

Blackline Safety posts third quarter results, G7 product line now ready for market

Revenue increased 21% compared to same period last year

Calgary, AB — Blackline Safety Corp. (TSX Venture: BLN), a leading manufacturer of connected worker safety monitoring solutions, announced record third quarter revenue for the period ended July 31, 2017.

"Having completed the initial G7 product line development and acquired international certifications during the quarter, we have shifted our focus to end-customer cultivation, further building-out our distribution channels and preparing for the full launch of the revolutionary G7 connected safety system in Q4," said Blackline Safety CEO and Chairman, Cody Slater. "We are already seeing the initial success with G7 solutions driving contracted future revenue up by \$1M compared to the second quarter and overall up \$2.3M compared to the prior year quarter. To support customer interest, we have increased our sales teams in Canada, the United States and in the United Kingdom by 130% compared to the same period last year." He added, "With much of the work behind us we can now look forward to seeing the true impact of our new G7 product line as Blackline Safety emerges to become a leading wireless gas detection player on the global stage."

Highlights

- Total revenue of \$2.3M, a 21% increase over the prior year's third quarter
- Contracted future service revenue grew to \$3.7M, a 170% increase over \$1.4M in the prior year's third quarter
- Service revenue of \$1.8M, a 15% increase over the \$1.6M in the prior year's third quarter
- Completed both G7c and G7x international intrinsic safety certifications
- G7 Dock product development completed
- Developing improvements to core web-based safety monitoring infrastructure and Blackline Live user portal to better support organizations and their structure, grouping and user permissions

Key Financial Information

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

Third quarter revenue was \$2,302, an increase of \$393 from \$1,909 in same three-month period of the prior fiscal year. Service revenue increased 15% to \$1,788 from \$1,553 in the same period last year, attributed to new service activations by end customers. While service revenue grew, reduced staffing levels in the oil and gas industry negatively impacted service by approximately \$100 as several customers decreased the number of overall devices renewed. Blackline believes the impacts of a reduced energy sector workforce for our customers have stabilized and expects to see this sector return to growth for Blackline with the introduction of our gas detection product line.

Product revenue was \$514, an increase of 45% compared to \$355 in the third quarter of the prior fiscal year. This increase was driven by initial shipments of Blackline's newly certified G7c and G7x products. Although the G7 product line experienced some certification delays, with an expanding distribution network and record number of field trials underway, we expect to see strong results in the upcoming quarters.



Contracted future service revenue, representing the discounted present value of future lease revenue commitments from the Blackline Complete program, was \$3,673 as at July 31, 2017, up from \$1,360 at Q3 FY2016. This increase was driven by customers adopting the Blackline Complete leasing program that eliminates upfront capital costs and provides customers with a comprehensive safety monitoring program for a monthly fee during a 36-month term.

Gross margin for the quarter was \$1,018 compared to \$1,024 in the comparable three-month period of the prior year. The resulting gross margin of 44% was higher than the 39% during the second quarter of this year but lower than the 54% level achieved in the same quarter of FY2016. Similar temporary factors impacted both the second and third quarter gross margin this year, including:

- Initial costs associated with setting up the G7c, G7x and G7 Dock manufacturing line
- A higher volume of heavily-discounted G7c and G7x sales kits sold through to reseller partners to facilitate field demonstrations

Adjusted EBITDA was \$(905) for the period ended July 31, 2017 compared to \$(167) in the comparable period of the prior year. The reduction in the Adjusted EBITDA in the period is a result of an increase in selling, general and administrative expenses in the period offset by increased revenues and decreased product development costs quarter-over-quarter.

Financial Highlights

	Quarter Ended July 31			Nine Months Ended July 31		
	2017	2016	Change	2017	2016	Change
Revenue	\$2,302	\$1,909	21%	\$7,342	\$5,916	24%
Gross Margin	\$1,018	\$1,024	(1)%	\$3,241	\$3,021	7%
Gross Margin Percentage	44%	54%	(18)%	44%	51%	(14)%
Adjusted EBITDA	(\$905)	(\$167)	(442)%	(\$1,339)	(\$668)	(100)%
Net Loss	(\$2,121)	(\$1,539)	(38)%	(\$5,887)	(\$4,566)	(29)%
Loss per Share	(\$0.06)	(\$0.06)		(\$0.19)	(\$0.18)	

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, 2017 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, employee messaging and live monitoring to meet the demanding safety challenges of organizations in over 200 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.

###

Cody Slater, CEO
cslater@blacklinesafety.com

Blackline Safety Corp.
Unit 101, 1215 13 Street SE
Calgary, AB Canada T2G 3J4



Telephone: +1 403 451 0327

Fax: +1 403 451 9981

www.BlacklineSafety.com