BLUMETRIC ENVIRONMENTAL INC.

MANAGEMENT’S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED JUNE 30, 2026

(expressed in thousands of Canadian Dollars)

August 26, 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 June 30, 2026. The MD&A should be read in conjunction with the Company's financial statements and related notes for the nine months ended June 30, 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 Nine Months Ended June 30, 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 products and services include:

- WaterTech
  - Desalination
  - Potable Water Treatment
  - Mission Ready Mobile Water
  - Shipboard Water Treatment
  - Wastewater Treatment
- Professional Services
  - 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 360 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.

The acquisition of DS Consultants was in line with the Company's overall growth strategy, which included a focus on growing its Professional Service segment in the built environment.

Whitteker Environmental Services Inc. Acquisition

On April 1, 2026, the Company acquired all of the share of Whitteker Environmental Services Inc. ("Whitteker"), who was at arm's length to the Company. Whitteker is an Ontario-based provider of water and wastewater system operations and testing services aimed at supporting the management and regulatory compliance of drinking water.

Cash consideration of $800 and 248,576 shares, at a fair value of $217, subject to a 4-month plus 1-day holding period, were issued at closing with future consideration earn-outs valued at $200 contingent on Whitteker's revenue for the 12 months following acquisition being greater than or equal to revenue for the 12 months prior to acquisition. The Company has recognized $190 based on the achievement of Whitteker revenue targets.

The acquisition of Whitteker Environmental Services Inc. was in line with the Company's overall growth strategy which, included a focus on growing and expanding its Professional Service segment with less seasonably impacted operations.

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
- 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 Key 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, Vice President, 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 360 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 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. The Professional Services team is susceptible seasonality with lower headcount and utilization in the winter months.

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, reflecting the diversity of the communities in which we operate. Women represent approximately one-third of our workforce and hold key leadership positions throughout the organization. BluMetric is committed to fostering an inclusive workplace that values diverse perspectives, experiences and ideas. By embracing diversity, we create opportunities for our team members to excel, grow and make meaningful contributions to our business, our clients and the communities we serve.

Discussion Results of Operations for the Three and Nine Months Ended June 30, 2026

Financial Highlights

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

	Three months ended				Nine months ended			
	June 30, 2026 $	June 30, 2025 $	Change $	Change %	June 30, 2026 $	June 30, 2025 $	Change $	Change %
Revenue	20,920	14,671	6,249	43%	59,488	44,564	14,924	33%
Gross profit	7,792	5,213	2,579	49%	19,071	14,131	4,939	35%
Gross margin %	37%	36%			32%	32%		
Operating expenses	8,628	5,608	3,020	55%	22,004	13,740	8,264	60%
Operating expenses, net of depreciation and amortization[1]	7,008	5,051	1,957	39%	18,705	12,249	6,456	53%
Finance costs	110	83	27	33%	324	238	86	36%
Adjusted EBITDA[2]	1,059	308	751	244%	1,346	2,217	(871)	-39%
Earnings before income taxes	(1,058)	(478)	(580)	121%	(3,743)	153	(3,896)	-2546%
Income tax (recovery) expense	(302)	(27)	(275)	-1019%	(1,787)	286	(2,073)	-725%
Net earnings (loss)	(756)	(451)	(305)	68%	(1,956)	(133)	(1,823)	1371%
Weighted average common shares outstanding								
Basic	54,984,280	37,068,544			50,561,456	35,767,470		
Diluted	58,316,670	41,451,654			54,227,953	39,990,309		
Earnings per share								
Basic	(0.01)	(0.01)			(0.04)	(0.00)		
Diluted	(0.01)	(0.01)			(0.04)	(0.00)		
Total assets					60,227	34,745	25,482	73%
Working capital					9,497	8,520	977	11%
Non-current liabilities					7,427	6,012	1,415	24%
Shareholders' equity					33,754	17,363	16,391	94%
Net cash[2]					1,160	3,422	(2,262)	-66%

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 nine months ended June 30, 2026, was $20,920 and $59,488 respectively compared to $14,671 and $44,564 for the three and nine months ended June 30, 2025, respectively and is broken down as follows:

Revenue Breakdown by Market

(in thousands of Canadian dollars)

	Three months ended			
	June 30 2026 $	June 30 2025 $	Change $	Change %
Commercial and Industrial	16,208	9,014	7,194	80%
Government	1,721	1,826	(105)	-6%
Military	1,554	2,948	(1,394)	-47%
Mining	1,437	883	554	63%
	20,920	14,671		

Revenue from the Commercial and Industrial market was $16,208 for the three months ended June 30, 2026, compared to $9,014 for the three months ended June 30, 2025. The increase was attributable to WaterTech USA’s advancement into the build phase of several projects, which are characterized by higher input costs resulting in increased revenue recognition. Revenue growth was further supported by the acquisitions of DS Consultants and Whitteker Environmental Services Inc., which contributed $5,734 and $242 of revenue, respectively, during the three months ended June 30, 2026.

Revenue from the Government market was $1,721 for the three months ended June 30, 2026, compared to $1,826 for the three months ended June 30, 2025. The slight decrease was primarily due to the timing government contract awards and related project activity during the period.

Revenue from the Military market was $1,554 for the three months ended June 30, 2026, compared to $2,948 for the three months ended June 30, 2025. The decrease was primarily attributable to the timing of project execution and related revenue recognition under existing contracts. While revenue during the three months ended June 30, 2026, benefited from the Rheinmetall ASWUPS Mission Ready Water Systems program, overall market revenue was lower as the project completed during the period.

Revenue from the Mining market was $1,437 for the three months ended June 30, 2026, compared to $883 for the three months ended June 30, 2025. The increase was attributable to increased demand for higher-value technical and consulting services in Northern Ontario and Quebec.

	Nine months ended			
	June 30 2026	June 30 2025	Change	Change
	$	$	$	%
Commercial and Industrial	36,186	28,345	7,841	28%
Government	5,912	5,500	412	7%
Military	12,531	7,549	4,982	66%
Mining	4,859	3,170	1,689	53%
	59,488	44,564		

Revenue from the Commercial and Industrial market was $36,186 for the nine months ended June 30, 2026, compared to $28,345 for the nine months ended June 30, 2025. The increase was primarily attributable to the acquisitions of DS Consultants and Whitteker Environmental Services Inc., which contributed revenues of $11,111 and $242, respectively, during the period. The increase was partially offset by a decrease of revenue from WaterTech USA due to the advanced stage of several projects, including the St. Kitts Bird Rock SWRO (Seawater Reverse Osmosis) plant, resulting in lower revenue recognition compared to the prior period, as well as the impact of a longer winter season on activity levels in the Professional Services segment.

Revenue from the Government market was $5,912 for the nine months ended June 30, 2026, compared to $5,500 for the nine months ended June 30, 2025. The increase is primarily due to the absence of government prorogation that impacted activity levels in the prior year and is slightly offset by the timing of the awarding of government contracts.

Revenue from the Military market was $12,531 for the nine months ended June 30, 2026, compared to $7,549 for the nine months ended June 30, 2025. The increase was primarily driven by the production of the ASWUPS Mission Ready Water systems, which were fully delivered in the period. This increase is offset by the timing of project execution and related revenue recognition under existing contracts.

Revenue from the Mining market was $4,859 for the nine months ended June 30, 2026, compared to $3,170 for the nine months ended June 30, 2025. The increase was attributable to a continued increase in mining activity in Northern Ontario and Quebec.

Revenue Breakdown by Reportable Segment

(in thousands of Canadian dollars)

	Three months ended June 30,			
	2026	2025	Change	Change
	$	$	$	%
Professional Services	10,914	4,903	6,011	123%
WaterTech	10,006	9,768	238	2%
Total Revenue	20,920	14,671	6,249	43%

Revenue from the Professional Services segment was $10,914 for the three months ended June 30, 2026, compared to $4,903 for the three months ended June 30, 2025. The increase was primarily due to the acquisitions of DS Consultants and Whitteker Environmental Services Inc., which contributed revenues of $5,734 and $242, respectively, for the three months ended June 30, 2026.

Revenue from the WaterTech segment was $10,006 for the three months ended June 30, 2026, compared to $9,768 for the three months ended June 30, 2025. The increase was attributable to WaterTech USA's advancement into the build phase of several projects, which are characterized by higher input costs resulting in increased revenue recognition. The increase was partially offset by a decrease of revenue in WaterTech Canada due to the timing of project execution and related revenue under existing contracts.

Gross profit was $7,792 for the three months ended June 30, 2026, compared to $5,213 for the three months ended June 30, 2025. Gross margin increased to 37% from 36% 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 $7,008 for the three months ended June 30, 2026, compared to $5,051 for the three months ended June 30, 2025. The increase was primarily attributable to operating expenses of $1,770 related to DS Consultants, investments to expand recurring O&M services at WaterTech USA, and higher corporate costs required to support a larger and more diversified business. These costs included increased business development activities, professional fees, and non-cash share-based compensation.

	Nine months ended June 30,			
	2026	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**
Professional Services	27,275	14,880	12,395	83%
WaterTech	32,213	29,684	2,529	9%
	59,488	44,564	14,924	33%

Revenue from the Professional Services segment was $27,275 for the nine months ended June 30, 2026, compared to $14,880 for the nine months ended June 30, 2025. The increase was primarily attributable to the acquisitions of DS Consultants and Whitteker Environmental Services, which contributed revenues of $11,111 and $242, respectively, during the period. The increase also reflected higher levels of subcontracted project work and associated subtrade revenue compared to the prior year.

Revenue from the WaterTech segment was $32,213 for the nine months ended June 30, 2026, compared to $29,684 for the nine months ended June 30, 2025. The increase was primarily attributable to production and completion activities related to the ASWUPS Mission Ready Water systems program. This increase was partially offset by lower revenue from WaterTech USA, reflecting the advanced stage of several projects, including the St. Kitts Bird Rock SWRO (Seawater Reverse Osmosis) plant, which reached substantial or final completion during the period and therefore generated lower levels of revenue compared to the prior year.

Gross profit was $19,071 for the nine months ended June 30, 2026, compared to $14,131 for the nine months ended June 30, 2025. Gross margin was unchanged at 32% over the same comparative period.

Operating expenses, net of depreciation and amortization, were $18,705 for the nine months ended June 30, 2026, compared to $12,249 for the nine months ended June 30, 2025. The increase was primarily attributable to operating expenses of $3,832 related to DS Consultants, lower utilization resulting from seasonal factors, investments to expand recurring O&M services at WaterTech USA and increased corporate infrastructure required to support future potential growth. The increase also included higher business development expenditures, professional fees, non-cash share-based compensation expense, and restructuring costs related to workforce optimization initiatives undertaken during the period.

EBITDA (see "Financial Terms and Definitions")

(in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	June 30, 2026 $	**June 30, 2025 $**	**June 30, 2026 $**	**June 30, 2025 $**
Net income (loss)	(756)	(451)	(1,956)	(133)
Finance costs	110	83	324	238
Income tax expense	(302)	(27)	(1,787)	286
Share compensation costs	274	146	727	335
Depreciation and amortization	1,620	557	3,299	1,491
EBITDA	946	308	607	2,217
Acquisition costs	113	-	499	-
Restructuring costs	-	-	240	-
Adjusted EBITDA	1,059	308	1,346	2,217

The Company recorded Adjusted EBITDA of $1,059 and $1,346 for the three and nine months ended June 30, 2026, respectively, compared to $308 and $2,217 for the three and nine months ended June 30, 2025, respectively. While revenue and gross profit increased in both periods, these improvements were offset by higher operating expenses. These included the incremental costs associated with DS Consultants following its acquisition, lower utilization resulting from seasonal factors, investments in the expansion of recurring O&M services at WaterTech USA, and increased corporate overhead required to support the Company's growth.

For more detail, see "Discussion of Results of Operations for the Three Months Ended June 30, 2026, and "Quarterly Results".

Quarterly Results

Quarterly financial information for the eight quarters ended June 30, 2026.

The Company experiences variability in its Professional Services segment operations from quarter to quarter due to the nature of the markets, weather 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.

Furthermore, the acquisition of DS Consultants has shifted the Company's revenue mix, resulting in a higher proportion of Professional Services revenues when compared to past quarters. DS Consultants has historically experienced significant seasonality with the fiscal fourth quarter typically being its highest revenue, EBITDA, and net income generating period.

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

Below are some key highlights for fluctuations quarter over quarter. For information on the operating results please see the Discussion of Results of Operations in each MD&A for each respective quarter.

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

	Q3 2026 Jun 30, 2026	Q2 2026 Mar 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
Revenue								
Professional Services	10,914	8,014	8,347	7,746	4,903	4,480	5,496	7,686
WaterTech	10,006	10,263	11,944	10,274	9,768	11,446	8,471	3,378
	20,920	18,277	20,291	18,020	14,671	15,926	13,967	11,064
Cost of sales	13,128	12,649	14,640	13,911	9,458	11,619	9,356	7,280
Gross profit	7,792	5,628	5,651	4,109	5,213	4,307	4,611	3,784
Gross margin %	37%	31%	28%	23%	36%	27%	33%	34%
Operating expenses	8,628	7,383	5,994	5,780	5,608	4,297	3,834	3,671
Acquisition costs	113	53	333	-	-	-	-	271
Finance costs	110	117	97	89	83	71	84	171
Revaluation of contingent consideration	-	-	-	(74)	-	-	-	-
Other income	(1)	(12)	-	(48)	-	-	-	-
Earnings before provision for income tax	(1,058)	(1,913)	(773)	(1,638)	(478)	(61)	693	(329)
Income tax expense (recovery)	(302)	(779)	(706)	528	(27)	(1)	315	(9)
Net earnings (loss)	(756)	(1,134)	(67)	(2,166)	(451)	(60)	378	(320)
Operating expenses, net of depreciation and amortization[1]	7,007	6,521	5,177	4,190	5,051	3,805	3,392	3,361
Adjusted EBITDA[2]	1,059	(626)	912	164	308	600	1,310	505

	Q3 2026 Jun 30, 2026	Q2 2026 Mar 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
Weighted average number of shares outstanding								
Basic	54,984,280	54,572,005	41,556,785	37,232,767	37,068,544	36,817,561	33,023,496	31,794,979
Diluted	58,316,670	58,086,719	45,881,730	41,388,290	41,451,654	41,084,041	37,042,213	33,359,850
Earnings (loss) per share								
Basic	(0.01)	(0.02)	(0.00)	(0.06)	(0.01)	0.00	0.01	(0.01)
Diluted	(0.01)	(0.02)	(0.00)	(0.05)	(0.01)	0.00	0.01	(0.01)

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').

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. **Q3 2026 vs Q3 2025 –** The Company achieved its highest quarterly revenue on record, driven primarily by the full consolidation of DS Consultants and Whitteker Environmental Services Inc. within the Professional Services segment. This revenue increase in the WaterTech segment was primarily due to the advancement of projects of WaterTech USA to the build phase and was partially offset by the decrease of revenue of WaterTech Canada due to the timing of project execution. The increase in operating expenses was due to the inclusion of the incremental costs associated with DS Consultants, combined with investments to expand recurring O&M services at WaterTech USA, and higher corporate costs required to support a larger and more diversified business. During the latter part of the third quarter, the Company completed the rollout of its new ERP system across the core business and is continuing the implementation of the CPCSC (Cyber Security Certification) to meet new requirements by the Canadian Department of National Defence.
2. **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.
3. **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.
4. **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.

Summary of Cash Flows

(in thousands of Canadian dollars)

	Nine months ended	
	June 30, 2026 $	**June 30, 2025 $**
Cash provided by (used in)		
Operating activities, excluding changes to working capital	1,583	2,233
Changes related to working capital	(59)	(596)
Operating activities	1,524	1,637
Investing activities	(14,264)	(527)
Financing activities	11,758	(1,273)
Change in cash and cash equivalents	(982)	(163)
Cash and cash equivalents – Beginning of period	2,109	3,646
Increase (decrease) in cash due to changes in foreign exchange rates	33	(61)
Cash and cash equivalents – End of period	1,160	3,422
Free cash flow[1]	(166)	760

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 $1,524 during the nine months ended June 30, 2026, compared with cash provided by operating activities of $1,637 during the nine months ended June 30, 2025. The decrease in operating cash flows primarily attributable to lower Adjusted EBITDA, acquisition and restructuring costs, which was offset by the changes in working capital arising from the acquisition of DS Consultants.

Investing activities used $14,264 of cash in the nine months ended June 30, 2026, compared to $527 for the nine months ended June 30, 2025. The cash was used primarily for the acquisitions of DS Consultants and Whitteker Environmental Services Inc. along with the repayment of the contingent consideration for the acquisition of Gemini Water.

In the nine months ended June 30, 2026, cash provided by financing activities was $11,758, compared to cash used in financing activities of $1,273 in the same period of fiscal 2025. Cash inflows from the issuance of capital stock were partially offset by the investments in DS Consultants and Whitteker Environmental Services Inc.

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 June 30, 2026, the effective interest rate under this facility was 5.7% (2025 – 6.2%). As at June 30, 2026, the Company had drawn $nil on its operating facility and $nil in letters of credit (June 30, 2025 – $nil and $nil, respectively).

As at June 30, 2026, the Company had approximately $5,160 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;
- Investments in new ERP tools to drive efficiencies;
- Implementation of the CPCSC program for compliance with the Department of National Defence;
- 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 65,000 square feet of production space;
- An expanded presence in the Greater Toronto area to support the built environment and strengthen the Commercial and Industrial 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, including the Executive Management team and Board of Directors, during the period was as follows:

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	June 30, 2026 $	June 30, 2025 $	June 30, 2026 $	June 30, 2025 $
Salaries	662	607	3,192	1,668
Short-term benefits	42	55	176	170
Share-based compensation	119	82	315	187
	823	744	3,683	2,025

Proposed Transactions and Subsequent Events

On July 17, 2026, the Company signed a long-term lease agreement for the expansion of its office and operating facilities in Gainesville, Florida. The additional 24,000 square feet will increase the Company's operational footprint in Gainesville to 49,000 square feet and support the continued growth of its WaterTech USA operations. The lease has a seven-year term commencing on October 1, 2026, with annual lease payments of approximately $588,000, subject to customary adjustments and operating cost recoveries. This lease will replace the Company's existing Gainesville facility lease and provides the additional capacity necessary to support future potential operational growth.

Summary of Outstanding Shares and Dilutive Instruments

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

Shares:	55,094,239 common shares
Options:	5,969,673 options
Warrants:	692,307 warrants

Inter-Corporate Relationships

There are no inter-corporate relationships for the year ended June 30, 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 directly 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.