

# **BLUMETRIC ENVIRONMENTAL INC.**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**Financial year ended September 30, 2025**

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

**January 27, 2026**

This Management Discussion and Analysis "MD&A" explains the material changes in BluMetric Environmental Inc. and its subsidiaries ("BluMetric" or the "Company") financial condition and results of operations for the year ended September 30, 2025. The MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 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 consolidated 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 Financial Year Ended September 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<sup>®</sup> 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 sixteen (16) offices, three manufacturing facilities across Canada and the United States, and through a track record that spans 50 years, the Company provides full-service environmental solutions in the fields of water and wastewater treatment and professional environmental services for both the natural and built environments.

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

- WaterTech – treatment of water and wastewater
- Environmental Engineering, Monitoring and Compliance
- Materials Inspection and Testing
- Geotechnical Engineering
- Site Assessment and Remediation
- Water Resources and Geomatics
- Industrial Hygiene and Occupational Health and Safety

BluMetric's comprehensive offerings are tailored not only to the specific needs of each market, but also each client. With innovation, agility and client-responsive service as its hallmarks, the Company builds partnerships with its clients by delivering a long-term, holistic approach to managing their complete water, environmental needs, and health and safety responsibilities. It is this combination of a high degree of service coupled with sophisticated water treatment that differentiates BluMetric from competitors.

BluMetric is dedicated to its team of approximately 370 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.

### **DS Consultants Acquisition**

BluMetric announced on December 1, 2025, that it had entered into an agreement to acquire all of the issued and outstanding shares of DS Consultants ("DS") for the aggregate consideration of up to \$22,500. This transaction closed on December 10, 2025, through: (i) an initial cash payment by the Company of \$10,500; (ii) the issuance of \$7,500 of Common Shares (5,245,468 shares at \$1.4298); and (iii) a cash-based earnout paid over three years to a maximum of \$1,500 annually, tied to progressive EBITDA targets. The Purchase Price is subject to DS retaining total assets net of total liabilities of at least \$4,000. The Vendors may earn up to \$4,500 in additional consideration based on the post-closing financial performance of the business. The earn-out is payable in three annual installments of up to \$1,500 each, calculated as a proportion of DS' EBITDA relative to specified EBITDA targets of \$4,000, \$5,000, and \$6,000 for the first, second, and third earn-out periods, respectively.

DS is headquartered in Vaughan, Ontario from which it services its clients located in the Toronto region through approximately 155 full-time employees.

DS provides engineering consulting services in the areas of geotechnical engineering, environmental services, hydrogeology, materials inspection and testing, instrumentation and monitoring, and building science. Its services are provided throughout the land development and building construction cycle, including pre-purchase due diligence, design and approvals support, and construction-stage review.

### **Joint Venture**

BluMetric is proud to be a trusted provider of services to many of Canada's northern Indigenous communities. The Company entered into 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.

The Company entered into a shareholder relationship with Kipnik Nunavut Inc. on July 11, 2025, an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial and private clients. The joint venture relationship enables BluMetric to access additional opportunities in Northern Canada.

Kipnik Nunavut Inc. is an Inuit majority owned entity that is incorporated in Nunavut Canada. The intent of the shareholders of the corporation is to contribute to the personal, economic, social and cultural wealth of Kivalliq and all of Nunavut by training, developing and employing local Inuit candidates to support projects in carrying out its business in environmental consulting services.

BluMetric Environmental Inc. is a registered and beneficial owner of 15% of the issued and outstanding shares in the capital of the corporation.

### **Technology and Innovation**

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

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

### **Sales and Marketing**

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

- Commercial and Industrial
- Government (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; Lydia Renton, EVP, Health & Safety and Corporate Security Officer; Jodi Johnson, Vice President – Director Operations; Dean Bedford, Managing Director – WaterTech USA Operations; Corey Switzer, Director – WaterTech Canadian Operations. 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 370 experienced and motivated engineers, hydrogeologists, occupational and industrial hygienists, environmental auditors, environmental scientists, chemists, fabricators, field technicians, project managers, finance professionals, and support personnel. They are experts in providing a comprehensive range of environmental services and engineered solutions, from contaminated site assessment and remediation, geotechnical expertise and building sciences to complete turn-key water and wastewater treatment systems. Our technicians are master fabricators, and our professional team includes the right balance of academic discipline and practical engineering excellence.

Staffing levels fluctuate based on project demands, with contract staff and students hired as needed. Typically, part time staffing adds approximately 10% to the work force in the summer months. Recognizing the value of skilled individuals, the Company is committed to recruiting and retaining talent capable of applying technical expertise to deliver innovative solutions to complex environmental challenges.

## **Diversity**

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

BluMetric's employees come from a wide range of cultural, ethnic, educational, and religious backgrounds. 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.

## Selected Financial Information

The following table shows selected financial data for BluMetric for the most recently completed fiscal years.

### For the years ended September 30, 2025, and September 30, 2024

(in 000's, except as otherwise indicated)

	2025 \$	2024 \$
Total revenue	62,584	34,838
Gross profit	18,240	13,982
Gross margin	29%	40%
Operating expenses	19,520	13,112
Operating expense, net of depreciation and amortization <sup>1</sup>	16,439	12,255
Acquisition costs	-	271
Earnings before provision for income tax	(1,485)	271
Net earnings (loss)	(2,299)	64
Adjusted EBITDA <sup>2</sup>	2,381	1,979
Weighted average number of shares outstanding - basic	37,487,080	31,794,979
Weighted average number of shares outstanding - diluted	40,385,615	31,816,807
Earnings (loss) per share – basic	(0.06)	0.00
Earnings (loss) per share – diluted	(0.06)	0.00
Total assets	37,094	37,995
Working capital	6,908	5,462
Non-current liabilities	4,644	5,442
Shareholders' equity	15,742	13,725

*Note 1: Operating expenses, net of depreciation and amortization is a non-GAAP measure and is calculated as Operating Expense less depreciation and amortization (see 'Financial Terms and Definitions')*

*Note 1: Adjusted EBITDA is a non-GAAP measure and is calculated as EBITDA before significant and irregular items (see 'Financial Terms and Definitions').*

## Results of Operations for the Three Months Ended September 30, 2025

(in 000's, except as otherwise indicated)

	September 30, 2025 \$	September 30, 2024 \$	Change \$	Change %
Revenue	18,020	11,064	6,956	63%
Gross profit	4,109	3,784	325	9%
Gross margin %	23%	34%		
Operating expenses	5,780	3,671	2,109	57%
Operating expense, net of depreciation and amortization <sup>1</sup>	4,190	3,361	829	25%
Depreciation and amortization	1,590	310	1,280	413%
Acquisition costs	-	271	(271)	-100%
Operating profit (loss)	(1,671)	(158)	(1,513)	-958%
Adjusted EBITDA <sup>2</sup>	164	505	(341)	-68%
Earnings (loss) before income taxes	(1,638)	(329)	(1,309)	-398%
Income tax (recovery) expense	528	(9)	537	5,967%
Net earnings (loss)	(2,166)	(320)	(1,846)	-577%
Weighted average common shares outstanding - basic	37,232,767	31,794,979		
Earnings (loss) per share – basic	(0.06)	(0.01)		
Weighted average common shares outstanding - diluted	41,388,290	33,359,850		
Earnings (loss) per share – diluted	(0.05)	(0.01)		

*Note 1: Operating expenses, net of depreciation and amortization is a non-GAAP measure and is calculated as Operating Expense less depreciation and amortization (see 'Financial Terms and Definitions')*

*Note 2: Adjusted EBITDA is a non-GAAP measure and is calculated as EBITDA before significant and irregular items (see 'Financial Terms and Definitions').*

## Discussion of Results of Operations for the Three Months Ended September 30, 2025

Revenue for the quarter ended September 30, 2025, was \$18,020 compared to \$11,064 for the quarter ended September 30, 2024.

Revenue in the Commercial and Industrial market increased in the current quarter compared to the prior period due to the Q4 2024 acquisition and organic growth of Gemini Water (revenue for the quarter was



\$4,616 with \$195 reported in the prior year). The Company is continuing to make strategic investments in this market with a focus on growing the Greater Toronto area practice.

Revenue from the Government market increased in the fiscal fourth quarter compared to the prior period due to the continued realization of delayed projects following the prorogation of the Federal Government and subsequent Federal election.

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 2025.

Revenue from the Mining market remained relatively consistent as the Company continues to shift its focus in this market toward higher value services and improving its client portfolio.

Gross profit was \$4,109 for Q4 2025 compared to \$3,784 for Q4 2024. Gross margin was 23% compared to 34% in the previous year. The decrease in gross margin was primarily driven by changes in sales mix, reflecting a higher proportion of WaterTech revenue relative to Professional Services, which generally carries lower gross margins, as well as a decrease in gross margin related to the St. Kitts Bird Rock SWRO (Seawater Reverse Osmosis) plant. Due to costs absorbed for Bird Rock, the gross profit was reduced by \$1,100 in order to strengthen a long-term and strategic client relationship. The flagship project represents the largest SWRO project undertaken by the Company to date.

Operating expenses, net of depreciation and amortization, increased to \$4,190 for the fourth quarter of 2025 compared to \$3,361 for the same quarter in the previous year. The increase is driven by operating expenses related to Gemini for Q4 2025 of \$564 with \$27 in the prior year. These additional expenses are proportionately lower than the associated revenue growth, resulting in economies of scale, along with increased amortization of asset in relation to the acquisition. This is offset by lower personnel utilization throughout the organization, impacted by increasing market uncertainty.

## Results of Operations for the Financial Year Ended September 30, 2025

(in 000's, except as otherwise indicated)

	September 30, 2025 \$	September 30, 2024 \$	Change \$	Change %
Revenue	62,584	34,838	27,746	80%
Gross profit	18,240	13,982	4,258	30%
Gross margin %	29%	40%		
Operating expenses	19,520	13,112	6,408	49%
Operating expenses, net of depreciation and amortization <sup>1</sup>	16,439	12,255	4,184	34%
Depreciation and amortization	3,081	857	2,224	260%
Acquisition costs	-	271	(271)	-100%
Operating profit (loss)	(1,280)	599	(1,879)	-314%
Adjusted EBITDA <sup>2</sup>	2,381	1,979	402	20%
Earnings (loss) before income taxes	(1,485)	271	(1,756)	-648%
Income tax (recovery) expense	814	207	607	293%
Net earnings (loss)	(2,299)	64	(2,363)	-,3,692%
Weighted average common shares outstanding – basic	37,487,080	31,794,979		
Earnings (loss) per share – basic	(0.06)	0.00		
Weighted average common shares outstanding – diluted	40,385,615	31,816,807		
Earnings (loss) per share – diluted	(0.06)	0.00		
Total assets	37,094	37,995	(901)	-2%
Working capital	6,908	5,462	1,446	26%
Non-current liabilities	4,644	5,442	(798)	-15%
Shareholders' equity	15,742	13,725	2,017	15%
Net cash (debt) <sup>3</sup>	2,109	(157)	2,266	1,443%

Note 1: Operating expense, net of amortization is a non-GAAP measure and is calculated as Operating Expense less depreciation and amortization (see 'Financial Terms and Definitions')

Note 2: Adjusted EBITDA is a non-GAAP measure and is calculated as EBITDA before significant and irregular items (see 'Financial Terms and Definitions').

Note 3: Net cash (debt) is a non-GAAP measure and is calculated as cash less total debt excluding lease liabilities (see 'Financial Terms and Definitions').

## Discussion of Results of Operations for the Financial Year Ended September 30, 2025

Revenue for the year ended September 30, 2025, was \$62,584 compared to \$34,838 for the year ended September 30, 2024, and is broken down as follows:

(in 000's, except as otherwise indicated)

### Revenue Breakdown by Market

	2025 \$	2024 \$	Change \$	Change %
Commercial and Industrial	35,453	10,644	24,809	233%
Government	9,337	9,149	188	2%
Military	13,184	9,534	3,650	38%
Mining	4,610	5,511	(901)	-16%
	<u>62,584</u>	<u>34,838</u>		

The Commercial and Industrial market increased by \$24,809 year over year. Revenue from the Commercial and Industrial market increased due to the Q4 2024 acquisition and organic growth of Gemini whose revenue is entirely classified in this Market (revenue for the year was \$25,770 versus \$195 reported in the prior year), offset by a softening of the overall market in Professional Services. The Company is continuing to make strategic investments in this market, with a focus in the Greater Toronto area in 2026.

The Government market increase by \$188 year over year. This market remains a very stable component of BluMetric's customer base.

The Military market increased \$3,650 year over year primarily due to the increased activity in relation to the refurbishment of water purification systems for the Canadian Department of National Defence along with the production of the Rheinmetall ASWUPS Mission Ready Water systems, commencing in fiscal Q3, and beginning the work of upgrading the Royal Canadian Navy Ships.

The Mining market revenue decreased by \$901 year over year. The Company is shifting its focus toward higher value services and improving our new client portfolio, especially in Northern Quebec.

### Revenue Breakdown by Reportable Segment

	2025 \$	2024 \$	Change \$	Change %
Professional Services	22,625	23,317	(692)	-3%
WaterTech	39,959	11,521	28,438	247%
	<u>62,584</u>	<u>34,838</u>		

Revenue from the Professional Services segment decreased slightly due to reduced demand in the market and an increase in uncertainty about the collectability of certain projects. Revenue from the WaterTech segment increased due to the acquisition and organic growth of Gemini whose revenue is entirely reported in this Segment, along with higher activity in the Military market.

Gross profit increased to \$18,240 for fiscal year 2025 compared to \$13,982 for fiscal year 2024. Gross margin has decreased to 29% from 40%. This is a result of a material increase in the relative sales of WaterTech over Professional Services during the year, along with a lower gross margin associated with the Bird Rock SWRO plant due to absorbed costs to strengthen a long-term and strategic client relationship.

Operating expenses, net of amortization, increased by \$4,184 for the year ended September 30, 2025, compared to the prior year. The increase is driven by operating expenses related to Gemini of \$1,872 with \$27 in the prior year. These additional expenses are proportionately lower than the associated gross profit, resulting in economies of scale. The increase is also driven by a lower personnel utilization throughout the organization driven by market uncertainty throughout the third quarter.

Finance costs were \$327 compared to \$336 in the prior year. This decrease is mainly due to the change in implied interest on leases entered into during fiscal year 2025, including the increase in space for the operations of Gemini from 10,000 sq ft to 25,000 sq ft. Net loss for fiscal year 2025 was \$1,762 compared to \$64 for fiscal year 2024.

Net cash (debt) (see "Financial Terms and Definitions") as at September 30, 2025 was \$2,109, compared to (\$157) at September 30, 2024. The change in net cash position was primarily attributable to the extinguishment of the Company's line of credit using proceeds from the private placement offering of shares.

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

(in 000's, except as otherwise indicated)

	Three months ended		Year ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Net income (loss)	(2,166)	(320)	(2,299)	64
Finance costs	89	171	327	336
Income tax expense (recovery)	528	(9)	814	207
Depreciation and amortization	1,590	310	3,081	857
<b>EBITDA</b>	<b>41</b>	<b>152</b>	<b>1,923</b>	<b>1,464</b>
Acquisition costs	-	271	-	271
Non-cash share compensation	197	82	532	244
Revaluation of contingent consideration	(74)	-	(74)	-
<b>Adjusted EBITDA</b>	<b>164</b>	<b>505</b>	<b>2,381</b>	<b>1,979</b>

For Q4 2025, the Company recorded Adjusted EBITDA of \$164, compared with \$505 for Q4 2024. The decrease in Adjusted EBITDA is mainly due to increased operating costs and a lower gross margin (gross margin was 23% in Q4 2025, compared to 34% in Q4 2024).

The Company recorded Adjusted EBITDA of \$2,381 for the year ended September 30, 2025, compared with \$1,979 for the year ended September 30, 2024. The overall increase in EBITDA is mainly due to the strengthening of military sales in the WaterTech segment offset by investments in sales initiatives, customer relationships and a softening of the Professional Services segment.

For more detail, see "Discussion of Results of Operations for the Financial Year Ended September 30, 2025" and "Quarterly Results".

## Quarterly Results

*Quarterly financial information for the eight quarters ended September 30, 2025*

*(in 000's, except as otherwise indicated)*

Note: The Cost of sales and Operating expenses figures have been restated (see Restated Information section on page 6).

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.

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.

	Q4 2025 Sep 30 2025	Q3 2025 Jun 30 2025	Q2 2025 Mar 31 2025	Q1 2025 Dec 31 2024
Revenue				
Professional Services	7,746	4,903	4,480	5,496
WaterTech	10,274	9,768	11,446	8,471
	18,020	14,671	15,926	13,967
Cost of sales	13,911	9,458	11,619	9,356
Gross profit	4,109	5,213	4,307	4,611
Gross margin %	23%	36%	27%	33%
Operating expenses	5,780	5,608	4,297	3,834
Finance costs	89	83	71	84
Revaluation of contingent consideration	(74)	-	-	-
Other income	(48)	-	-	-
Earnings (loss) before provisions from income tax	(1,638)	(478)	(61)	693
Income tax expense (recovery)	528	(27)	(1)	315
Net earnings (loss)	(2,166)	(451)	(60)	378
<b>Weighted average number of shares outstanding</b>				
Basic	37,232,767	37,068,544	36,817,561	33,023,496
Diluted	41,388,290	41,451,654	41,084,041	37,042,213
<b>Earnings (loss) per share</b>				
Basic	(0.06)	(0.01)	0.00	0.01
Diluted	(0.05)	(0.01)	0.00	0.01

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	Q4 2024 Sep 30 2024	Q3 2024 Jun 30 2024	Q2 2024 Mar 31 2024	Q1 2024 Dec 31 2023
Revenue				
Professional Services	7,686	5,178	4,700	5,752
WaterTech	3,378	2,938	2,433	2,772
	11,064	8,116	7,133	8,525
Cost of sales	7,280	4,565	4,070	4,941
Gross profit	3,784	3,551	3,063	3,584
Gross margin %	34%	44%	43%	42%
Operating expenses	3,671	3,436	2,856	3,148
Acquisition costs	271			
Finance costs	171	61	46	57
Other income	-	-	(8)	-
Earnings (loss) before provisions from income tax	(329)	54	169	379
Income tax expense (recovery)	(9)	27	52	137
Net earnings (loss)	(320)	27	117	242
<b>Weighted average number of shares outstanding</b>				
Basic	31,794,979	29,435,973	29,435,695	29,435,695
Diluted	33,359,850	32,592,713	29,438,884	29,435,695
<b>Earnings (loss) per share</b>				
Basic	(0.01)	0.00	0.00	0.01
Diluted	(0.01)	0.00	0.00	0.01

**Highlights on quarter over quarter variances include:**

- Q4 2025 vs Q4 2024** – The revenue increase in Q4 2025 compared to Q4 2024 was primarily due to the full consolidation of Gemini whose revenue is entirely reported in this Segment, along with higher activity in the Military market through the production of the ASWUPS Mission Ready Water systems. Higher costs associated with the BirdRock SWRO facility resulted in lower-than-expected margins on this project in the period.
- 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.
- 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.

4. **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.

### Summary of Cash Flows

(in 000's, except as otherwise indicated)

	September 30, 2025 \$	Year ended September 30, 2024 \$
<b>Cash provided by (used in)</b>		
Operating activities, excluding changes to working capital	2,195	1,892
Changes related to working capital	(568)	(1,835)
Operating activities	1,627	57
Investing activities	(991)	(1,504)
Financing activities	(2,188)	2,070
Increase (decrease) in cash due to change in foreign exchange rates	15	(17)
Change in cash and cash equivalents	(1,537)	606
Cash – Beginning of period	3,646	3,040
Cash – End of period	2,109	3,646
Free cash flow <sup>1</sup>	(176)	(524)

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

Cash generated from operating activities was \$1,627 during the year ended September 30, 2025, compared with cash generated from operating activities of \$57 in the same period in 2024. The increase in EBITDA along with the decrease in working capital changes account for most of the increase in cash.

Investing activities utilized \$991 of cash in fiscal year 2025, compared to cash utilized by investing activities of \$1,504 in the same period for 2024. In fiscal year 2025, the Company was involved in the development of intellectual property for current and future projects. In addition, investments in computer equipment and field equipment were made. In fiscal year 2024, the Company acquired Gemini Water LLC. Additionally, In the fiscal year 2025, cash utilized in financing activities was \$2,188 compared to \$2,070 generated in the same period of 2024. The increase is due to the bank indebtedness incurred for the acquisition of Gemini Water LLC offset by the increase in principal lease payments.

Free cash flow increased to (\$176) in the fiscal year of 2025 from (\$524) in the same period of 2024. The increase is due to the increase in EBITDA and decrease in investing activities as a result of the Gemini acquisition in fiscal year 2024 partially offset by the 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 - \$4,000) which is a shared limit between its overdraft facility and letters of credit. The facility carries a floating interest at prime plus 1.25% (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 September 30, 2025, the effective interest rate under this facility was 5.95% (2023 – 7.7%). As at September 30, 2025, the Company had drawn \$nil on its operating facility and \$nil in letters of credit (2024 – \$3,495 and \$nil respectively).

On April 20, 2021, the Company entered into a letter of agreement with its bank for a new \$2,000 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. It matured April 30, 2025, and has no balance remaining.

As at September 30, 2025, the Company had approximately \$6,100 in availability between its operating line and cash balances and was not bound by any debt covenants.

The following table outlines the liquidity risk associated with the Company's payment obligations as at September 30, 2025, and September 30, 2024, respectively:

'(in 000's, except as otherwise indicated)

	<b>2025</b>					
	<b>Less than 1 year \$</b>	<b>1 – 5 years \$</b>	<b>Thereafter \$</b>	<b>Total undiscounted cash flows \$</b>	<b>Effect of interest \$</b>	<b>Carrying value \$</b>
Trade and other payables	11,033	-	-	11,033	-	11,033
Lease liabilities (IFRS 16)	1,729	3,048	1,107	5,884	884	5,000
Contingent consideration	1,992	1,225	-	3,217	217	3,000
	<b>14,754</b>	<b>4,273</b>	<b>1,107</b>	<b>20,134</b>	<b>1,101</b>	<b>19,033</b>

2024

	Less than 1 year \$	1 – 5 years \$	Thereafter \$	Total undiscounted cash flows \$	Effect of interest \$	Carrying value \$
Trade and other payables	7,674	-	-	7,674	-	7,674
Bank indebtedness	3,495	-	-	3,495	-	3,495
Lease liabilities (IFRS 16)	898	2,757	1,455	5,110	1,008	4,102
Long-term debt	311	-	-	311	3	308
Contingent consideration	1,211	2,257	-	3,468	394	3,074
	13,589	5,014	1,455	20,058	1,405	18,653

## Business Outlook

*The following comments include forward-looking information and users are cautioned that actual results may vary.*

BluMetric is strategically investing in both its WaterTech and Professional Services segments, as well as in its people to drive growth and support market expansion. The Company is committed to supporting the full cycle of water production in both the natural and built environments. This includes investing in the Commercial and Industrial market in Toronto as well as growing its fabrication capabilities to take advantage of emerging opportunities in Canada, the United States and the Caribbean markets.

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

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

- The Company's diversified portfolio of service offerings and market sectors;
- 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;
- Reliance on key clients;
- Environmental factors outside of the company's control such as fire and flooding that may impact the ability to realize revenues;
- Liquidity risk with respect to clients, and their ability to pay and pay on time;
- Competition from companies which are better-financed or have disruptive technologies;
- Potential claims and litigations; and
- Cybersecurity threats.

### **Capital Resources**

The Company's future growth strategy contemplates investment in various technologies and processes requiring capital for prototyping purposes. The Company may also consider growth through the strategic acquisition of complementary businesses. Accordingly, the Company may opportunistically approach capital markets for additional equity funding if conditions are favorable.

### **Critical Accounting Estimates and Judgements**

The reader is referred to the detailed discussion on critical accounting estimates and judgements found in Note 2 of the Company's audited consolidated financial statements and related notes for the year ended September 30, 2025.

### **Off-Balance Sheet Arrangements**

Many of the Company's operating leases have fallen under IFRS 16 as implemented on October 1, 2019, and are now capitalized on the Statement of Financial Position. For contractual commitments not

recognized on the Consolidated Statement of Financial Position, the reader is referred to Note 21 of the Company's audited financial statements for the year ended September 30, 2025.

### Transactions with Related Parties

All related-party transactions are conducted under terms and conditions reflecting prevailing market conditions at the transaction date and are recorded at the amounts agreed upon by the parties.

Key management personnel of the Company are members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and members of the executive team.

The remuneration of key management personnel during the period was as follows (in 000's):

	Three months ended		Year ended	
	September 30, 2025 \$	September 30, 2024 \$	September 30, 2025 \$	September 30, 2024 \$
Salaries	486	384	2,174	1,716
Short-term benefits	53	24	223	93
Share-based compensation	204	42	391	147
	<u>743</u>	<u>450</u>	<u>2,788</u>	<u>1,956</u>

### Proposed Transactions and Subsequent Events

On November 19, 2025, the Company obtained a receipt for a final short form base shelf prospectus with the securities commissions in the Provinces of British Columbia, Alberta, Manitoba, Ontario and New Brunswick. The base shelf prospectus enables the Company to offer and sell, from time to time, up to an aggregate of \$50 million of common shares, securities, warrants, subscription receipts, units, or a combination thereof, during the 25-month period that the base shelf prospectus is effective. The specific terms of any future offering under the base shelf prospectus will be established in a prospectus supplement to be filed with the applicable Canadian securities regulatory authorities. The shelf prospectus will enable the Company to access new capital or issue securities in connection with strategic acquisitions, if and when needed, based on its financial requirements and market conditions.

On December 1, 2025, the Company agreed to acquire all of the issued and outstanding shares of DS Consultants Ltd. for an aggregate consideration of up to \$22,500.

On December 3, 2025, the Company filed a supplementary prospectus to the short form base shelf prospectus.

On December 9, 2025, the Company completed a best effort brokered offering. The Company issued a total of 11,538,461 common shares at a price of \$1.30 per share for gross proceeds of \$15,000. Cash

commission in the amount of \$900 and 692,307 broker warrants were issued to the Agents who brokered the offering. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$1.30 for 18 months following the closing. The proceeds of this brokered offering were used, in part, to fund the cash portion of the purchase price of DS Consultants Ltd. with the balance used for working capital and general corporate purposes.

On December 10, 2025, the Company completed its acquisition of DS Consultants Ltd. through the purchase of all of the issued and outstanding shares for an aggregate consideration of up to \$22,500. The purchase price was satisfied through an initial cash payment of \$10,500, the issuance of 5,245,468 common shares of the Company valued at \$7,500, and a cash based earn out of up to \$1,500 annually over three years, contingent on the achievement of EBITDA targets of \$4,000, \$5,000 and \$6,000 for the first, second and third earn-out periods respectively.

### **Summary of Outstanding Shares and Dilutive Instruments**

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

Shares:	54,584,148 common shares
Options:	4,711,213 options

### **Inter-Corporate Relationships**

There are no inter-corporate relationships for the year ended September 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 before interest expense, income taxes, depreciation of property and equipment, and amortization of right-of-use and 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, non-cash share compensation costs and acquisition costs.

Management believes that Adjusted EBITDA as defined above is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. Adjusted EBITDA is also used by investors and analysts for valuation purposes. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts. The measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

**Free cash flow:** Free cash flow is a non-GAAP measure and is calculated as cash flow from operating activities excluding changes in the working capital balances less net capital expenditures and net payment of lease obligations. The Company uses the measure as part of assessing the availability of discretionary cash as part of its liquidity management. There is no direct comparable IFRS measure under IFRS.

**Net cash (debt):** Net cash (debt) is a non-GAAP measure and is calculated as cash less total funded debt excluding lease liabilities. The Company uses this measure as part of assessing liquidity. There is no directly comparable measure under IFRS.

**Operating expense, net of depreciation and amortization:** Operating expense, net of depreciation and amortization is a non-GAAP measure and represents the total operating costs excluding depreciation and amortization expenses and is used by management to evaluate ongoing operating performance and cost trends on a more comparable basis across periods.

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

### **Management's Responsibility for Financial Reporting**

The audited 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 consolidated 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](http://www.blumetric.ca) and at [www.sedarplus.ca](http://www.sedarplus.ca).