Condensed Consolidated Interim Financial Statements of

Biorem Inc.

Periods ended March 31, 2026 and 2025

(Unaudited)

Biorem Inc.
March 31, 2026 and 2025
(unaudited)
Table of contents

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 Chartered Professional Accountants of Canada ("CPA Canada") for a review of interim financial statements by an entity's auditor.

Biorem Inc.

Condensed consolidated interim statements of financial position
March 31, 2026 and December 31, 2025

(In Canadian dollars, unaudited)	Notes	March 31, 2026	December 31, 2025
		$	$
Assets			
Current assets			
Cash		9,990,027	11,504,755
Accounts receivable,net of ECL		9,277,262	11,959,919
Unbilled revenue		2,905,564	3,236,583
Inventories		2,346,278	1,368,871
Prepaid expenses and deposits		4,281,020	2,477,834
		28,800,151	30,547,962
Non-current assets			
Accounts receivable,net of ECL		269,232	682,131
Equipment, leasehold improvements and right of use assets		2,020,877	1,826,944
Deferred tax assets		453,665	519,400
Total assets		31,543,925	33,576,437
Liabilities			
Current liabilities			
Accounts payable	9	4,498,136	7,953,382
Accrued liabilities		2,038,176	1,837,017
Lease liabilities		90,022	81,678
Income taxes payable		863,467	861,628
Provisions	8	601,335	577,735
Unearned revenue		5,596,025	4,589,126
Interest bearing loans	7	600,153	594,170
		14,287,314	16,494,736
Non-current liabilities			
Interest bearing loans	7	1,110,533	1,263,737
Lease liabilities		849,130	892,180
		1,959,663	2,155,917
Shareholders' equity			
Common shares		5,200,461	5,200,461
Contributed surplus		2,545,506	2,529,996
Accumulated other comprehensive income		1,490,577	1,336,267
Retained earnings		6,060,404	5,859,060
Total shareholders' equity		15,296,948	14,925,784
Total liabilities and shareholders' equity		31,543,925	33,576,437

See accompanying notes to condensed consolidated interim financial statements

Biorem Inc.

Consolidated statements of operations
Three months ended March 31, 2026 and 2025

(In Canadian dollars,unaudited)	Notes	2026	2025
		$	$
Revenue		6,816,883	4,730,400
Cost of goods sold		5,424,716	3,620,564
Gross profit		1,392,167	1,109,836
Expenses			
Sales and marketing		757,176	565,352
Research and development		9,989	13,988
General and administration		440,175	457,445
Other expense	**5**	(122,793)	(21,094)
Total operating expenses		1,084,547	1,015,691
Earnings from operations		307,620	94,145
Finance costs	**7**	35,534	43,582
Earnings before tax		272,086	50,563
Income tax		70,742	13,399
Net earnings		201,344	37,164
Earnings per share, basic		$ 0.012	$ 0.002
Earnings per share, diluted		$ 0.011	$ 0.002

See accompanying notes to consolidated financial statements.

Biorem Inc.

Condensed consolidated interim statement of comprehensive income (loss)
Three months ended March 31, 2026 and 2025

(In Canadian dollars, unaudited)	2026	2025
	$	$
Net income	201,344	37,164
Other comprehensive income (loss)		
Item that will not be reclassified into profit and loss		
Foreign currency translation differences on foreign operations	154,305	(8,072)
Total comprehensive income for the period	355,649	29,092

See accompanying notes to condensed consolidated interim financial statements

Biorem Inc.

Consolidated statements of changes in shareholders' equity
Three months ended March 31, 2026 and 2025

In Canadian dollars	Notes	Common shares	Contributed surplus	Accumulated other comprehensive income(loss)	Retained earnings	Total
		$	$	$	$	$
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		-	-	-	37,164	37,164
Foreign currency translation differences on foreign operations		-	-	(8,072)	-	(8,072)
Total comprehensive earnings (loss) for the period		-	- -	(8,072)	37,164	29,092
Stock-based compensation		-	38,310	-	-	38,310
Balance, as at March 31, 2025		5,196,123	2,508,501	1,823,556	1,164,305	10,692,485
Balance, as at January 1, 2025		5,200,461	2,529,996	1,336,267	5,859,060	14,925,784
Earnings for the period		-	-	-	201,344	201,344
Foreign currency translation differences on foreign operations		-	-	154,305	-	154,305
Total comprehensive earnings for the period		-	- -	154,305	201,344	355,649
Stock-based compensation		-	15,510	-	-	15,510
Balance, as at March 31, 2026		5,200,461	2,545,506	1,490,572	6,060,404	15,296,943

See accompanying notes to condensed consolidated interim financial statements

Biorem Inc.

Condensed consolidated interim statements of cash flows
Three months ended March 31, 2026 and 2025

(In Canadian dollars, unaudited)	Notes	2026	2025
		$	$
Operating activities			
Net earnings		201,342	37,164
Items not involving cash:			
Deferred tax expense (recovery)		70,742	14,680
Depreciation		91,067	134,415
Accretion lease interest		16,570	19,431
Stock based compensation		15,510	38,310
		395,231	244,000
Change in non-cash operating working capital			
Accounts receivable		3,167,152	5,356,734
Unbilled revenue		359,831	169,545
Inventories		(943,655)	(392,305)
Prepaid expenses and deposits		(1,769,275)	(489,434)
Accounts payable		(3,496,878)	(1,071,968)
Accrued liabilities		158,657	(301,815)
Income taxes payable			-
Provisions		17,846	(11,198)
Unearned revenue		981,832	1,191,517
Cash provided by (used in) operations		(1,129,259)	4,695,076
Investing activities			
Purchase of equipment, leasehold improvements		(271,346)	(90,835)
		(271,346)	(90,835)
Financing activities			
Repayment to term loan	**7**	(147,220)	(139,757)
Payment of lease liabilities		(38,260)	(66,359)
		(185,480)	(206,116)
Foreign exchange gain(loss) on foreign denominated cash		71,357	(10,830)
Increase in cash		(1,514,728)	4,387,295
Cash beginning of year		11,504,755	5,212,852
Cash end of period		9,990,027	9,600,147

See accompanying notes to condensed consolidated interim financial statements

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 2025 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 May 14, 2026.

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, 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 2025 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.

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		Capital assets	
	March 2026	March 2025	March 2026	March 2025
	$	$	$	$
Canada	1,295,792	700,012	240,438	331,676
United States	4,530,742	3,019,325	1,780,438	1,641,980
Middle East	576,385	-	-	-
Other	413,964	1,011,063	-	-
Total	6,816,883	4,730,400	2,020,876	1,973,656

5. Other expense

The composition of other expense is as follows:

	Three months ended	
	March 2026	March 2025
	$	$
Foreign exchange loss (gain)	(122,793)	(21,094)
Total	(122,793)	(21,094)

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	March 31 2026	December 31 2025
	%		$	$
Current portion term loan	4.07	2026	600,153	594,170
Non-current				
Term loan	4.07	12/01/28	1,710,686	1,857,907
Current portion	4.07	2026	(600,153)	(594,170)
			1,110,533	1,263,737

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

At December 31, 2025	$ 577,735
Provisions used during the period	-
Provisions made during the **period**	23,601
At March 31, 2026	$ 601,355

9. Financial Instruments

Categories and fair value of financial instruments

	$	$	$	$
Financial assets				
Cash	9,990,027	9,990,027	11,504,755	11,504,755
Accounts receivable	9,546,444	9,546,444	12,642,050	12,642,050
	19,536,471	19,536,471	24,146,805	24,146,805
Financial liabilities				
Accounts payable and accrued liabilities	6,536,312	6,536,312	9,790,399	9,790,399
Interest bearing loans	1,710,686	1,710,686	1,857,907	1,857,907
	8,246,998	8,246,998	11,648,306	11,648,306

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 March 31, 2026 and December 31, 2025 was assessed to be insignificant.