

BLUMETRIC ENVIRONMENTAL INC.

CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR THE THIRD QUARTER AND NINE MONTH PERIOD ENDED
JUNE 30, 2024**



About Us

BluMetric Environmental Inc. is a publicly traded environmental consulting and water cleantech 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 200 employees operating in nine offices and over 45 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 financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited interim 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

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

BluMetric Environmental Inc.
Condensed Unaudited Interim Statements of Financial Position
As at June 30, 2024 and September 30, 2023

(expressed in Canadian dollars)

	June 30, 2024 \$	September 30, 2023 \$
Current assets		
Cash and cash equivalents (note 4)	2,160,622	3,039,712
Accounts receivable (note 5)	4,594,373	5,968,324
Unbilled revenue	3,930,769	3,900,498
Contract assets	4,135,298	3,950,376
Inventory (note 6)	377,736	-
Prepaid expenses	325,647	295,976
	15,524,445	17,154,886
Non-current assets		
Property and equipment	561,404	446,421
Intangible assets	65,083	51,465
Right-of-use assets (note 7)	2,549,254	1,896,435
Deferred income tax assets	403,441	502,035
	3,579,182	2,896,356
	19,103,627	20,051,242
Current liabilities		
Trade and other payables (note 9)	2,933,479	4,821,120
Contract liabilities	303,324	239,568
Current portion of lease liabilities (note 7)	549,065	477,625
Current portion of long-term debt (note 10)	438,521	514,895
	4,224,389	6,053,208
Non-current liabilities		
Lease liabilities (note 7)	2,139,028	1,495,768
Long-term debt (note 10)	-	308,212
	2,139,028	1,803,980
	6,363,417	7,857,188
Shareholders' equity		
Share capital	5,797,610	5,796,819
Contributed surplus and other equity	1,157,471	996,100
Retained earnings	5,785,129	5,401,135
	12,740,210	12,194,054
	19,103,627	20,051,242

The accompanying notes are an integral part of these Condensed Unaudited Interim Financial Statements.

Approved by the Board of Directors

 "Ian Mor Macdonald" Director
 Ian Mor Macdonald

 "Scott MacFabe" Director
 Scott MacFabe

BluMetric Environmental Inc.

Condensed Unaudited Interim Statements of Changes in Shareholders' Equity For the nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

	Common shares #	Share capital \$	Contributed surplus and other equity \$	Retained earnings) \$	Total \$
Balance – October 1, 2022	29,435,695	5,796,819	677,298	4,894,415	11,368,532
Share-based compensation (note 11)	-	-	263,528	-	263,528
Net earnings and comprehensive income for the period	-	-	-	(193,629)	(193,629)
Balance – June 30, 2023	<u>29,435,695</u>	<u>5,796,819</u>	<u>940,826</u>	<u>4,700,786</u>	<u>11,438,431</u>
Balance – October 1, 2023	29,435,695	5,796,819	996,100	5,401,135	12,194,054
Share-based compensation (note 11)	-	-	161,694	-	161,694
Exercise of stock options (note 11)	1,333	791	(323)	-	468
Net earnings(loss) and comprehensive income for the period	-	-	-	383,994	383,994
Balance – June 30, 2024	<u>29,437,028</u>	<u>5,797,610</u>	<u>1,157,471</u>	<u>5,785,129</u>	<u>12,740,210</u>

The accompanying notes are an integral part of these Condensed Unaudited Interim Financial Statements.

BluMetric Environmental Inc.

Condensed Unaudited Interim Statements of Net Earnings and Comprehensive Income For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	June 30, 2024 \$	June 30, 2023 \$ Restated (note 20)	June 30, 2024 \$	June 30, 2023 \$ Restated (note 20)
Revenue (note 15, 16)	8,115,603	6,941,257	23,773,616	24,833,267
Cost of sales (note 13)	4,564,994	4,482,955	13,576,174	16,226,342
Gross profit	3,550,609	2,458,302	10,197,442	8,606,925
Operating expenses and other items				
Selling, general and administrative (note 13)	3,436,068	3,319,588	9,440,645	8,536,132
Operating profit	114,541	(861,286)	756,797	70,793
Finance costs (note 13)	61,132	13,714	164,948	56,313
Other income (note 18)	-	-	(8,303)	-
Earnings (loss) before income taxes	53,409	(875,000)	600,152	14,480
Income tax expense (recovery) (note 12)	27,179	(145,635)	216,158	208,109
Net earnings (loss) and comprehensive income (loss) for the period	26,230	(729,365)	383,994	(193,629)
Earnings (loss) per share				
Basic	0.00	(0.02)	0.01	(0.01)
Diluted	0.00	(0.02)	0.01	(0.01)
Weighted average number of shares outstanding (note 14)				
Basic	29,435,973	29,435,695	29,435,787	29,435,695
Diluted	32,592,713	29,442,989	31,740,121	29,436,705

The accompanying notes are an integral part of these Condensed Unaudited Interim Financial Statements.

BluMetric Environmental Inc.
Condensed Unaudited Interim Statements of Cash Flows
For the nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

	For the nine months ended	
	June 30, 2024	June 30, 2023
	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings (loss) and comprehensive income for the period	383,994	(193,629)
Non-cash items:		
Deferred income tax expense (note 12)	98,594	84,855
Increase (decrease) in credit loss allowance	117,196	(218,855)
Depreciation of property and equipment	56,344	42,732
Amortization of intangible assets	17,195	15,884
Amortization of right-of-use assets (note 7)	473,662	433,376
Accretion of lease liabilities (note 7)	161,406	86,731
Share-based compensation (note 11)	161,694	263,528
Changes in working capital balances	(1,189,730)	595,244
	<u>280,355</u>	<u>1,109,866</u>
Investing activities		
Acquisition of property and equipment	(171,327)	(268,077)
Acquisition of intangible assets	(30,813)	-
	<u>(202,140)</u>	<u>(268,077)</u>
Financing activities		
Repayment of long-term debt	(384,586)	(372,192)
Gross lease payments under IFRS 16 (note 7)	(573,187)	(512,002)
Exercise of stock options (note 11)	468	-
	<u>(957,305)</u>	<u>(884,194)</u>
Change in cash and cash equivalents during the period	(879,090)	(42,405)
Cash and cash equivalents – Beginning of period	<u>3,039,712</u>	<u>4,911,423</u>
Cash and cash equivalents – End of period	<u>2,160,622</u>	<u>4,869,018</u>
Supplementary Information		
Interest paid	16,064	28,457
Income taxes paid	99,003	297,180

The accompanying notes are an integral part of these Condensed Unaudited Interim Financial Statements.

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

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 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 (TSX-V – BLM) in Canada.

2. Basis of presentation

Statement of compliance

These condensed unaudited interim financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These condensed unaudited interim 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 financial statements of the Company for the year ended September 30, 2023, 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 unaudited interim financial statements were approved and authorized for issue by the Board of Directors on August 28, 2024.

Presentation and functional currency

The Company's presentation and functional currency is the Canadian dollar.

Basis of measurement

The condensed unaudited interim financial statements have been prepared on the historical cost basis.

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

Critical accounting judgments and estimates

The preparation of these condensed unaudited 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. 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, 2023 annual financial statements.

Standards, amendments and interpretations adopted in the current year

At the date of authorization of these condensed unaudited interim financial statements, the following new standards, amendments and interpretations to existing standards were required to be and have been adopted by the Company. There was no material impact from adoption of these standards, amendments and interpretations on these condensed unaudited interim financial statements.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract. Such costs include both the incremental costs of the contract and an allocation of other direct costs incurred on activities required to fulfill the contract. The adoption of this standard on October 1, 2023, had no material impact on the Company.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The adoption of this standard on October 1, 2023, had no material impact on the Company.

3. Summary of significant accounting policies

With the exception of adapting an accounting policy note for cash and cash equivalents and inventory (see below) the accounting policies set out in the Company's most recent annual financial statements have been applied consistently to all periods presented in these condensed unaudited interim financial statements. As such, these condensed unaudited interim financial statements should be read in conjunction with the annual financial statements and related note disclosures for the year ended September 30, 2023, 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses.

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

4. Cash and cash equivalents

	June 30, 2024	September 30, 2023
	\$	\$
Cash	502,066	3,039,712
Short-term investments (interest rate at 4.95%)	1,658,556	-
	<u>2,160,622</u>	<u>3,039,712</u>

5. Accounts receivable

	June 30, 2024	September 30, 2023
	\$	\$
Trade and other receivables	4,755,507	6,119,949
Credit loss allowance – accounts receivables	(161,134)	(151,625)
	<u>4,594,373</u>	<u>5,968,324</u>

6. Inventory

The Company's inventory is valued at the lower of cost and net realisable value. Inventory at the Company consists of direct costs attributable to the development of support materials in relation to a sales contract to be delivered in 2025.

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

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 nine months ended June 30, 2024</u>				<u>For the nine months ended June 30, 2023</u>			
	<u>Office</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>	<u>Office</u>	<u>Vehicles</u>	<u>IT 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	1,852,782	16,754	26,899	1,896,435	700,220	25,889	48,423	774,532
Additions	1,008,440	48,734	69,307	1,126,481	1,569,620	-	-	1,569,620
Amortization	(437,870)	(11,824)	(23,968)	(473,662)	(410,382)	(6,851)	(16,143)	(433,376)
Balance - End of period	<u>2,423,352</u>	<u>53,664</u>	<u>72,238</u>	<u>2,549,254</u>	<u>1,859,458</u>	<u>19,038</u>	<u>32,280</u>	<u>1,910,776</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

Lease liabilities

	<u>For the nine months ended June 30, 2024</u>				<u>For the nine months ended June 30, 2023</u>			
	<u>Office</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>	<u>Office</u>	<u>Vehicles</u>	<u>IT 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	1,927,861	17,323	28,209	1,973,393	755,699	26,380	49,416	831,495
Additions	1,008,440	48,734	69,307	1,126,481	1,569,620	-	-	1,569,620
Interest expense on lease liabilities	155,659	1,544	4,203	161,406	84,461	506	1,764	86,731
Payments	(535,365)	(13,112)	(24,710)	(573,187)	(487,170)	(7,273)	(17,559)	(512,002)
Balance at end of Period	<u>2,556,595</u>	<u>54,489</u>	<u>77,009</u>	<u>2,688,093</u>	<u>1,922,610</u>	<u>19,613</u>	<u>33,621</u>	<u>1,975,844</u>
Current portion of lease liabilities				<u>549,065</u>				<u>485,050</u>
Non-current portion of lease liabilities				<u>2,139,028</u>				<u>1,490,794</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

For leases entered during the nine-month period ending June 30, 2024, lease liabilities are discounted using the Company's incremental borrowing rate at the lease commencement date for each lease and had rates ranging from 6.49% to 8.45% (2023: 2.99% to 7.2%).

The Company leases vehicle and office 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.

	For the three months ended		For the nine months ended	
	June 30, 2024 \$	June 30, 2023 \$	June 30, 2024 \$	June 30, 2023 \$
Amounts recognized in selling, general and administrative				
Rent expense – variable lease payments	51,123	36,243	163,455	153,441
Expense related to short-term leases	8,352	5,666	21,076	86,554
Expense related to low-value assets	24,513	21,563	73,819	56,184
Income from subleases	(1,500)	(1,500)	(7,250)	(7,500)
	<u>82,488</u>	<u>61,972</u>	<u>251,100</u>	<u>288,679</u>

	For the nine months ended	
	June 30, 2024 \$	June 30, 2023 \$
Amounts recognized in the statements of cash flow		
Cash payments for the interest portion of lease liabilities	161,406	86,731
Cash payments for leases not included in the measurement of lease liabilities	<u>251,102</u>	<u>288,679</u>
Cash outflow in operating activities	412,508	375,410
Cash payments for the principal portion of lease liabilities included in financing activities	<u>411,781</u>	<u>425,271</u>
Total cash outflow for leases	<u>824,289</u>	<u>800,681</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

8. Credit facilities

The Company has a \$2,500,000 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 \$500,000 for the issuance of letters of credit.

As at June 30, 2024, the Company had drawn \$nil on its operating demand loan and \$nil in letters of credit (September 30, 2023 – \$nil and \$nil, respectively).

The Company has certain covenants in accordance with its credit facilities. As at June 30, 2024, the Company was in compliance with all its covenants.

The Company also has a corporate credit card facility in the amount of \$250,000. As at June 30, 2024, the Company had utilized \$70,350 (September 30, 2023 – \$65,841) against this facility, which is recorded under trade and other payables in the condensed unaudited interim statements of financial position.

9. Trade and other payables

	June 30, 2024	September 30, 2023
	\$	\$
Trade payables	1,764,564	3,273,602
Salaries and benefits payable	846,601	592,115
Other accrued liabilities and payables	322,314	955,403
	<u>2,933,479</u>	<u>4,821,120</u>

10. Long-term debt

	June 30, 2024	September 30, 2023
	\$	\$
Term loan, bearing interest at 3.28%	438,521	823,107
Less: Current portion	<u>438,521</u>	<u>514,895</u>
	<u>-</u>	<u>308,212</u>

On April 20, 2021, the Company entered into a letter of agreement with its bank for a \$2.0 million term loan. The term loan has a closed four-year term and carries an interest rate of 3.28% per annum with monthly blended payments of \$44,517 commencing May 31, 2021. This term loan matures April 30, 2025, is carried at

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

amortized cost and is subject to the same covenants as the Company's credit facilities. As at June 30, 2024, the Company was in compliance with all its covenants.

Long-term debt balances as at June 30, 2024 are due as follows:

	\$
2024	130,309
2025	308,212
	<hr/>
	438,521
	<hr/>

11. Shareholders' equity

Share options

Activity in the share option plan is summarized as follows:

	2024		2023	
	For the nine		For the nine	
	months ended		months ended	
	Number of	Weighted	Number of	Weighted
	options	average	options	average
	#	exercise	#	exercise
		price		price
		\$		\$
Outstanding – Beginning of year	2,554,916	0.36	2,839,000	0.36
Granted	1,292,156	0.38	98,000	0.41
Exercised/Released	(1,333)	0.35	-	-
Cancelled/Forfeited	(362,999)	0.37	(236,000)	0.35
	<hr/>		<hr/>	
Outstanding – End of period	3,482,740	0.37	2,701,000	0.36
	<hr/>		<hr/>	
Exercisable – End of period	766,323	0.37	100,000	0.50
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BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

Information about share options outstanding as at June 30, 2024 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	3,156,740	5.28	0.36	706,323	4.78	0.35
0.41 – 0.50	236,000	5.67	0.46	-	-	-
0.51 – 0.60	90,000	2.73	0.60	60,000	2.73	0.60
	3,482,740	5.24	0.37	766,323	4.62	0.37

Share-based compensation

The fair value of options vested is recognized as compensation cost.

During the three and nine months ended June 30, 2024, the Company recognized \$59,380 and \$161,694 (2023 – \$87,755 and \$263,528 respectively) in share-based compensation expense. In the three months ended June 30, 2024, 1,333 options were exercised with a weighted average exercise price of \$0.35. The shares were exercised for total proceeds of \$468 (2023 – no options exercised).

During the nine months ended June 30, 2024, the Company granted options for 1,292,156 (2023 – 98,000) common shares of which 166,582 were to a Board members in connection with the Company's Board compensation policy. The options granted vest over a period of either 2 or 3 years (2023 – 1 or 3 years) and have a term of 5 or 7 years (2023 – 5 years).

The 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. The fair value of the options granted during the nine months ended June 30, 2024 ranged between \$0.30 and \$0.48.

The weighted average exercise price of the options is \$0.37 (2023 - \$0.41).

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

For options granted during the nine months ended June 30, 2024, and June 30, 2023, the following assumptions were used:

	June 30, 2024	June 30, 2023
	\$	\$
Exercise price	0.37	0.36
Price of underlying share	0.38	0.40
Expected volatility	69%	94%
Expected option life (years)	3.45	3.51
Expected dividends	-	-
Risk-free interest rate	4.1%	3.6%
Forfeiture rate estimate	13.5%	13.1%

12. Income tax

The following shows the components of income tax expense:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Current tax expense (recovery)	11,589	(28,558)	117,564	123,254
Deferred tax expense (recovery)	15,590	(117,077)	98,594	84,855
	<u>27,179</u>	<u>(145,635)</u>	<u>216,158</u>	<u>208,109</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

13. Other expense items by nature

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
		Restated (note 20)		Restated (note 20)
Personnel	4,596,549	4,058,575	12,870,058	11,760,701
Direct project expenses	2,223,988	2,429,767	6,748,158	9,939,764
Depreciation and amortization	187,232	186,777	547,201	491,992
Other operating expense	993,293	1,127,424	2,851,402	2,570,017
	8,001,062	7,802,543	23,016,819	24,762,474
Reported as:				
Cost of sales	4,564,994	4,482,955	13,576,174	16,226,342
Selling, general and administrative	3,436,068	3,319,588	9,440,645	8,536,132
	8,001,062	7,802,543	23,016,819	24,762,474
Finance costs				
Interest on term and bank loans	4,305	8,468	16,065	28,457
Interest on leases	52,039	35,246	161,406	86,731
Bank charges	8,507	8,521	15,844	16,121
Other finance income	(3,719)	(38,521)	(28,367)	(74,996)
	61,132	13,714	164,948	56,313

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and nine months ended June 30, 2024 and 2023

(expressed in Canadian dollars)

14. Weighted average shares outstanding

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Issued common shares	29,437,028	29,435,695	29,437,028	29,435,695
Weighted average number of basic common shares	29,435,973	29,435,695	29,435,787	29,435,695
Effect of share options on issuance	3,156,740	7,294	2,304,334	1,010
Weighted average number of diluted common shares	<u>32,592,713</u>	<u>29,442,989</u>	<u>31,740,121</u>	<u>29,436,705</u>

Options that were anti-dilutive are not included in the computation of diluted common shares. For the three and nine months ended June 30, 2024, 326,000 and 1,178,406 options were excluded from the calculation because they were anti-dilutive (2023 – 438,928 and 810,747 respectively).

15. Segmented disclosure

The Company provides comprehensive solution-based products and services in the fields of environmental geosciences and engineering, industrial hygiene, occupational health and safety, water and wastewater treatment and environmental management predominately in Canada.

The Company operates under one operating and reportable segment due to the integration between technical disciplines required to serve its customers.

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 gross margin and is measured consistently with gross margin in the condensed unaudited interim financial statements.

BluMetric Environmental Inc.
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(expressed in Canadian dollars)

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 nine months ended</u>	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Canada	8,059,143	6,941,257	23,703,792	24,786,168
Other countries	56,460	-	69,824	47,099
	<u>8,115,603</u>	<u>6,941,257</u>	<u>23,773,616</u>	<u>24,833,267</u>

For the nine months ended June 30, 2024, approximately 20% of revenue was derived from one customer (2023 – 13% derived from one customer).

The Company does not currently, or in the ordinary course of business, hold non-current assets outside of its country of domicile (Canada).

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(expressed in Canadian dollars)

16. 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 June 30, 2024		
	Fixed price	Time and	Total
	\$	materials	\$
		\$	\$
Commercial and industrial	1,192,336	2,226,126	3,418,462
Government	571,387	913,383	1,484,770
Military	581,348	1,092,999	1,674,347
Mining	182,736	1,355,288	1,538,024
	<u>2,527,807</u>	<u>5,587,796</u>	<u>8,115,603</u>
	For the three months ended June 30, 2023		
	Fixed price	Time and	Total
	\$	materials	\$
		\$	\$
Commercial and industrial	861,880	2,192,379	3,054,259
Government	912,737	780,303	1,693,040
Military	641,462	510,367	1,151,829
Mining	204,153	837,976	1,042,129
	<u>2,620,232</u>	<u>4,321,025</u>	<u>6,941,257</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
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(expressed in Canadian dollars)

	For the nine months ended June 30, 2024		
	Fixed price	Time and materials	Total
	\$	\$	\$
Commercial and industrial	2,221,255	5,804,107	8,025,362
Government	1,959,230	4,140,685	6,099,915
Military	1,899,676	3,711,683	5,611,359
Mining	615,048	3,421,932	4,036,980
	6,695,209	17,078,407	23,773,616

	For the nine months ended June 30, 2023		
	Fixed price	Time and materials	Total
	\$	\$	\$
Commercial and industrial	2,560,778	7,958,770	10,519,548
Government	2,060,994	3,656,724	5,717,718
Military	2,619,609	1,596,928	4,216,537
Mining	1,137,537	3,241,927	4,379,464
	8,378,918	16,454,349	24,833,267

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 nine months ended June 30, 2024, \$1,061,127 or 4% of revenue (2023 – \$670,891 or 3%) was recognized at a point in time, which primarily related to military sector customers.

17. Related party transactions

Compensation of key management personnel

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

	For the three months ended		For the nine months ended	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries	547,403	278,872	1,389,666	993,504
Short-term benefits	25,238	16,667	70,524	66,303
Share-based compensation	45,778	47,385	105,471	142,007
	618,419	342,924	1,565,661	1,201,814

BluMetric Environmental Inc.
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(expressed in Canadian dollars)

18. Other income

The Company entered in a shareholder relationship with BLM-KEL-60 Corp. (JV-60) on September 27, 2022, an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial, and private clients. 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 investment in JV-60 is accounted for using the equity method in accordance with IAS 28. The transactions that have taken place during the period ended June 30, 2024, are not material (2023 - \$nil).

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 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 \$11,300,056 (2023 - \$11,101,678).

As at June 30, 2024, the Company had the following balances available on its credit facilities: operating demand loan – \$2,500,000; and credit card facility – \$179,650.

As at June 30, 2024, the Company had approximately \$4.8 million in availability between its operating line and cash balances.

BluMetric Environmental Inc.
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(expressed in Canadian dollars)

20. Restated information

During the preparation of the condensed unaudited interim financial statements for the period ended June 30, 2024, the Company determined that the indirect labour costs that do not contribute to revenue generating projects should be reclassified as overhead expenses under the Sales, general and administrative caption in the condensed unaudited interim Statements of Net Earnings and Comprehensive Income. The Company had previously accounted for the amounts under the Cost of sales caption.

The adjustments in these condensed unaudited interim financial statements for the period ended June 30, 2023, are detailed as follows. There is no effect on basic or diluted net earnings per share.

	As previously reported	Adjustments	As restated
	\$	\$	\$
Statement of Net Earnings and Comprehensive Income			
<u>For the three months ended</u>			
June 30, 2023			
Cost of sales	5,908,452	(1,425,497)	4,482,955
Gross profit	1,032,805	1,425,497	2,458,302
Selling, general and administrative	1,894,091	1,425,497	3,319,588
<u>For the nine months ended</u>			
June 30, 2023			
Cost of sales	19,926,984	(3,700,642)	16,226,342
Gross profit	4,906,283	3,700,642	8,606,925
Selling, general and administrative	4,835,490	3,700,642	8,536,132