

Media Release // For immediate distribution

Blackline Safety Reports Fiscal Second Quarter of 2022 Results – Revenue up 43% Year-over-Year to \$16.7 Million

- 21st consecutive quarter of annual growth
- Product revenue of \$7.9 million, up 72% year-over-year
- Company positioned well for second half of Fiscal 2022 as revenues continue to grow and costs stabilize

Calgary, Canada — June 14, 2022 — [Blackline Safety Corp. \(TSX: BLN\)](#), a global leader in connected safety technology, today reported record fiscal second quarter financial results for the period ended April 30, 2022.

Management Commentary

“We generated another quarter of robust top-line growth reaching revenue of \$16.7 million, not including \$0.8 million of orders that were at the end of the quarter and are expected to be realized in Q3. We continued to deliver for our customers despite difficult operating conditions, including the ongoing global supply chain challenges, which has temporarily driven cost increases and extended sales cycle times,” said [Cody Slater, CEO and Chair of Blackline Safety](#). “We saw a return to growth in Canada with revenue up 65%, while the United States (“U.S.”) and Rest of World maintained strong growth of 51% and 62%, respectively. However, we saw disappointing sales in our European market with growth of only 9%.

“Service margins have remained extremely strong at nearly 70%. Although product margins continue to be affected by elevated component and freight costs, the majority of lifetime value for most of our products is generated by attaching higher margin recurring service revenue. For example, every \$1 in G7 wearable sales translates to approximately \$4 in lifetime recurring service revenue. Additionally, our service business is performing well with net dollar retention⁽¹⁾ of 105% and total software services revenue of \$7.8 million which was up 26% year-over-year and 5% sequentially. Delayed deployments of large orders received in the previous two quarters reduced the growth rate of our service revenue in Q2, but we see these deployments being completed in the second half of the year, which should accelerate service growth.

“In the past 18 months our ‘Invest to Grow’ strategy has allowed Blackline to generate excellent growth as we have expanded our capabilities to meet the needs of our Global market. This investment has positioned the Company to maintain our strong top-line growth while enabling a more conservative approach to our expenses. Going forward, we see this resulting in Q4 operating expenses at or below those of our Q2. Collectively, we expect our operating expense management and margin improvement, along with continued top-line growth to drive our overall financial performance.”

(1) This news release presents certain non-GAAP and supplementary financial measures, including key performance indicators used by management and typically used by companies in the software-as-a-service industry, as well as non-GAAP ratios to assist readers in understanding the Company’s performance. Further details on these measures and ratios are included in the “Key Performance Indicators,” and “Non-GAAP and Supplementary Financial Measures” sections of this news release.

“We continue to see healthy demand for our products and services, and to maximize these opportunities, we appointed Sean Stinson as Chief Growth Officer in May. Sean is a proven leader who has been instrumental building the commercial engine that drives our North America and Rest of World sales. We expect that bringing Europe under this umbrella will allow us to better capture this market opportunity.”

“The forthcoming launch of our G6 product continues to generate positive early feedback and interest as we look to disrupt the \$240 million annual zero-maintenance gas detection market. The commercial rollout of G6 had been forecast to launch in July, however we have pushed out the launch date to October as supply chain challenges have put demands on our development teams to service products currently in the market. The newly acquired Swift Labs Inc. (“Swift Labs”) engineering team gives us the additional capacity needed to mitigate risk to the G6 schedule while ensuring deliverability of our current portfolio despite supply chain challenges. We are eager to launch G6 at the NSC Safety Congress & Expo, North America’s largest event for workplace safety, in September.”

Fiscal Second Quarter 2022 and Recent Financial and Operational Highlights

- Total revenue of \$16.7 million, a 43% increase over the prior year’s Q2
- Service revenue of \$8.8 million, a 24% increase over the prior year’s Q2
- Product revenue of \$7.9 million, a 72% increase over the prior year’s Q2
- Continued strong growth of 51% in the U.S. market compared to the prior year’s Q2
- 62% revenue growth in Rest of World market compared to the prior year’s Q2
- Canadian market returned to growth after two years with an increase of \$2.0 million
- Annual recurring revenue⁽¹⁾ growth of 24% year-over-year to \$30.8 million
- Closed acquisition of Swift Labs, an Internet of Things design and engineering consulting firm, for consideration of \$4.5 million in cash and shares
- Appointed Sean Stinson as Chief Growth Officer to oversee global revenue growth, channel management and customer support functions
- Named by Financial Times as one of the fastest growing companies in The Americas for 2022
- Awarded four 2022 top Industrial Hygiene Awards by Occupational Health & Safety

Financial highlights

CAD millions, except for percentage and per share data	Three-months ended April 30			Six-months ended April 30		
	2022 \$	2021 \$	Change %	2022 \$	2021 \$	Change %
Revenue	16.7	11.7	43	32.3	22.4	45
Gross Margin	7.1	6.0	18	13.4	11.5	17
Gross Margin Percentage	42%	51%	(9)	42%	52%	(10)
Net Loss	(14.5)	(8.6)	70	(27.4)	(13.4)	104
Loss per common share	(0.24)	(0.16)	50	(0.45)	(0.26)	73
EBITDA ⁽¹⁾	(12.9)	(7.2)	(78)	(24.3)	(11.1)	(119)
EBITDA per common share ⁽¹⁾	(0.21)	(0.13)	(62)	(0.40)	(0.21)	(90)
Adjusted EBITDA ⁽¹⁾	(6.4)	(1.5)	(337)	(12.7)	(1.8)	(601)
Adjusted EBITDA per common share ⁽¹⁾	(0.11)	(0.03)	(267)	(0.21)	(0.03)	(600)

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Key Financial Information

Fiscal second quarter revenue was \$16.7 million, an increase of 43% from \$11.7 million in the prior year quarter, with Canada up 65%, Rest of World up 62% and U.S. revenues up 51% being the largest geographic growth regions quarter-over-quarter.

Service revenue during the fiscal second quarter was \$8.8 million, an increase of 24% compared to \$7.1 million in the prior year quarter. Software services revenue increased 26% to \$7.8 million, operating lease revenue decreased 30% to \$0.6 million and rental revenue increased 384% to \$0.5 million. Retention rates of our existing customers across geographic regions and industry sectors remained robust. Service revenue increases within our existing customer base contributed \$0.6 million during the quarter. There were also adverse effects of \$0.6 million from customers who renewed fewer active devices after experiencing workforce reductions during the last twelve months. In addition, certain customers declined to renew their service plans resulting in negligible reductions. Rental revenue growth continues to be strong, establishing the business line as a more material contributor to Blackline due to the application of the Company's complete suite of connected worker and area monitoring solutions in the industrial turnaround and maintenance market.

Product revenue during the fiscal second quarter was \$7.9 million, an increase of 72% compared to \$4.6 million in the prior year quarter, which reflects the Company's investment in its expanded sales network across North America, the European Union and other geographies over the last twelve months.

Overall gross margin percentage for the fiscal second quarter was 42%, a 9% decrease compared to the prior year quarter driven by a heavier product versus service mix and lower product margins. Service gross margin percentage was 69% in the fiscal second quarter compared to 68% in the prior year quarter due to higher overall service volumes, partially offset by higher carrier costs for the connectivity of the Company's devices as well as increases in personnel costs for Safety Operations Centre team members and the product development support team. Product gross margin percentage decreased to 13% from 25% in the prior year quarter but improved from 10% in the fiscal first quarter of 2022. The decrease from the prior year period is due to higher material, supply and freight costs resulting from global supply chain challenges.

Net loss and EBITDA were \$14.5 million and (\$12.9) million, respectively, in the fiscal second quarter, compared to net loss and EBITDA of \$8.6 million and (\$7.2) million in the prior year quarter. The increase in losses is attributable to the Company's 'Invest to Grow' strategy and was specifically related to an increase in general and administrative, sales and marketing expenses, and product research and development costs, primarily as a result of higher salaries expense from additional new hires.

Adjusted EBITDA was (\$6.4) million for the fiscal second quarter compared to (\$1.5) million in the prior year quarter. The decline in Adjusted EBITDA in the quarter was primarily attributable to the investments made to grow the business which resulted in an increase in general and administrative and selling and marketing expenses including higher salaries from additional team members.

At quarter end, Blackline had cash and short-term investments of \$30.0 million and no debt. The Company's cash position enabled it to invest in its manufacturing infrastructure and support the working capital required to maintain flexibility in the face of ongoing challenges in the global supply chain. During the quarter, the Company closed on the acquisition of Swift Labs, the consideration for which included \$3.2 million in cash. Blackline also invested an additional \$1.3 million during the quarter to expand the rental fleet to 1,500 units at the end of the quarter as the Company secures a greater volume of short-term projects.

Blackline's interim condensed consolidated financial statements and management's discussion and analysis on financial condition and results of operations for the three and six-months ended April 30, 2022 are available on SEDAR under the Company's profile at www.sedar.com. All results are reported in Canadian dollars.

Conference Call

A conference call and live webcast have been scheduled for 11:00 am ET on Tuesday, June 14, 2022. Participants should dial 1-800-319-4610 or +1-416-915-3239 at least 10 minutes prior to the conference time. A live webcast will also be available at <https://www.gowebcasting.com/11755>. Participants should join the webcast at least 10 minutes prior to the conference time to register and install any necessary software. If you cannot make the call live, a replay will be available within 24 hours by dialing in to either of the phone numbers above and entering replaying access code 8995.

About Blackline Safety

Blackline Safety is a technology leader driving innovation in the industrial workforce through IoT (Internet of Things). With connected safety devices and predictive analytics, Blackline enables companies to drive towards zero safety incidents and improved operational performance. Blackline provides wearable devices, personal and area gas monitoring, cloud-connected software and data analytics to meet demanding safety challenges and enhance overall productivity for organizations with coverage in more than 100 countries. Armed with cellular and satellite connectivity, Blackline provides a lifeline to tens of thousands of people, having reported over 180 billion data-points and initiated over five million emergency responses. For more information, visit BlacklineSafety.com and connect with us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [Instagram](#).

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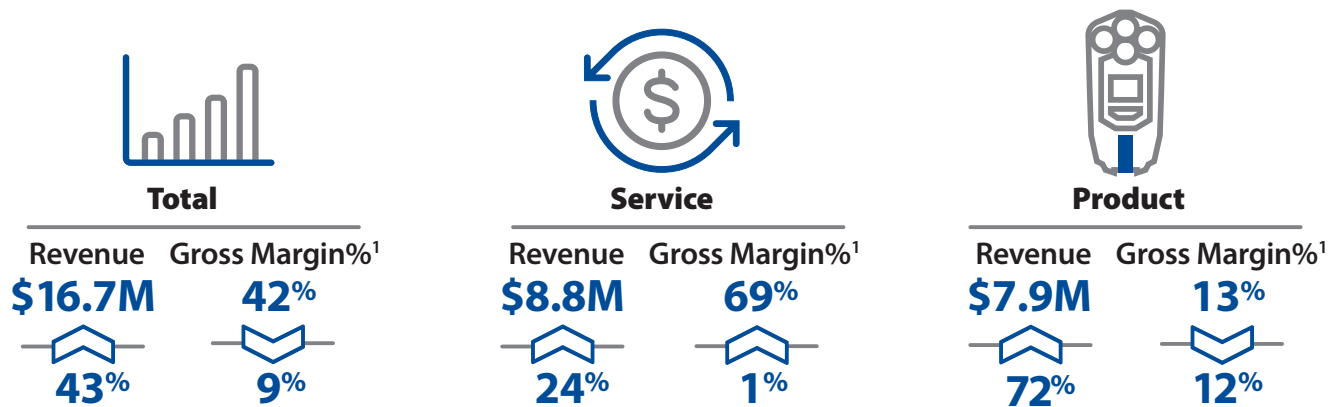
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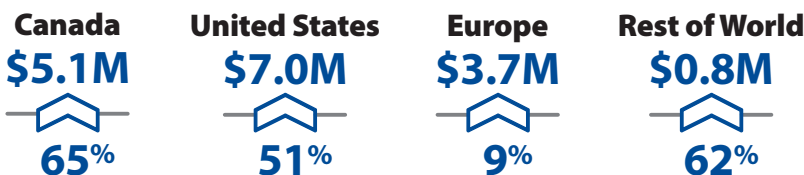
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43% year-over-year revenue growth represents 21st consecutive quarter of annual growth



Revenue by Region



\$30M
Cash and Investments



Expenses

As a percentage of revenue¹



180B
Total Data Points Collected

Acquired Swift Labs March 31

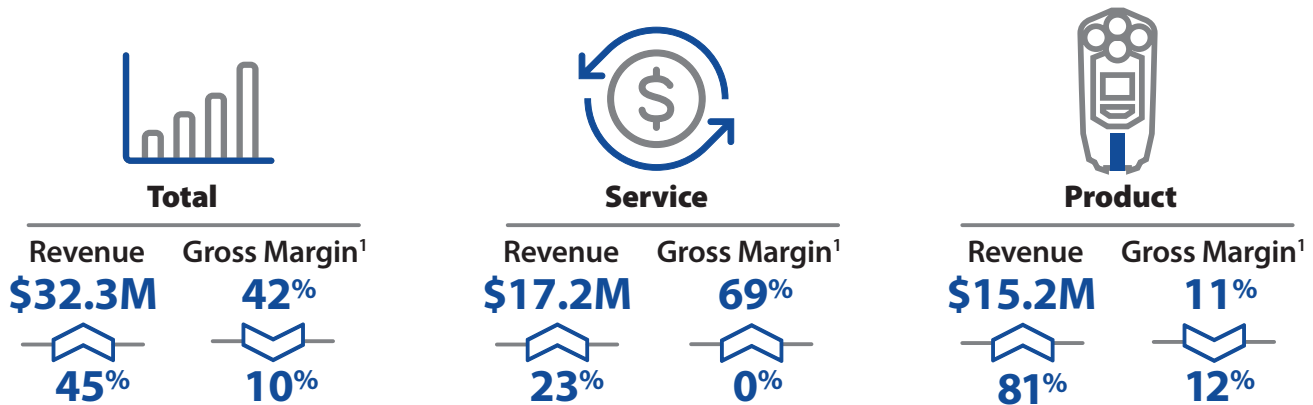
Enhancing engineering technology team



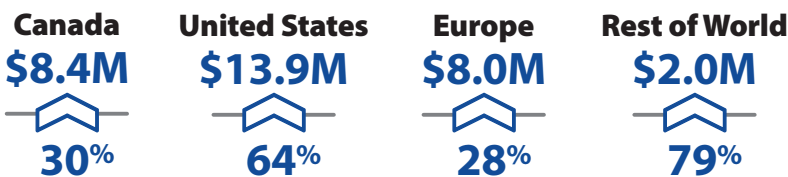
49K
Safety Operations Center Monitored Devices

Q2 FY2022 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended April 30, 2022 to the Company's results for the three-month period ended April 30, 2021. For further information, please see the applicable financial statements and Management Discussion & Analysis (MD&A) of the Company available for review on the Company's website at www.blacklinesafety.com/investors. ¹This infographic presents certain supplementary financial measures to assist readers in understanding the Company's performance. These supplementary financial measures are more fully defined and discussed in the Company's MD&A for the three and six-months ended April 30, 2022 under the heading "Non-GAAP and Supplementary Financial Measures", which is incorporated by reference in this infographic and available on SEDAR under the Company's profile at www.sedar.com.

Blackline achieves 81% product revenue growth year-over-year

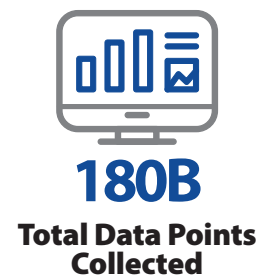


Revenue Growth by Region



Expenses

As a percentage of revenue¹



Acquired Swift Labs March 31

Enhancing engineering technology team



Six-month FY2022 information presented above provides a period-over-period comparison of the Company's results for the six-month period ended April 30, 2022 to the Company's results for the six-month period ended April 30, 2021. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's website at www.blacklinesafety.com/investors. This infographic presents certain supplementary financial measures to assist readers in understanding the Company's performance. These supplementary financial measures are more fully defined and discussed in the Company's MD&A for the three and six-months ended April 30, 2022 under the heading "Non-GAAP and Supplementary Financial Measures", which is incorporated by reference in this infographic and available on SEDAR under the Company's profile at www.sedar.com.

Non-GAAP and Supplementary Financial Measures

This press release presents certain non-GAAP and supplementary financial measures, including key performance indicators used by management typically used by our competitors in the software-as-a-service industry, as well as non-GAAP ratios to assist readers in understanding the Company's performance. These measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and supplementary financial measures, as well as non-GAAP ratios and key performance indicators to analyze and evaluate operating performance. Blackline also believes the non-GAAP and supplementary financial measures defined below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in Blackline's industry.

Throughout this news release, the following terms are used, which do not have a standardized meaning under GAAP.

Key Performance Indicators

The Company recognizes service revenues ratably over the term of the service period under the provisions of agreements with customers. The terms of agreements, combined with high customer retention rates, provides the Company with a significant degree of visibility into near-term revenues. Management uses a number of metrics, including the ones identified below, to measure the Company's performance and customer trends, which are used to prepare financial plans and shape future strategy. Key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

- **"Net dollar retention"** 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 each 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 expand, renew, contract or attrit, but excludes the total service revenue from new activations during the period.
- **"Annual recurring revenue"** 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 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.

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 news release 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 on a basis which excludes the impact of certain non-operational items, product research and development costs related to new and existing products, which enables the primary readers of the news release to evaluate the results of the Company such that it was operating without any expenditures in product research and development, and certain non-cash and non-recurring items, such as stock compensation expense, that the Company considers appropriate to adjust given the irregular nature and relevance to comparable companies. Adjusted EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, product development costs and non-recurring impact transactions, if any. The Company considers an item to be non-recurring when a similar revenue, expense, loss or gain is not reasonably likely to occur within the next two years or has not occurred during the prior two years.

Reconciliation of non-GAAP financial measures

CAD millions	Three-months ended April 30			Six-months ended April 30		
	2022 \$	2021 \$	Change %	2022 \$	2021 \$	Change %
Net Loss	(14.5)	(8.6)	70	(27.4)	(13.5)	104
Depreciation and amortization	1.6	1.3	27	3.1	2.4	33
Finance income, net	(0.1)	-	63	(0.1)	(0.1)	16
Income taxes	0.1	0.1	29	0.1	0.1	24
EBITDA	(12.9)	(7.2)	(78)	(24.3)	(11.1)	(119)
Product research and development costs, net of depreciation, amortization and stock-based compensation expense ⁽¹⁾	6.0	3.6	64	11.0	6.8	61
Stock-based compensation expense ⁽²⁾	0.3	1.4	(79)	0.4	1.8	(79)
Other non-recurring impact transactions	0.2	0.7	(71)	0.2	0.7	(71)
Adjusted EBITDA	(6.4)	(1.5)	(337)	(12.7)	(1.8)	(601)

(1) Product research and development costs exclude depreciation and amortization, as well as stock-based compensation relating to product research and development is excluded and adjusted in the subsequent line as defined below.

(2) Stock-based compensation expense relates to the Company's stock compensation plan and stock option expense 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.

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 news release is 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 income (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 news release is as follows:

- **“Gross margin percentage”** represents gross margin as a percentage of revenue
- **“Product gross margin percentage”** represents product gross margin as a percentage of product revenue
- **“Service gross margin percentage”** represents service gross margin as a percentage of service revenue

Note Regarding Forward-Looking Statements

This news 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 of deployments being completed in the second half of the year, that the appointment of our Chief Growth Officer will help drive improved operating performance across our regions, including Europe; the evaluation of additional focused measures to optimize operating performance and accelerate timeline to profitability; the forthcoming G6 launch to disrupt the zero maintenance gas detection industrial market, the timeline of launch, and confidence in the potential for the product and service to take share in their respective market. 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, that Blackline will pursue growth strategies and opportunities in the manner described herein, and that it will have sufficient resources and opportunities for the same, or that other strategies or opportunities may be pursued in the future, 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 and annual information form for the year ended October 31, 2021 and available on SEDAR at www.sedar.com. 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.