

Condensed consolidated interim financial statements of

**Biorem Inc.**

Periods ended June 30, 2025 and 2024

(Unaudited)

# Biorem Inc.

June 30, 2025 and 2024

(Unaudited)

## Table of contents

Condensed consolidated interim statements of financial position.....	3
Condensed consolidated interim statements of operations .....	4
Condensed consolidated interim statements of comprehensive income (loss) .....	5
Condensed consolidated interim statements of changes in shareholders' equity.....	6
Condensed consolidated interim statements of cash flows .....	7
Notes to the condensed consolidated interim financial statements .....	8-11

The accompanying condensed consolidated interim financial statements of Biorem Inc. 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 financial statements in accordance with standards adopted by the Canadian Institute of Chartered Accountants ("CICA") for a review of interim financial statements by an entity's auditor.

# Biorem Inc.

## Condensed consolidated interim statements of financial position June 30, 2025 and December 31, 2024

(In Canadian dollars, unaudited)		June 30, 2025	December 31, 2024
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash		7,655,436	5,212,852
Accounts receivable		9,719,230	11,903,944
Unbilled revenue		2,462,720	2,963,720
Inventories		1,804,934	2,904,034
Prepaid expenses and deposits		2,057,064	1,539,396
		23,699,384	24,523,946
Non-current assets			
Accounts receivable		550,538	811,293
Equipment and leasehold improvements		2,010,749	2,019,991
Deferred tax assets		840,749	1,155,355
<b>Total assets</b>		<b>27,101,420</b>	<b>28,510,585</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	9	3,167,009	4,020,871
Accrued liabilities		1,124,435	2,437,793
Lease liabilities		83,211	119,561
Income taxes payable		58,608	959,573
Provisions	8	501,254	538,367
Unearned revenue		8,165,074	6,372,221
Interest bearing loans	7	583,673	570,512
		13,683,264	15,018,898
Non-current liabilities			
Interest bearing loans	7	1,563,045	1,857,715
Lease liabilities		910,487	1,008,889
		2,473,532	2,866,604
<b>Shareholders' equity</b>			
Common shares		5,196,123	5,196,123
Contributed surplus		2,546,811	2,470,191
Accumulated other comprehensive loss		1,292,635	1,831,628
Retained earnings		1,909,055	1,127,141
<b>Total shareholders' equity</b>		<b>10,944,624</b>	<b>10,625,083</b>
<b>Total liabilities and shareholders' equity</b>		<b>27,101,420</b>	<b>28,510,585</b>

See accompanying notes to consolidated financial statements.

# Biorem Inc.

## Condensed consolidated interim statements of operations Three and six months ended June 30, 2025 and 2024

(In Canadian dollars, unaudited)	Notes	Three months ended		Six months ended	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue		9,430,628	7,300,499	14,161,029	13,218,403
Cost of goods sold		6,880,668	5,643,289	10,501,232	9,781,398
Gross profit		2,549,960	1,657,210	3,659,797	3,437,005
Expenses (income)					
Sales and marketing		527,503	744,864	1,092,855	1,436,444
Research and development		15,704	13,512	29,692	28,777
General and administration		948,955	385,765	1,406,400	898,713
Other expense (income)	5	3,988	607	(17,106)	45,540
Total operating expenses		1,496,150	1,144,748	2,511,841	2,409,474
Earnings from operations		1,053,810	512,462	1,147,956	1,027,531
Finance costs		40,545	50,117	84,128	101,067
Net earnings before tax		1,013,265	462,345	1,063,828	926,464
Income tax expense		268,515	122,521	281,914	245,513
Net earnings		744,750	339,824	781,914	680,951
Earnings per share, basic	10	\$ 0.046	\$ 0.021	\$ 0.046	\$ 0.043
Earning per share, diluted	10	\$ 0.040	\$ 0.018	\$ 0.040	\$ 0.037

# Biorem Inc.

## Condensed consolidated interim statements of comprehensive income (loss) Three and six months ended June 30, 2025 and 2024

(In Canadian dollars, unaudited)	Three months ended		Six months ended	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net earnings	744,750	339,824	747,178	680,951
Other comprehensive income				
Item which may be reclassified into profit and loss:				
Foreign currency translation loss on foreign operations	(530,920)	157,354	(538,993)	431,237
Total comprehensive income (loss) for the period	213,830	497,178	208,185	1,112,188

# Biorem Inc.

## Condensed Consolidated interim statements of shareholders' equity

Six months ended June 30, 2025 and 2024

(In Canadian dollars, unaudited)	Accumulated				
	Share capital	Contributed surplus	other comprehensive income	Deficit	Total
<b>Balance, as at January 1, 2024</b>	4,997,423	2,368,921	1,270,033	(1,916,592)	6,719,785
Earnings for the period	-	-	-	680,951	680,951
Foreign currency translation differences on foreign operations	-	-	431,237	-	431,237
<b>Total comprehensive earnings for the period</b>	-	-	431,237	680,951	1,112,188
Stock-based compensation	-	66,450	-	-	66,450
	-	66,450	-	-	66,450
<b>Balance, as at June, 2024</b>	4,997,423	2,435,371	1,701,270	(1,235,641)	7,898,423
<b>Balance, as at January 1, 2025</b>	5,196,123	2,470,191	1,831,628	1,127,141	10,625,083
Earnings for the period	-	-	-	781,914	781,914
Foreign currency translation differences on foreign operations	-	-	(538,993)	-	(538,993)
<b>Total comprehensive earnings for the period</b>	-	-	(538,993)	781,914	242,921
Stock-based compensation	-	76,620	-	-	76,620
	-	76,620	-	-	76,620
<b>Balance, as at June, 2025</b>	5,196,123	2,546,811	1,292,635	1,909,055	10,944,624

# Biorem Inc.

## Condensed consolidated interim statements of cash flows

Six months ended June 30, 2025 and 2024

(In Canadian dollars, unaudited)	Notes	2025	2024
		\$	\$
<b>Operating activities</b>			
Net earnings		781,914	683,923
Items not involving cash:			
Deferred tax expense (recovery)		281,914	243,421
Depreciation		243,613	148,503
Accretion lease interest		36,249	41,613
Stock option compensation		76,620	66,450
		1,420,310	1,183,910
<b>Change in non-cash operating working capital</b>			
Accounts receivable		2,078,497	2,105,512
Unbilled revenue		401,823	900,645
Inventories		956,417	(1,034,489)
Prepaid expenses and deposits		(582,744)	(164,240)
Accounts payable		(681,375)	(1,850,982)
Accrued liabilities		(1,251,182)	(580,975)
Income taxes payable		(857,983)	32,677
Provisions		(18,237)	14,024
Unearned revenue		1,893,333	1,674,283
<b>Cash provided by (used in) operations</b>		3,358,859	2,280,365
<b>Investing activities</b>			
Purchase of equipment, leasehold improvements		(339,923)	(366,811)
		(339,923)	(366,811)
<b>Financing activities</b>			
Term loan repayments		(281,509)	(270,951)
Payment of lease liabilities		(111,682)	(126,762)
Proceeds from issuance of common shares on exercise of stock options		-	-
		(393,191)	(397,713)
Foreign exchange gain(loss) on foreign denominated cash and cash equivalents		(183,161)	96,570
<b>Increase in cash and cash equivalents</b>		2,442,584	1,612,411
Cash and cash equivalents, beginning of year		5,212,852	2,291,799
<b>Cash and cash equivalents, end of period</b>		7,655,436	3,904,210

# Biorem Inc.

## Notes to the condensed consolidated interim financial statements

June 30, 2025 and 2024

(Unaudited)

### 1. General information

BIOREM Inc. ("BIOREM") is a company with its head office domiciled in Canada.

The address of BIOREM's registered office is 7496 Wellington Road 34, Puslinch, Ontario. The Company's common shares are listed on the Toronto Stock Exchange and trade under the symbol BRM.V. The condensed consolidated interim financial statements of BIOREM comprise BIOREM and its subsidiaries (together referred to as "the Company"). The Company is primarily involved in the manufacturing of a comprehensive line of high efficiency air pollution control systems that are used to eliminate odorous and harmful contaminants.

### 2. Basis of preparation

#### a) *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "*Interim Financial Reporting*". The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements have been prepared following the same accounting principles and methods of computation as the Company's 2024 annual consolidated financial statements and should be read in conjunction with those audited consolidated financial statements which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR").

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on August 25, 2025.

#### b) *Basis of measurement*

These condensed consolidated interim financial statements have been prepared on the historical cost basis of accounting, with the exception of financial instruments classified as fair value through profit and loss, which are recorded at fair value.

#### c) *Functional and presentation currency*

The functional currency of BIOREM and its subsidiaries is the currency of their primary economic environment. These condensed consolidated interim financial statements are presented in Canadian dollars, which is BIOREM's functional currency. The functional currency of BIOREM's subsidiary located in the United States is the U.S. dollar and the functional currency of BIOREM's subsidiary located in China is the Chinese renminbi.

#### d) *Basis of consolidation*

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the condensed consolidated financial statements from the date that control commences until the date that control ceases. Accordingly, the consolidated interim financial statements include the accounts of Biorem Technologies Inc., Biorem Environmental Inc., Biorem Environmental (US) Ltd., Biorem Hong Kong, Biorem (Beijing) Technologies Company Limited and Biorem Wuhu Environmental Technology Ltd., Ltd in addition to those of BIOREM. All significant inter-company transactions and balances have been eliminated.

### 3. Significant accounting policies

The significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2024 annual consolidated financial statements except as set out below, and have been applied consistently to all periods presented in these condensed consolidated interim financial statements. The accounting policies have been applied consistently by the Company's subsidiaries.



# Biorem Inc.

## Notes to the condensed consolidated interim financial statements June 30, 2025 and 2024 (Unaudited)

### 4. Segmented information

Management has determined that the Company operates in one reportable segment, which involves the manufacture and sale of pollution control systems.

The Company's revenue and capital assets breaks down geographically as follows:

Revenue	Three months ending		Six months ending	
	June 2025	June 2024	June 2025	June 2024
	\$	\$	\$	\$
Canada	590,971	1,876,708	1,290,983	4,529,342
United States	5,620,264	5,421,144	8,639,589	8,667,103
Other	3,219,393	2,647	4,230,457	21,958
Total	9,430,628	7,300,499	14,161,029	13,218,403

Capital assets (1)	Period ending	
	June 2025	June 2024
	\$	\$
Canada	318,719	509,364
United States	1,692,030	1,681,564
Total	2,010,749	2,190,928

(1) Includes plant, equipment, leasehold improvements and right of use assets

### 5. Other income

The composition of other income is as follows:

	Three months ended		Six months ended	
	June 2025	June 2024	June 2025	June 2024
	\$	\$	\$	\$
Foreign exchange gain( loss)	(3,988)	(607)	17,106	(45,540)
Total	(3,988)	(607)	17,106	(45,540)

# Biorem Inc.

## Notes to the condensed consolidated interim financial statements June 30, 2025 and 2024 (Unaudited)

### 6. Contingency

From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. Management is of the opinion, based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's consolidated financial position, liquidity or results of operations.

### 7. Interest-bearing loans

	Interest rate	Maturity	June 30 2025	December 31 2024
Term loan	4.07	12/01/28	2,145,234	2,428,227
Current portion	4.07	2024	(582,189)	(570,512)
Non-Current			1,563,045	1,857,715

On December 1, 2021 the Company secured a \$4,000,000 term loan and a \$3,000,000 operating line of credit from a Canadian chartered bank. Both the working capital loan and the term loan are secured by a general security agreement and first charge over all the assets of the Company. The term loan is repayable over 84 months in blended payments of \$54,893 due on the 15<sup>th</sup> of each month.

### 8. Provisions

Warranty	2025	
2024		
	\$	\$
At December 31	538,367	425,757
Provisions used during the period	(988)	-
Provisions made during the period	(36,125)	25,240
At June 30	\$ 501,254	\$ 450,997

# Biorem Inc.

## Notes to the condensed consolidated interim financial statements June 30, 2025 and 2024 (Unaudited)

### 9. Financial Instruments

#### *Fair value of financial instruments*

	June 30, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,655,436	7,655,436	5,212,852	5,212,852
Accounts receivable	10,269,768	10,269,768	12,715,237	12,715,237
	<u>17,925,204</u>	<u>17,925,204</u>	<u>17,928,089</u>	<u>17,928,089</u>
Financial liabilities				
Accounts payable and accrued liabilities	4,279,239	4,279,239	6,458,664	6,458,664
Interest bearing loans	2,146,718	2,146,718	2,428,227	2,428,227
Lease liabilities	993,698	993,698	1,128,450	1,128,450
	<u>7,419,655</u>	<u>7,419,655</u>	<u>10,015,341</u>	<u>10,015,341</u>

The Company has determined that the fair value of its short term financial assets and liabilities approximates their respective carrying because of the short term maturity of those instruments.

The fair values of the Company's interest bearing loans are determined at amortized cost at the end of the reporting period. The non-performance risk as at June 30, 2025 and December 31, 2024 was assessed to be insignificant.

### 10. Earnings per share

	Three months ended		Six months ended	
	June 2025	June 2024	June 2025	June 2024
	\$	\$	\$	\$
Net earnings	744,750	339,824	781,914	680,951
Common shares outstanding	16,029,727	15,697,437	16,029,727	15,697,437
Dilutive Options	<u>2,576,022</u>	<u>2,827,033</u>	<u>2,713,373</u>	<u>2,827,033</u>
Total	<u>18,605,749</u>	<u>18,524,470</u>	<u>18,743,100</u>	<u>18,524,470</u>