



**Media Release** // For immediate distribution

# Blackline Safety closes Q3 with 16% revenue growth and positive cash flow

## \$9.4M quarterly revenue driven by 44% jump in recurring service revenue

**Calgary, Canada** — September 24, 2020 — Blackline Safety Corp. (TSX.V: BLN), a global leader in gas detection and connected safety solutions, announced record third quarter revenue of \$9.4M for the quarter ended July 31, 2020. The growth in total revenue was a result of recurring service revenue increasing 44% to \$6.7M from \$4.6M in the prior year quarter.

“During the continuing COVID-19 global pandemic, the world is balancing the needs of ensuring the safety of our employees and communities with the need to keep our economies flowing,” said [Cody Slater, CEO and Chairman at Blackline Safety](#). “Despite the ongoing challenges with new product sales due to the Coronavirus, we are pleased to see Blackline returning to double-digit growth during our third quarter with strong recurring service and renewals. Blackline also achieved its first quarter of positive cash flow in part due to continued sales of G7 cloud-connected wearables, proactive cash and receivables management and support from the Canada Emergency Wage Subsidy program. These results affirm the strength of our recurring service business model and core value for clients around the world during these difficult times. As customers return to more normal buying patterns, coupled with product line expansion through G7 EXO, we see the opportunity for expanded deal movement increasing through the upcoming quarters.”

Blackline closed the quarter with a strong working capital position with cash and short-term investments of \$23.2M, up from \$22.9M in Q2. Overall gross margin was 53%, a 4% increase over the prior year quarter with service margin improving to 69% from 66% due to growth of Blackline’s recurring service revenue. Blackline achieved its seventh successive quarter of positive Adjusted EBITDA, and the fifth successive quarter of improvement in this non-GAAP metric, which management believes is valuable for investors to use to track corporate performance.

During the quarter, Blackline worked to complete the product development efforts of its upcoming G7 EXO area gas monitor, the first of its kind, that features integrated 4G cellular direct-to-cloud communication. G7 EXO recently received its ATEX and IECEx intrinsic safety certifications and shipments have begun.

### Third quarter highlights

- Fourteenth consecutive quarter of year-over-year revenue growth
- Seventh consecutive quarter of positive Adjusted EBITDA
- Total revenue of \$9.4M, a 16% increase over the prior year's Q3
- Recurring service revenue of \$6.7M, a 44% increase over the prior year's Q3
- Product revenue of \$2.8M, a 20% decrease over the prior year's Q3
- Total revenue grew by 41% in Canada and 18% in Europe over the prior year's Q3
- Overall gross margin percentage was 53%, a 4% increase over the percentage achieved in the prior year's Q3
- Total cash and short-term investments of \$23.2M at July 31, 2020 with positive net cash flow in Q3
- Continued development of Blackline's new G7 EXO area gas monitor product line for launch in Q4 FY2020

### Post-quarter highlights

- Blackline closed a bought deal financing for gross proceeds of \$36M
- G7 EXO receives certification and shipments begin
- OH&S New Product of the Year award in the category of Internet of Things for the new Blackline Vision Close Contact report
- OH&S New Product of the Year award in the category of Industrial Hygiene – Gas Monitors for G7 wearables equipped with the MPS Flammable Gas Sensor

### Financial highlights

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

	Quarter Ended July 31			Nine-Months Ended July 31		
	2020	2019	Change	2020	2019	Change
Revenue	\$9,437	\$8,108	16%	\$26,827	\$22,525	19%
Gross Margin	\$4,961	\$3,991	24%	\$13,678	\$10,403	31%
Gross Margin Percentage	53%	49%	4%	51%	46%	5%
Net Loss	(\$1,762)	(\$2,240)	21%	(\$6,217)	(\$7,001)	11%
Net Loss per Share	(\$0.04)	(\$0.05)		(\$0.13)	(\$0.15)	
Net Loss excluding stock-based compensation expense	(\$1,575)	(\$2,103)	25%	(\$5,109)	(\$5,569)	8%
Adjusted EBITDA	\$1,420	\$112	1,168%	\$3,337	\$398	738%
Adjusted EBITDA per Share	\$0.03	\$0.00		\$0.07	\$0.01	

**Key Financial Information**

Third quarter revenue was \$9,437, an increase of 16% from \$8,108 in the comparable quarter of the prior fiscal year with revenue growth of 41% in Canada and 18% in Europe quarter-over-quarter.

Service revenue was \$6,665, an increase of 44% compared to \$4,639 in the same period last year. This growth was primarily driven by service revenue generated by increased adoption throughout international and diversified industrial markets of Blackline's connected safety devices and strong device renewals.

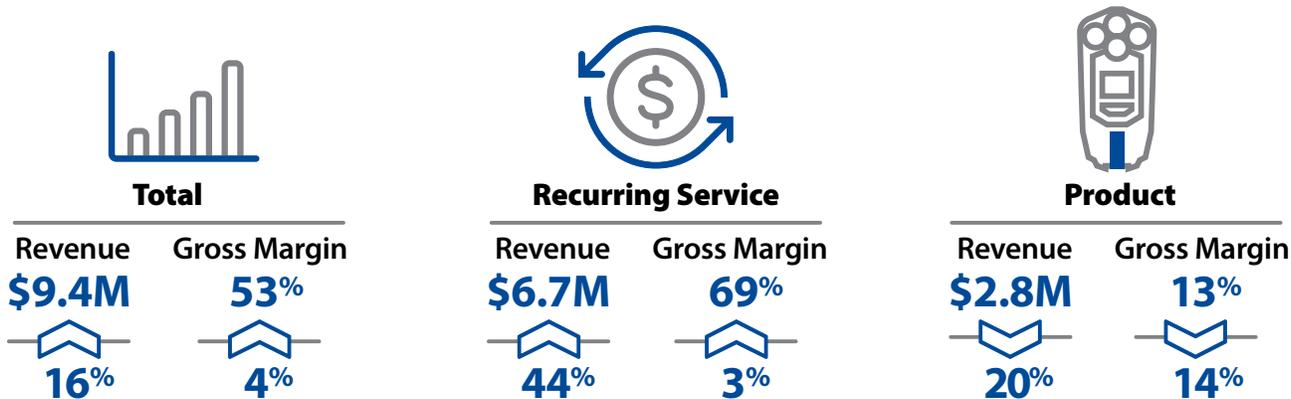
Product revenue during the third quarter was \$2,772, a decrease of 20% compared to \$3,469 in the same period last year. The decrease was due to the continuing impact of COVID-19 on the ability for the company to generate new sales during these periods.

Gross margin percentage for the third quarter was 53%, which was a 4% increase to that achieved in the comparable quarter of the prior year, with the service revenue margin improving to 69% from 66% driven by the growth of Blackline's service revenue quarter-over-quarter.

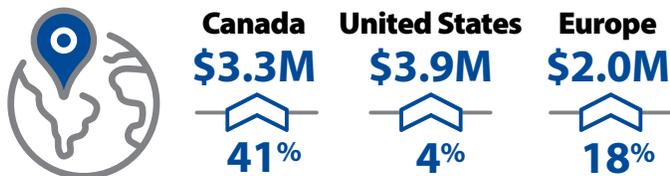
Adjusted EBITDA was \$1,420 for the third quarter compared to \$112 in the comparable quarter of the prior year. The increase in the Adjusted EBITDA for the quarter was attributable to increased revenues and gross margin and decreased selling and marketing expenses, offset by increased general and administrative expenses quarter-over-quarter.

Blackline's unaudited condensed consolidated interim financial statements and management's discussion and analysis on financial condition and results of operations for the period ended July 31, 2020 (including the reconciliation of non-GAAP measures) are available at [www.sedar.com](http://www.sedar.com). All results are reported in Canadian dollars.

## Q3 FY2020 concludes with positive net cash flow



## Revenue Growth by Region



## Expenses

As a percentage of revenue



**\$25.8M**  
Working Capital

**\$23.2M**  
Cash and Investments

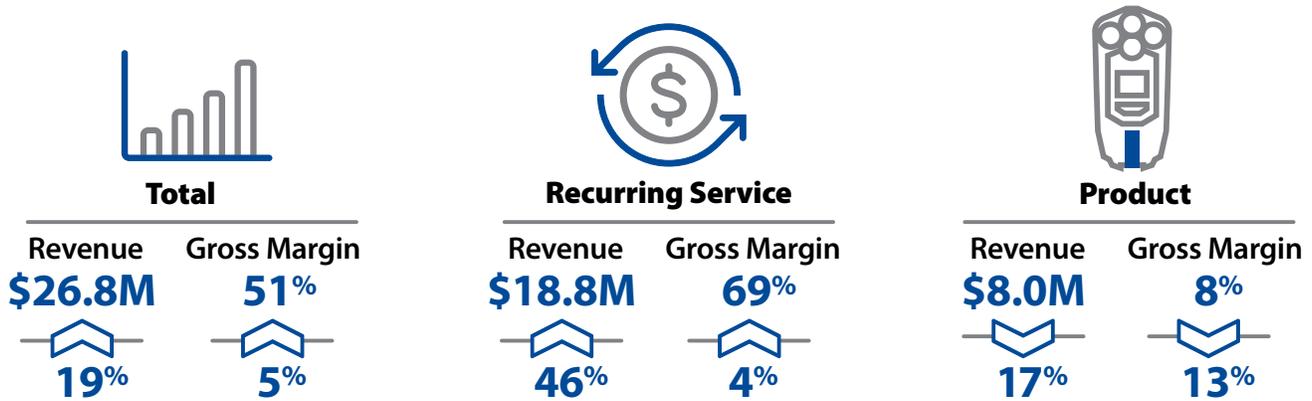
**130B**  
Total Data Points Collected

**\$9.7M**  
Inventory

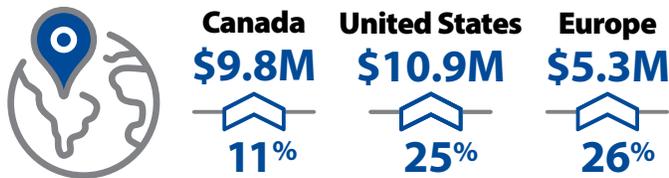
**Adjusted EBITDA**  
**\$1.4M**  
↑  
**\$1.3M**

**32k**  
Safety Operations Center Monitored Devices

## Overall revenue growth continues despite challenges of COVID-19

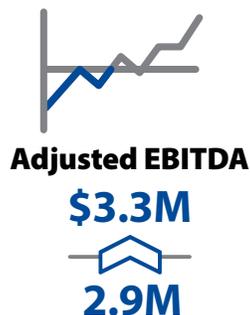


## Revenue Growth by Region



## Expenses

As a percentage of revenue



**About Blackline Safety:** Blackline Safety is a global connected safety leader that helps to ensure every worker gets their job done and returns home 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 120 billion data-points and initiated over five million emergency responses. Armed with cellular and satellite connectivity, we ensure that help is never too far away. For more information, visit [BlacklineSafety.com](https://www.blacklinesafety.com) and connect with us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [Instagram](#).

#### **Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to, among other things, Blackline Safety's expectation to realize potential from its intended investment in organic growth opportunities in 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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