

BIOREM Reports 2019 Financial Results

Guelph, Ontario – May 8, 2020 – BIOREM Inc. (TSX-V: BRM) (“Biorem” or “the Company”) today announced its results for the three and twelve-month periods ended December 31, 2019. Biorem’s complete fiscal 2019 year-end financial statements and MD&A have been filed on SEDAR (www.sedar.com).

“Biorem’s business remained robust in 2019 and the Company’s cash position, contracts in hand and working capital at the year end puts the Company in a strong position going into 2020. Biorem’s core business in 2019 delivered \$19M in revenue and positive EBITDA. During this same period, the Company’s business in China generated \$1.6 million in revenue and a negative EBITDA. Collection activities in mainland China were disrupted for the last five months, and out of caution, the Company recorded a significant valuation provision against accounts receivable in China at December 31, 2019, resulting in the negative EBITDA in China and the reported consolidated loss of \$1M for the 2019 year. “It is management’s belief that the majority of these receivables will be collected in the 2020 fiscal year. While profitability lagged with the Company’s growth initiative in the China market, significant gains in supply chain, manufacturing and business development have made overall progress positive,” said Derek Webb President and CEO.

FINANCIAL HIGHLIGHTS:

in '000's except earnings per share					
		Three-months ended		Twelve-months ended	
		December 31		December 31	
		2019	2018	2019	2018
Revenue		4,376	10,871	20,649	24,333
Gross profit		1,183	3,393	4,864	6,378
Operating expenses		2,936	2,103	5,887	4,662
Ebitda*		(1,995)	1,412	(1,094)	1,764
Net earnings (loss)		(2,123)	4,334	(1,302)	4,666
EPS - basic		(0.06)	0.11	(0.03)	0.12
EPS - fully diluted		(0.06)	0.11	(0.03)	0.12

* Earnings before interest, taxes and amortization, a non IFRS financial measure

TWELVE MONTHS ENDED DECEMBER 31, 2019

For the twelve months ended December 31, 2019 revenue totaled \$20.6 million compared to \$24.3 million for the same twelve months in 2018. Net loss for the year was \$1.3 million

compared to net earnings of \$4.6 million in 2018. The net loss in 2019 includes a \$1.7 million valuation provision against amounts owed to one of the Company's subsidiaries in China. Loss per share for the year was \$0.03 against earnings per share of \$0.12 basic and \$0.12 fully diluted reported in 2018.

Revenues of \$20.6 million for the year represented a 15.1% decrease over revenues reported the previous year. The decline in revenue was largely the result of delays in the second half of 2019 in the manufacture and delivery of media from the Company's manufacturing facility in China that pushed deliveries and revenues into the first half of 2020. Gross profit for the year was \$4,864,000, a 22% decrease from gross profit of \$6,378,000 million recorded for the year-ended December 31, 2018.

Total operating expenses for the year include the \$1.7 million valuation provision recorded against accounts receivable in China and totaled \$5,887,000 compared to \$4,662,000 for the year ended December 31, 2018. In the absence of the valuation provision recorded in 2019, operating expenses declined by \$ 475,000 from the previous year. The consolidated net earnings for the year before the recognition of the valuation provision for amounts due in China would have been \$373,000 or \$0.01 per share.

On December 31, 2019 the Company had cash on hand of \$6.5 million and working capital of \$8.6 million.

The Company has no long term debt.

Total order bookings for the year were \$32.9 million, a 29% increase in bookings over the \$25.5 million booked in 2018 and the Company's order backlog stood at \$30.9 million on December 31, 2019 compared to \$21.8 million on December 31, 2018.

"Over the course of 2019, many of BIOREM's business development initiatives were successful, expanding the geographic territory and industrial segments serviced by our unique high efficiency gas emission abatement systems. We expanded deeper into China; South Korea; Europe and Australia, with new applications in the Petrochemical, Semiconductor and Organics Processing sectors" said Derek S. Webb, President and CEO.

"Bidding and booking activity in the calendar year was strong and resulted in a backlog of \$31M on December 31, 2019. This is close to historical highs and provides a great foundation for 2020. Working capital continues to be strong and the absence of debt provides good assurances for weathering the current Covid-19 crisis. As a provider of equipment for critical infrastructure projects, BIOREM has been classified as an Essential Operation in both Canada and the United States of America, allowing our engineering services and manufacturing facilities to continue providing the support our customers require. With potential capital injection into public infrastructure projects by governments across the globe in the coming months, management believes the Corporation is well positioned to take advantage of these developments over the next twelve to eighteen months."

Three Months ended December 31, 2019

Revenue for the three month period ended December 31, 2019 was \$4,376,000 which was \$1.9 million or 43% lower than the previous quarter and was 60% or \$6.45 million below revenue reported in the same period in the prior year. The revenue decline was solely the result of project and delivery delays in the fourth quarter of 2019. Total bookings for the quarter were \$17.3 million

Gross profit in the fourth quarter was \$1.2 million, a 65% decrease from the \$3,394,000 of gross profit recorded in the 4th quarter of 2018 and 32% decrease over the gross profit achieved in the previous quarter. The gross profit decline was directly related to the decline in reported revenue. Total operating expenses (net of other income) for the quarter were \$2,936,000 a 40% increase from the operating expenses of \$2,103,000 incurred during the fourth quarter of 2018. A \$1.7 million valuation provision against amounts receivable in China was recorded in the fourth quarter and is included in operating expenses for the period.

Ebitda loss for the quarter was \$2.0 million compared to ebitda of \$1.4 million in the fourth quarter of 2018.

Net loss for the quarter was \$2.1 million compared to net earnings of \$4.3 million in the fourth quarter of 2018. The net loss in the quarter before the recognition of the valuation provision for amounts due in China would have been \$550,000.

About BIOREM Inc.

BIOREM is a leading clean technology company that designs, manufactures and distributes a comprehensive line of high-efficiency air emissions control systems used to eliminate odors, volatile organic compounds (VOCs), and hazardous air pollutants (HAPs). With sales and manufacturing offices across the continent, a worldwide sales representative network and more than 1,400 installed systems worldwide, BIOREM offers state-of-the-art technology-based products and peace of mind for municipalities, industrial companies and their surrounding communities. Additional information on Biorem is available on our website at www.biorem.biz.

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