

BluMetric Announces Financial Results for Q1 FY2020

Ottawa, Ontario--(Newsfile Corp. - March 2, 2020) - BluMetric Environmental Inc. (TSXV: BLM), a full-service environmental consulting and engineering cleantech firm, today announced its financial results for the three months ended December 31, 2019, recording revenue of \$6.3 million and net earnings of \$844,000, which included a gain on sale of the Company's Ottawa office building of \$948,000.

"During the quarter, we continued to see the positive effects of our efforts to enhance sector and income diversity through a more targeted approach to business development, including a focus on strategic partnerships and higher margin projects," said Scott MacFabe, CEO of BluMetric. "We are now opening up new opportunities for sustained income growth and in particular we are pleased with increasing private sector revenues within our Commercial/Industrial and Mining markets and ongoing endeavours to build these lucrative client bases."

While BluMetric's Q1 FY2020 revenues of \$6.3 million were down from \$7.6 million in Q1 FY2019, this was primarily due to lower Military sector income stemming from a significant one-time contract in last year's first quarter that did not repeat this year. The remaining decrease is attributed to a decline in the Company's Government sector work in connection with less federal and provincial site investigation and remediation projects from the summer months leading up to the Fall 2019 federal election. The drop in total revenues was slightly offset by an increase in BluMetric's Commercial/Industrial sector.

Consistent with BluMetric's strategy to increase the significance of its private sector clients and projects, a number of meaningful operational developments and significant contracts were secured in Q1 of FY2020, as described below, that are expected to benefit the Company going forward.

Q1 FY2020 Operational Highlights

- Investments continued during the quarter to support the development of cost-effective water treatment technology related to the production of clean water in isolated locations or for emergency response deployment. BluMetric expects to commercialize this technology in FY2020.
- During the quarter, BluMetric's Commercial/Industrial projects continued to show strength with work focused around environmental site assessment, remediation and risk assessment projects for land development, as well as industrial hygiene and occupational health and safety services.
- BluMetric continued to diversify its mining client base through the provision of its premium water treatment technology to new clients in northwestern Ontario.
- In response to a recent increase in Yukon-based project work, the result of BluMetric's noteworthy ability to execute complex field programs in remote settings, the Company moved forward with plans to open a new office in Whitehorse with the intent of growing a stronger local presence to enhance future work in this region. The office was officially opened subsequent to the quarter's end.

Financial Highlights

Effective October 1, 2019, BluMetric adopted IFRS 16 - Leases using the modified retrospective approach and did not restate comparative information.

Highlights after adoption of IFRS 16 - Leases:

- **Earnings before provision for income tax** were \$1.1 million and **net earnings** were \$844,000 at December 31, 2019. Earnings for the three months ended December 31, 2019 includes a gain on the sale of the Company's office building in Ottawa of \$948,000. Earnings before provision for income tax and gain on sale were \$122,000. This is compared to earnings before income tax of \$267,000 in the same quarter of the previous year.
- **Revenue** for the quarter ended December 31, 2019 was \$6.3 million, a decrease of 17% compared to \$7.6 million for the quarter ended December 31, 2018.
- **Gross margin** improved slightly to 23% for the quarter, compared to 22% for the same quarter of the previous year.
- **Operating costs** decreased slightly to \$1.2 million from \$1.3 million in the same quarter of the previous year.
- **EBITDA** (see Note 1 definition below) increased to \$1.3 million at December 31, 2019 from \$429,000 at December 31, 2018, mainly as a result of the gain on the office building sale of \$948,000. Adjusted EBITDA decreased to \$385,000 at December 31, 2019 compared to \$429,000 at December 31, 2018.

Highlights excluding the adoption of IFRS 16 - Leases:

- Net income and earnings per share (EPS) - no significant impact
- EBITDA increased to \$1.2 million at December 31, 2019 from \$429,000 at December 31, 2018.
- Adjusted EBITDA decreased to \$289,000 at December 31, 2019 from \$429,000 at December 31, 2018.

Outlook

An area of focus in FY2020 for BluMetric is ongoing growth within its Mining, and Commercial and Industrial markets. In

particular, in these industries BluMetric is setting its sights on higher margin projects where the Company also sees the potential for deep, meaningful partnerships that deliver sustained income growth over the long term.

Financial Summary

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
	(\$000)	(\$000)
Revenue	6,316	7,601
Gross profit	1,431	1,661
Gross margin %	23%	22%
Operating expenses	1,155	1,259
Gain on disposal of property, plant and equipment	(948)	-
EBITDA ¹	1,333	429
EBITDA ¹ - Excluding IFRS 16	1,237	429
Adjusted EBITDA ²	385	429
Adjusted EBITDA ² - Excluding IFRS 16	289	429
Earnings before provision for income tax	1,070	267
Deferred income tax expense	226	78
Net earnings	844	189
Earnings per share - basic and diluted	0.03	0.01

Note 1: EBITDA is a non-IFRS measure and is calculated as net income before interest expense, income taxes, depreciation, and amortization.

Note 2: Adjusted EBITDA is a non-IFRS measure and is calculated as EBITDA before gain or loss on sale of property, plant and equipment.

The full results are available at www.sedar.com.

About BluMetric Environmental Inc.

BluMetric Environmental Inc. is an established publicly traded environmental consulting and engineering company with expertise across professional and trade disciplines and technologies that allow for the design, fabrication and delivery of sustainable solutions to environmental and water challenges. BluMetric has over 150 employees operating in ten offices and over 40 years of expertise. Headquartered in Ottawa, Ontario, BluMetric's team of industry experts serves Commercial, Industrial, Military, Mining and Government clients in Canada and the United States.

For more information, visit www.blumetric.ca, or please contact:

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Forward-Looking Statements

Some of the statements in this press release, including those relating to the Company's quarterly and annual results, future products, opportunities and cost initiatives, strategies, and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

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