

BluMetric Environmental Inc.

Full Year 2024 Fourth Quarter Results Conference Call

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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the BluMetric Environmental Inc. Full Year 2024 Fourth Quarter Conference Call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. If at any time during this call you require immediate assistance, please press star zero for the operator. This call is being recorded on Thursday, January 30, 2025.

I would now like to turn the conference over to Brandon Chow. Please go ahead.

Brandon Chow — Investor Relations, BluMetric Environmental Inc.

Thank you, operator. Welcome, everyone, to BluMetric Environmental's quarterly earnings conference call. This call will cover BluMetric's financial and operating results for the 2024 fourth quarter and fiscal year ended September 30, 2024. Following our prepared remarks, we will open the conference call to a Q&A session. Our call today will be led by Scott MacFabe, BluMetric's CEO, and Dan Hilton, the Company's CFO.

Before we begin with the formal remarks, I would like to remind everyone that some of the statements on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the Company's plans, objectives, expectations, or intentions. These matters involve certain risks and uncertainties. The Company's actual results may differ significantly from those projected or suggested in

any forward-looking statements due to a variety of factors, which are discussed in detail in our regulatory filings.

There may also be references to non-IFRS measures such as EBITDA, backlog, working capital, free cash flow, and net cash. These non-IFRS measures are not recognized measures under international financial reporting standards and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Please see our disclosures for further information and reconciliations of these non-IFRS measures.

I will now hand over the call to Scott MacFabe. Please go ahead, Scott.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Thank you, Brandon. Welcome, everybody, to our fourth quarter and fiscal year 2024 earnings call for BluMetric Environmental. We appreciate all of you for taking the time to join us on today's conference call. As per usual, I'll start off by providing an overview of the fourth quarter and fiscal year, then Dan will go over our financial results in more detail.

BluMetric creates a better environment for business. And what does that mean? Well, BluMetric is a full-service engineering WaterTech and environmental consulting company focusing on agile water and wastewater systems and professional services. Through a track record that spans over 45 years, BluMetric has evolved into a full-service integrator of environmental solutions in the fields of water and wastewater treatment and professional environmental services. We aspire to be the environmental solutions and WaterTech company of choice globally. As you may have noticed, we're now using the

term WaterTech to refer to our overall clean tech manufacturing division. We felt that this wording more accurately reflects the solutions we're bringing to the market.

Before we begin, I'd also like to take a moment to welcome Mr. Mohsen Mortada to our board. As you may have seen in the press release filed just yesterday, he's a distinguished leader in the water utility management, water engineering, desalination and professional services. He has a lot of experience in the fields of work that we do and he's currently the Chief of Staff at the Metropolitan Water District of Southern California, the largest water utility district in North America.

Now let's discuss the past fiscal year in more detail. This year saw stable revenues and increased professional services billings as we executed during a period of transition. As you may recall, we've been working hard to drive incremental improvements in our overall business while we invest in our WaterTech product portfolio and service capabilities. Higher costs can be attributed to an investment in business development and the acquisition of Gemini Water in fiscal Q4. We expect to see these investments to start to pay off in 2025 and well beyond.

While the sales and delivery cycles continue to be a bit longer than expected for WaterTech, particularly in the military market, we've made sure that the production excellence, capacity, and business development and investments are in place to ensure continued growth. We continue to build key relationships within the main markets in Canada, Europe, and the United States as we deepen our pipeline with a broader list of international partners, with proposals in those geographies in various phases. To address the longer sales cycle for the military market, we announced the acquisition of

Gemini Water in the fourth quarter and we're expecting an accretive partnership that will start to contribute to results in the fiscal first quarter of 2025.

Gemini Water designs, builds, installs, and commissions large-scale desalination and wastewater treatment systems using membrane-based technologies for use in commercial and remote applications that operate with shorter sales cycles. They have designed and built systems delivering millions of gallons per day of potable and wastewater treatment capacity across 22 locations in the Caribbean and Texas. Currently, their specialty is providing water systems with a capacity of up to three million gallons per day.

With this acquisition, we saw an opportunity to diversify our WaterTech customer base and into new industrial and commercial opportunities. We now have customers such as private island developers, cruise operators, municipalities, utilities, and resorts in the portfolio. Gemini's service offerings were complementary to what we offer and we saw a mutual benefit to strengthen both of our offerings through shared expertise. As we've disclosed throughout the last fiscal year, we've been wanting to increase our reach geographically and this allowed us to establish a manufacturing beachhead in the US with access to the US and Caribbean-based customers. We immediately recognize that BluMetric has resources to help support the growth and customer demand that Gemini was seeking and we could leverage that to help them execute. We've already begun to see some customer traction from this acquisition with a system sale to a tier-one cruise operator coupled with the larger-scale sale to St. Kitts and Nevis, which closed in the fiscal fourth quarter, and an increased level of interest from a broad range of customers in the region. In addition, we're in the contract phase with a landlord in

Gainesville, Florida to potentially increase the manufacturing facility from currently 10,000 square feet to 25,000 square feet by the end of February.

This will be an important year of integration and execution. In our announcement yesterday, we also mentioned the addition of critical senior management supports needed at Gemini to focus on business development, sales, and operations. This is to ensure that we are responsive to client inquiries as they pertain to new installations and ongoing operations and maintenance support with the goal of leading to more recurring revenue streams. Since the acquisition, our recruiting team has assisted Gemini with the placement of a number of key resources that have approximately doubled the Gemini headcount in preparation for the delivery of contracts in hand and increased demand from the market. This year we saw an investment in sales and business development to enhance market reach, and while these investments required us to incur higher costs and overhead, our goal is to make sure that they pay off in due time as new contracts materialize.

Now diving in deeper, our revenues for the fiscal year were stable and up 8% for the fourth fiscal quarter from the same period prior year. Despite our higher cost invested in growth, we continued to maintain our positive net income and \$2 million in adjusted EBITDA this fiscal year. Dan will discuss this in more detail, but we saw some material changes to the balance sheet in the fiscal fourth quarter with the acquisition. We also didn't see any contribution from Gemini to the income statement due to the timing of the transaction. The first fiscal quarter in 2025 will be the first quarter that Gemini reports any material revenues since the acquisition. Overall, we're making good progress on our manufacturing ramp up and are awaiting the final approvals for our Rheinmetall partner to start volume of the agile mission-ready water systems for the military contract. Fiscal 2025 is shaping up nicely, as we have a

record book order to execute on. We expect to start manufacturing Rheinmetall and see the contributions from our Gemini acquisition.

Turning to professional services, in 2024 we saw fewer lower margin pass-through contracts, a material improvement in net fee revenues leading to a higher gross margin in 2024 when compared to prior year. Replacing low-margin work with higher skilled-based services is a critical component of our ongoing strategy in professional services. We're pleased that gross margins for the fiscal year were higher at 40% compared to 35% for the prior year.

Across the Company's key markets for the fiscal year, the commercial and industrial markets revenue declined year over year due to the completion of a very large remediation project in the prior year. BluMetric is making strategic growth investments in this market, particularly in the Greater Toronto Area. The government market is a slight decrease due to the recategorization of one client to the military market, but remains stable. The military market increased significantly by 75%, mainly due to increased activity related to the refurbishment of water purification systems and initial development and testing under the Rheinmetall contract. The mining market decreased to a shift towards higher-value services and improving the client portfolio in areas such as Northern Quebec. While we see fluctuations in markets, the team has to provide support in growing markets while we address the declines in others.

Fiscal 2025 will see us execute on our record order book, which includes some of the previously-mentioned projects and contracts. We believe demand is strong for our WaterTech, prompting the moves to continue to increase our capacity. Ultimately, we're optimistic that the combination of our

unique water technologies and growing demand for resilient and decentralized water solutions will uniquely position the Company.

I'd now like to hand this over to Dan for a more detailed overview of the financials. Please go ahead, Dan.

Dan Hilton — Chief Financial Officer, BluMetric Environmental Inc.

Thank you, Scott. Today, I'll be presenting BluMetric's 2024 fiscal fourth quarter and fiscal year-end results in more detail.

Revenue for the fiscal year was \$34.8 million compared to \$35.1 million in the prior year. As Scott mentioned, revenues were stable. Revenue for the fiscal fourth quarter was \$11.1 million compared to \$10.3 million in the prior year, representing a modest increase.

Our acquisition of Gemini has been consolidated on the balance sheet, but this quarter has had no noticeable positive impact on the income statement due to the timing of the transaction. Acquisition costs have been expensed in the quarter. We expect to see the value of Gemini realized in the next fiscal quarter and beyond.

Our gross margin was 40% for the fiscal year compared to 35% in the prior year. The increase in gross margin is mainly attributable to lower overall subcontractor usage throughout the year as well as an increase in billing rates and billable hours. Gross margin was 34% in the fiscal fourth quarter compared to 36% in the prior year. This decrease was mainly attributable to a higher reliance on subcontractors within the quarter.

Operating expenses for the fiscal year came in at \$13.4 million compared to \$11.3 million in the prior year. The increase is due to an investment in business development and marketing activities, training, acquisition costs, a one-time bad debt recovery in 2023, and an increase in amortization and finance charges that are tied to a 10-year lease agreement that took effect for the Ottawa head office location. Operating expenses for the fiscal fourth quarter came in at \$3.7 million compared to \$2.8 million in the year prior. The increase can be attributed to the same factors, including the acquisition costs, which were primarily realized in the fourth quarter.

Adjusted EBITDA for the fiscal year was \$2 million and consistent with the prior year despite the increased investment in business development. The adjusted EBITDA for the fiscal fourth quarter was \$0.4 million compared to \$1.1 million for the same period in the prior year.

Net earnings for the fiscal year were \$64,000 compared to net earnings of \$507,000 in the prior year, but cash flow from operating activities was \$57,000 compared to a cash outflow of \$340,000 in the prior year.

On September 30, 2024, BluMetric had a net debt balance of \$157,000 compared to a net cash balance of \$2.2 million for the period ended September 30, 2023. The change in net cash is a result of the extension of the line of credit to \$4 million, which was subsequently used for the acquisition of Gemini Water along with the investment in the development of intellectual property and some minor changes in non-cash working capital. As of September 30, 2024, the Company had approximately \$4.2 million in cash availability between its operating line and cash reserves and is not bound by any debt covenants.

Subsequent to the quarter, we closed an oversubscribed financing to both retail and institutional investors, raising gross proceeds of \$4 million. During the fiscal fourth quarter we also started trading under the OTCQX board under the symbol BLMWF for the benefit of our US-based retail investors. As disclosed, we intend to use the net proceeds of the offering for general corporate and working capital purposes to strengthen our balance sheet, to pay down the operating line, and to reduce interest charges while we provide resources to help execute our growth plan. I'm happy to report that, as of today, the line of credit has a zero balance and our working capital is on track to return to historic levels.

Overall, BluMetric is entering a critical year as we strategically invest in professional services opportunities in Toronto and other critical markets while we expand our production capacity in both Canada and the United States. We are investing in new management and reporting systems in 2025 to ensure that better decisions can be made by our frontline teams to ensure client success and an improved bottom line.

We are world-class environmental consulting and water technologies delivered by world-class people who do meaningful work every day. 2024 to 2025 is an inflection point for the business. Water is ever scarcer and the environmental concerns of our clients continue to require our world-class assistance.

I'd like to thank everyone for taking the time to allow us to present our results for today and I'll turn the time back over to Scott.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Thank you, Dan. Great update, as usual, and I echo the excitement surrounding the opportunities that lie ahead in the year ahead. We'll now take some questions from call participants and we'll pass it back off to the operator.

Q & A

Operator

At this time I would like to remind everyone, in order to ask a question, please press star then the number one on your telephone keypad. Again, that is star then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Our first question comes from the line of Bruce Lazenby from Ottawa Investor Group. Your line is open.

Bruce Lazenby — Analyst, Ottawa Investor Group

Thank you. They, Scott. Congratulations on a great report. A lot of moving parts with the acquisition, multiple locations, multiple solutions, as you move from sort of the consulting basis to the product basis, and it sounds like Dan is putting a new ERP system on top of that. That's a lot of moving parts. Can you give us some understanding about how you're going to prioritize some of these things?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Well, Bruce, nice to hear from you, first of all. Secondly, I would like to say that, having spent the first eight years cleaning up the business, getting it focused, turning it, you know, stay in the black, focus on profit while we grow, the level of effort and the necessary level of management and focus to get us that far to where we are today makes what we have ahead of us enjoyable. We've got some great leadership internally. We make sure that we keep the main thing the main thing. And then there are some things we've been waiting on, especially our new systems we need to invest in, mainly because, A, they become obsolete. I don't think that they give us the kind of necessary detail we need to manage even better than we do. And we have people in place. Dan's done a great job retooling our accounting and finance group. We've got a great stable of leadership within the organization, both here and down in the States. We've just recently made some very key hires, as we noted in our press release from last night, to support down in Florida. And then we've added an exceptional new board member as well, who is a familiar old colleague of mine coming out of California, moving back to Toronto, who will also provide us some support. So I give you my word that when I say we're executing, when we state what we can execute on, we'll deliver on the execution of those improvements and with the full intent that they'll pay off dividends for many years ahead.

Bruce Lazenby — Analyst, Ottawa Investor Group

Well, it's certainly an exciting space and exciting time, Scott, so that sounds awesome. Can you translate some of what you just said into future revenues? Can you give us some guidance forward looking?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

No. Honestly, I can't at this point. This is very early on in the year and it's not typical for us to do so. But in terms of the forward-looking statements, I think when you take a step back, you look at the stability of our revenues, you look at the accretive benefit of what we've just purchased with Gemini, add some modest growth and I think you can see a fairly nice path towards a better lift and running at around a top line of \$35 million to \$34 million a year. We have plans to head towards much higher than that, but at this point here we'd rather just stay modest and work hard and produce results. And stay in the black too.

Bruce Lazenby — Analyst, Ottawa Investor Group

Yeah. Yeah. Well, I think Dan did a good job raising some extra cash around that and obviously put to good use. Well, I mean, I think for one investor, I'm very optimistic. I think the opportunity is massive. I acknowledge a great new board member, some new hires, and it's a magnificent space with lots of opportunity, you've got great credibility, and I think execution is going to be the key and I wish you the very best of luck with that.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Thank you so much, Bruce. Appreciate your investment. Thank you.

Operator

Our next question comes from the line of John Lewis. Your line is open.

John Lewis — Private Investor

Good afternoon.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Hello, John.

John Lewis — Private Investor

Hey. How are you?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

I'm well. Good to hear from you.

John Lewis — Private Investor

Excellent. I've got a handful of questions from a few folks that couldn't be on the call today. I guess the first one, the word record backlog, can you give some sort of context to that? How much of that would hit in the 2025 year, that sort of thing? Anything you can give on that backlog would be appreciated.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Sure. Let me take a step back, because I think what's worth mentioning is certainly when we look at the stability of our top line, it's not showing exponential growth yet. It's consistent with the year

prior. And our statement historically has been that we had a little over \$50 million in backlog. Absolutely true. We burned about \$35 million of that and we've got carryover as well into this fiscal year with that backlog, so there is some from the last year's \$50-plus million, and we're looking to be as good or better than that into this fiscal year, especially when we're bringing Gemini on board. So I think there perhaps were some market expectations that we burn all that we book and we don't necessarily do that. Some are multi-year assignments. And that's actually helpful. It's healthy to have that, because we're not having to market, sell, win, close, deliver on everything we need to every fiscal year. So, back to the \$50-plus million, in that range, is steady and increasing. And because we still haven't closed the books on, we've just finished the first quarter with Gemini, we'll have a much clearer outlook on that once we get those numbers analyzed and audited.

John Lewis — Private Investor

Got it. And you mentioned Gemini will, some of that business will hit in Q1. Is that correct?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Yeah. Yeah, just the timing of the acquisition. We closed virtually days before the end of fiscal year 2024, so the fourth quarter of 2024 it shows all the costs and investment and no revenue, no benefit. So now the first quarter will show both. It'll show the benefit of the acquisition but it'll show the revenue and the profit.

John Lewis — Private Investor

And you report by the end of February, so we don't have too long to wait.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

No, you don't. We don't. Yeah. We're pretty excited. We're trying to land that out for you. But yeah, we're just, ah, we get one day to breathe after getting our full year in and then after that we're back at it.

John Lewis — Private Investor

With all these projects and the new business from Gemini, projects such as Nevis, do you have insurance against overruns? And I'm just wondering how that's handled, because there are some nightmare scenarios that engineering companies have faced in overruns and these sorts of things and just curious about that.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

I think the best way to describe how we handle that is the managing principle down there is at least 40 years' worth of experience and a very good reputation of delivering on time and under budget. And the size of the projects that we're looking at are around three million gallons per day, give or take, and those are very manageable sized contracts and they're well within his comfortable wheelhouse. And then the other side of that is he's very, very respected in contracting that we usually get a sizable amount of the money upfront and we bill against that. The third aspect to it is the systems that they develop down there, part of their process is they design it and then they soft build it at the location in Gainesville, they pack it up, send it to the site in containers, and then final build it on site. So there's a nice step for QA/QC before it hits a container and heads over to where it needs to go. And based on our

evaluation of how they operate and do business, they're very profitable, they're very mindful of overruns, and we also budget in contingencies as well.

So I think the bottom line here is to maintain a bottom line you stay within your wheelhouse, you make sure you run and operate projects that you're not way over driving your headlights, and then I think the next step we're already delivering on is that's bringing more leadership to the table there that will give them a much broader bandwidth to be able to pursue more and bigger assignments. The one individual of the two that we brought on recently for Gemini is relocating to Gainesville from Australia and he is a former coveted colleague of the managing engineer in Gainesville. They've known each other a long time. He has 30 years' worth of experience start to finish on these projects. Those are the kind of people that give you the confidence you can deliver on time and on budget and make money at it.

John Lewis — Private Investor

Yeah. Unless he's a fugitive, that's quite a commitment to go to Gainesville from Australia. Question: Rheinmetall. How is that going and how hopeful are you that revenue starts in 2025? And any care to guess on a quarter?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Well, certainly, in many ways we talk a lot about it, maybe a little too much, but it's worth bringing up. From our side of the project, we have designed, built, and have approved the technology that goes into the trailer done. That's completed. It's approved. Rheinmetall and a couple of other partners are finishing up their final pieces to have the approval for the trailer, the power source, and the

interface. And that's ongoing, but soon to be completed. And so, to put a time on when we get the green light to really start producing, we expect to be making revenue this year, but I don't want to disappoint the market by giving you an estimate because it really is ultimately up to the DND. But from our standpoint, we've done everything that we need to do. It's all been approved. The clients are excited with the product. Now we just have to get the rest of it buttoned up and then go to town. So, we're part of that carryover we talked about in backlog. A lot of it is Rheinmetall. So we're dying to hit production and start pumping them out, but we just need them to finish up the last little bit they need to get done. And they're close.

John Lewis — Private Investor

Okay. Excellent. Thank you. I suppose the last question that I have that is on everybody's minds, tariffs, that topic, but I guess you guys have given it some thought. Do you have anything to share?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Sure. Actually, it's funny, I had CBC reach out to me recently for a morning radio session and we talked a little bit about that when they interviewed me. And it was kind of tongue-in-cheek, but one of the advantages that I have, or disadvantages that I have, is 24 years of working in the States, early in my career my practice actually worked with Trump when he was just a developer in New York City. I've lived in the country when he was finishing his first run at being president. And all that said, I think what I take away from all of that is that he hasn't changed a whole lot and I'm not going to waste a lot of my time staying up listening to Truth Social to try and guide the business. What I will say is this: We anticipated that there is a strong chance that President Trump would have a second term. That's one of the reasons

we pushed hard on closing on Gemini so we would have an established beachhead in country. So, at this point we know we can advance our strategy and our mission to grow our water and WaterTech business in the US regardless of who's in charge. And at the end of the day, I kind of like that, because I've seen, in my years of operating globally, the best businesses actually do have a solid footprint that respects how business is done in the country you operate. And it doesn't have to be all there, but you really have to make that investment. I think it's only fair and appropriate we do so and have done. And then everybody wins. And I think from the standpoint of us getting that done in advance gives everybody some comfort to know that we can deliver on what we need to regardless.

And then as far as the tariffs are concerned, back to your original question, A, usually Mr. Trump or President Trump's style is to present as he has and then you finally eventually get down to what he really is looking for, and hopefully we can deliver on that. And a couple of those things could help our business. Well, one, I mean in terms of [inaudible] moving back and forth over the international boundaries, I think we represent a very low percentage of what that looks like. But more importantly, it's our military commitment. And Canada has not stepped up and procured and delivering on the necessary level of investment in our military spend and so we don't disagree with that. In fact, we would appreciate a little pressure to be able to see some ink on contracts that have been sitting waiting for approvals for quite a while. Our last fiscal year 2024 was almost entirely refurbishment of existing equipment, which was great, it gave us stable income to operate and grow a little bit in military, but we still haven't seen those elephant contracts that we're deserved of but we can't seem to get final ink on. So we're hoping that a little pressure, geopolitical pressure, is going to have Canadian procurement put some ink on contracts and we'll benefit from that.

John Lewis — Private Investor

Awesome. I appreciate that clarity. Okay, that's great. That's it for me. Look forward to chatting with you Q1. Thank you.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Excellent. Thank you.

Operator

Again, if you would like to ask a question, please press star then the number one on your telephone keypad.

Our next question comes from the line of Tom Fedichin from Microcap Connection. Your line is open.

Tom Fedichin — Analyst, Microcap Connection

Congrats on a solid quarter and appreciate you holding the conference call. I want to dig into the effects of a declining Canadian dollar and existing contracts that you have. Are there mechanisms in place to offset the decline in the dollar, especially when you've got input costs that are uncontrollable?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Well, certainly on our side, Tom, most of the work that we do on the professional services side is restricted to Canada, so we don't anticipate any exposure when it comes to the US dollar fluctuation. All

of the clean tech work which is locked into the US and into the Caribbean is all quoted in US dollars, so I think on that front we're probably secure, maybe a little bit further ahead. The only exposure that we would have, I believe, would relate to any potential work that we quote in the near term or quotes that we might have outstanding where we're relying on foreign inputs, pumps and that sort of thing. So we do have some contingencies in place for that, but I think it's a relatively small risk for the business, but something definitely that we need to monitor.

Tom Fedichin — Analyst, Microcap Connection

Okay. No, that's great. The Gainesville facility, you're moving to a larger facility. How is that going? Have you moved? Have you started moving in? And will there be any slowdown as a result of the move to a larger facility?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Sure. Certainly, we don't anticipate any slowdown. We think that this will be accretive and will accelerate production. The facility is down the road from their current location. We believe we'll have that locked down and in place early next week at the latest. And the expectation is that they'll slowly migrate out of their current facility, those leases come due in June, and move into the new facility over the coming few weeks. So I think it's going to happen relatively soon and will certainly be accretive in terms of timing and get us to market faster. We do have the large St. Kitts project that we've been talking about that's well underway down in Gemini and they're in the process right now actually of loading up 10 tractor trailer loads full of pipe and equipment to ship down to the island. So that project

is going quite well and this space will actually give them the ability to assemble prior to loading on the truck. So it's timely and I think will be well received.

Tom Fedichin — Analyst, Microcap Connection

Wonderful. Wonderful. And just, sorry, I apologize, I'm driving and on handsfree here, so I'm trying to focus at the same time, but the facility, how many staff are you going to have for the facility? It's double the staff, I believe? Is that accurate? And can you give some colour on the difference between facilities for output capacity and manpower?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

So there are a number of initiatives there. It's a thorough question. So, when we acquired the team down there, they were sitting in the low teens in terms of head count. What we've done since acquiring them is involve our recruiting team here in Canada as well as the US recruiter to help build out some needed labour capacity in order to hit the contracts in hand and some of the demand that we have coming down there. We announced those two key positions in last night's press release, but in addition to that we've added almost 10 additional employees down in Florida in order to meet the work that they have on their plate today.

That facility, just to give you some comparison, is 25,000 square feet. That compares to 10,000 square feet, which is what they are working out of today. And at 10,000 square feet they're able to produce about C\$10 million in revenue annually. So we anticipate, from a production perspective, that this will give them the ability to get close to \$25 million to \$30 million annually in top line. So we

obviously have a business development challenge ahead of ourselves to make sure that the facility is full, but it will be well received and it'll give us definitely the ability to deliver faster.

Tom Fedichin — Analyst, Microcap Connection

Wonderful. Have you witnessed already, since acquiring Gemini, early success that you can speak of or want to speak of with maybe new contracts or companies realizing, hey, look, you're expanding, you think you can take on more work or additional work?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Absolutely. I mean, I think that there's no question that we're seeing heightened demand. That's the reason for last night's press release in terms of those two individuals. The general manager down there, the former principal of Gemini, is not in the position where he can respond fast enough to requests for proposals and we certainly don't want to leave missed opportunities on the table. So I can tell you, in terms of other jurisdictions, we've had interest from Saint Croix, Bimini, Cayman Islands, a number of cruise ship operators, large resorts that are in the Bahamas, and a few private developers, and we've got many active RFPs, I guess, underway with that group at the moment. So I don't think we're in a position yet to announce the closure of those, we definitely are close on a few and we'll be excited when they do close and we'll announce them, but there's no question that we've got ample demand and we can certainly fill that facility as soon as we can get the people to deliver all the work and close on some of these contracts.

Tom Fedichin — Analyst, Microcap Connection

Wonderful. I've got just a couple of more questions. Margins compared, ah, from the Gainesville facility versus Canada, are they pretty much the same?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

On the WaterTech side of the business they're very similar. WaterTech generally is a little bit lighter than professional services. We're hoping to still maintain a blended contribution of gross margin of 40%, but WaterTech is slightly less. The advantage that we get down in Gainesville is that they're able to usually get payment upfront for most of the work that they do and so it really provides a strong cash balance for us.

Tom Fedichin — Analyst, Microcap Connection

Okay. And lastly, I know you don't want to give necessarily guidance, you'd rather just prove out the business and show the success to the market as it comes. Can you speak to what you expect for EBITDA this coming year? It's a question from another investor that's asked me to ask you. What we can expect, say, even at [inaudible] for EBITDA, what the EBITDA should look like at, say, year's end 2025?

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

I'm challenged to provide true guidance here, but let me help you frame up what we've disclosed publicly already so you might be able to answer that. We've historically done, I think, a very stable business at around \$35 million per year and Gemini has historically done in the order of, call it, US\$7

million, C\$10 million, that kind of range, plus we've now landed a couple of big contracts, including that St. Kitts contract. So just on a pro forma basis, without really looking at any aggressive business development or programs that we have in place, I think the market would assume something in the order of at least a \$50 million top line and \$4 million EBITDA. So I would say that's not guidance, but I would say, based on what we've disclosed, from a pro forma perspective, that would be a reasonable number to consider.

Tom Fedichin — Analyst, Microcap Connection

Fantastic. Well, thank you, guys. Much appreciated. Looking forward to seeing you at the Planet MicroCap Conference in Vegas.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

Excellent, Tom. [Inaudible]. Thank you for your support.

Operator

There are no questions at this time. Presenters, please continue.

Scott MacFabe — Chief Executive Officer, BluMetric Environmental Inc.

I guess, if that's the end of the questions, I'd like to thank everybody for participating in our call. We appreciate the investment in the firm and the curiosity and interest if you're soon to be a new investor. Thank you again for participating. We'll definitely be holding a very similar call after we release

our first quarter results coming the end of February. So, with that, I guess I would thank everybody for joining us and look forward to talking to you in a month. Thank you.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.