

# Blackline Safety Q1 revenue grows 43% quarter-over-quarter to \$8.9M

## Revenue growth outside of Canada tops 66%

**Calgary, Canada** — March 26, 2020 — Blackline Safety Corp. (TSX.V: BLN), a global leader in gas detection and connected safety solutions, announced \$8.9M in record first-quarter revenue in its results for the quarter ended January 31, 2020. Total revenue grew 43% over Q1 FY2019, marking the twelfth consecutive quarter of double-digit, quarter-over-quarter growth with recurring service revenue increasing 38% to \$5.6M. As strong demand for services continued through Q1 FY2020, Blackline also launched [field trials and a pre-order program for G7 EXO](#) — the world's first direct-to-cloud area gas monitor.

"The demand for Blackline services including G7 wearables, cloud-connected software, 24/7 live monitoring and Blackline Analytics continues to play an important role in our global growth," said [Cody Slater, CEO and Chairman at Blackline Safety](#). "Our recurring revenue posted a 38% growth, driven by client adoption spanning a highly diversified base of industries and our strong retention rate. In parallel, we continue to invest in our future through the coming addition of area gas monitoring and other value-added connected safety technology, products and services."

Revenues from recurring service and product sales were up 90% in Europe, 61% in the United States and 20% in Canada quarter-over-quarter. Blackline closed the quarter with a strong working capital position, including cash and short-term investments of \$25.6M. Blackline's overall gross margin was 46% with service margin improving to 68% from 66% over the previous year due to growth of Blackline's recurring service revenue. Blackline achieved its fifth successive quarter of positive Adjusted EBITDA, a non-GAAP metric that management believes is valuable for investors to use to track corporate performance.

In Q1 FY2020, Blackline began field trials of the industry's first direct-to-cloud, drop-and-go area gas monitor. G7 EXO addresses the challenges of traditional systems by introducing cellular and satellite connectivity with an industry-leading battery life of more than 100 days. Recent weather tunnel testing subjected G7 EXO to hurricane-force winds, snow and freezing rain. It is designed to withstand the harshest of conditions while delivering a user-friendly, long-lasting solution. Select customers and partners conducted G7 EXO field trials for oil and chemical terminals, fence lines and perimeters, spill sites, drilling rigs and facility maintenance projects. With pre-orders now underway, Blackline will begin the first shipments in Q3 FY2020.

## Global circumstances and continuity

Blackline protects tens of thousands of people across the world through cloud-connected wearables. These individuals work across a broad range of industries and include lone worker monitoring, gas detection and evacuation management scenarios. Blackline has initiated its [continuity plan due the emergence of COVID-19](#), providing for the continued delivery of products and services to its customers around the world. This plan supports Blackline's ongoing business operations with a distributed workforce, protecting the health and safety of employees alongside the ongoing delivery of services. Blackline's manufacturing facility continues to operate with a reduced capacity using personnel split-shifts to ensure appropriate social distancing. Blackline's in-house Safety Operations Center continues to monitor tens of thousands of employees, with a majority of agents working from home offices.

With the recent shift in oil commodity pricing, Blackline is closely monitoring and planning for the uncertainties facing the oil sector and how this will impact upstream, midstream and downstream segments.

"We are living through an unprecedented time, swiftly enacting our contingency plan to ensure that we keep our people healthy so they can keep safe the hard-working men and women who trust us with their lives each day," said Mr. Slater. "We are well positioned to weather this storm and market uncertainties given the strength of our financial position and our capable and dedicated team who continue to deliver unparalleled products and services to an increasingly diverse customer base. Our clients around the world are tasked with producing and delivering energy to our communities, creating the necessary consumables we rely on daily and ensuring that our lines of communication remain open. Our commitment is to ensure every worker has the confidence to get the job done and return home safe, especially during these challenging times."

## First quarter highlights

- Twelfth consecutive quarter of double-digit year-over-year revenue growth
- Total revenue of \$8.9M, a 43% increase over the prior year's Q1
- Recurring service revenue, including lease revenue, of \$5.6M, a 38% increase over the prior year's Q1
- Product revenue of \$3.3M, a 53% increase over the prior year's Q1
- Total revenue grew by 90% in Europe, 61% in the United States and 20% in Canada over the prior year's Q1
- Overall gross margin percentage was 46% the equivalent percentage achieved in the prior year's Q1
- Overall gross margin percentage was comprised of product and service margin percentages of 8% and 68%, compared to 8% and 66% in the prior year's Q1
- Fifth consecutive quarter of positive Adjusted EBITDA
- Contracted future service revenue (Blackline Complete 3-year lease commitments) was \$6.8M at January 31, 2020
- Total cash and short-term investments of \$25.6M at January 31, 2020
- Continued development of Blackline's new G7 Exo area monitor product line

## Financial Highlights

The subsequent values in this release are in thousands, except for percentages and per share data.

	Quarter Ended January 31		
	2020	2019	Change
Revenue	\$8,918	\$6,229	43%
Gross Margin	\$4,059	\$2,842	43%
Gross Margin Percentage	46%	46%	0%
Net Loss	(\$2,355)	(\$1,745)	(35%)
Net Loss per Share	(\$0.05)	(\$0.04)	
Net Loss excluding stock-based compensation expense	(\$2,278)	(\$1,617)	(41%)
Adjusted EBITDA	\$504	\$33	1427%
Adjusted EBITDA per Share	\$0.01	\$0.00	

## Key Financial Information

First quarter revenue was \$8,918, an increase of 43% from \$6,629 in the comparable quarter of the prior fiscal year with revenue growth of 90% in Europe and 61% in the United States quarter-over-quarter.

Product revenue during the first quarter was \$3,341, an increase of 53% compared to \$2,180 in the same period last year. The Company saw an increase in sales of its products through the Blackline Complete leasing program in the quarter. Had these orders been delivered through traditional purchases, the overall product revenue would have increased by approximately \$320.

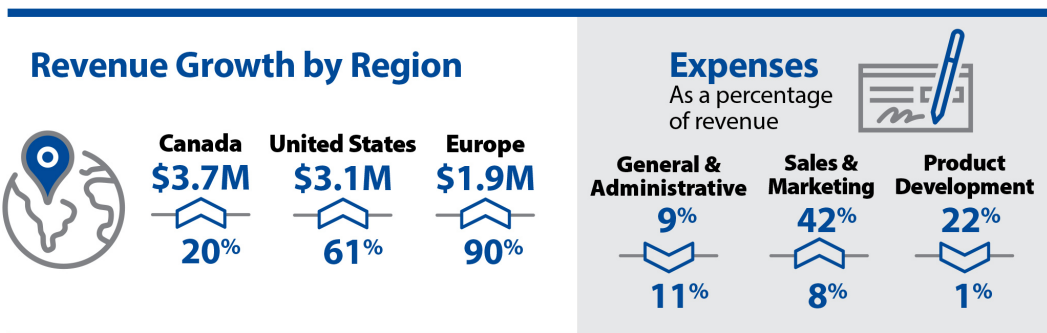
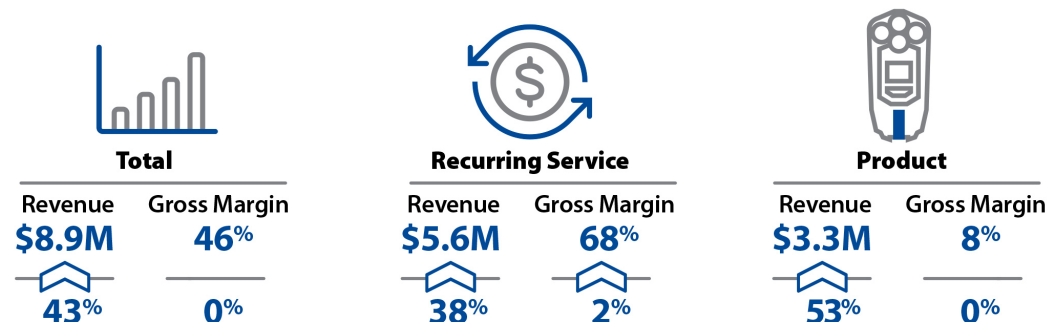
Service revenue was \$5,577, an increase of 38% compared to \$4,049 in the same period last year. This growth was primarily driven by increased adoption throughout international markets outside the oil and gas industry.

Gross margin percentage for the fourth quarter was 46%, which was equivalent to that achieved in the comparable quarter of the prior year, with the service revenue margin improving to 68% from 66% driven by the growth of Blackline's service revenues quarter-over-quarter.

Adjusted EBITDA was \$504 for the first quarter compared to \$33 in the comparable quarter of the prior year. The increase in the Adjusted EBITDA for the quarter was attributable to increased revenues and gross margin and reduced general and administrative expenses, offset by an increase in sales and marketing expenses quarter-over-quarter.

Blackline's unaudited condensed consolidated interim financial statements and management's discussion and analysis on financial condition and results of operations for the period ended January 31, 2020 (including the reconciliation of non-GAAP measures) are available at [www.sedar.com](http://www.sedar.com). All results are reported in Canadian dollars.

Global demand for cloud-connected services drives continued growth in Q1 FY2020.



**\$28.5M**  
Working Capital

**\$25.6M**  
Cash and Investments

**115B**  
Total Data Points Collected

**\$6.9M**  
Inventory

**\$0.5M**  
Adjusted EBITDA

**29k**  
Safety Operations Center Monitored Devices

Q1 FY2020 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended January 31, 2020 to the Company's results for the three-month period ended January 31, 2019. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable periods.

**About Blackline Safety:** Blackline Safety is a global connected safety leader that helps to ensure every worker gets their job done and returns home safe each day. Blackline provides wearable safety technology, personal and area gas monitoring, cloud-connected software and data analytics to meet demanding safety challenges and increase productivity of organizations in more than 100 countries. Blackline Safety wearables provide a lifeline to tens of thousands of men and women, having reported over 100 billion data-points and initiated over five million emergency responses. Armed with cellular and satellite connectivity, we ensure that help is never too far away. For more information, visit [BlacklineSafety.com](https://www.blacklinesafety.com) and connect with us on [Facebook](https://www.facebook.com/blacklinesafety), [Twitter](https://twitter.com/blacklinesafety), [LinkedIn](https://www.linkedin.com/company/blacklinesafety) and [Instagram](https://www.instagram.com/blacklinesafety).

#### **Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to, among other things, Blackline Safety's expectation to realize potential from its intended investment in organic growth opportunities in 2020, Blackline's intention to expand its product offerings to total workplace connectivity and management's expectation that Blackline will continue to focus on its comprehensive approach to connected devices, live monitoring, consulting and integration services. Blackline provided such forward-looking statements in reliance on certain expectations and assumptions that it believes are reasonable at the time, including expectations and assumptions concerning business prospects and opportunities; customer demands, the availability and cost of financing, labor and services and the impact of increasing competition. Although Blackline believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Blackline can give no assurance that they will prove to be correct. Forward-looking information addresses future events and conditions, which by their very nature involve inherent risks and uncertainties, including the risks discussed in Blackline's Management's Discussion and Analysis. Blackline's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits Blackline will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide readers with a more complete perspective on Blackline's future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and Blackline disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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