

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 2)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Borealis Foods Inc.
(Exact name of registrant as specified in its charter)

Ontario	001-40778	98-1638988
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)
1540 Cornwall Rd. #104 Oakville, Ontario		L6J 7W5
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (905) 278-2200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Shares	BRLS	Nasdaq Capital Market
Warrants	BRLSW	Nasdaq Capital Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by

any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the Common Shares outstanding, held by non-affiliates of the registrant, based on the closing price of \$1.45, reported on the Nasdaq Capital Market, for the Common Shares on May 28, 2026, was approximately \$31.12 million.

As of the date of this Amendment, 21,463,306 Common Shares of the registrant, no par value, were issued and outstanding.

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (this “Amendment No. 2”) amends the Annual Report on Form 10-K of Borealis Foods Inc. (the “Company,” “Borealis,” “we,” “us,” or “our”) for the fiscal year ended December 31, 2025, originally filed with the U.S. Securities and Exchange Commission (the “SEC”) on June 2, 2026 (the “Original 10-K”), as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on July 29, 2026 (“Amendment No. 1”).

This Amendment No. 2 is being filed in response to comments received from the Division of Corporation Finance of the SEC in letters dated July 15, 2026 and September 21, 2026 with respect to the Original 10-K and Amendment No. 1. Specifically:

- (i) the report of the independent registered public accounting firm included in the Original 10-K with respect to the fiscal year ended December 31, 2025 did not identify Borealis Foods Inc. by name as the company whose financial statements were audited;
- (ii) the Original 10-K did not include the report of the independent registered public accounting firm that audited the Company’s financial statements for the fiscal year ended December 31, 2024, as required by Rule 8-02 of Regulation S-X; and
- (iii) Amendment No. 1 did not restate Item 8 of Part II of the Original 10-K in its entirety, as required by Exchange Act Rule 12b-15, and did not include the consent of each independent registered public accounting firm whose report appears in this Annual Report on Form 10-K.

Accordingly, this Amendment No. 2:

- (i) amends and restates Item 8 of Part II of the Original 10-K in its entirety to include (a) the Report of Independent Registered Public Accounting Firm of Carr, Riggs & Ingram, L.L.C. with respect to the fiscal year ended December 31, 2025, which identifies Borealis Foods Inc. and Subsidiaries as the company whose financial statements were audited; (b) the Report of Independent Registered Public Accounting Firm of Berkowitz Pollack Brant, Advisors + CPAs with respect to the fiscal year ended December 31, 2024; and (c) the consolidated financial statements and related notes as of and for the fiscal years ended December 31, 2025 and 2024;
- (ii) amends and restates Item 15 of Part IV of the Original 10-K to update the exhibit index and to file (a) the consents of Carr, Riggs & Ingram, L.L.C. and Berkowitz Pollack Brant, Advisors + CPAs, as Exhibits 23.1 and 23.2, respectively, and (b) new certifications of the Company’s principal executive officer and principal financial officer required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as Exhibits 31.1, 31.2, 32.1 and 32.2; and
- (iii) supersedes and replaces Amendment No. 1 in its entirety.

In accordance with Exchange Act Rule 12b-15, this Amendment No. 2 sets forth the complete text of Item 8 of Part II and Item 15 of Part IV of the Original 10-K, as amended, and includes new certifications of the Company’s principal executive officer and principal financial officer, which are filed as Exhibits 31.1, 31.2, 32.1 and 32.2 to this Amendment No. 2.

Other than as described above, this Amendment No. 2 does not amend, update or restate any other item of the Original 10-K and does not reflect events occurring after the date the Original 10-K was filed. This Amendment No. 2 does not modify or update any other disclosures in the Original 10-K, including any forward-looking statements, and should be read in conjunction with the Original 10-K and the Company’s other filings with the SEC subsequent to the date of the Original 10-K.

PART II

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2025 were audited by Carr, Riggs & Ingram, L.L.C. The consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2024, before the effects of the retrospective adjustments described in Notes 1, 5 and 11, were audited by Berkowitz Pollack Brant, Advisors + CPAs. Such retrospective adjustments were subjected to audit procedures by Carr, Riggs & Ingram, L.L.C., as the Company's successor independent registered public accounting firm.

The consolidated financial statements, the related notes thereto, and the Reports of Independent Registered Public Accounting Firm of Carr, Riggs & Ingram, L.L.C. and Berkowitz Pollack Brant, Advisors + CPAs are included in this Item 8 and are set forth beginning on page F-1 of this Amendment No. 2.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following documents are filed as part of this report:

1. **Financial Statements.** The consolidated financial statements listed in the Index to Consolidated Financial Statements on page F-1 are included in Part II, Item 8 of this Amendment No. 2.
2. **Financial Statement Schedules.** All financial statement schedules have been omitted because they are not required or the required information is included in the consolidated financial statements or the notes thereto.
3. **Exhibits.** The exhibits listed in the Exhibit Index below are filed or furnished with this Amendment No. 2.

Exhibit Number	Description
23.1	<u>Consent of Carr, Riggs & Ingram, L.L.C., Independent Registered Public Accounting Firm.*</u>
23.2	<u>Consent of Berkowitz Pollack Brant, Advisors + CPAs, Independent Registered Public Accounting Firm.*</u>
31.1	<u>Certification of Principal Executive Officer Pursuant to Rules 13A-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
31.2	<u>Certification of Principal Financial Officer Pursuant to Rules 13A-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
32.1	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
32.2	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
101	Interactive Data Files (formatted as Inline XBRL) for the consolidated financial statements and related notes included in Item 8.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Borealis Foods Inc.

Date: September 30, 2026

By: /s/ Reza Soltanzadeh
Reza Soltanzadeh
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Reza Soltanzadeh</u> Reza Soltanzadeh	Chief Executive Officer and Director	September 30, 2026
<u>/s/ Stephen Wegrzyn</u> Stephen Wegrzyn	Chief Financial Officer	September 30, 2026

BOREALIS FOODS INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(PCAOB ID: 213)**

To the Board of Directors and
Stockholders of Borealis Foods Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Borealis Foods Inc. and Subsidiaries (the Company) as of December 31, 2025, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of and for the year ended December 31, 2024, were audited by other auditors whose report dated April 15, 2025, expressed an unqualified opinion on those statements.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the substantial amount of debt coming due within the next 12 months and negative cash flow position along with other conditions as set forth in Note 1, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Carr, Riggs & Ingram, L.L.C.

We have served as the Company's auditor since 2026.

Palm Beach Gardens, FL
June 1, 2026

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(PCAOB ID: 52)**

To the Board of Directors and Stockholders of Borealis Foods Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Borealis Foods Inc. and Subsidiaries (the Company) as of December 31, 2024 and 2023, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the substantial amount of debt coming due within the next 12 months and negative cash flow position along with other conditions as set forth in Note 1, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Reverse Recapitalization Transaction

As described further in Note 1 to the consolidated financial statements, on February 7, 2024, Borealis Foods Inc. (“Borealis”) consummated a merger transaction with Oxus Acquisition Corp. (“Oxus”). The merger transaction was accounted for as a reverse recapitalization in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), in which Borealis was determined to be the accounting acquirer and Oxus the legal acquirer based upon the terms of merger transaction.

We identified the accounting for the reverse recapitalization as a critical audit matter because of the complexity in the determination of the proper treatment of the transaction in accordance with U.S. GAAP, including judgments made by management to arrive at the proper conclusion. This required a high degree of auditor judgment and increased level of effort when performing audit procedures.

Our audit procedures performed to address the critical matter included, among others:

- Review key documents of the transaction.
- Review Management’s analysis for the accounting treatment of the transaction and related impact.
- Review the Opening Balance Adjustments Workbook and accounting treatment and application of audit areas impacted.
- Verify mathematical accuracy of supporting schedules utilized for opening balance sheet adjustments.
- Ensure accounting treatment and application to impacted areas done in accordance with underlying agreements and US GAAP.

/s/ Berkowitz Pollack Brant, Advisors + CPAs

We have served as the Company’s auditor since 2022. West Palm Beach, FL

April 15, 2025

Borealis Foods Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2025	December 31, 2024
Assets		
Current Assets		
Cash	\$ 63,859	\$ 652,965
Accounts receivable, net of allowance for credit losses of \$230,000 and \$247,653 as of December 31, 2025 and December 31, 2024, respectively	2,648,229	1,965,748
Inventories, net	4,582,576	8,046,259
Prepaid expenses and other current assets	760,616	1,134,611
Total current assets	8,055,280	11,799,583
Property, plant and equipment, net	43,891,964	45,736,326
Intangible assets	298,041	319,307
Right - of-use asset, net	158,361	63,826
Goodwill	-	1,917,356
Other non-current assets	169,685	169,685
Total assets	\$ 52,573,331	\$ 60,006,083
Liabilities and Shareholders' (deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,046,886	\$ 11,529,803
Due to related parties	27,295,885	7,825,792
Line of credit, current portion	2,691,096	-
Convertible notes payable, current portion	3,000,000	-
Notes payable, current portion, net of capitalized loan costs	20,100,380	5,456,934
Operating lease payable, current portion	39,982	55,116
Finance leases payable, current portion	642,474	538,845
Total current liabilities	69,816,703	25,406,490
Due to related parties, net of current portion	-	7,601,661
Line of credit, net of current portion	-	7,600,000
Convertible notes payable, net of current portion	-	3,000,000
Notes payable, net of current portion	-	14,478,051
Operating lease payable, net of current portion	118,528	12,015
Finance leases payable, net of current portion	489,461	1,143,829
Deferred tax liability	1,379,226	1,459,923
Total liabilities	71,803,918	60,701,969
Shareholders' (deficit)		
Common shares, no par value	-	-
Additional paid-in capital	90,540,605	90,096,688
Accumulated deficit	(109,771,192)	(90,792,574)
Total shareholders' (deficit)	(19,230,587)	(695,886)
Total liabilities and shareholders' (deficit)	\$ 52,573,331	\$ 60,006,083

See accompanying notes to the consolidated financial statements.

Borealis Foods Inc. and Subsidiaries
Consolidated Statements of Operations

	For the Years Ended December 31,	
	2025	2024
Gross sales	\$ 31,475,628	\$ 29,100,391
Sales discounts & allowances	(1,396,057)	(1,431,497)
Revenue, net	30,079,571	27,668,894
Cost of goods sold	24,726,916	23,155,766
Depreciation and amortization	1,841,285	2,323,617
Total cost of goods sold	26,568,201	25,479,383
Gross profit	3,511,370	2,189,511
Total sales, general & administrative expenses	14,547,355	22,594,486
Loss from operations	(11,035,985)	(20,404,975)
Other income (expense):		
Impairment loss	(2,007,438)	-
(Loss) gain on foreign exchange rates	(15,943)	3,554
Interest expense	(5,985,962)	(5,060,678)
Total other expense	(8,009,343)	(5,057,124)
Loss before income taxes	(19,045,328)	(25,462,099)
Income tax benefit	66,710	134,901
Net loss	\$ (18,978,618)	\$ (25,327,198)
Loss per share from net loss		
Basic	\$ (0.89)	\$ (1.25)
Diluted	(0.89)	(1.25)
Weighted average shares outstanding		
Basic	21,428,650	20,309,934
Diluted	21,428,650	20,309,934

See accompanying notes to the consolidated financial statements.

Borealis Foods Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity (Deficit)

	Years Ended December 31, 2025 and 2024								
	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Number of Shares	Common Stock	Number of Shares	Common Stock	Number of Shares	Common Stock			
Balance at December 31, 2023	100,000,000	--	57,117,774	--	6,345,000	--	44,118,081	(65,465,376)	(21,347,295)
Expense related to stock options (Note 9)	--	--	--	--	--	--	1,273,053	--	1,273,053
Convertible debt converted to equity from reverse recapitalization	--	--	--	--	--	--	54,991,472	--	54,991,472
Assumption of debt from reverse recapitalization	--	--	--	--	--	--	(10,285,918)	--	(10,285,918)
Conversion to Newco shares from reverse recapitalization	(78,621,110)	--	(57,117,774)	--	(6,345,000)	--	--	--	--
Net loss	--	--	--	--	--	--	--	(25,327,198)	(25,327,198)
Balance at December 31, 2024	21,378,890	\$ --	--	\$ --	--	\$ --	\$ 90,096,688	\$ (90,792,574)	\$ (695,886)
Exercise of restricted share units	2,962	--	--	--	--	--	17,490	--	17,490
Expense related to restricted share units	--	--	--	--	--	--	81,353	--	81,353
Issuance of restricted share units	81,454	--	--	--	--	--	345,074	--	345,074
Net loss	--	--	--	--	--	--	--	(18,978,618)	(18,978,618)
Balance at December 31, 2025	21,463,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,540,605	\$(109,771,192)	\$(19,230,587)

Class A shares, no par value, unlimited number of shares authorized (21,463,306 Issued and Outstanding)

Class B shares, no par value, unlimited number of shares authorized

Class C shares, no par value, unlimited number of shares authorized

See accompanying notes to the consolidated financial statements

Borealis Foods Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Cash Flows from Operating Activities:		
Net loss	\$ (18,978,618)	\$ (25,327,198)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash compensation expense related to restricted share units and stock options	\$ 443,917	\$ 1,273,053
Depreciation and amortization	1,841,286	2,323,617
Amortization of loan costs	498,728	310,964
Impairment loss	2,007,438	-
Provision for credit losses	(17,653)	23,220
Provision for inventory reserve	(716,528)	703,450
Deferred income taxes	(80,697)	(106,309)
Changes in operating assets and liabilities:		
Accounts receivable	(664,828)	(213,212)
Inventories	4,180,210	(1,804,681)
Prepaid expenses and other	373,995	(288,734)
Operating lease	(3,157)	(3,138)
Accounts payable and accrued expenses	4,517,084	8,019,425
Net cash used in operating activities	<u>\$ (6,598,823)</u>	<u>\$ (15,089,543)</u>
Cash flows from investing activities		
Proceeds from reverse capitalization	\$ -	\$ 63,575
Purchases of intangible assets	(68,816)	(319,307)
Purchases of property, plant and equipment	3,078	(1,651,403)
Net cash used in investing activities	<u>\$ (65,738)</u>	<u>\$ (1,907,135)</u>
Cash flows from financing activities		
Net payments from related parties	\$ 11,868,432	-
Proceeds from convertible notes payable	-	3,000,000
Payments on finance leases payable	(550,740)	(565,987)
Borrowings on line of credit	8,410,937	7,600,000
Payments on line of credit	(13,319,841)	-
Payments on notes payable	(333,333)	-
Net cash provided by financing activities	<u>\$ 6,075,455</u>	<u>\$ 10,034,013</u>
Net change in cash	<u>\$ (589,106)</u>	<u>\$ (6,962,665)</u>
Cash, beginning of period	652,965	7,615,630
Cash, end of period	<u>\$ 63,859</u>	<u>\$ 652,965</u>
Supplemental cash flow data		
Cash paid during the period for:		
Interest	\$ 1,036,259	\$ 2,636,181
Income taxes	\$ 13,987	\$ 14,948
Non-cash investing and financing activities		
Conversion of notes payable into Class A shares	-	\$ (54,991,472)
Note payable supplier finance	-	2,747,833
Note payable accounted for as due to related party	-	7,601,661
Operating lease renewal	222,771	

See accompanying notes to the consolidated financial statements.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies Overview

The accompanying consolidated financial statements include the financial statements of Borealis Foods Inc. (“**Borealis**”), and its subsidiaries: Palmetto Gourmet Foods (Canada) Inc., (“**PGF Canada**”), Palmetto Gourmet Foods, Inc. (“**PGF**”), PGF Real Estate I, Inc. (“**PGF RE I**”), PGF Real Estate II, Inc. (“**PGF RE II**”), and Borealis IP (“**Borealis IP**”) (collectively, the “**Company**”).

Borealis is a food technology integrator with a mission to address global food security challenges through the development and commercialization of tasty, affordable and sustainable functional foods. Borealis has developed a range of high-quality, affordable, sustainable, and nutritious premium, ready-to-eat meals sold in the United States, Canada, Central America, South America and Europe.

PGF Canada is a holding company, holding the shares of PGF.

PGF is a food manufacturing company with a BRC AA+ rated food grade facility. PGF RE I and PGF RE II are holding companies that rent their fixed assets to PGF. Borealis IP holds the intellectual property of the Company.

Intercompany balances and transactions have been eliminated in consolidation.

Reverse Recapitalization Transaction

On February 23, 2023, Borealis Foods Inc., a corporation incorporated under the laws of Canada (“**Legacy Borealis**”) entered into a Business Combination Agreement (as amended, amended and restated, supplemented, or otherwise modified from time to time, the “**Business Combination Agreement**”) with Oxus Acquisition Corp. (“**Oxus**”) and 1000397116 Ontario Inc., an Ontario corporation and a wholly owned subsidiary of Oxus (“**Newco**”). On February 7, 2024, Legacy Borealis, Oxus, and Newco consummated the transactions (collectively, the “**Reverse Recapitalization**”) contemplated by the Business Combination Agreement by means of a statutory arrangement under the Canada Business Corporations Act and the Business Corporations Act (Ontario), implemented in accordance with the terms and conditions set forth in the Business Combination Agreement and the related plan of arrangement (as amended, amended and restated, supplemented, or otherwise modified from time to time, the “**Plan of Arrangement**”) following the approval at an extraordinary general meeting of the shareholders of Oxus held on February 2, 2024.

Pursuant to the terms of the Business Combination Agreement, among other things: (i) Oxus domesticated and continued as a corporation under the laws of Ontario, Canada (“**New Oxus**”); and (ii) pursuant to the Plan of Arrangement, (a) Newco and Legacy Borealis amalgamated (the “**Legacy Borealis Amalgamation**”), and the amalgamated corporation resulting therefrom, “**Amalco**”), with Amalco surviving the Legacy Borealis Amalgamation as a wholly-owned subsidiary of New Oxus; and (b) following the Legacy Borealis Amalgamation, New Oxus and Amalco amalgamated (the “**Borealis Amalgamation**,” and together with the Legacy Borealis Amalgamation, the “**Amalgamations**,” and the corporation resulting therefrom, “**Borealis**,” as a corporation amalgamated under the Business Corporations Act (Ontario)), with Borealis surviving the Borealis Amalgamation. Borealis continues under the name “**Borealis Foods Inc.**”

The equity structure prior to the reverse merger (Class A, B and C) with unlimited amounts authorized all had the same rights and privileges. With the reverse recapitalization, all outstanding shares of Class A, B and C were combined into common shares of the newly formed Company.

Accounting Impact of the Reverse Recapitalization

The transaction was accounted for as a reverse recapitalization. Oxus was deemed the accounting predecessor and Borealis is the successor Securities and Exchange Commission (“**SEC**”) registrant.

Under this method of accounting, Oxus was treated as the acquired company for financial statement reporting purposes. For accounting purposes, Legacy Borealis was deemed to be the accounting acquirer in the transaction and, consequently, the transaction was treated as a recapitalization of Legacy Borealis. Accordingly, the consolidated balance sheets and results of operations of Legacy Borealis became the historical financial statements of Borealis, and Oxus’ assets, liabilities, and results of operations were consolidated with Legacy Borealis’ beginning on February 7, 2024. The net assets of Oxus were recognized at carrying value, with no goodwill or other intangible assets recorded. Transaction costs incurred and unpaid by Oxus were converted into debt (Note 4) and shown as a reduction in additional paid-in capital.

Borealis Foods Inc. and Subsidiaries
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Going Concern

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. During the year ended December 31, 2025, the Company incurred a net loss of \$18,978,618 and experienced recurring losses from operations, including negative cash flows from operations. At December 31, 2025, cash and cash equivalents were approximately \$64,000 and the Company had negative working capital of approximately \$61,762,000, reflecting current liabilities of approximately \$69,817,000 against current assets of approximately \$8,055,000. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued.

In assessing its ability to continue as a going concern, management has considered all available information about the future, which is at least, but is not limited to, twelve months from the date these financial statements are issued. Management has developed plans intended to mitigate the conditions that raise substantial doubt. These plans include: (i) continued reduction of selling, general, and administrative expenses, which declined by approximately \$8,047,000, or 35.6%, to approximately \$14,547,000 in 2025, with further reductions anticipated as sales and marketing costs normalize; (ii) growth in production volumes to improve overhead absorption and gross margin; (iii) conversion of a portion of related party debt to equity to reduce the annual interest burden; and (iv) pursuit of additional debt or equity financing to provide working capital. Subsequent to December 31, 2025, the Company completed the refinancing of its senior credit facility through a new Credit Agreement with Oxus Capital PTE Ltd. ("Oxus Capital"), a related party and major shareholder of the Company, providing a term loan facility of up to \$17,000,000, the proceeds of which were used to repay in full all outstanding obligations under the FrontWell Credit Agreement and eliminate the August 2026 balloon maturity. See Note 4 for further details.

Although management's plans are intended to mitigate the relevant conditions and events, these plans are not fully within the Company's control and cannot be assessed as probable of being effectively implemented. Accordingly, substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued has not been alleviated.

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and the Company's functional currency is the U.S. Dollar.

Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company classifies all highly liquid securities with stated maturities of three months or less from the date of purchase as cash equivalents. There were no cash equivalents as of December 31, 2025 and December 31, 2024.

Inventories, net

Inventories are stated at the lower of cost or net realizable value. The cost of raw materials is determined using the first-in, first-out method. The cost of finished goods is determined using the weighted average cost method.

A reserve is recorded for any food inventory that is expired (or expected to expire before sale) and any raw materials for projects that have been discontinued.

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Prepaid Expenses

Prepaid expenses include approximately \$761,000 and \$1,135,000 composed primarily of prepaid insurance, deposits on inventory purchases and property, plant and equipment purchases as of December 31, 2025 and December 31, 2024, respectively.

Property, Plant and Equipment, net

Property, plant, and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets or, where applicable, based on actual machine hours utilized.

Management has opted to depreciate the manufacturing lines and related assets using the machine hours method, as it provides a more accurate reflection of the actual utilization and wear of these assets. This approach ensures that the depreciation expense aligns more closely with the assets' usage patterns, thereby improving the matching of costs with related revenues.

This change in depreciation method was a change in estimate effected by a change in accounting principle and accordingly was accounted for prospectively in accordance with relevant guidance. The change in the method of calculating depreciation resulted in an increase in net income of \$2,488,000 and \$1,796,000 for the years ended December 31, 2025 and 2024, respectively. This increase in net income resulted in an improvement of \$0.12 and \$0.08, respectively, to loss per share. The total cost basis of machinery subject to depreciation over machine hours was approximately \$38,717,000 as of December 31, 2025 and \$38,601,000 as of December 31, 2024.

Straight-line assets:

Buildings and improvements	10-30 years
Furniture, fixtures and equipment	3-15 years

Machine hours assets:

Furniture, fixtures and equipment	89,232 machine hours
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Construction in progress includes the cost of property, plant and equipment being constructed or otherwise not yet in service. Costs include materials, labor, capitalized interest, engineering and testing costs, and other costs necessary to get the assets ready for their intended use.

Intangible Assets

Patents are recorded at cost and are amortized on a straight-line basis over their estimated useful lives. The carrying value of patents is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A trademark impairment charge of \$90,082 was recorded in Q4 2025, reducing the trademark balance to zero at December 31, 2025.

Loan Costs

The costs of obtaining equipment leases and debt issuance costs are amortized over the term of the respective obligations, using the straight-line method. US GAAP requires that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of loan costs is included as a component of interest expense in the accompanying consolidated statements of operations. Loan costs are shown as reduction of related debt balances for financial statement presentation.

Goodwill

The Company's goodwill resulted from a prior year acquisition. Goodwill is not amortized but is reviewed annually for impairment or more frequently as events or circumstances indicate its carrying amount may not be recoverable. A goodwill impairment charge of \$1,917,356 was recorded in Q4 2025, reducing the goodwill balance to zero at December 31, 2025.

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Amounts Due to Related Parties

Amounts due to related parties (Company shareholders and entities controlled by Company shareholders) totaled \$27,295,885 as of December 31, 2025, and \$15,427,453 as of December 31, 2024. This related party liability is comprised of multiple notes payable to a shareholder in the amount of \$13,285,792 and \$7,325,790 as of December 31, 2025, and December 31, 2024, respectively, and is due on demand and bears interest at 10% annually. An additional note payable to a shareholder in the amount of \$500,000 as of December 31, 2025 and December 31, 2024, bears interest at 10% annually and is due December 31, 2025. Additional notes payable to a shareholder in the amount of \$2,408,432 as of December 31, 2025, bears interest at 10% annually and are due on demand. The remaining \$11,101,661 is comprised of two shareholder notes payable. The first note for \$7,601,661 was a result of expenses recognized by Oxus and resulted in reduction of contributed equity at the Reverse Recapitalization. This note matures on June 30, 2026 after extension and is non-interest bearing. An additional note payable to this shareholder in the amount of \$3,500,000 is due on June 30, 2026 and bears interest at 10% annually.

Related parties debt balances outstanding as of December 31, 2025 are due as follows: \$27,295,885 in 2026.

The salary of the Company's CEO was accrued and not paid during the year ended December 31, 2025. The Company recorded \$458,328 in accrued payroll expense to reflect compensation for services performed.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Revenue and Cost Recognition and Accounts Receivable

The Company's revenue is primarily generated from the sale of food products. These sales contain a single performance obligation. Revenue is recognized at a point in time and the Company recognizes revenue upon shipment of goods when ownership, risk, and rewards transfer to the customer. Certain of the Company's contracts with customers include variable consideration consisting of payment discounts and promotions. These programs include rebates, temporary on-shelf price reductions, off-invoice discounts, retailer advertisements, product coupons, slotting fees and other trade activities. Provision for discounts and incentives are recorded in the same period in which the related revenues are recognized. Gross revenues were approximately \$31,476,000 and \$29,100,000 for the years ended December 31, 2025 and 2024, respectively.

Total payment discounts and promotions were approximately \$1,396,000 and \$1,431,000 resulting in net revenues of approximately \$30,080,000 and \$27,669,000 for the years ended December 31, 2025 and 2024, respectively.

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The incremental cost to obtain contracts was not material.

Accounts receivable related to product sales typically have payment terms of 30 days. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The allowance for credit losses reflects the Company's estimate of probable losses related to its accounts receivable. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. The Company also considers specific customer collection issues. Since the Company's accounts receivable are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment. At origination, the Company evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance.

The Company incurred significant production training expenses for the years ended December 31, 2025 and 2024, totaling approximately \$949,000 and \$1,715,000 respectively, due to PGF adding production capabilities during both periods. Such amounts are recorded in sales, general and administrative costs in the accompanying consolidated statement of operations as these costs are not directly attributable to finished goods production.

The Company's cost of goods sold represent materials, direct labor costs, and allocated overheads associated with the sale of finished goods to customers.

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Advertising

Costs associated with advertising are expensed as incurred and are included in selling, general and administrative expenses. Advertising costs expensed for the years ended December 31, 2025 and 2024 were approximately \$2,354,000 and \$5,733,000, respectively.

Research and Development Costs

Research and development costs have been expensed in the period incurred. Research and development costs consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, share-based compensation, scale-up expenses, depreciation and amortization expenses on research and development assets, and facility lease costs. Scale-up expenses include material waste costs, production personnel costs, and related expenses. Research and development efforts are focused on enhancements to our existing product formulations and production processes in addition to the development of new products. The Company expects to continue investing in research and development over time, as research and development and innovation are core elements of our business strategy, and the Company believes they represent a critical competitive advantage. The Company believes continued innovation will capture a larger share of consumers through additional revenue streams. Research and development expenses for the years ended December 31, 2025 and 2024 were approximately \$202,000 and \$197,000, respectively, and are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

Business Development Costs

Business development expenses include all costs associated with directly growing and expanding a business segment, such as advertising, market research, and training. These costs include staff salaries, travel expenses, and consulting expenses that the Company incurs while searching for new opportunities and maintaining current relationships. Business development expenses for the years ended December 31, 2025 and 2024 were approximately \$2,210,000 and \$2,395,000, respectively. Business development expenses are included in sales, general and administrative expenses in the accompanying consolidated statements of operations.

In April 2023, the Company entered into a multi-year agreement for a marketing representative to assist in the recipes for three co-branded private label ramen noodles as well to be utilized in marketing of the Company for the marketing representative's name, image, likeness and voice. This agreement included a service fee, an investment stake in the Company, and a royalty agreement on future co-branded sales. The service fee under this agreement has been expensed on a straight-line basis under the terms of the contract. This agreement expired in March 2026

Transaction Costs

On February 23, 2023, the Company signed a definitive business combination agreement with Oxus which was consummated on February 7, 2024 and described further in Note 1. In connection with this agreement, the Company has incurred transaction costs of approximately \$0 and \$1,506,000 for the years ended December 31, 2025 and 2024, respectively. Transaction costs have been expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

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Concentration of Risk

The Company maintains cash balances at financial institutions in excess of federally insured limits as of December 31, 2025 and December 31, 2024. The Company has not experienced any losses related to these balances. The Federal Deposit Insurance Corporation insures eligible accounts up to \$250,000 per depositor at each financial institution. The Company holds cash at well-known banks and does not believe that it is exposed to any significant credit risks on its cash.

The Company extends unsecured credit to its customers in the ordinary course of business. Payment terms are generally net 30 days with discounts amounting up to 10% for early payments. Accounts receivables are written off when they are determined to be uncollectible based on the financial stability of its customers and existing economic conditions.

Sales to two customers accounted for approximately 35% and 33% of net revenues for the years ended December 31, 2025 and 2024, respectively. Accounts receivable from three customers amounted to approximately 51% and 37% of total accounts receivable as of December 31, 2025 and 2024, respectively. Substantially all of the Company's sales for the years ended December 31, 2025 and 2024 occurred in the United States, Canada, Central America, South America, and Europe.

Purchases from 10 vendors accounted for approximately 54% and 47% of purchases during the years ended December 31, 2025 and 2024, respectively. Accounts payable to these vendors totaled approximately \$2,764,000 and \$3,217,000 as of December 31, 2025 and 2024, respectively.

Fair Value Measurements

In accordance with US GAAP, the Company defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: Observable inputs, such as quoted market prices in active markets for the identical asset or liability that are accessible at the measurement date.

Level 2: Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

Level 3: Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

The Company does not have assets measured at fair value on a recurring basis. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

The carrying amounts reported in the consolidated balance sheets for accounts receivable and accounts payable approximate their fair values due to the short-term nature of these instruments.

There is no material difference between the carrying amounts and fair values of the Company's debt obligations, notes payable, line of credit and convertible notes payable, as interest rates approximate current market rates for similar types of debt instruments (Level 2).

Disclosures about the fair value of financial instruments are based on pertinent information available to management as of December 31, 2025 and December 31, 2024. Although management is not aware of any factors that would significantly affect the reasonableness of the fair value amounts, such amounts were not comprehensively revalued for purposes of these consolidated financial statements and current estimates of fair value may differ significantly from the amounts presented herein.

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Stock Based Compensation

The Company accounts for its stock compensation arrangements at fair value in accordance with Accounting Standards Codification (“ASC”) 718 - Compensation - Stock Compensation. Compensation cost relating to share-based payment transactions is recognized in the Company’s consolidated financial statements based on the estimated fair value of the instruments issued. The Company measures the cost of employees’ services in exchange for stock awards based on the grant- date fair value of the award using the Black Scholes model and recognizes the cost over the period the employee is required to provide services for the award, which is the vesting period. The Company accounts for forfeitures as they occur.

Warrants

Outstanding warrants were assumed at the Reverse Recapitalization. The fair value of the warrants was determined using the Monte Carlo analysis at the date of the transaction. The Company accounts for its Public and Private warrants as equity- classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in ASC 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own ordinary shares, among other conditions for equity classification.

This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent year end date while the warrants are outstanding. It was determined at the Transaction Date that there were no changes to the classes or language that would impact the original assessment that the Public and Private warrants should be classified as equity.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in general and administrative expense in the consolidated statements of operations.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, to enhance disclosures about significant segment expenses for public entities reporting segment information under ASC Topic 280. The amendments require public entities to disclose significant expense categories for each reportable segment, other segment items, the title and position of the chief operating decision-maker, and interim disclosures of certain segment- related information previously required only on an annual basis. The amendments clarify that entities reporting single segments must disclose both the new and existing segment disclosures under Topic 280, and a public entity is permitted to disclose multiple measures of segment profit or loss if certain criteria are met. The ASU is effective for years beginning after December 15, 2023, and interim periods within years beginning after December 15, 2024. The adoption of ASU 2023-07 did not have a significant impact on the Company’s consolidated financial statements. See Note 11, Segment Reporting, for the required disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to enhance transparency into income tax disclosures. The amendments require annual disclosure of certain information relating to the rate reconciliation, income taxes paid by jurisdiction, income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign, income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. The amendments also eliminate certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures. The ASU is effective for years beginning after December 15, 2024, and interim periods within years beginning after December 15, 2025. See notes 5, income taxes, for the required disclosures.

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In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (“ASU 2024-03”) which requires entities to (i) disclose amounts of (a) purchase of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and, (e) depreciation, depletion, and amortization recognized as part of oil-and gas-producing activities, (ii) include certain amounts that are already required to be disclosed under current U.S. GAAP in the same disclosures as other disaggregation requirements, (iii) disclose a qualitative description of the amounts remaining in relevant expense captions that are not necessarily disaggregated quantitatively, and (iv) disclose the total amount of selling expenses, in annual reporting periods, an entity’s definition of selling expense. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating ASU 2024-03 to determine the impact it may have on its consolidated financial statements.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*. Under ASU No. 2025-05, an entity is required to disclose whether it has elected to use the practical expedient. An entity that makes the accounting policy election is required to disclose the date through which subsequent cash collection are evaluated. ASU No. 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating ASU 2025-05 to determine the impact it may have on its consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270)*, which is intended to improve the navigability of the guidance in ASC 270, *Interim Reporting*, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU No. 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU No. 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating ASU No. 2025-11 to determine the impact it may have on its consolidated financial statements.

2. Inventories, net

Inventories were as follows:

	December 31, 2025	December 31, 2024
Raw materials	\$ 3,930,750	\$ 6,712,529
Finished goods	827,381	2,225,813
Reserve for obsolete inventory	(175,555)	(892,083)
	<u>\$ 4,582,576</u>	<u>\$ 8,046,259</u>

3. Property, Plant and Equipment, Net

Property, plant and equipment were as follows:

	December 31, 2025	December 31, 2024
Building and improvements	\$ 10,110,188	\$ 10,110,188
Furniture, fixtures and equipment	48,632,985	48,517,228
Construction in progress	760,387	879,220
	<u>59,503,560</u>	<u>59,506,636</u>
Less: accumulated depreciation	(15,611,596)	(13,770,310)
	<u>\$ 43,891,964</u>	<u>\$ 45,736,326</u>

Depreciation and amortization expense recorded in the years ended December 31, 2025 and 2024 was approximately \$1,841,000 and \$2,324,000, respectively, which is included as a component of cost of goods sold.

During the years ended December 31, 2025 and 2024, there was no interest capitalized to property and plant equipment under construction.

Borealis Foods Inc. and Subsidiaries
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4. Debt

During 2023, the Company entered into a \$25,000,000 financing agreement with a maturity date in August 2026. Under this agreement, the Company has a \$15,000,000 term facility which was used to pay off its then existing line of credit. In March 2024, the Company entered into an amendment that extended the date of the first principal payment to March 2025. In February 2025, a second amendment was executed that extended the first principal payment date to September 2025. Under the amendment, payments of \$83,000 are due monthly beginning in September 2025 with a lump sum payment of \$14,083,000 due at maturity. Interest accrues at the prime rate plus an applicable margin of 4.75% per annum and is payable monthly. The FrontWell financing agreement is secured by a collateral package that includes substantially all of the assets of PGF, PGF RE I, and PGF RE II.

On November 13, 2025, the Company received a notice from FrontWell asserting the occurrence of a Default under the FrontWell Credit Agreement. On March 27, 2026, the Company, together with its subsidiaries Palmetto Gourmet Foods, Inc. ("PGF"), PGF Real Estate I, Inc., and PGF Real Estate II, Inc. (collectively, the "Forbearance Parties"), entered into a Forbearance and Amendment Agreement with FrontWell (the "Forbearance Agreement"), pursuant to which FrontWell agreed to forbear from exercising its rights and remedies with respect to specified defaults under the FrontWell Credit Agreement through April 27, 2026, subject to compliance with certain conditions, including the retention of a Chief Restructuring Officer. On April 27, 2026, the Company repaid and satisfied in full all obligations outstanding under the FrontWell Credit Agreement and entered into a new senior secured credit agreement with Oxus Capital PTE Ltd. In connection therewith, the engagement of the Chief Restructuring Officer was terminated.

Amortization expense of approximately \$499,000 and \$311,000 was recorded on the fees for the years ended December 31, 2025 and 2024, respectively.

In addition to the term facility, the Company obtained a \$10,000,000 line of credit to fund working capital needs in support of its growth strategy. Interest accrues at the prime rate plus the applicable margin of 4.50%.

Interest is due and payable monthly beginning in September 2024. The line of credit includes an unused line fee of 0.25% per annum beginning on closing date through six months and increases to 0.50% per annum thereafter. As of December 31, 2025 and December 31, 2024 the line of credit had \$2,691,000 and \$7,600,000 drawn upon it, respectively.

In the period leading up to the Reverse Recapitalization, significant transaction costs were incurred by both parties. In total, four notes payable of \$13,035,374 were issued for the transaction debt and matured in 2025. Details for the notes are as follows:

Note 1 – Incurred by Borealis. The related expenses were recognized as incurred by Borealis and the trade payable was subsequently reclassified to notes payable. Note 1 was issued in the original principal amount of \$2,138,838. The note matures in June 2026, and bears interest at 10% per annum.

Note 2 – Incurred by Borealis. The related expenses were recognized as incurred by Borealis and the trade payable was subsequently reclassified to notes payable. Note 2 was issued in the original principal amount of \$1,314,875. The note matures in June 2026, and bears interest at 10% per annum.

Note 3 – Incurred by Oxus. The related expenses were recognized by Oxus and resulted in a reduction of contributed equity at the Reverse Recapitalization. Note 3 was issued in the original principal amount of \$1,980,000. The note matured in December 2025, and bears interest at 8% per annum.

Note 4 – Incurred by Oxus. The related expenses were recognized by Oxus and resulted in a reduction of contributed equity at the Reverse Recapitalization. Note 4 was issued in the original principal amount of \$7,601,661. The note matures in June 2026, is non-interest bearing and payable to a related party.

Debt balances outstanding as of December 31, 2025 are due as follows: \$25,792,000 in 2026; \$0 in 2027; and \$0 in 2028.

On April 27, 2026, the Company's subsidiaries, Palmetto Gourmet Foods, Inc., PGF Real Estate I, Inc., and PGF Real Estate II, Inc. (collectively, the "Borrowers"), entered into a Credit Agreement (the "Oxus Credit Agreement") with Oxus Capital PTE Ltd. ("Oxus Capital"), a major shareholder of the Company, as lender. Borealis Foods Inc., Borealis IP Inc., and Palmetto Gourmet Foods (Canada) Inc. are party to the Oxus Credit Agreement as guarantors. The Oxus Credit Agreement provides for a term loan facility in an amount of up to \$17,000,000 (the "Term Loan"), the proceeds of which were used to repay in full and discharge all outstanding obligations under the FrontWell Credit Agreement and to pay associated transaction fees and expenses. The Term Loan bears interest at 12% per annum and matures on April 27, 2031. Principal is repayable in 48 consecutive monthly installments calculated on a straight-line basis over the amortization period, commencing on the first payment date. Interest payments commence on May 1, 2027; provided that Oxus Capital has the option, at its sole election, to convert all interest accrued during the first year of the loan into common equity of the Company in lieu of cash payment. The Term Loan is secured by a first-priority lien on substantially all assets of the Borrowers, including mortgages on the Company's manufacturing facility and distribution center located in Saluda, South Carolina. In connection with the Oxus Credit Agreement, Oxus Capital is entitled to appoint two members to the Company's Board of Directors. Additionally, Oxus Capital and the Company entered into a Subscription Agreement pursuant to which the Company is obligated to raise not less than \$70,000,000 in additional equity from investors acceptable to Oxus Capital at a price of not less than \$9.00 per share on or before June 30, 2026; in the event such equity financing is not consummated by such date, the Subscription Agreement provides for the conversion of outstanding convertible notes held by Oxus Capital into equity interests of the Company. The Oxus Credit Agreement constitutes a related party transaction as Oxus Capital is a major shareholder of the Company.

In November 2025, in connection with the extension of a promissory note originally issued to EarlyBirdCapital, Inc. ("EBC") in connection with the closing of the Company's business combination transaction on February 7, 2024, Mr. Helg and Mr. Soltanzadeh (through Zagros Alpine Capital ULC) each provided 500,000 Common Shares as collateral for the Company's obligations under the note. The indebtedness underlying the promissory note was originally an obligation of Oxus Acquisition Corp., the Company's former SPAC sponsor, and was assumed by the Company in connection with the closing of the business combination transaction. The shares were placed into escrow with Continental Stock Transfer & Trust Company.

Following an alleged default under the note, the escrowed shares were transferred to EBC. Despite ongoing discussions regarding repayment of the note, EBC advised the Company in late April 2026 that a portion of such shares had been sold and the proceeds applied against amounts outstanding under the promissory note. The Company was not aware prior to such time that the shares had been transferred out of escrow.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

5. Income Taxes

The Company accounts for income taxes using the liability method. Deferred income tax assets and liabilities are determined based on differences between the financial statement and income tax basis of the respective assets and liabilities, using enacted tax rates in effect for the years when the differences are expected to reverse.

Borealis is taxed under Canadian tax laws at a rate of 26.5%. Borealis does not file a consolidated tax return. PGF, PGF RE I, and PGF RE II (the “United States subsidiaries”) are taxed as C corporations, with a statutory rate of 21%.

(Loss) income before income tax expense (benefit) for the years ended December 31, 2025 and 2024 is as follows

	2025	2024
U.S. Income (Loss) before Tax	\$ (11,997,676)	\$ (4,635,408)
Foreign Income (Loss) before Tax	(7,048,667)	(20,826,690)
Total Income (Loss) Before Taxes	\$ (19,046,343)	\$ (25,462,098)

Our income (loss) from continuing operations before income taxes is as follows

	2025	2024
Continuing Operations pre-tax book income	\$ (19,046,343)	\$ (25,462,098)
Discontinued Operations pre-tax book income	\$ -	\$ -

The components of income tax provision (benefit) for the years ended December 31, 2025 and 2024 were as follows:

	For the Years Ended December 31,	
	2025	2024
Current provision		
Federal	\$ -	\$ (832)
State	(13,987)	(14,116)
Foreign	-	43,540
Current benefit (provision) for income taxes	\$ (13,987)	\$ 28,592
Deferred provision		
Federal	\$ (2,021,580)	\$ (4,628,566)
State	(379,524)	(903,382)
Foreign	(1,750,184)	(891,677)
Valuation allowance for unrealizable net deferred tax assets	4,231,985	6,529,934
Deferred benefit/(provision) for income taxes	\$ 80,697	\$ 106,309
Total benefit/(provision) for income taxes	\$ 66,710	\$ 134,901

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The Company adopted ASU 2023-09 “Income Taxes (Topic 740): Improvements To Income Tax Disclosures” on a prospective basis beginning with the year ended December 31, 2025. The following table presents required disclosure pursuant to ASU 2023-09 and reconciles the U.S. federal statutory tax amount and rate to our actual global effective amount and rate for the year ended December 31, 2025:

	For the Year Ended December 31, 2025	
	Amount	Percent
U.S. federal statutory tax rate	\$ (3,999,732)	21.00%
State income taxes, net of federal income tax effect	\$ (391,090)	2.05%
Foreign tax effects	\$ -	0.00%
Canada	\$ -	0.00%
Statutory tax rate difference between Canada and United States	\$ (363,246)	1.91%
Stock Options	\$ 93,223	(0.49)%
Other Adjustments	\$ 59	0.00%
Changes in valuation allowance	\$ 1,750,184	(9.19)%
Changes in valuation allowance	\$ 2,481,801	(13.03)%
Nontaxable or nondeductible items	\$ -	0.00%
Impairment Loss	\$ 402,645	(2.11)%
Other Adjustments	\$ 3,494	(0.02)%
Deferred tax true-ups	\$ (44,048)	0.23%
Other adjustments	\$ -	0.00%
Other Effective tax rate - (Benefit)/provision	\$ -	0.00%
	<u>\$ (66,710)</u>	<u>0.35%</u>

The following table presents the required disclosures prior to the adoption of ASU 2023-09 and reconciles the U.S. federal statutory income tax rate to the actual global effective income tax rate for the year ended December 31, 2024:

	2024
	Amount
Federal tax expense	21.00%
State tax expense	3.23%
Statutory tax rate difference between Puerto Rico and United States	(27.81)%
Changes in valuation allowance	1.39%
Other	1.77%
Provision for income taxes	(0.42)%

Significant components of the Company’s deferred tax assets are as follows:

	As of December 31,	
	2025	2024
Deferred tax assets:		
Net operating losses carried forward	\$ 31,762,682	\$ 26,153,662
Other deferred tax assets	164,721	294,263
Total deferred tax assets	<u>\$ 31,927,403</u>	<u>\$ 26,447,925</u>
Deferred tax (liabilities):		
Property, plant and equipment	\$ (6,832,156)	\$ (5,663,837)
Total deferred tax (liabilities)	<u>(6,832,156)</u>	<u>(5,663,837)</u>
Valuation allowance	<u>(26,474,473)</u>	<u>(22,244,011)</u>
Net deferred tax assets/(liabilities)	<u>\$ (1,379,226)</u>	<u>\$ (1,459,923)</u>

As of December 31, 2025 and 2024, the Company had a net operating loss carryforward for federal income tax purposes of \$31,762,682 and \$26,153,662, respectively, all of which have indefinite carryforward periods. As of December 31, 2025 and 2024, the Company had a net operating loss carryforward for state income tax purposes of \$31,762,682 and \$26,153,662, respectively, which will begin to expire in 2039. The Company has foreign net operating loss carryforwards of \$4,343,723 and \$2,592,992 as of December 31, 2025 and 2024, respectively, which expire beginning in 2039.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Management has established a valuation allowance against the deferred tax assets as management does not believe it is more likely than not that these assets will be realized. The Company's valuation allowance decreased by approximately \$4,230,462 from 2024 to 2025.

The Company complies with the provisions of ASC 740-10 in accounting for its uncertain tax positions. ASC 740-10 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company has determined that the Company has no significant uncertain tax positions requiring recognition under ASC 740-10 and therefore has not included a tabular roll forward of unrecognized tax benefits. As there are no uncertain tax positions recognized, interest and penalties have not been accrued.

The Company is subject to income tax in the United States, South Carolina and Canada. The Company has not been audited by any federal, state or foreign tax authorities in connection with income taxes.

The Company's tax years December 31, 2019 through December 31, 2025 generally remain open to adjustment for all federal, state and foreign tax matters until its net operating loss and tax credit carryforwards are utilized or expire prior to utilization, and the applicable statutes of limitation have expired in the utilization year. The federal and state tax authorities can generally reduce a net operating loss (but not create taxable income) for a period outside the statute of limitations in order to determine the correct amount of net operating loss which may be allowed as a deduction against income for a period within the statute of limitations.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties, if incurred, as a component of income tax expense.

The Company adopted ASU 2023-09 on a prospective basis for the year ended December 31, 2025. The company made no state or foreign tax payments for the year ended December 31, 2025; therefore, no table is needed as a result of the adoption.

One Big Beautiful Bill

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"), which resulted in the extension of many provisions of the current tax law as well as other rule changes that could impact the Company's tax provision in 2025 or 2026. Examples of the new tax law include the following:

- Full expensing of U.S. research and development costs under Section 174A.
- Retroactive expensing of unamortized U.S. research and development costs capitalized between 2022 and 2024; either all in 2025, or over two years in 2025 and 2026.
- Return of the Section 163(j) taxable income base excluding the deductions for depreciation and amortization in 2025 (change from "Tax EBIT" to "Tax EBITDA").
- Decrease in the Section 250 deduction for Net CFC Tested Income (formerly GILTI) to 40% (from 50%) in 2026, instead of the scheduled decrease to 37.5% prior to the OBBBA.
- Decrease in the Section 250 deduction for foreign-derived income to 33.34% (from 37.5%) in 2026, instead of the scheduled decrease to 21.875% prior to the OBBBA.
- Increase in the foreign tax credit rate on Net CFC Tested Income (formerly GILTI) to 90% (from 80%), and a 10% disallowance on repatriation, in 2026.
- Removal of the allocation of interest expense and research and development expense to Net CFC Tested Income (formerly GILTI) in calculating the foreign tax credit limitation, effective in 2026.

The Company has determined the legislation will not have a material impact on the Company's financial statements.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

6. Contingencies

From time to time, the Company is involved in legal proceedings in the normal course of business. Management does not believe that the final resolution of any such legal proceedings will have a material effect on the consolidated financial position or results of operations of the Company.

7. Leases

The Company leases certain equipment from third-parties. The determination of whether an arrangement is a lease is made at the lease's inception. In accordance with US GAAP, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term, and lease obligations represent the Company's obligation to make lease payments over that term. ROU assets and lease obligations are recognized at the lease commencement date based on the present value of lease payments calculated using the implicit rate when it is readily determinable. In the absence of an implicit rate, management may use the Company's incremental borrowing rate based on the information available at lease commencement. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

ROU assets associated with operating leases recorded net of accumulated amortization were approximately \$158,000 and \$64,000 as of December 31, 2025 and December 31, 2024, respectively. ROU assets associated with finance leases recorded net of accumulated amortization of approximately \$754,000 and \$1,390,000 at December 31, 2025 and 2024, respectively, and are included with property, plant and equipment, net. The Company recognized interest expense on its lease obligations of approximately \$282,000 and \$417,000 during the years ended December 31, 2025 and 2024, respectively.

For the years ended December 31, 2025 and 2024, the Company recognized rent expense associated with leases as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost:		
Fixed rent expense	\$ 46,123	\$ 44,643
Finance lease cost:		
Amortization of ROU assets	636,034	636,034
Net lease cost	<u>\$ 682,157</u>	<u>\$ 680,677</u>
Lease cost - SG&A	\$ 46,123	\$ 44,643
Lease cost - Depreciation and Amortization	636,034	636,034
Net lease cost	<u>\$ 682,157</u>	<u>\$ 680,677</u>

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

ROU assets and lease liabilities consist of the following as of December 31, 2025 and 2024:

	2025	2024
Operating leases - ROU assets:		
Operating lease, ROU assets, gross	\$ 161,598	\$ 179,849
Accumulated amortization	(3,237)	(116,023)
Operating leases - ROU assets, net	<u>\$ 158,361</u>	<u>\$ 63,826</u>
Operating lease liabilities:		
Operating leases, current portion	\$ 39,982	\$ 55,116
Operating leases, non-current portion	118,528	12,015
Total operating lease liabilities	<u>\$ 158,510</u>	<u>\$ 67,131</u>
Finance leases, ROU assets:		
Property and equipment, gross	\$ 3,180,169	\$ 3,180,169
Accumulated depreciation	(2,425,725)	(1,789,691)
Finance leases, ROU assets, net	<u>\$ 754,444</u>	<u>\$ 1,390,478</u>
Finance lease liabilities:		
Finance leases payable, current portion	\$ 642,474	\$ 538,845
Finance leases payable, non-current portion	489,461	1,143,829
Total finance lease liabilities:	<u>\$ 1,131,935</u>	<u>\$ 1,682,674</u>

Future minimum payments due under operating and finance leases as of December 31, 2025 consisted of the following:

Years Ending December 31,	Operating Leases	Finance Leases
2026	\$ 54,051	\$ 776,818
2027	54,795	519,093
2028	55,751	-
2029	<u>23,484</u>	<u>-</u>
Total	188,081	1,295,911
Less: effect of discounting	<u>(29,571)</u>	<u>(163,976)</u>
Lease liability recognized	<u>\$ 158,510</u>	<u>\$ 1,131,935</u>

As of December 31, 2025 the weighted average remaining lease term and weighted average discount rate for operating leases was 3.4 years and 10.00%, respectively.

As of December 31, 2024 the weighted average remaining lease term and weighted average discount rate for operating leases was 1.41 years and 10.00%, respectively.

As of December 31, 2025 the weighted average remaining lease term and weighted average discount rate for finance leases was 1.67 years and 19.04%, respectively.

As of December 31, 2024 the weighted average remaining lease term and weighted average discount rate for finance leases was 2.64 years and 18.89%, respectively.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

8. Warrants

The following represents a summary of warrants outstanding and exercisable on December 31, 2025:

Description	Issue Date	Classification Exercise	Price	Expiration Date	Outstanding Shares	Exercisable Shares
Private Placement Warrants	9/13/2021	Equity	\$ 11.50	2/7/2029	9,300,000	9,300,000
Public Warrants	9/13/2021	Equity	\$ 11.50	2/7/2029	17,250,000	17,250,000
Private Placement Warrants	6/13/2025	Equity	\$ 5.00	7/18/2027	100,000	100,000
Private Placement Warrants	11/19/2025	Equity	\$ 2.50	11/19/2028	250,000	250,000
					<u>26,900,000</u>	<u>26,900,000</u>

Following the closing of the Reverse Recapitalization, Borealis has the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of Common Shares equals or exceeds \$18.00 per share (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like) for any 20 days within a 30 trading day period commencing once the warrants become exercisable and ending on the third trading day prior to the date on which Borealis Foods Inc. gives proper notice of such redemption and provided certain other conditions are met.

The public warrants are identical to the 2021 private placement warrants in material terms and provisions, except the private placement warrants were not transferable, assignable or salable until 30 days after the completion of the Reverse Recapitalization.

9. Equity Based Compensation

Stock Option Plan

During 2022, the Company created a stock option plan (the “**Plan**”) that provides for the granting of options to certain employees for the purchase of the Company’s class D common shares. The Plan provides for the grant of stock options for eligible employees as determined by the Board of Directors and does not guarantee employment rights. During the years ended December 31, 2025 and 2024 the Company granted options to purchase 0 and 333,574 shares, respectively, of the Company’s common shares at an exercise price of \$0.0001 per share. The weighted-average grant date fair values of options granted was \$0.60 per share. The fair values of the stock-based awards granted were calculated with the following assumptions:

Risk-free interest rate	3.81%
Expected term (years)	5-10
Expected volatility	80.00%
Dividend yield	0.00%

For the years ended December 31, 2025 and 2024, the Company recorded approximately \$0 and \$1,273,000, respectively, of employee stock-based compensation expense. On February 7, 2024, as a result of the Reverse Recapitalization (Note 1), 4,000,000 stock options were exercised and converted at an exchange ratio of 0.0661 into 264,400 shares of Newco Class A common stock. This stock option plan was closed upon the business combination and a new equity incentive plan was approved and implemented as of February 7, 2024.

Stock option activity for the years ended December 31, 2025 and 2024 is summarized as follows:

	Shares	Weighted Average Exercise Price	Weighted Remaining Contractual Life(Years)
Options outstanding at December 31, 2023	3,666,426	\$ 0.0001	8.10
Granted	333,574	0.0001	8.10
Exercised	(4,000,000)	0.0001	—
Expired or forfeited	—	—	—
Options outstanding at December 31, 2024	—	—	—
Granted	—	—	—
Exercised	—	—	—
Expired or forfeited	—	—	—
Options outstanding at December 31, 2025	—	—	—

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Restricted Stock

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	—	—
Granted	16,954	5.83
Vested	—	—
Forfeited	—	—
Outstanding at December 31, 2024	16,954	5.83
Granted	120,000	3.21
Vested	(124,454)	3.57
Forfeited	—	—
Outstanding at December 31, 2025	12,500	3.21

Stock compensation expense related to restricted stock units (“RSUs”) was approximately \$444,000 and \$0 for the years ended December 31, 2025 and 2024, respectively.

RSUs represent the right to receive one common share of the Company or the cash equivalent of one common share upon vesting, subject to the terms and conditions of the Company’s Equity Incentive Plan and the applicable award agreement. Vesting is generally subject to continued service and any other conditions established by the Compensation Committee.

The Company’s Equity Incentive Plan, adopted on February 7, 2024, provides for the grant of stock options, RSUs, performance share units (PSUs), deferred share units (DSUs) and stock appreciation rights (SARs) to directors, officers, employees and consultants. The purpose of the plan is to attract, retain and incentivize eligible participants and align their interests with those of shareholders through equity-based compensation.

10. Earnings per share

Basic earnings or loss per share is based on the weighted average number of common shares outstanding for the period. For the purposes of calculating diluted earnings per share, the number of shares outstanding has been adjusted for the dilutive effects of warrants.

	For Years Ended	
	December 31, 2025	December 31, 2024
Basic (loss) per share calculation		
Net (loss) available to common shareholders	\$ (18,978,618)	\$ (25,327,198)
Weighted average common shares outstanding (basic)	21,428,650	20,309,934
Basic (loss) per share from net loss	\$ (0.89)	\$ (1.25)
Diluted (loss) per share calculation		
Net (loss) available to common shareholders	\$ (18,978,618)	\$ (25,327,198)
Weighted average common shares outstanding (basic)	21,428,650	20,309,934
Warrants	—	—
Weighted average common shares outstanding (diluted)	21,428,650	20,309,934
Diluted (loss) per share from net loss *	\$ (0.89)	\$ (1.25)

* In periods where the Company has incurred a net loss, diluted earnings per share is based on the number of common shares issued and outstanding as including the effects of warrants would be anti-dilutive.

11. Segment Reporting

The Company has a single reportable segment focused around sale of similar products. This reportable segment derives revenues from the manufacture and sale of high quality, affordable and nutritious ready to eat meals.

The Company identifies its operating segments in accordance with ASC 280, Segment Reporting. An operating segment is a component of an entity (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

Borealis Foods Inc. and Subsidiaries
Notes to Consolidated Financial Statements

The Company's CODM is the Chief Executive Officer. The CODM reviews revenue by geographic region as the primary basis for resource allocation and performance assessment. Discrete revenue information is available for each region; however, operating expenses, assets, liabilities, and capital expenditures are not allocated to individual regions for internal reporting purposes and are managed on a consolidated basis. Accordingly, the Company is treated as a single reportable segment under ASC 280-10-50-1 for purposes of full segment disclosure.

Revenue by Geographic Region

The following table presents gross revenue disaggregated by geographic region for the years ended December 31, 2025 and 2024, respectively. Regions correspond to the sales territories through which the Company distributes its products in the United States, Canada, and international markets.

	Year ended December 31	
	2025	2024
Southeast	\$ 10,695,000	\$ 11,933,000
Midwest	9,446,000	4,307,000
Southwest	3,400,000	2,731,000
Northeast	2,441,000	1,547,000
Mountain	2,186,000	1,422,000
Pacific	1,839,000	5,109,000
International	1,469,000	2,051,000
Total Gross Revenue	\$ 31,476,000	\$ 29,100,000

12. Subsequent Events

The Company evaluated events and transactions occurring after December 31, 2025 through May 29, 2026, the date these consolidated financial statements were available to be issued, for subsequent events requiring recognition or disclosure.

On November 13, 2025, the Company received a notice from its senior lender, FrontWell Capital Partners Inc. ("FrontWell"), asserting the occurrence of Default under the credit agreement dated August 10, 2023 (as amended, the "FrontWell Credit Agreement"). On March 27, 2026, the Company, together with its subsidiaries Palmetto Gourmet Foods, Inc., PGF Real Estate I, Inc., and PGF Real Estate II, Inc. (collectively, the "Forbearance Parties"), entered into a Forbearance and Amendment Agreement with FrontWell (the "Forbearance Agreement"), pursuant to which FrontWell agreed to forbear from exercising its rights and remedies with respect to specified defaults under the FrontWell Credit Agreement through April 27, 2026, subject to compliance with certain conditions, including the retention of a Chief Restructuring Officer.

On April 27, 2026, the Company's subsidiaries, Palmetto Gourmet Foods, Inc., PGF Real Estate I, Inc., and PGF Real Estate II, Inc. (collectively, the "Borrowers"), entered into a Credit Agreement (the "Oxus Credit Agreement") with Oxus Capital PTE Ltd. ("Oxus Capital"), a major shareholder of the Company, as lender. Borealis Foods Inc., Borealis IP Inc., and Palmetto Gourmet Foods (Canada) Inc. are party to the Oxus Credit Agreement as guarantors. The Oxus Credit Agreement provides for a term loan facility in an amount of up to \$17,000,000 (the "Term Loan"), the proceeds of which were used to repay in full and discharge all outstanding obligations under the FrontWell Credit Agreement and to pay associated transaction fees and expenses. The Term Loan bears interest at 12% per annum and matures on April 27, 2031. Principal is repayable in 48 consecutive monthly installments calculated on a straight-line basis over the amortization period, commencing on the first payment date. Interest payments commence on May 1, 2027; provided that Oxus Capital has the option, at its sole election, to convert all interest accrued during the first year of the loan into common equity of the Company in lieu of cash payment. The Term Loan is secured by a first-priority lien on substantially all assets of the Borrowers, including mortgages on the Company's manufacturing facility and distribution center located in Saluda, South Carolina. In connection with the Oxus Credit Agreement, Oxus Capital is entitled to appoint two members to the Company's Board of Directors. Additionally, Oxus Capital and the Company entered into a Subscription Agreement pursuant to which the Company is obligated to raise not less than \$70,000,000 in additional equity from investors acceptable to Oxus Capital at a price of not less than \$9.00 per share on or before June 30, 2026; in the event such equity financing is not consummated by such date, the Subscription Agreement provides for the conversion of outstanding convertible notes held by Oxus Capital into equity interests of the Company. The Oxus Credit Agreement constitutes a related party transaction as Oxus Capital is a major shareholder of the Company.

Between January 1, 2026 and May 29, 2026, the Company received additional unsecured advances from the Chairman of the Board of Directors and Chief Executive Officer in the amounts of \$2,050,000 and \$282,500, respectively. In addition, the Chief Executive Officer deferred approximately \$208,000 in compensation during this same period.



Carr, Riggs & Ingram, L.L.C.

3300 PGA Boulevard

Suite 700

Palm Beach Gardens, FL 33410

561.427.0300

561.427.0301 (fax)

CRIadv.com

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-281912) of Borealis Foods Inc. of our report dated June 1, 2026 on the consolidated financial statements of Borealis Foods Inc. as of December 31, 2025 and for the year then ended, which report is included herein in the Form 10-K/A of Borealis Foods Inc. for the year ended December 31, 2025.

/s/ Carr, Riggs & Ingram, L.L.C.

Palm Beach Gardens, FL

September 30, 2026

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements (No. 333-281912) on Form S-8 of Borealis Foods Inc. of our audit report dated April 15, 2025, which included an explanatory paragraph as to the entity's ability to continue as a going concern, with respect to the consolidated balance sheet of Borealis Foods Inc. as of December 31, 2024, the related consolidated statements of operations, shareholders' deficit, and cash flows for the year ended December 31, 2024, and the related notes, before the effects of the retrospective adjustments described in Notes 1, 5 and 11, all of which have been subjected to audit procedures by the successor auditor whose report appears in the year ended December 31, 2025 annual report on Form 10-K/A ("Amendment No. 2") of Borealis Foods Inc.

/s/ Berkowitz Pollack Brant Advisors + CPAs

Miami, Florida
September 30, 2026

MIAMI | FT. LAUDERDALE | BOCA RATON | WEST PALM BEACH | NEW YORK CITY

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Reza Soltanzadeh, certify that:

1. I have reviewed this Amendment No. 2 on Form 10-K/A of Borealis Foods Inc. for the fiscal year ended December 31, 2025 (this “report”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 30, 2026

/s/ Reza Soltanzadeh

Reza Soltanzadeh
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen Wegrzyn, certify that:

1. I have reviewed this Amendment No. 2 on Form 10-K/A of Borealis Foods Inc. for the fiscal year ended December 31, 2025 (this “report”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 30, 2026

/s/ Stephen Wegrzyn

Stephen Wegrzyn
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Amendment No. 2 of Borealis Foods Inc. (the “Company”) on Form 10-K/A for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer of the Company hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 30, 2026

/s/ Reza Soltanzadeh

Reza Soltanzadeh
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Amendment No. 2 of Borealis Foods Inc. (the “Company”) on Form 10-K/A for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer of the Company hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 30, 2026

/s/ Stephen Wegrzyn

Stephen Wegrzyn
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.