

MARCH 31, 2025

NORTHX CLIMATE TECH

Financial Statements

Northx

NorthX Climate Tech Contents

For the year ended March 31, 2025

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Management's Responsibility

To the Board of NorthX Climate Tech:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

July 23, 2025

e-Signed by Sarah Goodman

2025-07-23 10:40:02:02 PDT

Chief Executive Officer

To the Board of NorthX Climate Tech:

Opinion

We have audited the financial statements of NorthX Climate Tech (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelowna, British Columbia
July 23, 2025

MNP LLP
Chartered Professional Accountants

NorthX Climate Tech

Statement of Financial Position

As at March 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents (Note 3)	19,695,797	13,015,895
Accounts receivable (Note 4)	2,573,176	2,227,465
Marketable securities (Note 5)	14,000,000	21,250,000
Prepaid expenses	158,859	16,794
	36,427,832	36,510,154
Capital assets (Note 6)	98,754	143,036
Intangible assets (Note 7)	-	125,846
	36,526,586	36,779,036
Liabilities		
Current		
Accounts payable and accruals	1,924,584	358,415
Deferred contributions (Note 8)	110,227	132,821
	2,034,811	491,236
Commitments (Note 10) (Note 11)		
Subsequent events (Note 11)		
Net Assets		
Invested in capital and intangible assets	98,754	268,882
Unrestricted	34,393,021	36,018,918
	34,491,775	36,287,800
	36,526,586	36,779,036
Approved on behalf of the Board		
e-Signed by Alan Winter 2025-07-23 10:38:08:08 PDT	e-Signed by Susan Koch 2025-07-23 11:02:27:27 PDT	
Director	Director	

The accompanying notes are an integral part of these financial statements

NorthX Climate Tech
Statement of Operations
For the year ended March 31, 2025

	2025	2024
Revenue		
Membership fees (Note 9)	8,000,000	4,000,000
Grant revenue (Note 9)	4,704,806	3,476,821
Interest income	1,542,643	1,785,891
Other revenue	20,357	-
	14,267,806	9,262,712
Project expenses (Note 11)	13,416,870	7,773,673
Excess of revenue over project expenses	850,936	1,489,039
Expenses		
Industry research and eco-system support	800,546	656,193
Salaries and benefits	492,469	245,309
Rent	274,075	265,058
Marketing and communications expenses	211,416	238,569
Professional fees	211,054	187,689
Contracted services	185,772	275,917
Travel	80,972	108,518
Board remuneration	70,261	33,975
Consulting	42,820	201,249
Licenses and subscriptions	39,183	35,067
Utilities	19,517	19,598
Office supplies expenses	19,479	20,689
Board expenses	13,867	22,269
Insurance	7,681	6,678
Bank charges and interest	1,304	863
Amortization	50,699	65,758
	2,521,115	2,383,399
Deficiency of revenue over expenses before other items	(1,670,179)	(894,360)
Other items		
Write-off of intangible assets (Note 7)	(125,846)	-
Deficiency of revenue over expenses	(1,796,025)	(894,360)

The accompanying notes are an integral part of these financial statements

NorthX Climate Tech
Statement of Changes in Net Assets
For the year ended March 31, 2025

	<i>Invested in capital and intangible assets</i>	<i>Unrestricted</i>	2025	<i>2024</i>
Net assets, beginning of year	268,882	36,018,918	36,287,800	37,182,160
Deficiency of revenue over expenses	-	(1,796,025)	(1,796,025)	(894,360)
Additions of capital assets	6,417	(6,417)	-	-
Amortization of capital assets	(50,699)	50,699	-	-
Write-off of intangible assets	(125,846)	125,846	-	-
Net assets, end of year	98,754	34,393,021	34,491,775	36,287,800

The accompanying notes are an integral part of these financial statements

NorthX Climate Tech
Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Cash receipts from grants and memberships	11,725,570	6,646,607
Cash receipts from interest income	2,173,931	1,640,864
Cash paid for program service expenses	(14,093,011)	(9,876,653)
Cash paid for salaries and benefits	(368,867)	(189,295)
Cash paid for bank charges and interest	(1,304)	(863)
	(563,681)	(1,779,340)
Investing		
Purchase of capital assets	(6,417)	(21,137)
Redemptions (purchases) of marketable securities, net	7,250,000	(7,750,000)
	7,243,583	(7,771,137)
Increase (decrease) in cash resources	6,679,902	(9,550,477)
Cash resources, beginning of year	13,015,895	22,566,372
Cash resources, end of year	19,695,797	13,015,895

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

NorthX Climate Tech (formerly BC Centre for Innovation and Clean Energy) (the "Organization") was incorporated on October 21, 2021 under the authority of the Canada Not-for-profit Corporations Act and is registered as a not-for-profit organization and thus is exempt from income taxes under Section 149(1)(e) of the Income Tax Act ("The Act"). The Organization changed its name to NorthX Climate Tech on March 24, 2025.

The Organization was established to support the decarbonization of the energy systems and services in British Columbia by working closely with key stakeholders including industry, government, academia and innovators to accelerate the scale up and commercialization of low carbon technologies. The Organization will facilitate the development, demonstration, and rapid scale up of energy technologies and business solutions that can materially impact greenhouse gas emissions, providing strategic funding and partner linkages to enable those energy technologies and solutions to reach commercial sustainability.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include cash and marketable securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	3 years
Furniture and fixtures	5 years

Intangible asset

Specified intangible assets are recognized and reported apart from goodwill.

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of intangible assets over their estimated useful lives.

	Rate
Website and brand development	8 years

When intangible assets no longer contribute to the Organization's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible assets is less than their net carrying amount, their carrying amount is written down to fair value.

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of capital assets and intangible assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency of revenues over expenses in the years in which they become known.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated or issued in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenues over expenses in the year the reversal occurs.

3. Cash and cash equivalents

	2025	2024
Cash	2,695,797	515,895
Royal Bank of Canada guaranteed investment certificates, with interest rates between 3.40% - 3.76% (2024 - 4.98% - 5.80%) and maturity dates ranging from April - June 2025	17,000,000	12,500,000
	19,695,797	13,015,895

4. Accounts receivable

	2025	2024
Accrued interest	299,157	930,445
Grant receivable	2,229,019	1,297,020
Sponsorships receivable	45,000	-
	2,573,176	2,227,465

5. Marketable securities

	2025	2024
Royal Bank of Canada guaranteed investment certificates, with interest rates between 2.93% - 3.02% (2024 - 5.38% - 5.80%) and maturity dates ranging from August 2025 - January 2026	14,000,000	21,250,000

NorthX Climate Tech
Notes to the Financial Statements
For the year ended March 31, 2025

6. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer equipment	98,962	82,446	16,516	36,252
Furniture and fixtures	143,027	60,789	82,238	106,784
	241,989	143,235	98,754	143,036

Amortization of \$50,699 (2024 – \$44,057), related to capital assets, is included in current year deficiency of revenue over expenses.

7. Intangible assets

	2025	2024
Website and brand development	-	125,846

Amortization of \$nil (2024 – \$21,701), related to intangible assets with definite lives, is included in current year deficiency of revenue over expenses.

During the year, \$125,846 (2024 - \$nil) of intangible assets were written-off as a result of the Organization's name change and re-branding (Note 1).

8. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted and sponsorship revenues relating to events that are yet to occur. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made or performance obligations are satisfied. Changes in the deferred contribution balance are as follows:

	2025	2024
Balance, beginning of year	132,821	271,085
Amounts received	85,000	-
Less: Amount recognized as revenue	(107,594)	(138,264)
Balance, end of year	110,227	132,821

9. Membership fees and grant revenue

Membership fees are received from the Province of British Columbia and Shell Canada Energy ("Shell") through Contribution Agreements in their capacity as members of the Organization.

The Province of British Columbia Contribution Agreement was executed on October 21, 2021 and included a one-time contribution of \$35,000,000 that was received in fiscal 2022.

9. Membership fees and grant revenue *(Continued from previous page)*

The Shell Contribution Agreement was executed on October 21, 2021 with \$35,000,000 to be contributed over a 5 year period commencing in fiscal 2022. Included in membership fees is \$8,000,000 (2024 - \$4,000,000) received under this agreement. The remaining funding is to be contributed as follows:

2026	\$18,000,000
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Included in grant revenue is \$4,597,212 (2024 - \$3,338,557) received from the Minister of Natural Resources of Canada ("NRCan") under a non-member Contribution Agreement executed on December 22, 2022. Under the agreement, NRCan will provide up to \$35M in non-refundable grant funding to the Organization in quarterly instalments through to March 31, 2029. NRCan retains a 10% holdback for each payment which will be released to the Organization upon completion of the term and approval of a final report. The amount withheld during the year was \$513,126 (2024 - \$330,431).

10. Rent commitment

The Organization occupies leased premises expiring November 30, 2030. Minimum annual payments, excluding operating costs, are as follows:

2026	150,443
2027	142,215
2028	145,741
2029	149,267
2030	152,793
2031	103,429

11. Funding commitments

During the year, contribution agreements for funding provided by the Organization were executed for 32 (2024 - 25) projects. As at March 31, 2025, the Organization has commenced or completed funding for 17 (2024 - 18) of these approved projects. Total committed funds for executed projects is the difference between the total funding approved for executed contribution agreements and project expenses incurred to date. A summary of these amounts is outlined as follows:

	2025	2024
Opening balance of committed funds	14,667,355	3,412,346
Total funds for executed projects approved or adjusted during the year	20,250,248	19,100,493
Project expenses incurred during the year	(11,463,290)	(6,356,376)
Cancelled commitments	(906,972)	(1,489,108)
Total committed funds for executed projects - end of year	22,547,341	14,667,355

Included in project expenses on the Statement of Operations is \$1,704,909 (2024 - \$1,234,423) of salaries and benefits expense and \$248,671 (2024 - \$182,874) of due diligence expense that is directly related to the execution and monitoring of funding commitments.

Funds allocated to the executed contribution agreements are subject to the Organization's review and approval prior to disbursement to ensure full compliance with the terms of the contribution agreement. The actual financial commitment could therefore differ materially from \$22,547,341, but will not exceed that amount. Sufficient funds are held in cash and marketable securities as at March 31, 2025 to ensure service of these commitments, approved projects and other initiated commitments.

Subsequent to year end, the Organization committed \$433,746 for one additional project.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate price risk with respect to marketable securities which are subject to fixed interest rates ranging from 2.93% - 3.76% (2024 - 4.98% - 5.80%). The Organization is exposed to interest rate cash flow risk with respect to one marketable security that is prime-linked with a current rate of 2.95%.

13. Economic dependence

During the year, 56% (2024 - 43%) of the Organization's revenue is received from Shell while 32% (36%) is received from NRCan. The loss of this funding would have a material adverse impact on the Organization's future operations, funding commitments and financial position.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.