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Blackline Safety Corp.
First Quarter 2025 Results
Conference Call Transcript

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Speakers:

Elisa Khuong
Vice President, Finance & Accounting, and Corporate Controller

Cody Slater
Chief Executive Officer & Chair

Robin Kooyman
Chief Financial Officer

Sean Stinson
President & Chief Growth Officer

Operator:
Welcome to the Blackline Safety First Quarter 2025 Results Conference Call.

The conference is being recorded.

I would now like to turn the conference over to Elisa Khuong, Vice President of Finance and Accounting, Corporate Controller. Please go ahead.

Elisa Khuong:
Welcome, and thank you for joining us. On this call today, we will be discussing our fiscal results for the first quarter ending January 31, 2025, which were released earlier this morning.

With me today is Cody Slater, CEO and Chair of Blackline Safety Corp., Blackline's CFO, Robin Kooyman, and Sean Stinson, President and Chief Growth Officer. I will turn the call over to Cody for an overview of our first quarter 2025 results, and Robin will then discuss the financial highlights.

I'd like to remind everyone that an archive of this webcast will be made available on the Investors section of our website. I would like to note that some of the information discussed on this call is based on information as of today and may contain forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those set forth in these statements. For a discussion of these risks and uncertainties, please review the forward-looking statement disclosure in the earnings news release, as well as in the Company's SEDAR+ filings.

During this call, there will be a discussion of IFRS results, non-GAAP financial measures, non-GAAP ratios, and supplementary financial measures. A reconciliation between IFRS results and non-GAAP financial measures is available in the Company's earnings news release and MD&A, both of which can be found on our website, blacklinesafety.com, and on SEDAR+.

All dollar amounts are reported in Canadian dollars, unless otherwise noted.

With that, I will now hand the call over to Mr. Slater.

Cody Slater:

Thank you, Elisa. Good morning, everyone, and welcome to Blackline Safety's First Quarter 2025 Conference Call. I am pleased to update our progress as the momentum of our record-setting performance in 2024 has carried into 2025, with a very strong first quarter.

First quarter revenue grew 43% year-over-year to $37.7 million. This top line figure represents a new quarterly record for Blackline, a rare instance when our Q1 revenue exceeded our Q4. This strength was also evident in our positive EBITDA figure for the first quarter, which was $2.1 million. Our strong overall revenue growth of 43% in Q1, combined with our Adjusted EBITDA margin of 4%, equates to a Rule of 40 score of 47, exceeding the gold standard for SaaS companies.

The strong revenue growth in the first quarter extends our streak to 32 consecutive quarters of year-over-year growth, which speaks to the strong market acceptance of our connected safety platform. Our Q1 EBITDA represents our third consecutive quarter of positive EBITDA.

Product revenue increased by a notable 56% to $17.8 million, and Services revenue increased 33% from last year, to $19.9 million. Part of this strength is attributable to some business that shifted out of Q4 and landed in Q1. Product revenue growth also benefitted from increasing market demand, targeted demand generation activities, and optimized pricing strategies.

With Net Dollar Retention reaching an impressive 128% for the first quarter, our NDR has maintained a rate greater than 125% for the seventh consecutive quarter, which speaks to the value customers see in the Blackline platform. These results helped drive our annual recurring revenue up 31% from last year, to $70.9 million at the end of the quarter.

Product gross margins were 40% in Q1, while Service gross margins were 77%. Our overall gross margin on a rolling 12-month basis is currently 59%. In fact, on a rolling 12-month basis, Blackline has increased overall gross margin for 11 consecutive quarters.

During the quarter, Blackline welcomed a new shareholder through a strategic financing, the Lowy Family Group. LFG, alongside DAK Capital, our largest shareholder, invested $27 million into the business. The Lowy Family's investment business has a long history of investing in world-class public and private software companies, including those that provide integrated hardware and software. Many of these companies have grown significantly since the Lowy Family's investment. This strategic financing positions Blackline for continued scalable growth in the coming years, and further strengthens our balance sheet.

During the quarter, we were pleased to add another water and wastewater company in the U.K. as a customer. Of the 12 primary water and wastewater authorities in the United Kingdom, eight are now Blackline customers. In addition, Liberty Utilities, owned by Algonquin Power & Utilities Corp., operating in the U.S., Canada, Bermuda, and Chile, adopted Blackline's G7 wearables to provide the connectivity and real-time information required to keep their workers safe. We also commenced shipments of our recently introduced EXO 8 area monitors, including the sale of over 100 EXO 8 units to Total Safety.

We are proud of unseasonably strong results we achieved in Q1, however, potential tariffs on goods heading into the U.S. may have a negative impact on the current business investment environment. Given these elements, it is possible that our Q2 product revenue could be lower than Q1, and there could be impacts on Product gross margins and earnings. However, I would note that none of these elements should affect our strong Service margins, and we see these impacts as being short-term in nature.

On a longer-term view, we remain confident in our growth outlook as we provide significant value to our customers around the globe, and we are dedicated to continually innovating our products and services as we consistently provide leading-edge technology to our growing list of customers.

I would like to now turn the call over to our CFO, Robin Kooyman, to go over the financials for the quarterly results in more detail.

Robin Kooyman:
Thank you, Cody. Blackline Safety reported Q1 revenue of $37.7 million, a new quarterly record and an improvement of 43% from Q1 2024. Product revenue had a significant improvement as revenue from this segment grew 56% to $17.8 million, which represents an all-time high for a single quarter. Services revenue grew 33% to $19.9 million, as both software revenue and rental revenue were up 31% and 74% respectively. The rental revenue of $1.7 million reported in the first quarter was the largest Q1 on record, driven by increased market share captured by the rental business.

Blackline's U.S. region reported strong growth, as sales grew 49% year-over-year. European revenue rose by 40%, while the Rest-of-World market achieved a 67% increase, supported by an expanded global sales presence. The Canadian region experienced steady growth of 27%.

Blackline enhanced its gross margin to 60%, up from 55% in the comparative period. Product gross margin rose to 40%, from 29%, while service gross margin increased to 77% from 76%, demonstrating Blackline's effective cost absorption and strategic pricing policy.

Blackline's total expenses for the quarter were $22.5 million, a 13% increase from Q1 last year, well below the 43% increase in top line sales. General and administrative expenses fell as a percentage of revenue to 19% from 24%. Sales and marketing expenses fell to 31% from 35%, while product, research, and development costs dropped to 13% from 18%. Overall, operating expenses as a percentage of revenue declined to 60% from 76% in the prior year, highlighting improved operational efficiencies as Blackline continues to achieve greater scale.

EBITDA for the quarter was $2.1 million, a significant improvement from the $3.4 million EBITDA loss in Q1 2024. Adjusted EBITDA in the first quarter was $1.5 million after adjusting for foreign exchange gains, stock-based compensation, and a non-recurring transaction. Q1 marks the third consecutive quarter of positive EBITDA for Blackline.

For the three months ending January 31, 2025, Blackline's net loss decreased to $1.1 million, a reduction of 80% from the same period last year. This improvement was driven by higher revenue, increased gross profit, lower operating costs as a percentage of revenue, and a greater foreign exchange gain.

At the conclusion of the first quarter, we informed our securitization facility provider of our decision not to renew the facility, which is scheduled to expire on March 31, 2025. The facility has an outstanding balance of $5.1 million, which will be paid off, and Blackline will self-finance customer leases for the foreseeable future.

As of January 31, Blackline reported a record cash and short-term investments balance of $64 million, reinforcing the Company's strong financial position. The primary contributor to this increased cash position in the quarter was the $27 million private placement by LFG and DAK Capital. The Company will continue to maintain its senior secured operating facility, which had an available capacity of $12.3 million, plus an additional $5 million accordion feature at the end of the quarter, for total available liquidity of over $80 million.

Also on the balance sheet, in the first quarter, inventory levels remained consistent with the prior year despite significantly higher sales. Inventory turnover has shown steady improvement over the past several years, resulting in an eight-year high for this metric as we continue to optimize our management of the business.

As an international company, Blackline holds inventory around the world, in our global offices, including in our Houston location, to rapidly fulfill customer orders. Considering the uncertain economic environment, we have increased inventory in our U.S. operations. We also plan to implement some product assembly in the U.S., which will have associated CapEx and expenses to set up. The combination of these two initiatives will serve to mitigate the potential impact of U.S. tariffs on Product gross margins and earnings for 2025.

With that, I will turn it back over to Cody to discuss our outlook and provide closing remarks.

Cody Slater:
Thank you, Robin.

As we close out another record quarter, I want to reflect on the incredible progress Blackline has made. As we mark our 20th anniversary, it is clear that we have transformed our company into a market leader, redefining industrial safety with our connected solutions. This past quarter once again demonstrated the strength of our business model, with record revenue, expanding margins, and sustained EBITDA positivity.

A key differentiator for Blackline is the vast data-rich environment we have built through our connected safety technology. Blackline is unique, with over 275 billion data points collected, we are unlocking new opportunities to leverage artificial intelligence and predictive analytics, further enhancing the value we provide to our customers. As AI continues to evolve, we see immense potential in transforming industrial safety through data-driven insights that improve worker protection and operational efficiency.

Looking to the remainder of the fiscal year, despite short-term headwinds, we remain on track to achieve EBITDA-positive results in fiscal 2025, a significant milestone that underscores the strength and scalability of our business model. Our long-term goal remains firmly in place to operate as a “Rule of 40” SaaS company, where the combination of our revenue growth and Adjusted EBITDA margin meets or exceeds 40%. While this figure may fluctuate quarter by quarter, we do believe that the long-term outlook, to a sustainable “Rule of 40” metric, is within our grasp.

I want to extend my gratitude to our customers for their trust, our partners for their collaboration, and our employees for their relentless dedication. Together, we are shaping the future of industrial safety and driving long-term value for all our stakeholders.

At Blackline, we remain committed to the disciplined execution of our established business strategy. With a strong financial foundation, a dedicated team, and award-winning solutions, we are strategically positioned to leverage increasing market demand for our connected safety solutions as we continue on our path to become the dominant player in the multi-billion dollar gas detection and connected safety industry, providing real protection to more people in more industries around the globe than ever before.

Thank you for your continued support. I'll now turn it over to the Operator for questions.

Operator:
We will now begin the analyst question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two.

The first question comes from Amr Ezzat, Ventum Capital. Please go ahead.

Amr Ezzat:
Good morning. Thanks for taking my questions, and congrats on a very strong print. I've got a couple of questions on the product sales this quarter. Number one, have you seen any pre-emptive buying behaviour from U.S. clients looking to get ahead of potential tariff-related price increases? As a follow-up, how much of the strong Q1 hardware performance was driven by slippage from Q4, if you guys can quantify, maybe?

Sean Stinson:
Hi, Amr, it's Sean Stinson here. We're not seeing any print of buying right now in Q2, and I don't think we saw much of that in Q1 as well. It's possible that that had a very subtle effect on some of

the mid-sized orders in the pipeline, but it wasn't something that people were actively talking about, it wasn't something that we became aware of. It's not something that we really saw in the numbers, or that we expect to see, even going forward in Q2.

Amr Ezzat:
Fantastic.

Cody Slater:
It's Cody here, just touching on the movement from Q4 into Q1. None of the big, significant orders we talked about were —as we said before - they're all sort of coming later in the year. You could probably attribute about a million dollars to small, mid-sized orders that we thought would close in Q4 that closed in Q1.

Amr Ezzat:
Understood, still an impressive quarter if we adjust for that. I think we have to go back seven, eight years to see a Q1 that was stronger than Q4, so congrats on that. If we speak about—you guys spoke to evaluating U.S. assembly and increasing inventory south of the border. I'm wondering, are you guys in a position yet to speak to what a U.S. manufacturing shift might look like, in terms of, number one - cost, number two - manufacturing capacity, and lastly, timing?

Cody Slater:
Sure. Amr, it's Cody here again. As far as the timing, we're leveraging our Houston operation already, as we mentioned, we're moving inventory down to support this quarter and some of the next, and we're beginning to set up an assembly line within there as well. This will be sort of product by product, so it's a bit evolutionary. It'll happen with one product range after another. You'll start seeing us manufacturing some actual finished goods product there in two months or three months, and then sort of adding from that as we go along, to reach a point—the intent is that we'll supply the majority of the U.S. market from that operation.

Cody Slater:
Then, to your question on costs, we've shifted around a little bit. Now, we're looking at this, we're going to maintain our service mount assembly here in our core facility in Calgary, and ship what we call PCBAs, or assembled printed circuit boards, into our U.S. operation, and then do the actual final assembly portions down there. This is a balancing act when you look at the incoming

tariffs into the U.S. versus tariffs from China, etc., versus tariffs from the U.S. on Canadian products. It winds up being the balance, and we think the best quality balance for us.

The positives for us will be that this will be more—I would say from a customer standpoint, which is the way we always like to look at these things, aside from insulating our customers from those duties. We're also going to be able to provide, I would say, even a more rapid deployment of scale orders from that U.S. operation.

From a cost standpoint, though, not really significant, because we're no longer looking at moving the service mount lines down there. Over term, you're probably talking about a million dollars worth of cost over a few quarters.

Amr Ezzat:
Understood. That's very helpful. But maybe as a follow-up, and maybe it's too early-stage, but do you guys have a ballpark estimate, the cost estimate between assembling, or final assembly, I guess, in the U.S. versus Canada? I'm just wondering what shifting parts of manufacturing south of the border really means for what has been an impressive run of product gross margins at 40%?

Cody Slater:
I think any impacts on margin are really short-term in nature. This is really an expansion of our operations; think about it from that perspective. It's not shifting, actually, some of our manufacturing. As you've seen the growth rate, we're in the process, we need to be expanding our manufacturing lines. The lines are pretty similar, the setups and structures. When you put all the different moving elements into it, in the long-term, I would see that operation not really making any impact onto the ability for us to achieve those kinds of gross margins you're seeing on the hardware.

Short-term, there's a lot of moving pieces, but long-term, yes, it'll be the same.

Amr Ezzat:
No, I appreciate that the short-term is much harder to predict, but glad to see long-term you're still targeting that 40%.

Then, maybe one last one, and maybe I'm reading too much into it here. Your new investor presentation now shows the average price per wearable device at $800. I believe previously it was

$600. Can you break down how much of this increase is due to actual price hikes versus, maybe, the assumptions behind that number? Is it a shift in product mix, such as selling more G7s relative to G6s, or how do I sort of interpret that $800 versus the $600 previously?

Robin Kooyman:
Amr, it's Robin here. There's no change in that number versus what was up there last quarter. I think that's just the update, generally, of the number. I think what we're trying to get across there is just an illustrative example of, if you purchased a certain device in a certain region with a certain service plan, what that might equate to in terms of hardware, software, and then the associated gross margins. I wouldn't read too much into that.

Amr Ezzat:
Understood, just a general trend, and I guess you guys wanting a refresh as opposed to reading something directly into that.

Thanks for taking my questions, and congrats again.

Sean Stinson:
Thanks, Amr.

Operator:
The next question comes from David Kwan, TD Securities. Please go ahead.

David Kwan:
Hey, good morning. Congrats on a great quarter. I was wondering if you could comment about the linearity of the sales in the quarter. How much of the product revenue in particular kind of came maybe in the second half of January? Just saw that there was obviously a strong revenue performance, but increase in the AR and the DSOs?

Sean Stinson:
Yes, David, Sean here. I think Blackline follows a pretty standard trend of sales throughout a quarter. Most companies will talk about how the sales that come in the quarter are pretty backend-weighted, and we're no different. In Q1, what we saw was a stronger November and December than we would typically see. We went into January with, I'd say, stronger results than we would normally see through the quarter. Then, we had a very strong finish. Q1 is typically challenging for

us, and that's probably for a lot of companies that are trying to sell throughout December. Because U.S. Thanksgiving, we tend to lose a week there—you tend to lose a few weeks of productive activity throughout Christmas and New Year's. Really, in our Q1, what we're really dealing with is sort of an eight-week quarter versus a 12-week or 13-week quarter, and that's typically where that seasonality comes from. But when we entered January, it was stronger than I expected, and then we had just an absolutely incredible last two weeks of January, and that's really where we saw the results exceed target. It was really just in the last two weeks of January, is the timeframe that we went over our own budget and our own goals.

David Kwan:
No, that's helpful, Sean. It sounds like the increase in the AR and the DSOs, that was just related to that strong end to the quarter, it sounds like?

Robin Kooyman:
Hey, David, it's Robin here. Yes, that's absolutely correct. We're pleased with how the team performed from a collections perspective, the increase in the numbers just reflects the strength of sales in the quarter.

David Kwan:
Perfect. Thanks, Robin. Can you also talk about the contribution from EXO 8? You flagged that in the press release; obviously, you have a nice order, a big order there, and some other ones as well. Did you see a higher contribution coming in from EXO this quarter than you typically have seen over the last year?

Cody Slater:
No, not really, actually, as the product mix was pretty standard for us this quarter, which is really positive when you look at that margin number as well, David, because it shows that the G7 was by far the core of the product mix, and it's what generating that margin. We're super happy with the response we've seen in the market for the EXO 8, and as we start adding more capabilities to that, with the gamma device coming out this quarter, shipping end of this quarter, beginning of next, and some of the other high-end feature sets for some of that hazmat market. It's going to be a really—the response from the market has been excellent and the future for that product looks

great, but it really wasn't the story in Q1. It was just an overall strength of every aspect, in every market, from customer demand.

David Kwan:
That's great. Thanks, Cody. Maybe one last question for me, just on the leasing side; can you talk about the leasing activity this quarter, how it's compared to recent quarters? There was a note, I guess, in the press release about not renewing the lease facility. Are you planning to repay that, I guess, if you're not planning to renew it?

Robin Kooyman:
Hey, David, Robin again. In the quarter, leases were about 35% of product revenue. That's higher than it has been, both sequentially and then in the prior period. You can see that also in that increase in future contracted cash flows, those are up to $64 million for the quarter.

As I look at how we're financing the Company, there's a couple of different things. We're always looking to have flexible capital that is cost-competitive, that lets us run the business. We've talked in previous quarters about how we felt that the lease facility was just slowing down velocity of our ability to sell leases. We have decided not to renew that facility, and we will be repaying it before it expires this month.

David Kwan:
That's great. Thank you. Thanks, Robin.

Operator:
The next question comes from Frederic Bastien with Raymond James. Please go ahead.

Frederic Bastien:
Good morning. I was wondering if you could speak to the new customer win that you secured in the U.K. water sector. This feels pretty promising. I had no idea you had eight of the 12 U.K. water utilities companies as customers, and given the much-increased budget in the AMP8 program, you probably feel pretty good about this market.

Sean Stinson:
Yes. This has been a market that I'd say traditionally has been strong for Blackline. We've been strong in the water, wastewater market in the U.K. for, I'd say five years now, and it's been a

really—it's been a primary focus of the team that's over there. They understand that market; they've done a great job capturing customers, they've got good relationships, and the product is just such a good fit for that market. It really is a case of a lot of knowledge-sharing within that group. I think the customers in that space look to each other and follow each other. We try to leverage that type of strategy in different vertical markets, getting Tier 1 customers everywhere that we play, and then they tend to influence their peers around them. We've done that really well.

Now, so far it's just a small deployment with this new water company, but we, over time, will expand and grow into that.

Frederic Bastien:
Okay. I don't want to read too much, is it fair to say this didn't have that much of an impact on the underlying growth you experienced in the U.K. or in Europe in general?

Sean Stinson:
That would be fair to say, yes. Europe had a very strong quarter, but it wasn't necessarily because of a particular customer in a particular vertical, it was just strong execution across the board.

Frederic Bastien:
Okay, good to hear. That's all I have. Thank you.

Cody Slater:
Thanks.

Operator:
The next question comes from John Shao with National Bank Financial. Please go ahead.

John Shao:
Hey, good morning. Thanks for taking my question. I know it's still a bit early, but given the situation in the U.S., have there been any discussions internally about increasing your investment in international market to potentially diversify your U.S. exposure?

Sean Stinson:
I'll take that one, John. We're always looking at that. It's a key part of managing this business, is to try to understand, where does the next marginal dollar go? Where do we put that? I mean, inside

the business, do we put that into Sales or Marketing or Operations? Then, from a sales and market expansion perspective, obviously, what market do we go into?

I'd say that internationally, the Middle East is one of the fastest-growing markets for us. You will see some more investment throughout the year in the Middle East for us. It's a very strong market; there's a lot of business there. Our market share is low there and can be significantly higher, we're going to capitalize on that throughout the year.

I'd say that, in other international markets, it'll be somewhat status quo. What we'll see is a lot of growth from just continued improvement and execution in a lot of different teams. But yes, from an international perspective, the Middle East is where you'll see future investment from us.

John Shao:
Okay, thanks for the colour. Just want to revisit the U.K. water market bit; given the success there, could you maybe talk about unique, the market dynamics, and maybe whether you can replicate the success elsewhere in the rest of the world, because it seems like a huge market opportunity?

Sean Stinson:
Yes, it's interesting in the U.K. because the water companies are very large, having 12 water companies to serve an entire nation. What you see in North America and in other parts of the world is that those businesses are much more fragmented, and they just don't have the same buying power that they do in the U.K. It is kind of a unique market over there.

Now, we capitalized on the same strategy in different markets, but it's not a case where I can sort of lift and replant at the same scale as the U.K. water success, because those water authorities just aren't the same size in North America. But what you see in North America is a very strong presence in gas and utilities, midstream, and that's the same kind of style of winning. Once we get a client in, let's say in that midstream business in North America, it tends to spread out that way.

Hope that makes sense.

John Shao:
Okay, thanks for the colour. Then, maybe one last question for me; in the press release, you talk about optimized pricing strategy to grow your product revenue. Could you elaborate that point a bit more?

Cody Slater:

Sure, it's Cody here, John. If you recall, for years, we had—as we established the G7 and the world connected into the industrial marketplace, we held our pricing flat for a good number of years. In the last few years, it's really an annual price increase we put in place that takes place in June. It's something where we look at every product and every SKU and look at what the market's doing and look at what inflation is, and adjust the product pricing in that context. We'll be doing that again this June, and that will—it is a standard thing within our industry. I guess I'd point out, all of our competitors have a standard price increase, usually once or twice per year, so we're really just duplicating what's a normal process in this industry.

John Shao:

Got it. Thanks again. I'll pass the line.

Cody Slater:

Thanks.

Operator:

The next question comes from Martin Toner with ATB Capital Markets. Please go ahead.

Martin Toner:

Thank you for taking my question. Good morning, folks. How much revenue is required to fill the channel, for a new product like the EXO 7?

Cody Slater:

A new product—how much revenue to fill the channel? When we look at it from our standpoint, with a new product launch, it's about the manufacturing, the inventory levels, to make sure we're in a position to actually supply that. There's a bit of shift over, as you're moving from one generation of product to another, like within the EXO 8. Then, as far as a product that's an evolutionary product, like the EXO 8 versus the 7, we always have an established channel. It's not like we're trying to build a new channel to support the products, that product will generate new channels in new markets, but the core channel of the EXO will be the real support for the 8 in its initial launch.

Martin Toner:

Great, that's fantastic. Thanks very much. Will you seek to – do you think another securitization program might make sense? Are you comfortable with your ability to finance the business in totality, like networking capital needs, the need to support leasing and rental programs - here going forward, with what you have, and no securitization program going forward?

Robin Kooyman:
Hey Martin, it's Robin. Thanks for the question. As we think about how to finance the business, there's three legs to that stool. There is the cash we have on the balance sheet, those are our short-term investments, and now there will be just our senior secured operating facility. We feel like the combination of those three and our $80 million scalable liquidity, offer us plenty of flexibility to finance the business in a cost-effective and flexible way.

We'll continue to consider if there are other financing vehicles that might make sense for us, but I would think that's very much a long-term thing that we'll be looking at, as opposed to anything you could expect to see us do in the short-term.

Martin Toner:
Super, thanks so much. Any thoughts to the achievability of revenue growth in 2025, similar to last year's levels?

Cody Slater:
In short, Martin, yes, for sure. We're trending ahead of that at this point in time. There's some headwinds with what's happening in the States, but nothing that makes us concerned about hitting similar kinds of growth numbers, or in fact exceeding those.

Martin Toner:
Okay, super. Thank you very much. That's all for me.

Operator:
We have a follow-up question from Doug Taylor with Canaccord Genuity. Please go ahead.

Firuz Yakhyayev:
Good morning, Firuz here speaking for Doug. Congratulations on a very strong start to the year. Apologies if I missed this; I believe you mentioned some of the product sales in Q1 were attributable to Q4 delays. Is there much left to recapture from Q4?

Sean Stinson:

I can take that one. There were a few really large orders that we were tracking in Q4, and when Q4 finished, we talked about how some of these had shifted to later in the year. None of the large, large orders that we were tracking in Q4 came in Q1. It was a bit of the, I'd say orders in the $50,000 to $100,000 range that we saw move from Q4 into Q1. That added a bit of strength. We thought that the total there was maybe a million dollars of that category that had shifted from Q4 into Q1. Then, there was still some significant orders that we think will come in—or that we're very confident will come in later in the year.

Firuz Yakhyayev:

Thank you, that's very helpful. Another one is on the U.S. cost mix. Is a significant portion of your product and cost sourced from the U.S., and do you expect those input costs to be subject to tariffs?

Robin Kooyman:

I can take that one. Approximately 80% of our cost of goods sold is in U.S. dollars, but it's not necessarily sourced from the U.S. We have a wide and varied supply chain across the business; probably quite difficult, as you can imagine, to guess about the implication of tariffs, I think, at this stage. But I would say, right now, a large proportion of our supply chain doesn't necessarily go through the U.S., or would be subject to those tariffs, if they were in place. But certainly, this is something that's rapidly evolving and that we continue to monitor, and to the extent there were tariffs in place, we do believe that could have an impact on revenue and product gross margin.

Firuz Yakhyayev:

That's very helpful, thank you very much. I'll pass the line.

Operator:

This concludes the question-and-answer session. I would like to turn the conference back over to Cody Slater for any closing remarks. Please go ahead.

Cody Slater:

Thank you, Operator. I just want to thank everyone for their attention today this morning, and wish you all a good rest of the day. We look forward to talking to you again next quarter and throughout fiscal 2025, as Blackline continues to grow and continues to succeed. Talk to you soon. Thanks very much.

Operator:
This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.