



Media Release // For immediate distribution

Blackline Safety announces record Q2 revenue of \$11.7M, up 38% year over year

Blackline delivers 17 consecutive quarters of revenue growth

Calgary, Canada — June 24, 2021 — Blackline Safety Corp. (TSX: BLN), a global leader in connected safety technology with a hardware-enabled software-as-a-service (SaaS) business model, **announced its seventeenth consecutive quarter of year-over-year quarterly revenue growth**, achieving \$11.7M total revenue in the fiscal quarter ending April 30, 2021. Product revenue grew 140% from the prior year's quarter with recurring service revenue up 8% to \$7.1M from \$6.6M, driven by an 18% increase in software services revenue.

"We are proud to deliver Blackline's strongest ever overall quarterly revenue at \$11.7M, while also recording our best quarter for product sales since the beginning of the pandemic, with 140% growth," said [Cody Slater, CEO and Chairman at Blackline Safety](#). "While this demonstrates solid results, we see this as just the beginning of our return to accelerated growth post COVID."

"Our aggressive investments in Europe — opening an office in France, hiring sales managers in the Netherlands, Italy, Belgium, Spain, France and Finland — are delivering strong results," said Mr. Slater. "Revenue from these regions grew by 350% from \$0.4M in Q2 FY2020 to \$1.4M in Q2, demonstrating the ROI of our aggressive global sales and marketing expansion strategy. We expect the growth in Europe to continue and anticipate that our aggressive investments in the United States and international markets will also pay off in the coming quarters."

Product revenue has rebounded with procurement cycles moving more swiftly as the global economy emerges from the pandemic. New service activations and service increases have also rebounded with \$0.6M delivered in the quarter. However, this increase was offset by \$0.2M from customers who renewed fewer active devices due to workforce reductions over the last twelve months, \$58,000 from customers who declined to renew and \$0.1M from customers who placed their service plans on pause. Overall, growth of software services revenue was up 18% with total service revenue up 8% during the quarter. As return-to-workplace momentum continues, Blackline anticipates stronger service revenue growth returning in the second half of the fiscal year.

Overall, gross margin for the quarter was 51%, with significant improvement in product margin percentage compared to the prior year's quarter. Blackline closed the second quarter with a strong working capital position including cash and short-term investments of \$39.6M.

Adjusted EBITDA and a change in Blackline's cash position was the result of a number of strategic, one-time investments and non-cash items. These one-time investments in Blackline's business infrastructure ensure strong foundation for accelerated growth:

- Strategic acquisition of Wearable Technologies Ltd. ("WTL"), plus Blackline's investment in internal operations, product roadmap investments and geographic distribution in Europe and the Middle East. Costs incurred through the WTL acquisition include non-recurring transaction costs and one-time payments totalling \$1.4M.
- The second quarter also included costs of \$0.4M related to the finalization of Blackline's new financing facility, preparation for graduation to the TSX and establishment of a new European Union subsidiary in France.
- The Company also granted stock options to directors, officers and employees with a stock-based compensation expense of \$1.3M incurred in the quarter.

Despite the challenging business environment during the global pandemic, Blackline has managed to maintain strong momentum and growth in revenue and product adoption. The continued investments in innovation and sales expansion have positioned Blackline well to fuel our strong growth trajectory as the world recovers from the global pandemic.

Second quarter highlights

- Seventeenth consecutive quarter of year-over-year revenue growth
- Total revenue of \$11.7M, a 38% increase over the prior year's Q2
- Service revenue of \$7.1M, an 8% increase over the prior year's Q2, comprised of:
 - Software services revenue of \$6.2M, a 18% increase over the prior year's Q2
 - Operating lease revenue of \$0.8M, a 31% decrease compared to the prior year's Q2
 - Rental revenue of \$0.1M, a 29% decrease compared to the prior year's Q2
- Product revenue of \$4.6M, a 140% increase from the prior year's Q2
- Total revenue grew by 139% in Europe, 16% in the United States, 11% in Canada and 227% in other international markets compared to the prior year's Q2
- Total revenue growth was 51%, excluding the commodity-impacted Canadian market
- Overall gross margin percentage was 51%, including product gross margin percentage of 25% up from 1% in the prior year's Q2
- Total cash and short-term investments of \$39.6M at April 30, 2021
- New \$15M financing facility from National Bank of Canada supported by Blackline's SaaS business model
- Acquired Wearable Technologies Ltd., based in the United Kingdom, operating under the Eleksen brand
- Welcomed Empire Cat and Enovert into the new Blackline Collective, a forum for business to share safety insights and best practices
- Established a new EU-based subsidiary in advance of opening a distribution facility in France

Post-quarter highlights

- Graduated to the Toronto Stock Exchange and opened the market on June 11, 2021
- Christine Gillies, MBA, joined the executive team as Blackline's first Chief Marketing Officer on June 14, 2021
- Brian Sweeney, former Hulu Director and Amazon Global Head, was announced as a new executive, joining as Blackline's new Chief Technology Officer on June 28, 2021
- Blackline Europe won its fourth large water and waste water utility customer in the United Kingdom as well as the expansion from lone worker to full gas monitoring for a current water utility customer

Financial highlights

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

	Quarter Ended April 30			Six-Months Ended April 30		
	2021	2020	Change	2021	2020	Change
	\$	\$	%	\$	\$	%
Revenue	11,675	8,472	38	22,353	17,390	29
Gross Margin	5,963	4,658	28	11,517	8,717	32
Gross Margin Percentage	51%	55%	(4)	52%	50%	2
Net Loss	(8,558)	(2,099)	(308)	(13,442)	(4,454)	(202)
Net Loss per Share	(0.16)	(0.04)	(300)	(0.26)	(0.09)	(189)
Adjusted EBITDA	(1,519)	1,333	(214)	(1,879)	1,909	(198)
Adjusted EBITDA per Share	(0.03)	0.03	(200)	(0.03)	0.04	(175)

Key Financial Information

Overall second quarter revenue was \$11,675, an increase of 38% from \$8,472 in the comparable quarter of the prior fiscal year.

Service revenue during the second quarter was \$7,103, an increase of 8% compared to \$6,564 in the same quarter last year. The velocity of growth in service revenue during the second quarter was negatively impacted by delays of device deployments and customers who renewed fewer active devices after experiencing workforce reductions during the COVID-19 impacted period. However, retention rates of our existing customers across geographic regions and industry sectors remained robust.

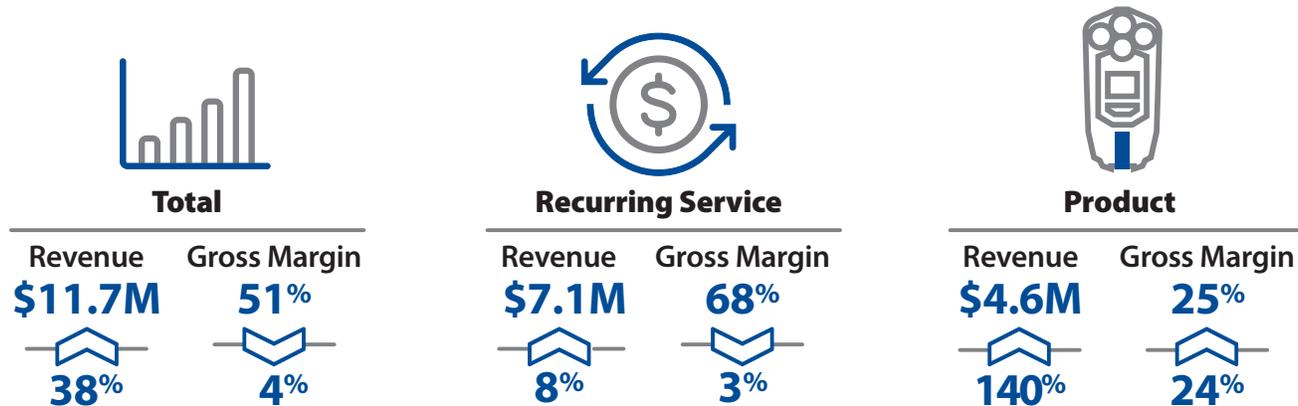
Blackline's product revenue was \$4,572, an increase of 140% compared to \$1,908 in the prior year. The increase was due to our ability to regain access to customer sites, particularly in the United States and Europe, both regions which were heavily impacted by product order deferrals and constrained access to customer sites due to COVID-19. Notably, product revenue closed during the quarter was Blackline's third highest to date, highlighting an improvement in product sell-through compared to the impact of the pandemic. The increase also reflects the Company's investment in its expanded sales network across North America, Europe and internationally over the last twelve months. Blackline continued strong sales of its new G7 EXO area gas monitor contributing \$1,205 in product sales during the quarter.

Gross margin percentage for the second quarter was 51%, a 4% decrease to that achieved in the comparable quarter of the prior year. Product margin improved to 25% from 1% due to the product sales mix, including continued G7 EXO sales. Service margin of 68% was a 3% decrease quarter-over-quarter due to lower Canada Emergency Wage Subsidy funding recorded and higher Blackline Safety Cloud infrastructure maintenance costs.

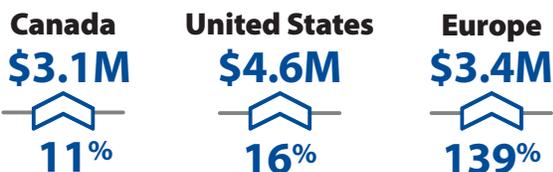
Adjusted EBITDA was \$(1,519) for the second quarter compared to \$1,333 in the comparable quarter of the prior year. The decrease in the Adjusted EBITDA for the quarter was attributable to an increase in general and administrative expenses and selling and marketing expenses. Included in general and administrative expenses in the quarter were professional fees and other expenses of \$398 related to the finalization of the Company's new credit facility, our preparation for graduation to the TSX and the professional and legal fees for the establishment of our new EU subsidiary in France. Adjusted EBITDA was also impacted by \$694 related to operating costs for the Company's new subsidiary WTL. The Company also incurred recruiting expenses of \$276 in the quarter to support its growth strategy in sales and marketing.

Blackline's unaudited consolidated interim financial statements and management's discussion and analysis on financial condition and results of operations for the period ended April 30, 2021 (including the reconciliation of non-GAAP measures) are available at www.sedar.com. All results are reported in Canadian dollars.

Seventeenth consecutive quarter of year over year quarterly revenue growth



Revenue Growth by Region



Expenses

As a percentage of revenue



\$44.4M

Working Capital



\$39.6M

Cash and Investments



151B

Total Data Points Collected



373

Employees Worldwide



\$13.0M

Inventory



Adjusted EBITDA

(\$1.5M)

\$2.9M



37k

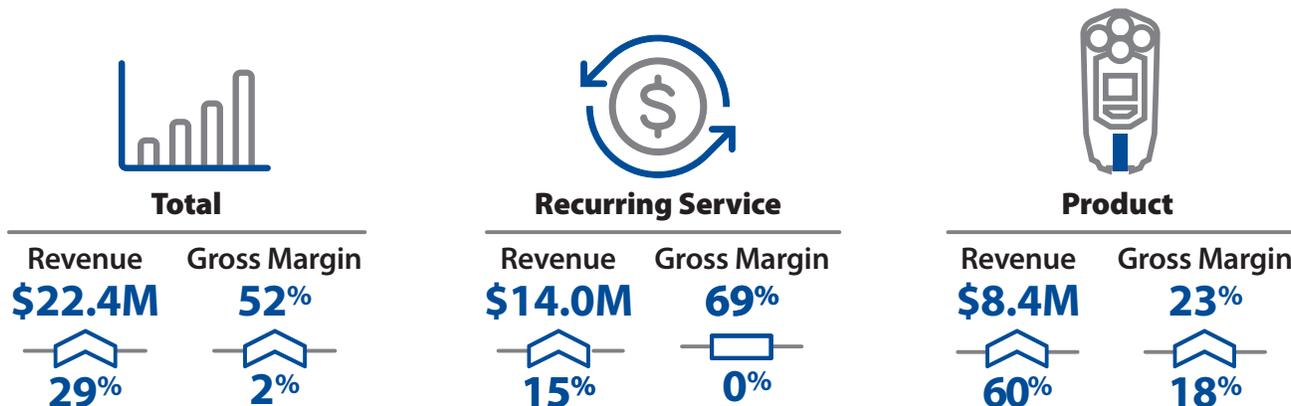
Safety Operations Center Monitored Devices



70+

Countries Deployed

European growth fuels 28% increase in total revenue



Revenue Growth by Region



Expenses

As a percentage of revenue



\$44.4M
Working Capital



\$39.6M
Cash and Investments



151B
Total Data Points Collected



373
Employees Worldwide



\$13.0M
Inventory



Adjusted EBITDA
(\$1.9M)
 \$3.8M



37k
Safety Operations Center Monitored Devices



70+
Countries Deployed

About Blackline Safety: Blackline Safety is a global connected safety leader that helps to ensure every worker gets their job done and returns home safely 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 with coverage in more than 100 countries. Blackline Safety wearables provide a lifeline to tens of thousands of men and women, having reported over 150 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 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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