Condensed consolidated interim financial statements of

Biorem Inc.

Periods ended June 30, 2026 and 2025

(Unaudited)

Biorem Inc.

June 30, 2026 and 2025
(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
June 30, 2026 and December 31, 2025

(In Canadian dollars, unaudited)	Notes	June 30, 2026	December 31, 2025
		$	$
Assets			
Current assets			
Cash		7,187,654	11,504,755
Accounts receivable		16,522,991	11,959,919
Unbilled revenue		2,617,886	3,236,583
Inventories		2,127,164	1,368,871
Prepaid expenses and deposits		4,642,909	2,477,834
		33,098,604	30,547,962
Non-current assets			
Accounts receivable		34,093	682,131
Equipment and leasehold improvements		1,977,512	1,826,944
Deferred tax assets		531,916	519,400
Total assets		35,642,125	33,576,437
Liabilities			
Current liabilities			
Accounts payable	**9**	5,595,512	7,953,382
Accrued liabilities		1,884,704	1,837,017
Lease liabilities		92,472	81,678
Income taxes payable		499,218	861,628
Provisions	**8**	647,143	577,735
Unearned revenue		6,935,746	4,589,126
Interest bearing loans	**7**	606,331	594,170
		16,261,126	16,494,736
Non-current liabilities			
Interrest bearing loans	**7**	956,716	1,263,737
Lease liabilities		837,307	892,180
		1,794,023	2,155,917
Shareholders' equity			
Common shares		5,280,303	5,200,461
Contributed surplus		2,539,941	2,529,996
Accumulated other comprehensive loss		1,761,403	1,336,267
Retained earnings		8,005,329	5,859,060
Total shareholders' equity		17,586,976	14,925,784
Total liabilities and shareholders' equity		35,642,125	33,576,437

See accompanying notes to consolidated financial statements.

Condensed consolidated interim statements of operations
Three and six months ended June 30, 2026 and 2025

(In Canadian dollars, unaudited)	Notes	Three months ended 2026	Three months ended 2025	Six months ended 2026	Six months ended 2025
		$	$	$	$
Revenue		15,688,667	9,430,628	22,505,550	14,161,029
Cost of goods sold		10,777,052	6,880,668	16,201,768	10,501,232
Gross profit		4,911,615	2,549,960	6,303,782	3,659,797
Expenses (income)					
Sales and marketing		1,364,543	527,503	2,121,719	1,092,855
Research and development		73,406	15,704	83,395	29,692
General and administration		780,120	948,955	1,220,295	1,406,400
Other expense (income)	**5**	(36,721)	3,988	(159,513)	(17,106)
Total operating expenses		2,181,348	1,496,150	3,265,896	2,511,841
Earnings from operations		2,730,267	1,053,810	3,037,886	1,147,956
Finance costs		34,325	40,545	69,860	84,128
Net earnings before tax		2,695,942	1,013,265	2,968,026	1,063,828
Income tax expense		714,425	268,515	786,527	281,914
Net earnings		1,981,517	744,750	2,181,499	781,914
Earnings per share, basic	**10**	$ 0.122	$ 0.046	$ 0.135	$ 0.046
Earning per share, diluted	**10**	$ 0.105	$ 0.040	$ 0.116	$ 0.040

Biorem Inc.

Condensed consolidated interim statement of comprehensive income
Three months ended June 30, 2026 and 2025

(In Canadian dollars, unaudited)	2026	2025
	$	$
Net income	1,981,517	781,914
Other comprehensive income (loss)		
Item that will not be reclassified into profit and loss		
Foreign currency translation differences on foreign operations	425,136	(538,993)
Total comprehensive income for the period	2,406,653	242,921

Biorem Inc.

Condensed Consolidated interim statements of shareholders' equity

Six months ended June 30, 2026 and 2025

(In Canadian dollars, unaudited)	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	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	-	-	-	781,914	781,914
Foreign currency translation differences on foreign operations	-	-	(538,993)	-	(538,993)
Total comprehensive earnings for the period	-	-	(538,993)	781,914	242,921
Stock-based compensation	-	76,620	-	-	76,620
	-	76,620	-	-	76,620
Balance, as at June, 2025	5,196,123	2,546,811	1,292,635	1,909,055	10,944,624
Balance, as at January 1, 2026	5,200,461	2,529,996	1,336,267	5,859,060	14,925,784
Earnings for the period	-	-	-	2,181,499	2,181,499
Foreign currency translation differences on foreign operations	-	-	425,136	-	425,136
Total comprehensive earnings for the period			425,136	2,181,499	2,606,635
Stock options exercised	84,000	(18,450)	-	-	65,550
Stock-based compensation	-	28,395	-	-	28,395
Purchased for cancellation under normal course issuer bid	(4,158)	-	-	(35,230)	(39,388)
	79,842	9,945	-	(35,230)	54,557
Balance, as at June, 2026	5,280,303	2,539,941	1,761,403	8,005,329	17,586,976

Biorem Inc.

Condensed consolidated interim statements of cash flows

Six months ended June 30, 2026 and 2025

(In Canadian dollars, unaudited)	Notes	2026	2025
		$	$
Operating activities			
Net earnings		2,181,499	781,914
Items not involving cash:			
Deferred tax expense (recovery)	**6**	-	281,914
Depreciation	**11**	190,727	243,613
Accretion lease interest	**19**	33,381	36,249
Stock based compensation	**15**	28,395	76,620
Foreign exchange loss(gain)			
		2,434,002	1,420,310
Change in non-cash operating working capital			
Accounts receivable		(3,700,311)	2,078,497
Unbilled revenue		684,888	401,823
Inventories		(689,132)	956,417
Prepaid expenses and deposits		(2,063,743)	(582,744)
Accounts payable		(2,498,419)	(681,375)
Accrued liabilities		(15,101)	(1,251,182)
Income taxes payable		(438,739)	(857,983)
Provisions		54,673	(18,237)
Unearned revenue		2,280,595	1,893,333
Cash provided by (used in) operations		(3,951,287)	3,358,859
Investing activities			
Purchase of equipment, leasehold improvements	**11**	(290,850)	(339,923)
		(290,850)	(339,923)
Financing activities			
Term loan repayments	**13**	(294,860)	(281,509)
Payment of lease liabilities		(77,306)	(111,682)
Common shares purchased for cancelation		(39,388)	-
Proceeds from issuance common shares on exercise of stock option	**14**	65,550	-
		(346,004)	(393,191)
Foreign exchange gain(loss) on foreign denominated cash and cash equivalents		271,041	(183,161)
Increase in cash		(4,317,100)	2,442,584
Cash beginning of year		11,504,755	5,212,852
Cash end of period		7,187,655	7,655,436

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 July 28, 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 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 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	Three months ending		Six months ending	
	June 2026	June 2025	June 2026	June 2025
	$	$	$	$
Canada	2,261,419	590,971	3,557,210	1,290,983
United States	8,285,615	5,620,264	12,816,358	8,639,589
Middle east	4,632,474	2,820,234	5,208,859	3,726,974
Other	509,159	399,159	923,129	503,483
Total	15,688,667	9,430,628	22,505,556	14,161,029

Capital assets (1)	Period ending	
	June 2026	June 2025
	$	$
Canada	239,991	318,719
United States	1,737,521	1,692,030
Total	1,977,512	2,010,749

(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 2026	June 2025	June 2026	June 2025
	$	$	$	$
Foreign exchange gain(loss)	36,721	(3,988)	159,513	17,106
Total	36,721	(3,988)	159,513	17,106

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 2026	December 31 2025
Term loan	4.07	12/01/28	1,563,047	1,857,907
Current portion	4.07	2027	(606,331)	(594,170)
Non-Current			956,716	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	2026	2025
	$	$
At December 31	577,735	538,367
Provisions used during the period	-	(988)
Provisions made during the period	(69,808)	(36,125)
At June 30	$ 647,143	$ 450,997

9. Financial Instruments

Fair value of financial instruments

	June 30, 2026		December 31, 2025	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Financial assets				
Cash	7,187,654	7,187,654	11,504,755	11,504,755
Accounts receivable	16,557,084	16,557,084	12,642,050	12,642,050
	23,744,738	23,744,738	24,146,805	24,146,805
Financial liabilities				
Accounts payable and accrued liabilities	7,480,216	7,480,216	9,790,399	9,790,399
Interest bearing loans	1,563,047	1,563,047	1,857,907	1,857,907
	9,043,263	9,043,263	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 June 30, 2026 and December 31, 2025 was assessed to be insignificant.

10. Earnings per share

	Three months ended		Six months ended	
	June 2026	June 2025	June 2026	June 2025
	$	$	$	$
Net earnings	1,981,517	744,750	2,181,499	781,914
Common shares outstanding	16,205,577	16,029,727	16,161,302	16,029,727
Dilutive Options	2,595,746	2,576,022	2,523,684	2,713,373
Total	18,801,323	18,605,749	18,684,986	18,743,100

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