



OSTROM CLIMATE SOLUTIONS INC.

(formerly Naturebank Asset Management Inc.)

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

For the nine and three months ended September 2023 and 2022

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The Company’s external auditors, Davidson & Company LLP, have not performed a review of these condensed consolidated interim financial statements.

Ostrom Climate Solutions Inc.

Condensed Consolidated Interim Statements of Financial Position

At September 30, 2023 and December 31, 2022

(Expressed in Canadian dollars)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash		\$ 506,798	\$ 977,910
Accounts and other receivables	3	975,843	203,100
Inventory	4	847,978	689,238
Contract development costs	5	314,413	253,906
Prepaid expenses	6	172,662	150,546
Deposit	7	51,250	51,250
Total Current Assets		2,868,944	2,325,950
Property and equipment		26,654	24,346
Total Long-term Assets		26,654	24,346
Total Assets		\$ 2,895,598	\$ 2,350,296
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 903,422	\$ 591,059
Provisions		269,712	249,212
Deferred revenue		2,562,613	1,366,981
Convertible debentures	9	539,302	509,456
Loan payable	11	125,936	120,000
Total Current Liabilities		4,400,985	2,836,708
Provisions		50,772	71,272
Convertible Debentures	9	285,973	297,345
Long-term Liabilities		336,745	368,617
Total Liabilities		\$ 4,737,730	\$ 3,205,325
Shareholders' Deficiency			
Share capital		15,914,267	15,914,267
Reserves		2,838,622	2,838,622
Equity component of convertible debenture		161,299	161,299
Deficit		(20,756,320)	(19,769,217)
Total Shareholders' Deficiency		(1,842,132)	(855,029)
Total Liabilities and Shareholders' Deficiency		\$ 2,895,598	\$ 2,350,296

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

Approved on behalf of the Board:

"Phil Cull"

Phil Cull, Director

"Paula Achilles"

Paula Achilles, Interim CFO

Ostrom Climate Solutions Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Note	September 30, 2023	September 30, 2022
Revenue	13	\$ 2,041,643	\$ 2,304,985
Cost of goods sold		958,333	1,123,110
Gross profit		1,083,310	1,181,875
Operating Expenses			
Amortization		9,765	10,365
Amortization of right-of-use asset		-	-
Consulting fees		96,011	82,441
Foreign exchange		(20,383)	(24,572)
Professional, investor and agent fees		171,545	195,861
Salaries, management fees and benefits		1,495,451	1,074,579
Selling, general and administrative		240,150	249,836
Total operating expenses		1,992,539	1,588,510
		(909,229)	(406,635)
Finance costs	9, 11	(62,841)	(56,258)
Interest expense		(40,827)	(33,688)
Interest income		1,894	53
Other income		23,900	23,627
		(77,874)	(66,266)
Net loss for the period		\$ (987,103)	\$ (472,901)
Net loss per share, basic and diluted		\$ (0.013)	\$ (0.012)
Weighted average number of shares outstanding		78,235,171	61,752,679

Ostrom Climate Solutions Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Note	September 30, 2023	September 30, 2022
Revenue	13	\$ 1,314,302	\$ 1,139,014
Cost of goods sold		547,458	440,840
Gross profit		766,844	698,174
Operating Expenses			
Amortization		3,728	3,715
Amortization of right-of-use asset		-	-
Consulting fees		19,121	9,901
Foreign exchange		(29,655)	(23,395)
Professional, investor and agent fees		105,117	37,016
Salaries, management fees and benefits		518,421	368,764
Selling, general and administrative		70,424	96,523
Total operating expenses		687,156	492,524
		79,688	205,650
Finance costs	9, 11	(20,800)	(21,106)
Interest expense		(11,276)	(10,682)
Interest income		541	-
Interest on lease liability		-	-
Other income		8,900	7,500
		(22,635)	(24,288)
Net Income (loss) for the period		\$ 57,053	\$ 181,362
Net Income (loss) per share, basic and diluted		\$ 0.001	\$ 0.002
Weighted average number of shares outstanding		78,235,171	78,235,171

Ostrom Climate Solutions Inc.

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Share Capital		Share-based payment re- serve	Equity component of debentures	Deficit	Total
	Number	Amount				
Balance at December 31, 2021	61,752,679	14,836,687	2,838,622	97,420	(19,278,866)	(1,506,137)
Private placement	15,383,460	999,925	-			999,925
Shares issuance cost	-	(4,772)				(4,772)
Shares issued for settlement of debentures	1,099,032	82,427				82,427
Equity component of debentures	-	-	-	63,879		63,879
Loss for the period	-	-	-	-	(472,901)	(472,901)
Balance at September 30, 2022	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (19,751,767)	\$ (832,807)
Shared-based compensation	-	-	-	-	-	-
Equity component of debentures	-	-	-	-	-	-
Loss for the period	-	-	-	-	(17,450)	(17,450)
Balance at December, 2022	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (19,769,217)	\$ (855,029)
Shared-based compensation	-	-	-	-	-	-
Equity component of debentures	-	-	-	-	-	-
Loss for the period	-	-	-	-	(987,103)	(987,103)
Balance at September, 2023	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (20,756,320)	\$ (1,842,132)

Ostrom Climate Solutions Inc.

Condensed Consolidated Interim Statements of Cash Flow

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used in) continuing operating activities:		
Income (loss) for the period	\$ (987,103)	\$ (472,901)
Items not involving cash:		
Amortization	9,765	10,365
Amortization of right-of-use asset		-
Finance costs on convertible debentures	62,841	37,324
Gain on disposal of equipment		-
Interest expense	40,827	41,872
Interest free benefit on government loan		-
Changes in non-cash operating working capital:		
Accounts and other receivables	(772,743)	(451,577)
Inventory	(158,740)	(624,354)
Contract development costs	(60,507)	(155,343)
Prepaid expenses and deposits	(22,116)	(32,560)
Deposit	-	(11,500)
Accounts payable and accrued liabilities	254,249	(896,039)
Deferred Revenue	1,195,632	490,333
Loan payable	-	-
Net cash flows provided by (used in) operating activities	(437,895)	(2,064,380)
Investing activities		
Acquisition of property and equipment	(12,073)	(8,367)
Proceeds from sale of property and equipment	-	-
Net cash provided by (used in) investing activities	(12,073)	(8,367)
Financing activities		
Interest paid on convertible debentures	(21,144)	(33,387)
Interest paid on provisions	-	-
Issuance of shares to settle debt	-	1,082,352
Proceeds from Government loan (CEBA)	-	-
Proceeds from convertible debenture	-	-
Repayment of convertible debt	-	-
Net cash provided by financing activities	(21,144)	1,048,965
Net increase (decrease) in cash	(471,112)	(1,023,782)
Cash, beginning of period	977,910	1,786,729
Cash, end of period	\$ 506,798	\$ 762,947

Supplemental disclosures and non-cash transactions relating to financing and investing activities:

	September 30, 2023	September 30, 2022
Accrued interest on convertible debt	\$ 35,283.33	\$ 6,759

1. Nature and Continuance of Operations

Ostrom Climate Solutions Inc. (former NatureBank Asset Management Inc.) (the “Company”) was incorporated on July 6, 2005 under the Business Corporations Act (BC). The Company was classified as a Capital Pool Company and completed an initial public offering and commenced trading on the TSX Venture Exchange (“TSX-V”) on April 25, 2006.

The Company’s head office, principal address, and registered and records office is located at Unit 300-948 Homer Street, Vancouver, British Columbia, V6B 2W7, Canada.

The Company’s primary business is the sourcing, financing, development, and commercialization of sustainable commodities across the agro-forestry and carbon sectors.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business and continue operations for the next twelve months.

The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company has negative working capital at September 30, 2023 and may require additional funding and/or profitable operations for the upcoming year. Material uncertainties related to the Company’s ability to secure additional funding or deliver profitable operations may cast significant doubt on the entity’s ability to continue as a going concern. Realizable values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. General Information and Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared on a basis consistent with the accounting policies applied for the year ending December 31, 2022 and follow the same accounting policies and methods of application as the 2020 annual consolidated financial statements. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected notes are included that are significant to understanding the Company’s financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements were approved by the Board of Directors on November 29, 2023.

At September 30, 2023, the Company had a working capital deficiency (current assets less current liabilities) of \$1,532,041 (December 31, 2022 - \$510,758). For the period ended September 30, 2023, the Company incurred a loss of \$987,103 (September 30, 2022 - \$472,901) and the cash used by operating activities was \$437,895 (December 31, 2022 – 1,639,991).

Ostrom Climate Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months and nine months ended September 30, 202 and 2022

(Expressed in Canadian dollars)

3. Accounts and Other Receivables

	September 30, 2023	December 31, 2022
Trades receivables	\$ 854,477	\$ 183,942
Sales tax receivable	-	-
Other receivables	121,366	19,158
Total	\$ 975,843	\$ 203,100

4. Inventory

	September 30, 2023	December 31, 2022
Work-in-Process		
Project development costs	\$ 152,431	\$ 78,984
Finished Goods		
VERs	695,547	610,254
Total	\$ 847,978	\$ 689,238

5. Contract Development Costs

During the nine months ended September 30, 2023, the Company entered new consulting services contracts and continued working on project deliverables from prior year contracts. As at September 30, 2023, the Company capitalized \$314,413 (2022 - \$253,906) in costs related to these contracts.

6. Prepaid Expenses

	September 30, 2023	December 31, 2022
Prepaid operating expenses	\$ 73,803	\$ 51,686
Prepaid VER purchases	98,860	98,860
Advances	-	-
	\$ 172,662	\$ 150,546

7. Deposits

	September 30, 2023	December 31, 2022
Credit card collateral	\$ 28,750	\$ 28,750
Lease	22,500	22,500
	\$ 51,250	\$ 51,250

Ostrom Climate Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months and nine months ended September 30, 202 and 2022

(Expressed in Canadian dollars)

8. Accounts payable and accrued liabilities

	September 30, 2023	December 31, 2022
Trade payables	\$ 473,962	\$ 234,639
Accrued liabilities	325,582	337,980
Sales tax payable	103,877	18,440
Total	\$ 903,422	\$ 591,059

9. Debentures

	Debenture B	Debenture D	Debenture E	Debenture F	Debenture G	Debenture H	Total
Balance, December 31, 2022	\$ 111,575	\$ 50,000	\$ 125,000	\$ 50,000	\$ 246,563	\$ 223,663	\$ 806,801
Principal repayment	-	-	-	-	-	-	-
Debenture issuance	-	-	-	-	-	-	-
Accretion	-	-	-	-	-	18,474	18,474
Balance, September 30, 2022	\$ 111,575	\$ 50,000	\$ 125,000	\$ 50,000	\$ 246,563	\$ 242,137	\$ 825,275

During the nine months and three months ended September 30, 2023, the Company recorded finance costs of \$62,842 and \$20,800 respectively (Sept 2022: \$56,258 and \$21,106), which includes accretion of \$18,474 and accrued interest of \$44,368.

On March 12, 2022, a payment of \$253,822 was made to the Debenture C holder, of which \$250,000 was for principal and \$3,822 for accrued interest.

On April 1, 2022 the Company entered into a convertible debenture agreement (“Debenture G”) for \$250,000 with Guy o’Loughnane, a director of the Company. Repayment of the debenture is scheduled in five equal tranches. The first tranche is payable twelve months from the issuance date, second tranche eighteen months, third tranche twenty-four months, fourth & fifth tranches thirty months from the date hereof. Debenture G bears interest of 10% per annum, simple interest payable monthly, and can be converted at any time within five years from the issuance date at a conversion price of Cad\$ 0.125. There is a four month hold on any conversions into listed shares from the date of the issuance of the Debenture.

Debenture G is a compound financial instrument. At the date of issuance \$24,703 was attributed to the equity component and \$225,297 to the liability component. This was calculated using an effective interest rate of 15%. The present value of Debenture G at September 30, 2023 is \$246,563.

On June 15, 2022 the Company entered into a convertible debenture agreement (“Debenture H”) for \$280,000 with WBZ GmbH, the company from Germany whose owner is a director of the Company. Repayment of the debenture is scheduled sixty months from the date hereof. Debenture H bears interest of 5% per annum, simple interest payable monthly, and can be converted at any time within five years from the issuance date at a conversion price of Cad\$ 0.125. There is a four month hold on any conversions into listed shares from the date of the issuance of the Debenture.

Debenture H is a compound financial instrument. At the date of issuance \$62,678 was attributed to the equity component and \$217,322 to the liability component. This was calculated using an effective interest rate of 10%. The present value of Debenture H at September 30, 2023 is \$242,137.

10. Share Capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued

On February 28, 2022, the Company announced a non-brokered private placement offering of 15,383,460 units at a per unit price of \$0.065. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant. Each warrant entitling the purchase of one common share at a per share price of \$0.085 for 60 months from the date of issuance of the securities.

Share Options

The Company has a “rolling” stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options, subject to receipt of annual shareholder approval. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX-V, and the options may be granted for a maximum term of five years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense of the vesting period of the options. Options shall be granted as fully vested, unless a vesting schedule is imposed by the Board, then such options will vest in stages over at least a one-year period and no more than 25% every three months.

Share Options

The following table summarizes the continuity of the Company’s share options at June 30, 2022:

	Number of options	Weighted Average exercise price
Outstanding, December 31, 2022	1,200,000	\$ 0.10
Forfeited or expired	-	0.10
Outstanding, September 30, 2023	1,200,000	\$ 0.10

11. Loan Payable

Canadian Emergency Business Account (“CEBA”)

On February 9, 2021, the Company received additional \$40,000 of CEBA loans which are interest-free loans to cover operating costs, which was offered in the context of the Covid-19 pandemic outbreak. Repaying the balance of the loan on or before December 31, 2022, will result in a loan forgiveness of \$20,000. On December 31, 2022, the Corporation had the option to extend the loan for another 3 years with 5% interest rate. "Pursuant to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 Financial Instruments: the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA loans at \$33,118, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. The Company calculated the fair value of the loan benefit to be \$6,882 and recognized this amount as other income on the statement of income. Balance at September 31, 2023 of \$125,936 includes accrued interest of \$34,299.

12. Related Party Transactions and Balances

The remuneration of directors and key management personnel during the nine and three months ended September 30, 2023 and 2022 are as follows:

Nine months Ended September 30	2023	2022
Salaries and benefits	\$ 209,231	\$ 222,945

Three months Ended September 30	2023	2022
Salaries and benefits	\$ 104,329	\$ 74,009

Amounts due to/from related parties at September 30, 2023 and December 31, 2022 included in accounts & other receivables, accounts payable and accrued liabilities are as follows:

	September 30, 2023	December 31, 2022
Due from related parties	\$ -	83
Due to related parties	290,553	288,333
Accrued debenture interest due to related party	35,284	14,185

During the nine months ended September 30, 2023, the Company recognized other income of \$23,900 (2022 – \$22,500) from sub-leasing office space to a company who has one director in common.

Ostrom Climate Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months and nine months ended September 30, 202 and 2022

(Expressed in Canadian dollars)

Included in convertible debentures at September 30, 2023 is accrued interest of \$31,088 (December 2022 – \$9,907) due to a company who has two directors in common and is a significant shareholder of the Company.

Included in accounts payables and accrued liabilities at September 30, 2023 is \$243,112 (December 2022 – \$243,112) due to a director of the Company. Additionally, included in convertible debentures is accrued interest of \$4,196 (December 2022 - \$4,277).

Included in accounts payables and accrued liabilities at September 30, 2023 is \$29,769 (December 2022 – \$25,300) due to a director of the Company.

13. Revenues

Nine Months Ended September 30	2023		2022	
Sale of VERs	\$	1,184,153	\$	1,241,835
Consulting		857,490		1,063,149
Total	\$	2,041,643	\$	2,304,985

Three months Ended September 30	2023		2022	
Sale of VERs	\$	762,295	\$	569,797
Consulting		552,007		569,217
Total	\$	1,314,302	\$	1,139,014

14. Segmented Information

The Company has one reportable segment, operating in Canada and United States, being that of the development and sale of VERs and consulting services.

Revenues

Nine months Ended September 30	2023		2022	
Canada	\$	1,633,315	\$	1,952,859
USA		408,148		352,126
Europe		-		-
Other		-		-
Total	\$	2,041,643	\$	2,304,985

Three months Ended September 30	2023		2022	
Canada	\$	978,708	\$	994,446
USA		335,141		144,568
Europe		-		-
Other		-		-

Ostrom Climate Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months and nine months ended September 30, 202 and 2022

(Expressed in Canadian dollars)

Total	\$	1,314,302	\$	1,139,014
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The Company had concentrated revenues as follows:

Nine months Ended September 30	2023	2022
Customer A	46%	13%
Customer B	8%	12%
Customer C	10%	8%
Other	36%	67%
	100%	100%

Three months Ended September 30	2023	2022
Customer A	46%	15%
Customer B	8%	12%
Customer C	10%	12%
Other	36%	61%
	100%	100%

The Company's customers contributing to the concentrated revenues are not comparative balances from year to year.

15. Subsequent events

On November 6th, 2023, the Company completed a non-brokered private placement offering for gross proceeds of \$1,250,000 (the "Offering") consisting of 18,115,942 common shares at a per share price of \$0.069. The proceeds raised from the Offering will be used by the Company for general corporate purposes.

At the same day Alexander Zang and Eduard Weber-Bemnet have resigned as directors of the Company. Navdeep Dhaliwal, Tejinder Virk and Christopher Morris have been appointed to the board of directors and Navdeep Dhaliwal has been appointed as Chairman of the board of directors of the Company.