



**Pioneering Technology Corp.**

**Unaudited Condensed Interim Financial Statements**

For the three months ended June 30, 2024 and 2023

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying condensed interim financial statements of Pioneering Technology Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these condensed interim financial statements.

*"Kevin Callahan"*

**Kevin Callahan**  
**CEO**

August 29, 2024

	Note	June 30, 2024	September 30, 2023
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		\$ 343,361	\$ 752,591
Trade and other receivables	6	647,723	402,697
Inventories	7	1,493,683	1,812,950
Prepaid expenses and deposits		54,194	158,989
Current portion of lease receivable	13	137,744	129,660
		<b>2,676,705</b>	<b>3,256,887</b>
Property and equipment	8	569,577	614,173
Patents and intangibles	9	228,558	219,290
Lease receivable	13	498,872	603,120
<b>TOTAL ASSETS</b>		<b>\$ 3,973,712</b>	<b>\$ 4,693,470</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	11	\$ 700,665	\$ 632,475
Current portion of lease obligation	12	221,841	206,687
		<b>922,507</b>	<b>839,162</b>
Long-term lease obligation	12	757,815	925,956
<b>TOTAL LIABILITIES</b>		<b>\$ 1,680,322</b>	<b>\$ 1,765,118</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common share capital	14 (a)	\$ 17,974,857	\$ 17,974,857
Preferred shares	14 (a)	1	1
Contributed surplus	14 (c)	541,029	513,875
Accumulated other comprehensive loss		(128,606)	(141,998)
Deficit		(16,093,890)	(15,418,383)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,293,391</b>	<b>2,928,352</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>\$ 3,973,712</b>	<b>\$ 4,693,470</b>

Commitments and contingencies 16

Approved by:

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Director

\_\_\_\_\_  
Director

**Pioneering Technology Corp.**

Condensed Interim Statements of Loss and Comprehensive Loss

For three months ended March 31, 2024 and March 31, 2023

(Unaudited)

Expressed in Canadian Dollars

		Nine-Months Ended	Nine-Months Ended	End of Quarter	End of Quarter
	Note	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
				\$	\$
<b>REVENUE</b>		\$ 2,067,475	\$ 2,189,050	\$ 890,214	\$ 1,012,406
<b>COST OF GOODS SOLD</b>		<b>1,043,372</b>	1,133,477	<b>504,453</b>	502,705
<b>GROSS PROFIT</b>		<b>1,024,103</b>	1,055,573	<b>385,761</b>	509,701
<b>EXPENSES</b>					
Sales and marketing	14 (c)	776,931	540,684	245,376	230,869
Administration	14 (c), 12	683,120	430,709	209,041	207,734
Warehousing, distribution and warranty costs		48,915	61,012	19,677	19,631
Foreign exchange loss (gain)		(37,614)	30,449	(34,264)	31,340
Research and development costs	14 (c)	89,252	83,462	28,113	27,372
Depreciation of property and equipment	8	108,986	154,879	36,398	54,578
Amortization of patents and intangibles	9	4,567	6,524	1,522	2,175
<b>TOTAL EXPENSES</b>		<b>1,674,157</b>	1,307,719	<b>505,863</b>	573,699
<b>OPERATING LOSS</b>		<b>(650,054)</b>	(252,146)	<b>(120,102)</b>	(63,998)
Gain on derecognition of lease	8	9,472	-	-	-
Interest expenses	12	(57,078)	(60,216)	(17,962)	(19,329)
Stock-based compensation expense	14 (c)	(27,155)	(113,863)	(4,043)	(113,863)
Interest income	13	32,974	-	10,467	-
<b>LOSS BEFORE INCOME TAXES</b>		<b>(691,841)</b>	(426,225)	<b>(131,640)</b>	(197,190)
Income tax expense (recovery)	15	-	-	-	-
<b>LOSS FOR THE PERIOD</b>		<b>\$ (691,841)</b>	\$ (426,225)	<b>\$ (131,640)</b>	\$ (197,190)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Currency translation differences		39,198	(77,344)	25,806	(18,310)
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (652,643)</b>	\$ (503,569)	<b>\$ (105,834)</b>	\$ (215,500)
Comprehensive loss per share - basic and diluted		<b>\$ (0.01)</b>	\$ (0.01)	<b>\$ (0.00)</b>	\$ (0.00)
Weighted average number of common shares outstanding					
Outstanding - basic and diluted		56,041,746	56,041,746	56,041,746	56,041,746

**Pioneering Technology Corp.**

Condensed Interim Statements of Changes in Equity

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited)

Expressed in Canadian Dollars

	Note	Common Shares		Preferred Shares		Contributed	Accumulated		Total	
		Number	Amount	Number	Amount	Surplus	other comprehensive loss	Deficit	Equity	
<b>Balance, October 1, 2023</b>		<b>56,041,746</b>	<b>\$ 17,974,857</b>	<b>20,533,133</b>	<b>\$</b>	<b>1</b>	<b>\$ 513,875</b>	<b>\$ (141,998)</b>	<b>\$ (15,427,855)</b>	<b>\$ 2,918,880</b>
Stock-based compensation expense	14	-	-	-	-	27,155	-	-	-	27,155
Comprehensive (loss) income for the period		-	-	-	-	-	13,392	(666,035)	(652,643)	
<b>Balance, June 30, 2024</b>		<b>56,041,746</b>	<b>\$ 17,974,857</b>	<b>20,533,133</b>	<b>\$</b>	<b>1</b>	<b>\$ 541,029</b>	<b>\$ (128,606)</b>	<b>\$ (16,093,890)</b>	<b>\$ 2,293,391</b>

	Note	Common Shares		Preferred Shares		Contributed	Accumulated		Total	
		Number	Amount	Number	Amount	Surplus	other comprehensive loss	Deficit	Equity	
<b>Balance, October 1, 2022</b>		<b>56,041,746</b>	<b>\$ 17,974,857</b>	<b>20,533,133</b>	<b>\$</b>	<b>1</b>	<b>\$ 436,914</b>	<b>\$ (193,618)</b>	<b>\$ (14,746,574)</b>	<b>\$ 3,471,580</b>
Stock-based compensation expense	14	-	-	-	-	-	-	-	-	-
Comprehensive (loss) income for the period		-	-	-	-	-	(59,034)	(222,451)	(281,485)	
<b>Balance, June 30, 2023</b>		<b>56,041,746</b>	<b>\$ 17,974,857</b>	<b>20,533,133</b>	<b>\$</b>	<b>1</b>	<b>\$ 436,914</b>	<b>\$ (252,652)</b>	<b>\$ (14,969,025)</b>	<b>\$ 3,190,095</b>

**Pioneering Technology Corp.**
**Condensed Interim Statements of Cash Flows**

For the three months ended March 31, 2024 and March 31, 2023

(Unaudited)

Expressed in Canadian Dollars

	<u>Nine-Months Ended</u> <u>June 30, 2024</u>	<u>Nine-Months Ended</u> <u>June 30, 2023</u>	<u>End of Quarter</u> <u>June 30, 2024</u>	<u>End of Quarter</u> <u>June 30, 2023</u>
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (691,841)	\$ (426,225)	\$ (131,640)	\$ (197,190)
<b>Items not affecting cash</b>				
Depreciation of property and equipment	8 108,986	154,879	36,398	54,578
Amortization of patents and intangibles	9 4,567	6,524	1,522	2,175
Interest expense on lease obligation	12 54,040	57,782	17,701	18,966
Gain on derecognition of lease	8 9,472	-	-	-
Unrealized foreign exchange loss (gain)	17,728	(32,964)	2,159	(9,000)
Stock-based compensation expense	14 (c) 27,155	113,863	4,043	113,863
	<u>(479,365)</u>	<u>(126,141)</u>	<u>(69,817)</u>	<u>(16,608)</u>
Change in non-cash working capital balances				
Trade and other receivables	(245,026)	13,296	(348,548)	(63,329)
Inventories	319,267	369,163	187,394	(934)
Prepaid expenses and deposits	104,795	(29,717)	16,038	141,234
Trade payables and accrued liabilities	68,190	(88,579)	101,592	172,524
	<u>(232,138)</u>	<u>138,022</u>	<u>(113,342)</u>	<u>232,887</u>
<b>INVESTING ACTIVITIES</b>				
Lease receivable	13 96,164	(141,858)	32,957	(1,575)
Purchase of property and equipment	8 (1,500)	27,750	-	-
	<u>94,664</u>	<u>(114,108)</u>	<u>32,957</u>	<u>(1,575)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of long-term lease obligation	12 (152,987)	(67,993)	(117,419)	(22,963)
	<u>(152,987)</u>	<u>(67,993)</u>	<u>(117,419)</u>	<u>(22,963)</u>
<b>NET CHANGE IN CASH IN THE PERIOD</b>	<b>(290,462)</b>	<b>(44,079)</b>	<b>(197,804)</b>	<b>208,349</b>
Foreign currency movement in cash balances	(109,296)	(29,217)	32,383	7,247
<b>CASH - BEGINNING OF PERIOD</b>	<b>752,591</b>	<b>889,729</b>	<b>508,782</b>	<b>600,837</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 352,833</b>	<b>\$ 816,433</b>	<b>\$ 343,361</b>	<b>\$ 816,433</b>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Interest paid	\$ 57,078	\$ 60,216	\$ 17,962	\$ 19,329

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements  
For the three months ended March 31, 2024 and 2023  
(Unaudited)  
(Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS**

Pioneering Technology Corp. (“Pioneering” or the “Company”) is incorporated under the laws of Ontario, Canada and is an energy smart technology and consumer products company focused on developing advanced thermo-based technology solutions for opportunities that exist to improve the safety and/or energy efficiency of some of the most common household products and appliances.

Pioneering is a public company listed on the Toronto Venture Stock Exchange (TSX-V: PTE). The Company’s principal place of business is located at 13-2785 Skymark Ave. in Mississauga, ON L4W 4Y3. The Company’s website is [www.pioneeringtech.com](http://www.pioneeringtech.com).

**2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY**

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

**2.1 Statement of compliance**

These financial statements, including comparative balances for the period ended June 30, 2024, have been prepared in accordance with and using policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements were approved and authorized by the Board of Directors of the Company on August 29, 2024.

**2.2 Functional currency**

The Company’s functional currency is U.S. dollars based on the primary economic environment in which the Company operates. The Company’s presentation currency is Canadian dollars which is different from its functional currency due to the listing on the TSX-V and presentation of financial statements in Canadian dollars is considered to be beneficial for current and potential shareholders in Canada.

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited)

*(Expressed in Canadian Dollars)*

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those for the year ended September 30, 2023.

**Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are outlined below. Actual results may differ from those estimates.

The following are management's key estimates and judgements:

- Going concern – judgement is required in assessing whether events or conditions represent the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, including the estimation of future cash flows.
- Inventory valuation – inventories are valued at the lower of cost, using FIFO, and net realizable value, which requires the Company to utilize estimates related to future sell-through of units and costs necessary to sell the inventory. The Company records a write-down to reflect management's best estimate of the net realizable value of inventory based on the above factors;
- Trade receivable valuation – expected credit losses associated with accounts receivable require management to assess certain forward looking and macroeconomic factors to determine whether there is a significant increase in credit risk as well as the expected provision on the balance outstanding as at period-end (refer to note 6);
- Functional currency – judgment is required in determining the Company's functional currency based on the economic environment in which it primarily generates and expends cash;
- Stock-based compensation – the amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is used to estimate the fair value of stock options at the date of grant based on estimates of assumptions for share price, expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options (refer to note 14);
- Determination of variable consideration – judgment is exercised in estimating variable consideration which is determined having regard to past experience with respect to the product returned to the Company where the customer maintains a right of return pursuant to the customer contract or where the product has a variable component. Revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved;
- Recovery of deferred income tax assets – assessing whether the realization of tax losses against future taxable income is probable (refer to note 15);
- Discount rate of lease liability – the lease liability is measured at the present value of expected lease payments and discounted using the interest rate implicit in the lease, unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment (refer to note 12);
- Discount rate of lease receivable – lease receivable is measured at the present value of lease payments and discounted using the rate implicit in the sub-lease, unless this is not readily available, in which case

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

the Company uses the discount rate that it uses for the head lease, adjusted for any initial direct costs associated with the sub-lease.

- Term of lease liability – judgement is required in assessing whether the company will exercise options to extend a lease agreement. The company determines whether it is reasonably certain to exercise an option to extend the lease at the commencement date. The company reassesses whether it is reasonably certain to exercise an option to extend the lease when a significant event or a significant change in circumstance occurs that is within the control of the company and affects whether it is reasonably certain to exercise those options.
- Warranties – significant judgements and assumptions may be involved in the determination of future obligations associated with product sales recognized in the current period. Additionally, management has assessed that all warranties associated with products sold are “assurance-type” warranties, as defined within IFRS 15, and therefore, recognized and measured in accordance with IAS 37, Provisions, contingent liabilities and contingent assets;
- Useful lives of assets – significant estimates are involved in the determination of the useful lives of property and equipment and patents and intangible assets to determine their expected depreciation and amortization rates.

#### **Revenue recognition**

Revenue is derived primarily from the sales of product, the Company's only performance obligation, which is comprised of fire safety cooking equipment. Revenue is measured at the transaction price agreed to under the contract and excludes any amounts collected on behalf of third parties. The Company allocates the transaction price to the performance obligation in the contract which is the product sold. The transaction price is adjusted for variable consideration such as allowance for returns, early payment discounts and rebates based on volume shipped to the customer. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

For performance obligations satisfied at a point in time, revenue is recognized when the Company has a present right to payment, the buyer has legal title to the asset, physical possession of the asset has transferred to the buyer, the buyer has the significant risks and rewards of ownership and the buyer has accepted the asset. Generally, the buyer obtains control at the time goods are shipped, the product is delivered or services are rendered.

#### **Lease liabilities**

Pioneering recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. Subsequent to initial application, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. In comparison, the lease liability is increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Pioneering has applied judgment to determine the lease term for lease contracts in which it is a lessee that includes renewal options. The assessment of whether Pioneering is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and do not contain a purchase option, and for leases of low-value assets. These types of leases are not recognized on the Company's statement of financial position and payments to lessors are recorded in the statement of loss and comprehensive loss on a straight-line basis over the term of the lease.

#### **Lease receivable**

When Pioneering acts as a sub-lessor, it determines at the lease inception whether each lease is a financing or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers indicators such as whether the sublease is for the major of the head lease. At inception of the sub-lease, the company assesses whether the sublease constitutes a significant change in circumstance triggering a reassessment of the term for the head lease.

The Company accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of the sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

At the commencement date of the sub-lease, if the Company is unable to readily determine the rate implicit in the sub-lease, then it uses the discount rate that it uses for the head lease, adjusted for any initial direct costs associated with the sub-lease, to account for the sub-lease.

Subsequently, the Company applies the derecognition and impairment requirements under IFRS 9 to the net investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

#### **Stock-based compensation**

The fair value of all stock options granted to employees (including directors and senior executives) is determined using the Black-Scholes option pricing model and incorporates a number of assumptions. The resulting value is charged to operations over the vesting period of the underlying options. A corresponding increase in contributed surplus is recorded when employee stock options are expensed.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements  
For the three months ended March 31, 2024 and 2023  
(Unaudited)  
(Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless the fair value of the goods or services received cannot be estimated reliably. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

For stock-based compensation with non-vesting conditions, the grant date fair value of the stock-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. When a stock option is exercised, share capital is recorded at the sum of the proceeds received plus the amount previously recorded in contributed surplus relating to the options exercised.

**Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. The cost is comprised of the purchase price plus the direct costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. A provision for obsolescence is calculated based on historical experience and management's sales expectations.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a declining balance basis based on the following rates:

Computer hardware and software	45%
Equipment, small tools and molds	30%
Fixtures and fittings	30%
Automobiles	30%
Leasehold improvements	Straight-line over the initial term of the lease

Residual value and estimated useful lives are reviewed at least annually.

**Research and development costs**

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Internally developed intangibles assets are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangibles is the sum of the expenditure incurred from the date when the intangibles first meets the recognition criteria listed above. Where no internally generated intangibles can be recognized, development costs are recognized in profit or loss in the period in which it is incurred.

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements  
For the three months ended March 31, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Subsequent to initial recognition, internally generated intangibles are reported at cost less accumulated depreciation and accumulated impairment losses, on the same basis as intangibles that are acquired separately.

**Patents and intangibles**

Costs directly related to the acquisition of patents and intangibles are capitalized and then amortized over their estimated useful life on a declining balance basis based on the following rates:

Safe-T-Sensor	30%
Trademarks	30%
Patents	30%
Website	30%

**Impairment***Property and equipment and intangible assets with a finite useful life*

Property and equipment and intangible assets with a finite life are assessed for indications of impairment at the end of each reporting period. If such indications exist, then the recoverable amount of the cash generating unit ("CGU") is compared to the carrying value of the CGU. An impairment loss is recognized when the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in operations for the period in which they are identified. Intangible assets not yet available for use are tested for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every period. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

**Current income tax**

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the date of the statement of financial position.

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred income tax**

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or to realize the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share ("EPS") for its common shares. Basic EPS is calculated by dividing earnings by the weighted average number of common shares outstanding during the period. The diluted income (loss) / earnings per share reflect the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

**Financial instruments**

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at FVTPL are recognized immediately in the statements of loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Financial assets are classified as amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

**Impairment of financial assets**

As the Company's financial assets are substantially made up of trade receivables, the Company has opted to use the simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses ("ECL"). The simplified approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECLs at all times. Lifetime ECL represents the ECL that would result from all possible default events over the expected life of a financial instrument. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Specifically but not all inclusive, the forecast factors include forward looking information by way of trended loss patterns in industries and customer geographies, forecasting adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the customer's ability to meet its debt obligation, and predicting significant deterioration in the operating results of the customer.

**Fair value hierarchy**

All financial assets and liabilities are initially recognized at fair value. In subsequent periods, financial assets and liabilities which are held for trading are recorded at fair value with gains and losses recognized in income; financial assets which are available for sale are recorded at fair value with gains and losses recognized (net of applicable taxes) in other comprehensive income (loss). Financial instruments require disclosure about inputs to fair value measurements within the fair value measurement hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

**Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at fair value through profit or loss ("FVTPL"). Gains and losses arising from foreign exchange are included in the statement of loss and comprehensive loss.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Assets and liabilities are translated into the Company's presentation currency using the exchange rates at the reporting date. The revenues and expenses are translated using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the accumulated other comprehensive loss in equity.

#### **Government assistance**

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under income-related government grants are reported in the statement of loss and comprehensive loss as a reduction of the expense to which they relate.

### **4. CAPITAL MANAGEMENT**

The Company defines capital as total shareholders' equity and long-term debt excluding other long-term liabilities. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and to bring new products to market. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new opportunities and seek to acquire an interest in growth situations if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2024.

### **5. FINANCIAL INSTRUMENTS**

Financial instruments, by classification, comprise the following:

	Fair value hierarchy	June 30, 2024	September 30, 2023
<b>Financial assets</b>			
Amortized cost			
Cash	\$	<b>343,361</b>	\$ 752,591
Trade and other receivables		<b>647,723</b>	402,697
<b>Financial liabilities</b>			
Amortized cost			
Trade payables and accrued liabilities		<b>705,665</b>	632,475

A summary of the Company's risk exposures as it relates to financial instruments is reflected below:

#### **Credit risk**

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily from trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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**5. FINANCIAL INSTRUMENTS (CONT'D)**

Credit risk relates to cash and trade and other receivables and arises from the possibility that any counterparty to an instrument fails to perform. The Company has a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. All of the Company's customers are located in either Canada or the United States. When available, the Company reviews credit bureau ratings, bank accounts and financial information for each new customer. As at June 30, 2024 and 2023, the Company's maximum exposure to credit risk was the carrying value of cash and trade and other receivables.

*Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes a representative estimate of expected credit losses using the simplified approach.

The Company's trade receivables are concentrated among customers in the distribution and retail industry. As at June 30, 2024, one (2023 – three) customer accounted for greater than 10% of the Company's trade receivable balance. In total, this customer accounted for 17% of the Company's trade receivable balance as at June 30, 2024 (2023 – 74%).

*Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Company's treasury function in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

**Liquidity risk**

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. The Company is growing and in order to meet its short and longer-term working capital requirements, the Company will attempt, if necessary, to secure further financing to ensure that those obligations are properly discharged.

Operationally, the Company manages its liquidity by continuously monitoring forecasted and actual gross profit, expenses, and cash flows from operations.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk). Market risks material to Pioneering include the following:

**Foreign currency risk**

The Company is exposed to foreign currency risk on its Canadian dollar (CAD) denominated transactions and balances.

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**5. FINANCIAL INSTRUMENTS (CONT'D)**

At present the Company has no plans in place to hedge its foreign exchange exposures. As the Company has expenditures and sales in both USD and CAD, the Company realizes the benefit of a partial natural hedge against this risk. The Company's CAD monetary balances consist of the following:

	June 30, 2024	September 30, 2023
Cash	\$ 32,258	\$ 59,879
Accounts receivable	338,662	116,567
Trade payables and accrued liabilities	313,872	366,911

A sensitivity analysis is presented below on its exposure to foreign currency risk on the CAD.

**Interest rate risk**

The Company is exposed to interest rate risk arising from fluctuations in the bank's prime rate related to its bank indebtedness. With all other factors held constant, a 1% fluctuation in the bank's prime rate would not have a significant impact on the Company's earnings.

**Sensitivity analysis – foreign exchange risk**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one-year period. The Company's operating activities are substantially denominated in both Canadian and US dollars. The Company's funds are kept in CAD and USD with a major Canadian financial institution.

The table below summarizes the effects on foreign exchange gains and losses as a result of a 10% change in the value of the foreign currencies where the Company has significant exposure. The analysis assumes that other variables remain constant.

	Income effect of a 10% increase in foreign exchange rates on translation of CAD monetary balances	Income effect of a 10% loss in foreign exchange rates on translation of CAD monetary balances
CAD	-	5,705

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**6. TRADE AND OTHER RECEIVABLES**

The Company's trade and other receivables are from trade receivables and customer sales, government grants, and Harmonized Services Tax ("HST") receivable due from government taxing authorities. The Company held no collateral for any receivable amounts outstanding as at June 30, 2024. The following comprises trade and other receivables:

	<b>June 30, 2024</b>	September 30, 2023
HST recoverable (payable)	\$ 26,298	\$ 4,014
Trade accounts receivable, net of allowance	<b>621,425</b>	398,683
	<b>\$ 647,723</b>	\$ 402,697

Trade receivables greater than 30 days are considered past due. An aging analysis of the trade receivables is as follows:

	<b>June 30, 2024</b>	September 30, 2023
Less than 1 month	<b>524,126</b>	\$ 255,338
31 - 60 days	<b>79,040</b>	49,630
61 - 90 days	<b>18,451</b>	7,444
Over 90 days	<b>4,808</b>	91,271
Total trade accounts receivable	<b>626,425</b>	403,683
Less: Allowance for doubtful accounts	<b>5,000</b>	5,000
Net trade accounts receivable	<b>\$ 621,425</b>	\$ 398,683

**7. INVENTORIES**

Inventories are comprised of the following:

	<b>June 30, 2024</b>	September 30, 2023
Finished goods	\$ 1,493,683	\$ 1,812,950
	<b>\$ 1,493,683</b>	\$ 1,812,950

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**8. PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

<b>Cost</b>	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use assets	Total
October 1, 2022	88,113	445,979	80,741	36,432	368,534	1,798,703	2,818,502
Additions	2,184	6,846	-	-	12,007	447,576	468,613
Derecognition	-	-	-	-	-	(1,737,946)	(1,737,946)
Disposals	-	-	-	-	-	-	-
Net currency translation	(1,231)	(6,048)	(1,102)	(302)	(6,554)	(52,324)	(67,561)
October 1, 2023	89,066	446,777	79,639	36,130	373,987	456,009	1,481,608
Additions	1,500	-	-	-	-	-	1,500
Derecognition	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Net currency translation	1,090	5,518	984	446	4,620	5,632	18,290
<b>June 30, 2024</b>	<b>\$ 91,656</b>	<b>\$ 452,295</b>	<b>\$ 80,623</b>	<b>\$ 36,576</b>	<b>\$ 378,607</b>	<b>\$ 461,641</b>	<b>\$ 1,501,398</b>

<b>Accumulated Depreciation</b>	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use assets	Total
October 1, 2022	83,605	388,911	64,493	20,705	184,486	390,080	1,132,280
Depreciation	2,962	18,903	4,796	4,889	37,115	87,653	156,318
Derecognition	-	-	-	-	-	(398,366)	(398,366)
Disposals	-	-	-	-	-	-	-
Net currency translation	(1,133)	(5,257)	(867)	(270)	(2,421)	(12,849)	(22,797)
October 1, 2023	85,434	402,557	68,422	25,324	219,180	66,518	867,435
Depreciation	1,593	9,670	2,439	2,390	26,852	66,042	108,986
Disposals	-	-	-	-	-	-	-
Net currency translation	(418)	(3,140)	(937)	(875)	(10,300)	(28,930)	(44,600)
<b>June 30, 2024</b>	<b>\$ 86,609</b>	<b>\$ 409,087</b>	<b>\$ 69,924</b>	<b>\$ 26,839</b>	<b>\$ 235,732</b>	<b>\$ 103,630</b>	<b>\$ 931,821</b>

<b>Net book value</b>	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use Assets	Total
October 1, 2022	\$ 4,508	\$ 57,068	\$ 16,248	\$ 15,727	\$ 184,048	\$ 1,408,623	\$ 1,686,222
October 1, 2023	\$ 3,632	\$ 44,220	\$ 11,217	\$ 10,806	\$ 154,807	\$ 389,491	\$ 614,173
<b>June 30, 2024</b>	<b>\$ 5,047</b>	<b>\$ 43,208</b>	<b>\$ 10,699</b>	<b>\$ 9,737</b>	<b>\$ 142,874</b>	<b>\$ 358,011</b>	<b>\$ 569,577</b>

During the year ended September 30, 2023 the Company entered into a sub-lease agreement for their previous head office. As a result, the right-of-use asset was transferred to a lease receivable and the corresponding realtor fees associated with the sub-lease were capitalized as part of the lease receivable.

Additionally, this sublease agreement resulted in the Company determining that it would not be extending its lease of the previous location when the current lease expires on July 31, 2028. Accordingly, the right-of-use asset was re-evaluated resulting in a gain of \$9,472 (2023 – \$nil), and net book value of the right-of-use asset at the end of the year ended September 30, 2023 was \$nil (2023 – \$1,408,623). The adjustment, as a result of the re-evaluation was a decrease in the lease liability of \$659,028.

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**9. PATENTS AND INTANGIBLES**

Patents and intangible assets are comprised of the following:

<b>Cost</b>	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2022	71,164	201,065	46,508	48,760	62,010	429,507
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Net currency translation	(971)	(2,743)	(634)	(665)	(846)	(5,859)
October 1, 2023	70,193	198,322	45,874	48,095	61,164	423,648
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Net currency translation	867	2,450	566	595	754	5,232
<b>June 30, 2024</b>	<b>\$ 71,060</b>	<b>\$ 200,772</b>	<b>\$ 46,440</b>	<b>\$ 48,690</b>	<b>\$ 61,918</b>	<b>\$ 428,880</b>

<b>Accumulated amortization</b>	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2022	71,164	-	35,621	46,889	44,400	198,074
Amortization	-	-	3,107	526	5,066	8,699
Disposals	-	-	-	-	-	-
Net currency translation	(971)	-	(371)	(612)	(461)	(2,415)
October 1, 2023	70,193	-	38,357	46,803	49,005	204,358
Amortization	-	-	1,631	276	2,661	4,568
Disposals	-	-	-	-	-	-
Net currency translation	867	-	(2,589)	(2,903)	(3,979)	(8,604)
<b>June 30, 2024</b>	<b>\$ 71,060</b>	<b>\$ -</b>	<b>\$ 37,399</b>	<b>\$ 44,175</b>	<b>\$ 47,687</b>	<b>\$ 200,322</b>

<b>Net book value</b>	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2022	\$ -	\$ 186,895	\$ 14,457	\$ 2,484	\$ 23,388	\$ 227,224
October 1, 2023	\$ -	\$ 198,322	\$ 7,517	\$ 1,292	\$ 12,159	\$ 219,290
<b>June 30, 2024</b>	<b>\$ -</b>	<b>\$ 200,772</b>	<b>\$ 9,041</b>	<b>\$ 4,514</b>	<b>\$ 14,231</b>	<b>\$ 228,558</b>

**10. BANK INDEBTEDNESS**

The company has a \$250,000 (2023 - \$500,000) revolving demand facility with a Canadian chartered bank bearing interest at the lender's prime rate plus 2% per annum. The Company has provided a general security to the lender over its personal property. No amounts have been drawn on the facility at June 30, 2024 (2023 - \$Nil).

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**11. TRADE PAYABLES AND ACCRUED LIABILITIES**

Trade payables and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to products sold and for amounts relating to operating activities. The following comprises trade payables and accrued liabilities:

	June 30, 2024	September 30, 2023
Trade payables	\$ 462,649	\$ 320,996
Other accrued liabilities	238,016	311,479
	<b>\$ 700,665</b>	<b>\$ 632,475</b>

The standard maturity terms of the Company's trade payables are 30 to 60 days.

**12. LEASE OBLIGATIONS**

	June 30, 2024	September 30, 2023
Property and office space lease bearing interest at an estimated rate of 6.5% (2022- 5.2%). The lease extends through fiscal 2028	\$ 643,730	\$ 739,463
Property and office space lease bearing interest at an estimated rate of 6.5%. The lease extends through fiscal 2028	\$ 335,926	\$ 393,180
	<b>979,656</b>	1,132,643
Less: current portion	(221,841)	(206,687)
	<b>\$ 757,815</b>	<b>\$ 925,956</b>

Included in interest expense is \$54,040 (2023 - \$57,782) of interest expense on lease obligations. Total cash outflows relating to leases consist of payments in the amount of \$203,764 (2023 - \$67,993). Included in administration expense is \$4,275 (2023 - \$8,270) relating to variable lease payments not included in the measurement of lease liabilities.

The lease is secured by the underlying asset. Future minimum lease payments for the next five years and thereafter are as follows:

2024	\$ 69,025
2025	280,633
2026	288,629
2027	296,996
2028	170,429
	<b>\$ 1,105,712</b>
Less: imputed interest	126,056
	<b>\$ 979,656</b>

During the year ended September 30, 2023 the Company entered into a new lease agreement at its new location, namely 13-2785 Skymark Ave. in Mississauga, ON. The original right-of-use asset was \$447,576 and the original lease liability was \$430,067.

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**12. LEASE OBLIGATIONS (CONT'D)**

As part of entering into the new lease agreement, the Company entered into an agreement to sublet its previous location, namely 7-2400 Skymark Ave in Mississauga. The inception of the sub-lease resulted in a lease receivable as described in note 13. It also resulted in a reassessment of the original lease, and it was determined it is no longer reasonably certain the Company will exercise its option to extend the lease at the end of its expiry in 2028.

**13. LEASE RECEIVABLE**

	June 30, 2024	September 30, 2023
Property and office lease bearing interest at an estimated rate of 4.25%. The lease extends through fiscal 2028	\$ 636,616	\$ 732,780
Less: current portion	(137,744)	(129,660)
	<b>\$ 498,872</b>	<b>\$ 603,120</b>

Included in interest income is \$32,974 (2023 - \$25,484) related to the lease receivable. Total cash inflows relating to the lease receivable consist of receipts in the amount of \$129,138 (2023 - \$70,955). Cash outflows related to the lease were \$nil (2023 - \$113,912) related to brokerage fees.

The lease is secured by the underlying asset. Future minimum lease payments for the next five years and thereafter are as follows:

2024	\$ 43,425
2025	176,030
2026	179,590
2027	183,180
2028	139,816
	<b>\$ 722,042</b>
Less: imputed interest	85,426
	<b>\$ 636,616</b>

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**14. SHARE CAPITAL**
**a) Authorized**

Unlimited number of voting common shares and non-voting series 1 preferred shares that are issuable in series. The series 1 preferred shares can be redeemed, at the sole discretion of the Company, upon payment to the holder of \$0.06 per preferred share (a maximum aggregate redemption price of \$1,231,988) and are not entitled to dividends. The statement of changes in equity details the number and value of the common shares and series 1 preferred shares outstanding as at the reporting date.

**b) Stock option plan**

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the underlying directors' resolution approving the issuance and have a maximum life of five years. The plan allows for the issuance of up to 11,208,349 (2023 - 11,208,349) common shares of the Company.

At June 30, 2024, the Company had 8,083,349 (September 30, 2023 – 8,083,349) stock options available for issuance.

**c) Contributed surplus**

Contributed surplus is comprised of the following:

	June 30, 2024		September 30, 2023	
Stock options	\$	541,029	\$	436,914
	\$	541,029	\$	436,914

Stock option activity for the nine-months ended June 30, 2024 and September 30, 2023 were as follows:

	June 30, 2024		September 30, 2023	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Balance, beginning of period	\$ 0.14	2,525,000	\$ 0.14	2,525,000
Transactions during the period				
Granted (i)	\$ 0.05	7,250,000	\$ 0.05	7,250,000
<b>Outstanding and exercisable, end of period</b>	<b>\$ 0.07</b>	<b>9,775,000</b>	<b>\$ 0.07</b>	<b>9,775,000</b>

- (i) On May 3, 2023, the Company granted 7,250,000 options to directors, officers, employees and consultants of the Company, exercisable at \$0.05 per common share through May 2, 2028. 3,625,000 of these vested immediately, with the balance vesting on May 2, 2024.
- (ii) On February 24, 2020, Pioneering granted 3,425,000 options to directors, officers, employees and consultants of the Company, exercisable at \$0.14 per common share through February 21, 2025. 1,650,000 of these options vested immediately, with the balance vesting during 2021 based on certain vesting dates.

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**14. SHARE CAPITAL (CONT'D)**

The following table provides additional information about the outstanding stock options as at June 30, 2024 and September 30, 2023:

Exercise Price	June 30, 2024			September 30, 2023		
	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable
\$ 0.14	2,525,000	1.40	2,525,000	2,525,000	2.40	2,525,000
\$ 0.05 (i)	7,250,000	4.59	7,250,000	7,250,000	4.59	7,250,000
	<b>9,775,000</b>	<b>3.76</b>	<b>9,775,000</b>	<b>9,775,000</b>	<b>3.76</b>	<b>9,775,000</b>

Stock-based compensation expense of \$27,155 (2023 - \$113,863) is included in sales and marketing expenses on the statement of income (loss) and comprehensive income (loss).

	June 30, 2024	June 30, 2023
Administration	\$ 15,361	\$ 64,391
Sales and marketing	9,929	41,619
Research and development	1,865	7,853
	<b>\$ 27,155</b>	<b>\$ 113,863</b>

**15. INCOME TAXES**

As at June 30, 2024, the Company has accumulated non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income for income tax purposes. At June 30, 2024, the Company has not recognized \$13,254,035 of the tax losses. These non-capital losses expire as follows:

2027	\$ 313,370
2028	1,424,300
2029	579,685
2031	106,628
2032	813,981
2033	1,269,404
2034	854,465
2038	2,462,781
2039	2,015,608
2040	770,807
2041	1,475,173
2042	593,503
2043	574,330
	<b>\$ 13,254,035</b>

**Pioneering Technology Corp.**

Condensed Interim Notes to the Financial Statements  
 For the three months ended March 31, 2024 and 2023  
 (Unaudited)  
 (Expressed in Canadian Dollars)

**16. COMMITMENTS AND CONTINGENCIES**

Pioneering leases its premises under a non-cancellable operating lease that expires in July 2028. Under the terms of the lease, the Company is responsible for its proportionate share of common area maintenance costs, including realty taxes.

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

**17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

Related party transactions and balances are as follows:

	June 30, 2024	September 30, 2023
Type of payment		
Compensation and benefits	\$ 185,064	\$ 246,750
Stock option expense	12,926	20,147
	\$ 197,990	\$ 266,897
<b>Amounts due to related parties at year end</b>	<b>\$ 18,129</b>	<b>\$ 5,778</b>

The amounts due to related parties are included in the trade payables and accrued liabilities. The Company defines Key Management as its CEO, President and its Board of Directors.

**18. SEGMENTED INFORMATION**

The Company operates in one business segment being the development, manufacture and sale of products intended to save energy and offer consumer convenience and safety. In addition, the Company operates in only one geographical segment, Canada, although it does service its U.S. clients by shipping and invoicing from its facilities in Mississauga, Ontario. Some deliveries are routed through an independent warehouse in the United States. The breakdown of the Company's revenues by geographic areas for the periods ended June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
Canada	15%	12%
United States	85%	88%
	<b>100%</b>	<b>100%</b>

The Company's long-lived assets are located in Canada.