

Blackline Safety reports strongest quarter ever, posts \$8.2M in Q2 revenue

Revenue doubles compared to prior year with strong performance across each geographic region

Calgary, Canada — Blackline Safety Corp. (TSX Venture: BLN), a global leader of gas detection and connected safety solutions, announced record second quarter results for the period ended April 30, 2019.

“Blackline’s Q2 was another record quarter with the Company posting its strongest year-on-year growth ever, up 118% over the prior year,” said [Cody Slater, CEO and Chairman at Blackline Safety](#). “Geographically, we saw strong connected safety uptake across the board with an increase of 184% in the United States, 112% in Europe and 86% in Canada compared to the same period last year. Importantly, we saw this growth not only across each region but also across multiple industries as we continue to expand our dominance in the connected safety marketplace.”

“During the quarter, Yorkshire Water in the United Kingdom purchased our G7 Insight connected gas detection program with five years of service,” said Mr. Slater. “In their own words, ‘... *Blackline are real industry leaders and have completely redesigned the way we think about gas monitoring.*’ Additionally, our largest Canadian customer upgraded to G7, converging their gas detection and remote lone worker monitoring programs into a single employee cloud-connected wearable. To ensure that the best connected safety wearables are deployed, enterprise-wide deals require review and approval from a broad range of client stakeholders, including safety, operations, IT and operational excellence. Each enterprise customer that adopts G7 affirms our leadership position in the marketplace as we continue to expand our foothold across the globe.”

Mr. Slater said, “Compared to the first quarter of this year, we saw product gross margins increased from 8% to 22%. With increased sales volumes, we are beginning to use more of the available capacity of our manufacturing facility, decreasing overhead on a per-unit basis. Further, this is the second consecutive quarter where we achieved a positive Adjusted EBITDA, a non-GAAP metric that we use to track our performance, which at \$253k was up seven-fold from Q1.” He added, “To support Blackline’s ongoing growth, we closed the quarter with a strong balance sheet with no debt and over \$33M in cash and short-term investments.”

“In contrast to competitor offerings, Blackline Safety delivers connectivity as standard equipment for every safety wearable that we deploy,” said Mr. Slater. “Each of our clients benefit from direct-to-cloud connectivity that works from the first button press, without complexity or additional infrastructure. Looking to the future, in the coming months, we will be announcing new imaging capabilities, advanced data science offerings and the addition of a new area monitoring product line, further enhancing the value that we bring to customers throughout the world.”

Highlights

- Ninth consecutive quarter of year-over-year revenue growth
- Second quarter total revenue of \$8.2M, a 118% increase over the prior year's Q2
- Second quarter product revenue of \$4.0M, a 229% increase over the prior year's Q2
- Second quarter service revenue, including lease revenue, of \$4.2M, a 65% increase over the prior year's Q2
- Second quarter Blackline Complete lease revenue of \$1.1M, an 87% increase over the prior year's Q2
- Second quarter total revenue grew by 184% in the United States, by 112% in Europe and by 86% in Canada over the prior year's Q2
- Total cash and short-term investments of \$33.7M
- Shipped a \$1.9M gas detection order from a water utility in the United Kingdom
- Shipped a \$1M gas detection and lone worker monitoring order to Blackline's largest Canadian customer
- Completed move to new headquarters in the Dominion Bridge building in Calgary, Canada
- Continues development of its new G7 Exo area monitor product line

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		
	2019	2018	Change	2019	2018	Change
Revenue	\$8,189	\$3,749	118%	\$14,418	\$7,552	91%
Gross Margin	\$3,570	\$1,658	115%	\$6,412	\$3,352	91%
Gross Margin Percentage	44%	44%	0%	44%	44%	0%
Net Loss	(\$3,016)	(\$2,905)	(4)%	(\$4,761)	(\$4,510)	(6)%
Net Loss per Share	(\$0.06)	(\$0.07)		(\$0.10)	(\$0.12)	
Net Loss excluding stock-based compensation expense	(\$1,848)	(\$1,676)	(10)%	(\$3,466)	(\$3,177)	(9)%
Adjusted EBITDA	\$253	(\$104)	343%	\$286	(\$239)	220%
Adjusted EBITDA per Share	\$0.01	(\$0.00)		\$0.01	(\$0.01)	

Key Financial Information

Second quarter revenue was \$8,189, an increase of 118% from \$3,749 in the comparable quarter of the prior fiscal year with significant revenue growth in the United States and Europe as these regions continue their strong growth from fiscal 2018 into 2019.

Product revenue during the second quarter was \$4,024, an increase of 229% compared to \$1,223 in the same period last year. Blackline also achieved an additional \$694 of Blackline G7 connected safety products delivered through the Blackline Complete leasing program in this period, an equivalent of approximately \$215 in hardware sales. Had customers purchased these units rather than adopting Blackline's lease program, product revenue would have been approximately \$4,239, excluding the impact of price discounting.

Service revenue was \$4,165, an increase of 65% compared to \$2,527 in the same period last year, attributed to new service activations by end customers from product sales and increased adoption of the Blackline Complete leasing program with leasing revenues increasing 87% quarter-over-quarter.

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Contracted future service revenue, representing the current value of future Blackline Complete lease commitments, was \$8,197 as at April 30, 2019, an increase of 57% compared to the same quarter, prior year.

Gross margin for the second quarter was \$3,570 compared to \$1,658 in the comparable quarter of the prior year, an increase of 115%. This increase was driven by the growth of Blackline's product and service revenues 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 April 30, 2019 are available at www.sedar.com. All results are reported in Canadian dollars. To learn more about Blackline Safety, visit www.BlacklineSafety.com and follow Blackline on Twitter [@blacklinesafety](https://twitter.com/blacklinesafety).

About Blackline Safety: Blackline Safety is a global connected safety technology leader. Providing comprehensive live-monitoring and wireless gas detection, we help teams working in hazardous environments respond to emergencies in real-time and manage efficient evacuations, accounting for everyone's safety along the way. With millions invested in technology research and development, Blackline Safety is recognized for quality and innovation. Our talented team of designers and engineers create and manufacture in-house — from wearable technology and personal gas detectors to cloud-hosted infrastructure and web-based interfaces for global industry. We deliver the world's first turn-key, work-anywhere, connected safety monitoring solution with gas detection, 3G wireless, satellite communications, two-way speakerphone, push-to-talk, location-enabled data analytics and live monitoring to meet the demanding safety challenges and increase productivity of organizations in over 100 countries. For more information, visit www.BlacklineSafety.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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