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Blackline Safety Reports Fiscal Third Quarter 2023 Results – Record Revenue of $24.8 Million Up 34% Year-Over-Year

26th consecutive quarter of year-over-year revenue growth

- Service revenue increased 41% year-over-year to $13.6 million
- Record gross margins of $13.4 million, up 62% year-over-year
- Annual Recurring Revenue(1) increased 43% year-over-year to $47.0 million
- Record Net Dollar Retention(1) of 125% improves year-over-year from 105%
- Total expenses of $20.1 million, declining 18% from $24.6 million year-over-year
- Adjusted EBITDA(1) loss of $3.8 million in Q3 2023 compared to $11.5 million loss in Q3 2022, a $7.7 million improvement
- Company remains on track to exit fiscal 2023 generating positive quarterly Adjusted EBITDA

Calgary, Canada — September 14, 2023 — Blackline Safety Corp. ("**Blackline**" or the "**Company**") (TSX: BLN)**,** a global leader in connected safety technology, today reported its fiscal third quarter financial results for the period ended July 31, 2023.

Management Commentary

"In Q3 we recorded our second consecutive quarter of year-over-year service revenue growth topping 40% and our 26th consecutive quarter of year-over-year total revenue growth. We set another record in gross margin of $13.4 million, which was driven by strength in both our product and service segments that saw increases of 119% and 50%, respectively. This consistent margin expansion, coupled with our disciplined cost reduction initiatives fuels our path to achieving positive Adjusted EBITDA by the end of this fiscal year," said Cody Slater, CEO and Chair of Blackline. "Our year-over-year total revenue growth of 34% illustrates our strong momentum and ever expanding market share in the connected worker market while our competitors report largely flat sales in this space."

"We surpassed our Net Dollar Retention ("NDR")(1) target one quarter ahead of schedule, reaching 125% for Q3 2023, demonstrating the powerful value proposition that our connected safety solutions bring to our customers. The increase in NDR was key to the growth in our Annual Recurring Revenue ("ARR")(1) up 43% year-over-year to $47.0 million. The addition of several large enterprise customers over the past year has contributed to this growth, as Blackline now has over 25 customers that each generate more than $1.0 million in recurring service

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revenue. We see opportunity to expand within these organizations and other global enterprise customers across utilities, energy and manufacturing sectors."

Regionally, we experienced year-over-year growth across the board with 55% growth in Europe, while the United States and Canada grew 36% and 19% respectively. Our Rest of World segment grew 5% building on its strong outlook for next year, with several large deals secured in the last six months."

"Our efforts in pricing and lean manufacturing generated product margin of 29% in the quarter compared to 17% in the same quarter last year. Combined with our healthy service margins at 75%, Blackline Safety achieved its highest overall margin percentage in nearly three years. This continues our trend of margin improvements which is key to our goal of achieving positive Adjusted EBITDA and strengthening our sustainable financial model."

"We remain in a strong financial position with total cash, short-term investments, and availability on our credit facility of $26.6 million as well as our lease securitization facility, which has over $50 million available. As we continue to reduce our cash burn through cost optimization, margin expansion and revenue growth, it is clear that we have the capital resources available to continue on our path to a sustainable free cash flow generating business."

Fiscal Third Quarter 2023 and Recent Financial and Operational Highlights

- Total revenue of $24.8 million, a 34% increase over the prior year's Q3
- Service revenue of $13.6 million, a 41% increase over the prior year's Q3
- Product revenue of $11.3 million, a 26% increase over the prior year's Q3
- European market growth of 55% over the prior year's Q3
- United States ("U.S.") growth continues to be strong with a 36% increase over the prior year's Q3
- Canadian market contributed 19% growth over the prior year's Q3
- ARR (1) growth of 43% year-over-year to $47.0 million
- Total expenses were $20.1 million, declining $4.5 million year-over-year
- Announced over $2.0 million in total contract value for hundreds of fire and hazmat organizations globally
- Secured $1.3 million worth of contracts with leading Middle East energy companies
- Expanded production capacity by 30%-50% by repurposing space at the Company's headquarters in Calgary
- Announced a $3.2 million deal with a leading U.S. energy company to protect 1,000 workers, displacing a non-connected competitor with our wearables and Blackline Analytics cloud-based solution

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Financial highlights

(CAD thousands, except per share and percentage amounts)	Three-months ended July 31, 2023	2022	% Change
Product revenue	11,255	8,910	26
Service revenue	13,575	9,657	41
Total Revenue	24,830	18,567	34
Gross margin	13,422	8,274	62
Gross margin percentage(1)	54%	45%	
Total Expenses	20,092	24,605	(18)
Total Expenses as a percentage of revenue(1)	81%	133%	
Net loss	(6,842)	(16,291)	(58)
Loss per common share - Basic and diluted	(0.09)	(0.27)	(65)
Adjusted EBITDA(1 & 2)	(3,760)	(11,517)	(67)
Adjusted EBITDA per common share(1 & 2) - Basic and diluted	(0.04)	(0.19)	(73)

(1) This news release presents certain non-GAAP and supplementary financial measures, 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 "Non-GAAP and Supplementary Financial Measures" section of this press release.

(2) Adjusted EBITDA is adjusted for all periods presented as Management updated the non-GAAP composition to remove the adjustment of product research and development costs and included the adjustment for foreign exchange gains or losses as noted in the Non-GAAP Financial Measures section. The amounts presented in the table above reflected the restated figures to align with the updated composition.

Key Financial Information

Total revenue for fiscal third quarter was $24.8 million, an increase of 34% compared to $18.6 million in the prior year's quarter. Total revenue for each geographical market increased with Europe leading the growth up 55% while the other regions also demonstrated strong growth with the United States up 36%, Canada up 19% and Rest of World up 5%.

Service revenue during the fiscal third quarter was $13.6 million, an increase of 41% compared to $9.7 million in the prior year's quarter. Software services revenue increased 41% to $12.4 million and rental revenue increased 35% to $1.1 million. The increase in Software services revenue was attributable to new activations of devices sold over the past 12 months as well as net growth within our existing customer base of $2.4 million which resulted in Net Dollar Retention of 125%.

Rental revenue continues to be strong, with year-over-year growth of 35% with the comparative period representing the first quarter that the Company established its global rental team to implement our strategic focus of providing short-term, project-based offerings across North America for the industrial construction, turnaround, and maintenance markets.

Product revenue during the fiscal third quarter was $11.3 million, a 26% increase compared to $8.9 million in the prior year's quarter. The increase in the current year period reflects the Company's expanded sales network and investment in our global sales team over the past twelve months.

Overall gross margin percentage for the fiscal third quarter was 54%, a 9% increase compared to the prior year's quarter. The increase in total gross margin percentage was due to a combination of higher sales volume, our enhanced pricing strategy, continued cost optimization across our business and a shift in revenue mix towards higher margin service revenue. Product revenue comprised 45% of total revenue in the third quarter, compared to 48% in the prior year's quarter, while service revenue made up 55% of total revenue for the quarter, compared to 52% in the prior year's quarter. Service gross margin percentage increased to

75% compared to the prior year's quarter of 70%. This was primarily due to our continued service revenue growth, through additional value-added features and the scale absorbing more fixed cost of sales.

Product gross margin percentage for the fiscal third quarter increased to 29% from 17% in the prior year's quarter and 26% in the fiscal second quarter. The Company has been able to mitigate most global supply chain challenges that it has experienced since the third quarter of 2021, while implementing other lean manufacturing initiatives and cost optimizations. During the quarter the Company continued to process sales under our updated pricing structure. The Company has been able to automate more of its manufacturing line, improving the efficiency and throughput of its operations.

Net loss for the fiscal third quarter was $6.8 million, or $0.09 per share, compared to $16.3 million or $0.27 per share in the prior year's quarter. Net loss decreased due to an increase in total gross margin as well as decreases in general and administrative expenses, sales and marketing expenses, and product research and development costs.

Adjusted EBITDA[1] for the fiscal third quarter was ($3.8) million or ($0.05) per share compared to ($11.5) million or ($0.19) per share in the prior year's quarter. The $7.7 million improvement in Adjusted EBITDA is primarily due to the increase in total gross margin, as well as the decrease in total expenses.

At the end of the fiscal third quarter, Blackline had total cash and short-term investments on hand of $17.6 million and $8.0 million available on its senior secured operating facility. The decrease in cash and short-term investments is mainly due to operating losses which were offset by net funding from the lease securitization facility of $1.8 million during the quarter.

Blackline's Interim Condensed Consolidated Financial Statements and Management's Discussion and Analysis on Financial Condition and Results of Operations for the three and nine-months ended July 31, 2023, are available on SEDAR+ under the Company's profile at www.sedarplus.ca. All results are reported in Canadian dollars.

(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.

Conference Call

A conference call and live webcast have been scheduled for 11:00 am ET on Thursday, September 14, 2023. 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/12668. Participants should join the webcast at least 10 minutes prior to the start time to register and install any necessary software. If you cannot make the live call, a replay will be available within 24 hours by dialing 1-800-319-6413 and entering access code 0356.

About Blackline Safety Corp

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 215 billion data-points and initiated over seven million emergency alerts. For more information, visit BlacklineSafety.com and connect with us on Facebook, Twitter, LinkedIn and Instagram.

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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 several 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.

- **"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 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.

- **"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 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 expands, renews, contracts or is declined, but excludes the total service revenue from new activations during the period. We believe that NDR provides a fair measure of the strength of our recurring revenue streams and growth within our existing customer base.

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:

"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 within the next two years or has not occurred during the prior two years.

Reconciliation of non-GAAP financial measures

Reconciliation of non-GAAP financial measures	Three-months ended July 31,		
(CAD thousands)	2023	2022	% Change
Net loss	(6,842)	(16,291)	58
Depreciation and amortization	1,821	1,755	4
Finance income, net	(16)	(38)	58
Income taxes	188	(2)	NM
Stock-based compensation expense[(1)]	287	416	(31)
Foreign exchange loss (gain)[(2)]	802	1,264	(37)
Other non-recurring impact transactions[(3)]	-	1,379	(100)
Adjusted EBITDA[(4)]	(3,760)	(11,517)	67

(1) Stock-based compensation expense relates to the Company's stock compensation plan and 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) During the fourth fiscal quarter of 2022, Management updated the non-GAAP composition to include an adjustment for foreign exchange loss (gain). Comparative periods have been restated to reflect this change

(3) Other non-recurring impact transactions in the prior year period include restructuring costs.

(4) Adjusted EBITDA is adjusted for all periods presented as Management updated the non-GAAP composition to remove the adjustment of product research and development costs as noted in the Non-GAAP Financial Measures section. The amounts presented in the table above reflect the restated figures to align with the updated composition.

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:

"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
- **"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 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's expectation to deliver continued revenue growth, including growth in the adoption of lease agreements with its customers, coupled with disciplined cost management, which is expected to allow Blackline to exit fiscal 2023 in a position of sustained positive Adjusted EBITDA, that the Company expects to realize continued improvement in gross margins in fiscal 2023 driven by enhancements to pricing strategy, cost optimization and greater business scale, the Company's expectation that it will have liquidity to execute on its fiscal 2023 path to profitability and its ability to generate free cash flow. Blackline provided such forward-looking statements in reliance on certain expectations and assumptions that it believes are reasonable at the time. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: 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, that other strategies or opportunities may be pursued in the future, and the impact of increasing competition, business and market conditions; the accuracy of outlooks and projections contained herein; that future business, regulatory, and industry conditions will be within the parameters expected by Blackline, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability, and cost of labour and interest, exchange, and effective tax rates; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; cash flows, cash balances on hand, and access to the Company's credit facility being sufficient to fund capital investments; foreign exchange rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; the ability to generate sufficient cash flow to meet current and future obligations; the Company's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; the Company's ability to carry out transactions on the desired terms and within the expected timelines; forecast inflation, including on the Company's components for its products, the impact of a potential pandemic and the war in Ukraine on the global economy; and other assumptions, risks, and uncertainties described from time to time in the filings made by Blackline with securities regulatory authorities. 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 set forth above and as discussed in Blackline's Management's Discussion and Analysis and Annual Information Form for the year ended October 31, 2022 and available on SEDAR+ at www.sedarplus.ca. 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.