

Ecolomondo Corporation
Interim Condensed Consolidated
Financial Statements
June 30, 2025

Unaudited Interim Condensed Consolidated
Financial Statements

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Ecolomondo Corporation
Condensed Consolidated Statements of Financial Position
June 30, 2025 and December 31, 2024
(In Canadian dollars)
(Unaudited)

	2025-06-30	2024-06-30	2024-12-31
	\$	\$	\$
ASSETS			
Current			
Cash	226,626	161,190	119,331
Trade and other receivables	881,022	279,933	318,071
Prepaid expenses and deposits	217,017	409,775	704,234
Inventory	183,980	131,452	137,368
Total current assets	1,508,645	982,350	1,279,004
Property, plant and equipment (Note 4)	51,358,723	46,927,307	48,401,314
Total non-current assets	51,358,723	46,927,307	48,401,314
Total assets	52,867,368	47,909,657	49,680,318
LIABILITIES			
Current			
Bank advance (Notes 5, 10)	91,417	-	32,525
Trade and other payables	1,177,971	1,801,498	1,196,071
Deposit from a potential future partner	2,592,170	2,602,430	2,733,910
Advances from a company under common control (Note 12)	-	2,243,434	1,585,274
Deferred revenues	1,000,000	1,000,000	1,000,000
Current portion of long term debt (Note 7)	2,020,000	321,250	3,233,750
Total current liabilities	6,881,558	7,968,612	9,781,530
Non-current			
Advances from a company under common control (Note 12)	1,643,671	-	-
Long term debt (Note 7)	42,625,178	38,676,977	39,817,264
Warrant liabilities (Note 8)	192,167	-	182,240
Total non-current liabilities	44,461,016	38,676,977	39,999,504
Total liabilities	51,342,574	46,645,589	49,781,034
EQUITY			
Common shares (Note 8)	26,629,418	26,501,926	25,711,719
Options (Note 8)	4,843,595	4,646,639	4,806,417
Warrants (Note 8)	643,947	-	130,583
Accumulated deficit	(30,592,166)	(29,884,497)	(30,749,435)
Total equity	1,524,794	1,264,068	(100,716)
Total liabilities and equity	52,867,368	47,909,657	49,680,318
Going concern (Note 2)			
Contingency (Note 13)			

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

On behalf of the Board,

/s/ Eliot Sorella
Director

/s/ Donald Prinsky
Director

Ecolomondo Corporation**Interim Condensed Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss**

For the three-months and six-months period ended June 30, 2025, and 2024

(In Canadian dollars, except for number of shares)

(Unaudited)

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
Revenues (Note 6)	256,103	124,326	449,784	229,321
Other income	139,046	2,304	143,039	6,524
	395,149	126,630	592,823	235,845
Expenses				
General and administrative expenses (Note 9)	214,657	155,037	366,323	566,254
Operating expenses (Note 9)	825,117	234,185	1,825,571	1,107,049
Financial expenses	354,631	180,826	728,942	537,673
Gain on long term debt modification (Note 7)	(2,495,209)	-	(2,495,209)	-
Loss on revaluation of warrant liability (Note 8)	43,241	-	9,927	-
Total expenses	(1,057,563)	570,048	435,554	2,210,976
Net profit (loss) and comprehensive profit (loss)	1,452,712	(443,418)	157,269	(1,975,131)
Net profit (loss) per share				
Basic and diluted	0.01	(0.00)	0.00	(0.01)
Weighted average number of common shares outstanding, basic and diluted	218,253,438	214,682,580	218,253,438	214,682,580

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Ecolomondo Corporation
Interim Condensed Consolidated Statements of Changes in Equity
For the six-months period ended June 30, 2025, and 2024
(In Canadian dollars, except for number of shares)
(Unaudited)

					2025-06-30	
	Number of class "A" shares outstanding	Share capital	Options	Warrants	Deficit	Total equity
Balance, December 31, 2024	217,497,358	25,711,719	4,806,417	130,583	(30,749,435)	(100,716)
Issuance of share capital	9,302,327	917,699	-	513,364	-	1,431,063
Stock-based compensation	-	-	37,178	-	-	37,178
Net loss for the six-month period ended June 30, 2025	-	-	-	-	157,269	157,269
Balance, June 30, 2025	226,799,685	26,629,418	4,843,595	643,947	(30,592,166)	1,524,794

					2024-06-30	
	Number of class "A" shares outstanding	Share capital	Options	Warrants	Deficit	Total equity
Balance, December 31, 2023	188,765,150	21,836,789	4,382,371	-	(26,743,082)	(523,922)
Issuance of share capital	25,917,430	4,665,137	-	-	(1,166,284)	3,498,853
Stock-based compensation	-	-	264,268	-	-	264,268
Net loss for the six-month period ended June 30, 2024	-	-	-	-	(1,975,131)	(1,975,131)
Balance, June 30, 2024	214,682,580	26,501,926	4,646,639	-	(29,884,497)	1,264,068

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Ecolomondo Corporation
Interim Condensed Consolidated Statements of Cash Flows
For the six-months period ended June 30, 2025, and 2024
(In Canadian dollars)
(Unaudited)

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net Loss	1,452,712	(443,418)	157,269	(1,975,131)
Non-cash items				
Gain on debt modification	(2,495,209)	-	(2,495,209)	-
Interest on long term debt (Note 7)	387,369	180,826	720,560	532,108
Changes in working capital items (Note 10)	84,310	(194,544)	391,087	(199,985)
Depreciation of property, plant and equipment (Note 4)	129,000	129,000	258,000	258,000
Stock-based compensation	37,178	37,358	37,178	264,268
Loss (gain) on revaluation of warrant liability (Note 8)	43,241	-	9,927	-
Unrealized foreign exchange loss (gain)	(139,270)	27,930	(141,740)	89,490
Depreciation of right of use assets	-	-	-	22,129
Net cash used for operating activities	(500,669)	(262,848)	(1,062,928)	(1,009,121)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(634,645)	(645,877)	(1,722,698)	(1,092,211)
Net cash used for investing activities	(634,645)	(645,877)	(1,722,698)	(1,092,211)
FINANCING ACTIVITIES				
Issuance of long term debt (Note 7)	(103,898)	-	1,896,102	-
Advances from a company under common control	58,397	1,065,400	58,397	2,213,434
Proceeds from private placements	1,000,000	-	1,000,000	-
Payment of share issuance costs	(41,578)	-	(41,578)	-
Repayment of lease liabilities	-	-	-	(19,184)
Repayment of long term debt (Note 7)	-	-	(20,000)	(20,000)
Net cash provided by financing activities	912,921	1,065,400	2,892,921	2,174,250
Net increase (decrease) in cash	(222,393)	156,675	107,295	72,918
Cash, beginning of period	449,019	4,515	119,331	88,272
Cash, end of period	226,626	161,190	226,626	161,190

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Ecolomondo Corporation

Notes to Interim Condensed Consolidated Financial Statements

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Ecolomondo Corporation (the "Company") was incorporated on September 30, 2015 under the Canada Business Corporations Act.

The Company is a clean tech company focused on global deployment of TDP turnkey facilities using its proprietary Thermal Decomposition Process ("TDP") using a pyrolysis platform that converts hydrocarbon waste into marketable commodity end-products, namely carbon black substitute, oil, gas and steel.

The Company's planned principal business is the manufacture and sale of turnkey facilities based on its technology platform as well as the collection of royalties from their operation or the operation of these facilities through wholly-owned or jointly-owned companies.

The head office and the registered head office of the Company is located at 3435 Pitfield Boulevard, Saint-Laurent, Quebec, Canada.

2. GOING CONCERN ASSUMPTION

Since inception, the Company has incurred operating losses. As at June 30, 2025, the Company has an accumulated deficit of \$30,592,166 (\$30,749,435 as at December 31, 2024) as well as negative working capital. The Company has not yet completed the construction of its Hawkesbury plant to enable the Company to establish a stabilized source of revenue sufficient to cover operating expenses. Based on the current level of expenditures and available liquidity, management estimates that the Company will require additional financing within the next twelve months.

The Company is actively seeking to secure additional funding through: equity-based financing, debt-financing or other arrangements; however, there is no assurance that the Company will be successful in this or any of its endeavours or become financially viable and continue as a going concern. Consequently, these material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the consolidated statements of financial position classification have not been adjusted as would be required if the going concern assumption were not appropriate.

3. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements present the Company's consolidated statements of financial position as of June 30, 2025, as well as its consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the three and six-month periods ended June 30, 2025 and 2024.

Ecolomondo Corporation**Notes to Interim Condensed Consolidated Financial Statements**

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

3. BASIS OF PRESENTATION (Continued)

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting and are expressed in Canadian dollars. Accordingly, certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), have been omitted or condensed. These interim condensed consolidated financial statements use the same accounting policies, except for the adoption of the new accounting standard discussed below, and use the same methods of computation as compared with the Company's most recent annual audited consolidated financial statements. Since the date of such financial statements, there have been no changes to the Company's significant accounting policies, except for the adoption of the new accounting standard described below. There are no new accounting pronouncements issued during the period which might have a material impact on the Company's interim condensed consolidated financial statements.

These interim condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results for these interim periods. These adjustments are of a normal recurring nature.

These interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 26, 2025.

Standards, amendments and interpretation to existing standards that are not yet effective

At the date of authorization of these interim condensed consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board but are not yet effective, and have not been early adopted by the Company.

Any other new standards and interpretations that have been issued are not expected to have a material impact on the Company's consolidated financial statements.

Ecolomondo Corporation
Notes to Interim Condensed Consolidated Financial Statements

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT

	Equipment under construction	Building	Land	Reactor	Total
Cost as at December 31, 2024	38,205,429	10,227,487	613,398	-	49,046,314
Construction costs capitalized	3,215,409	-	-	-	3,215,409
Cost as at June 30, 2025	41,420,838	10,227,487	613,398	-	52,261,723
Accumulated depreciation as at December 31, 2024	-	645,000	-	-	645,000
Disposal	-	-	-	-	-
Depreciation	-	258,000	-	-	258,000
Accumulated depreciation as at June 30, 2025	-	903,000	-	-	903,000
Balance as at June 30, 2025	41,420,838	9,324,487	613,398	-	51,358,723
Cost as at December 31, 2023	33,842,454	10,227,487	613,398	8,700,968	53,384,307
Construction costs capitalized	2,630,968	-	-	-	2,630,968
Disposal	-	-	-	(8,700,968)	(8,700,968)
Cost as at June 30, 2024	36,473,422	10,227,487	613,398	-	47,314,307
Accumulated depreciation as at December 31, 2023	-	129,000	-	8,700,968	8,829,968
Disposal	-	-	-	(8,700,968)	(8,700,968)
Depreciation	-	258,000	-	-	258,000
Accumulated depreciation as at June 30, 2024	-	387,000	-	-	387,000
Balance as at June 30, 2024	36,473,422	9,840,487	613,398	-	46,927,307

Ecolomondo Corporation

Notes to Interim Condensed Consolidated Financial Statements

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended December 31, 2022, the Company received a parcel of land from a municipal authority in Shamrock, Texas for \$10. The Company was required to build a plant on that parcel of land beginning in October 2023. As there are delays in the start of construction, the Company has obtained an extension to the start of the project.

Capitalized borrowing costs

The Company started the construction of the new carbon black milling line in July 2024. The commissioning of the line started in Q2 of 2025. The carrying amount of equipment under construction at June 30, 2025 and 2024 was at \$41,162,688 and \$36,473,422, respectively (December 31, 2024 at \$38,205,429). The carbon black equipment is financed by Export Development Canada (EDC).

The amount of borrowing costs capitalized during the six-month period ended June 30, 2025 was \$1,492,712 (\$2,544,129 in December 31, 2024). The rate used to determine the amount of borrowing costs eligible for capitalization was 13.34%, which is the EIR of the specific borrowing (Note 7).

5. BANK ADVANCES

The Company has a line of credit with a chartered bank in the amount of \$250,000, bearing interest at prime plus 0.5% (5.46% in 2024) and secured by EDC. As at June 30, 2025, the outstanding amount is \$91,417 (\$32,525 as at December 31, 2024).

6. REVENUES

The Company's revenues comprised of the following:

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
TDP Oil	129,565	97,216	197,745	118,556
End of life tires tipping fees	69,038	27,750	130,276	54,179
Carbon black	5,114	(13,204)	35,954	37,332
Steel	16,537	12,564	34,574	19,254
Others	35,849	-	51,235	-
	<u>256,103</u>	<u>124,326</u>	<u>449,784</u>	<u>229,321</u>

Ecolomondo Corporation**Notes to Interim Condensed Consolidated Financial Statements**

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

7. LONG TERM DEBT

	<u>2025-06-30</u>	<u>2024-06-30</u>	<u>2024-12-31</u>
	\$	\$	\$
Balance of purchase price, payable in 10 equal annual instalments of \$20,000, bearing interest at 3%	80,000	80,000	100,000
Government loans, 5% , due December 2026	120,000	180,000	180,000
1. Term loan by EDC for an authorized amount of \$37,903,920, secured by a movable hypothec on all present and future assets of the Company, bearing interest at the Canadian Overnight Rep Rate Average rate plus 6.5% total not to exceed 8.5%, payable in quarterly instalments starting in May 2025, maturing in May 2029	39,084,193	38,738,227	36,667,362
2. Term loan by EDC for an authorized amount of \$3,000,000 bearing interest at Prime Rate Plus 8% per year, payable in 12 consecutive equal instalments starting April 2025, maturing March 2026	3,258,762	-	-
3. Term loan by EDC for an authorized amount of \$2,000,000 in three separate tranches (1st: \$750,000; 2nd: \$750,000; 3rd: \$500,000) bearing interest at Prime Rate Plus 8% per year for each tranche, payable in 24 consecutive equal installments beginning 8 months after disbursements of each tranche, installments starting September 2025, maturing September 2027	1,924,982	-	-
Other loan by EDC due May 2029	177,241	-	-
	44,645,178	38,998,227	36,947,362
Current portion	2,020,000	321,250	983,750
	42,625,178	38,676,977	35,963,612

Amendments to term loan agreements:

1. After the amendment on May 31, 2024. The parties subsequently agreed to amend the term loan agreement on April 21, 2025, including a moratorium on principal and interest payments until early 2027, with accrued interest capitalized during the moratorium. The loan interest rate was capped at 8.5% per annum. Additionally, the borrower committed to an equity injection of no less than \$925,000 by June 30, 2025.

Loan Terms

Interest moratorium period

Amended Terms Effective April 21, 2025

Notwithstanding anything else contained in the Loan Agreement, no interest payment required during April 21, 2025 to February 27, 2027; accrued interest capitalized and added to the principal amount of the loan outstanding

Ecolomondo Corporation
Notes to Interim Condensed Consolidated Financial Statements
For the six-months period ended June 30, 2025
(In Canadian dollars, unless otherwise indicated)
(Unaudited)

7. LONG TERM DEBT (Continued)

Amendments to term loan agreements continued:

Interest payment schedule	Following the termination of Interest Payment Moratorium Period, the accrued interest shall be payable in arrears on each Interest Payment Date in accordance with the provisions of the Loan Agreement, the next scheduled interest payment shall be due on May 31, 2027
Principal Payment Moratorium Period	Notwithstanding anything else contained in the Loan Agreement, no principal payment required during April 21, 2025 to April 30, 2027; principal payment shall be deferred and payable on Maturity Date (May 2029)
Principal payment schedule	Following the termination of Principal Payment Moratorium Period, the scheduled principal payment shall resume in accordance with the provisions of the Loan Agreement, the first of which shall be due on May 31, 2027
Interest rate	Variable capped at 8.5% per annum
Equity raise requirement	Equity injection by any one of Borrower's shareholders in an amount of no less than \$925,000 by no later than June 30, 2025, or such later date as may be approved by EDC.

The present value of the modified contractual cash flows did not differ by more than 10% from the carrying amount. The amendment was therefore treated as non-substantial modification, and the gain of \$2,354,632 was recorded in profit and loss.

2. On April 21, 2025, the Company and EDC agreed to amend the terms of the existing \$3M term loan. The following table summarizes the key amendments made:

Loan terms	Original terms	Amended terms
Interest payment schedule	Payable monthly starting April 2025	No interest payments during Moratorium Period of April 21, 2025 – December 31, 2025, accrued interest capitalized to principal; monthly interest payments resume on January 31, 2026
Principal repayment schedule	12 consecutive equal monthly instalments starting April 2025, maturing March 2026	No principal payments during the Moratorium Period; 12 consecutive equal monthly instalments starting January 31, 2026
Maturity date	April 28, 2026	Extended to December 31, 2026
Interest rate	Prime rate + 8% (variable)	Fixed rate of 8.5% per annum effective April 1, 2025
Other changes	–	All outstanding obligations (principal + accrued interest) are due in full on December 31, 2026

The present value of the modified contractual cash flows did not differ by more than 10% from the carrying amount. The amendment was therefore treated as non-substantial modification, and the gain of \$45,549 was recorded in profit and loss.

Ecolomondo Corporation

Notes to Interim Condensed Consolidated Financial Statements

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

7. LONG TERM DEBT (Continued)

Amendments to term loan agreements continued:

3. On April 21, 2025, the Company and EDC agreed to amend the terms of the existing \$2M term loan. The following table summarizes the key amendments made:

Loan terms	Original terms	Amended terms
Interest payment schedule	Interest payable monthly starting 8 months after each tranche disbursement	No interest payments during Moratorium Period of April 21, 2025 – December 31, 2025, accrued interest capitalized to principal; accrued interest payable monthly in arrears starting on January 31, 2026
Principal repayment schedule	24 equal monthly instalments starting 8 months after each tranche disbursement	Principal installments deferred during Moratorium Period, repayments resume on January 31, 2026 in 24 equal monthly installments
Maturity date	September 2027	Extended to December 31, 2027
Interest rate	Prime rate + 8% (variable)	Fixed rate of 8.5% per annum effective April 1, 2025
Other changes	–	All outstanding obligations (principal + accrued interest of each tranche) are due in full on December 31, 2027

The present value of the modified contractual cash flows did not differ by more than 10% from the carrying amount. The amendment was therefore treated as non-substantial modification, and the gain of \$95,028 was recorded in profit and loss.

Amendments to term loan agreement dated May 31, 2024:

a. Notwithstanding anything else contained in the Loan Agreement, the principal payments that were scheduled to be paid on or before May 31, 2024, August 31, 2024, November 30, 2024, and February 28, 2025 shall, subject to certain terms of this agreement, not be paid by the Company on the dates provided for such payments in the loan agreement and shall instead be paid on the maturity date.

b. Notwithstanding anything else contained in the loan agreement, the interest payments that were scheduled to be paid on or before May 31, 2024, August 31, 2024, November 30, 2024, and February 28, 2025 shall, subject to the terms of this agreement, not be paid by the Company on the dates provided for such payments in the loan agreement and shall instead be added to the principal amount outstanding under the loan to be paid on the maturity date.

During the year ended December 31, 2024, the Company amended the terms of its long term-debt. The amendment resulted in a change in the present value of the remaining cash flows under the new terms of 1.66% less compared to the original terms. In accordance with applicable accounting guidance, the change did not result in a substantial modification, and therefore, the debt was not extinguished.

The Company accounted for the amendment as a modification of the existing debt. As a result, the carrying amount of the debt was adjusted to reflect the revised contractual cash flows, discounted at the original effective interest rate. The resulting modification gain of \$547,101 has been recognized in the statement of profit and loss for the year ended December 31, 2024.

Ecolomondo Corporation**Notes to Interim Condensed Consolidated Financial Statements**

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

7. LONG TERM DEBT (Continued)

The changes in the Company's liabilities arising from long-term debt are as follows:

	Balance of purchase price	Government loan	Term loan	Total
	\$	\$	\$	\$
Balance as of January 1, 2024	100,000	180,000	36,667,362	36,947,362
Cash flows				
Proceeds	-	-	3,000,000	3,000,000
Repayments	-	-	-	-
Non-cash				
Interest capitalized to loan	-	-	3,533,512	3,533,512
Gain on debt revaluation	-	-	(547,101)	(547,101)
Reversal of revenue government assistance	-	(60,000)	-	(60,000)
Other	-	-	177,241	177,241
Balance as of December 31, 2024	100,000	120,000	42,831,014	43,051,014
Cash flows				
Proceeds	-	-	1,896,102	1,896,102
Repayments	(20,000)	-	-	(20,000)
Non-cash				
Interest capitalized to loan	-	-	2,213,271	2,213,271
Gain on debt modification	-	-	(2,495,209)	(2,495,209)
Reversal of revenue government assistance	-	-	-	-
Other	-	-	-	-
Balance as of June 30, 2025	(80,000)	120,000	44,445,178	44,645,178

For the six-months period ended June 30, 2025, the Company capitalized interest of \$2,213,271 (\$3,533,512 in December 31, 2024) to the long term debt.

8. SHARE CAPITAL**a. Share capital**

	2025-06-30	2024-06-30	2024-12-31
	\$	\$	\$
Issued and outstanding			
226,799,685 class "A" shares (214,682,580 and 217,497,358 on June 30, 2024 and December 31, 2024 respectively)	26,629,418	21,836,789	26,501,926

Ecolomondo Corporation

Notes to Interim Condensed Consolidated Financial Statements

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

8. SHARE CAPITAL (Continued)

On May 20, 2025, the Company issued 6,201,551 units for gross proceeds of \$1,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for \$0.24 for two-year term, expiring on May 20, 2027, subject to an acceleration clause. Under this clause, the Company may accelerate the expiry date if the Company's common share closing price is equal to or greater than \$0.35 for a period of 15 consecutive trading days. \$633,432 and \$366,568 of the proceeds were allocated to share capital and warrants respectively. The issuance costs of \$15,241 and \$26,337 were recorded against share capital and warrants respectively.

On June 23, 2025, the Company issued 3,100,776 units for gross proceeds of \$500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for \$0.24 for two-year term, expiring on June 23, 2027, subject to an acceleration clause. Under this clause, the Company may accelerate the expiry date if the Company's common share closing price is equal to or greater than \$0.35 for a period of 10 consecutive trading days. \$328,584 and \$171,416 of the proceeds were allocated to share capital and warrants respectively. 488,466 of the units were acquired by a company under common control.

As at June 30, 2025, the subscription receivable of \$500,000 remained outstanding and were fully collected on July 2025. The issuance costs of \$17,979 and \$9,379 known at reporting date were accrued and recorded against share capital and warrants respectively.

On July 29, 2024, the Company issued 2,814,778 units for gross proceeds of \$506,660. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for \$0.24 and will expire on July 29, 2026. \$376,077 of the issue price was allocated to the share capital and \$130,583 of the issue price was allocated to the warrants. Issue cost of \$8,077 were recorded against the share capital. 1,111,112 of the units were acquired by a company under common control.

On January 2, 2024, \$3,498,853 of advances from a company under common control were converted into 25,917,430 common shares at \$0.135 per share. The market price of the shares on January 2, 2024 was \$0.18.

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(In Canadian dollars, unless otherwise indicated)
(Unaudited)

8. SHARE CAPITAL (Continued)

b. Warrants - Liability

The continuity of warrants presented as a liability and their related recorded values is set out as follows:

	Number of warrants	Amount	Weighted average exercise price
		\$	\$
Balance as at December 31, 2023	3,076,922	-	-
Loss on revaluation of warrant liability	-	182,240	0.24
Balance as at December 31, 2024	3,076,922	182,240	0.24
Loss on revaluation of warrant liability	-	9,927	-
Balance as at June 30, 2025	3,076,922	192,167	0.24

The fair value of the 3,076,922 share purchase warrants on June 30, 2025 and December 31, 2024, has been estimated at \$191,919 and \$182,240, respectively, using the Black-Scholes option pricing model with the following assumptions:

	6-month period 2025-06-30	2025-12-31
Risk-free interest rate	2.47%	2.92%
Expected dividend yield	Nil	Nil
Expected volatility	95.40%	93.64
Expected life	1.25	1.75 years
Share price	\$0.18	\$0.16

The volatility has been estimated based on the historical share prices of the Company over the period available. The warrants expiration was extended until September 24, 2026.

c. Warrants - Equity

There were 12,117,105 warrants as at June 30, 2025 compared to nil as at June 30, 2024. The following table summarizes the continuity of warrants:

	Number of warrants	Amount	Weighted average exercise price
		\$	\$
Balance as at December 31, 2023	-	-	-
Private placement	2,814,778	130,583	0.24
Balance as at December 31, 2024	2,814,778	130,583	0.24
Private placement	9,302,327	513,364	0.24
Balance as at June 30, 2025	12,117,105	643,947	0.24

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8. SHARE CAPITAL (Continued)

d. Options

A continuity of options and their related recorded values is set out as follows:

	Number of options	Weighted average exercise price
		\$
Balance as at December 31, 2023	13,582,429	0.35
Issue of stock options	1,350,000	0.18
Expired of stock options	(3,170,000)	0.34
Balance as at December 31, 2024	11,762,429	0.33
Options exercisable	11,285,339	0.33

	Number of options	Weighted average exercise price
		\$
Balance as at December 31, 2024	11,762,429	0.33
Issue of stock options	3,950,000	0.17
Expired of stock options	(3,085,000)	0.28
Balance as at June 30, 2025	12,627,429	0.29
Options exercisable	8,514,096	0.35

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(Unaudited)

8. SHARE CAPITAL (Continued)

The following table summarizes information about outstanding options for the year ended December 31, 2024:

	Exercise price	Number of options	Weighted average remaining contractual life
	\$		Years
	0.10	75,000	0.87
	0.17	1,100,000	1.33
	0.30	1,350,000	5.12
	0.35	5,437,429	2.80
	0.3525	1,450,000	8.22
	0.37	1,400,000	5.12
	0.41	950,000	8.56
		<u>11,762,429</u>	<u>4.33</u>
Options exercisable	<u>11,285,339</u>		<u>4.51</u>

The following table summarizes information about outstanding options for the six-months period ended June 30, 2025:

	Exercise price	Number of options	Weighted average remaining contractual life
	\$		Years
	0.10	75,000	0.37
	0.30	1,100,000	4.62
	0.35	4,437,429	2.31
	0.3525	1,000,000	7.73
	0.37	1,250,000	4.62
	0.41	815,000	8.06
	0.17	3,950,000	9.84
		<u>12,627,429</u>	<u>5.88</u>
Options exercisable	<u>8,514,096</u>		<u>8.73</u>

Ecolomondo Corporation**Notes to Interim Condensed Consolidated Financial Statements**

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

9. INFORMATION INCLUDED IN INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Information included in interim condensed consolidated loss and comprehensive loss for the three and six-months period ended June 30, 2025 and 2024 is detailed as follows:

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
General and administrative expenses				
Corporate & stock exchange fees	80,329	11,785	165,897	43,482
Office	54,053	2,347	94,526	3,644
Stock based compensation	37,178	37,358	37,178	264,268
Travel, meals and representation	17,795	2,936	31,632	4,120
Marketing expenses	9,532	1,314	13,655	7,536
Salaries and short term benefits	-	52,565	4,159	52,565
Municipal tax	-	-	-	-
Professional fees	-	49,533	-	110,755
Insurance	-	(62,956)	-	-
Foreign exchange loss	-	59,306	-	78,438
Miscellaneous	15,770	849	19,276	1,446
	<u>214,657</u>	<u>155,037</u>	<u>366,323</u>	<u>566,254</u>
Operating expenses				
Salaries and other short-term benefits	460,663	27,849	795,274	230,209
Professional fees	12,306	20,188	210,212	20,188
Depreciation of building	129,000	129,000	258,000	258,000
Utilities	103,882	50,638	225,237	55,677
Insurance	40,006	129,374	106,425	129,374
Property tax	-	-	54,412	214,939
Freight and custom duties	58,013	(14,680)	102,278	39,026
Maintenance and repairs	7,956	4,216	31,764	239,766
Depreciation of right of use asset	-	-	-	22,129
Other plant expenses	13,291	(112,400)	41,969	(102,259)
	<u>825,117</u>	<u>234,185</u>	<u>1,825,571</u>	<u>1,107,049</u>
Financial expenses				
Interest on long-term debt	387,369	180,826	720,560	532,108
Financing expense	(32,738)	-	8,382	-
Interest on lease liabilities	-	-	-	5,565
	<u>354,631</u>	<u>180,826</u>	<u>728,942</u>	<u>537,673</u>

Ecolomondo Corporation**Notes to Interim Condensed Consolidated Financial Statements**

For the six-months period ended June 30, 2025

(In Canadian dollars, unless otherwise indicated)

(Unaudited)

10. INFORMATION INCLUDED IN INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

The changes in working capital items for the three and six-months period ended June 30, 2025 and 2024 are detailed as follows:

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
Trade and other receivables	5,792	36,205	(62,951)	31,474
Prepaid expenses	(114,437)	(196,388)	487,217	(199,255)
Inventory	(42,792)	(131,452)	(46,612)	(131,452)
Trade and other payables	144,330	97,091	(45,459)	99,248
Bank advances	91,417	-	58,892	-
	<u>84,310</u>	<u>(194,544)</u>	<u>391,087</u>	<u>(199,985)</u>

During the six-months period ended June 30, 2025, the Company closed a private placement resulting in outstanding subscription receivable of \$500,000 and accrued payables of \$27,358 presented in Trade and other receivables and Trade and other payables respectively. As these amounts relate to equity financing, the subscription receivable and accrued payables are excluded from changes in working capital within the statement of cash flows. The cash proceeds and issuance costs were subsequently collected and paid in July 2025 and are recorded as cash inflow and outflow in the financing activities section.

11. FINANCIAL INSTRUMENTS**Fair value**

The Company's financial instruments include cash, trade and other receivables, trade and other payables, advances from a company under common control, warrant liability, and long-term debt whose carrying amounts approximates their fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these interim condensed consolidated financial statements.

The fair value of the advances from a company under common control is approximately \$1,643,671 and \$2,243,434 as at June 30, 2025 and 2024 respectively (\$1,585,274 as at December 31, 2024). This advance as well as the long-term debt has been categorized within level 2 of the fair value hierarchy. The fair value has been determined by discounting contractual cash flows using a discount rate derived from observable market interest rates of similar financial instruments with similar risks.

The fair value of the share purchase warrants has been estimated using the Black-Scholes option pricing model (Note 7) and has been categorized within level 2 of the fair value hierarchy.

The Company also has a credit facility of \$250,000 with chartered bank which to date has been used intermittently.

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12. RELATED PARTY TRANSACTIONS

Related party transactions consist of the advances from a company under common control with details as follows:

	2025-06-30	2024-06-30	2024-12-31
	\$	\$	\$
3212521 Canada Inc. - company under common control	<u>1,643,671</u>	<u>2,243,434</u>	<u>1,585,274</u>

As of June 30, 2025, the amounts due to 3212521 Canada Inc. are unsecured and interest bearing at 8.5% per annum, (2024- 8.5%) with payment due on October 2026.

Transactions with key management personnel

Key management of the Company are the members of the Board of Directors, as well as officers of the Company. Key management personnel remuneration is as follows:

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
Short-term employee benefits	58,597	67,033	131,402	84,667
Stock-based compensation	25,676	-	25,676	-
	<u>84,273</u>	<u>67,033</u>	<u>157,078</u>	<u>84,667</u>

13. CONTINGENCY

As at June 30, 2025, the Company was involved in a litigation that resulted in a judgment in the amount of \$718,824 against the Company. A liability of \$291,086 was previously recorded in the financial statements based on prior assessments.

The Company has filed an appeal with the Court of Appeals, which is pending as of reporting date.

Due to the uncertainty of the outcome, it is not practicable to reliably estimate any potential financial impact beyond the amount already recorded.

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14. SEGMENT INFORMATION

The Company's operating segments are organized according to similar economic characteristics by the markets and types of products it serves and are reported in a consistent manner. The CEO and CFO are considered the chief operating decision-makers ("CODMs") and have the authority for resource allocation and are responsible for assessing the Company's performance.

It was concluded that Ecolomondo only has one operating segment.

- a. Revenues from major products and services for each period ended are as follows:

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
TDP Oil	129,565	97,216	197,745	118,556
End of life tires tipping fees	69,038	27,750	130,276	54,179
Carbon black	5,114	(13,204)	35,954	37,332
Steel	16,537	12,564	34,574	19,254
Others	35,849	-	51,235	-
	256,103	124,326	449,784	229,321

- b. Revenue and property, plant and equipment by geographic locations.

	Three-months period ended		Six-months period ended	
	2025-06-30	2024-06-30	2025-06-30	2024-06-30
	\$	\$	\$	\$
Revenue				
United States	134,679	78,491	233,699	152,688
Canada	121,424	45,835	216,085	76,633
	256,103	124,326	449,784	229,321
		2025-06-30	2024-06-30	2024-12-31
		\$	\$	\$
Property, plant and equipment				
Canada		51,538,723	46,927,307	48,401,314
United States		-	-	-
		51,538,723	46,927,307	48,401,314