

BLUMETRIC ENVIRONMENTAL INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2025

(expressed in thousands of Canadian Dollars, except per share data)

February 25, 2026

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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 quarter ended December 31, 2025. The MD&A should be read in conjunction with the Company's financial statements and related notes for the three months ended December 31, 2025, as well as the MD&A and audited financial statements and notes for the year ended September 30, 2025. 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 for the Three Months Ended December 31, 2025", "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 refers 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".

A Better Environment for Business

BluMetric provides world class water technologies and environmental consulting delivered by world class people who do meaningful work to preserve our natural and built environments. From its sixteen (16) offices, three manufacturing facilities across Canada and the United States, and through a track record that spans 50 years, the Company provides full-service environmental solutions in the fields of water and wastewater treatment and professional environmental services for both the natural and built environments.

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

- WaterTech – treatment of water and wastewater
- Environmental Engineering, Monitoring and Compliance
- Materials Inspection and Testing
- Geotechnical Engineering
- Site Assessment and Remediation
- Water Resources and Geomatics
- Industrial Hygiene and Occupational Health and Safety

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

BluMetric is dedicated to its team of approximately 350 employees and its stakeholders through five core principles:

- Well-being
- Integrity
- Environmental sustainability
- Innovation
- Community

DS Consultants Ltd. Acquisition

On December 10, 2025, the Company acquired all of the shares of DS Consultants Ltd. ("DS"), who was at arm's length to the Company. DS is headquartered in Vaughan, Ontario and provides engineering consulting services to clients across the Greater Toronto Area with approximately 150 fulltime employees. The company offers services in geotechnical engineering, environmental services, hydrogeology, materials inspection and testing, instrumentation and monitoring, and building science, supporting projects throughout the land development and building construction cycle, including prepurchase due diligence, design and approvals support, and construction-stage review.

Cash consideration of \$10,500 and 5,245,468 shares, at a fair value of \$6,232, subject to a 4-month plus 1-day holding period, were issued at closing with future consideration earn-outs valued at \$4,500 contingent on achievement of progressive EBITDA targets of \$4,000, \$5,000 and \$6,000. The Company has recognized \$3,000 based on the achievement of DS' EBITDA targets.

Joint Venture

BluMetric is proud to be a trusted provider of services to many of Canada's northern Indigenous communities. The Company entered in a shareholder relationship with BLM-KEL-60 Corp. on September 27, 2022, an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial, and private clients. The joint venture relationship will enable BluMetric to access additional opportunities in Northern Canada.

BLM-KEL-60 Corp. is an Inuit majority owned entity that is incorporated in Nunavut, Canada. The intent of the shareholders of the corporation is to contribute to the personal, economic, social, and cultural wealth of the Kitikmeot region of Nunavut by training, developing, and employing local Inuit candidates to support projects in carrying out its business in environmental consulting services.

BluMetric Environmental Inc. is a registered and beneficial owner of 16.3% of the issued and outstanding shares in the capital of the corporation.

The Company entered a shareholder relationship with Kipnik Nunavut Inc. on July 11, 2025, an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial and private clients. The joint venture relationship enables BluMetric to access additional opportunities in Northern Canada.

Kipnik Nunavut Inc. is an Inuit majority owned entity that is incorporated in Nunavut Canada. The intent of the shareholders of the corporation is to contribute to the personal, economic, social and cultural wealth of Kivalliq and all of Nunavut by training, developing and employing local Inuit candidates to support projects in carrying out its business in environmental consulting services.

BluMetric Environmental Inc. is a registered and beneficial owner of 15% of the issued and outstanding shares in the capital of the corporation.

Technology and Innovation

Innovation is driven by client demands as they face more stringent environmental regulations and water scarcity. BluMetric's creative process for addressing problems consists of developing solutions that are both scientifically sound and economically viable.

BluMetric sees increasing demand for safe and environmentally conscious sources of water as population growth coupled with changing weather patterns create unique challenges in the market. The Company continues to explore novel technologies in the production of water and wastewater systems as well as new approaches and methods when delivering professional services. The Company produces both portable Mission Ready Water systems that are agile for rapid or temporary deployment as well as fixed systems producing up to three million gallons per day of potable drinking water. BluMetric is committed

to pursuing new opportunities in technology and innovation throughout North America and with other allied nations.

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:

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

BluMetric uses a client-centric approach to business development, which involves an emphasis on understanding each client's individual needs. 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

The Board currently consists of six members, 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 business development, finance, operations, management, and governance.

Executive Management

The Senior Management team comprises of: Scott MacFabe, Chief Executive Officer; Dan Hilton, Chief Financial Officer; Wayne Ingham, EVP, Strategic Partnership & Indigenous Relations; Lydia Renton, EVP, Health & Safety and Corporate Security Officer; Jodi Johnson, Vice President – Director Operations; Dean Bedford, Managing Director – WaterTech USA Operations; Corey Switzer, Director – WaterTech Canadian Operations and Blaine Dobson, President – DS Consultants Ltd.. This team has extensive business and environmental experience and is well supported by highly qualified and experienced teams.

Our People

The BluMetric team consists of approximately 335 experienced and motivated engineers, hydrogeologists, occupational and industrial hygienists, environmental auditors, environmental scientists, chemists, fabricators, field technicians, project managers, finance professionals, and support personnel.

They are experts in providing a comprehensive range of environmental services and engineered solutions, from contaminated site assessment and remediation, geotechnical expertise and building sciences to complete turn-key water and wastewater treatment systems. Our technicians are master fabricators, and our professional team includes the right balance of academic discipline and practical engineering excellence.

Staffing levels fluctuate based on project demands, with contract staff and students hired as needed. Typically, part time staffing adds approximately 10% to the work force in the summer months. Recognizing the value of skilled individuals, the Company is committed to recruiting and retaining talent capable of applying technical expertise to deliver innovative solutions to complex environmental challenges.

Diversity

BluMetric is committed to the principles of diversity with equal opportunity for advancement and growth. 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 approximately half of the workforce across the organization and Board of Directors. 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.

Discussion Results of Operations for the Three Months Ended December 31, 2025

Financial Highlights

(in thousands of Canadian dollars, except per share data)

| | Three months ended | | Change \$ | Change % |
|--|---------------------------|---------------------------|--------------|-------------|
| | December 31 2025 \$ | December 31 2024 \$ | | |
| Revenue | 20,291 | 13,967 | 6,324 | 45% |
| Gross profit | 5,651 | 4,611 | 1,040 | 23% |
| Gross margin % | 28% | 33% | | |
| Operating expenses | 5,994 | 3,834 | 2,160 | 56% |
| Operating expense, net of depreciation and amortization ¹ | 5,177 | 3,392 | 1,785 | 53% |
| Finance costs | 97 | 84 | 13 | 15% |
| Acquisition costs | 333 | - | 333 | 100% |
| Adjusted EBITDA ² | 912 | 1,310 | (398) | -30% |
| Earnings (loss) before income taxes | (773) | 693 | (1,466) | -212% |
| Income tax expense (recovery) | (706) | 315 | (1,021) | -324% |
| Net earnings | (67) | 378 | (445) | -118% |
| Weighted average common shares outstanding | | | | |
| Basic | 41,556,785 | 33,023,496 | | |
| Diluted | 45,881,730 | 37,042,213 | | |
| Earnings per share | | | | |
| Basic | (0.00) | 0.01 | | |
| Diluted | (0.00) | 0.01 | | |
| Total Assets | 64,379 | 39,435 | | |
| Working capital | 10,742 | 9,253 | | |
| Non-current liabilities | 6,421 | 5,366 | | |
| Shareholders' equity | 34,570 | 18,048 | | |
| Net cash ³ | 1,789 | 3,706 | | |

Note 1: Operating expenses, net of depreciation and amortization is a non-GAAP measure and is calculated as Operating Expense less depreciation and amortization (see 'Financial Terms and Definitions')

Note 2: Adjusted EBITDA is a non-GAAP measure and is calculated as EBITDA before significant and irregular items (see 'Financial Terms and Definitions').

Note 3: Net cash is a non-GAAP measure and is calculated as cash less total debt excluding lease liabilities (see 'Financial Terms and Definitions').

Q1 2026 compared to Q1 2025

Revenue for the three months ended December 31, 2025, was \$20,291 compared to \$13,967 for the three months ended December 31, 2024, and is broken down as follows:

Revenue Breakdown by Market

(in thousands of Canadian dollars)

| | December 31 | | Three months ended | |
|---------------------------|-------------|--------|--------------------|-------------|
| | 2025 | 2024 | December 31 | December 31 |
| | \$ | \$ | Change | Change |
| | | | \$ | % |
| Commercial and Industrial | 9,656 | 8,598 | 1,058 | 12% |
| Government | 2,156 | 2,118 | 38 | 2% |
| Military | 6,125 | 1,882 | 4,243 | 225% |
| Mining | 2,354 | 1,369 | 985 | 72% |
| | 20,291 | 13,967 | | |

The Commercial and Industrial market revenue increased by \$1,058 year over year. The increase in revenue is due primarily to the acquisition of DS Consultants, with revenues of \$1,486 for the three months ended December 31, 2025. This increase was offset slightly by a decrease of revenue in Gemini as it transitions to higher volume smaller projects.

The Government market remains stable year over year, with a slight increase in revenue of \$38 year over year.

The Military market revenue increased by \$4,243 year over year. This increase is the result of the production of the ASWUPS Mission Ready Water systems, which are expected to be fully delivered in Q3 2026.

The Mining market revenue increased by \$985 year over year. This increase is a result of the increased activity in this market as the Company is continuing to shift focus toward higher value services, especially in Northern Quebec.

Revenue Breakdown by Reportable Segment

(in thousands of Canadian dollars)

| | Three months ended | | | |
|-----------------------|---------------------|---------------------|--------|--------|
| | December 31 2025 | December 31 2024 | Change | Change |
| | \$ | \$ | \$ | % |
| Professional Services | 8,347 | 5,496 | 2,851 | 52% |
| WaterTech | 11,944 | 8,471 | 3,473 | 41% |
| Total Revenue | <u>20,291</u> | <u>13,967</u> | | |

Revenue from the Professional Services segment increased primarily due to the acquisition of DS Consultants, which contributed revenues of \$1,486 for the three months ended December 31, 2025, together with an increase in subtrade revenues during the period.

Revenue from the WaterTech segment increased primarily as a result of the production of the ASWUPS Mission Ready Water systems, which are expected to be fully delivered in Q3 2026.

Gross profit increased to \$5,651 for Q1 2026 from \$4,611 for Q1 2025. Gross margin declined from 33% to 28% in the same period. The margin compression was driven primarily by an increase in material and subcontractor costs within the WaterTech segment projects. The gross margin within the Professional Services segment remained generally consistent year over year.

Operating expenses, net of amortization, increased by \$1,785 for the quarter ended December 31, 2025, compared to the same quarter in the prior year. The increase was primarily attributable to operating expenses related to DS Consultants of \$527, together with lower utilization and increased general corporate overhead, primarily related to professional fees and non-cash share-based compensation. Operating expenses also included \$240 of restructuring costs related to workforce restructuring initiatives undertaken across the Company during the period.

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

(in thousands of Canadian dollars)

| | Three Months Ended | |
|---|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 |
| | \$ | \$ |
| Net income | (67) | 378 |
| Finance costs | 97 | 84 |
| Income tax expense (recovery) | (706) | 315 |
| Non-cash share-based compensation costs | 198 | 91 |
| Depreciation and amortization | 817 | 442 |
| EBITDA | 339 | 1,310 |
| Acquisition costs | 333 | - |
| Restructuring costs | 240 | - |
| Adjusted EBITDA | 912 | 1,310 |

The Company recorded EBITDA of \$339 and Adjusted EBITDA of \$912 for the quarter ended December 31, 2025, compared to \$1,310 and \$1,310 for the quarter ended December 31, 2024. The decrease in Adjusted EBITDA for Q1 2026 is primarily attributable to higher operating expenses and a lower gross margin, with gross margin declining to 28% in Q1 2026 from 33% in Q1 2025.

For more detail, see "Discussion of Results of Operations for the Three Months Ended December 31, 2025" and "Quarterly Results".

Quarterly Results

Quarterly financial information for the eight quarters ended December 31, 2025.

The Company experiences variability in its Professional Services segment 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 because of projects in the North that run in the summer season. Additionally, the Company has several discrete contracts that occur throughout the year and can significantly impact the results of any one quarter.

The Company does not experience the same seasonal variability in its WaterTech segment operations from quarter to quarter due to the nature of the projects and the ability of the Company to service the contracts year-round. The Company does experience variability in its WaterTech segment operations based on the timing of commercial demand.

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.

(in thousands of Canadian dollars, except per share data)

| | Q1 2026 Dec 31, 2025 | Q4 2025 Sep 30, 2025 | Q3 2025 Jun 30, 2025 | Q2 2025 Mar 31, 2025 | Q1 2025 Dec 31, 2024 | Q4 2024 Sep 30, 2024 | Q3 2024 Jun 30, 2024 | Q2 2024 Mar 31, 2024 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revenue | | | | | | | | |
| Professional Services | 8,347 | 7,746 | 4,903 | 4,480 | 5,496 | 7,686 | 5,178 | 4,700 |
| WaterTech | 11,944 | 10,274 | 9,768 | 11,446 | 8,471 | 3,378 | 2,938 | 2,433 |
| | 20,291 | 18,020 | 14,671 | 15,926 | 13,967 | 11,064 | 8,116 | 7,133 |
| Cost of sales | 14,640 | 13,911 | 9,458 | 11,619 | 9,356 | 7,280 | 4,565 | 4,070 |
| Gross profit | 5,651 | 4,109 | 5,213 | 4,307 | 4,611 | 3,784 | 3,551 | 3,063 |
| Gross margin % | 28% | 23% | 36% | 27% | 33% | 34% | 44% | 43% |
| Operating expenses | 5,994 | 5,780 | 5,608 | 4,297 | 3,834 | 3,671 | 3,436 | 2,856 |
| Acquisition costs | 333 | - | - | - | - | 271 | - | - |
| Finance costs | 97 | 89 | 83 | 71 | 84 | 171 | 61 | 46 |
| Revaluation of contingent consideration | - | (74) | - | - | - | - | - | (-) |
| Other income | - | (48) | - | - | - | - | - | (8) |
| Earnings before provision for income tax | (773) | (1,638) | (478) | (61) | 693 | (329) | 54 | 169 |
| Income tax expense (recovery) | (706) | 528 | (27) | (1) | 315 | (9) | 27 | 52 |
| Net earnings (loss) | (67) | (2,166) | (451) | (60) | 378 | (320) | 27 | 117 |
| Weighted average number of shares outstanding | | | | | | | | |
| Basic | 41,556,785 | 37,232,767 | 37,068,544 | 36,817,561 | 33,023,496 | 31,794,979 | 29,435,973 | 29,435,695 |
| Diluted | 45,881,730 | 41,388,290 | 41,451,654 | 41,084,041 | 37,042,213 | 33,359,850 | 32,592,713 | 29,438,884 |
| Earnings (loss) per share | | | | | | | | |
| Basic | (0.00) | (0.06) | (0.01) | 0.00 | 0.01 | (0.01) | 0.00 | 0.00 |
| Diluted | (0.00) | (0.05) | (0.01) | 0.00 | 0.01 | (0.01) | 0.00 | 0.00 |

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 2026 vs Q1 2025** – The revenue increase in Q1 2026 compared to Q1 2025 was primarily attributable to the full consolidation of DS Consultants revenues and higher sub trade revenue in the Professional Services segment. Revenue growth in the WaterTech segment was primarily driven by the production of the ASWUPS Mission Ready Water systems.
- 2. Q4 2025 vs Q4 2024** – The revenue increase in Q4 2025 compared to Q4 2024 was primarily due to the full consolidation of Gemini whose revenue is entirely reported in this Segment, along with higher activity in the Military market through the production of the ASWUPS Mission Ready Water systems. Higher costs associated with the BirdRock SWRO facility resulted in lower-than-expected margins on this project in the period.
- 3. Q3 2025 vs. Q3 2024** – The revenue increase in Q3 2025 compared to Q3 2024 was primarily due to the full consolidation of Gemini revenue in the period. This is offset by a decrease in revenue in the Professional Services segment as a result in the delayed timing of government contract awards along with a general softening of the market.
- 4. Q2 2025 vs. Q2 2024** – The revenue increase in Q2 2025 compared to Q2 2024 was primarily due to the full consolidation of Gemini revenue in the period offset by a decrease in revenue in the Professional Services segment as a result of the timing of starts due to the prorogation of the Federal Government and subsequent Federal election.

Summary of Cash Flows

(in thousands of Canadian dollars)

| | Three months ended | |
|--|----------------------------|----------------------------|
| | December 31, 2025 \$ | December 31, 2024 \$ |
| Cash provided by (used in) | | |
| Operating activities, excluding changes to working capital | 372 | 1,074 |
| Changes related to working capital | (2,215) | (236) |
| Operating activities | (1,843) | 838 |
| Investing activities | (10,583) | (209) |
| Financing activities | 12,092 | 2,296 |
| Change in cash and cash equivalents | (334) | 2,925 |
| Cash and cash equivalents – Beginning of period | 2,109 | 3,646 |
| Increase (decrease) in cash due to changes in foreign exchange rates | 14 | 93 |
| Cash and cash equivalents – End of period | 1,789 | 6,664 |
| Free cash flow ¹ | (175) | 618 |

Note 1: Free cash flow is a non-GAAP measure and is calculated as operating cash flows less net capital expenditures and net payment of lease obligations (see 'Financial Terms and Definitions').

Cash used in operating activities was \$1,843 during the quarter ended December 31, 2025, compared with cash provided by operating activities of \$838 in Q1 2025. The decrease in operating cash flows was primarily attributable to lower Adjusted EBITDA, payment of restructuring and restructuring costs and the timing and collection of customer billings during the period.

Investing activities used \$10,583 of cash in Q1 2026, compared to \$209 in the same period of fiscal 2025, primarily reflecting the acquisition of DS Consultants.

Financing activities provided \$12,092 of cash in Q1 2026, compared to \$2,296 in the same period of fiscal 2025. Cash inflows from the issuance of capital stock were partially offset by the investment in DS Consultants and used in operations.

Liquidity

The Company's short-term credit facilities consist of an operating demand loan in the amount of \$4,000 (2025 - \$4,000), which is a shared limit between its overdraft facility and letters of credit. The facility

carries a floating interest at prime plus 1.25% (2025 – 1.25%), is collateralized by a first ranking general security agreement over all the Company's present and future assets and has no contractual maturity.

For the period ended December 31, 2025, the effective interest rate under this facility was 5.7% (2024 – 6.7%). As at December 31, 2025, the Company had drawn \$nil on its operating facility and \$nil in letters of credit (December 31, 2024 – \$2,781 and \$nil, respectively).

As at December 31, 2025, the Company had approximately \$5,789 in availability between its operating line and cash balances and was not bound by any debt covenants.

Business Outlook

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

BluMetric is strategically investing in both its WaterTech and Professional Services segments, as well as in its people to drive growth and support market expansion. The Company is committed to supporting the full cycle of water production in both the natural and built environments. This includes investing in the Commercial and Industrial market in Toronto as well as growing its fabrication capabilities to take advantage of emerging opportunities in Canada, the United States and the Caribbean markets.

BluMetric will continue to strengthen its relationships with clients in Canada's North directly and through its Indigenous and Inuit joint ventures and with various government agencies. In addition, the Company is considering acquisition opportunities to further accelerate its growth strategy.

BluMetric believes that the following factors have positioned, and will continue to position, the Company for growth:

- The Company's diversified portfolio of service offerings and market sectors;
- A strong sales funnel and secured contracts;
- Increasing demand for water solutions across key markets;
- Realizing the robust interest in our newly developed agile water treatment systems for WaterTech;
- Recent expansion of WaterTech fabrication facilities in both Canada and the United States with over 40,000 square feet of production space;
- An expanded presence in the Greater Toronto area to support the built environment and strengthen the Commercial and Industrial market;
- Strategic investment in key leadership in US markets to drive sales growth and introduce a recurring O&M revenue model alongside existing and new WaterTech solutions;
- Geographic expansion of our WaterTech products deployment;
- Strong balance sheet, as seen from the Company's multi-year reduction in long term debt and strong working capital position;
- Continued investment in people, equipment and infrastructure to support growth;
- Dynamic and strategically diverse members of the Senior Management team; and
- A strong and diverse Board of Directors providing governance and strategic oversight.

Business Risks

The Company is subject to risks and uncertainties in the normal course of business that could materially affect the financial condition of the Company. These risks and uncertainties include, but may not be limited to, the following:

- Ability to attract and retain key personnel;
- Macroeconomic risk of recession in key markets or the economy as a whole or other imposed costs and restraints due to current and impending political change in both Canada and the United States;
- Reliance on key clients;
- Environmental factors outside of the company's control such as fire and flooding that may impact the ability to realize revenues;
- Liquidity risk with respect to clients, and their ability to pay and pay on time;
- Competition from companies which are better-financed or have disruptive technologies;
- Potential claims and litigations; and
- Cybersecurity threats.

Capital Resources

The Company's future growth strategy contemplates investment in various technologies and processes requiring capital for prototyping purposes. The Company may also consider growth through the strategic acquisition of complementary businesses. Accordingly, the Company may opportunistically approach capital markets for additional equity funding if conditions are favorable.

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, 2025.

Off-Balance Sheet Arrangements

For contractual commitments not recognized on the Statement of Financial Position, the reader is referred to Note 21 of the Company's audited financial statements for the year ended September 30, 2025.

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.

Key management personnel of the Company are members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and members of the executive team.

The remuneration of key management personnel during the period was as follows:
(in thousands of Canadian dollars)

| | Three Months Ended | |
|--------------------------|----------------------|----------------------|
| | December 31, 2025 | December 31, 2024 |
| | \$ | \$ |
| Salaries | 1,833 | 453 |
| Short-term benefits | 84 | 63 |
| Share-based compensation | 87 | 149 |
| | <hr/> | <hr/> |
| | 2,004 | 665 |
| | <hr/> | <hr/> |

Proposed Transactions and Subsequent Events

There are no proposed transactions or subsequent events following the quarter ended December 31, 2025.

Summary of Outstanding Shares and Dilutive Instruments

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

| | |
|-----------|--------------------------|
| Shares: | 54,587,148 common shares |
| Options: | 5,046,355 options |
| Warrants: | 954,807 warrants |

Inter-Corporate Relationships

There are no inter-corporate relationships for the year ended December 31, 2025.

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, non-cash share compensation costs 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, impairment charges, restructuring costs and acquisition costs.

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 Adjusted EBITDA is to provide additional useful information to investors and analysts. 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.

Free cash flow: Free cash flow is a non-GAAP measure and is calculated as cash flow from operating activities excluding changes in the working capital balances less net capital expenditures and net payment of lease obligations. The Company uses the measure as part of assessing the availability of discretionary cash as part of its liquidity management. There is no direct comparable measure under IFRS.

Net cash (debt): Net cash (debt) is a non-GAAP measure and is calculated as cash less total funded debt excluding lease liabilities. The Company uses this measure as part of assessing liquidity. There is no directly comparable measure under IFRS.

Net fee revenue: Net fee revenue is a non-GAAP measure and is calculated as revenue less third party subcontractor and material costs. There is no direct comparable measure under IFRS.

Working capital: Working capital is a non-GAAP measure and is calculated by subtracting current liabilities from current assets. There is no directly comparable measure under IFRS.

Management's Responsibility for Financial Reporting

The audited 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 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 and at www.sedarplus.ca.