

# BLUMETRIC ENVIRONMENTAL INC.

**Condensed Interim Consolidated Financial Statements (Unaudited)  
For the three months ended December 31, 2025  
(expressed in thousands of Canadian dollars)**



## *About Us*

BluMetric Environmental Inc. is a publicly traded environmental consulting and watertech company. We provide complete solutions to challenges such as water purification, protecting environments, and ensuring health and safety for Industrial/Commercial, Mining, Government, and Military clients.

BluMetric has approximately 335 employees operating in sixteen offices across Canada and the United States and over 50 years of expertise.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the company have been prepared by, and are the responsibility of, the company's management.

The company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

HEAD OFFICE  
BluMetric Environmental Inc.  
1682 Woodward Dr.  
Ottawa, ON K2C 3R8  
Canada

**BluMetric Environmental Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at December 31, 2025 and September 30, 2025**

(in thousands of Canadian dollars) (Unaudited)

	<b>December 31, 2025</b>	<b>September 30, 2025</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents (note 5)	1,789	2,109
Trade and other receivables (note 6)	18,740	10,513
Unbilled revenue	3,667	3,220
Contract assets	7,729	5,451
Inventory	297	277
Prepaid expenses	1,301	1,430
Due from related parties	607	616
	<u>34,130</u>	<u>23,616</u>
<b>Non-current assets</b>		
Property and equipment	1,225	844
Intangible assets	10,922	2,576
Goodwill (note 4, 8)	12,505	5,388
Right-of-use assets (note 7)	4,695	4,630
Investment in joint venture	40	40
Deferred income tax assets	862	-
	<u>30,249</u>	<u>13,478</u>
	<u>64,379</u>	<u>37,094</u>
<b>Current liabilities</b>		
Trade and other payables (note 10)	15,279	11,033
Contract liabilities	3,173	2,319
Current portion of lease liabilities (note 7)	1,773	1,446
Current portion of contingent consideration	3,163	1,910
	<u>23,388</u>	<u>16,708</u>
<b>Non-current liabilities</b>		
Lease liabilities (note 7)	3,437	3,554
Contingent consideration	2,837	1,090
Deferred income tax liabilities	147	-
	<u>6,421</u>	<u>4,644</u>
	<u>29,809</u>	<u>21,352</u>
<b>Shareholders' Equity</b>		
Share capital (note 11)	29,385	10,824
Warrants (note 11)	367	63
Contributed surplus and other equity	1,691	1,551
Retained earnings	3,099	3,166
Accumulated other comprehensive income	28	138
	<u>34,570</u>	<u>15,742</u>
	<u>64,379</u>	<u>37,094</u>

**Approved by the Board of Directors**

\_\_\_\_\_  
 "Ian Mor Macdonald" Director

\_\_\_\_\_  
 "Scott MacFabe" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# BluMetric Environmental Inc.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity As at December 31, 2025 and September 30, 2025

(in thousands of Canadian dollars) (Unaudited)

		Share capital \$	Warrants \$	Contributed surplus and other equity \$	Retained earnings \$	Accumulated other comprehensive income \$	Total \$
<b>Balance – October 1, 2024</b>	31,794,979	7,057	-	1,238	5,465	(35)	13,725
Shares issued for private placement (note 11)	5,000,000	4,000	-	-	-	-	4,000
Share offering cost (note 11)	-	(678)	63	-	-	-	(615)
Share-based compensation (note 11)	-	-	-	91	-	-	91
Exercise of stock options (note 11)	125,007	72	-	(69)	-	-	3
Net earnings for the period	-	-	-	-	378	-	378
Other comprehensive income for the period	-	-	-	-	-	466	466
<b>Balance – December 31, 2024</b>	<b>36,919,986</b>	<b>10,451</b>	<b>63</b>	<b>1,260</b>	<b>5,843</b>	<b>431</b>	<b>18,048</b>
<b>Balance – October 1, 2025</b>	37,487,080	10,824	63	1,551	3,166	138	15,742
Shares issued for brokered placement (note 11)	11,538,461	15,000	-	-	-	-	15,000
Share offering cost (note 11)	-	(2,820)	304	-	-	-	(2,516)
Share-based compensation (note 11)	-	-	-	198	-	-	198
Share capital issued on the acquisition of DS Consultants Ltd. (note 4)	5,245,468	6,232	-	-	-	-	6,232
Exercise of stock options (note 11)	207,439	149	-	(58)	-	-	91
Net loss for the period	-	-	-	-	(67)	-	(67)
Other comprehensive loss for the period	-	-	-	-	-	(110)	(110)
<b>Balance – December 31, 2025</b>	<b>54,478,448</b>	<b>29,385</b>	<b>367</b>	<b>1,691</b>	<b>3,099</b>	<b>28</b>	<b>34,570</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**BluMetric Environmental Inc.**  
**Condensed Interim Consolidated Statements of Income**  
**For the three months ended December 31, 2025 and 2024**

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b> (notes 16, 17)	20,291	13,967
<b>Cost of sales</b> (note 13)	14,640	9,356
<b>Gross profit</b>	5,651	4,611
<b>Operating expenses and other items</b>		
Selling, general and administrative (note 13)	5,994	3,834
<b>Operating profit (loss)</b>	(343)	777
<b>Acquisition costs</b> (note 4, 13)	333	-
<b>Finance costs</b> (note 13)	97	84
<b>Earnings (loss) before income taxes</b>	(773)	693
Income tax expense (recovery) (note 12)	(706)	315
<b>Net income (loss) for the period</b>	(67)	378
<b>Earnings (loss) per share</b>		
Basic	(0.00)	0.01
Diluted	(0.00)	0.01
<b>Weighted average number of shares outstanding</b> (note 14)		
Basic	41,556,785	33,023,496
Diluted	45,881,730	37,042,213

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**BluMetric Environmental Inc.**  
**Condensed Interim Consolidated Statements of Comprehensive Income**  
**For the three months ended December 31, 2025 and 2024**

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

	<b>December 31, 2025 \$</b>	<b>December 31, 2024 \$</b>
<b>Net income (loss) for the period</b>	<u>(67)</u>	<u>378</u>
<b>Other comprehensive income</b>		
Items that may be reclassified to net income in subsequent periods:		
Exchange differences on translation of foreign operations	(110)	466
Other comprehensive income (loss) for the period, net of tax	<u>(110)</u>	<u>466</u>
Total comprehensive income (loss) for the period	<u>(177)</u>	<u>844</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**BluMetric Environmental Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three months ended December 31, 2025 and 2024**

(in thousands of Canadian dollars) (Unaudited)

	December 31, 2025	December 31, 2024
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) for the period	(67)	378
Non-cash items		
Deferred income tax expense (recovery) (note 12)	(713)	37
Increase in credit loss allowance	54	78
Depreciation of property and equipment	74	52
Amortization of intangible assets	347	167
Amortization of right-of-use assets (note 7)	396	223
Accretion of lease liabilities (note 7)	83	48
Share-based compensation (note 11)	198	91
Change in working capital balances (note 15)	(2,215)	(236)
	<u>(1,843)</u>	<u>838</u>
<b>Investing activities</b>		
Acquisition of property and equipment	(71)	(50)
Acquisition of intangible assets	(15)	(159)
Business acquisition, net of cash acquired (note 4)	(10,497)	-
	<u>(10,583)</u>	<u>(209)</u>
<b>Financing activities</b>		
Increase (decrease) in bank indebtedness	(22)	(714)
Repayment of long-term debt	-	(131)
Principal payments on leases (note 7)	(461)	(247)
Exercise of stock options	91	3
Issuance of common shares, less share issuance costs (note 11)	12,484	3,385
	<u>12,092</u>	<u>2,296</u>
<b>Change in cash and cash equivalents during the period</b>	(334)	2,925
<b>Cash and cash equivalents – Beginning of period</b>	2,109	3,646
Increase due to changes in foreign exchange rates	14	93
<b>Cash and cash equivalents – End of period</b>	<u>1,789</u>	<u>6,664</u>
<b>Supplementary information</b>		
Interest paid	83	100
Income taxes paid	1	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# **BluMetric Environmental Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

### **For the three months ended December 31, 2025 and 2024**

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

#### **1. Nature of operations**

BluMetric Environmental Inc. (the Company) is an integrated product and service organization providing sustainable solutions to complex environmental issues in Canada, the United States and abroad. The Company serves customers in many industrial sectors, and at all levels of government, both domestically and internationally.

The Company focuses on environmental earth sciences and engineering, contaminated site remediation, water resource management, industrial hygiene, occupational health and safety, water and wastewater design-build and pre-engineered solutions.

The head office of the Company is located at 1682 Woodward Drive Ottawa, Ontario, Canada K2C 3R8. The Company's common shares are listed on the Toronto Venture Exchange under the symbol BLM and on OTCQX Markets Group under the symbol BLMWF.

#### **2. Basis of presentation**

##### **Statement of compliance**

These condensed interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements do not contain all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended September 30, 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee.

##### **Authorization of financial statements**

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on February 25, 2026.

##### **Functional currency and foreign currency translation**

The Company's condensed interim consolidated financial statements are presented in Canadian dollars. Balances included in the condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of BluMetric Environmental Inc. and DS Consultants Ltd. is the Canadian dollar, and the functional currency of Gemini Water LLC is the American dollar.

The financial statements of operations that have a functional currency different than the presentation currency of the Company are translated using the rate in effect at the consolidated statement of financial position date for assets and liabilities and the average daily exchange rates during the period for revenues and expenses. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of exchange differences on translation of foreign operations.

# **BluMetric Environmental Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

### **For the three months ended December 31, 2025 and 2024**

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

#### **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified at fair value through profit and loss, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **Basis of consolidation**

These financial statements include the financial statements of the Company and its wholly-owned subsidiaries.

The subsidiaries are fully consolidated from the date of acquisition, which is the date the Company obtains control, and will continue to be consolidated until the date that this control ceases. All intercompany balances and transactions are eliminated in consolidation.

#### **Critical accounting judgments and estimates**

The preparation of these condensed interim financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of the Company's assets, liabilities, revenue, and expenses during the reporting period presented. Uncertainty inherent in these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

Estimates and underlying assumptions are reviewed on an ongoing basis and updated based on experience and new information. The significant judgments made by management when applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's September 30, 2025 annual financial statements.

#### **Standards, amendments and interpretations adopted in the current year**

At the date of authorization of these unaudited condensed interim consolidated financial statements, there were no new standards, amendments, and interpretations to existing standards that were required to be adopted by the Company.

### **3. Summary of significant accounting policies**

With the exception of adapting an accounting policy note for cash and cash equivalents (see below), the accounting policies set out in the Company's most recent annual consolidated financial statements have been applied consistently to all periods presented in these condensed interim consolidated financial statements. As such, these condensed interim consolidated financial statements should be read in conjunction with the annual financial statements and related note disclosures for the year ended September 30, 2025, except for cash and cash equivalents.

#### **Cash and cash equivalents**

The Company considers all short-term, highly liquid investments that are readily convertible to a known amount of cash, with original maturities at their acquisition date of three months or less, to be cash equivalents.

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

**4. Acquisition of DS Consultants Ltd.**

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.

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. An additional \$2,852 was calculated as a working capital adjustment, of which \$2,852 is owing at December 31, 2025.

The acquisition is in line with the Company’s overall growth strategy which includes a focus on growing and expanding its Professional Service segment.

The purchase consideration comprised the following:

	\$
Cash (including working capital and tax adjustment)	13,351
Share capital issued	6,232
Contingent consideration	3,000
Total purchase consideration	22,583

The net cash outflow of the acquisition was as follows:

	\$
Consideration paid in cash	10,500
Cash balance acquired	(3)
Total cash outflow on acquisition	10,497

The Company allocated the purchase consideration as follows:

	\$
Net assets acquired	15,385
Goodwill	7,198
Total purchase consideration	22,583

The fair value of acquired intangible assets includes the fair value of trademarks, customer relationships and contract backlog.

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

The fair value of the identifiable net assets acquired included the following:

	\$
Current Assets	
Cash and cash equivalents	3
Trade and other receivables	8,122
Prepaid expenses	156
Contract assets	797
	<u>9,078</u>
Non-Current Assets	
Property and equipment	387
Right-of-use assets	469
Customer relationships	6,500
Trademarks	1,300
Backlog	900
	<u>9,556</u>
Total assets acquired	<u>18,634</u>
Current Liabilities	
Short term loan	22
Trade and other liabilities	2,277
Contract liabilities	355
Current portion of lease liabilities	305
	<u>2,959</u>
Non-current liabilities	
Lease liabilities	<u>290</u>
Total liabilities assumed	<u>3,249</u>
Net assets acquired	<u>15,385</u>

The fair value of acquired trade receivables was \$8,122. The gross contractual amount for trade receivables due was \$9,518 with an allowance for ECLs of \$1,396 recognized on acquisition.

Goodwill includes the assembled workforce, as well as expected synergies between the businesses.

The contingent consideration represents the discounted value of the liability.

Transaction costs of \$333 were expensed and are included in the acquisition costs in the consolidated financial statements in the consolidated statements of income (loss).

For the post-acquisition period, DS contributed revenue of \$1,486 and \$61 in net income to the Company's consolidated results. Had the acquisition occurred on October 1, 2025, management estimates that the Company's proforma consolidated revenue would have increased by an additional \$4,204 and the net income would have increased by an additional \$494 for the three months ended December 31, 2025.

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

**5. Cash and cash equivalents**

	<b>December 31, 2025 \$</b>	<b>September 30, 2025 \$</b>
Cash	1,789	1,591
Short-term investments	-	518
	<hr/> 1,789	<hr/> 2,109

**6. Trade and other receivables**

	<b>December 31, 2025 \$</b>	<b>September 30, 2025 \$</b>
Trade and other receivables	20,818	11,225
Credit loss allowance – accounts receivable	(2,078)	(712)
	<hr/> 18,740	<hr/> 10,513

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

**7. Right-of-use assets and lease liabilities**

Information about leases for which the Company is a lessee are presented below:

Right-of-use assets

	<u>For the three months ended December 31, 2025</u>				<u>For the year ended September 30, 2025</u>			
	<u>Office</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>	<u>Office</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance – Beginning of period	4,519	67	44	4,630	3,761	49	63	3,873
Additions	469	-	-	469	1,961	42	-	2,003
Amortization	(387)	(6)	(3)	(396)	(1,176)	(24)	(19)	(1,219)
Impact of foreign exchange	(8)	-	-	(8)	(27)	-	-	(27)
Balance – End of period	<u>4,593</u>	<u>61</u>	<u>41</u>	<u>4,695</u>	<u>4,519</u>	<u>67</u>	<u>44</u>	<u>4,630</u>

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

Lease Liabilities

	For the three months ended December 31, 2025				For the year ended September 30, 2025			
	Office	Vehicles	Equipment	Total	Office	Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	4,882	68	50	5,000	3,985	49	68	4,102
Additions	595	-	-	595	1,961	42	-	2,003
Interest expense on lease liabilities	81	1	1	83	294	3	5	302
Payments	(450)	(7)	(4)	(461)	(1,331)	(26)	(23)	(1,380)
Impact of foreign exchange	(7)	-	-	(7)	(27)	-	-	(27)
Balance – End of period	<u>5,101</u>	<u>62</u>	<u>47</u>	<u>5,210</u>	<u>4,882</u>	<u>68</u>	<u>50</u>	<u>5,000</u>
Current portion of lease liabilities				<u>1,773</u>				<u>1,446</u>
Non-current portion of lease liabilities				<u>3,437</u>				<u>3,554</u>

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

As at December 31, 2025, lease liabilities were discounted using the Company's incremental borrowing rate at the lease commencement date for each lease and had weighted-average rates ranging from 3.24% to 8.45% (September 30, 2025: 2.99% to 8.45%).

The Company leases buildings for its office spaces across Canada and the United States. Lease terms range from one to ten years. To provide operational flexibility, the Company seeks to include extension or termination options in its leases. At the commencement of a lease, the Company assesses whether it is reasonably certain it will exercise the lease extension option (or not exercise a termination option). The Company reassesses this when a significant event or significant change in circumstances within the Company's control has occurred.

The Company leases vehicle and equipment with terms of three to five years. These leases do not usually contain extension options, purchase options, or residual value guarantees. The Company also leases IT equipment and other equipment with terms of one to five years. These leases are generally short-term or for low-value assets that the Company has elected not to recognize in right-of-use assets and lease liabilities.

	<b>For the three months ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Amounts recognized in selling, general and administrative</b>	<b>\$</b>	<b>\$</b>
Rent expense – variable lease payments	22	9
Expense related to short-term leases	9	42
Expense related to low-value assets	15	22
Income from subleases	(1)	(1)
	45	72
	45	72

**8. Goodwill**

The change in carrying value is as follows:

	<b>\$</b>
Balance as at September 30, 2025	5,388
Business acquisition (Note 4)	7,198
Impact of foreign exchange	(81)
	12,505
Balance as at December 31, 2025	12,505

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

**9. Credit facilities**

The Company has a \$4,000 (September 30, 2025 - \$4,000) operating demand loan available to it as a shared limit between its overdraft facility and letters of credit. The Company has a maximum limit of \$500 for the issuance of letters of credit.

As at December 31, 2025, the Company had drawn \$nil on its operating demand loan and \$nil in letters of credit (September 30, 2025 – \$nil and \$nil, respectively).

**10. Trade and other payables**

	<b>December 31, 2025 \$</b>	<b>September 30, 2025 \$</b>
Trade payables	9,508	8,511
Salaries and benefits payable	1,111	865
Other accrued liabilities and payables	4,660	1,657
	<u>15,279</u>	<u>11,033</u>

**11. Shareholders' equity**

**Share capital**

On December 13, 2024, the Company issued by way of a brokered private placement and concurrent non-brokered private placement 5,000,000 common shares with gross proceeds of \$4,000, cash expenditures of \$615, inclusive of \$211 related to compensation of key management for services provided, for net proceeds of \$3,385. Cash commission in the amount of \$210 and 262,500 broker warrants were issued to the Agent who brokered the private placement. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.80 exercisable as of December 13, 2024 and expiring on June 13, 2026. Finder's fees in the amount of \$20 were paid on the non-brokered private placement.

On December 9, 2025, the Company issued by way of a brokered offering 11,538,461 common shares with gross proceeds of \$15,000, cash expenditures of \$2,516, inclusive of \$1,260 related to compensation of key management for services provided, for net proceeds of \$12,484. Cash commission in the amount of \$900 and 692,307 broker warrants were issued to the Agent who brokered the private placement. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$1.30 exercisable as of December 9, 2025 and expiring on June 9, 2027.

**Warrants**

As part of the December 13, 2024 private placement, the Company issued 262,500 warrants to the Agent for a fair value of \$63. Each Warrant is exercisable to acquire one common share at \$0.80 for a period of 18 months

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

expiring on June 13, 2026). Management estimated the fair value of these warrants using the Black Scholes option model with the following inputs:

Number of warrants issued	262,500
Exercise price	\$0.80
Share price	\$0.78
Expected life	18 months
Dividend	-
Volatility	63.31%
Risk free rate	2.99%
Estimated forfeiture rate	13.76%
Fair value per warrant	<u>\$0.24</u>

As part of the December 9, 2025 private placement, the Company issued 692,307 warrants to the Agent for a fair value of \$304. Each Warrant is exercisable to acquire one common share at \$1.30 for a period of 18 months (expiring on June 9, 2027). Management estimated the fair value of these warrants using the Black Scholes option model with the following inputs:

Number of warrants issued	692,307
Exercise price	\$1.30
Share price	\$1.30
Expected life	18 months
Dividend	-
Volatility	68.32%
Risk free rate	2.67%
Estimated forfeiture rate	12.01%
Fair value per warrant	<u>\$0.44</u>

**BluMetric Environmental Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three months ended December 31, 2025 and 2024**

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

**Share options**

Activity in the share option plan is summarized as follows:

	<b>2025 For the three months ended</b>		<b>2025 For the year ended</b>	
	<b>Number of options #</b>	<b>Weighted average exercise price \$</b>	<b>Number of options #</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of year	4,755,030	0.72	4,163,130	0.40
Granted	30,000	1.46	1,622,000	1.37
Exercised	(207,439)	0.44	(862,467)	0.39
Expired/Cancelled/Forfeited	(21,942)	0.95	(167,633)	0.68
Outstanding – End of period	<u>4,555,649</u>	<u>0.74</u>	<u>4,755,030</u>	<u>0.72</u>
Exercisable – End of period	<u>2,005,028</u>	<u>0.38</u>	<u>2,079,133</u>	<u>0.39</u>

Information about share options outstanding as at December 31, 2025 is as follows:

<b>Grant price range</b>	<b>Options outstanding</b>			<b>Options exercisable</b>		
	<b>Quantity</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price \$</b>	<b>Quantity</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price \$</b>
0.30 – 0.40	2,102,649	3.76	0.35	1,608,195	3.53	0.35
0.41 – 0.50	796,000	5.22	0.49	396,833	5.10	0.49
0.51 – 0.60	75,000	5.73	0.60	-	-	-
0.61 – 0.99	374,000	6.15	0.99	-	-	-
1.00 – 1.56	1,208,000	6.47	1.49	-	-	-
	<u>4,555,649</u>	<u>4.96</u>	<u>0.74</u>	<u>2,005,028</u>	<u>3.84</u>	<u>0.38</u>

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Information about share options outstanding as at September 30, 2025 is as follows:

Grant price range	Options outstanding			Options exercisable		
	Quantity	Weighted average remaining contractual life	Weighted average exercise price \$	Quantity	Weighted average remaining contractual life	Weighted average exercise price \$
0.30 – 0.40	2,240,030	4.00	0.35	1,607,300	3.86	0.35
0.41 – 0.50	799,000	5.47	0.49	396,833	5.35	0.49
0.51 – 0.60	150,000	5.98	0.60	75,000	5.98	0.60
0.61 – 0.99	378,000	6.41	0.99	-	-	-
1.00 – 1.56	1,188,000	6.72	1.49	-	-	-
	<u>4,755,030</u>	<u>5.18</u>	<u>0.72</u>	<u>2,079,133</u>	<u>4.22</u>	<u>0.39</u>

**Share-based compensation**

The fair value of options vested is recognized as compensation cost and is recorded in selling, general and administrative expenses.

During the period ended December 31, 2025, the Company issued 30,000 (2024 – nil) options to purchase common shares. The weighted average exercise price of the options is \$1.46 (2024 – \$nil).

The weighted average fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model. The historical share price of the Company's common shares is used to estimate expected volatility, and government bond rates are used to estimate the risk-free interest rate.

During the three months ended December 31, 2025, the Company recognized \$198 (2024 – \$91) in share-based compensation expense and 207,439 stock options were exercised with a weighted average exercise price of \$0.44. The shares were exercised for total proceeds of \$91 (2024 – \$3).

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**12. Income tax**

The following shows the components of income tax expense:

	<b>For the three months ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Current tax expense	7	278
Deferred tax expense (recovery)	(713)	37
	<b>(706)</b>	<b>315</b>

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**13. Other expense items by nature**

	<b>For the three months ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Cost of Sales</b>		
Personnel	3,384	2,935
Direct project expenses	11,256	6,421
Depreciation	-	-
Amortization	-	-
	<b>14,640</b>	<b>9,356</b>
<b>Selling, general and administrative</b>		
Personnel	3,273	2,315
Depreciation	74	52
Amortization	743	392
Acquisition costs	333	-
Professional fees	324	154
Insurance	233	195
Other operating expense	1,347	726
	<b>6,327</b>	<b>3,834</b>
<b>Reported as:</b>		
Cost of sales	14,640	9,356
Selling, general and administrative	5,994	3,834
Acquisition costs	333	-
	<b>20,967</b>	<b>13,190</b>
<b>Finance costs</b>		
Interest on leases	83	48
Interest on loans	-	52
Bank charges	8	6
Other finance charges	6	(22)
	<b>97</b>	<b>84</b>

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**14. Weighted average shares outstanding**

	<b>For the three months ended</b>	
	<b>December 31, 2025 \$</b>	<b>December 31, 2024 \$</b>
Issued common shares	54,478,448	36,919,986
Weighted average number of basic common shares	41,556,785	33,023,496
Effect of share options on issuance	3,889,368	3,964,505
Effect of warrants on issuance	435,577	54,212
Weighted average number of diluted common shares	<u>45,881,730</u>	<u>37,042,213</u>

Options that were anti-dilutive are not included in the computation of diluted common shares. For the three months ended December 31, 2025, 830,870 options were excluded from the calculation because they were anti-dilutive (2024 – nil options were excluded).

**15. Changes in working capital**

	<b>December 31, 2025 \$</b>	<b>December 31, 2024 \$</b>
Trade and other receivables	(190)	1,337
Unbilled revenue	(446)	(199)
Contract assets	(1,508)	1,620
Inventory	(24)	(35)
Prepaid expenses	282	(602)
Trade and other payables	(856)	(1,089)
Contract liabilities	527	(1,268)
	<u>(2,215)</u>	<u>(236)</u>

**16. Segmented disclosure**

The Company has two financial reporting segments: i) environmental earth sciences and engineering, contaminated site remediation, water resource management, materials inspection and testing, geotechnical engineering, industrial hygiene, occupational health and safety (“Professional Services”) and ii) water and wastewater design-build and pre-engineered solutions (“WaterTech”).

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The chief operating decision maker is (collectively) the Chief Executive Officer, the Chief Financial Officer and the Board of Directors. Performance is evaluated by the chief operating decision maker based on earnings before administrative expenses.

The following is a measure of profit or loss for each reportable segment as used by the chief operating decision maker.

	<b>For the three months ended December 31, 2025</b>		
	<b>Professional Services \$</b>	<b>WaterTech \$</b>	<b>Total \$</b>
Revenue	8,347	11,944	20,291
Cost of goods sold	5,110	9,530	14,640
Gross profit	3,237	2,414	5,651
Selling and general expenses	1,537	671	2,208
Earnings before administrative costs and other items listed below (EBAC)	1,700	1,743	3,443
Administrative expenses			2,969
Depreciation			74
Amortization			743
Acquisition costs			333
Interest expense			83
Finance costs			14
Loss before income taxes			(773)
Income tax expense (recovery)			(706)
Net loss			<b>(67)</b>

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	<b>For the three months ended December 31, 2024</b>		
	<b>Professional Services \$</b>	<b>WaterTech \$</b>	<b>Total \$</b>
Revenue	5,496	8,471	13,967
Cost of goods sold	3,226	6,130	9,356
Gross profit	2,270	2,341	4,611
Selling and general expenses	1,147	303	1,450
Earnings before administrative costs and other items listed below (EBAC)	1,123	2,038	3,161
Administrative expenses			1,940
Depreciation			52
Amortization			392
Interest expense			101
Finance costs			(17)
Earnings before income taxes			693
Income tax expense			315
Net earnings			<b>378</b>

**Geographical information**

The Company operates principally in Canada (country of domicile). Sales reported by customer location based on origin of purchase (i.e., country of domicile of contracting party) are as follows:

	<b>For the three months ended</b>	
	<b>December 31, 2025 \$</b>	<b>December 31, 2024 \$</b>
Canada	14,319	7,744
Caribbean countries	2,600	1,813
U.S.	2,945	240
St. Kitts	215	4,141
Other countries	212	29
	<b>20,291</b>	<b>13,967</b>

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For the three months ended December 31, 2025, approximately 24% of revenue (2024 – 41%) was derived from one (2024 – two) customer. The customers referenced below are not necessarily the same customers in both periods.

	<u>For the three months ended</u>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Customer 1	24%	29%
Customer 2	-	12%

The Company holds non-current assets in Canada and the United States. Non-current assets held by geographic areas are as follows:

	<b>December 31, 2025</b>	<b>September 30, 2025</b>
	\$	\$
Canada	21,940	5,722
United States	7,447	7,756
	<u>29,387</u>	<u>13,478</u>

Non-current assets consist of property and equipment, lease assets, goodwill, intangible assets and an investment in a joint venture. Geographic information is attributed to countries based on the location of the assets.

## 17. Revenue

### Disaggregation of revenue

Revenue is disaggregated by customer sector and contract type, since it best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

**BluMetric Environmental Inc.**  
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Revenue from contracts with customers is disaggregated as follows:

	<b>For the three months ended</b>		
	<b>December 31, 2025</b>		
	<b>\$</b>		
	<b>Fixed price</b>	<b>Time and</b>	<b>Total</b>
	<b>\$</b>	<b>materials</b>	<b>\$</b>
		<b>\$</b>	
Commercial and industrial	6,251	3,405	9,656
Government	924	1,232	2,156
Military	4,514	1,611	6,125
Mining	469	1,885	2,354
	<b>12,158</b>	<b>8,133</b>	<b>20,291</b>
	<b>For the three months ended</b>		
	<b>December 31, 2024</b>		
	<b>\$</b>		
	<b>Fixed price</b>	<b>Time and</b>	<b>Total</b>
	<b>\$</b>	<b>materials</b>	<b>\$</b>
		<b>\$</b>	
Commercial and industrial	6,332	2,266	8,598
Government	882	1,236	2,118
Military	261	1,621	1,882
Mining	264	1,105	1,369
	<b>7,739</b>	<b>6,228</b>	<b>13,967</b>

Revenue from the vast majority of the Company's contracts is recognized over time because of the continuous transfer of control to the customer. For the three months ended December 31, 2025, \$1,164 or 6% (2024 – \$817 or 6%) was recognized at a point in time, which primarily related to WaterTech segment customers.

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**Contract Balance**

The following table provides information about trade receivables, unbilled revenue, contract assets and contract liabilities related to contracts with customers:

	<b>December 31 2025</b>	<b>September 30 2025</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	18,740	10,513
Unbilled revenue	3,667	3,220
Contract assets	7,729	5,451
Contract liabilities	(3,173)	(2,319)
	<u>26,963</u>	<u>16,865</u>

Revenue recognized in the three months ended December 31, 2025, and included in contract liabilities as at September 30, 2025 was \$2,321, and \$2,753 was added to contract liabilities during the three months ended December 31, 2025 (2025 - \$5,804 and \$2,316).

**18. Related party transactions**

As at December 31, 2025, the Company had an amount owing from the vendor of Gemini Water of \$607 (2025 – 616).

The amount is unsecured, non-interest bearing, and does not have fixed repayment terms. No impairment loss has been recognized in respect of this receivable, as the amount is expected to be fully recoverable through the earn out mechanism.

**Compensation of key management personnel**

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

	<u><b>For the three months ended</b></u>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Salaries	1,833	453
Short-term benefits	84	63
Share-based compensation	87	149
	<u>2,004</u>	<u>665</u>

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**19. Liquidity risk**

Liquidity risk is the risk the Company may not be able to meet its financial obligations as they come due. The Company currently settles all of its financial obligations out of cash and its operating demand loan facility. The ability to do so relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has a working capital of \$10,711 (September 30, 2025 - \$6,908).

As at December 31, 2025, the Company had the following balances available on its credit facilities: operating demand loan – \$4,000 (September 30, 2025 – \$4,000).

As at December 31, 2025, the Company had approximately \$5,789 (September 30, 2025 - \$6,100) in availability between its operating line and cash balances.