



**Media Release** // For immediate distribution

# Blackline Safety achieves record \$12.7M of revenue up 35% year over year

## Revenue growth hits 60% outside the Canadian market

**Calgary, Canada** — September 14, 2021 — Blackline Safety Corp. (TSX: BLN), a global leader in connected safety technology with a hardware-enabled software-as-a-service (HeSaaS) business model, **announced its eighteenth consecutive quarter of year-over-year quarterly revenue growth**, achieving \$12.7M total revenue in the fiscal quarter ending July 31, 2021. Product revenue grew 91% from the prior year's quarter with recurring service revenue up 11% to \$7.4M from \$6.7M, driven by a 19% increase in software services revenue.

"We are proud to deliver record quarterly revenue growth of \$12.7M, while also reaching the \$5M product revenue threshold for the first time since the pandemic started," said [Cody Slater, CEO and Chairman at Blackline Safety](#). "Although this represents strong growth, the quarter was still impacted by delays in major procurement decisions as customers reacted to the uncertainty of the COVID-19 Delta variant."

"Since the onset of the pandemic five quarters ago, we have seen our overall quarterly revenue grow by 50% globally and 74% excluding the commodity-impacted Canadian market. This demonstrates how Blackline is playing an integral part in keeping workers safe, while contributing to digital transformation efforts. Despite the continued presence of COVID throughout the world, we've started to see a return to more normal business operations across our customer base as evidenced by four major contract wins announced at the start of Q4."

Recent G7 and G7 EXO product sales and strong retention and renewal activity has resulted in service-level increases, which contributed growth of \$0.9M in the quarter. This increase was offset by customers who renewed fewer active devices due to workforce reductions of \$0.4M and only \$0.02M from customers who declined to renew this quarter. Overall, total service revenue was up 11% for the quarter over the prior year quarter with software services revenue up 19%.

Service margin improved to 70%, and although gross margin for the quarter was negatively impacted by global supply chain shortages, causing increased costs of inputs for the Company's manufactured devices, the Company maintained product gross margin of 13%. Blackline closed the third quarter with a solid working capital position including cash and short-term investments of \$33.1M.

The Company continued to build on its strategic acquisition of Wearable Technologies Ltd. (“WTL”), investing \$1.9M in the company focused on the product development road map and development of the sales team to accelerate our entry into the construction and light industrial markets.

Despite the challenging operating environment during the global pandemic, Blackline has managed to maintain strong growth and momentum in product adoption and revenue. The continued investments in innovation and sales expansion have positioned Blackline well to fuel our strong growth trajectory as the world navigates through the pandemic.

### **Third quarter highlights**

- Eighteenth consecutive quarter of year-over-year quarterly revenue growth
- Total revenue of \$12.7M, a 35% increase over the prior year’s Q3
- Service revenue of \$7.4M, an 11% increase over the prior year’s Q3, comprised of:
  - Software services revenue of \$6.5M, a 19% increase over the prior year’s Q3
  - Operating lease revenue of \$0.8M, a 29% decrease compared to the prior year’s Q3
  - Rental revenue of \$0.1M, a 10% increase compared to the prior year’s Q3
- Product revenue of \$5.3M, a 91% increase from the prior year’s Q3
- Total revenue grew by 115% in Europe, 29% in the United States, and 90% in Australia, New Zealand and other international markets compared to the prior year’s Q3
- Total revenue growth was 60%, excluding the commodity-impacted Canadian market
- Total cash and short-term investments of \$33.1M at July 31, 2021
- Graduated to the Toronto Stock Exchange and opened the market on June 11, 2021
- Christine Gillies, MBA, joined the executive team as Blackline’s first Chief Marketing Officer
- Brian Sweeney, former Hulu Director and Amazon Global Head, was announced as a new executive, joining as Blackline’s Chief Technology Officer
- Issued first ever Environment, Social and Governance (“ESG”) Report
- G7 EXO awarded gold at INT Design’s 2021 GRANDS PRIX DU DESIGN awards and New Product of the Year by Occupational Health & Safety Magazine
- Added Kokosing Materials, Inc to Blackline Collective, a forum for businesses to share safety insights and best practices
- Announced a partnership with the Calgary Zoo to provide a connected safety solution supporting its conservation efforts

## Post-quarter highlights

- Announced largest North American portable area gas monitoring deal ever with 150 G7 EXOs sold to a leading Texas based turnaround provider for \$1.0M
- Blackline Europe closed its fourth large water and wastewater utility customer in the United Kingdom for \$2.2M on a four-year contract
- Announced largest European portable area gas monitoring deal ever for \$1.7M to a leading defense contractor
- Announced fifth UK water and wastewater authority win and an expansion and upgrade of a prior deployment of G7 lone worker devices to include gas detection for an existing water authority, representing value of a total value of \$2.2M

## Financial highlights

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

	Quarter Ended July 31			Nine-Months Ended July 31		
	2021	2020	Change	2021	2020	Change
	\$	\$	%	\$	\$	%
Revenue	12,693	9,437	35	35,046	26,827	31
Gross Margin	5,859	4,961	18	17,376	13,678	27
Gross Margin Percentage	46%	53%	(7)	50%	51%	(1)
Net Loss	(10,257)	(1,762)	(482)	(23,699)	(6,217)	(281)
Net Loss per Share	(0.19)	(0.04)	(414)	(0.44)	(0.13)	(236)
Adjusted EBITDA	(4,569)	1,448	(416)	(6,443)	3,356	(292)
Adjusted EBITDA per Share	(0.08)	0.03	(367)	(0.13)	0.07	(286)

## Key Financial Information

Overall, third quarter revenue was \$12,693, an increase of 35% from \$9,437 in the comparable quarter of the prior fiscal year.

Service revenue during the third quarter was \$7,411, an increase of 11% compared to \$6,665 in the same quarter last year. Retention rates of our existing customers across geographic regions and industry sectors remained robust. However, the velocity of growth in service revenue during the third quarter was negatively impacted by COVID-19 and the Delta variant. This has caused delays in deployments by new customers as well as current customers renewing fewer active devices after experiencing workforce reductions.

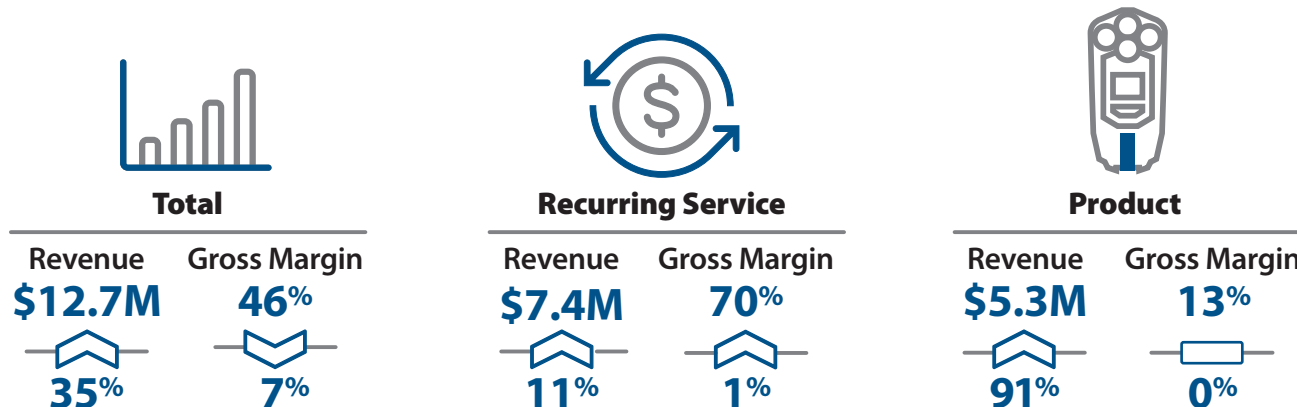
Blackline's product revenue was \$5,282, an increase of 91% compared to \$2,772 in the prior year, as we saw the beginning of a return to more normal procurement processes, particularly in the United States and Europe. Notably, product revenue for the quarter was Blackline's second highest ever and marking the second consecutive quarter of greater than 115% in European product sales growth. The increase also reflects the Company's investment in its expanded sales network across North America, Europe and other geographies over the last twelve months. Blackline continued strong sales of its new G7 EXO area gas monitor which contributed \$1,766 to sales during the quarter.

Service margin of 70% was a 1% increase quarter-over-quarter due to higher overall service volumes as well as lower carrier costs for the connectivity of the Company's devices. Product margin was flat at 13% due to increased margin from G7 EXO sales being offset by increased material, supply and freight costs resulting from global supply chain challenges. Overall gross margin percentage for the third quarter was 46%, a 7% decrease to that achieved in the comparable quarter of the prior year driven by a heavier product versus service mix.

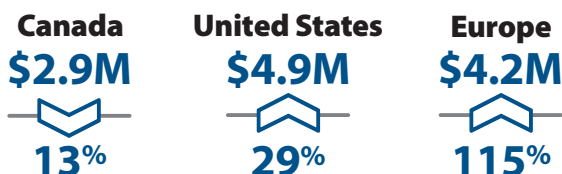
Adjusted EBITDA was (\$4,569) for the second quarter compared to \$1,448 in the comparable quarter of the prior year. The decrease in the Adjusted EBITDA for the quarter was attributable to \$998 related to operating costs for the Company's new subsidiary WTL, an increase in general and administrative expenses and selling and marketing expenses, primarily as a result of higher salaries expense from additional new hires and reduced funding of \$1,177 from the Canadian Emergency Wage Subsidy. Adjusted EBITDA was also impacted as the Company incurred increased recruiting expenses of \$380 in the quarter to support its growth strategy in sales and marketing.

Blackline's unaudited consolidated interim financial statements and management's discussion and analysis on financial condition and results of operations for the period ended July 31, 2021 (including the reconciliation of non-GAAP measures) are available at [www.sedar.com](http://www.sedar.com). All results are reported in Canadian dollars.

Blackline achieves \$12M in quarterly revenue for the first time ever

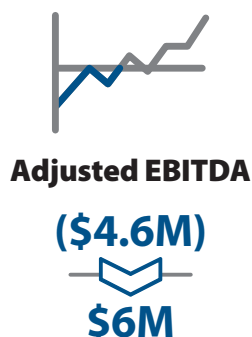
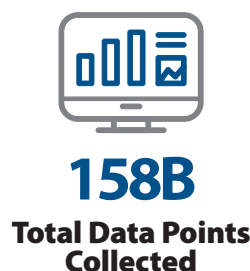


### Revenue Growth by Region

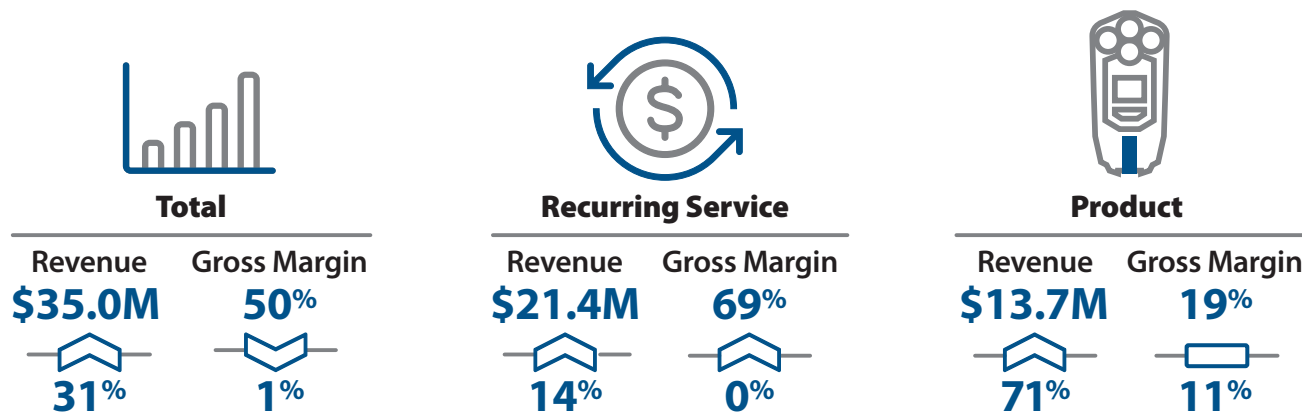


### Expenses

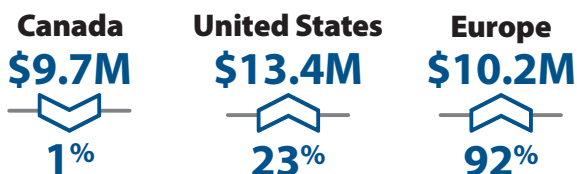
As a percentage of revenue



### Second consecutive quarter of record quarterly revenue

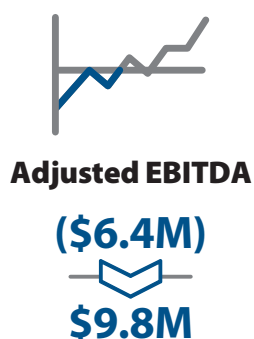
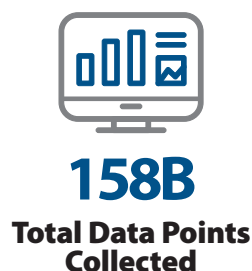


### Revenue Growth by Region



### Expenses

As a percentage of revenue



**About Blackline Safety:** Blackline Safety is a global connected safety leader that helps to ensure every worker gets their job done and returns home safely 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 with coverage in more than 100 countries. Blackline Safety wearables provide a lifeline to tens of thousands of men and women, having reported over 158 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](#), [Twitter](#), [LinkedIn](#) and [Instagram](#).

### **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 2021, 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.

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