



# **Blackline Safety Corp. First Quarter 2026 Results Conference Call Transcript**

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**Speakers:** **Jason Zandberg**  
Director, Investor Relations

**Cody Slater**  
Chief Executive Officer & Chairman of the Board

**Chris Curry**  
Interim Chief Financial Officer

**Sean Stinson**  
President & Chief Growth Officer

**Operator:**

Welcome to Blackline Safety's First Quarter Results Conference Call. The conference is being recorded.

I would now like to turn the conference over to Jason Zandberg, Director of Investor Relations. Please go ahead.

**Jason Zandberg:**

Welcome and thank you for joining us. On this call today we will be discussing our fiscal results for the first quarter ending January 31, 2026, which were released earlier this morning.

With me today is Cody Slater, CEO and Chair of Blackline Safety Corp; Blackline's Interim CFO, Chris Curry; and Sean Stinson, President and Chief Growth Officer. I will turn the call over to Cody for an overview of our first quarter 2026 results. Chris will then discuss the financial highlights before turning the call back to Cody for closing remarks.

I'd like to remind everyone that an archive of this webcast will be made available on the Investors section of our website. I would like to note that some of the information discussed in this call is based on information as of today and contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those set forth in these statements. For a discussion of these risks and uncertainties, please review the forward-looking statements disclosure in the earnings release, as well as the Company's SEDAR+ filings.

During this call there will be a discussion of IFRS results, non-GAAP financial measures, non-GAAP ratios and supplementary financial measures. A reconciliation between IFRS results and non-GAAP financial measures is available in the Company's earnings news release and MD&A, both of which can be found on our website [blacklinesafety.com](http://blacklinesafety.com) and on SEDAR+. All dollar amounts are reported in Canadian dollars unless otherwise noted.

With that, I will now hand the call over to Mr. Slater.

**Cody Slater:**

Thank you, Jason.

Good morning and welcome to Blackline Safety's First Quarter Fiscal 2026 Conference Call. I am pleased to report a strong start to fiscal 2026, marked by continued strength in our recurring revenue base and the most significant product launch in our company's history. Our seventh consecutive quarter of positive Adjusted EBITDA reinforces the durability of our industrial worker-focused business model and sustained global demand for our Connected Safety solutions.

In the first quarter, revenue reached \$38.8 million, surpassing our exceptionally strong Q1 last year. We are very proud of our consistent track record of growth, which now extends to 36 consecutive quarters of year-over-year top line growth.

Service revenue was a standout, growing 25% year-over-year to \$24.9 million, driven by continued new customer additions and strong expansion within our existing customer base. This performance reflects the quality of our recurring revenue model and the mission-critical nature of our Connected Safety solutions.

Product revenue in the quarter was \$14 million. As we discussed in January, we anticipated a near-term headwind as customers became aware of the G8 and opted to defer hardware purchases ahead of first shipments. The G8's launch has proceeded well and we are very pleased with the early customer response. We've already seen our pipeline shifting towards the G8 as customers embrace the added value it delivers. We see this as a positive indication for our product revenue in Q2 and especially in the second half of fiscal 2026.

Annual recurring revenue reached \$90.5 million at January 31, 2026, up from \$70.9 million a year ago, a 28% increase year-over-year. This continued ARR momentum gives us strong visibility into the year ahead and provides a solid foundation as we accelerate the G8 rollout.

Net dollar retention was 126% in the first quarter, reflecting continued expansion within our existing customer base. Our NDR has now been above 125% for 11 consecutive quarters, which is a clear indicator of the value our customers see in our platform.

We're pleased to report Adjusted EBITDA of \$1.7 million this quarter, up 12% from the same period last year. What makes this result stand out is the context. We delivered this growth while navigating the G7 to G8 product transition and absorbing the associated launch costs, a clear demonstration of our consistent execution and financial strength.

Turning to the G8, our next-generation Connected Safety wearable, we are pleased to say that the early reception from customers and distributors has been outstanding across all our verticals and geographies. The G8 is not just a product upgrade. It's a brand-new platform. And with each device that enters the field, we are laying the groundwork for years of expanding service revenue as we roll out new apps and capabilities of the G8 platform through fiscal 2026 and beyond.

Before I discuss our Middle East business update, I want to take a moment to acknowledge the current situation in the region. Our thoughts are with our customers, partners and team members in the UAE and across the Middle East during this uncertain time. Their safety and well-being remain our top priority and we are closely monitoring the situation as it evolves.

On the Middle East business front, our partnership with ADNOC is moving from strength to strength. We are continuing to see new orders and the deployment is progressing well. ADNOC exemplifies the kind of large multiyear strategic customer relationship we are increasingly able to develop as our brand recognition in the region grows. We have also seen expanding interest from other leading organizations across the Middle East, which gives us confidence in the long-term opportunity in this geography.

I will now turn the call over to Chris to review the Q1 2026 financial information in more detail.

**Chris Curry:**

Thank you, Cody, and good morning everyone. I'm pleased to report a review of the first quarter results.

Total revenue for the first quarter was \$38.8 million, up 3% year-over-year. We continue to see strength in our service revenue, which grew 25% to \$24.9 million. Within that, software services revenue increased 22% to \$22.1 million, while rental revenue grew 64% to \$2.8 million, reflecting continued strong demand in our industrial turnarounds, maintenance events and project-based environment.

Product revenue in the quarter was \$14 million, down 22% year-over-year. Two main factors drove the year-over-year decline. Certain customers chose to defer orders with the recent announcement of our new G8 release, which was consistent with our expectation. A second component to the year-over-year decline was the higher product revenue last year in the first quarter, which was unseasonal as customers pulled forward purchases due to the geopolitical uncertainty and the anticipation of tariffs.

Gross profit in the first quarter was \$25.3 million, up 13% year-over-year.

Gross margin improved to 65% compared to 60% in the prior year quarter. Service margins remained strong at approximately 81%, continuing to reflect the scale efficiencies and infrastructure optimization we've been building in the business.

Product gross margins was approximately 37%, down from 40% a year ago, primarily due to the changes in product mix and navigating product transition with the initial setup of the G8. These results are consistent with our expectation given the preparation work related to the new G8, and we anticipate some variability over the next couple of quarters before returning toward our target of 40% and beyond.

Total operating expenses for the quarter, excluding foreign exchange losses, were \$26.6 million, representing 68% of revenue. Within this, G&A expenses were \$8.7 million, our sales and marketing was \$12 million, and our product research and development costs were \$5.9 million. Our operating and sales and marketing expenses included costs associated with the G8 launch during the quarter.

I would note that our R&D expense also reflects continued investment in the GA platform and new service capabilities, which we view as core growth drivers for the Company going forward.

The net loss for the quarter was \$2.8 million, though it's worth noting that U.S. dollar foreign exchange movements were a meaningful driver of this result. We experienced a \$2.7 million swing in foreign exchange from a \$1.2 million gain in the first quarter last year to a \$1.5 million loss this quarter, reflecting the heightened volatility in U.S. dollar brought on by geopolitical uncertainties.

Adjusted EBITDA was \$1.7 million, up 12% from \$1.5 million in the prior year quarter, marking our seventh consecutive quarter of positive Adjusted EBITDA.

We ended the quarter with \$41.4 million in cash and cash equivalents. We also have available capacity on our senior secured operating facility of approximately \$29.9 million as of January 31, 2026, for total available liquidity of approximately \$71.3 million. We believe this liquidity provides us with ample flexibility to continue investing in the G8 deployment, manufacturing expansions and our growth priorities.

Looking at revenue by geographic segment, the United States contributed \$17.8 million or 46% to total revenue; Europe contributed \$10.4 million or 27%; Canada contributed \$7.1 million or 18%; and Rest of World, which includes our growing Middle East business, \$3.7 million or 9%.

On the regional breakdown, Rest of World was up 50% year-over-year, driven by our expansion in the UAE and the continued scaling of the ADNOC deployment.

Europe delivered solid growth of 14% year-over-year, reflecting the continued strength of our industrial customer base across the continent.

Sales in the United States were down 8% year-over-year as the first quarter of last year saw elevated U.S. product purchases as customers pulled forward capital spending ahead of anticipated tariffs, creating a tough comparable for this quarter. Underlying U.S. demand trends remain intact, and we have a strong sales pipeline heading into the second quarter and the remainder of 2026.

Our first quarter results demonstrate the fundamental strength of our service revenue model and the continued execution of our long-term strategy of sustained positive Adjusted EBITDA.

With that, I'll turn the call back to Cody for closing remarks.

**Cody Slater:**

Thank you, Chris.

As we look at the first quarter, I'm proud of the team's execution across every dimension of the business. We saw service revenue reached a record of \$24.9 million. ARR reached a record of

\$90.5 million, seven consecutive quarters of positive Adjusted EBITDA and our 36th consecutive quarter of year-over-year revenue growth. In the midst of these accomplishments, the Company has launched the most significant product platform in our history, the G8.

The G8 is now in the hands of customers. The feedback we are receiving is extraordinary. The new features in the device, the full colour display, the enhanced PTT experience, the improved interface, these are things our customers immediately recognized as meaningful. We're not selling them an incremental update. We are delivering a platform they can build on for the next decade.

I want to reiterate how we think about the G8's impact on the business over the next several years.

With the G7, customers would acquire a service stack at the point of sale and maintain that level moving forward. The G8 gives us the ability to continue adding service value throughout the device's lifecycle through new apps, integrations, workflow tools and productivity features, not just at the point of refresh. This is a fundamentally different and superior business model, and it is one that we believe will drive both higher ARR per device and stronger net dollar retention over time.

We remain highly confident in our trajectory for the balance of fiscal 2026. The ADNOC relationship continues to scale; our fire & hazmat pipeline in the U.S. continues to grow; and the G8 is building momentum with every passing week.

Today, Blackline protects workers across more than 75 countries, supporting customers in energy, utilities, industrial, infrastructure and emergency response. We are committed to continue to grow that footprint while protecting more workers and more industries around the globe as we continue on our path to dominate the connected industrial workforce market.

I'm grateful to our customers for their trust, to the Blackline team for their exceptional commitment, and to our shareholders for their continued confidence as we execute on the largest product launch in our company's history.

I'll now turn the call back to the operator for questions.

**Operator:**

We will now begin the analyst question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question today comes from Martin Toner with ATB Capital Markets. Please go ahead.

**Martin Toner:**

Thanks very much for taking my question, and congrats on some good results.

Can you talk a little bit about how Q2 product revenue will be impacted by the G8? Are there any other material tailwinds/headwinds to point out as we're thinking about what that number might be?

**Cody Slater:**

Sure, Martin. Cody here. A couple of things to think about in Q2.

We'll be adding—a little bit of background noise there somewhere. I'm not sure where that's coming from.

As we look into Q2, we'll start shipping—we actually start shipping the G8s today, so G8 will start impacting for the rest of the quarter here, and then accelerating into the next two quarters. So, I would say expect to see hardware growth return and then accelerate through the rest of the year.

**Martin Toner:**

That's great. Can you talk a little bit about what has impacted rental revenue over the past few quarters and what you see as the trajectory being there?

**Sean Stinson:**

Yes, Martin, I'll take that one. It's Sean here.

The rentals team is continuing to add channel partners around the world to increase the reach that we have with the rentals offering that we have. In a lot of cases, what we're doing is we're renting

our equipment to a channel partner, and then that channel partner is renting it directly to a customer in a market, and that could be anywhere around the world.

In the last few months, we've made really strong hires in the Middle East and in Germany, and so we expect those individuals to help drive penetration of the rentals offering even further. But I would say we have a great product in the market and we also have an exceptionally strong rentals team that has a lot of experience in this.

**Martin Toner:**

That's great. Thanks so much. I'll pass the line. Thank you.

**Operator:**

The next question comes from David Kwan with TD Cowen. Please go ahead.

**David Kwan:**

Hey, guys. Cody, you kind of touched on it in your commentary, just what's going on in the Middle East. I was wondering to what extent you can comment on what's happened since the quarter has ended. Have you seen a change in purchase orders and rental activity coming out of the Middle East, and how has that impacted order flow from ADNOC?

**Sean Stinson:**

We haven't seen any measurable change yet, David. I think when things like this happen, they can go one of two ways. You can see because of the added complexity of just simply managing an energy business in the Middle East right now, as we've seen that some of these locations have been targets, you can imagine that their priorities will shift. But in some cases, their priorities will shift towards keeping their people safe. What we offer can make an enormous impact in the ability to understand where your people are on the site in the case of an attack or something else like that, but it's not necessarily the highest priority of the business to move on something like that if they don't have it.

So I can't say that we've seen a measurable change there. But I can tell you that we've been in very close contact with our customers, and we're doing everything we can to take care of them.

We had some interruptions in our AWS services over there, and the team here reacted very quickly to get those back up and running again, so it's definitely a team focus. Like Cody said, we have people in the Middle East. We're concerned about them. We're looking out for them, and we're doing the same with our customers right now.

**David Kwan:**

No, it's good to know, Sean. Your office in the UAE, is it still open or have you temporarily closed it?

**Sean Stinson:**

We didn't close it, but we've asked everyone to just follow the local guidance there, which was mainly a shelter-in-place type of guidance. So, we've asked the entire team there to really stay near their homes, to not travel. So the team is—luckily, our business can be conducted in a distributed fashion like that. But that's what's happening in the Middle East right now, is people are really staying close to home and just making sure that they're safe.

**David Kwan:**

Sounds great.

Just a last question as it relates to the G8. I guess it's starting to ship now. Can you talk about maybe the backlog that you've got right now and just the timelines? I know it's still early, but from when clients first get their hands on the G8 to when they start to make their first purchase orders.

**Sean Stinson:**

That's a good question, David. It's a little bit different for every customer. We are seeing very strong qualitative reactions. People that have seen the G8, they loved it. We've had people say they're buying the G8 as soon as it gets into their hand. Then they get into the mechanics of how long does it take for a customer who may have budgeted for the G7 and is ready to buy the G7, how long does it take them to switch that purchase order to a G8, recognizing we are charging a premium for the G8. Things like that will be a little bit different in every different scenario, but we anticipate—we've talked about 25% of our shipments in Q2 to be G8 and then growing from there.

There's definitely a lot of orders in the system that I'd say are budgeted and very locked in at the G7, but anybody who can transition, we're definitely encouraging them to transition because it's just such a powerful platform.

**David Kwan:**

That's great. Thanks.

**Operator:**

This concludes the question-and-answer session. I would like to turn the conference back over to Cody Slater for any closing remarks.

**Cody Slater:**

Thank you, Operator. I just want to thank everyone for their attention today and we look forward to talking with you throughout the rest of the year as we continue to launch the G8, our most significant product launch and platform, really since we brought Connected Safety to the world with the G7, going on eight years ago now.

Looking forward to a very excellent year and the next quarter. Thank you very much everyone for your attention.

**Operator:**

This brings a close to today's conference call. You may now disconnect your lines. Thank you for participating and have a pleasant day.