

BluMetric Announces Financial Results for Q2 FY2020

Ottawa – July 15, 2020 – BluMetric Environmental Inc. (TSX.V: BLM), a full-service environmental consulting and engineering cleantech firm, today announced its financial results for the quarter ended March 31, 2020, recording revenue of \$5.0 million and a net loss of \$2.3 million. The net loss includes a non-cash impairment of goodwill of \$1.6 million, which was required due to the decline in the Company's market capitalization resulting from the economic impacts of the COVID-19 pandemic.

BluMetric's decrease in revenue and gross profit for Q2 FY2020 was the result of a variety of factors. Most notably, the Company experienced a significant reduction in revenue within its Military and Government markets over last year's comparable quarter as a result of several one-time contracts which did not repeat in FY2020. This decline was slightly offset by a marginal increase in the Company's Commercial and Industrial market where BluMetric has refocused resources over the past year in order to pursue more private sector business.

Also contributing to the quarter's weaker results was a greater proportion of time invested in business development that has not yet translated to revenue due to both longer sales cycles as well as projects being put on hold due to the uncertainty of the pandemic. Additionally, there were various revenue adjustments required to account for the ambiguity of certain projects continuing given both the economic turmoil and the restrictions imposed by the government as a result of the pandemic.

"The pandemic has been disruptive to our operations. However, BluMetric was fortunate to have much of its work deemed essential amid the COVID-19 shutdowns." said Scott MacFabe, CEO of BluMetric. "Our approach to market diversification and keeping the safety of our people and clients first will enable BluMetric to move forward effectively."

Q2 FY2020 Operational Highlights

- A permanent office was opened in Whitehorse, Yukon with the intent of growing a stronger local presence to facilitate future work in this region. This is a key growth area which highlights the Company's strength of executing complex field programs in remote, northern settings.
- Through the quarter the Company maintained its strength in the commercial brownfield redevelopment space primarily within the Greater Toronto Area and focusing on site characterization, risk assessment and the new regulation and management of excess soils.
- Subsequent to Q2 FY2020, and announced in a press release dated June 29, 2020, BluMetric was awarded a contract valued at \$1.6 million over a five-month period for the provision of an effluent treatment plant at Giant Mine in Yellowknife, Northwest Territories. This is a critical component of the Giant Mine Remediation Project and an essential service under COVID-19 emergency orders.

Financial Summary after adoption of IFRS 16 - Leases:

- **Loss before provision for income tax** was \$2.5 million and net loss was \$2.3 million at March 31, 2020. The loss for the three months ended March 31, 2020 includes a loss on impairment of the Company's goodwill of \$1.6 million. Without this impairment, the loss before provision for income tax was \$933,000. This is compared to earnings before income tax of \$162,000 in the same quarter of the previous year.
- **Revenue** for the quarter ended March 31, 2020 was \$5.0 million, a decrease of 28% compared to \$7.0 million for the quarter ended March 31, 2019.
- **Gross margin** decreased to 10% for the quarter, compared to 21% for the same quarter of the previous year.
- **Operating costs** which include the goodwill impairment of \$1.6 million increased to \$2.9 million from \$1.2 million in the same quarter of the previous year.
- **EBITDA** (see Note 1 definition below) decreased to a negative \$(2.3) million at March 31, 2020 from \$311,000 at March 31, 2019. Adjusted EBITDA decreased to negative \$(700,000) at March 31, 2020 compared to \$311,000 at March 31, 2019.

As at March 31, 2020, the Company was not in compliance with the fixed charge coverage ratio covenant related to its demand loan credit facility. This situation created a cross-default with the Company's term loan agreement. Although the Company has received waivers from both its bank and term loan lender with respect to this cross-default, the Company was required to re-classify the term loan at March 31, 2020 to current liabilities under IFRS.

Financial Summary excluding the adoption of IFRS 16 - Leases:

- Net income and earnings per share (EPS) – no significant impact.
- EBITDA decreased to negative \$(2.4) million at March 31, 2020 from \$311,000 at March 31, 2019.
- Adjusted EBITDA decreased to negative \$(807,000) at March 31, 2020 from \$311,000 at March 31, 2019.



OFFICE LOCATIONS

Ottawa • Kingston • Kitchener • Sudbury • Toronto • Thunder Bay • Gatineau • Montréal • Yellowknife • Whitehorse

Outlook

BluMetric has been fortunate that much of its work has been deemed essential under COVID-19 emergency orders. This has enabled the Company to have minimal disruption to its workforce.

BluMetric developed and enacted a Pandemic Response Plan to protect all employees, clients and communities in which it operates. The health and safety of these stakeholders is a key Company priority. Additionally, the Company has taken a number of proactive measures to manage its costs.

BluMetric will continue to monitor the impacts of the pandemic. The closure of non-essential businesses combined with extensive travel restrictions, particularly to and from projects in Canada's North and other isolated areas, will have a negative impact overall on the Company's business. Notwithstanding this widespread uncertainty, the Company will continue to make adjustments to effectively navigate the challenges of the pandemic.

Financial Table

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Revenue	5,028	6,990	11,344	14,591
Gross profit	490	1,481	1,921	3,142
Gross margin %	10%	21%	17%	22%
Operating expenses	1,308	1,197	2,463	2,456
Gain on disposal of property, plant and equipment	-	-	(948)	-
Goodwill impairment	1,592	-	1,592	-
EBITDA ¹	(2,292)	311	(959)	740
EBITDA ¹ – Excluding IFRS 16	(2,399)	311	(1,161)	740
Adjusted EBITDA ²	(700)	311	(315)	740
Adjusted EBITDA ² – Excluding IFRS 16	(807)	311	(517)	740
(Loss) earnings before provision for income tax	(2,525)	162	(1,455)	429
Deferred income tax (recovery) expense	(257)	50	(31)	128
Net (loss) earnings	(2,268)	112	(1,424)	302
(Loss) earnings per share – basic and diluted	(0.08)	0.00	(0.05)	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 and impairment of goodwill.

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



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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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