

BluMetric Announces Financial Results for FY2019

Ottawa – 23 January 2020 – BluMetric Environmental Inc. (TSX.V: BLM), a full-service environmental consulting and engineering cleantech firm, today announced its financial results for the year ended September 30, 2019, recording revenue of \$28.3 million and net earnings of \$351,000.

“Although BluMetric experienced a decrease in revenue, the Company is excited with the achievement of numerous positive developments and is confident these developments will lead to increased revenue and higher margins going forward” said Scott MacFabe, CEO of BluMetric. “Fiscal year 2019 was a transitional year focused on sector diversity and strategic partnerships.”

BluMetric’s results were affected by a slowdown in government spending in connection with reduced federal spending, which was anticipated leading up to the 2019 federal election, as well as a decrease in provincial and territorial revenue attributed to several one-time large provincial and territorial assignments in 2018 such as remedial work associated with fuel spills. The Company remains well positioned to capitalize on these opportunities as they arise. The Company has also taken initiatives to lessen their dependence on government contracts, increase their focus on the private sector and additional contracts from the US market.

There were a number of meaningful operational developments and significant client contracts secured in FY2019 that are expected to benefit the Company going forward.

Operational Highlights

- U.S. Market Collaboration with Brown and Caldwell – During the year, BluMetric partnered with an established leading environmental American consulting company, Brown and Caldwell, in a mutually beneficial agreement designed to support its American partner in accessing new opportunities in Canada while also acting as a launchpad for BluMetric’s business in the U.S. The teaming agreement significantly lessens barriers to entry, in particular costs for BluMetric to access U.S. business and vice versa for Brown and Caldwell in Canada. The agreement expands BluMetric’s reach for water technology solutions and highlights the Company’s commitment to cost effective, innovative means of expansion within key international markets.
- BluMetric was ranked among Canada’s top 75 defence companies, an accomplishment that confirms the Company’s place as an important competitor in the military market. Coupled with this, BluMetric signed a significant contract with Seaspan Shipyards for the provision of highly specialized water purification systems aboard Royal Canadian Navy Joint Support Ships.

- Revenue from our Yukon based projects increased, as well as the completion of several northern remediation projects in the Canadian Arctic. This further highlights BluMetric’s ability to execute complex field programs in remote settings, a niche market in which BluMetric stands out.
- Investments in technology were made during the year to support the development of new water treatment technology related to the production of clean water in remote settings. These investments in cost-effective water solutions will continue in response to the interest and demand identified in the mining sector and Indigenous communities throughout Canada. BluMetric expects to begin deploying these technologies this year which should increase business in the private sector.
- BluMetric continued to build working relationships in northern Ontario with several key Indigenous partners including forming a Joint Venture Alliance in FY2019 with one of these partners, allowing greater access to opportunities including drinking water and wastewater projects in the mining market and communities in remote settings.

Financial Highlights

- **Revenue** for the year was \$28.3 million, a decrease of 12% compared to \$32.2 million for the year ended September 30, 2018. Revenue for the fourth quarter is \$6.6 million, a decrease of 23% over the same quarter of fiscal 2018.
- Given the impact of recognizing a deferred income tax asset of \$2.1 million in fiscal 2018, **net earnings** were \$351,000 for the 2019 fiscal year compared to \$2.7 million in the previous year. In the fourth quarter, net earnings were \$39,000 compared to a \$2.3 million in the same quarter of fiscal 2018.
- **Earnings before provision for income tax** were \$479,000 compared to \$544,000 in the previous year.
- **Gross margin** stayed consistent at 21% year over year.
- **Operating costs** decreased to \$4.9 million from \$5.7 million in the prior year, and in the fourth quarter decreased to \$1.3 million from \$1.5 million. The decrease is driven largely by non-recurring costs related to severance costs to the former CEO and the divestiture of the Company’s El Salvador operations, both of which occurred in fiscal 2018, along with a lower bad debt expense and reduced consulting costs in fiscal 2019.
- **EBITDA** (see Note 1 definition below) decreased to \$1.1 million from \$1.3 million in the previous year. In the fourth quarter, EBITDA decreased to \$175,000 from \$427,000 in the previous year. Offsetting these declines was a notable increase in revenue within the military market. The Company was awarded contracts for various equipment upgrades and replacement kits, underscoring the strength of BluMetric’s products and engineering capabilities in the military vertical.

“Notwithstanding the flatter financial results in comparison with last year, FY2019 was a significant year for strengthening relationships with existing clients while being more strategic with new business development,” said Scott MacFabe, BluMetric’s CEO. “As a result of this more targeted approach, we are creating new revenue opportunities and have taken major steps to break into the lucrative U.S. market.”



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Outlook

During FY2019, BluMetric made significant strides in positioning itself for success and steady future growth. In addition to securing more strategic and targeted business and tapping into the lucrative U.S. market, the Company continued its focus on work in isolated northern communities — key areas of ongoing focus for BluMetric in 2020.

Amid lower government spending in 2019, the Company continues to invest in pursuing the standing offer contract mechanisms by which most of the work is assigned in this sector. Opportunities will continue to increase with new funding programs expected in 2020.

Financial Summary

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Twelve Months Ended September 30, 2019	Twelve Months Ended September 30, 2018
	(\$000)	(\$000)	(\$000)	(\$000)
Revenue	6,626	8,563	28,252	32,247
Gross profit	1,422	1,820	5,862	6,761
Gross margin %	21%	21%	21%	21%
Operating expenses	1,274	1,477	4,900	5,670
EBITDA ¹	175	427	1,068	1,269
Earnings before provision for income tax	37	209	479	544
Net earnings	39	2,325	351	2,659
Earnings per share – basic	0.00	0.08	0.01	0.09
Earnings per share – diluted	0.00	0.08	0.01	0.09

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

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 nine 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.



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

Scott MacFabe, CEO
BluMetric Environmental Inc.
Tel: 613.839.3053
Email: smacfabe@blumetric.ca

Vivian Karaiskos, CFO
BluMetric Environmental Inc.
Tel: 613.839.3053
Email: vkaraiskos@blumetric.ca

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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