

BLUMETRIC ENVIRONMENTAL INC.

**Condensed Interim Consolidated Financial Statements (Unaudited)
For the second quarter and six months ended March 31, 2025
(expressed in thousands of Canadian dollars)**



About Us

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

BluMetric has more than 220 employees operating in ten offices across Canada and the United States 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 consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

HEAD OFFICE
BluMetric Environmental Inc.
1682 Woodward Dr.
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Canada

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2025 and September 30, 2024

(in thousands of Canadian dollars) (Unaudited)

	March 31, 2025 \$	September 30, 2024 \$
Current assets		
Cash and cash equivalents (note 4)	2,263	3,646
Trade and other receivables (note 5)	11,791	10,216
Unbilled revenue	2,550	3,343
Contract assets	3,573	5,617
Inventory	110	101
Prepaid expenses	1,076	1,367
	<u>21,363</u>	<u>24,290</u>
Non-current assets		
Property and equipment	719	657
Intangible assets	3,651	3,570
Goodwill	5,566	5,229
Right-of-use assets (note 6)	4,821	3,873
Deferred income tax assets	714	376
	<u>15,471</u>	<u>13,705</u>
	<u>36,834</u>	<u>37,995</u>
Current liabilities		
Bank indebtedness (note 7)	-	3,495
Trade and other payables (note 8)	5,934	7,674
Contract liabilities	4,452	5,617
Current portion of lease liabilities (note 6)	1,204	617
Current portion of long-term debt (note 9)	44	308
Current portion of contingent consideration	1,117	1,117
	<u>12,751</u>	<u>18,828</u>
Non-current liabilities		
Lease liabilities (note 6)	3,928	3,485
Contingent consideration	1,957	1,957
Deferred income tax liabilities	83	-
	<u>5,968</u>	<u>5,442</u>
	<u>18,719</u>	<u>24,270</u>
Shareholders' Equity		
Share capital (note 10)	10,514	7,057
Warrants (note 10)	63	-
Contributed surplus and other equity	1,332	1,238
Retained earnings	5,783	5,465
Accumulated other comprehensive income	423	(35)
	<u>18,115</u>	<u>13,725</u>
	<u>36,834</u>	<u>37,995</u>

Approved by the Board of Directors

 "Ian Mor Macdonald" Director

 "Scott MacFabe" Director

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

BluMetric Environmental Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity As at March 31, 2025 and 2024

(in thousands of Canadian dollars) (Unaudited)

	Common shares #	Share capital \$	Warrants \$	Contributed surplus and other equity \$	Retained earnings \$	Accumulated other comprehensive income \$	Total \$
Balance – October 1, 2023	29,435,695	5,797	-	996	5,401	-	12,194
Share-based compensation (note 10)	-	-	-	102	-	-	102
Net earnings and comprehensive income for the period	-	-	-	-	358	-	358
Balance – March 31, 2024	<u>29,435,695</u>	<u>5,797</u>	<u>-</u>	<u>1,098</u>	<u>5,759</u>	<u>-</u>	<u>12,654</u>
Balance – October 1, 2024	31,794,979	7,057	-	1,238	5,465	(35)	13,725
Shares issued for private placement (note 10)	5,000,000	4,000	-	-	-	-	4,000
Share offering cost (note 10)	-	(678)	63	-	-	-	(615)
Share-based compensation (note 10)	-	-	-	189	-	-	189
Exercise of stock options (note 10)	231,607	135	-	(95)	-	-	40
Net earnings and comprehensive income for the period	-	-	-	-	318	458	776
Balance – March 31, 2025	<u>37,026,586</u>	<u>10,514</u>	<u>63</u>	<u>1,332</u>	<u>5,783</u>	<u>423</u>	<u>18,115</u>

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

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

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

	For the three months ended		For the six months ended	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Revenue (notes 14, 15)	15,926	7,133	29,893	15,657
Cost of sales (note 14)	11,619	4,070	20,975	9,011
Gross profit	4,307	3,063	8,918	6,646
Operating expenses and other items Selling, general and administrative (note 12)	4,297	2,856	8,131	6,004
Operating profit	10	207	787	642
Finance costs (note 12)	71	46	155	103
Other income	-	(8)	-	(8)
Earnings before income taxes	(61)	169	632	547
Income tax expense (note 11)	(1)	52	314	189
Net earnings and comprehensive income for the period	(60)	117	318	358
Earnings per share				
Basic	0.00	0.00	0.01	0.01
Diluted	0.00	0.00	0.01	0.01
Weighted average number of shares outstanding (note 13)				
Basic	36,817,561	29,435,695	35,039,512	29,435,695
Diluted	41,084,041	29,438,884	39,105,651	29,435,695

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

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

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Net income for the period	(60)	117	318	358
Other comprehensive income				
Items that may be reclassified to net income in subsequent periods:				
Exchange differences on translation of foreign operations	(8)	-	458	-
Other comprehensive income for the period, net of tax	(8)	-	458	-
Total comprehensive income for the period	(68)	117	776	358

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

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

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

	For the six months ended	
	March 31, 2025	March 31, 2024
	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings and comprehensive income for the period	318	358
Non-cash items		
Deferred income tax expense (note 11)	(272)	83
Increase (decrease) in credit loss allowance	115	30
Depreciation of property and equipment	94	34
Amortization of intangible assets	339	11
Amortization of right-of-use assets (note 6)	501	315
Accretion of lease liabilities (note 6)	128	109
Share-based compensation (note 10)	189	102
Change in working capital balances	(1,585)	(396)
	<u>(173)</u>	<u>646</u>
Investing activities		
Acquisition of property and equipment	(149)	(102)
Acquisition of intangible assets	(227)	(18)
	<u>(376)</u>	<u>(120)</u>
Financing activities		
Increase (decrease) in bank indebtedness	(3,495)	-
Repayment of long-term debt	(264)	(255)
Repayment of Lease liabilities (note 6)	(547)	(379)
Exercise of stock options	40	-
Issuance of common shares, less share issuance costs (note 10)	3,385	-
	<u>(881)</u>	<u>(634)</u>
Change in cash and cash equivalents during the period	(1,430)	(108)
Cash and cash equivalents – Beginning of period	3,646	3,040
Increase due to changes in foreign exchange rates	47	-
Cash and cash equivalents – End of period	2,263	2,932
Supplementary information		
Interest paid	182	120
Income tax paid	-	-

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and six months ended March 31, 2025 and 2024

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

1. Nature of operations

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

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

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

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements do not contain all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended September 30, 2024, 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 May 28, 2025.

Functional currency and foreign currency translation

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

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

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

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and six months ended March 31, 2025 and 2024

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

Basis of measurement

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

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the BluMetric Environmental Inc. and its wholly owned US domiciled subsidiary Gemini Water LLC.

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

Critical accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of the Company's assets, liabilities, revenue, and expenses during the reporting period presented. 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, 2024 annual financial statements.

Standards, amendments and interpretations adopted in the current year

At the date of authorization of these unaudited condensed interim consolidated financial statements, 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 unaudited condensed interim financial statements.

IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows (Amendments) - In May 2023, the International Accounting Standards Board (IASB) issued disclosure-only amendments to IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier adoption permitted. The Company has determined that there will be no material effect on the Company's consolidated financial statements as a result of adopting this amendment.

3. Summary of significant accounting policies

With the exception of adapting an accounting policy note for cash and cash equivalents (see below), the accounting policies set out in the Company's most recent annual consolidated financial statements have been applied consistently to all periods presented in these condensed interim consolidated financial statements. As such, these condensed interim consolidated financial statements should be read in conjunction with the annual financial statements and related note disclosures for the year ended September 30, 2024, except for cash and cash equivalents.

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

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.

4. Cash and cash equivalents

	March 31, 2025 \$	September 30, 2024 \$
Cash	1,654	2,567
Short-term investments (interest rate at 4.55%)	609	1,079
	<u>2,263</u>	<u>3,646</u>

5. Trade and other receivables

	March 31, 2025 \$	September 30, 2024 \$
Trade and other receivables	12,454	10,752
Credit loss allowance – accounts receivable	(663)	(536)
	<u>11,791</u>	<u>10,216</u>

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements For the three and six months ended March 31, 2025 and 2024

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

6. Right-of-use assets and lease liabilities

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

Right-of-use assets

	For the six months ended March 31, 2025				For the six months ended March 31, 2024			
	Office	Vehicles	Equipment	Total	Office	Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	3,761	49	63	3,873	1,853	17	27	1,897
Additions	1,449	-	-	1,449	1,008	49	69	1,126
Amortization	(478)	(11)	(12)	(501)	(293)	(7)	(15)	(315)
Balance – End of period	<u>4,732</u>	<u>38</u>	<u>51</u>	<u>4,821</u>	<u>2,568</u>	<u>59</u>	<u>81</u>	<u>2,708</u>

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements For the three and six months ended March 31, 2025 and 2024

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

Lease Liabilities

	For the six months ended March 31, 2025				For the six months ended March 31, 2024			
	Office	Vehicles	Equipment	Total	Office	Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	3,985	49	68	4,102	1,928	17	28	1,973
Additions	1,449	-	-	1,449	1,008	49	69	1,126
Interest expense on lease liabilities	124	1	3	128	106	-	3	109
Payments	(521)	(12)	(14)	(547)	(358)	(7)	(14)	(379)
Balance at end of Period	5,037	38	57	5,132	2,684	59	86	2,829
Current portion of lease liabilities				(1,204)				(558)
Non-current portion of lease liabilities				3,928				2,271

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements For the three and six months ended March 31, 2025 and 2024

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

For leases entered during the period ending March 31, 2025, lease liabilities are discounted using the Company's incremental borrowing rate at the lease commencement date for each lease and had rates ranging from 2.99% to 8.45% (2024: 2.99% to 8.45%).

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

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

Amounts recognized in selling, general and administrative	For the three months ended		For the six months ended	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Rent expense – variable lease payments	19	55	28	112
Expense related to short-term leases	43	7	85	13
Expense related to low-value assets	22	24	44	49
Income from subleases	(3)	(5)	(4)	(6)
	81	81	153	168

7. Credit facilities

The Company has a \$4,000 (2024 - \$4,000) operating demand loan available to it as a shared limit between its overdraft facility and letters of credit. The Company has a maximum limit of \$500,000 for the issuance of letters of credit.

As at March 31, 2025, the Company had drawn \$nil on its operating demand loan and \$nil in letters of credit (September 30, 2024 – \$3,495 and \$nil, respectively).

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

8. Trade and other payables

	March 31, 2025 \$	September 30, 2024 \$
Trade payables	3,852	5,571
Salaries and benefits payable	801	818
Other accrued liabilities and payables	1,281	1,285
	<u>5,934</u>	<u>7,674</u>

9. Long-term debt

	March 31, 2025 \$	September 30, 2024 \$
Term loan, bearing interest at 3.28%	44	308
Less: Current portion	<u>44</u>	<u>308</u>
	<u>-</u>	<u>-</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 \$45 commencing May 31, 2021. This term loan matures April 30, 2025 and is carried at amortized cost.

10. Shareholders' equity

Share capital

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

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

Company at a price of \$0.80 exercisable as of December 13, 2024 and expiring on June 13, 2026. Finder's fees in the amount of \$20 were paid on the non-brokered private placement.

Warrants

As part of the December 13, 2024 private placement, the Company issued 262,500 warrants to the Agent for a fair value of \$63. Each Warrant is exercisable to acquire one common share at \$0.80 for a period of 18 months (expiring on June 13, 2026). Management estimated the fair value of these warrants using the Black Scholes option model with the following inputs:

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

Share options

Activity in the share option plan is summarized as follows:

	2025		2024	
	For the three months ended		For the three months ended	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Outstanding – Beginning of year	3,877,029	0.40	2,743,582	0.36
Granted	402,000	0.99	199,000	0.48
Exercised/Released	(106,600)	0.35	-	-
Cancelled/Forfeited	(3,333)	0.35	(91,665)	0.42
Outstanding – End of period	<u>4,169,096</u>	<u>0.46</u>	<u>2,850,917</u>	<u>0.36</u>
Exercisable – End of period	<u>1,275,725</u>	<u>0.37</u>	<u>777,656</u>	<u>0.37</u>

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements **For the three and six months ended March 31, 2025 and 2024**

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

	2025		2024	
	For the six months ended		For the six months ended	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Outstanding – Beginning of year	4,163,130	0.40	2,554,916	0.36
Granted	402,000	0.99	599,000	0.36
Exercised/Released	(389,368)	0.35	-	-
Cancelled/Forfeited	(6,666)	0.35	(302,999)	0.37
Outstanding – End of period	4,169,096	0.46	2,850,917	0.36
Exercisable – End of period	1,275,725	0.37	777,656	0.37

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

Options outstanding				Options exercisable		
Grant price range	Quantity	Weighted average remaining contractual life	Weighted average exercise price \$	Quantity	Weighted average remaining contractual life	Weighted average exercise price \$
0.30 – 0.40	2,724,096	4.59	0.36	1,082,725	4.08	0.35
0.41 – 0.50	803,000	5.97	0.49	103,000	5.15	0.47
0.51 – 0.60	240,000	4.79	0.60	90,000	1.98	0.60
0.81 – 0.99	402,000	6.91	0.99	-	-	-
	4,169,096	5.09	0.46	1,275,725	4.02	0.37

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

Information about share options outstanding as at March 31, 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	2,522,917	5.07	0.34	717,656	5.04	0.35
0.41 – 0.50	238,000	5.93	0.46	-	-	-
0.51 – 0.60	90,000	2.98	0.60	60,000	2.98	0.60
	<u>2,850,917</u>	<u>5.08</u>	<u>0.36</u>	<u>777,656</u>	<u>4.88</u>	<u>0.37</u>

Share-based compensation

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

During the six months ended March 31, 2025, the Company issued 402,000 (2024 – 599,000) options to purchase common shares. The weighted average exercise price of the options is \$0.99 (2024 – \$0.36).

During the three and six months ended March 31, 2025, the Company recognized \$91 and \$189 (2024 – \$56 and \$102) in share-based compensation expense and 106,600 and 389,368 stock options were exercised with a weighted average exercise price of \$0.35. The shares were exercised for total proceeds of \$3 and \$40 (2024 – no options exercised).

11. Income tax

The following shows the components of income tax expense:

	For the three months ended		For the six months ended	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Current tax expense (recovery)	292	(1)	570	106
Deferred tax expense (recovery)	(293)	53	(256)	83
	<u>(1)</u>	<u>52</u>	<u>314</u>	<u>189</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

12. Other expense items by nature

	For the three months ended		For the six months ended	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Personnel	5,577	4,238	10,827	8,274
Direct project expenses	8,638	1,716	15,059	4,524
Depreciation and amortization	490	182	934	360
Other operating expense	1,211	790	2,286	1,857
	15,916	6,926	29,106	15,015
Reported as:				
Cost of sales	11,619	4,070	20,975	9,011
Selling, general and administrative	4,297	2,856	8,131	6,004
	15,916	6,926	29,106	15,015
Finance costs				
Interest on leases	80	54	128	109
Interest on term and bank loans	2	5	54	11
Bank charges	8	4	14	8
Other finance income	(19)	(17)	(41)	(25)
	71	46	155	103

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2025 and 2024

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

13. Weighted average shares outstanding

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Issued common shares	37,026,586	29,435,695	37,026,586	29,435,695
Weighted average number of basic common shares	36,817,561	29,435,695	35,039,512	29,435,695
Effect of share options on issuance	4,003,980	3,189	3,908,927	-
Effect of warrants on issuance	262,500	-	157,212	-
Weighted average number of diluted common shares	41,084,041	29,438,884	39,105,651	29,435,695

Options that were anti-dilutive are not included in the computation of diluted common shares. For the three and six months ended March 31, 2025, nil and nil options were excluded from the calculation because they were anti-dilutive (2024 – 2,848,584 and 2,908,584 respectively).

14. Segmented disclosure

As a result of the acquisition of Gemini Water, LLC, in the first quarter of fiscal 2025 the Company implemented an organizational realignment. As a result of this realignment, the Company has re-evaluated its segment financial reporting structure and has two financial reporting segments: i) environmental earth sciences and engineering, contaminated site remediation, water resource management, industrial hygiene, occupational health and safety (“Professional Services”) and ii) water and wastewater design-build and pre-engineered solutions (“WaterTech”).

Before the organizational realignment, the Company was operating under a single reporting segment.

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

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

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	For the three months ended March 31, 2025		
	Professional Services \$	WaterTech \$	Total \$
Revenue	4,480	11,446	15,926
Cost of goods sold	2,891	8,728	11,619
Gross profit	1,589	2,718	4,307
Selling and general expenses	1,376	323	1,699
Earnings before administrative costs and other items listed below (EBAC)	213	2,395	2,608
Administrative expenses			2,598
Finance costs			71
Earnings before income taxes			(61)

	For the three months ended March 31, 2024		
	Professional Services \$	WaterTech \$	Total \$
Revenue	4,700	2,433	7,133
Cost of goods sold	2,716	1,354	4,070
Gross profit	1,984	1,079	3,063
Selling and general expenses	1,050	155	1,205
Earnings before administrative costs and other items listed below (EBAC)	934	924	1,858
Administrative expenses			1,651
Finance costs			46
Other income			(8)
Earnings before income taxes			169

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	For the six months ended March 31, 2025		
	Professional Services \$	WaterTech \$	Total \$
Revenue	9,976	19,917	29,893
Cost of goods sold	6,117	14,858	20,975
Gross profit	3,859	5,059	8,918
Selling and general expenses	2,523	626	3,149
Earnings before administrative costs and other items listed below (EBAC)	1,336	4,433	5,769
Administrative expenses			4,982
Finance costs			155
Earnings before income taxes			632

	For the six months ended March 31, 2024		
	Professional Services \$	WaterTech \$	Total \$
Revenue	10,452	5,205	15,657
Cost of goods sold	6,148	2,863	9,011
Gross profit	4,304	2,342	6,646
Selling and general expenses	2,044	362	2,406
Earnings before administrative costs and other items listed below (EBAC)	2,260	1,980	4,240
Administrative expenses			3,598
Finance costs			103
Other income			(8)
Earnings before income taxes			547

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Geographical information

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Canada	7,170	7,120	14,914	15,626
Caribbean countries	8,206	-	14,160	-
Other countries	550	13	819	31
	<u>15,926</u>	<u>7,133</u>	<u>29,893</u>	<u>15,657</u>

For the six months ended March 31, 2025, approximately 49% of revenue (2024 – 22%) was derived from two (2024 – one) customers. The customers referenced below are not necessarily the same customers in both periods.

	<u>For the six months ended</u>	
	March 31, 2025	March 31, 2024
Customer 1	36%	22%
Customer 2	13%	-

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

	March 31, 2025	March 31, 2024
	\$	\$
Canada	5,233	3,281
United States	9,524	-
	<u>14,757</u>	<u>3,281</u>

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

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15. Revenue

Disaggregation of revenue

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

Revenue from contracts with customers is disaggregated as follows:

For the three months ended			
March 31, 2025			
	Fixed price	Time and materials	Total
	\$	\$	\$
Commercial and industrial	8,494	2,239	10,733
Government	298	1,258	1,556
Military	623	2,096	2,719
Mining	109	809	918
	9,524	6,402	15,926
March 31, 2024			
	Fixed price	Time and materials	Total
	\$	\$	\$
Commercial and industrial	433	1,667	2,100
Government	664	1,697	2,361
Military	773	994	1,767
Mining	111	794	905
	1,981	5,152	7,133

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	For the six months ended		
	March 31, 2025		
	\$		
	Fixed price	Time and	Total
	\$	materials	\$
		\$	
Commercial and industrial	14,826	4,505	19,331
Government	1,180	2,494	3,674
Military	884	3,717	4,601
Mining	373	1,914	2,287
	17,263	12,630	29,893
	March 31, 2024		
	\$		
	Fixed price	Time and	Total
	\$	materials	\$
		\$	
Commercial and industrial	1,134	3,473	4,607
Government	1,370	3,244	4,614
Military	1,382	2,556	3,938
Mining	432	2,066	2,498
	4,318	11,339	15,657

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 six months ended March 31, 2025, \$1,740 or 6% (2024 – \$965 or 6%) was recognized at a point in time.

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16. Related party transactions

Compensation of key management personnel

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2025 \$	March 31, 2024 \$	March 31, 2025 \$	March 31, 2024 \$
Salaries	608	486	1,061	842
Short-term benefits	52	23	115	46
Share-based compensation	46	33	195	63
	<u>706</u>	<u>542</u>	<u>1,371</u>	<u>951</u>

17. Liquidity risk

Liquidity risk is the risk the Company may not be able to meet its financial obligations as they come due. The Company currently settles all of its financial obligations out of cash and its operating demand loan facility. The ability to do so relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has a working capital of \$8,904 (September 30, 2024 - \$5,462).

As at March 31, 2025, the Company had the following balances available on its credit facilities: operating demand loan – \$4,000 (September 30, 2024 – \$505).

As at March 31, 2025, the Company had approximately \$6,300 (September 30, 2024 - \$4,200) in availability between its operating line and cash balances.