

Condensed consolidated interim financial statements of

Biorem Inc.

Periods ended September 30, 2025 and 2024

(Unaudited)

Biorem Inc.

September 30, 2025 and 2024

(Unaudited)

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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 September 30, 2025 and December 31, 2024

(In Canadian dollars, unaudited)	Notes	September 30, 2025	December 31, 2024
		\$	\$
Assets			
Current assets			
Cash		8,350,088	5,212,852
Accounts receivable		9,172,047	11,903,944
Unbilled revenue		2,965,017	2,963,720
Inventories		2,067,546	2,904,034
Prepaid expenses and deposits		2,311,637	1,539,396
		24,866,335	24,523,946
Non-current assets			
Accounts receivable, net of ECL		561,243	811,293
Equipment and leasehold improvements		1,916,638	2,019,991
Deferred tax assets		435,852	1,155,355
Total assets		27,780,068	28,510,585
Liabilities			
Current liabilities			
Accounts payable	10	4,066,663	4,020,871
Accrued liabilities		744,197	2,437,793
Lease liabilities		86,586	119,561
Income taxes payable		-	959,573
Provisions	8	537,387	538,367
Unearned revenue		7,151,596	6,372,221
Interest bearing loans	7	588,181	570,512
		13,174,610	15,018,898
Non-current liabilities			
Interest bearing loans	7	1,414,912	1,857,715
Lease liabilities		994,925	1,008,889
		2,409,837	2,866,604
Shareholders' equity			
Common shares	9	5,180,661	5,196,123
Contributed surplus		2,546,811	2,470,191
Accumulated other comprehensive earnings		1,486,233	1,831,628
Retained earnings		2,981,916	1,127,141
Total shareholders' equity		12,195,621	10,625,083
Total liabilities and shareholders' equity		27,780,068	28,510,585

Biorem Inc.

Condensed consolidated interim statements of operations Three and nine months ended September 30, 2025 and 2024

(In Canadian dollars, unaudited)	Notes	Three months ended		Nine months ended	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue		11,252,966	14,885,540	25,413,995	28,103,943
Cost of goods sold		8,087,083	9,864,074	18,588,315	19,645,471
Gross profit		3,165,883	5,021,466	6,825,680	8,458,472
Expenses (income)					
Sales and marketing		1,047,108	1,157,399	2,139,962	2,593,842
Research and development		49,139	7,944	78,831	36,721
General and administration		474,157	830,456	1,880,557	1,729,168
Other expense (income)	5	(17,808)	(4,185)	(34,914)	41,355
Total operating expenses		1,552,596	1,991,614	4,064,436	4,401,086
Earnings from operations		1,613,287	3,029,852	2,761,244	4,057,386
Finance costs		38,404	47,429	122,532	148,546
Net earnings before tax		1,574,883	2,982,423	2,638,712	3,908,840
Income tax expense		417,344	790,342	699,259	1,035,843
Net earnings		1,157,539	2,192,081	1,939,453	2,872,997
Earnings per share, basic	11	\$ 0.072	\$ 0.139	\$ 0.127	\$ 0.183
Earning per share, diluted	11	\$ 0.062	\$ 0.118	\$ 0.104	\$ 0.155

Biorem Inc.

Condensed consolidated interim statements of comprehensive income (loss) Three and nine months ended September 30, 2025 and 2024

(In Canadian dollars, unaudited)	Three months ended		Nine months ended	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net earnings	1,157,539	2,192,081	1,939,453	2,872,997
Other comprehensive income				
Item which may be reclassified into profit and loss:				
Foreign currency translation loss on foreign operations	193,598	(168,281)	(345,395)	262,956
Total comprehensive income for the period	1,351,137	2,023,800	1,594,058	3,135,953

Biorem Inc.

Condensed Consolidated interim statements of shareholders' equity

Nine months ended September 30, 2025 and 2024

(In Canadian dollars, unaudited)	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained Earnings	Total
Balance, as at January 1, 2024	4,997,423	2,368,921	1,270,033	(1,916,592)	6,719,785
Earnings for the period	-	-	-	2,872,997	2,872,997
Foreign currency translation differences on foreign operations	-	-	262,956	-	262,956
Total comprehensive earnings for the period	-	-	262,956	2,872,997	3,135,953
Stock options exercised	11,400	(11,400)	-	-	11,400
Stock-based compensation	-	99,675	-	-	99,675
	11,400	88,275	-	-	111,075
Balance, as at September 30, 2024	5,008,823	2,457,196	1,532,989	956,405	9,966,813
Balance, as at January 1, 2025	5,196,123	2,470,191	1,831,628	1,127,141	10,625,083
Earnings for the period	-	-	-	1,939,453	1,939,453
Foreign currency translation differences on foreign operations	-	-	(345,395)	-	(345,395)
Total comprehensive earnings for the period	-	-	(345,395)	1,939,453	1,594,058
Stock options exercised	-	-	-	-	-
Stock-based compensation	-	76,620	-	-	76,620
Purchased for cancellation under normal course issuer bid 9	(15,462)	-	-	(84,678)	(100,140)
	(15,462)	76,620	-	(84,678)	(23,520)
Balance, as at September 30, 2025	5,180,661	2,546,811	1,486,233	2,981,916	12,195,621

Biorem Inc.

Condensed consolidated interim statements of cash flows

Nine months ended September 30, 2025 and 2024

(In Canadian dollars, unaudited)	Notes	2025	2024
		\$	\$
Operating activities			
Net earnings		1,939,453	2,872,997
Items not involving cash:			
Deferred tax expense (recovery)		699,259	1,035,843
Depreciation		376,145	333,160
Accretion lease interest		37,986	61,563
Stock option compensation		76,620	99,675
		3,129,463	4,403,238
Change in non-cash operating working capital			
Accounts receivable		2,737,317	4,240,447
Unbilled revenue		(67,792)	903,864
Inventories		737,075	(1,983,359)
Prepaid expenses and deposits		(809,039)	498,706
Accounts payable		166,380	(1,582,224)
Accrued liabilities		(1,563,589)	(275,695)
Income taxes payable		(925,748)	19,157
Provisions		10,722	54,936
Unearned revenue		845,554	(904,158)
Cash provided by (used in) operations		4,260,343	5,374,912
Investing activities			
Purchase of equipment, leasehold improvements		(339,608)	(366,811)
		(339,608)	(366,811)
Financing activities			
Term loan repayments	7	(425,149)	(408,369)
Payment of lease liabilities		(112,098)	(191,021)
Common shares purchased for cancellation	9	(100,140)	-
		(637,387)	(599,390)
Foreign exchange gain(loss) on foreign denominated cash and cash equivalents		(146,112)	574,123
Increase in cash and cash equivalents		3,137,236	4,982,834
Cash and cash equivalents, beginning of year		5,212,852	2,291,799
Cash and cash equivalents, end of period		8,350,088	7,274,633

Biorem Inc.

Notes to the condensed consolidated interim financial statements September 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 November 17, 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 (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 2023 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 September 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		Nine months ending	
	Sept 2025	Sept 2024	Sept 2025	Sept 2024
	\$	\$	\$	\$
Canada	1,685,174	3,423,019	2,976,157	7,952,360
United States	6,777,309	10,965,946	15,416,898	19,633,049
China	-	-	-	-
Other	2,790,483	496,575	7,020,940	518,534
Total	11,252,966	14,885,540	25,413,995	28,103,943

Capital assets (1)	Period ending	
	Sept 2025	Sept 2024
	\$	\$
Canada	286,409	448,833
United States	1,630,229	1,604,691
Total	1,916,638	2,053,524

(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		Nine months ended	
	Sept 2025	Sept 2024	Sept 2025	Sept 2024
			\$	\$
Foreign exchange gain(loss)	17,807	11,552	34,914	73,279
Total	17,807	11,552	34,914	73,279

Biorem Inc.

Notes to the condensed consolidated interim financial statements September 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

Current	Interest rate	Maturity	September 30 2025	December 31 2024
	%		\$	\$
Working capital loan	Prime + .075	On demand	-	-
Current portion term loan	4.07	2026	588,181	570,512
			<u>588,181</u>	<u>570,512</u>
Non-current				
Term loan	4.07	12/01/28	2,002,379	2,428,227
Current portion	4.07	2026	(588,181)	(570,512)
			<u>1,414,198</u>	<u>1,857,715</u>

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 15th of each month.

8. Provisions

Warranty 2024	2025	
		\$
At December 31	529,064	\$ 425,758
Provisions used during the period	(988)	-
Provisions made during the period	9,281	73,112
At September 30	<u>\$ 537,357</u>	<u>\$ 498,870</u>

Biorem Inc.

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

9. Share Capital

Normal Course issuer Bid (NCIB)

The Company's NCIB began June 16, 2025 and will end no later than June 16, 2026. The number of shares that may be purchased for cancellation under the NCIB are 806,872 representing 5% of its 16,137,437 issued and outstanding common shares as of June 10, 2025. During the third quarter of fiscal 2025 the Company purchased 47,700 common shares at an average price per share of \$2.01. Retained earnings include a charge of \$84,678 relating to the excess of the purchase price over the carrying value of the shares.

10. Financial Instruments

Fair value of financial instruments

	September 30, 2025		December 30, 2025	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Financial assets				
Cash	8,350,088	8,350,088	5,212,852	5,212,852
Accounts receivable	9,733,290	9,733,290	12,715,237	12,715,237
	<u>18,083,378</u>	<u>18,083,378</u>	<u>17,928,089</u>	<u>17,928,089</u>
Financial liabilities				
Accounts payable and accrued liabilities	4,810,860	4,810,860	6,458,664	6,458,664
Interest bearing loans	1,583,106	1,583,106	2,428,227	2,428,227
Lease liabilities	1,501,498	1,501,498	1,128,450	1,128,450
	<u>7,895,464</u>	<u>7,895,464</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.

Biorem Inc.

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

11. Earnings per share

	Three months ended		Nine months ended	
	Sept 2025	Sept 2024	Sept 2025	Sept 2024
	\$	\$	\$	\$
Net earnings	1,157,539	2,192,081	1,939,453	2,872,997
Common shares outstanding	16,005,877	15,799,727	16,021,777	15,799,727
Dilutive Options	2,624,516	2,841,267	2,637,970	2,841,267
Total	18,630,393	18,640,994	18,659,747	18,640,994