering and issued 5,692,500 common shares at an issue price of $4.05 per common share for aggregate gross proceeds of $23,055. The Company concurrently completed a non-brokered private placement of 2,846,250 common shares at an issue price of $4.05 per common share for gross proceeds of $11,527.

Capital Management

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

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

There are no significant capital expenditure commitments as at October 31, 2024 other than the manufacturing of rental equipment and owned modular cartridges used in the G7 connected suite of technologies which generate service revenue for the Company. These budgetary commitments will be funded primarily through cash flows from operations, funds from brokered and non-brokered private placements, bought deal short-form prospectuses, the Company’s operating facility and the lease securitization facility.

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Contractual Obligations

(CAD thousands)	Less than 1 year $	1-3 years $	Thereafter $	Total $
Finance lease obligations	1,095	1,767	473	3,335
Purchasing commitments	5,932	17,634	991	24,557
Securitization facility commitment	4,321	3,841	—	8,162
Total	11,348	23,242	1,464	36,054

Contractual obligations relate to various lease obligations, raw materials purchase commitments, business information technology commitments and payments under the lease securitization facility.

The Company has various commitments to minimum inventory purchases and has contracted for the services of certain third parties. In the year ended October 31, 2024, the Company entered into an agreement that included a commitment for a minimum spend on certain components over a five-year period. There were no other material changes in the specified contractual obligations during the year ended October 31, 2024.

Off-Balance Sheet Arrangements

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

Related Party Transactions

On June 12, 2024, the Company completed a non-brokered private placement of 2,846,250 common shares for gross proceeds of $11,527 with a related party. Besides the private placement, there were no transactions outside the ordinary course of business between the Company and related parties for the three-months and year ended October 31, 2024 and 2023.

Critical Accounting Judgments and Estimates

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

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

The following are the most significant accounting estimates that the Company has made in the preparation of its consolidated financial statements and this MD&A:

a) Stock-based compensation

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

b) Property and equipment and intangible assets

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

c) Warranty provision

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

d) Impairment of non-financial assets

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

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

e) Uncertain tax positions

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

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

a) Revenue recognition – bundled arrangements

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

b) Impairment of financial assets

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

Changes in Accounting Policies Including Initial Adoption

New Accounting Policies Adopted by the Company

For the year ended October 31, 2024, the Company adopted the below amendments:

- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments did not have any impact on the Company's consolidated financial statements. Refer to Note 2 (b) in the consolidated financial statements for further details.

New Accounting Policies Not Yet Adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2024 reporting period and have not been early adopted by the Company. Refer to Note 2 (b) in the consolidated financial statements for further details.

There are no mandatory standards that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Internal Controls and Procedures

Disclosure controls and procedures

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at October 31, 2024, designed or have caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company is made known to our CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Under the supervision of the CEO and the CFO, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's DC&P. Based on this evaluation, the CEO and CFO have concluded that, as at October 31, 2024, our DC&P, as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filing ("NI 52-109"), was effectively designed and operating effectively.

Internal control over financial reporting

Our CEO and CFO have designed or have caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Blackline Safety's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design the Company's ICFR.

Under the supervision of the CEO and CFO, Blackline Safety conducted an evaluation of the effectiveness of the Company's ICFR as at October 31, 2024. Based on this evaluation, the officers concluded that as of October 31, 2024, Blackline Safety maintained effective ICFR.

Changes in internal control over financial reporting

Blackline Safety is required to disclose herein any change in the Company's ICFR that occurred during the period beginning on August 1, 2024 and ended October 31, 2024 that have materially affected, or are reasonably likely to materially affect, our ICFR. No material changes in the Company's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

The Company's disclosure and internal controls procedures can only provide reasonable assurance that the objectives of the control system will be met.

Financial Instruments

Blackline held the following financial instruments as at October 31, 2024 fiscal period end:

Financial Assets

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

Financial Liabilities

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

The Company's risk exposure associated with these financial instruments and the strategies used to manage these risks are disclosed in Note 5 (b) of the October 31, 2024 consolidated financial statements of the Company. The amounts, timing and certainty of future cash flows associated with those financial instruments are also disclosed in this note. Blackline does not have any financial assets or liabilities that are measured subsequently at fair value, either through other comprehensive income or through profit or loss, or derivative financial instruments used for hedging.

Outstanding Share Data

Blackline had 81,942,774 common voting shares issued and outstanding as at January 15, 2025. The following share options were outstanding at that date:

Share Option Exercise Price	Share Options Outstanding
$1.75	980,000
$2.75	569,500
$3.04	40,000
$3.35	540,499
$3.47	75,000
$4.25	534,918
$4.64	1,324,400
$5.26	428,750
$5.57	100,000
$6.05	77,500
$6.55	100,000
$8.00	540,000
$8.50	259,000
$8.93	75,000
Total	5,644,567

Risk Factors and Uncertainties

A discussion of material risk factors that may affect Blackline's business, operations and financial condition or future performance can be found under the section entitled "Risk Factors" in the Company's most recent Annual Information Form filed on SEDAR+ under the Company's profile at www.sedarplus.ca, which section is incorporated by reference herein. As at October 31, 2024, there are no changes to the material risks that may affect Blackline's business, operations and financial condition or future performance than those described in the Company's Annual Information Form.

Outlook

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

The Company's previous investments in its manufacturing, sales and marketing capabilities allowed Blackline to grow its revenue 27% year-over-year. We expect sales momentum and expect our growth trajectory to continue into fiscal 2025. We exited the fiscal 2024 year, achieving positive EBITDA in the fourth quarter of $2,477, Adjusted EBITDA of $2,033 and achieved Free Cash Flow of $2,981. Strong Net Dollar Retention of 127% along with new activations has pushed the Company's Annual Recurring Revenue to above $66,000 and will provide a strong foundation for growth in our high margin service revenue as we continue to play our role in the transformation of the industrial workplace into a connected one.

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

We believe we are well-positioned to grow our market share and addressable market with our comprehensive suite of connected safety products and services. With the launch of the new EXO 8 in the fourth quarter of 2024 and expected sales beginning in early fiscal 2025, Blackline is now able to fully meet the gas detection and compliance requirements of thousands of new customers globally. We look forward to expanding our work with leading brands around the world who share our purpose to ensure every worker has the confidence to get the job done and return home safe, to harness the power of data-driven safety to optimize their performance, increase their competitiveness and empower their people.

Non-GAAP and Supplementary Financial Measures

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

Non-GAAP Financial Measures

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

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

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

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

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

"Free Cash Flow" is useful to securities analysts, investors and other interested parties in evaluating operating performance by understanding how the cash generated from operations can be utilized in our current capital management and future growth. Free cash flow is calculated as net cash from operating activities less cash used in purchases of property, equipment and intangible assets.

Reconciliation of non-GAAP financial measures	**Three-months ended October 31,**			**Year ended October 31,**		
(CAD thousands)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Net loss	(68)	(4,455)	(98)	(12,595)	(25,547)	(51)
Depreciation and amortization	1,991	1,843	8	7,914	7,459	6
Finance (income) expense, net	(78)	297	NM	649	(220)	NM
Income taxes	632	835	(24)	1,299	1,316	(1)
EBITDA	2,477	(1,480)	NM	(2,733)	(16,992)	84
Stock-based compensation expense[1]	325	537	(39)	1,861	1,566	19
Foreign exchange gain	(1,045)	(886)	18	(2,433)	(2,036)	19
Other non-recurring impact transactions[2]	276	—	NM	871	1,142	(24)
Adjusted EBITDA	2,033	(1,829)	NM	(2,434)	(16,320)	85

(1) Stock-based compensation expense relates to the Company's stock compensation plan and Employee Share Ownership Plan. Stock option expense is extracted from cost of sales, general and administrative expenses, sales and marketing expenses and product research and development costs on the consolidated statements of loss and comprehensive loss.

(2) Other non-recurring impact transactions in the current year include severance costs relating to the departure of management. Other non-recurring impact transactions in the prior year include consulting and legal fees related to the completion of the lease securitization facility and separation related costs comprising of severance, stock forfeitures and accelerated vesting related to the departure of an officer of the Company.

NM - Not meaningful

	Three-months ended October 31,			**Year ended October 31,**		
(CAD thousands)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Net cash provided by (used in) operating activities	4,786	(1,976)	NM	1,912	(22,065)	NM
Purchase of property, equipment and intangible assets	(1,805)	(1,899)	(5)	(8,372)	(7,355)	14
Free Cash Flow	2,981	(3,875)	NM	(6,460)	(29,420)	78

NM - Not meaningful

Non-GAAP Ratios

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

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

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

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

Supplementary Financial Measures

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

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

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

Forward Looking Statements

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as ''anticipate'', ''believe'', "continue", "could", ''estimate'', ''expect'', "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "targeting", "will" and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding Blackline's business plan and focus including but not limited to management's belief that the Company has sufficient funds to support the growth of the Company and to fund its development activities; the expected funding of budgetary commitments through cash flows from operations, funds from brokered and non-brokered private placements, bought deal short-form prospectuses, the operating facility and the lease securitization facility; the Company's expectation that it will continue sales momentum and strong growth trajectory into fiscal 2025; that Net Dollar Retention growth will continue to drive strong growth in the high margin service revenue as the Company pursues the transformation of the industrial workplace into a connected one and expected sales related to the new EXO 8 product offering; Blackline's expectations regarding managing its capital structure and liquidity risk to result in strong revenue and margin growth while further growing positive Adjusted EBITDA and achieving consistent free cash flow; and the belief that Blackline is well-positioned to grow its market share with its comprehensive suite of connected safety products and services and will expand with leading brands around the world. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

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

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