

# **Management's Discussion & Analysis**

**Financial Quarters Ended  
December 31, 2020 and  
December 31, 2019**  
(expressed in Canadian Dollars)

February 25, 2021

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This Management Discussion and Analysis "MD&A" explains the material changes in BluMetric Environmental Inc's ("BluMetric" or the "Company") financial condition and results of operations for the three months ended December 31, 2020. The MD&A should be read in conjunction with the Company's financial statements and related notes for the period ended December 31, 2020 as well as the MD&A and audited financial statements and notes for the year ended September 30, 2020. The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company.

This discussion and analysis of the financial condition and the results of operations contain forward-looking statements about expected future events and the financial and operating performance of the Company. These statements, which include descriptions of the Company's business strategy, potential variances impacting the Company's internal and external performance drivers, and the Company's ability to meet its ongoing working capital needs through the ensuing 12 months, are included in the "Discussion of Results of Operations", "Liquidity", and "Business Outlook" sections which follow. These statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. This MD&A also makes reference to certain non-GAAP measures to assist users in assessing BluMetric's performance. Non-GAAP measures do not have any standard meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Financial Terms and Definitions".

### **Business Update – COVID – 19 Pandemic**

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic. Since this initial declaration, governments have implemented various restrictions for businesses and households in the jurisdictions in which BluMetric operates to mitigate the spread of COVID-19. This has impacted the Company's operations and has led to volatility in local and global markets.

BluMetric has implemented a Pandemic Response Plan, developed by its Industrial Hygiene/Occupational Health and Safety service line, which establishes health and safety processes to meet or exceed applicable government health authorities. The primary intent of the plan is to guide the Company's response to the pandemic and protect the safety of BluMetric's employees and their families as well as that of the Company's clients and the communities in which it operates. Specifics of the Pandemic Response Plan include onsite screening, increased hygiene and disinfection practices, physical distancing, provision of personal protective equipment and project specific health and safety assessments, plans and protocols. The majority of BluMetric's office based workforce continues to work from home.

Much of BluMetric's project work for the military and mining markets has been deemed essential by applicable governments and, as such, has not been materially impacted by the pandemic. Other areas, such as real estate and industrial-commercial projects have seen some COVID-19 related postponements or slowdowns. Conversely, the industrial hygiene/occupational health and safety service line has more than offset these declines as it provides customers with solutions to mitigate COVID-19 impacts.

On December 26, 2020, a second state of emergency was declared and stay at home orders issued in both Ontario and Quebec, the two provinces where the Company has the majority of its offices. Both provinces are currently in the process of reopening a region by region basis.

Impacts of COVID-19 on the Company continue to include a risk that certain projects will not be available for completion or there will be modifications to how client work is completed, which may increase costs. Further risk and uncertainty comes from the length of time it will take for the economy to return to pre-COVID-19 levels as new COVID-19 variants emerge and vaccines are rolled-out. Additionally, pandemic fatigue is increasing which impacts both employees and customers and may impact productivity moving forward.

As the Company navigates through the pandemic, it continues to pursue new revenue contracts, actively manage costs and ensure adequate liquidity. Specifically, the Company is utilizing various Government programs to manage its wage costs, monitoring its staff levels, and is actively engaged with its lenders to ensure banking agreements, loans and covenants are reasonable and in line with current economic circumstances.

BluMetric will continue to monitor and actively manage the impacts from COVID-19 on its projects and operations and is well positioned to react quickly to changes in the business climate.

## **Business Overview and Strategy**

BluMetric is a Canadian company that provides cost-effective and sustainable solutions to help its clients overcome even the most difficult environmental and business challenges. Through a track record that spans 40 years, the Company has evolved into a full-service integrator of environmental solutions known for innovative work in the fields of water/wastewater treatment and professional environmental services.

With a focus on four key markets —Mining; Commercial and Industrial; Government; and Military— BluMetric's main services and products include:

- Engineering, Rehabilitation and Design
- Wastewater and Water Treatment Solutions
- Hydrogeology and Hydrology
- Environmental Due Diligence Assessments
- Waste Management (Solid, Liquid, Hazardous)
- Industrial Hygiene and Occupational Health and Safety
- Management Systems and Training

BluMetric's comprehensive, affordable offerings are tailored to the specific needs of not only each industry, but also each client. With innovation, agility and client-responsive service as its hallmarks, the Company builds partnerships with its customers by delivering a long-term, holistic approach to managing their complete environmental needs, and health and safety responsibilities. It is this high degree of service that differentiates BluMetric from competitors.

BluMetric's team of approximately 160 dedicated and passionate employees and its client-centric approach form the underpinning of its success, contributing to the following core elements of its value proposition:

- Solution-oriented consultation, design, products and construction services
- Turn-key solutions – BluMetric provides a complete end-to-end solution from assessment and evaluation to implementation to ongoing service and management
- World class expertise in the analysis, management and treatment of water in the environment
- Water treatment solutions that are compact, energy efficient, reliable and simple to operate

The Company has 10 offices across Ontario, Quebec, Yukon and Northwest Territories. BluMetric is proud to be a trusted provider of services to many of Canada's northern Indigenous communities.

## **Technology and Innovation**

Innovation is driven by client demands as they face more stringent environmental regulations. Developing a scientifically sound and economically viable solution for a specific problem is the creative process that differentiates BluMetric from its competitors.

Despite the business interruption caused by COVID-19, which has placed some research and innovation initiatives on hold, the Company has expanded its standard products for water and wastewater treatment with the further development of a Portable Water Purification System and a Mobile Wastewater Treatment Plant. Both these solutions are highly flexible and cost efficient and allow for rapid deployments for temporary needs, such as temporary exploration and mining camps.

Additionally, the Company still sees demand for solutions that reduce the ammonia concentration in wastewater due to stricter effluent limits for the mining, landfill, and industrial markets.

BluMetric's patented ammonia removal process, MARS, has been used in several full-scale treatment systems for mining and landfill customers. Environmental compliance, reduced capital costs and reduced operational costs are the main advantages of the MARS process.

BluMetric is committed to pursuing new opportunities in technology and innovation with respect to cost effective water solutions as they arise.

### **Sales and Marketing**

BluMetric's business development efforts are primarily focused on four key markets where the Company has identified the greatest demand for its products and services:

- Mining
- Military
- Commercial and Industrial
- Government (with specific expertise in Northern Canada)

BluMetric uses a client-centric approach to business development, which involves an emphasis on understanding each client's environmental issues and then identifying and preventing potential problems. This approach allows BluMetric to provide a complete and integrated solution.

Satisfied clients provide repeat business as well as incredibly valuable word-of-mouth referrals. BluMetric continues to actively leverage the successes of past projects to expand and diversify client relationships, strategic partnerships and service offerings.

### **Board of Directors**

On February 16, 2021, Ian Mor Macdonald was appointed to the Board of Directors, bringing the number of Board members to six, four of whom are independent. The independent directors reflect a wide range of senior experience in the management of publicly traded and privately held companies. The Board members have expertise in finance, operations, management, and governance.

## **Executive Management**

The Senior Management team comprises: Scott MacFabe, Chief Executive Officer; Vivian Karaikos, Chief Financial Officer; Tim Beckenham, Senior Director, Operations; and Wayne Ingham, Director, Strategic Business Development.

This team has extensive business and environmental experience and is well supported by highly qualified and experienced managers.

## **Our People**

The BluMetric team consists of approximately 160 experienced and motivated hydrogeologists, engineers, occupational and industrial hygienists, environmental auditors, environmental scientists, chemists, project managers, finance professionals, trades and support personnel. They are experts in providing a comprehensive range of environmental services and engineered solutions, from contaminated site assessment and remediation to complete turn-key wastewater treatment systems.

Staffing levels fluctuate with the hiring of contract staff and students to meet project demands. The Company strives to recruit and retain highly skilled employees who are able to use their technical expertise to deliver creative solutions to complex environmental issues.

## **Diversity**

BluMetric is committed to the principles of diversity. The Company strives to create and support an inclusive work environment that respects and values the contributions of all employees and their individual differences.

BluMetric's employees come from a wide range of cultural, ethnic, educational and religious backgrounds. Additionally, women represent 46% of the workforce from welders and field service technicians to the senior members of the executive team and Board of Directors. To that end, BluMetric's goal is to capitalize on the strength derived from diversity while affording its team members the greatest opportunity to excel, grow, and contribute to business and society.

## Results of Operations

	Three Months Ended		Change \$	Change %
	December 31, 2020 \$	December 31, 2019 \$		
Revenue	8,152,189	6,315,574	1,836,615	29%
Gross profit	2,219,568	1,431,168	788,400	55%
Gross margin %	27%	23%		
Operating expenses	1,151,100	1,154,873	(3,773)	(0.3%)
Gain on disposal of assets held for sale	-	(947,914)	(947,914)	(100%)
EBITDA <sup>1</sup>	1,221,050	1,332,675	(111,625)	(8%)
Adjusted EBITDA <sup>2</sup>	1,221,050	384,761	836,289	217%
Earnings before provision for income tax	948,928	1,070,224	(121,296)	(11%)
Deferred income tax expense	249,085	225,777	23,308	10%
Net earnings	699,843	844,447	(144,604)	(17%)
Weighted average common shares outstanding	28,675,695	28,675,695		
Earnings per share – basic and diluted	0.02	0.03		
Total assets	14,541,707	13,686,384		
Working capital	5,091,601	5,022,641		
Non-current liabilities	825,214	3,296,085		
Shareholders' equity	6,779,603	6,438,271		

Note 1: EBITDA is a non-IFRS measure (see 'Financial Terms and Definitions') and is calculated as net income before interest expense, income taxes, depreciation, and amortization.

Note 2: Adjusted EBITDA is a non-IFRS measure (see 'Financial Terms and Definitions') and is calculated as EBITDA before gain on disposal of assets held for sale.

## Discussion of Results of Operations for the Quarters Ended December 31, 2020 and 2019

Revenue for the quarter ended December 31, 2020 was \$8.2 million compared to \$6.3 million for the quarter ended December 31, 2019.

The Commercial and Industrial market increased \$523,000 in Q1 2021 compared to the prior year. While some projects in this market were negatively impacted by COVID-19, a number of opportunities have been pursued that have more than offset these declines. Notably the Company's Industrial Hygiene - Occupational Health and Safety service line was retained to develop and oversee COVID-19 protocols as well as to test and train individuals for personal protective equipment.

The largest increase was seen in the Government market, an increase of \$910,000 in Q1 2021 over Q1 2020. This was due primarily to projects awarded for the provision of COVID cleaning supplies for schools in each community throughout Nunavut. This demonstrates BluMetric's ability to react quickly and efficiently under the demands and restrictions imposed by COVID.

The Mining market increased \$432,000 over Q1 2020, due in part to increased activity on some projects that had been stalled due to COVID.

Projects in the Military market are considered essential and continued uninterrupted and consistent with the prior year.

Gross profit was \$2.2 million for Q1 2021 compared to \$1.4 million for Q1 2020. Gross margin was markedly higher at 27% (23% in Q1 2020) due to the mix of projects during the quarter.

Operating costs remained consistent with the prior period at \$1.2 million. Travel restrictions related to COVID-19 imposed by the various levels of government made it impossible to attend conferences, in person training sessions or hold face-to-face client meetings. In addition, the Company continues to monitor discretionary spending closely. These cost reductions were largely offset by slight increases in credit loss provisioning as well as higher amortization related to a new head office lease.

In Q1 2020, the Company recorded a gain on the disposal of its office building at 3108 Carp Road of \$948,000.

Finance costs were \$120,000 for the quarter ended December 31, 2020 compared to \$154,000 reported in Q1 2020. Finance costs in Q1 2020 included a one-time expense related to the repayment of the Company's demand loan once the building at 3108 Carp Road was sold.

Net earnings for Q1 2021 were \$700,000 compared to \$844,000 for Q1 2020.

**EBITDA and Adjusted EBITDA (see "Financial Terms and Definitions")**

	Three Months Ended	
	December 31, 2020 \$	December 31, 2019 \$
Net income	699,843	844,447
Finance costs	119,540	153,985
Income tax expense	249,085	225,777
Depreciation and amortization	152,582	108,466
<b>EBITDA</b>	<b>1,221,050</b>	<b>1,332,675</b>
Gain on disposal of assets held for sale	-	(947,914)
<b>Adjusted EBITDA</b>	<b>1,221,050</b>	<b>384,761</b>

For the period ended December 30, 2020, the Company recorded EBITDA of \$1.2 million compared to \$1.3 million for the period ended December 30, 2019. EBITDA in Q1 2020 includes a \$948,000 gain on disposal from 3108 Carp.

Adjusted EBITDA for Q1 2021 was \$1.2 million compared with \$385,000 for Q1 2020. The increase in adjusted EBITDA is mainly due to increased project revenue (\$1.8 million increase in Q1 2021 compared to Q1 2020) and associated increase in gross profit (gross margin was 27% in Q1 2021 compared to 23% in Q1 2020).

For more detail, see "Discussion of Results of Operations" and "Quarterly Results".

Management's Discussion and Analysis  
Financial Quarters Ended December 31, 2020 and  
December 31, 2019

### Quarterly Results

Quarterly financial information for the eight quarters ended December 31, 2020

(in 000's, except as otherwise indicated)

	Q1 2021 Dec 31, 2020 \$	Q4 2020 Sept 30, 2020 \$	Q3 2020 June 30, 2020 \$	Q2 2020 March 31, 2020 \$
Revenue	8,152	10,420	6,858	5,028
Cost of sales	5,933	7,559	5,516	4,538
Gross profit	2,220	2,861	1,342	490
Gross margin%	27%	27%	20%	10%
Operating expenses	1,151	1,350	1,118	1,308
Goodwill impairment	-	-	-	1,592
Other income	-	(328)	(833)	-
Finance costs	120	125	114	115
Earnings (loss) before provision for income tax	949	1,714	943	(2,525)
Income tax expense (recovery)	249	491	270	(257)
Net earnings (loss)	700	1,222	673	(2,268)
Weighted average common shares outstanding - basic	28,675,695	28,675,695	28,675,695	28,675,695
Earnings (loss) per share – basic and diluted	0.02	0.04	0.02	(0.08)
	Q1 2020 Dec 31, 2019 \$	Q4 2019 Sept 30, 2019 \$	Q3 2019 June 30, 2019 \$	Q2 2019 March 31, 2019 \$
Revenue	6,316	6,626	7,035	6,989
Cost of sales	4,885	5,204	5,738	5,508
Gross profit	1,431	1,422	1,297	1,481
Gross margin%	23%	21%	18%	21%
Operating expenses	1,155	1,274	1,170	1,197
Gain on disposal of assets held for sale	(948)	-	-	-
Finance costs	154	110	115	122
Earnings before provision for income tax	1,070	38	13	162
Income tax expense (recovery)	226	(1)	3	50
Net earnings	844	39	10	112
Weighted average common shares outstanding - basic	28,675,695	28,675,695	28,675,695	28,675,695
Earnings per share – basic and diluted	0.03	0.00	0.00	0.00

The Company experiences variability in its results of operations from quarter to quarter due to the nature of the markets and geographies in which it operates. Typically, in the second quarter, the Company experiences slowdowns related to winter weather conditions and holiday schedules. Activity in the fourth quarter generally increases as a result of projects in the North that run in the summer season. Additionally, the Company has a number of discrete contracts that occur throughout the year and can significantly impact the results of any one quarter.

Below are some key highlights for fluctuations quarter over quarter. For information on the operating results please see the Discussion of Results of Operations in each MD&A for each respective quarter.

**Highlights on quarter over quarter variances include:**

1. Q1 2021 vs Q1 2020 – Q1 2021 includes three large projects related to COVID-19 - one for compliance observation and the remaining two for the provision of COVID cleaning supplies for schools in each community throughout Nunavut. Combined, these three projects contributed \$1.8 million in revenue during the quarter. In addition, Q1 2020 includes a gain on sale of \$948,000 related to the sale of the Company's office building at 3108 Carp Road.
2. Q4 2020 vs Q4 2019 – Q4 2020 includes two large projects, one for the operation and maintenance of a large scale effluent treatment system for the Federal Government at the abandoned Giant Mine in the Northwest Territories and one for the provision of COVID cleaning protocol training and supplies for schools in each community throughout Nunavut. Combined, these two projects contributed \$2.0 million in revenue during the quarter. The Company also received other income of \$328,000 in the period ended September 31, 2020 as a subsidy for employee wages.
3. Q3 2020 vs Q3 2019 - The Company received other income of \$833,000 in the period ended June 30, 2020 as a subsidy for employee wages.
4. Q2 2020 vs Q2 2019 – Total revenue declined by approximately \$2.0 million primarily due to a decline in the Military and Government markets as a result of several onetime contracts that did not repeat in FY2020. The Company recognized an impairment of its goodwill during Q2 2020 of \$1.6 million.

## Summary of Cash Flows

	Three Months Ended	
	December 31, 2020 \$	December 31, 2019 \$
<b>Cash provided by (used in)</b>		
Operating activities, excluding changes to working capital	1,170,924	284,756
Changes related to working capital	(733,921)	(1,541,220)
Operating activities	437,003	(1,256,464)
Investing activities	(43,089)	1,051,424
Financing activities	(205,341)	(38,058)
Change in cash and cash equivalents	188,573	(243,098)
Cash and cash equivalents – Beginning of period	2,470,002	243,098
Cash and cash equivalents – End of period	2,658,575	-

Cash produced from operating activities was \$437,000 in the first quarter of 2021 compared with cash used from operating activities of \$1.3 million in the same period in 2020. Roughly half of the \$1.7 million increase was a result of higher revenue and gross profit. The remaining increase came from changes in working capital, as favourable changes in project receivable balances partially offset declines in accounts payable.

Investing activities consumed \$43,000 of cash in the first three months of 2021 compared to cash provided by investing activities of \$1.1 million in the same period for 2020. The decrease is almost entirely related to the sale of the Company's office building at 3108 Carp Road in Q1 2020, which provided net proceeds of \$1.1 million.

In Q1 2021, cash used in financing activities was \$205,000 compared to cash used by financing activities of \$38,000 in the same period of 2020. The higher use of cash in Q1 2021 relates to repayment of the Company's term debt.

## Liquidity

The Company's short-term credit facilities consist of an operating credit line in the amount of \$2.5 million, which is a shared limit between its overdraft facility and letters of credit. The facility carries a floating interest at prime plus 2.25%, is collateralized by a first ranking general security agreement over all of the Company's present and future assets, is subject to margining based on the amounts of eligible accounts receivable and has no contractual maturity.

For the period ended December 31, 2020, the effective interest rate under this facility was 4.7% (2019 – 6.2%). As at December 31, 2020, the Company had drawn \$nil on its operating facility and \$nil in letters of credit (December 31, 2019 – \$ 77,055 and \$nil respectively). The Company's eligible accounts receivable exceeded the margining threshold, making the \$2.5 million facility fully available to the Company.

The Company has certain covenants in accordance with its short-term credit facility. On December 17, 2020, the Company negotiated a change to its covenants which extends the suspension of the fixed charge ratio to the quarter ended June 30, 2021. While this covenant is suspended, the Company will be subject to a minimum 4-quarter trailing EBITDA covenant.

The Company's five year term loan (\$2.4 million as at December 31, 2020) matures on August 15, 2021. Based on monthly repayments being made since September 15, 2020, the balloon payment required on maturity will be \$2.1 million. The Company is in negotiations with potential lenders to refinance this term loan and has received a non-binding offer subsequent to year end with proposed interest rate and repayment terms that are favourable when compared to the current rate and terms.

As at December 31, 2020, the Company had approximately \$5.2 million in availability between its operating line and cash balances and was in compliance with all its covenants. The Company believes this is sufficient liquidity to meet its needs, including paying off the term loan in full on maturity if deemed this is the best use of the Company's funds.

## **Business Outlook**

***The following comments include forward-looking information and users are cautioned that actual results may vary.***

The duration and full financial effect of the COVID-19 pandemic is still unknown at this time. Despite this uncertainty, BluMetric believes that the following factors will position BluMetric for continued performance:

- The deemed "essential" nature of many of BluMetric's projects;
- The Company's diversified service offerings and market sectors;
- Utilizing the Company's position as an established provider of Industrial Hygiene / Occupational Health and Safety expertise to assist new and existing clients with COVID-19 related challenges.
- The implementation of a Pandemic Response Plan to ensure compliance with health and safety guidelines;
- Participation in government wage subsidy programs and various tax payment deferral programs. The Company will continue to pursue available government measures to assist with the associated impacts of COVID-19 on the Company's financial performance.
- Business processes implemented since the beginning of the pandemic which allow the Company to agilely manage its discretionary and non-discretionary costs in response to changing conditions; and
- Increased liquidity, if needed, from a higher borrowing limit on its operating credit line.

Over the coming months, the Company expects to pursue further opportunities to assist its clients mitigate the impacts of COVID-19 and build on the successes of the second half of 2020. The Company

also intends to pursue future sizeable contracts in the North by building on project successes and relationships developed through several large undertakings in the previous year.

### **Business Risks**

The reader is referred to the discussion on Business Risks found in the Company's MD&A for the year ended September 30, 2020.

COVID-19's impact on Canada was strongly felt in 2020 and this is expected to continue into 2021.

Potential impacts on BluMetric related to COVID-19 include:

- Government response and related shut-downs to remediate on-going waves of COVID-19;
- Compressed margins at existing projects due to higher costs from modified work arrangements;
- Vendor price increases as they attempt to pass-through higher costs;
- Continued or additional suspensions at some of the Company's projects;
- Supply disruptions related to materials or labour;
- Pressure on charge rates;
- Clients seeking price concessions due to weak economic conditions; and
- Pandemic fatigue.

### **Capital Resources**

The Company's future growth strategy contemplates investment in various technologies and processes requiring capital for prototyping purposes. Accordingly, the Company may opportunistically approach capital markets for additional equity funding if conditions are favourable.

### **Critical Accounting Estimates and Judgements**

The reader is referred to the detailed discussion on critical accounting estimates and judgements found in Note 2 of the Company's audited financial statements and related notes for the year ended September 30, 2020.

### **Contractual Obligations**

The reader is referred to Note 23 of the Company's audited financial statements for the year ended September 30, 2020.

### **Off-Balance Sheet Arrangements**

Many of the Company's operating leases have fallen under IFRS 16 as implemented on October 1, 2019 and are now capitalized on the Statement of Financial Position. For contractual commitments not recognized on the Statement of Financial Position, the reader is referred to Note 23 of the Company's audited financial statements for the year ended September 30, 2020.

### Transactions with Related Parties

All related-party transactions are conducted under terms and conditions reflecting prevailing market conditions at the transaction date and are recorded at the amounts agreed upon by the parties.

The remuneration of key management personnel, including directors, during the period was as follows:

	Three Months Ended	
	December 31, 2020 \$	December 31, 2019 \$
Salaries	200,431	200,157
Short-term benefits	25,374	27,089
Share-based compensation	3,986	4,861
	229,791	232,107

### Proposed Transactions and Subsequent Events

There are no proposed transactions or subsequent events for the quarter ended December 31, 2020.

### Summary of Outstanding Shares and Dilutive Instruments

The Company currently has the following shares and dilutive instruments outstanding:

Shares: 28,675,695 common shares  
 Options: 770,000 options

### Inter-Corporate Relationships

There are no inter-corporate relationships for the quarter ended December 31, 2020.

## Financial Terms and Definitions

### Definition of Non-GAAP Measures

This Management Discussion and Analysis includes reference to and uses terms that are not specifically defined in IFRS and do not have any standardized meaning prescribed by IFRS. These non-GAAP measures may not be comparable to similar measures presented by other companies. The Company believes that the measures defined here are useful for providing investors with additional information to assist them in understanding components of the financial results.

**EBITDA.** EBITDA represents net income before interest expense, income taxes, depreciation of property and equipment, and amortization of intangible assets. The Company uses this measure as part of assessing operating performance. There is no direct comparable IFRS measure for EBITDA.

**Adjusted EBITDA.** Adjusted EBITDA additionally excludes items that are significant and irregular, such as the gain on disposal of assets held for sale and goodwill impairment.

Management believes that Adjusted EBITDA as defined above is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. Adjusted EBITDA is also used by investors and analysts for valuation purposes. The intent of the Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

### **Management's Responsibility for Financial Reporting**

The annual financial statements of BluMetric Environmental Inc. and all the information in this Management Discussion and Analysis have been prepared by management, which is solely responsible for the integrity and fairness of the data presented, including the many amounts, which due to necessity, are based on estimates and judgments. The accounting policies followed in the preparation of these annual financial statements conform to IFRS Financial Reporting Standards. When alternative accounting methods exist, management has chosen those that it deems most appropriate in the circumstances. Financial information presented throughout this report is consistent with that in the financial statements.

BluMetric maintains systems of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is responsible, principally through its Audit Committee, for ensuring that management fulfills its financial reporting responsibility.

### **Additional Information**

Additional information on the Company can be found at [www.blumetric.ca](http://www.blumetric.ca) and at [www.sedar.com](http://www.sedar.com).