

# Blackline Safety annual revenue soars 87% to achieve record \$33.3M

## Robust growth across all regions and industries delivers first year of positive Adjusted EBITDA

**Calgary, Canada** — January 30, 2020 — Blackline Safety Corp. (TSX.V: BLN), a global leader of gas detection and connected safety solutions, announced \$10.7M in record fourth-quarter revenue and \$33.3M in overall revenue for its fiscal year, which ended October 31, 2019. Total revenue jumped 87% over the previous year with 316% growth over the past three years. Blackline's G7 line of connected safety wearables, cloud-connected software, 24/7 live monitoring, Blackline Analytics platform and other leading solutions continue to drive the company's success and ability to keep workers safe — across every environment and every industry.

"Throughout utility, energy, petrochemical and manufacturing industries, digital transformation is changing the way that leading businesses operate, optimize and keep their employees safe," said [Cody Slater, CEO and Chairman at Blackline Safety](#). "Our remarkable year of record revenue and significant growth in every market and across every industry demonstrates that Blackline's connected safety technology and award-winning wearables are a key pillar of the most advanced, digital-forward and people-centric organizations."

Revenues from recurring service and product sales were up 275% in Europe, 69% in the United States and 50% in Canada quarter-over-quarter. Beyond its strongest fiscal year finish ever, Blackline closed the year with a solid position in cash and short-term investments of \$30.6M. Blackline also increased its gross margin to 47% from 45% over the previous year due to realizing the benefits and economies of scale from in-house manufacturing and production volumes. Blackline achieved its first year of positive Adjusted EBITDA, a non-GAAP metric that management uses to track corporate performance. With a strong cash position, Blackline evaluated possible acquisition opportunities through FY2019. While Blackline will continue to monitor these possibilities in 2020, it sees immediate potential from further investment into its programs to drive organic growth opportunities.

Blackline's growth, particularly in Europe, reflects its expansion into new sectors such as the United Kingdom's water utility industry. In the past year, Blackline secured three major water utility clients with devices and services that displaced conventional equipment with connected solutions. Yorkshire Water adopted the G7 gas detection program with the option to add real-time monitoring at a later time. Welsh Water purchased G7 safety wearables for lone worker monitoring, with the option to add gas detection cartridges in the future. A third water utility adopted Blackline's G7 gas detection program with the option to add real-time monitoring. These opportunities highlight the G7 product line's versatility and capability to support current and future customer needs.

Today, Blackline has tens of thousands of live-connected safety wearables deployed around the world and its cloud-hosted infrastructure has recorded 110 billion data points, 2 billion live-reported gas readings, 5 million live-monitored alerts and 1 million voice calls and messages. This deep base solidifies Blackline's position as a leading connected safety provider — from wearable devices to live monitoring and data-driven solutions. Nearing the completion of its G7 EXO area gas monitor development, Blackline will expand its product line beyond wearables to total workplace connectivity.

“At Blackline, we are committed to keeping hard-working personnel safe and productive so they can return home to their families every day,” said Mr. Slater. “Blackline’s next chapter will see continued focus on our comprehensive approach to connected devices, live monitoring, consulting and integration services that can revolutionize how organizations operate and empower them to provide a safer, more optimized working environment.”

#### **Fourth quarter highlights**

- Eleventh consecutive quarter of double-digit year-over-year revenue growth
- Total revenue of \$10.7M, a 94% increase over the prior year’s Q4
- Recurring service revenue, including lease revenue, of \$5.1M, a 42% increase over the prior year’s Q4
- Product revenue of \$5.6M, a 191% increase over the prior year’s Q4
- Total revenue grew by 275% in Europe, 69% in the United States and 50% in Canada over the prior year’s Q4
- Overall gross margin percentage was 47% compared to 45% in the prior year’s Q4
- Overall gross margin percentage was comprised of product and service margin percentages of 29% and 68%, compared to 4% and 67% in the prior year’s Q4
- Fourth consecutive quarter of positive Adjusted EBITDA
- Shipped orders worth \$3.4M to a quarter of twelve major water/wastewater companies in the United Kingdom for Blackline Safety’s G7c connected gas detection wearables
- Launched [Blackline Vision](#), a new data science offering to assist businesses with optimizing their digital transformation
- Continued development of its new G7 Exo area monitor product line with early access program launched
- Ranked on the [Growth 500 list](#) of fastest-growing companies in Canada for the seventh consecutive year

#### **Annual highlights**

- Total revenue of \$33.3M, an 87% increase over the prior year
- First year of positive Adjusted EBITDA, reaching \$0.6M
- Recurring service revenue, including lease revenue, of \$18.0M, a 59% increase over the prior year
- Product revenue of \$15.3M, a 136% increase over the prior year
- Total revenue grew by 139% in Europe, 93% and in the United States and 62% in Canada over the prior year
- Contracted future service revenue (Blackline Complete lease commitments) was \$6.7M at October 31, 2019
- Overall gross margin of \$15.5M compared to \$7.7M over the previous year
- Total cash and short-term investments of \$30.6M at October 31, 2019

## Financial Highlights

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

	Quarter Ended October 31			Year Ended October 31		
	2019	2018	Change	2019	2018	Change
Revenue	\$10,746	\$5,544	94%	\$33,271	\$17,772	87%
Gross Margin	\$5,099	\$2,504	104%	\$15,502	\$7,731	101%
Gross Margin Percentage	47%	45%	2%	47%	44%	3%
Net Loss	(\$2,924)	(\$2,445)	(20%)	(\$9,924)	(\$9,002)	(10%)
Net Loss per Share	(\$0.06)	(\$0.06)		(\$0.21)	(\$0.23)	
Net Loss excluding stock-based compensation expense	(\$2,774)	(\$2,282)	(22%)	(\$8,342)	(\$7,321)	(14%)
Adjusted EBITDA	\$155	(\$677)		\$554	(\$1,096)	
Adjusted EBITDA per Share	\$0.00	(\$0.02)		0.01	(\$0.03)	

## Key Financial Information

Annual revenue for fiscal 2019 was \$33,271 compared to \$17,772 in the prior year, resulting in an increase of 87%, or \$15,499. Service revenue was \$17,983, an increase of 59% compared to \$11,301 in the year prior. These increases were driven by sales of Blackline's connected safety hardware of \$15,288 in the year and the growth in service revenues from the Company's connected safety monitoring for new and recurring revenues from customer renewals. The continuing adoption of the Blackline Complete leasing program, which eliminates up-front capital costs and provides customers with a comprehensive safety monitoring program for a monthly fee, also contributed to the overall revenue increase.

Fourth quarter revenue was \$10,746, an increase of 94% from \$5,544 in the comparable quarter of the prior fiscal year with revenue growth of 275% in Europe and 69% in the United States quarter-over-quarter.

Product revenue during the fourth quarter was \$5,615, an increase of 191% compared to \$1,931 in the same period last year. The growth in revenues included a purchase of lone worker connected safety devices by a third water authority in the United Kingdom to adopt Blackline's G7c cloud-connected safety wearables. The Company also sold its products through the Blackline Complete leasing program as finance leases in this period, contributing \$354 in hardware sales.

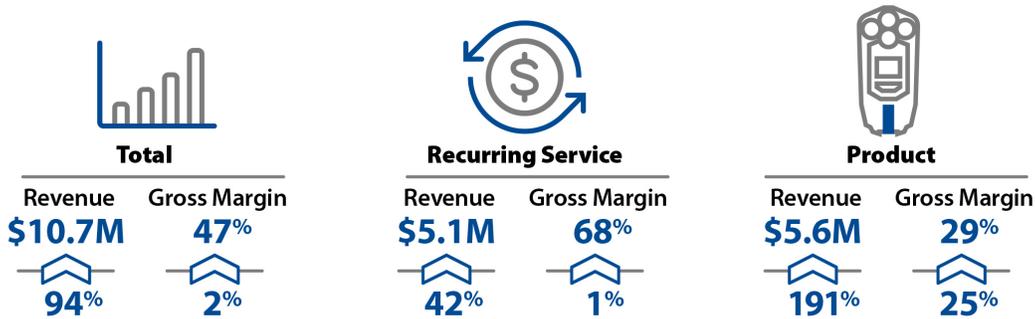
Service revenue was \$5,131, an increase of 42% compared to \$3,613 in the same period last year, attributed to new service activations by end customers from product sales and adoption of the Blackline Complete leasing program with leasing revenues increasing 19% quarter-over-quarter.

Gross margin percentage for the fourth quarter was 47% compared to 45% in the respective quarter of the prior year, with the improvement driven by the growth of Blackline's product and service revenues quarter-over-quarter.

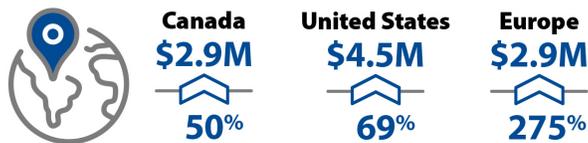
Adjusted EBITDA was \$155 for the fourth quarter compared to \$(677) in the comparable quarter of the prior year. The increase in the Adjusted EBITDA for the quarter was attributable to increased revenues and gross margin, offset by an increase in selling, general and administrative expenses quarter-over-quarter.

Blackline's audited consolidated financial statements and management's discussion and analysis on financial condition and results of operations for the period ended October 31, 2019 (including the reconciliation of non-GAAP measures) are available at [www.sedar.com](http://www.sedar.com). All results are reported in Canadian dollars.

Strong demand for connected safety wearables and cloud-connected services continued through Q4 FY2019.

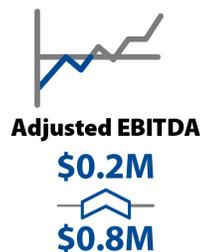


### Revenue Growth by Region



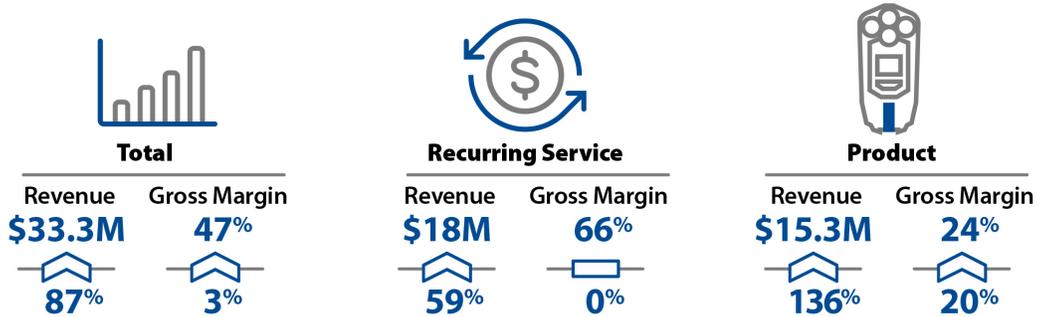
### Expenses

As a percentage of revenue

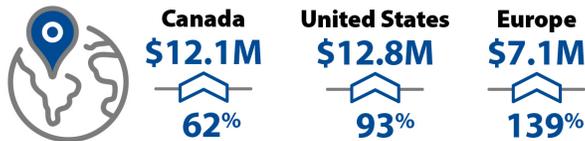


Q4 FY2019 information presented above provides a period-over-period comparison of the Company's results for the three-month period ended October 31, 2019 to the Company's results for the three-month period ended October 31, 2018. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable periods.

Blackline saw strong demand for connected safety wearables and cloud-connected services throughout the year, resulting in the strongest annual finish yet.

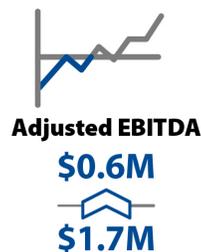


### Revenue Growth by Region



### Expenses

As a percentage of revenue



FY2019 information presented above provides a year-over-year comparison of the Company's results for the twelve-month period ended October 31, 2019 to the Company's results for the twelve-month period ended October 31, 2018. For further information, please see the applicable financial statements and Management Discussion & Analysis of the Company available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Adjusted EBITDA is a non-IFRS financial measure. Please see "Non-IFRS Measures" in the Blackline Safety MD&A for a description and reconciliation of the Company's Adjusted EBITDA for the applicable periods.

**About Blackline Safety:** Blackline Safety is a global connected safety leader that helps to ensure every worker gets their job done and returns home safe 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 in more than 100 countries. Blackline Safety wearables provide a lifeline to tens of thousands of men and women, having reported over 100 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](http://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 2020, 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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