

BLUMETRIC ENVIRONMENTAL INC.

**Condensed Interim Consolidated Financial Statements (Unaudited)
For the third quarter and nine months ended June 30, 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 230 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 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.

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

(in thousands of Canadian dollars)

	June 30, 2025 \$ (unaudited)	September 30, 2024 \$ (audited)
Current assets		
Cash and cash equivalents (note 4)	3,422	3,646
Trade and other receivables (note 5)	7,911	10,216
Unbilled revenue	2,778	3,343
Contract assets	4,422	5,617
Inventory	269	101
Prepaid expenses	1,088	1,367
	19,890	24,290
Non-current assets		
Property and equipment	765	657
Intangible assets	3,390	3,570
Goodwill (note 6)	5,282	5,229
Right-of-use assets (note 7)	5,007	3,873
Deferred income tax assets	411	376
	14,855	13,705
	34,745	37,995
Current liabilities		
Bank Indebtedness (note 8)	-	3,495
Trade and other payables (note 9)	6,231	7,674
Contract liabilities	2,598	5,617
Current portion of lease liabilities (note 7)	1,424	617
Current portion of long-term debt (note 10)	-	308
Current portion of contingent consideration	1,117	1,117
	11,370	18,828
Non-current liabilities		
Lease liabilities (note 7)	3,930	3,485
Contingent consideration	1,957	1,957
Deferred income tax liabilities	125	-
	6,012	5,442
	17,382	24,270
Shareholders' equity		
Share capital	10,597	7,057
Warrants (note 11)	63	-
Contributed surplus and other equity	1,446	1,238
Retained earnings	5,332	5,465
Accumulated other comprehensive income (loss)	(75)	(35)
	17,363	13,725
	34,745	37,995

Approved by the Board of Directors

 "Ian Mor Macdonald" Director _____ "Scott MacFabe" Director
 The accompanying notes are an integral part of these unaudited Condensed Interim Consolidated Financial Statements.

BluMetric Environmental Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity **As at June 30, 2025 and 2024**

(in thousands of Canadian dollars)

	Common shares #	Share capital \$	Warrants \$	Contributed surplus and other equity \$	Retained earnings \$	Accumulated other comprehensive income \$	Total \$
Balance – October 1, 2023 (audited)	29,435,695	5,797	-	996	5,401	-	12,194
Share-based compensation (note 11)	1,333	1	-	162	-	-	163
Net earnings and comprehensive income for the period	-	-	-	-	384	-	384
Balance – June 30, 2024 (unaudited)	<u>29,437,028</u>	<u>5,798</u>	<u>-</u>	<u>1,158</u>	<u>5,785</u>	<u>-</u>	<u>12,741</u>
Balance – October 1, 2024 (audited)	31,794,979	7,057	-	1,238	5,465	(35)	13,725
Shares issued for private placement (note 11)	5,000,000	4,000	-	-	-	-	4,000
Share offering cost (note 11)	-	(678)	63	-	-	-	(615)
Share-based compensation (note 11)	-	-	-	335	-	-	335
Exercise of stock options (note 11)	374,504	218	-	(127)	-	-	91
Net loss and comprehensive loss for the period	-	-	-	-	(133)	(40)	(173)
Balance – June 30, 2025 (unaudited)	<u>37,169,483</u>	<u>10,597</u>	<u>63</u>	<u>1,446</u>	<u>5,332</u>	<u>(75)</u>	<u>17,363</u>

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

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Income
For the three and nine months ended June 30, 2025 and 2024

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue (note 16, 17)	14,671	8,116	44,564	23,773
Cost of sales (note 16)	9,458	4,565	30,433	13,576
Gross profit	5,213	3,551	14,131	10,197
Operating expenses and other items				
Selling, general and administrative (note 13)	5,608	3,436	13,740	9,440
Operating profit (loss)	(395)	115	391	757
Finance costs (note 13)	83	61	238	165
Other income	-	-	-	(8)
Earnings (loss) before income taxes	(478)	54	153	600
Income tax expense (recovery) (note 12)	(27)	27	286	216
Net earnings (loss) and comprehensive income (loss) for the period	(451)	27	(133)	384
Earnings (loss) per share				
Basic	(0.01)	0.00	(0.00)	0.01
Diluted	(0.01)	0.00	(0.00)	0.01
Weighted average number of shares outstanding (note 14)				
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

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

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Comprehensive Income
For the three and nine months ended June 30, 2025 and 2024

(in thousands of Canadian dollars) (Unaudited)

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$
Net income (loss) for the period	<u>(451)</u>	<u>27</u>	<u>(133)</u>	<u>384</u>
Other comprehensive income				
Items that may be reclassified to net income in subsequent periods:				
Exchange differences on translation of foreign operations	<u>(498)</u>	<u>-</u>	<u>(40)</u>	<u>-</u>
Other comprehensive loss for the period, net of tax	<u>(498)</u>	<u>-</u>	<u>(40)</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>(949)</u>	<u>27</u>	<u>(173)</u>	<u>384</u>

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

BluMetric Environmental Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended June 30, 2025 and 2024

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

	For the nine months ended	
	June 30, 2025	June 30, 2024
	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings (loss) for the period	(133)	384
Non-cash items:		
Deferred income tax expense (note 12)	94	99
Increase (decrease) in credit loss allowance	230	117
Depreciation of property and equipment	137	56
Amortization of intangible assets	505	17
Amortization of right-of-use assets (note 7)	849	474
Accretion of lease liabilities (note 7)	216	161
Share-based compensation (note 11)	335	162
Changes in working capital balances (note 15)	(596)	(1,190)
Cashflow from operating activities	1,637	280
Investing activities		
Acquisition of property and equipment	(246)	(171)
Acquisition of intangible assets	(281)	(31)
Cash flows used in investing activities	(527)	(202)
Financing activities		
Repayment of bank indebtedness	(3,495)	-
Repayment of long-term debt	(308)	(385)
Repayment of lease liabilities (note 7)	(946)	(573)
Exercise of stock options (note 11)	91	-
Net proceeds from issuance of common shares (note 11) (3,385	-
Cash flows used in financing activities	(1,273)	(958)
Decrease due to changes in foreign exchange rates	(61)	-
Change in cash and cash equivalents during the period	(224)	(880)
Cash and cash equivalents, beginning of period	3,646	3,040
Cash and cash equivalents, end of period	3,422	2,160
Supplementary Information		
Interest paid	272	16
Income taxes paid	50	99

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

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

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 unaudited condensed interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). These unaudited condensed interim consolidated financial statements do not contain all the information and disclosures required for annual consolidated 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 IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee.

Authorization of financial statements

The unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 27, 2025.

Functional currency and foreign currency translation

The Company’s unaudited condensed interim consolidated financial statements are presented in Canadian dollars. Balances included in the unaudited 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 U.S. 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 the revenues and expenses. Exchange differences arising, if any, are recognized in other comprehensive income (loss) and accumulated in equity under the heading of exchange differences on translation of foreign operations.

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

Basis of measurement

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

Basis of consolidation

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

The subsidiary is 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 unaudited condensed interim consolidated 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 consolidated 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 material accounting policies

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 unaudited condensed interim consolidated financial statements. As such, these unaudited condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and related note disclosures for the year ended September 30, 2024, except for cash and cash equivalents.

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

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

	June 30, 2025 \$ (unaudited)	September 30, 2024 \$ (audited)
Cash	2,784	2,567
Short-term investments	638	1,079
	<u>3,422</u>	<u>3,646</u>

5. Trade and other receivables

	June 30, 2025 \$ (unaudited)	September 30, 2024 \$ (audited)
Trade and other receivables	8,679	10,752
Credit loss allowance – accounts receivables	(768)	(536)
	<u>7,911</u>	<u>10,216</u>

6. Goodwill

The change in carrying value is as follows:

	\$
Balance as at September 30, 2024	5,229
Impact of foreign exchange	<u>53</u>
Balance as at June 30, 2025	<u>5,282</u>

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements **For the three and nine months ended June 30, 2025 and 2024**

(in thousands of Canadian dollars) (Unaudited)

7. Right-of-use assets and lease liabilities

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

Right-of-use assets

	For the nine months ended June 30, 2025 (unaudited)				For the year ended September 30, 2024 (audited)			
	Office	Vehicles	Equipment	Total	Office	Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	3,761	49	63	3,873	1,852	17	27	1,896
Additions	1,983	42	-	2,025	2,364	49	69	2,482
Lease renewals, reassessments and modification	-	-	-	-	249	-	-	249
Amortization	(817)	(17)	(15)	(849)	(704)	(17)	(33)	(754)
Foreign exchange	(42)	-	-	(42)	-	-	-	-
Balance - End of period	4,885	74	48	5,007	3,761	49	63	3,873

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

(in thousands of Canadian dollars) (Unaudited)

Lease liabilities

	For the nine months ended June 30, 2025 (unaudited)				For the year ended September 30, 2024 (audited)			
	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	1,983	42	-	2,025	2,364	49	69	2,482
Lease renewals reassessments and modifications	-	-	-	-	249	-	-	249
Interest expense on lease liabilities	210	2	4	216	302	2	6	310
Payments	(909)	(18)	(19)	(946)	(858)	(19)	(35)	(912)
Foreign exchange	(43)	-	-	(43)	-	-	-	-
Balance at end of Period	5,226	75	53	5,354	3,985	49	68	4,102
Current portion of lease liabilities				1,424				617
Non-current portion of lease liabilities				3,930				3,485

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

For leases entered during the nine-month period ending June 30, 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 9.5% (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 extensions 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 office equipment with terms of three to five years. These leases do not usually contain extension options, purchase options, or residual value guarantees. The Company also leases IT equipment and other equipment with terms of one to five years. These leases are generally short-term or for low-value assets that the Company has elected not to recognize in right-of-use assets and lease liabilities.

Amounts recognized in selling, general and administrative	For the three months ended		For the nine months ended	
	June 30, 2025 \$	June 30, 2024 \$	June 30, 2025 \$	June 30, 2024 \$
Rent expense – variable lease payments	10	51	38	163
Expense related to short-term leases	19	8	104	21
Expense related to low-value assets	20	25	64	74
Income from subleases	(1)	(2)	(5)	(7)
	48	82	201	251

8. Credit facilities

The Company has a \$4,000 (2024 - \$2,500) operating demand loan available to it as a shared limit between its overdraft facility and letters of credit. The Company has a maximum limit of \$500,000 for the issuance of letters of credit.

As at June 30, 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 Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

9. Trade and other payables

	June 30, 2025 \$ (unaudited)	September 30, 2024 \$ (audited)
Trade payables	4,180	5,487
Salaries and benefits payable	976	747
Other accrued liabilities and payables	1,075	1,440
	<u>6,231</u>	<u>7,674</u>

10. Long-term debt

	June 30, 2025 \$ (unaudited)	September 30, 2024 \$ (audited)
Term loan, bearing interest at 3.28%	-	308
Less: Current portion	<u>-</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 had a closed four-year term and carried an interest rate of 3.28% per annum with monthly blended payments of \$45 commencing May 31, 2021. This term loan matured and was repaid on April 30, 2025, and was carried at amortized cost.

11. 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, issuance costs 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 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.

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

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 For the nine months ended		2024 For the year 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	1,242,000	1.38	2,009,156	0.43
Exercised	(544,858)	0.36	(393,276)	0.37
Forfeited	(32,333)	0.83	(7,666)	0.36
Outstanding – End of period	<u>4,827,939</u>	<u>0.66</u>	<u>4,163,130</u>	<u>0.40</u>
Exercisable – End of period	<u>1,465,677</u>	<u>0.38</u>	<u>1,408,090</u>	<u>0.36</u>

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements **For the three and nine months ended June 30, 2025 and 2024**

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

Information about share options outstanding as at June 30, 2025 is as follows:

Grant price range	Quantity	Options outstanding		Quantity	Options exercisable	
		Weighted average remaining contractual life	Weighted average exercise price \$		Weighted average remaining contractual life	Weighted average exercise price \$
0.30 – 0.40	2,566,939	4.25	0.36	1,272,677	4.16	0.35
0.41 – 0.50	803,000	5.72	0.49	103,000	4.90	0.47
0.51 – 0.60	240,000	4.54	0.60	90,000	1.73	0.60
0.61 – 0.99	378,000	6.66	0.99	-	-	-
1.00 – 1.56	840,000	6.91	1.56	-	-	-
	4,827,939	5.16	0.65	1,465,677	4.06	0.38

Information about share options outstanding as at September 30, 2024 is as follows:

Grant price range	Quantity	Options outstanding		Quantity	Options exercisable	
		Weighted average remaining contractual life	Weighted average exercise price \$		Weighted average remaining contractual life	Weighted average exercise price \$
0.30 – 0.40	3,120,130	5.03	0.35	1,318,090	4.63	0.35
0.41 – 0.50	803,000	6.47	0.43	30,000	3.80	0.43
0.51 – 0.60	240,000	5.29	0.60	60,000	2.48	0.60
	4,163,130	5.32	0.40	1,408,090	4.52	0.36

Share-based compensation

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

During the nine months ended June 30, 2025, the Company issued 1,242,000 (2024 – 1,292,156) options to purchase common shares. The weighted average exercise price of the options is \$1.38 (2024 – \$0.38).

The weighted average fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model. The historical share price of the Company's common shares is used to estimate expected volatility, and government bond rates are used to estimate the risk-free interest rate.

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2025 and 2024

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

During the three and nine months ended June 30, 2025, the Company recognized \$146 and \$335 (2024 – \$60 and \$162) in share-based compensation expense and 155,490 and 544,858 stock options were exercised with a weighted average exercise price of \$0.40 and \$0.36. The shares were exercised for total proceeds of \$51 and \$91 (three and nine months ended June 30, 2024 – 1,333 exercised for total proceeds of \$0.5).

12. Income tax

The following shows the components of income tax expense:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$
Current tax expense (recovery)	(378)	11	192	118
Deferred tax expense (recovery)	351	16	94	99
	<u>(27)</u>	<u>27</u>	<u>286</u>	<u>217</u>

BluMetric Environmental Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements **For the three and nine months ended June 30, 2025 and 2024**

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

13. Other expense items by nature

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Personnel	6,201	4,597	17,028	12,870
Direct project expenses	6,710	2,224	21,768	6,748
Depreciation and amortization	555	187	1,491	547
Other operating expense	1,600	993	3,886	2,851
	<u>15,066</u>	<u>8,001</u>	<u>44,173</u>	<u>23,016</u>
Reported as:				
Cost of sales	9,458	4,565	30,433	13,576
Selling, general and administrative	5,608	3,436	13,740	9,440
	<u>15,066</u>	<u>8,001</u>	<u>44,173</u>	<u>23,016</u>
Finance costs				
Interest on leases	88	52	216	161
Interest on term and bank loans	-	4	54	16
Bank charges	11	9	25	16
Other finance income	(16)	(4)	(57)	(28)
	<u>83</u>	<u>61</u>	<u>238</u>	<u>165</u>

14. Weighted average shares outstanding

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Issued common shares	37,169,483	29,437,028	37,169,483	29,437,028
Weighted average number of basic common shares	37,068,544	29,435,973	35,767,470	29,435,787
Effect of share options on issuance	4,120,610	3,156,740	4,030,530	2,304,334
Effect of warrants on issuance	262,500	-	192,308	-
Weighted average number of diluted common shares	<u>41,451,654</u>	<u>32,592,713</u>	<u>39,990,309</u>	<u>31,740,121</u>

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Options that were anti-dilutive are not included in the computation of diluted common shares. For the three and nine months ended June 30, 2025, 313,846 and 104,615 options were excluded from the calculation because they were anti-dilutive (2024 – 326,000 and 1,178,406 respectively).

15. Changes in working capital

	June 30, 2025 \$	September 30, 2024 \$
Accounts receivable	2,074	1,257
Unbilled revenue	565	(30)
Contract assets	1,195	(185)
Inventory	(168)	(378)
Prepaid expenses	279	(30)
Trade and other payables	(1,444)	(1,888)
Contract liabilities	(3,019)	64
Impact of foreign exchange	(78)	-
	<u>(596)</u>	<u>(1,190)</u>

16. 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 expense.

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
June 30, 2025 (unaudited)

	Professional Services \$	WaterTech \$	Total \$
Revenue	4,903	9,768	14,671
Cost of goods sold	2,812	6,646	9,458
Gross profit	2,091	3,122	5,213
Selling and general expenses	1,899	599	2,498
Earnings before administrative costs and other items listed below (EBAC)	192	2,523	2,715
Administrative expenses			3,110
Finance costs			83
Earnings before income taxes			(478)

For the three months ended
June 30, 2024 (unaudited)

	Professional Services \$	WaterTech \$	Total \$
Revenue	5,178	2,938	8,116
Cost of goods sold	2,834	1,731	4,565
Gross profit	2,344	1,207	3,551
Selling and general expenses	1,422	168	1,590
Earnings before administrative costs and other items listed below (EBAC)	922	1,039	1,961
Administrative expenses			1,846
Finance costs			61
Earnings before income taxes			54

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For the nine months ended
June 30, 2025 (unaudited)

	Professional Services \$	WaterTech \$	Total \$
Revenue	14,880	29,684	44,564
Cost of goods sold	8,929	21,504	30,433
Gross profit	5,951	8,180	14,131
Selling and general expenses	4,421	1,225	5,646
Earnings before administrative costs and other items listed below (EBAC)	1,530	6,955	8,485
Administrative expenses			8,094
Finance costs			238
Earnings before income taxes			153

For the nine months ended
June 30, 2024 (unaudited)

	Professional Services \$	WaterTech \$	Total \$
Revenue	15,630	8,143	23,773
Cost of goods sold	8,982	4,594	13,576
Gross profit	6,648	3,549	10,197
Selling and general expenses	3,466	530	3,996
Earnings before administrative costs and other items listed below (EBAC)	3,182	3,019	6,201
Administrative expenses			5,444
Finance costs			165
Other income			(8)
Earnings before income taxes			600

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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:

	For the three months ended		For the nine months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
(unaudited)	\$	\$	\$	\$
Canada	8,214	8,060	23,128	23,703
Caribbean countries	5,048	-	19,208	-
U.S.	1,052	-	1,560	-
Other countries	357	56	668	70
	14,671	8,116	44,564	23,773

For the three and nine months ended June 30, 2025, approximately 28% and 43% of revenue (2024 – 15% and 20%) was derived from two (2024 – one) customers. The customers referenced below are not necessarily the same customers in both periods.

	For the nine months ended (unaudited)	
	June 30, 2025	June 30, 2024
Customer 1	30%	20%
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:

	June 30, 2025	September 30, 2024
(unaudited)	\$	\$
Canada	5,603	4,903
United States	8,841	8,426
	14,444	13,329

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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17. Revenue

Disaggregation of revenue

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

Revenue from contracts with customers is disaggregated as follows:

For the three months ended			
June 30, 2025 (unaudited)			
	Fixed price \$	Time and materials \$	Total \$
Commercial and industrial	6,561	2,453	9,014
Government	706	1,120	1,826
Military	1,163	1,785	2,948
Mining	104	779	883
	8,534	6,137	14,671

June 30, 2024 (unaudited)			
	Fixed price \$	Time and materials \$	Total \$
Commercial and industrial	1,192	2,226	3,418
Government	572	914	1,486
Military	581	1,093	1,674
Mining	183	1,355	1,538
	2,528	5,588	8,116

For the nine months ended			
June 30, 2025 (unaudited)			

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	Fixed price \$	Time and materials \$	Total \$
Commercial and industrial	21,387	6,958	28,345
Government	1,886	3,614	5,500
Military	2,047	5,502	7,549
Mining	477	2,693	3,170
	<u>25,797</u>	<u>18,767</u>	<u>44,564</u>
June 30, 2024 (unaudited)			
	Fixed price \$	Time and materials \$	Total \$
Commercial and industrial	2,221	5,804	8,025
Government	1,959	4,141	6,100
Military	1,900	3,712	5,612
Mining	615	3,421	4,036
	<u>6,695</u>	<u>17,078</u>	<u>23,773</u>

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 three months ended June 30, 2025, \$862 or 6% was recognized at a point in time. For the nine months ended June 30, 2025, \$2,601 or 6% (2024 – \$1,061 or 4%) was recognized at a point in time.

Contract Balance

The following table provides information about trade receivables, unbilled revenue, contract assets and contract liabilities related to contracts with customers:

	June 30, 2025 \$	September 30, 2024 \$
Trade receivables	7,911	10,216
Unbilled revenue	2,778	3,343
Contract assets	4,422	5,617
Contract liabilities	<u>(2,598)</u>	<u>(5,617)</u>
	<u>12,513</u>	<u>13,557</u>

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Revenue recognized in the nine months ended June 30, 2025, and included in contract liabilities as at September 30, 2024 was \$5,832, and \$2,598 was added to contract liabilities during the nine month ended June 30, 2025 (2024 - \$240 and \$5,617).

18. Related party transactions

Compensation of key management personnel

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

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

19. Liquidity risk

Liquidity risk is the risk the Company may not be able to meet its financial obligations as they come due. The Company currently settles all 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 \$8,520 (September 30, 2024 - \$5,462).

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

As at June 30, 2025, the Company had approximately \$7,422 (September 30, 2024 - \$4,151) in availability between its operating line and cash balances.