



Pioneering Technology Corp.

Audited Financial Statements

And Independent Auditor's Report thereon

September 30, 2023 and 2022

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Pioneering Technology Corp. (the "Company") are the responsibility of management and have been approved by the Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Kevin Callahan”

“John Bergsma”

Kevin Callahan
CEO

John Bergsma
Chair – Audit Committee

January 29, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pioneering Technology Corp.

Opinion

We have audited the financial statements of Pioneering Technology Corp. (the Company), which comprise:

- the statements of financial position as at September 30, 2023
- the statements of loss and comprehensive loss for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 auditor's report.

We are independent of the Company 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.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the Company's going concern assumption

Description of the matter

We draw attention to Notes 2, 3 and 5 to the financial statements. As at September 30, 2023, the Company had not achieved profitable operations, had negative cash flows and had an accumulated deficit of \$15,418,383 since inception. The Company has concluded that no events and conditions rise to the level of material uncertainties and that its current cash, inventory and available capacity in its credit facility, combined with its forecasted cash flows will provide sufficient cash to meet its minimum obligations as they come due for a period of at least 12 months from September 30, 2023. In making this significant judgement, the Company has prepared a cash flow forecast with the most significant assumptions being its forecasted revenues, forecasted gross margin and forecasted operating costs.

Why the matter is a key audit matter

We identified the evaluation of the Company's going concern assumption as a key audit matter. Significant auditor judgment was required to evaluate the Company's cash flow forecast due to the higher degree of estimation uncertainty relating to the significant assumptions noted above. To be determined.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the 2023 actual revenues, gross margin, and operating costs of the Company to the estimates used in the prior year's cash flow forecast to assess the Company's ability to accurately forecast.

We evaluated the appropriateness of 2024 forecasted revenues, gross margin, and operating costs by comparing to the 2023 actual results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

We assessed the sensitivity of possible changes in the forecasted revenue on the cash flow forecast.



We assessed the Company's disclosures related to its going concern assumption by comparing the disclosures to the evidence obtained throughout the audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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 IFRS Accounting Standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 the 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 Company'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 Company'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 Company 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.
- 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.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is John J. Pryke.

Hamilton, Canada

January 29, 2024

Pioneering Technology Corp.
 Statements of Financial Position
 As at September 30
 (Expressed in Canadian Dollars)

	Note	2023	2022
ASSETS			
CURRENT ASSETS			
Cash		\$ 752,591	\$ 889,729
Trade and other receivables	15	402,697	484,641
Inventories	6	1,812,950	2,477,018
Prepaid expenses and deposits		158,989	90,016
Current portion of lease receivable	11	129,660	-
		3,256,887	3,941,404
Property and equipment	9	614,173	1,686,222
Patents and intangibles	10	219,290	231,433
Lease receivable	11	603,120	-
TOTAL ASSETS		\$ 4,693,470	\$ 5,859,059
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	16	\$ 632,475	\$ 875,889
Current portion of lease obligation	8	206,687	91,977
		839,162	967,866
Long-term lease obligation	8	925,956	1,419,609
TOTAL LIABILITIES		\$ 1,765,118	\$ 2,387,475
SHAREHOLDERS' EQUITY			
Common share capital	12 (a)	\$ 17,974,857	\$ 17,974,857
Preferred shares	12 (a)	1	1
Contributed surplus	12 (c)	513,875	436,914
Accumulated other comprehensive loss		(141,998)	(193,618)
Deficit		(15,418,383)	(14,746,570)
TOTAL SHAREHOLDERS' EQUITY		2,928,352	3,471,584
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		\$ 4,693,470	\$ 5,859,059

Commitments and contingencies 13

Approved by:

 Director

 Director

Pioneering Technology Corp.

Statements of Loss and Comprehensive Loss

For the year ended September 30

(Expressed in Canadian Dollars)

	Note	2023	2022
REVENUE		\$ 2,872,013	\$ 2,437,866
COST OF GOODS SOLD		1,532,693	1,218,387
GROSS PROFIT		1,339,320	1,219,479
EXPENSES			
Sales and marketing	12 (c)	799,967	686,260
Administration	12 (c), 8	732,510	836,694
Warehousing, distribution and warranty costs		74,762	97,454
Foreign exchange loss (gain)		96,559	(153,832)
Research and development costs	12 (c)	113,929	93,786
Depreciation of property and equipment	9	156,318	188,281
Amortization of patents and intangibles	10	8,699	12,427
TOTAL EXPENSES		1,982,744	1,761,070
OPERATING LOSS		(643,424)	(541,591)
Gain on derecognition of ROU asset	9	9,472	-
Interest expenses	8	(79,711)	(83,642)
Interest income	11	41,850	-
LOSS BEFORE INCOME TAXES		(671,813)	(625,233)
Income tax expense (recovery)	14	-	-
LOSS FOR THE YEAR		\$ (671,813)	(625,233)
OTHER COMPREHENSIVE INCOME (LOSS)			
Currency translation differences		51,620	199,132
COMPREHENSIVE LOSS FOR THE YEAR		\$ (620,193)	\$ (426,101)
Comprehensive loss per share - basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding			
Outstanding - basic and diluted		56,041,746	56,041,746

Pioneering Technology Corp.
Statements of Changes in Equity
For the year ended September 30
(Expressed in Canadian Dollars)

	Note	Common Shares		Preferred Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		Number	Amount	Number	Amount				
Balance, October 1, 2022		56,041,746	\$ 17,974,857	20,533,133	\$ 1	\$ 436,914	\$ (193,618)	\$ (14,746,570)	\$ 3,471,584
Stock-based compensation expense	12	-	-	-	-	76,961	-	-	76,961
Comprehensive (loss) income for the year		-	-	-	-	-	51,620	(671,813)	(620,193)
Balance, September 30, 2023		56,041,746	\$ 17,974,857	20,533,133	\$ 1	\$ 513,875	\$ (141,998)	\$ (15,418,383)	\$ 2,928,352

	Note	Common Shares		Preferred Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		Number	Amount	Number	Amount				
Balance, October 1, 2021		56,041,746	\$ 17,974,857	20,533,133	\$ 1	\$ 1,236,729	\$ (392,750)	\$ (14,921,152)	\$ 3,897,685
Stock options forfeited and expired	12	-	-	-	-	(799,815)	-	799,815	-
Comprehensive (loss) income for the year		-	-	-	-	-	199,132	(625,233)	(426,101)
Balance, September 30, 2022		56,041,746	\$ 17,974,857	20,533,133	\$ 1	\$ 436,914	\$ (193,618)	\$ (14,746,570)	\$ 3,471,584

Pioneering Technology Corp.

Statements of Cash Flows

For the year ended September 30

(Expressed in Canadian Dollars)

	2023	2022
OPERATING ACTIVITIES		
Loss for the period	\$ (671,813)	\$ (625,233)
Items not affecting cash		
Depreciation of property and equipment	9 156,318	188,281
Amortization of patents and intangibles	10 8,699	12,427
Interest expense on lease obligation	8 33,652	80,984
Gain on derognition of lease	11 (9,472)	
Unrealized foreign exchange loss (gain)	60,239	66,970
Stock-based compensation expense	12 (c) 76,961	-
	(345,416)	(276,571)
Change in non-cash working capital balances		
Trade and other receivables	81,944	(881)
Inventories	664,068	(142,790)
Prepaid expenses and deposits	(68,973)	193,119
Trade payables and accrued liabilities	(243,414)	(196,488)
	88,209	(423,611)
INVESTING ACTIVITIES		
Lease receivable	384	-
Purchase of property and equipment	9 (21,037)	(14,285)
	(20,653)	(14,285)
FINANCING ACTIVITIES		
Repayment of long-term lease obligation	8 (225,484)	(164,340)
	(225,484)	(164,340)
NET CHANGE IN CASH IN THE YEAR	(157,928)	(602,236)
Foreign currency movement in cash balances	20,790	(2,765)
CASH - BEGINNING OF YEAR	889,729	1,494,730
CASH - END OF YEAR	\$ 752,591	\$ 889,729
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 79,711	\$ 83,642

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.

2. BASIS OF PREPARATION

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.

The financial statements have been prepared on a going concern basis which assumes the Company will be able to meet its minimum obligations as they come due for a period of at least 12 months. As at September 30, 2023, the Company had not achieved profitable operations, had negative cash flows and had an accumulated deficit of \$15,418,383 since inception. The Company has concluded that no events and conditions rise to the level of material uncertainties and that its current cash, inventory and available capacity in its credit facility, combined with its forecasted cash flows will provide sufficient cash to meet its minimum obligations as they come due for a period of at least 12 months from September 30, 2023. In making this significant judgement the Company has prepared a cash flow forecast with the most significant assumptions in making this forecast being its forecasted revenues, forecasted gross margin and forecasted operating costs.

As at September 30, 2023, the Company had current assets of \$3,256,887, including cash of \$752,591 and inventories of \$1,812,950. Net working capital (current assets less current liabilities) was \$2,417,725. In addition, the Company has an available credit facility of \$500,000, with no amounts drawn on the facility as at year-end (note 7). The credit facility does not have any quantitative or qualitative covenants that may impact the Company’s ability to access the funds. Based on these factors, management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for the at least the next 12 months and that the going concern basis of accounting remains appropriate.

2.1 Statement of compliance

These financial statements, including comparative balances for the year ended September 30, 2022, 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 January 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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 – judgment 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 year-end (refer to note 15);
- 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 12);
- 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 14);
- 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 8);
- 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 the Company uses the discount rate that it uses for the head lease, adjusted for any initial direct costs associated with the sub-lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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 year. 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. If the

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.

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 year 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 year in which it is incurred.

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 year 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 year. 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.

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 year. 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 year, 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 year.

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.

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 years, 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.

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 year ended September 30, 2023.

5. FINANCIAL INSTRUMENTS

Financial instruments, by classification, comprise the following:

	September 30, 2023	September 30, 2022
Financial assets		
Amortized cost		
Cash	\$ 752,591	\$ 889,729
Trade and other receivables	402,697	484,641
Financial liabilities		
Amortized cost		
Trade payables and accrued liabilities	632,475	875,889

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.

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 September 30, 2023 and 2022, 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 September 30, 2023, one (2022 – three) customer accounted for greater than 10% of the Company's trade receivable balance. In total, this customer accounted for 79.04% of the Company's trade receivable balance as at September 30, 2023 (2022 – 54%).

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.

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:

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)
5. FINANCIAL INSTRUMENTS (CONT'D)

	September 30, 2023	September 30, 2022
Cash	\$ 59,879	\$ 59,456
Accounts receivable	116,567	98,422
Trade payables and accrued liabilities	366,911	579,901

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	19,047	(19,047)

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2023	September 30, 2022
Finished goods	\$ 1,812,950	\$ 2,477,018

Inventory expensed to cost of goods sold during the year is \$1,532,693 (2022 - \$1,218,387).

7. BANK INDEBTEDNESS

The Company has a \$500,000 (2022 - \$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 general security to the lender over the personal property of the Company. No amounts have been drawn on the facility at year-end (2022 - \$nil).

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

8. LEASE OBLIGATION

	September 30, 2023	September 30, 2022
Property and office space lease bearing interest at an estimated rate of 6.5% (2022- 5.2%). The lease extends through fiscal 2028	\$ 739,463	\$ 1,511,586
Property and office space lease bearing interest at an estimated rate of 6.5%. The lease extends through fiscal 2028	393,180	-
	1,132,643	1,511,586
Less: current portion	(206,687)	(91,977)
	\$ 925,956	\$ 1,419,609

Included in interest expense is \$75,502 (2022- \$80,984) of interest expense on lease obligations. Total cash outflows relating to leases consist of payments in the amount of \$225,484 (2022 - \$164,340). Included in administration expense is \$109,626 (2022 - \$67,413) relating to variable lease payments not included in the measurement of lease liabilities.

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

2024	\$ 272,790
2025	280,633
2026	288,629
2027	296,996
2028	170,429
	\$ 1,309,477
Less: imputed interest	176,834
	\$ 1,132,643

During the year 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.

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 11. 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.

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use assets	Total
October 1, 2021	81,903	414,549	75,051	20,586	342,562	1,671,939	2,606,590
Additions	-	-	-	14,285	-	-	14,285
Disposals	-	-	-	-	-	-	-
Net currency translation	6,210	31,430	5,690	1,561	25,972	126,764	197,627
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)
September 30, 2023	\$ 89,066	\$ 446,777	\$ 79,639	\$ 36,130	\$ 373,987	\$ 456,009	\$ 1,481,608

Accumulated Depreciation	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use assets	Total
October 1, 2021	74,287	338,768	53,475	18,671	137,735	241,726	864,662
Depreciation	3,434	22,790	6,489	576	33,832	121,160	188,281
Disposals	-	-	-	-	-	-	-
Net currency translation	5,884	27,353	4,529	1,458	12,919	27,194	79,337
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)
September 30, 2023	\$ 85,434	\$ 402,557	\$ 68,422	\$ 25,324	\$ 219,180	\$ 66,518	\$ 867,435

Net book value	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use Assets	Total
October 1, 2021	\$ 7,616	\$ 75,781	\$ 21,576	\$ 1,915	\$ 204,827	\$ 1,430,213	\$ 1,741,928
October 1, 2022	\$ 4,508	\$ 57,068	\$ 16,248	\$ 15,727	\$ 184,048	\$ 1,408,623	\$ 1,686,222
September 30, 2023	\$ 3,632	\$ 44,220	\$ 11,217	\$ 10,806	\$ 154,807	\$ 389,491	\$ 614,173

During the year 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 (2022 – \$nil), and net book value of the right-of-use asset at the end of the year was \$nil (2022 – \$1,408,623). The adjustment, as a result of the re-evaluation was a decrease in the lease liability of \$659,028

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)
10. PATENTS AND INTANGIBLES

Patents and intangible assets are comprised of the following:

Cost	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	66,148	186,895	43,231	45,323	57,640	399,237
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Net currency translation	5,016	14,170	3,277	3,437	4,370	30,270
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)
September 30, 2023	\$ 70,193	\$ 198,322	\$ 45,874	\$ 48,095	\$ 61,164	\$ 423,648

Accumulated amortization	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	66,148	-	28,774	42,839	34,252	172,013
Amortization	-	-	4,438	751	7,238	12,427
Disposals	-	-	-	-	-	-
Net currency translation	5,016	-	2,409	3,299	2,910	13,634
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)
September 30, 2023	\$ 70,193	\$ -	\$ 38,357	\$ 46,803	\$ 49,005	\$ 204,358

Net book value	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	\$ -	\$ 186,895	\$ 14,457	\$ 2,484	\$ 23,388	\$ 227,224
October 1, 2022	\$ -	\$ 201,065	\$ 10,887	\$ 1,871	\$ 17,610	\$ 231,433
September 30, 2023	\$ -	\$ 198,322	\$ 7,517	\$ 1,292	\$ 12,159	\$ 219,290

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

11. LEASE RECEIVABLE

	September 30, 2023	September 30, 2022
Property and office lease bearing interest at an estimated rate of 6.5%. The lease extends through fiscal 2028	\$ 732,780	\$ -
Less: current portion	(129,660)	-
	\$ 603,120	\$ -

Included in interest income is \$41,850 (2022 - \$nil) related to the lease receivable. Total cash inflows relating to the lease receivable consist of receipts in the amount of \$113,528 (2022 - \$nil). Cash outflows related to the lease were \$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	\$	172,563
2025		176,030
2026		179,590
2027		183,180
2028		139,816
	\$	851,179
Less: imputed interest		118,399
	\$	732,780

12. 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 (2022 - 11,208,349) common shares of the Company.

At September 30, 2023, the Company had 1,433,349 (2022 – 8,683,349) stock options available for issuance.

12. SHARE CAPITAL (CONT'D)
c) Contributed surplus

Contributed surplus is comprised of the following:

	September 30, 2023		September 30, 2022	
Stock options	\$	513,875	\$	436,914
	\$	513,875	\$	436,914

Stock option activity for the years ended September 30, 2023 and 2022 were as follows:

	September 30, 2023		September 30, 2022	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Balance, beginning of year	\$ 0.14	2,525,000	\$ 0.33	3,975,000
Transactions during the year				
Granted (i)	0.05	7,250,000	-	-
Forfeited (iii)	-	-	(0.47)	(1,000,000)
Expired	-	-	(1.07)	(450,000)
Outstanding and exercisable, end of year	\$ 0.07	9,775,000	\$ 0.14	2,525,000

- (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.
- (iii) During 2023 – nil vested options were forfeited due to the departure of certain employees (2022 – 1,000,000). This was equivalent to \$nil (2022 - \$799,815).

Stock-based compensation expense was allocated to the financial statements as follows:

	September 30, 2023		September 30, 2022	
Administration	\$	41,302	\$	-
Sales and marketing		30,622		-
Research and development		5,037		-
	\$	76,961	\$	-

Using the Black-Scholes valuation method, the following assumptions were used to determine the value of the options granted during 2023:

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)
12. SHARE CAPITAL (CONT'D)
c) Contributed surplus (cont'd)

		2023
Risk-free interest rate		3.0% - 3.5%
Estimated life of options (years)		5.00
Expected volatility		150% - 160%
Market price of shares at date of issuance	\$	0.02
Exercise price of options	\$	0.05
Dividend yield		0%
Fair value of options	\$	0.0144

The following table provides additional information about the outstanding stock options as at September 30, 2023 and 2022:

Exercise Price	September 30, 2023			September 30, 2022		
	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 (i)	2,525,000	1.40	2,525,000	2,525,000	2.40	2,525,000
\$ 0.05	7,250,000	4.59	7,250,000	-	-	-
	9,775,000	3.76	9,775,000	2,525,000	2.40	2,525,000

- (i) During 2020, Pioneering amended the expiry date and exercise price of 400,000 options that were previously issued to consultants and employees in August 2017. The expiry date of the options was extended from August 29, 2022 to February 21, 2025. The exercise price was decreased from \$1.07 per option to \$0.14 per option. In accordance with IFRS 2, Pioneering calculated the fair value of the options immediately before and after the modification. The resulting increase in fair value was \$9,056. As the options were fully vested prior to the modification, the full amount was previously recorded in stock-based compensation.

Using the Black-Scholes valuation method, the following assumptions were used to determine the value of the options granted and modified during 2020:

	Granted	Modified
Risk-free interest rate	1.21%	1.21%
Estimated life of options (years)	5.00	5.00
Expected volatility	122%	122%
Market price of shares at date of issuance	\$ 0.040	\$ 0.040
Exercise price of options	\$ 0.140	\$ 0.140
Dividend yield	0%	0%
Fair value of options granted	\$ 0.028	\$ 0.028

12. SHARE CAPITAL (CONT'D)

c) Contributed surplus (cont'd)

As all options issued prior to 2020 were fully vested, stock-based compensation expense related to options issued in 2020, and vesting in 2020 and 2021, was allocated to the financial statements on the basis of where the optionee's compensation is recorded.

13. 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.

14. INCOME TAXES

The significant components of income tax expense are as follows:

	2023	2022
Current income tax	\$ -	\$ -
Deferred tax:		
Origination and reversal of temporary differences	174,233	18,413
Change in unrecognized temporary differences	(174,233)	(18,413)
	\$ -	\$ -

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is included in the following table.

	2023	2022
Loss before income taxes	\$ (671,813)	\$ (625,233)
Combined basic Canadian corporate income tax rate	26.5%	26.5%
Income tax expense (recovery) based upon the above rate	(178,031)	(165,687)
Income tax on stock-based compensation	20,395	-
Non-deductible expenses and other	(16,597)	(37,715)
Change in unrecognized deductible temporary differences	174,233	203,402
	\$ -	\$ -

The Canadian statutory income tax rate of 26.5% (2022 – 26.5%) comprises the federal income tax rate at approximately 15% (2022 – 15%) and the provincial income tax rate of approximately 11.5% (2022 – 11.5%).

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

14. INCOME TAXES (CONT'D)

Significant components of the Company's deferred income tax assets and liabilities comprise the following:

	2023	2022
Deferred income tax assets & liabilities		
Operating losses carried forward	\$ 3,510,807	\$ 3,181,209
Lease Receivable	(194,187)	-
Future lease payments for right of use asset	199,042	-
Depreciable capital assets	219,674	236,571
Allowances and reserves	6,716	15,609
Other	34,558	4,671
	3,776,610	3,438,060
Less: Unrecognized temporary differences	(3,776,610)	(3,438,060)
Net deferred tax assets	\$ -	\$ -

The Company offsets tax assets and tax liabilities if and only if it has a legal enforceable right to set off current tax assets and current tax liabilities or the deferred tax assets and deferred tax liabilities and they relate to taxes levied by the same tax authority.

The benefit of the following temporary differences has not been recognized in the financial statements:

	2023	2022
Non-capital losses	\$ 13,248,330	\$ 12,004,564
Reserves and other	1,003,029	969,249
Total unrecognized temporary differences	\$ 14,251,359	\$ 12,973,813

As at September 30, 2023, 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. Tax losses for which no deferred tax asset was recognized expire as follows:

2027	2027	\$ 313,370
2028	2028	1,424,300
2029	2029	579,685
2031	2031	106,628
2032	2032	813,981
2033	2033	1,269,404
2034	2034	854,465
2038	2038	2,462,781
2039	2039	2,015,608
2040	2040	770,807
2041	2041	1,475,173
2042	2042	593,503
2043	2043	568,625
		\$ 13,248,330

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

15. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables are from: trade receivables and customer sales, Canada emergency wage subsidy and Harmonized Services Tax ("HST") receivable due from government taxing authorities. The Company held no collateral for any receivable amounts outstanding as at September 30, 2023. The following comprises trade and other receivables:

	September 30, 2023	September 30, 2022
HST recoverable (payable)	\$ 4,014	\$ (3,789)
Trade accounts receivable, net of allowance	398,683	488,430
	\$ 402,697	\$ 484,641

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

	September 30, 2023	September 30, 2022
Less than 1 month	255,338	\$ 245,605
31 - 60 days	49,630	58,687
61 - 90 days	7,444	5,092
Over 90 days	91,271	184,046
Total trade accounts receivable	403,683	493,430
Less: Allowance for doubtful accounts	5,000	5,000
Net trade accounts receivable	\$ 398,683	\$ 488,430

16. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	September 30, 2023	September 30, 2022
Trade payables	\$ 320,996	\$ 579,928
Other accrued liabilities	311,479	295,961
	\$ 632,475	\$ 875,889

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

Pioneering Technology Corp.

Notes to the Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)
17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and balances are as follows:

	September 30, 2023	September 30, 2022
Type of payment		
Compensation and benefits	\$ 246,750	\$ 246,750
Stock option expense	20,147	-
	\$ 266,897	\$ 246,750
Amounts due to related parties at year end	\$ 5,778	\$ 927

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

As at September 30, 2023, the Company's Key Management and members of the Board of Directors held 4,800,000 (2022 – 1,000,000) of the outstanding stock options (Note 12).

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 years ended September 30, 2023 and 2022 are as follows:

	September 30, 2023	September 30, 2022
Canada	10%	12%
United States	90%	88%
	100%	100%

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

19. COVID-19 PANDEMIC & GOVERNMENT GRANTS

The outbreak of COVID-19 has resulted in worldwide emergency measures to combat the spread of the virus. These measures, including significant restrictions on commercial activity, have caused massive disruption to businesses globally, resulting in a broad-based and global economic slowdown.

The Company introduced its own measures, procedures, and protocols to foster the health and safety of its employees, vendors, and customers. These measures are based on the Company's health and safety policies as well as the recommendations from public health authorities.

COVID-19 adversely affected the Company through the first half of fiscal 2023 and the Company's business began returning to normal as the fiscal period progressed.

Canada Emergency Wage Subsidy ("CEWS")

In April 2020, the Government of Canada announced CEWS in order to help employers keep and/or return Canadian-based employees to payrolls in response to challenges posed by the COVID-19 pandemic. This program subsequently changed on October 24, 2021 and became the Hardest Hit Business Recovery Program ("HHBRP"), however it continued to provide wage subsidies for employers that qualified.

For the year ended September 30, 2023, the Company recognized \$nil in government grants under the payroll support program, which has been allocated to the financial statements as follows:

	September 30, 2023		September 30, 2022	
Administration	\$	-	\$	14,267
Sales and marketing		-		35,506
Research and development		-		14,267
	\$	-	\$	64,040

Canada Emergency Rent Subsidy ("CERS")

In September 2020, the Government of Canada announced CERS in order to provide relief for commercial tenants in response to challenges posed by the COVID-19 pandemic. This program subsequently changed on October 24, 2021 also became the HHBRP, however it continued to provide rent subsidies for employers that qualified.

During the year ended September 30, 2023, the Company recognized \$nil (2022 - \$63,230) in government grants under the rent subsidy program, which has been recorded within administration expenses on the statement of income (loss) and comprehensive income (loss).