

BLUMETRIC ENVIRONMENTAL INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED JUNE 30, 2025

(expressed in thousands of Canadian Dollars)

August 27, 2025

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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, 2025. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the nine months ended June 30, 2025, as well as the MD&A and audited consolidated financial statements and notes for the year ended September 30, 2024. 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, 2025", "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 IFRS[®] Accounting 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 ten offices and two manufacturing facilities across Canada and the United States and through a track record that spans over 45 years, the Company provides full-service environmental solutions in the fields of water and wastewater treatment and professional environmental services.

With a focus on the four key markets of Commercial and Industrial, Government, Military and Mining BluMetric's main services and products include:

- WaterTech – treatment of water and wastewater
- Environmental Engineering, Monitoring and Compliance
- 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 230 employees and its stakeholders through five core principles:

- Well-being
- Integrity
- Environmental sustainability
- Innovation
- Community

Gemini Acquisition

On September 23, 2024, BluMetric closed the acquisition ("Acquisition") of Gemini Water LLC ("Gemini"). Gemini designs, builds, installs and commissions large scale fixed base desalination and wastewater treatment systems using membrane-based technologies. This Acquisition has expanded the Company's WaterTech portfolio of products and has established a footprint in the Southern United States and Caribbean Markets.

Cash consideration of \$4,047 (US\$3,000) and 2,352,500 shares, at a fair value of \$1,256 (US\$1,000), were issued at closing with future consideration earn-outs valued at \$1,424 (US\$1,050) contingent on revenue growth and gross margin targets and up to \$4,069 (US\$3,000) contingent on revenue growth in excess of \$9,495 (US\$7,000) annual revenue per year. The Company has recognized \$3,074 (US\$2,266) payable over three years following the closing based on the achievement of Gemini revenue targets.

Joint Venture

BluMetric is proud to be a trusted provider of services to many of Canada's northern Indigenous communities. The Company entered in a shareholder relationship with BLM-KEL-60 Corp. on September 27, 2022, an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial, and private clients. The joint venture relationship enables 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.

Technology and Innovation

Innovation is driven by client demands as they face more stringent environmental regulations and water scarcity. BluMetric's creative process for addressing problems consists of developing solutions that are both scientifically sound and economically viable.

BluMetric sees increasing demand for safe and environmentally conscious sources of water as population growth coupled with changing weather patterns create unique challenges in the market. The Company continues to explore novel technologies in the production of water and wastewater systems as well as new approaches and methods when delivering professional services. The Company produces both portable Mission Ready Water systems that are agile for rapid or temporary deployment as well as fixed systems producing up to three million gallons per day of potable drinking water. BluMetric is committed to pursuing new opportunities in technology and innovation throughout North America and with other allied nations.

Sales and Marketing

BluMetric's business development efforts are primarily focused on four key markets where the Company has identified the greatest demand for its products and services:

- Commercial and Industrial
- Government (with specific expertise in Northern Canada)
- Military
- Mining

BluMetric uses a client-centric approach to business development, which involves an emphasis on understanding each client's individual needs. This approach allows BluMetric to provide a complete and integrated solution.

Satisfied clients provide repeat business as well as incredibly valuable word-of-mouth referrals. BluMetric continues to actively leverage the successes of past projects to expand and diversify client relationships, strategic partnerships, and service offerings.

Board of Directors

The Board currently consists of six members, four of whom are independent. The independent directors reflect a wide range of senior experience in the management of publicly traded and privately held companies. The Board members have expertise in business development, finance, operations, management, and governance.

Executive Management

The Senior Management team comprises of: Scott MacFabe, Chief Executive Officer; Dan Hilton, Chief Financial Officer; Wayne Ingham, EVP, Strategic Partnership & Indigenous Relations; Andy Benson, EVP, Consulting Services; Lydia Renton, EVP, Health & Safety and Corporate Security Officer; Jodi Johnson, Vice President – Director Operations; Dean Bedford, Managing Director – WaterTech USA (Gemini); Corey Switzer, Director – WaterTech Canada. 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 230 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 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. Recognizing the value of skilled individuals, the Company is committed to recruiting and retaining talent capable of applying technical expertise to deliver innovative solutions to complex environmental challenges.

Diversity

BluMetric is committed to the principles of diversity with equal opportunity for advancement and growth. The Company strives to create and support an inclusive work environment that respects and values the contributions of all employees and their individual differences.

Management's Discussion and Analysis
Financial Quarters Ended June 30, 2025 and
June 30, 2024

BluMetric's employees come from a wide range of cultural, ethnic, educational, and religious backgrounds. Additionally, women represent approximately half of the workforce across the organization including Board of Directors. BluMetric's goal is to capitalize on the strength derived from diversity while affording its team members the greatest opportunity to excel, grow, and contribute to business and society.

Discussion Results of Operations for the Three and Nine Months Ended June 30, 2025

Financial Highlights

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

	Three months ended				Nine months ended			
	June 30, 2025 \$	June 30, 2024 \$	Change \$	Change %	June 30, 2025 \$	June 30, 2024 \$	Change \$	Change %
Revenue	14,671	8,116	6,555	81%	44,564	23,773	20,791	87%
Gross profit	5,213	3,551	1,662	47%	14,131	10,197	3,934	39%
Gross margin %	36%	44%			32%	43%		
Operating expenses	5,608	3,436	2,172	63%	13,740	9,440	4,300	46%
Operating expense, net of amortization	5,051	3,249	1,802	55%	12,249	8,893	3,356	38%
Finance costs	83	61	22	36%	238	165	73	44%
EBITDA ¹	308	361	(53)	-15%	2,217	1,466	751	51%
Earnings (loss) before income taxes	(478)	54	(532)	-985%	153	600	(446)	-74%
Income tax (recovery) expense	(27)	27	(54)	-200%	286	216	70	32%
Net earnings (loss)	(451)	27	(478)	-1770%	(133)	384	(517)	-135%
Weighted average common shares outstanding								
Basic	37,068,544	29,435,973			35,767,470	29,435,787		
Diluted	41,451,654	32,592,713			39,990,309	31,740,121		
Earnings per share								
Basic	(0.01)	0.00			(0.00)	0.01		
Diluted	(0.01)	0.00			(0.00)	0.01		
Total assets					34,745	19,104	15,641	82%
Working capital					8,520	11,300	(2,780)	-25%
Non-current liabilities					6,012	2,139	3,873	181%
Shareholders' equity					17,363	12,740	4,623	36%
Net cash ³					3,422	1,722	1,700	99%

Note 1: EBITDA is a non-IFRS measure and is calculated as net income (loss) before interest expense, income taxes, non-cash share compensation costs, depreciation, and amortization (see 'Financial Terms and Definitions').

Note 2: Net cash is a non-IFRS 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, 2025, was \$14,671 and \$44,564, respectively (\$8,116 and \$23,773 for the three and nine months ended June 30, 2024, respectively). The increase in revenue is due primarily to the addition of and organic growth of WaterTech USA (Gemini), whose demand remains strong for fixed based desalination systems, coupled with continued growth in WaterTech Canada to support the Canadian military market.
- Gross profit for the three and nine months ended June 30, 2025, was \$5,213 and \$14,131 respectively, representing a gross margin of 36% and 32% respectively, compared to gross profit of \$3,551 and \$10,197 and gross margin of 44% and 43% for the three and nine months ended June 30, 2024. The increase in gross profit is due to the addition and organic growth of Gemini revenue. The decrease in gross margin is attributable to the change in sales mix due to the material increase in the relative sales of WaterTech over Professional Services during the period.
- Operating expenses net of amortization for the three and nine months ended June 30, 2025, increased by 55% and 38% respectively from \$3,249 to \$5,051 and \$8,893 to \$12,249 respectively. The increase is driven by operating expenses related to Gemini which are proportionately lower than the associated revenue growth, resulting in economies of scale. This is offset by lower personnel utilization within the Professional Services segment, which was impacted by the timing of contracts and delays caused by market conditions following the recent changes in the Canadian Federal Government, and increased market uncertainty. By retaining its Professional Services talent, the Company has demonstrated its commitment to its people by continuing to support staff in anticipation of future growth.
- Finance costs for the three and nine months ended June 30, 2025, were \$83 and \$238 respectively compared to \$61 and \$165 for the three and nine months ended June 30, 2024, respectively. The increase is mainly due to the interest on the new office leases acquired and the draw on the operating line for the acquisition of Gemini being paid down during the second quarter. This is offset by the extinguishment of the long-term debt during the quarter.
- Net earnings (loss) for the three and nine months ended June 30, 2025, were (\$451) and (\$133) respectively compared to \$27 and \$384 for the three and nine months ended June 30, 2024, respectively.

Revenue Breakdown by Market

(in thousands of Canadian dollars)

	Three months ended			
	June 30,	June 30,	Change	Change
	2025	2024		
	\$	\$	\$	%
Commercial and Industrial	9,014	3,418	5,596	164%
Government	1,826	1,485	340	23%
Military	2,948	1,674	1,274	76%
Mining	883	1,538	(655)	-43%
	14,671	8,115		
	Nine months ended			
	June 30,	June 30,	Change	Change
	2025	2024		
	\$	\$	\$	%
Commercial and Industrial	28,345	8,025	20,320	253%
Government	5,500	6,100	(600)	-10%
Military	7,549	5,611	1,937	35%
Mining	3,170	4,037	(866)	-21%
	44,564	23,773		

- Revenue from the Commercial and Industrial market increased due to the Q4 2024 acquisition and organic growth of Gemini offset by a softening of the overall market in Professional Services.
- Revenue from the Government market in the three months ended June 30, 2025, increased due to the realization of delayed projects following the prorogation of the Federal Government and subsequent Federal election. Revenue for the nine months ended June 30, 2025 decreased as a result of continued delays in projects.
- Revenue from the Military market increased due to the timing of the maintenance of the ROWPU units for the Canadian Military and production of the Rheinmetall ASWUPS Mission Ready Water systems, which commenced in Q3.
- Revenue from the Mining market decreased due to a general sector slowdown.

Revenue Breakdown by Reportable Segment

(in thousands of Canadian dollars)

	Three months ended June 30,			
	2025	2024	Change	Change
	\$	\$	\$	%
Professional Services	4,903	5,178	(275)	-5%
WaterTech	9,768	2,938	6,830	232%
Total Revenue	14,671	8,116	6,555	81%

	Nine months ended June 30,			
	2025	2024	Change	Change
	\$	\$	\$	%
Professional Services	14,880	15,630	(750)	-5%
WaterTech	29,684	8,143	21,541	265%
Total Revenue	44,564	23,773	20,791	87%

- Revenue from the Professional Services segment declined as a result of delays in the issuance of government contracts and a general slowdown in the market.
- Revenue from the WaterTech segment increased due to the acquisition and organic growth of Gemini along with higher activity in the Military market.

EBITDA and Adjusted EBITDA (see "Financial Terms and Definitions")

(in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
	\$	\$	\$	\$
Net income (loss)	(451)	27	(133)	384
Finance costs	83	61	238	165
Other costs (income)	-	-	-	(8)
Income tax expense (recovery)	(27)	27	286	216
Share compensation cost	146	59	335	162
Depreciation and amortization	557	187	1,491	547
EBITDA	308	361	2,217	1,466

The Company recorded EBITDA of \$308 and \$2,217 for the three and nine months ended June 30, 2025, respectively, compared to \$361 and \$1,466 for the three and nine months ended June 30, 2024, respectively. The overall increase in EBITDA is mainly due to the strengthening in the WaterTech segment as a result of revenue recognition associated with the delivery of hardware on larger Gemini projects offset by a softening of the Professional Services segment along with an increase in overall operating costs mainly due to unbillable labour. Q4 has shown initial progress suggesting that the billable utilization levels are returning to more normal levels.

For more detail, see "Discussion of Results of Operations for the Three Months Ended June 30, 2025 and Quarterly Results".

Quarterly Results

Quarterly financial information for the eight quarters ended June 30, 2025.

The Company experiences variability in its Professional Services segment operations from quarter to quarter due to the nature of the markets and geographies in which it operates. Typically, in the second quarter, the Company experiences slowdowns related to winter weather conditions and holiday schedules. Activity in the fourth quarter generally increases because of projects in the North that run in the summer season. Additionally, the Company has several discrete contracts that occur throughout the year and can significantly impact the results of any one quarter.

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

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

	Q3 2025 Jun 30 2025	Q2 2025 Mar 31 2025	Q1 2025 Dec 31 2024	Q4 2024 Sep 30 2024
Revenue				
Professional Services	4,903	4,480	5,496	7,686
WaterTech	9,768	11,446	8,471	3,378
	14,671	15,926	13,967	11,064
Cost of sales	9,458	11,619	9,356	7,280
Gross profit	5,213	4,307	4,611	3,784
Gross margin %	36%	27%	33%	34%
Operating expenses	5,608	4,297	3,834	3,671
Acquisition costs	-	-	-	271
Finance costs	83	71	84	171
Earnings (loss) before provisions from income tax	(478)	(61)	693	(329)
Income tax expense (recovery)	(27)	(1)	315	(9)
Net earnings (loss)	(451)	(60)	378	(320)
Weighted average number of shares outstanding				
Basic	37,068,544	36,817,561	33,023,496	31,794,979
Diluted	41,451,654	41,084,041	37,042,213	33,359,850
Earnings (loss) per share				
Basic	(0.01)	0.00	0.01	(0.01)
Diluted	(0.01)	0.00	0.01	(0.01)

Management's Discussion and Analysis
Financial Quarters Ended June 30, 2025 and
June 30, 2024

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

	Q3 2024 Jun 30 2024	Q2 2024 Mar 31 2024	Q1 2024 Dec 31 2023	Q4 2023 Sep 30 2023
Revenue				
Professional Services	5,178	4,700	5,752	7,096
WaterTech	2,938	2,433	2,772	3,155
	8,116	7,133	8,525	10,251
Cost of sales	4,565	4,070	4,941	6,551
Gross profit	3,551	3,063	3,584	3,700
Gross margin %	44%	43%	42%	36%
Operating expenses	3,436	2,856	3,148	2,759
Acquisition costs				
Finance costs	61	46	57	13
Other income	-	(8)	-	-
Earnings (loss) before provisions from income tax	54	169	379	928
Income tax expense (recovery)	27	52	137	228
Net earnings (loss)	27	117	242	700
Weighted average number of shares outstanding				
Basic	29,435,973	29,435,695	29,435,695	29,435,695
Diluted	32,592,713	29,438,884	29,435,695	29,435,695
Earnings (loss) per share				
Basic	0.00	0.00	0.01	0.02
Diluted	0.00	0.00	0.01	0.02

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 2025 vs. Q3 2024** – The revenue increase in Q3 2025 compared to Q3 2024 was primarily due to the full consolidation of Gemini revenue in the period. This is offset by a decrease in revenue in the Professional Services segment as a result in the delayed timing of government contract awards along with a general softening of the market.
2. **Q2 2025 vs. Q2 2024** – The revenue increase in Q2 2025 compared to Q2 2024 was primarily due to the full consolidation of Gemini revenue in the period offset by a decrease in revenue in the Professional Services segment as a result of the timing of starts due to the prorogation of the Federal Government and subsequent Federal election.
3. **Q1 2025 vs Q1 2024** – The revenue increase in Q1 2025 compared to Q1 2024 was primarily due to the full consolidation of Gemini revenues in the period.

4. **Q4 2025 vs Q4 2024** – Revenue in Q4 2024 increased as a result of the refurbishment of water purification systems for the Canadian Department of National Defence.

Summary of Cash Flows

(in thousands of Canadian dollars)

	Nine months ended	
	June 30, 2025 \$	June 30, 2024 \$
Cash provided by (used in)		
Operating activities, excluding changes to working capital	2,233	1,470
Changes related to working capital	(596)	(1,190)
Operating activities	1,637	280
Investing activities	(527)	(202)
Financing activities	(1,273)	(958)
Decrease due to changes in foreign exchange rates	(61)	-
Change in cash and cash equivalents	(224)	(880)
Cash and cash equivalents – Beginning of period	3,646	3,040
Cash and cash equivalents – End of period	3,422	2,160
Free cash flow ¹	760	695

Note 1: Free cash flow is a non-IFRS measure and is calculated as operating cash flows less net capital expenditures and net payment of lease obligations (see 'Financial Terms and Definitions').

Cash received by operating activities was \$1,637 during the nine months ended June 30, 2025, compared with cash received from operating activities of \$280 during the nine months ended June 30, 2024. The increase in EBITDA along with the decrease in working capital account for most of the increase in cash.

Investing activities used \$527 of cash in the nine months ended June 30, 2025, compared to \$202 for the same period in fiscal 2024. The Company is making strategic investments in the development of intellectual property for current and future projects and investments in computer hardware and field equipment to augment operations and offerings.

In the nine months ended June 30, 2025, cash used by financing activities was \$1,273, compared to cash used in financing activities of \$958 in the same period of fiscal 2024. The cash received through the issuance of capital stock was offset by the decrease in bank indebtedness and increase in lease payments throughout the period.

Liquidity

The Company's short-term credit facilities consist of an operating demand loan in the amount of \$4,000 (2024 - \$2,500), which is a shared limit between its overdraft facility and letters of credit. The facility carries a floating interest at prime plus 1.25% (2024 – 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, 2025, the effective interest rate under this facility was 6.2% (2024 – 7.78%). As at June 30, 2025, the Company had drawn \$nil on its operating facility and \$nil in letters of credit (June 30, 2024 – \$nil and \$nil, respectively).

As at June 30, 2025, the Company had approximately \$7.4 million in availability between its operating line and cash balances and was not bound by any banking covenants.

Business Outlook

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 expanded leadership in the Commercial and Industrial market in Toronto as well as growing its fabrication capabilities to take advantage of emerging opportunities in Canada, the United States and the Caribbean markets.

BluMetric will continue to strengthen its relationships with clients in Canada's North directly and through its indigenous and Inuit joint ventures and with various government agencies. In addition, the Company is considering acquisition opportunities to further accelerate its growth strategy.

BluMetric believes that the following factors have positioned, and will continue to position, the Company for growth:

- The Company's diversified portfolio of service offerings and market sectors;
- A strong sales funnel and secured contracts;
- Increasing demand for water solutions across key markets;
- Realizing the robust interest in our newly developed agile water treatment systems for WaterTech;
- Recent expansion of WaterTech fabrication facilities in both Canada and the United States with over 40,000 square feet of production space;
- An expanded presence in the Greater Toronto area to support the built environment and strengthen the Commercial and Industrial market;
- 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;
- Strong balance sheet, as seen from the Company's multi-year reduction in long term debt and improvement in net cash 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 which has generated uncertainty and potential input tariffs;
- 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 complimentary 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 consolidated financial statements and related notes for the year ended September 30, 2024.

Off-Balance Sheet Arrangements

For contractual commitments not recognized on the Consolidated Statement of Financial Position, the reader is referred to Note 21 of the Company's audited consolidated financial statements for the year ended September 30, 2024.

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 members of the executive team.

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

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	June 30, 2025 \$	June 30, 2024 \$	June 30, 2025 \$	June 30, 2024 \$
Salaries	607	547	1,668	1,390
Short-term benefits	55	25	170	71
Share-based compensation	82	46	187	105
	<u>744</u>	<u>618</u>	<u>2,025</u>	<u>1,566</u>

Proposed Transactions and Subsequent Events

There are no proposed transactions or subsequent events for the period ended June 30, 2025.

Summary of Outstanding Shares and Dilutive Instruments

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

Shares:	37,169,483 common shares
Options:	4,827,939 options
Warrants:	262,500 warrants

Inter-Corporate Relationships

There are no inter-corporate relationships for the period ended June 30, 2025.

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 (loss) 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 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-IFRS 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-IFRS 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.

Working capital: Working capital is a non-IFRS measure and is calculated by subtracting current liabilities from current assets. There is no direct comparable measure under IFRS.

Management's Responsibility for Financial Reporting

The audited consolidated 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 consolidated 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.