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Research Flash

BQE Water – Positive Takeaways from Conference Call

Rating	Target Price
BUY	**$108.00**
Unchanged	*Unchanged*

September 24, 2026

Disseminated on Behalf of BQE Water

All figures in CAD unless otherwise stated

BQE Water Inc.	**BQE:TSXV**
Rating	BUY
Target Price	$108.0
Return to Target	50%

Market Data	
Share Price	$71.99
Average Daily TSXV Volume	240.0
FD ITM Shares (M)	1.3
Market Cap ($M)	$94.7
Cash & Marketable Securities ($M)	$16.6
Debt ($M)	$3.2
Enterprise Value ($M)	$81.2

FYE Dec 31	**2025A**	**2026E**	**2027E**
Proportional Revenue ($M)	$39.9	$40.6	$48.2
Revenue ($M)	$35.5	$35.5	$42.7
Gross Margin (%)	43%	44%	48%
Adj. EBITDA ($M)	$8.2	$6.5	$12.9
Adj. EBITDA Margin (%)	21%	16%	27%
Net Income ($M)	$8.1	$4.2	$8.6
EPS (Basic)	$6.23	$3.27	$6.62
FCFF ($M)	$4.9	$1.9	$6.8

Valuation	**2025A**	**2026E**	**2027E**
EV/EBITDA	9.9x	12.5x	6.3x
P/E	11.6x	22.0x	10.9x
FCF Yield (%)	6%	2%	8%
EV/Sales	2.0x	2.0x	1.7x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents

BQE Water is a service provider specializing in water treatment and management for mining, smelting, and refining businesses. BQE Water invests in innovation and has developed unique intellectual property through the commercialization of several new technologies at mine sites around the world for organizations including Glencore, Codelco, Jiangxi Copper, Freeport-McMoRan and South32. BQE Water is headquartered in Vancouver, Canada.

Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314
Ben Pirie | Equity Research Analyst | bpirie@atriumresearch.ca | 647-688-9661

What you need to know:

- BQE hosted a conference call yesterday, providing various strong updates on the business and operations. H2 is expected to show strong growth.
- The pipeline has 40 active projects, including 17 high-impact ones. Two long-term plants are currently under construction, with the first commissioning in October.
- For Q3, we are expecting proportional revenue to grow 24% YoY to $13.2M and adjusted EBITDA to be $3.1M (23% margin).

Yesterday, BQE Water (BQE:TSXV, BTQNF:OTCPK) hosted a conference call to discuss its financial results and provide corporate updates. The discussion was positive in our view, hinting at strong operations revenue and margins in H2. Our research note on the Q2 financials from August 28th can be found here. We are tweaking our estimates slightly lower to align with the messaging. **We are maintaining our BUY rating and target price of $108.00/share on BQE.**

Conference Call Takeaways

- 2025 was a banner year due to the emergency response at Eagle and the one-time equipment sale to ERDC. 2026 is a year of consolidating from the rapid growth and building a foundation for the future. Aiming for flat revenue for 2026 which would still be strong growth if we remove those one-off projects.
- Pipeline has 40 active projects across various stages, all 40 of which have already spent money with BQE.
- 17 are "high impact projects" meaning they have recurring revenue potential, strategic value, or high marketing value for the Company. 80% of these high-impact projects require BQE's IP. 33% are for selenium, 25% for cyanide recycle/destruction, 20% for sulphate removal.
- Short-term operations projects are a mix: some are an entry point to long-term operations, some will remain short-term.
- Two plants under construction for long-term operations; one should start commissioning in October and the other later in Q4.
- Bill C39 – too early to tell the long-term impacts; management believes the need for social acceptance is still strong.
- More operations services in H2 with high margins, similar to last year. BQE's investments in staff will lead to a 25% increase in advisory services revenue capacity (~$9.5M starting in Q4).
- Still focusing on aquatic toxicology integration, which is going well; it will be fully integrated by year-end. BQE has a few M&A targets identified and is working with some of its disciplined engineering targets on various projects.

Q3 Financials Preview

BQE will be reporting Q3 financials by the end of November. We are expecting the following results:

- Proportional revenue of $13.2M (+24% YoY, +38% on the two-year stack). This includes GAAP revenue of $11.7M (+25% YoY).
- Gross margin of 48% compared to 51% in Q3/25.
- Adjusted EBITDA of $3.1M (23% margin, declining slightly YoY).
- Net Income of $2.3M or $1.73/share.

Insider Buying

Songlin Ye, VP of Asia, has made two open-market purchases this month. On September 2nd, he bought 200 shares at $68.70/share ($13,740), and on September 23rd another 102 shares at $71.99/share ($7,343), bringing his total position to 6,700 shares.

Why We Like BQE

- BQE has a growing stream of recurring revenue (operational services) and technical services revenue. This barbell approach has led to decades of strong revenue growth.
- The Company has strong tailwinds in increasingly strict government regulations for water discharge and increasing mining capex globally.
- BQE Water has been steadily increasing its EBITDA margins from negative levels a decade ago to 21% in 2025. Given its asset-light business model, we expect this to continue scaling up.
- BQE has a clean balance sheet with a large cash position and no interest-bearing debt. The Company has not raised equity since 2018, and insiders collectively own 44% of shares.
- BQE's valuation is cheaper than that of water treatment and engineering service firms.

Catalysts

- Quarterly Financial Results & Increasing Recurring Revenue – Ongoing
- New Contract Announcements – Ongoing
- Share Repurchases & Acquisitions – 2026/2027

Tear Sheet

Market Data	
Ticker	BQE:TSXV
Stock Price	$71.99
Rating	BUY
Target Price	$108.00
Upside	50%
Market Cap ($M)	$94.7
Cash ($M)	$16.6
Debt ($M)	$3.2
EV ($M)	$81.2

Capital Structure	
Basic Shares Outstanding (M)	1.3
Warrants (M)	0.0
Options (M)	0.0
FD Shares (M)	1.3
FD ITM Shares (M)	1.3

Ownership	
Management & Board	9%
Other Insiders	35%
Retail & Institutions	56%

Financial Estimates	2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26A	Q3/26E	Q4/26E	2026E	2027E
Revenue ($M)	**17.2**	**7.4**	**11.3**	**9.3**	**7.5**	**35.5**	**4.8**	**9.2**	**11.7**	**9.7**	**35.5**	**42.7**
Proportional Revenue ($M)	**24.8**	**7.9**	**12.9**	**10.7**	**8.4**	**39.9**	**5.3**	**11.3**	**13.2**	**10.8**	**40.6**	**48.2**
% YoY	*9%*	*133%*	*112%*	*12%*	*46%*	*61%*	*-33%*	*-13%*	*24%*	*28%*	*2%*	*19%*
Gross Profit ($M)	**8.4**	**3.2**	**3.7**	**4.7**	**3.7**	**15.3**	**1.2**	**4.3**	**5.6**	**4.6**	**15.6**	**20.5**
Gross Margin	*49%*	*43%*	*33%*	*51%*	*49%*	*43%*	*25%*	*46%*	*48%*	*47%*	*44%*	*48%*
Adj. EBITDA ($M)	**5.6**	**1.9**	**2.5**	**3.3**	**0.5**	**8.2**	**(1.1)**	**2.4**	**3.1**	**2.1**	**6.5**	**12.9**
Adj. EBITDA Margin	*23%*	*24%*	*19%*	*31%*	*7%*	*21%*	*-20%*	*22%*	*23%*	*19%*	*16%*	*27%*
Net Income ($M)	4.8	1.7	1.9	2.8	1.6	8.1	(1.3)	1.8	2.3	1.4	4.2	8.6
EPS (Basic)	3.78	1.34	1.48	2.15	1.27	6.23	(0.98)	1.42	1.73	1.09	3.27	6.62
FCFF ($M)	2.5	(1.0)	2.6	1.3	2.0	4.9	(2.0)	(1.4)	4.0	1.2	1.9	6.8

Figure 1: Tear Sheet

Estimate Revisions

	Q3/26E		Q4/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Prop. Revenue ($M)	**$13.2**	$13.5	**$10.8**	$11.2	**$40.6**	$41.4	**$48.2**	$48.2
GAAP Revenue ($M)	**$11.7**	$11.7	**$9.7**	$9.7	**$35.5**	$35.5	**$42.7**	$42.0
Gross Margin (%)	**48%**	48%	**47%**	47%	**44%**	44%	**48%**	48%
Adj. EBITDA ($M)	**$3.1**	$3.6	**$2.1**	$2.6	**$6.5**	$7.6	**$12.9**	$13.0

Figure 2: Estimate Revisions

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