

BLUMETRIC ENVIRONMENTAL INC.

**Condensed Interim Consolidated Financial Statements (Unaudited)
For the second quarter and six months ended March 31, 2026
(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 345 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 March 31, 2026 and September 30, 2025

(in thousands of Canadian dollars) (Unaudited)

	March 31, 2026	September 30, 2025
	\$	\$
Current assets		
Cash and cash equivalents (note 5)	2,859	2,109
Trade and other receivables (note 6)	18,749	10,513
Unbilled revenue	1,925	3,220
Contract assets	7,357	5,451
Inventory	614	277
Prepaid expenses	1,520	1,430
Due from related parties	-	616
	<u>33,024</u>	<u>23,616</u>
Non-current assets		
Property and equipment	1,204	844
Intangible assets	10,544	2,576
Goodwill (note 4, 8)	12,595	5,388
Right-of-use assets (note 7)	4,576	4,630
Investment in joint venture	49	40
Deferred income tax assets	1,171	-
	<u>30,139</u>	<u>13,478</u>
	<u>63,163</u>	<u>37,094</u>
Current liabilities		
Trade and other payables (note 10)	14,284	11,033
Contract liabilities	4,849	2,319
Current portion of lease liabilities (note 7)	1,820	1,446
Current portion of contingent consideration	2,128	1,910
	<u>23,081</u>	<u>16,708</u>
Non-current liabilities		
Lease liabilities (note 7)	3,280	3,554
Contingent consideration	2,837	1,090
Deferred income tax liabilities	227	-
	<u>6,344</u>	<u>4,644</u>
	<u>29,425</u>	<u>21,352</u>
Shareholders' Equity		
Share capital (note 11)	29,444	10,824
Warrants (note 11)	367	63
Contributed surplus and other equity	1,905	1,551
Retained earnings	1,966	3,166
Accumulated other comprehensive income	56	138
	<u>33,738</u>	<u>15,742</u>
	<u>63,163</u>	<u>37,094</u>

Approved by the Board of Directors

“Stephan May” 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 March 31, 2026 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 \$
Balance – October 1, 2024	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)	-	-	-	189	-	-	189
Exercise of stock options (note 11)	231,607	135	-	(95)	-	-	40
Net earnings for the period	-	-	-	-	318	-	318
Other comprehensive income for the period	-	-	-	-	-	458	458
Balance – March 31, 2025	37,026,586	10,514	63	1,332	5,783	423	18,115
Balance – October 1, 2025	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)	-	(2,862)	304	-	-	-	(2,558)
Share-based compensation (note 11)	-	-	-	453	-	-	453
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)	378,041	250	-	(99)	-	-	151
Net loss for the period	-	-	-	-	(1,200)	-	(1,200)
Other comprehensive loss for the period	-	-	-	-	-	(82)	(82)
Balance – March 31, 2026	54,649,050	29,444	367	1,905	1,966	56	33,738

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 and six months ended March 31, 2026 and 2025

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026 \$	March 31, 2025 \$	March 31, 2026 \$	March 31, 2025 \$
Revenue (notes 16, 17)	18,277	15,926	38,568	29,893
Cost of sales (notes 13, 16)	12,649	11,619	27,289	20,975
Gross profit	5,628	4,307	11,279	8,918
Operating expenses and other items				
Selling, general and administrative (note 13)	7,383	4,297	13,376	8,131
Operating profit	(1,755)	10	(2,097)	787
Acquisition costs (note 4, 13)	53	-	386	-
Finance costs (note 13)	117	71	214	155
Other income	(12)	-	(12)	-
Earnings (loss) before income taxes	(1,913)	(61)	(2,685)	632
Income tax expense (recovery) (note 12)	(779)	(1)	(1,485)	314
Net earnings (loss) and comprehensive income for the period	(1,134)	(60)	(1,200)	318
Earnings (loss) per share				
Basic	(0.02)	0.00	(0.02)	0.01
Diluted	(0.02)	0.00	(0.02)	0.01
Weighted average number of shares outstanding (note 14)				
Basic	54,572,005	36,817,561	48,170,627	35,039,512
Diluted	58,086,719	41,084,041	52,248,159	39,105,651

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

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Comprehensive Income
For the three and six months ended March 31, 2026 and 2025

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	\$	\$	\$	\$
Net income (loss) for the period	<u>(1,134)</u>	<u>(60)</u>	<u>(1,200)</u>	<u>318</u>
Other comprehensive income				
Items that may be reclassified to net income in subsequent periods:				
Exchange differences on translation of foreign operations	29	(8)	(82)	458
Other comprehensive income (loss) for the period, net of tax	<u>29</u>	<u>(8)</u>	<u>(82)</u>	<u>458</u>
Total comprehensive income (loss) for the period	<u>(1,105)</u>	<u>(68)</u>	<u>(1,282)</u>	<u>776</u>

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended March 31, 2026 and 2025

(in thousands of Canadian dollars) (Unaudited)

	For the six months ended	
	March 31, 2026	March 31, 2025
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	(1,200)	318
Non-cash items		
Deferred income tax expense (recovery) (note 12)	(945)	(272)
Increase in credit loss allowance	192	115
Depreciation of property and equipment	184	94
Amortization of intangible assets	653	339
Amortization of right-of-use assets (note 7)	842	501
Accretion of lease liabilities (note 7)	169	128
Share-based compensation (note 11)	453	189
Change in working capital balances (note 15)	(179)	(1,585)
	<u>169</u>	<u>(173)</u>
Investing activities		
Acquisition of property and equipment	(157)	(149)
Acquisition of intangible assets	(32)	(227)
Business acquisition, net of cash acquired (note 4)	(10,408)	-
Repayment of contingent consideration	(1,035)	-
	<u>(11,632)</u>	<u>(376)</u>
Financing activities		
Increase (decrease) in bank indebtedness	(22)	(3,495)
Repayment of long-term debt	-	(264)
Principal payments on leases (note 7)	(983)	(547)
Exercise of stock options	151	40
Due to/from related parties (note 18)	612	-
Issuance of common shares, less share issuance costs (note 11)	12,442	3,385
	<u>12,200</u>	<u>(881)</u>
Change in cash and cash equivalents during the period	737	(1,430)
Cash and cash equivalents – Beginning of period	2,109	3,646
Increase due to changes in foreign exchange rates	13	47
Cash and cash equivalents – End of period	<u>2,859</u>	<u>2,263</u>
Supplementary information		
Interest paid	48	182
Income taxes paid	159	-

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 and six months ended March 31, 2026 and 2025

(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.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended September 31, 2025.

Authorization of financial statements

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 27, 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.

BluMetric Environmental Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2026 and 2025

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

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.

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

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.

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.

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For the three and six months ended March 31, 2026 and 2025

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

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 \$2,754 was calculated as a working capital adjustment.

During the three months ended March 31, 2026, the Company finalized certain preliminary working capital balances related to the acquisition of DS Consultants Ltd., which closed on December 10, 2025. The working capital adjustment was identified during the measurement period as defined under IFRS 3 *Business Combinations* and relates to facts and circumstances that existed at the acquisition date. As a result, the acquisition-date fair value of net working capital was adjusted, with a corresponding adjustment to goodwill. Comparative information has been retrospectively adjusted accordingly. The working capital adjustment was calculated as \$2,754, of which \$2,754 is still owing as at March 31, 2026.

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)	13,254
Share capital issued	6,232
Contingent consideration	<u>3,000</u>
Total purchase consideration	<u>22,486</u>

The net cash outflow of the acquisition was as follows:

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

The Company allocated the purchase consideration as follows:

	\$
Net assets acquired	15,288
Goodwill	<u>7,198</u>
Total purchase consideration	<u>22,486</u>

BluMetric Environmental Inc.
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(in thousands of Canadian dollars, except per share data) (Unaudited)

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

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	905
	<u>9,186</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>18,742</u>
Current Liabilities	
Short term loan	22
Trade and other liabilities	2,412
Contract liabilities	425
Current portion of lease liabilities	305
	<u>3,164</u>
Non-current liabilities	
Lease liabilities	<u>290</u>
Total liabilities assumed	<u>3,454</u>
Net assets acquired	<u>15,288</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 \$53 and \$386 for the three and six months ended March 31, 2026 were expensed and are included in the acquisition costs in the consolidated financial statements in the consolidated statements of income (loss).

BluMetric Environmental Inc.
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For the three and six months ended March 31, 2026 and 2025

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

For the post-acquisition period, DS contributed revenue of \$3,893 and \$5,379 and \$282 and \$222 in net loss to the Company's consolidated results for the three and six months ended March 31, 2026. 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 30, 2025.

5. Cash and cash equivalents

	March 31, 2026	September 30, 2025
	\$	\$
Cash	2,859	1,591
Short-term investments	-	518
	<hr/>	<hr/>
	2,859	2,109
	<hr/>	<hr/>

6. Trade and other receivables

	March 31, 2026	September 30, 2025
	\$	\$
Trade and other receivables	19,414	11,225
Credit loss allowance – accounts receivable	(665)	(712)
	<hr/>	<hr/>
	18,749	10,513
	<hr/>	<hr/>

BluMetric Environmental Inc.
Notes to Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2026 and 2025

(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

	For the six months ended March 31, 2026				For the six months ended March 31, 2025			
	Office	Vehicles	Equipment	Total	Office	Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	4,519	67	44	4,630	3,761	49	63	3,873
Additions	-	50	19	69	1,449	-	-	1,449
Additions on acquisition	469	-	-	469	-	-	-	-
Lease renewals, reassessments and modifications	251	-	-	251	-	-	-	-
Amortization	(820)	(15)	(7)	(842)	(478)	(11)	(12)	(501)
Impact of foreign exchange	(1)	-	-	(1)	-	-	-	-
Balance – End of period	4,418	102	56	4,576	4,732	38	51	4,821

BluMetric Environmental Inc.
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For the three and six months ended March 31, 2026 and 2025

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

Lease Liabilities

	For the six months ended March 31, 2026				For the six months ended March 31, 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	-	50	19	69	1,449	-	-	1,449
Additions on acquisition	596	-	-	596	-	-	-	-
Lease renewals, reassessments and modifications	251	-	-	251	-	-	-	-
Interest expense on lease liabilities	165	2	2	169	124	1	3	128
Payments	(957)	(17)	(9)	(983)	(521)	(12)	(14)	(547)
Impact of foreign exchange	(2)	-	-	(2)	-	-	-	-
Balance – End of period	<u>4,935</u>	<u>103</u>	<u>62</u>	<u>5,100</u>	<u>5,037</u>	<u>38</u>	<u>57</u>	<u>5,132</u>
Current portion of lease liabilities				<u>(1,820)</u>				<u>(1,204)</u>
Non-current portion of lease liabilities				<u>3,280</u>				<u>3,928</u>

BluMetric Environmental Inc.
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(in thousands of Canadian dollars, except per share data) (Unaudited)

As at March 31, 2026, 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 2% 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.

Amounts recognized in selling, general and administrative	For the three months ended		For the six months ended	
	March 31, 2026 \$	March 31, 2025 \$	March 31, 2026 \$	March 31, 2025 \$
Rent expense – variable lease payments	45	19	62	28
Expense related to short-term leases	9	43	17	85
Expense related to low-value assets	18	22	33	44
Income from subleases	(2)	(3)	(3)	(4)
	<u>70</u>	<u>81</u>	<u>109</u>	<u>153</u>

8. Goodwill

The change in carrying value is as follows:

	\$
Balance as at September 30, 2025	5,388
Business acquisition (Note 4)	7,198
Impact of foreign exchange	<u>9</u>
Balance as at March 31, 2026	<u>12,595</u>

BluMetric Environmental Inc.
Notes to Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2026 and 2025

(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 March 31, 2026, 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

	March 31, 2026	September 30, 2025
	\$	\$
Trade payables	8,649	8,511
Salaries and benefits payable	1,275	865
Other accrued liabilities and payables	4,360	1,657
	<u>14,284</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 \$2,558, inclusive of \$1,287 related to compensation of key management for services provided, for net proceeds of \$12,442. 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.

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For the three and six months ended March 31, 2026 and 2025

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

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

Share options

Activity in the share option plan is summarized as follows:

	2026 For the six months ended		2025 For the six months ended	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Outstanding – Beginning of year	4,755,030	0.72	4,163,130	0.40
Granted	795,975	1.39	402,000	0.99
Exercised/Released	(378,041)	0.40	(389,368)	0.35
Cancelled/Forfeited	(29,511)	0.94	(6,666)	0.35
	5,143,453	0.85	4,169,096	0.46
Outstanding – End of period				
	2,170,248	0.45	1,275,725	0.37
Exercisable – End of period				

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Information about share options outstanding as at March 31, 2026 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	1,930,478	3.53	0.35	1,485,415	3.31	0.35
0.41 – 0.50	794,000	4.97	0.49	467,833	4.86	0.48
0.51 – 0.60	75,000	5.48	0.60	-	-	-
0.61 – 0.99	374,000	5.91	0.99	187,000	5.91	0.99
1.00 – 1.56	1,969,975	6.47	1.45	30,000	6.16	1.56
	5,143,453	5.08	0.85	2,170,248	3.90	0.45

Information about share options outstanding as at March 31, 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	2,724,096	4.59	0.36	1,082,725	4.08	0.35
0.41 – 0.50	803,000	5.97	0.49	103,000	5.15	0.47
0.51 – 0.60	240,000	4.79	0.60	90,000	1.98	0.60
0.81 – 0.99	402,000	6.91	0.99	-	-	-
	4,169,096	5.09	0.46	1,275,725	4.02	0.37

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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 March 31, 2026, the Company issued 795,975 (2025 – 402,00) options to purchase common shares. The weighted average exercise price of the options is \$1.39 (2025 – \$0.99).

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 and six months ended March 31, 2026, the Company recognized \$255 and \$453 (2025 – \$91 and \$189) in share-based compensation expense and 170,602 and 378,041 stock options were exercised (2025 – 106,600 and 389,368) with a weighted average exercise price of \$0.35 and \$0.40 (2025 - \$0.35 and \$0.35). The shares were exercised for total proceeds of \$60 and \$151 (2025 – \$3 and \$40).

12. Income tax

The following shows the components of income tax expense:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	\$	\$	\$	\$
Current tax expense (recovery)	(547)	292	(540)	570
Deferred tax expense (recovery)	(232)	(293)	(945)	(256)
	<u>(779)</u>	<u>(1)</u>	<u>(1,485)</u>	<u>314</u>

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13. Other expense items by nature

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026 \$	March 31, 2025 \$	March 31, 2026 \$	March 31, 2025 \$
Cost of Sales				
Personnel	4,204	2,981	7,588	5,916
Direct project expenses	8,445	8,638	19,701	15,059
	<u>12,649</u>	<u>11,619</u>	<u>27,289</u>	<u>20,975</u>
Selling, general and administrative				
Personnel	4,674	2,596	7,947	4,911
Depreciation	111	40	185	94
Amortization	751	450	1,494	840
Acquisition costs	53	-	386	-
Professional fees	310	195	634	348
Insurance	363	174	596	369
Other operating expense	1,174	842	2,520	1,569
	<u>7,436</u>	<u>4,297</u>	<u>13,762</u>	<u>8,131</u>
Reported as:				
Cost of sales	12,649	11,619	27,289	20,975
Selling, general and administrative	7,383	4,297	13,376	8,131
Acquisition costs	53	-	386	-
	<u>20,085</u>	<u>15,916</u>	<u>41,051</u>	<u>29,106</u>
Finance costs				
Interest on leases	86	80	169	128
Interest on term and bank loans	-	2	-	54
Bank charges	8	8	16	14
Other finance charges (income)	23	(19)	29	(41)
	<u>117</u>	<u>71</u>	<u>214</u>	<u>155</u>

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14. Weighted average shares outstanding

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026 \$	March 31, 2025 \$	March 31, 2026 \$	March 31, 2025 \$
Issued common shares	54,649,050	37,026,586	54,649,050	37,026,586
Weighted average number of basic common shares	54,572,005	36,817,561	48,170,627	35,039,512
Effect of share options on issuance	3,252,214	4,003,980	3,385,193	3,908,927
Effect of warrants on issuance	262,500	262,500	692,339	157,212
Weighted average number of diluted common shares	<u>58,086,719</u>	<u>41,084,041</u>	<u>52,248,159</u>	<u>39,105,651</u>

Options that were anti-dilutive are not included in the computation of diluted common shares. For the three and six months ended March 31, 2026, 1,699,560 and 1,449,541 options and 692,307 and nil warrants were excluded from the calculation because they were anti-dilutive (2025 – nil and nil options and nil and nil warrants were excluded).

15. Changes in working capital

	March 31, 2026 \$	March 31, 2025 \$
Trade and other receivables	(236)	(1,652)
Unbilled revenue	1,299	794
Contract assets	(991)	2,097
Inventory	(333)	(2)
Prepaid expenses	66	373
Trade and other payables	(2,074)	(1,693)
Contract liabilities	2,090	(1,502)
	<u>(179)</u>	<u>(1,585)</u>

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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”).

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.

	For the three months ended March 31, 2026		
	Professional Services \$	WaterTech \$	Total \$
Revenue	8,014	10,263	18,277
Cost of goods sold	4,933	7,716	12,649
Gross profit	3,081	2,547	5,628
Selling and general expenses	2,417	996	3,413
Earnings before administrative costs and other items listed below (EBAC)	664	1,551	2,215
Administrative expenses			3,108
Depreciation			111
Amortization			751
Acquisition costs			53
Interest expense			86
Finance costs			31
Other Income			(12)
Loss before income taxes			(1,913)
Income tax expense (recovery)			(779)
Net loss			(1,134)

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	Professional Services \$	WaterTech \$	For the three months ended March 31, 2025 Total \$
Revenue	4,480	11,446	15,926
Cost of goods sold	2,891	8,728	11,619
Gross profit	1,589	2,718	4,307
Selling and general expenses	1,376	323	1,699
Earnings before administrative costs and other items listed below (EBAC)	213	2,395	2,608
Administrative expenses			2,107
Depreciation			41
Amortization			450
Interest expense			27
Finance costs			44
Earnings (loss) before income taxes			(61)
Income tax expense (recovery)			(1)
Net loss			(60)

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	Professional Services \$	WaterTech \$	For the six months ended March 31, 2026 Total \$
Revenue	16,361	22,207	38,568
Cost of goods sold	10,043	17,246	27,289
Gross profit	6,318	4,961	11,279
Selling and general expenses	3,954	1,667	5,621
Earnings before administrative costs and other items listed below (EBAC)	2,364	3,294	5,658
Administrative expenses			6,076
Depreciation			185
Amortization			1,494
Acquisition costs			386
Interest expense			169
Finance costs			45
Other Income			(12)
Earnings (loss) before income taxes			(2,685)
Income tax expense (recovery)			(1,485)
Net earnings (loss)			(1,200)

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	Professional Services \$	WaterTech \$	For the six months ended March 31, 2025 Total \$
Revenue	9,976	19,917	29,893
Cost of goods sold	6,117	14,858	20,975
Gross profit	3,859	5,059	8,918
Selling and general expenses	2,523	626	3,149
Earnings before administrative costs and other items listed below (EBAC)	1,336	4,433	5,769
Administrative expenses			4,046
Depreciation			94
Amortization			842
Acquisition costs			-
Interest expense			128
Finance costs			27
Earnings before income taxes			632
Income tax expense			314
Net earnings			318

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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:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	\$	\$	\$	\$
Canada	13,587	7,170	27,906	14,914
Caribbean countries	2,769	1,152	5,369	2,965
U.S.	1,399	477	4,344	717
St. Kitts	346	7,054	561	11,195
Other countries	176	73	388	102
	<u>18,277</u>	<u>15,926</u>	<u>38,568</u>	<u>29,893</u>

For the six months ended March 31, 2026, approximately 30% of revenue (2025 – 49%) was derived from two (2025 – two) customers. The customers referenced below are not necessarily the same customers in both periods.

	<u>For the six months ended</u>	
	March 31, 2026	March 31, 2025
Customer 1	20%	36%
Customer 2	10%	13%

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

	March 31, 2026	September 30, 2025
	\$	\$
Canada	22,919	5,722
United States	6,049	7,756
	<u>28,968</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.

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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.

Revenue from contracts with customers is disaggregated as follows:

	For the three months ended		
	March 31, 2026		
	\$		
	Fixed price	Time and	Total
	\$	materials	\$
		\$	
Commercial and industrial	5,810	4,512	10,322
Government	957	1,078	2,035
Military	3,997	855	4,852
Mining	327	741	1,068
	11,091	7,186	18,277
			March 31, 2025
			\$
	Fixed price	Time and	Total
	\$	materials	\$
		\$	
Commercial and industrial	8,494	2,239	10,733
Government	298	1,258	1,556
Military	623	2,096	2,719
Mining	109	809	918
	9,524	6,402	15,926

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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:

	March 31 2026	September 30 2025
	\$	\$
Trade receivables	18,749	10,513
Unbilled revenue	1,925	3,220
Contract assets	7,357	5,451
Contract liabilities	(4,849)	(2,319)
	<u>23,182</u>	<u>16,865</u>

Revenue recognized in the six months ended March 31, 2026, and included in contract liabilities as at September 30, 2025 was \$2,304, and \$4,697 was added to contract liabilities during the three months ended March 31, 2026 (2025 - \$5,804 and \$2,316).

18. Related party transactions

As at September 30, 2025, the Company had an amount owing from the vendor of Gemini Water of \$616. During the six months ended March 31, 2026 the balance was fully settled. No amount was outstanding as at March 31, 2026.

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

Compensation of key management personnel

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	\$	\$	\$	\$
Salaries	697	608	2,530	1,061
Short-term benefits	50	52	134	115
Share-based compensation	109	46	196	195
	<u>856</u>	<u>706</u>	<u>2,860</u>	<u>1,371</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 \$9,387 (September 30, 2025 - \$6,908).

As at March 31, 2026, the Company had the following balances available on its credit facilities: operating demand loan – \$4,000 (September 30, 2025 – \$4,000).

As at March 31, 2026, the Company had approximately \$6,859 (September 30, 2025 - \$6,109) in availability between its operating line and cash balances.

20. Subsequent Events

On April 1, 2026, subsequent to period end, the Company completed the acquisition of Whitteker Environmental Services Inc. for total consideration of up to \$1,250. The consideration comprises cash of \$800 paid on closing, 248,576 common shares of the Company with a fair value of \$250, and a contingent consideration of up to \$200, payable based on the achievement of specified revenue targets.

As at the date these condensed interim consolidated financial statements were authorized for issue, the Company has not completed the initial accounting for the acquisition, and therefore the fair values of the identifiable assets acquired and liabilities, including any resulting goodwill and the final purchase price allocation, have not yet been determined.