



Pioneering Technology Corp.
Audited Consolidated Financial Statements

And Independent Auditor's Report thereon

September 30, 2024 and 2023

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated 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 consolidated 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the consolidated statement of financial position date. In the opinion of management, the consolidated 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 consolidated 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 consolidated 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 consolidated 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 28, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pioneering Technology Corp.

Opinion

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

- the consolidated statements of financial position as at September 30, 2024 and September 30, 2023
- the consolidated statements of loss and other comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024 and September 30, 2023, its consolidated financial performance and its consolidated cash flows for the years 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, 2024. 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, 2024, the Company had not achieved profitable operations and had an accumulated deficit of \$16,370,939 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, 2024. 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 2024 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 2025 forecasted revenues, gross margin, and operating costs by comparing to the 2024 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. 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 and will 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 and remain alert for indications that the other information 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.



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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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal stroke that tapers at both ends, serving as a decorative underline.

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 28, 2025

Pioneering Technology Corp.

Consolidated Statements of Financial Position

As at September 30

(Expressed in Canadian Dollars)

	Note	September 30, 2024	September 30, 2023
ASSETS			
CURRENT ASSETS			
Cash		\$ 655,534	\$ 752,591
Trade and other receivables	15	308,512	402,697
Inventories	6	1,246,721	1,812,950
Prepaid expenses and deposits		42,180	158,989
Current portion of lease receivable	11	141,934	129,660
		2,394,881	3,256,887
Property and equipment	9	464,290	614,173
Patents and intangibles	10	212,669	219,290
Lease receivable	11	461,186	603,120
TOTAL ASSETS		\$ 3,533,026	\$ 4,693,470
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	16	\$ 616,340	\$ 632,475
Current portion of lease obligation	8	228,653	206,687
		844,993	839,162
Long-term lease obligation	8	697,303	925,956
TOTAL LIABILITIES		\$ 1,542,296	\$ 1,765,118
SHAREHOLDERS' EQUITY			
Common share capital	12 (a)	\$ 17,974,857	\$ 17,974,857
Preferred shares	12 (a)	1	1
Contributed surplus	12 (c)	541,029	513,875
Accumulated other comprehensive loss		(154,218)	(141,998)
Deficit		(16,370,939)	(15,418,383)
TOTAL SHAREHOLDERS' EQUITY		1,990,730	2,928,352
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		\$ 3,533,026	\$ 4,693,470

Commitments and contingencies 13

Approved by:

Director

Director

Pioneering Technology Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the year ended September 30

(Expressed in Canadian Dollars)

	Note	2024	2023
REVENUE		\$ 2,742,504	\$ 2,872,013
COST OF GOODS SOLD		1,403,467	1,532,693
GROSS PROFIT		1,339,037	1,339,320
EXPENSES			
Sales and marketing	12 (c)	980,135	799,967
Administration	12 (c), 8	925,745	732,510
Warehousing, distribution and warranty costs		51,730	74,762
Foreign exchange loss		13,829	96,559
Research and development costs	12 (c)	129,316	113,929
Depreciation of property and equipment	9	152,138	156,318
Amortization of patents and intangibles	10	6,090	8,699
TOTAL EXPENSES		2,258,983	1,982,744
OPERATING LOSS		(919,946)	(643,424)
Gain on derecognition of ROU asset	9	-	9,472
Interest expenses	8	(75,513)	(79,711)
Interest income	11	42,903	41,850
LOSS BEFORE INCOME TAXES		(952,556)	(671,813)
Income tax expense (recovery)	14	-	-
LOSS FOR THE YEAR		\$ (952,556)	\$ (671,813)
OTHER COMPREHENSIVE INCOME (LOSS)			
Currency translation differences		(12,220)	51,620
COMPREHENSIVE LOSS FOR THE YEAR		\$ (964,776)	\$ (620,193)
Comprehensive loss per share - basic and diluted		\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding			
Outstanding - basic and diluted		56,041,746	56,041,746

Pioneering Technology Corp.
Consolidated 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, 2023		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 513,875	\$ (141,998)	\$ (15,418,383)	\$ 2,928,352
Stock-based compensation expense	12	-	-	-	-	-	27,154	-	-	27,154
Comprehensive (loss) income for the year		-	-	-	-	-	(12,220)	(952,556)		(964,776)
Balance, September 30, 2024		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 541,029	\$ (154,218)	\$ (16,370,939)	\$ 1,990,730

	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

Pioneering Technology Corp.
Consolidated Statements of Cash Flows
For the year ended September 30
(Expressed in Canadian Dollars)

	Note	2024	2023
OPERATING ACTIVITIES			
Loss for the year		\$ (952,556)	\$ (671,813)
Items not affecting cash			
Depreciation of property and equipment	9	152,138	156,318
Amortization of patents and intangibles	10	6,090	8,699
Interest expense on lease obligation	8	71,409	33,652
Gain on derecognition of ROU asset		-	(9,472)
Unrealized foreign exchange loss (gain)		17,728	60,239
Stock-based compensation expense	12 (c)	27,154	76,961
		(678,037)	(345,416)
Change in non-cash working capital balances			
Trade and other receivables		94,185	81,944
Inventories		566,229	664,068
Prepaid expenses and deposits		116,809	(68,973)
Trade payables and accrued liabilities		(16,135)	(243,414)
		83,051	88,209
INVESTING ACTIVITIES			
Lease receivable	11	129,660	384
Purchase of property and equipment	9	(1,500)	(21,037)
		128,160	(20,653)
FINANCING ACTIVITIES			
Repayment of long-term lease obligation	8	(206,687)	(225,484)
		(206,687)	(225,484)
NET CHANGE IN CASH IN THE YEAR		4,524	(157,928)
Foreign currency movement in cash balances		(101,581)	20,790
CASH - BEGINNING OF YEAR		752,591	889,729
CASH - END OF YEAR		\$ 655,534	\$ 752,591
SUPPLEMENTAL DISCLOSURE			
Interest paid		\$ 75,513	\$ 79,711

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

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 consolidated 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 material accounting policies set out in Note 3. These consolidated financial statements include the accounts of the Company and its subsidiary. All intercompany balances, transactions, income and expenses, and gains or losses have been eliminated on consolidation.

The consolidated 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, 2024, the Company had not achieved profitable operations, had negative cash flows and had an accumulated deficit of \$16,370,939 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, 2024. 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, 2024, the Company had current assets of \$2,394,881, including cash of \$655,534 and inventories of \$1,246,721. Net working capital (current assets less current liabilities) was \$1,549,887. In addition, the Company has an available credit facility of \$250,000, 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. No assurance can be given that the Company will be able to generate profits from operations to be able to realize its assets and discharge its liabilities in the normal course of business without having to draw on the existing credit facility or other forms of financing.

2.1 Statement of compliance

These consolidated financial statements, including comparative balances for the year ended September 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 consolidated financial statements were approved and authorized by the Board of Directors of the Company on January 28, 2025.

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 consolidated financial statements in Canadian dollars is considered to be beneficial for current and potential shareholders in Canada.

3. MATERIAL ACCOUNTING POLICIES

In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements, to require entities to disclose material accounting policies rather than significant accounting policies. Further amendments to IAS 1 were made to explain how an entity can identify a material accounting policy. The amendments did not have a material impact on the Company's consolidated financial statements.

Use of estimates and judgments

The preparation of consolidated 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 consolidated 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.
- Subsidiary - The subsidiary is an entity controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
- 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);

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

- 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.
- 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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

Leases

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.

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 consolidated financial position and payments to lessors are recorded in the consolidated 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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated 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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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 consolidated statement of financial position.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)**Deferred income tax**

Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated 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 consolidated 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 consolidated 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 consolidated statement of financial position.

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

3. MATERIAL 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.

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 consolidated statement of loss and comprehensive loss.

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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

Accounting standards issued but not yet applied

IFRS 18, *Presentation and Disclosures in Financial Statements*:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosures in Financial Statements*, which will replace IAS

1. The new standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a new-defined operating profit sub-total. The Entity's net profit will not change.

Management defined performance measurers ("MPMs") are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements.

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, 2024.

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
5. FINANCIAL INSTRUMENTS

Financial instruments, by classification, comprise the following:

	September 30, 2024	September 30, 2023
Financial assets		
Amortized cost		
Cash	\$ 655,534	\$ 752,591
Trade and other receivables	308,512	402,697
Financial liabilities		
Amortized cost		
Trade payables and accrued liabilities	616,341	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.

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, 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 September 30, 2024, three (2023 – one) customers individually accounted for greater than 10% of the Company's trade receivable balance. In total, these customers accounted for 44.41% of the Company's trade receivable balance as at September 30, 2024 (2023 – 79.04%).

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.

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

	September 30, 2024		September 30, 2023	
Cash	\$	77,004	\$	59,879
Accounts receivable		155,150		116,567
Trade payables and accrued liabilities		343,994		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.

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
5. FINANCIAL INSTRUMENTS (CONT'D)
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	11,184	(11,184)

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2024	September 30, 2023
Finished goods	\$ 1,246,721	\$ 1,812,950

Inventory expensed to cost of goods sold during the year is \$1,403,467 (2023 - \$1,532,693).

7. 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 general security to the lender over the personal property of the Company. No amounts have been drawn on the facility at year-end (2023 – \$nil).

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
8. LEASE OBLIGATION

	September 30, 2024	September 30, 2023
Property and office space lease bearing interest at an estimated rate of 6.5% (2023- 6.5%). The lease extends through fiscal 2028	\$ 610,134	\$ 739,463
Property and office space lease bearing interest at an estimated rate of 6.5%. The lease extends through fiscal 2028	\$ 315,822	\$ 393,180
	925,956	1,132,643
Less: current portion	(228,653)	(206,687)
	\$ 697,303	\$ 925,956

Included in interest expense is \$71,409 (2023 - \$33,652) of interest expense on lease obligations. Total cash outflows relating to leases consist of payments in the amount of \$272,790 (2023 - \$225,484). Included in administration expense is \$46,997 (2023 - \$109,626) 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 four years are as follows:

2025	\$ 280,633
2026	288,629
2027	296,996
2028	170,429
	\$ 1,036,687
Less: imputed interest	110,731
	\$ 925,956

During the 2023 fiscal 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 Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(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, 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	(169)	(696)	(123)	(57)	(580)	(709)	(2,334)
September 30, 2024	\$ 90,397	\$ 446,081	\$ 79,516	\$ 36,073	\$ 373,407	\$ 455,300	\$ 1,480,774

Accumulated Depreciation	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	2,196	13,351	3,387	3,263	38,153	91,788	152,138
Disposals	-	-	-	-	-	-	-
Net currency translation	(148)	(733)	(134)	(66)	(4,132)	2,124	(3,089)
September 30, 2024	\$ 87,482	\$ 415,175	\$ 71,675	\$ 28,521	\$ 253,201	\$ 160,430	\$ 1,016,484

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, 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
September 30, 2024	\$ 2,915	\$ 30,906	\$ 7,841	\$ 7,552	\$ 120,206	\$ 294,870	\$ 464,290

During the 2023 fiscal year the Company entered into a sub-lease agreement for its 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 \$nil (2023 – \$9,472), and net book value of the right-of-use asset at the end of the year was \$nil (2023 – \$nil). 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 Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(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, 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	(109)	(308)	(71)	(75)	(95)	(658)
September 30, 2024	\$ 70,084	\$ 198,014	\$ 45,803	\$ 48,020	\$ 61,069	\$ 422,990

Accumulated amortization	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	-	-	2,175	368	3,547	6,090
Disposals	-	-	-	-	-	-
Net currency translation	(109)	-	(2)	(5)	(11)	(127)
September 30, 2024	\$ 70,084	\$ -	\$ 40,530	\$ 47,166	\$ 52,541	\$ 210,321

Net book value	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2022	\$ -	\$ 201,065	\$ 10,887	\$ 1,871	\$ 17,610	\$ 231,433
October 1, 2023	\$ -	\$ 198,322	\$ 7,517	\$ 1,292	\$ 12,159	\$ 219,290
September 30, 2024	\$ -	\$ 198,014	\$ 5,273	\$ 854	\$ 8,528	\$ 212,669

11. LEASE RECEIVABLE

	September 30, 2024	September 30, 2023
Property and office lease bearing interest at an estimated rate of 4.25% (2023- 6.5%). The lease extends through fiscal 2028	\$ 603,120	\$ 732,780
Less: current portion	(141,934)	(129,660)
	\$ 461,186	\$ 603,120

Included in interest income is \$42,903 (2023 - \$41,850) related to the lease receivable. Total cash inflows relating to the lease receivable consist of receipts in the amount of \$172,563 (2023 - \$113,528). Cash outflows related to the lease were \$nil (2023 - \$113,912) related to brokerage fees.

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
11. LEASE RECEIVABLE (CONT'D)

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

2025	\$	176,030
2026		179,590
2027		183,180
2028		139,817
	\$	678,617
Less: imputed interest		75,497
	\$	603,120

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 consolidated 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 September 30, 2024, the Company had 1,433,349 (2023 – 1,433,349) stock options available for issuance.

Contributed surplus is comprised of the following:

	September 30, 2024	September 30, 2023
Stock options	\$ 541,029	\$ 513,875

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

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

Stock option activity for the years ended September 30, 2024 and 2023 were as follows:

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

- (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 the 2024 and 2023 fiscal years no vested options were forfeited due to the departure of certain employees (2023 – \$nil). This was equivalent to \$nil (2023 -\$nil).

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

	September 30, 2024	September 30, 2023
Administration	\$ 15,360	\$ 41,302
Sales and marketing	9,929	30,622
Research and development	1,865	5,037
	\$ 27,154	\$ 76,961

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

	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

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

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

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

Exercise Price	September 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	0.40	2,525,000	2,525,000	1.40	2,525,000
\$ 0.05 (i)	7,250,000	3.59	7,250,000	7,250,000	4.59	7,250,000
	9,775,000	2.77	9,775,000	9,775,000	3.76	9,775,000

- (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

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 consolidated financial statements on the basis of where the optionee's compensation is recorded.

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
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:

	2024	2023
Current income tax	\$ -	\$ -
Deferred tax:		
Origination and reversal of temporary differences	(875,440)	174,233
Change in unrecognized deferred tax assets	875,440	(174,233)
	\$ -	\$ -

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.

	2024	2023
Loss before income taxes	\$ (952,556)	\$ (671,813)
Combined basic corporate income tax rate	26.2%	26.5%
Income tax recovery based upon the above rate	(249,897)	(178,031)
Income tax on stock-based compensation	7,196	20,395
Non-deductible expenses and other	230,907	(16,597)
Other	10,441	-
Change in unrecognized deductible temporary differences	1,353	174,233
	\$ -	\$ -

The Canadian statutory income tax rate of 26.5% (2023 – 26.5%) comprises the federal income tax rate at approximately 15% (2023 – 15%) and the provincial income tax rate of approximately 11.5% (2023 – 11.5%). The US federal income tax rate is 21%.

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)
14. INCOME TAXES (CONT'D)

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

	2024	2023
Deferred income tax assets		
Operating losses carried forward	\$ 3,925,016	\$ 3,510,807
Lease receivable	\$ (159,827)	\$ (194,187)
Future lease payments for right of use asset	167,563	199,042
Depreciable capital assets	14,500	219,674
Allowances and reserves	5,754	6,716
Other	27,643	34,558
	3,980,649	3,776,610
Less: Unrecognized temporary differences	(55,633)	(3,776,610)
Unrecognized benefit of non-capital losses	(3,925,016)	-
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 consolidated financial statements:

	2024	2023
Non-capital losses	\$ 13,963,419	\$ 13,248,330
Reserves and other	209,934	1,003,029
Total unrecognized temporary differences	\$ 14,173,353	\$ 14,251,359

As at September 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. Tax losses for which no deferred tax asset was recognized 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	593,504
2043	486,279
2044	797,434
	\$13,963,419

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)
15. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables are from: trade receivables and customer sales 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, 2024. The following comprises trade and other receivables:

	September 30, 2024		September 30, 2023	
HST recoverable	\$	-	\$	4,014
Trade accounts receivable, net of allowance		308,512		398,683
	\$	308,512	\$	402,697

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

	September 30, 2024		September 30, 2023	
Less than 1 month	162,278	\$	255,338	
31 - 60 days	48,744		49,630	
61 - 90 days	14,142		7,444	
Over 90 days	98,284		91,271	
Total trade accounts receivable	323,448		403,683	
Less: Allowance for doubtful accounts		14,936		5,000
Net trade accounts receivable	\$	308,512	\$	398,683

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, 2024		September 30, 2023	
Trade payables	\$	355,404	\$	320,996
HST payable		23,138		-
Other accrued liabilities		237,798		311,479
	\$	616,340	\$	632,475

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

Pioneering Technology Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

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

Parties are considered to be related if one party has the ability to control, jointly control or exercise significant influence over the other party in making financial or operating decisions. The definition includes subsidiaries, directors, and key management personnel, among other entities and persons. The following table provides the total value of transactions that have been entered into with related parties and outstanding balances (including liability accruals) with related parties for the relevant financial periods:

	September 30, 2024	September 30, 2023
Type of payment		
Compensation and benefits	\$ 246,750	\$ 246,750
Stock option expense	12,926	20,147
	\$ 259,676	\$ 266,897
Amounts due to related parties at year end	\$ 40,129	\$ 5,778

The amounts due to related parties are included in the trade payables and accrued liabilities.

Subsidiaries

Transactions between Pioneering Technology Corp. and its subsidiary meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these consolidated financial statements.

Key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and include its CEO and its Board of Directors.

As at September 30, 2024, the Company's Key Management and members of the Board of Directors held 4,800,000 (2023 – 4,800,000) 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 from two locations, one from its Canadian head office and the other its United States office. Depending on customer preference orders are fulfilled from either its US location or its Canadian location. 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, 2024 and 2023 are as follows:

	September 30, 2024	September 30, 2023
Canada	16%	10%
United States	84%	90%
	100%	100%

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