

BLUMETRIC ENVIRONMENTAL INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED MARCH 31, 2026

(expressed in thousands of Canadian Dollars)

May 27, 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 March 31, 2026. The MD&A should be read in conjunction with the Company's financial statements and related notes for the six months ended March 31, 2026, 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 Six Months Ended March 31, 2026", "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 345 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 120 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 present value of the achievement of DS' EBITDA targets.

Whittek Environmental Services Inc. Acquisition

On April 1, 2026, the Company completed the acquisition of Whittek Environmental Services Inc. for aggregate consideration of up to \$1,250, consisting of cash consideration of \$800 paid on closing, 248,576 common shares of the Company with a fair value of \$250, and a contingent cash-based earn-out of up to \$200, dependent on the achievement of specified revenue 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 five members, three 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 345 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 and Six Months Ended March 31, 2026

Financial Highlights

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

	Three months ended		Change \$	Change %	Six months ended		Change \$	Change %
	March 31, 2026 \$	March 31, 2025 \$			March 31, 2026 \$	March 31, 2025 \$		
Revenue	18,277	15,926	2,351	15%	38,568	29,893	8,675	29%
Gross profit	5,628	4,307	1,321	31%	11,279	8,918	2,361	26%
Gross margin %	31%	27%			29%	30%		
Operating expenses	7,383	4,297	3,086	72%	13,376	8,131	5,245	65%
Operating expenses, net of depreciation and amortization ¹	6,521	3,805	2,716	71%	11,697	7,197	4,500	63%
Finance costs	117	71	46	65%	214	155	59	38%
Adjusted EBITDA ²	(626)	600	(1,226)	-204%	287	1,910	(1,623)	-85%
Earnings before income taxes	(1,913)	(61)	(1,852)	3036%	(2,685)	632	(3,317)	-525%
Income tax (recovery) expense	(779)	(1)	(778)	77800%	(1,485)	314	(1,799)	-573%
Net earnings	(1,134)	(60)	(1,074)	1790%	(1,200)	318	(1,518)	-477%
Weighted average common shares outstanding								
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		
Earnings per share								
Basic	(0.02)	0.00			(0.02)	0.01		
Diluted	(0.02)	0.00			(0.02)	0.01		
Total assets					63,163	36,834	26,329	71%
Working capital					9,943	8,612	1,331	15%
Non-current liabilities					6,344	5,968	376	6%
Shareholders' equity					33,738	18,115	15,623	86%
Net cash ²					2,859	2,219	640	29%

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').

Revenue for the three and six months ended March 31, 2026, was \$18,277 and \$38,568 respectively compared to \$15,926 and \$29,893 for the three and six months ended March 31, 2025, respectively and is broken down as follows:

Revenue Breakdown by Market

(in thousands of Canadian dollars)

	Three months ended			
	Mar 31	Mar 31	Change	Change
	2026	2025		
	\$	\$	\$	%
Commercial and Industrial	10,322	10,733	(411)	-4%
Government	2,035	1,556	479	31%
Military	4,852	2,719	2,133	78%
Mining	1,068	918	150	16%
	18,277	15,926		

Revenue from the Commercial and Industrial market was \$10,322 for the three months ended March 31, 2026, compared to \$10,733 for the three months ended March 31, 2025. The decrease was primarily attributable to lower revenue from WaterTech USA (Gemini Water), who was in the completion and commissioning phase of several projects where revenue is primarily driven by onsite revenues and lower component and parts sales, as well as the impact of a longer winter season on activity levels in the Professional Services segment. This decrease in revenues was partially offset by the acquisition of DS Consultants, who contributed revenues of \$3,893 for the three months ended March 31, 2026.

Revenue from the Government market was \$2,035 for the three months ended March 31, 2026, compared to \$1,556 for the three months ended March 31, 2025. The increase was primarily due to the absence of government prorogation that impacted activity levels in the prior year.

Revenue from the Military market was \$4,852 for the three months ended March 31, 2026, compared to \$2,719 for the three months ended March 31, 2025. The increase was primarily driven by the production of the Rheinmetall ASWUPS Mission Ready Water systems, which are expected to be fully delivered in Q3 2026.

Revenue from the Mining market was \$1,068 for the three months ended March 31, 2026, compared to \$918 for the three months ended March 31, 2025. The increase was attributable to a continued shift toward higher value services in Northern Ontario and Quebec.

Management's Discussion and Analysis
Financial Quarters Ended March 31, 2026 and
March 31, 2025

	Six months ended			
	Mar 31	Mar 31	Change	Change
	2026	2025		
\$	\$	\$	%	
Commercial and Industrial	19,978	19,331	647	3%
Government	4,191	3,674	517	14%
Military	10,977	4,601	6,376	139%
Mining	3,422	2,287	1,135	50%
	38,568	29,893		

Revenue from the Commercial and Industrial market was \$19,978 for the six months ended March 31, 2026, compared to \$19,331 for the six months ended March 31, 2025. The increase was primarily attributable to the acquisition of DS Consultants, which contributed revenues of \$5,379 for the six-month period. The increase was partially offset by a decrease of revenue in WaterTech USA related to the lower revenue generation associated with the completion and commissioning of several projects, as well as the impact of a longer winter season on activity levels in the Professional Services segment.

Revenue from the Government market was \$4,191 for the six months ended March 31, 2026, compared to \$3,674 for the six months ended March 31, 2025. The increase is primarily due to the absence of government prorogation that impacted activity levels in the prior year.

Revenue from the Military market was \$10,977 for the six months ended March 31, 2026, compared to \$4,601 for the six months ended March 31, 2025. The increase was primarily driven by the production of the ASWUPS Mission Ready Water systems, which are expected to be fully delivered in Q3 2026.

Revenue from the Mining market was \$3,422 for the six months ended March 31, 2026, compared to \$2,287 for the six months ended March 31, 2025. The increase was attributable to a continued shift toward higher value services in Northern Ontario and Quebec.

Revenue Breakdown by Reportable Segment

(in thousands of Canadian dollars)

	Three months ended Mar 31,			
	2026	2025	Change	Change
	\$	\$	\$	%
Professional Services	8,014	4,480	3,534	79%
WaterTech	10,263	11,446	(1,183)	-10%
Total Revenue	18,277	15,926	2,351	15%

Revenue from the Professional Services segment was \$8,014 for the three months ended March 31, 2026, compared to \$4,480 for the three months ended March 31, 2025. The increase was due to the acquisition of DS Consultants, which contributed revenues of \$3,893 for the three months ended March 31, 2026. The increase in revenue was offset slightly by the impact of the longer winter season on activity levels in the Professional Services segment.

Revenue from the WaterTech segment was \$10,263 for the three months ended March 31, 2026, compared to \$11,446 for the three months ended March 31, 2025. The decrease was primarily due to a decrease of revenue in WaterTech USA as several projects near completion. The decrease is partially offset by the production of the ASWUPS Mission Ready Water systems, which are expected to be fully delivered in Q3 2026.

Gross profit was \$5,628 for the three months ended March 31, 2026, compared to \$4,307 for the three months ended March 31, 2025. Gross margin increased to 31% from 27% over the same comparative period, primarily due to a higher proportion of revenue generated from the Professional Services segment, which typically earns higher gross margins.

Operating expenses, net of depreciation and amortization, were \$6,521 for the three months ended March 31, 2026, compared to \$3,805 for the three months ended March 31, 2025. The increase was primarily attributable to operating expenses of \$1,535 related to DS Consultants, lower utilization due to a longer winter season, investments in recurring O&M services at WaterTech USA, and higher general corporate overhead associated with increased business development, professional fees and non-cash share-based compensation.

	Six months ended Mar 31,			
	2026	2025	Change	Change
	\$	\$	\$	%
Professional Services	16,361	9,976	6,385	64%
WaterTech	22,207	19,917	2,290	11%
	38,568	29,893	8,675	29%

Revenue from the Professional Services segment was \$16,361 for the six months ended March 31, 2026, compared to \$9,976 for the six months ended March 31, 2025. This increase was primarily due to the acquisition of DS Consultants, which contributed revenues of \$5,379 for the period. The additional increase was due to an increase of subtrade revenues during the period.

Revenue from the WaterTech segment was \$22,207 for the six months ended March 31, 2026, compared to \$19,917 for the six months ended March 31, 2025. This increase was due to the production of the ASWUPS Mission Ready Water systems and is partially offset by the decrease in revenue in WaterTech USA as several projects near completion.

Gross profit was \$11,279 for the six months ended March 31, 2026, compared to \$8,918 for the six months ended March 31, 2025. Gross margin decreased to 29% from 30% over the same comparative period, primarily due to an increase in material and subcontractor costs during the period.

Operating expenses, net of depreciation and amortization, were \$11,697 for the six months ended March 31, 2026, compared to \$7,197 for the six months ended March 31, 2025. The increase was primarily attributable to operating expenses of \$2,062 related to DS Consultants, lower utilization due to seasonality, and increased general corporate overhead primarily related to professional fees, non-cash share-based compensation and restructuring costs related to workforce restructuring initiatives undertaken across the Company during the period.

EBITDA (see "Financial Terms and Definitions")

(in thousands of Canadian dollars)

	Three months ended		Six months ended	
	March 31, 2026 \$	March 31, 2025 \$	March 31, 2026 \$	March 31, 2025 \$
Net income	(1,134)	(60)	(1,200)	318
Finance costs	117	71	214	155
Income tax expense	(779)	(1)	(1,485)	314
Share compensation costs	255	98	453	189
Depreciation and amortization	862	492	1,679	934
EBITDA	(679)	600	(339)	1,910
Acquisition costs	53	-	386	-
Restructuring costs	-	-	240	-
Adjusted EBITDA	(626)	600	287	1,910

The Company recorded Adjusted EBITDA of (\$626) and \$287 for the three and six months ended March 31, 2026, respectively, compared to \$600 and \$1,910 for the three and six months ended March 31, 2025, respectively. While revenue and gross profit increased in both periods, these improvements were offset by the increase in operating expenses including the incremental costs associated with DS Consultants, lower utilization due to seasonality, investments into recurring O&M services at WaterTech USA, and higher general corporate overhead associated with increased business development, professional fees, acquisition costs, restructuring costs, and non-cash share-based compensation.

For more detail, see "Discussion of Results of Operations for the Three Months Ended March 31, 2026, and "Quarterly Results".

Quarterly Results

Quarterly financial information for the eight quarters ended March 31, 2026.

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.

Management's Discussion and Analysis
Financial Quarters Ended March 31, 2026 and
March 31, 2025

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

	Q2 2026 March 31, 2026	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
Revenue								
Professional Services	8,014	8,347	7,746	4,903	4,480	5,496	7,686	5,178
WaterTech	10,263	11,944	10,274	9,768	11,446	8,471	3,378	2,938
	18,277	20,291	18,020	14,671	15,926	13,967	11,064	8,116
Cost of sales	12,649	14,640	13,911	9,458	11,619	9,356	7,280	4,565
Gross profit	5,628	5,651	4,109	5,213	4,307	4,611	3,784	3,551
Gross margin %	31%	28%	23%	36%	27%	33%	34%	44%
Operating expenses	7,383	5,994	5,780	5,608	4,297	3,834	3,671	3,436
Acquisition costs	53	333	-	-	-	-	271	-
Finance costs	117	97	89	83	71	84	171	61
Revaluation of contingent consideration		-	(74)	-	-	-	-	-
Other income	(12)	-	(48)	-	-	-	-	-
Earnings before provision for income tax	(1,913)	(773)	(1,638)	(478)	(61)	693	(329)	54
Income tax expense (recovery)	(779)	(706)	528	(27)	(1)	315	(9)	27
Net earnings (loss)	(1,134)	(67)	(2,166)	(451)	(60)	378	(320)	27
Weighted average number of shares outstanding								
Basic	54,572,005	41,556,785	37,232,767	37,068,544	36,817,561	33,023,496	31,794,979	29,435,973
Diluted	58,086,719	45,881,730	41,388,290	41,451,654	41,084,041	37,042,213	33,359,850	32,592,713
Earnings (loss) per share								
Basic	(0.02)	(0.00)	(0.06)	(0.01)	0.00	0.01	(0.01)	0.00
Diluted	(0.02)	(0.00)	(0.05)	(0.01)	0.00	0.01	(0.01)	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. **Q2 2026 vs Q2 2025** – The overall revenue increase is primarily due to the full consolidation of DS Consultants revenue in the Professional Services segment. Revenue decline in the WaterTech segment was primarily due to a decrease of revenue in WaterTech USA as the St. Kitts Bird Rock SWRO plant nears completion offset by the production of the ASWUPS Mission Ready Water systems. The increase in operating expenses was due to the inclusion of the incremental costs associated with DS Consultants, lower utilization due to seasonality, and increased general corporate overhead to support higher potential revenues.
2. **Q1 2026 vs Q1 2025** – The revenue increase in Q1 2026 compared to Q1 2025 was primarily attributable to the inclusion 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.
3. **Q4 2025 vs Q4 2024** – The revenue increase in Q4 2025 compared to Q4 2024 was primarily due to the full consolidation of WaterTech USA, 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.
4. **Q3 2025 vs. Q3 2024** – The revenue increase in Q3 2025 compared to Q3 2024 was primarily due to the full consolidation of WaterTech USA, 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.

Summary of Cash Flows

(in thousands of Canadian dollars)

	Six months ended	
	March 31, 2026 \$	March 31, 2025 \$
Cash provided by (used in)		
Operating activities, excluding changes to working capital	348	1,412
Changes related to working capital	(179)	(1,585)
Operating activities	169	(173)
Investing activities	(11,632)	(376)
Financing activities	12,200	(881)
Change in cash and cash equivalents	737	(1,430)
Cash and cash equivalents – Beginning of period	2,109	3,646
Increase (decrease) in cash due to changes in foreign exchange rates	13	47
Cash and cash equivalents – End of period	2,859	2,263
Free cash flow ¹	(824)	489

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 provided by operating activities was \$169 during the six months ended March 31, 2026, compared with cash used by operating activities of \$173 during the six months ended March 31, 2025. The decrease in operating cash flows primarily attributable to lower Adjusted EBITDA, payment of acquisition and restructuring costs was offset by the changes in working capital arising from the acquisition of DS Consultants.

Investing activities used \$11,632 of cash in the six months ended March 31, 2026, compared to \$376 for the six months ended March 31, 2025. The cash was used primarily for the acquisition of DS Consultants along with the repayment of the contingent consideration for the acquisition of Gemini Water.

In the six months ended March 31, 2026, cash provided by financing activities was \$12,200, compared to cash used in financing activities of \$881 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 March 31, 2025, the effective interest rate under this facility was 5.7% (2025 – 6.2%). As at March 31, 2025, the Company had drawn \$nil on its operating facility and \$nil in letters of credit (March 31, 2024 – \$nil and \$nil, respectively).

As at March 31, 2026, the Company had approximately \$6,859 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 new production space;
- An expanded presence in the Greater Toronto area to support the built environment and strengthen the Commercial and Industrial markets along with the reorganization of our Greater Toronto Area offices;
- 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;
- Expanded joint venture investment to secure Northern Canadian projects;

- 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 the six members of the executive team outlined earlier.

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

(in thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	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
	856	706	2,860	1,371

Proposed Transactions and Subsequent Events

On April 1, 2026, the Company completed the acquisition of Whitteker Environmental Services Inc. through the purchase of all issued and outstanding shares. The total consideration for the acquisition is up to \$1,250 and was comprised of an initial cash payment of \$800 paid on closing, the issuance of 248,576 common shares of the Company with a fair value of \$250 on the acquisition date, and a one-time cash-based earn-out of up to \$200. The earn-out is contingent upon Whitteker Environmental Services Inc. achieving annual revenue equivalent to the 12-month period preceding the closing date.

Summary of Outstanding Shares and Dilutive Instruments

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

Shares:	55,030,439 common shares
Options:	4,999,973 options
Warrants:	954,807 warrants

Inter-Corporate Relationships

There are no inter-corporate relationships for the year ended March 31, 2026.

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.