

Blackline Safety reports strongest quarter ever, posts \$6.2M in Q1 revenue

Total revenue up 64% compared to prior year Q1, delivering positive Adjusted EBITDA

Calgary, AB — Blackline Safety Corp. (TSX Venture: BLN), a global leader of gas detection and connected safety solutions, announced record first quarter results for the period ended January 31, 2019.

“Demand for Blackline’s connected safety technology continues to gain momentum as we enter our fiscal 2019, generating a record \$6.2M in overall quarterly revenue,” said Cody Slater, Blackline CEO and Chairman. “Growth was driven through diversity across industries and geographic sectors with large orders announced during the quarter from the utilities industry and a government safety agency. After the close of Q1, we announced another utilities order — from Yorkshire Water — that affirms our commitment to delivering the best in gas detection for personnel in the field and throughout facilities.”

Blackline’s business model delivered an all-time high of \$4.0M in recurring service revenue for the quarter, representing a 73% jump compared to Q1 FY2018. Mr. Slater said, “Blackline delivers the highest value to customers and our quarterly service growth underscores our client’s commitment to G7 connected safety solutions. Approximately 25% of our service revenue is now derived from customers who adopted our three-year Blackline Complete lease. This program bundles our connected safety wearables with a broad range of services, including gas sensors, two-way voice calling and 24/7 live monitoring, into one easy monthly payment. At the end of the quarter, future customer lease commitments stood at \$8.3M.”

“Along with our highest service revenue yet, we achieved a record of \$2.2M in global product sales, this helped Blackline to achieve a positive Adjusted EBITDA for the first time,” said Mr. Slater. Blackline uses Adjusted EBITDA (a non-GAAP measure) to describe its financial results, excluding the impact of product development costs and stock-based compensation expense. “Combined with Blackline’s robust balance sheet, this milestone reflects the strong trajectory of Blackline’s growth.”

“Blackline continues to invest in expanding its connected safety portfolio with a focus on two key development initiatives,” said Mr. Slater. “Our new multi-gas pump cartridge is nearing certification and will soon begin shipping to customers as part of our revolutionary program for connected confined space entry and leak check surveys. Blackline is the only vendor in the world to offer comprehensive location-based data analytics, capable of providing full visibility of hazardous work being performed by personnel in the field.” He added, “We continue to focus dedicated resources on our G7 Exo area monitoring system that will transform the way that businesses monitor tank farms, fence-lines, facility shutdowns and other locations where temporary gas monitoring is required.”

Highlights

- First quarter total revenue of \$6.2M, a 64% increase over the prior year's Q1
- First quarter service revenue, including lease revenue, of \$4.0M, a 73% increase over the prior year's Q1
- First quarter Blackline Complete lease revenue of \$1.1M, a 101% increase over the prior year's Q1
- First quarter product revenue of \$2.2M, a 49% increase over the prior year's Q1
- First quarter revenue grew by 94% in the United States and by 42% in Europe over the prior year's Q1
- Achieved a positive Adjusted EBITDA for the first time
- Total cash and short-term investments of \$35.3M
- Announced a \$1.1M lone worker safety monitoring systems order from a provincial safety agency in Canada
- Announced a \$1.4M gas detection order from a major utility company on the West Coast of the United States
- Ranked on Deloitte's North American Technology Fast 500™ for the first time

Financial Highlights

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

	Quarter Ended January 31		
	2019	2018	Change
Revenue	\$6,229	\$3,803	64%
Gross Margin	\$2,842	\$1,693	68%
Gross Margin Percentage	46%	45%	1%
Net Loss	(\$1,745)	(\$1,604)	(9%)
Net Loss excluding stock-based compensation expense	(\$1,617)	(\$1,501)	(8%)
Adjusted EBITDA	\$33	(\$136)	124%
Loss per Share	(\$0.04)	(\$0.05)	

Key Financial Information

First quarter revenue was \$6,229, an increase of 64% from \$3,803 in the comparable quarter of the prior fiscal year. Revenue in the United States increased by 94% and in Europe by 42% respectively with these regions continuing their strong growth from fiscal 2018.

Product revenue during the first quarter was \$2,180, an increase of 49% compared to \$1,465 in the same period last year. Blackline also achieved an additional \$1,377 of Blackline G7 connected safety products delivered through the Blackline Complete leasing program in this period, an equivalent of approximately \$427 in hardware sales. Had customers purchased these units rather than adopting Blackline's lease program, product revenue would have been approximately \$2,607, excluding the impact of price discounting.

Service revenue was \$4,049, an increase of 73% compared to \$2,338 in the same period last year, attributed to new service activations by end customers from product sales and increased adoption of the Blackline Complete leasing program with leasing revenues increasing 101% quarter-over-quarter.

Contracted future service revenue, representing the current value of future Blackline Complete lease commitments, was \$8,331 as at January 31, 2019, an increase of 84% compared to the same quarter, prior year.

Gross margin for the first quarter was \$2,842 compared to \$1,693 in the comparable quarter of the prior year, an increase of 68%. This increase was driven by the growth of Blackline's product and service revenues quarter-over-quarter.

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Adjusted EBITDA was \$33 for the first quarter compared to \$(136) in the comparable quarter of the prior year. The increase in the Adjusted EBITDA for the quarter was attributable to an increase in revenues and gross margin, offset by increased selling, general and administrative 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, 2019 are available at www.sedar.com. All results are reported in Canadian dollars. To learn more about Blackline Safety, visit www.BlacklineSafety.com and follow Blackline on Twitter [@blacklinesafety](https://twitter.com/blacklinesafety).

About Blackline Safety: Blackline Safety is a global connected safety technology leader. Providing comprehensive live-monitoring and wireless gas detection, we help teams working in hazardous environments respond to emergencies in real-time and manage efficient evacuations, accounting for everyone's safety along the way. With millions invested in technology research and development, Blackline Safety is recognized for quality and innovation. Our talented team of designers and engineers create and manufacture in-house — from wearable technology and personal gas detectors to cloud-hosted infrastructure and web-based interfaces for global industry. We deliver the world's first turn-key, work-anywhere, connected safety monitoring solution with gas detection, 3G wireless, satellite communications, two-way speakerphone, push-to-talk, location-enabled data analytics and live monitoring to meet the demanding safety challenges and increase productivity of organizations in over 100 countries. For more information, visit www.BlacklineSafety.com.

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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