International Parkside Products Inc.

Consolidated Financial Statements

July 31, 2023

(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
International Parkside Products Inc.

Opinion

We have audited the accompanying consolidated financial statements of International Parkside Products Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has a significant concentration of sales with a limited number of customers. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

October 31, 2023

International Parkside Products Inc.

Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As At

	July 31, 2023	July 31, 2022
Assets		
Current assets		
Cash and cash equivalents	**$ 234,495**	$ 259,524
Accounts receivable (note 4)	**345,521**	607,233
Inventory	**59,822**	92,498
Prepaid expenses	**17,016**	6,258
	656,854	965,513
Equipment (note 7)	**167,258**	237,875
Long-term receivable (note 4)	**97,609**	-
Right of use asset (note 9)	**120,668**	156,023
Licensing rights (note 8)	**57,979**	63,607
Total assets	**$ 1,100,368**	$ 1,423,018
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	**$ 436,439**	$ 403,630
Loans payable (note 15)	**75,000**	75,000
Customer deposits	**18,414**	12,224
Bank line of credit (note 6)	**60,000**	-
Lease liability (note 9)	**33,401**	29,424
	623,254	520,278
Deferred income taxes payable (note 17)	**-**	9,000
Bank line of credit (note 6)	**-**	60,000
Lease liability (note 9)	**97,901**	131,473
Total Liabilities	**$ 721,155**	$ 720,751
Shareholders' Equity		
Capital stock (note 10)	**$ 5,436,805**	$ 5,436,805
Contributed surplus (note 10)	**551,822**	551,822
Currency translation reserve	**(366,017)**	(379,428)
Deficit	**(5,243,397)**	(4,906,932)
	379,213	702,267
Total liabilities and shareholders' equity	**$ 1,100,368**	$ 1,423,018

Nature of Operations (note 1)
Going Concern (note 2)
Commitments (note 12)

Approved by the Board of Directors

Signed "Murray Keating" Director signed "Ryan Keating" Director

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

International Parkside Products Inc.

Consolidated Statements of Loss and Comprehensive Loss

Years ended July 31, 2023 and 2022

(expressed in Canadian dollars)

		2023		2022
Sales revenue	**$**	**3,212,997**	$	3,702,221
Selling expenses				
Sales discounts and rebates		**(8,454)**		(12,391)
Net revenue		**3,204,543**		3,689,830
Cost of goods sold		**(2,187,083)**		(2,387,065)
Gross Profit		**1,017,460**		1,302,765
Expenses				
Accounting and audit		**38,879**		40,427
Amortization equipment (note 7)		**58,588**		55,409
Amortization of licensing rights (note 8)		**7,515**		7,107
Amortization of right of use asset (note 9)		**35,355**		45,052
Commissions		**11,696**		2,906
Consulting		**141,219**		143,493
Foreign exchange gain		**(12,892)**		(22,691)
Impairment of equipment (note 7)		**19,994**		-
Interest accretion, and bank charges – net		**5,265**		13,432
Interest on lease liability (note 9)		**14,778**		10,812
Legal		**16,253**		12,611
Management fees (note 11)		**144,000**		144,000
Marketing		**41,842**		46,582
Office and administration		**82,003**		95,563
Salaries (note 11)		**608,352**		672,086
Trade shows		**21,057**		19,103
Transfer agent and regulatory fees		**15,416**		13,978
Travel and promotion		**113,605**		79,112
		1,362,925		1,378,982
Loss before taxes		**(345,465)**		(76,217)
Current income tax recovery (note 17)		**-**		-
Deferred income tax recovery (note 17)		**9,000**		13,000
Net loss for the year		**(336,465)**		(63,217)
Other comprehensive loss:				
Foreign currency gain (loss)		**13,411**		(935)
Comprehensive loss		**(323,054)**	$	(64,152)
Basic and diluted loss per share	$	(0.02)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		16,508,054		16,508,054

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

International Parkside Products Inc.

Consolidated Statements of Cash Flows

Years ended July 31, 2023 and 2022

(expressed in Canadian dollars)

		2023		2022
Cash flows from operating activities				
Net loss for the year	**$**	**(336,465)**	$	(63,217)
Items not affecting cash				
Amortization of equipment		**58,588**		55,409
Amortization of licensing rights		**7,515**		7,107
Impairment of equipment		**19,994**		
Interest and accretion		**14,778**		10,812
Deferred income tax recovery		**(9,000)**		(13,000)
Amortization of right of use asset		**35,355**		45,052
		(209,235)		42,163
Changes in non-cash working capital items				
(Increase) Decrease in accounts receivable		**164,103**		(168,186)
Decrease in income tax receivable		**-**		115,000
Decrease in inventory		**32,676**		3,824
(Increase) Decrease in prepaid expenses		**(10,758)**		1,551
Increase in payables and accrued liabilities		**32,809**		178,480
Increase (Decrease) in customer deposits		**6,190**		(100,390)
		225,020		30,279
Net cash provided by operating activities		**15,785**		72,442
Cash flows from investing activities				
		-		-
Net cash provided by (used in) investing activities		**-**		-
Cash flows from financing activities				
Repayment of loan		**-**		(75,000)
Lease payments		**(44,373)**		(49,992)
Net cash used in financing activities		**(44,373)**		(124,992)
Effect of foreign exchange rate on cash and cash equivalents		**3,559**		(10,573)
Decrease in cash and cash equivalents		**(25,029)**		(63,123)
Cash and cash equivalents – Beginning of year	**$**	**259,524**	$	322,647
Cash and cash equivalents – End of year	**$**	**234,495**	$	259,524
Cash paid out for interest	**$**	**7,500**	$	12,946
Cash paid out for tax		**-**	$	-

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

International Parkside Products Inc.

Consolidated Statements of Changes in Shareholders' Equity
(expressed in Canadian dollars)

Balance at	Capital Stock (Number of Shares)	Capital Stock (Amount) $	Preferred Shares $	Contributed Surplus $	Currency translation reserve $	Deficit $	Total $
July 31, 2021	**16,508,054**	**5,395,805**	**41,000**	**551,822**	**(378,493)**	**(4,843,715)**	**766,419**
Change in translation	-	-	-	-	(935)	-	(935)
Net loss for the year	-	-	-	-	-	(63,217)	(63,217)
July 31, 2022	**16,508,054**	**5,395,805**	**41,000**	**551,822**	**(379,428)**	**(4,906,932)**	**702,267**
Change in translation	-	-	-	-	13,411	-	13,411
Net loss for the year	-	-	-	-	-	(336,465)	(336,465)
July 31, 2023	**16,508,054**	**5,395,805**	**41,000**	**551,822**	**(366,017)**	**(5,243,397)**	**379,213**

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

1 Nature of operations

The Company was incorporated in British Columbia on May 18, 1983. The Company, through its wholly owned subsidiaries Parkside Optical Inc. ("Parkside Optical") and EIC – Energy Interface Corporation ("EIC"), is in the business of producing and marketing innovative optical and screen cleaning products using the Company's patented carbon black and LCF technology for international distribution.

Parkside Optical manufactures and distributes to wholesale distributors the following optical lens cleaning devices: LensPen, PEEPS, DigiKlear, Mini-Pro, Mini-Pro II, MicroPro, Smartphone camera cleaner, Laptop Pro, ScreenKlean, FilterKlear, DSLR Pro Kit, SensorKlear, SensorKlear Loupe Kit, SmartKlear, HunterPro Kits, Outdoor Pro Kits, FogKlear, Photo Pro Kits, Hurricane blower and Microfiber cloth.

The Company's head office, principal address and registered and records office is #304 – 788 Beatty Street, Vancouver, British Columbia, Canada, V6B 2M1.

2 Statement of compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The consolidated financial statements, presented in Canadian dollars, include the accounts of the Company and its wholly owned subsidiaries, Parkside Optical, and EIC. All inter-company transactions have been eliminated on consolidation. These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Going concern

These consolidated financial statements have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the years ended July 31, 2023 and 2022, the Company had a significant concentration of sales with a limited number of customers (note 13), and this trend will continue into fiscal 2024. A disruption of activity with one of these customers will impact the profitability of the Company. The ability of the Company to continue as a going concern is dependent upon maintaining and expanding the market for new and existing products at a profit. While the Company has been successful in maintaining customer relationships and generating cash flow from operations in the past, there is no assurance that this will continue. These material uncertainties may cast significant doubt upon the ability of the Company to continue as a going concern.

3 Significant accounting policies

Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company's wholly owned subsidiaries, Parkside Optical and EIC carry out their operations in the U.S.A. and Canada.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, or significant change in judgment associated with control, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on the respective ownership interests.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Property and equipment comprise a large component of the Company's assets and as such, the amortization of these assets has a significant effect on the Company's financial statements. Management estimates the useful lives, amortization rates and the residual values of assets based on their experience with the use of such assets. These estimates are reviewed on at least an annual basis.

In determining whether any impairment losses have been incurred, management assesses the higher of the asset's fair value less costs to sell and its value in use for non-financial assets. These determinations and their individual assumptions require that management make a decision based on the best available information at the end of each reporting period.

Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of its subsidiary, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.

The determination of deferred tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments,

3 Significant accounting policies (cont'd…)

the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

Stock-based compensation are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Use of estimates and judgments

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Inventory

Inventory consists mainly of products held for resale and is recorded at the lower of weighted average cost or net realizable value.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. The Company provides for amortization of manufacturing equipment using a straight-line basis over its estimated useful life (20 years). Computer hardware is amortized over a five-year period.

Intangible assets

The Company owns intangible assets consisting of rights to patent licences. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized

3 Significant accounting policies (cont'd…)

only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for the parent company, International Parkside is the Canadian dollar whereas the functional currency for the subsidiary, Parkside Optical Ltd. is the US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary and non-monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the cumulative translation reserve.

3 Significant accounting policies (cont'd...)

Revenue recognition

Revenue, net of sales discounts is recorded once there is persuasive evidence that an arrangement exists; product has been transferred to the purchaser; the selling price is fixed and determinable; and collectability is reasonably assured. This occurs upon shipment. Advances from clients are classified as customer deposits until the revenue is recognized.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize that excess.

Loss per share

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds from the exercise of options and warrants would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding is adjusted for the net increase in the number of common shares issued upon exercise of the options and warrants. Stock options and warrants are included in the calculation of diluted per share amounts only to the extent that the average market price of the common shares during the year exceeds the exercise price of the options or warrants. During years when the Company has generated a loss, the potential shares to be issued from the assumed exercise of options and warrants are not included in the computation of diluted per share amounts since the result would be anti-dilutive.

Stock-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

3 Significant accounting policies (cont'd...)

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the stock-based compensation. Otherwise, stock-based compensation is measured at the fair value of goods or services received. If and when the stock options are exercised, the applicable amounts of reserves are transferred to capital stock. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in stock-based compensation is revised from reserves to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to capital stock.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

3 Significant accounting policies (cont'd...)

Financial liabilities

Financial liabilities at amortized cost: Financial liabilities at amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial instruments	**IFRS 9 Classification**
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Comprehensive (loss)

Comprehensive (loss) is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive loss is defined as revenues, expenses, gains and losses that, in accordance with primary sources of IFRS, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as FVTOCI.

Right-of use assets and lease liabilities

The Company assesses whether a contract is a lease at inception of the contract and recognizes a right-of-use asset and a corresponding liability with respect to all lease arrangements unless the lease is a low value lease or ends within 12 months. The right-of-use assets comprise the initial measurement of the corresponding lease liabilities and any direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4 Accounts receivable

	July 31, 2023	July 31, 2022
HST/GST receivable	**$ 6,656**	$ 7,176
Trade receivables	**104,712**	268,124
*Advances receivable	**234,153**	331,933
Total	**$ 345,521**	$ 607,233

* Terms for unsecured advances receivable are 6% interest compounded annually. A balance of $97,609 has been reclassified to a long-term receivable due to expected timing of recovery.

5 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

	July 31, 2023	July 31, 2022
Trade payables	**$ 370,859**	$ 334,933
Accrued liabilities	**65,580**	68,697
Total	**$ 436,439**	$ 403,630

6 Bank line of credit

	July 31, 2023	July 31, 2022
Bank line of credit	**$ 60,000**	$ 60,000

During the year ended July 31, 2020, the Company received a 0% interest operating line of credit to December 31, 2020 under the terms of the Canadian Emergency Business Account Program. On January 1, 2021, the line of credit converted to a 0% interest term loan to be repaid by December 31, 2023. If repaid in full by December 31, 2023, 33% of the balance will be forgiven. If not repaid by December 31, 2023, the Company will have the option for a 3-year term extension on the unpaid balance of the loan bearing interest at the rate of 5% per annum. The loan must be repaid by December 31, 2026 however the Company intends to pay it in full by December 31, 2023.

7 Equipment

Cost		
Balance July 31, 2021	$	1,114,376
Currency translation		(5,307)
Balance July 31, 2022		1,109,069
Impairment of equipment		(92,139)
Currency translation		12,349
Balance July 31, 2023	**$**	**1,029,279**
Accumulated amortization		
Balance July 31, 2021	$	828,806
Amortization for the year		55,409
Currency translation		(13,021)
Balance July 31, 2022		871,194
Amortization for the year		58,588
Impairment of equipment		(72,145)
Currency translation		4,384
Balance July 31, 2023	**$**	**862,021**
Carrying amounts		
As at July 31, 2023	**$**	**167,258**
As at July 31, 2022	$	237,875

8 Licensing rights

Cost		
Balance, July 31, 2021	$	124,620
Currency translation		(573)
Balance July 31, 2022		124,047
Currency translation		2,489
Balance, July 31, 2023	**$**	**126,536**
Accumulated amortization		
Balance, July 31, 2021	$	55,830
Amortization for the year		7,107
Currency translation		(2,497)
Balance, July 31, 2022		60,440
Amortization for the year		7,515
Currency translation		602
Balance, July 31, 2023	**$**	**68,557**
Carrying amounts		
As at July 31, 2023	**$**	**57,979**
As at July 31, 2022	$	63,607

8 Licensing rights (cont'd…)

During the year ended July 31, 2014, the Company entered into a Licensing agreement pursuant to a new formula for the Company's cleaning products. The terms of the licensing agreement will be that Richard Darrow (the "Licensor") will be paid the sum of US $100,000 (paid) for development reimbursements (non-refundable) along with an earned royalty equal to US $0.0625 per unit for each of the units/products sold, with a minimum guarantee of US $100,000 per year. The Licensing agreement is for a term of 18 years expiring in fiscal 2031.

9 Right-of-use asset and lease liability

During the year ended July 31, 2022, the Company entered an office lease with undiscounted payments of $211,679 over a period of five years. In calculating present values, the Company used a discount rate of 10%.

Lease for office premises at #304 – 788 Beatty Street, Vancouver, BC V6B 2M1

Right-of use-asset	**Office lease**
Balance July 31, 2021	$ -
Lease recognized as of January 1, 2022	176,630
Amortization	(20,607)
Balance July 31, 2022	156,023
Amortization	(35,355)
Balance July 31, 2023	**$ 120,668**

Lease liability	
Balance July 31, 2021	$ -
Lease liability recognized as of January 1 2022	176,630
Lease payments	(25,651)
Interest on lease obligation	9,918
Balance July 31, 2022	160,897
Lease payments	(44,373)
Interest on lease obligation	14,778
Balance July 31, 2023	**$ 131,302**
Current portion	**$ 33,401**
Long-term portion	**$ 97,901**

10 Capital stock and contributed surplus

At July 31, 2023, the Company had unlimited authorized common shares.

No shares were issued during the years ended July 31, 2023 and 2022.

Stock options

The Company has an incentive stock option plan, pursuant to which its Board of Directors grants stock options, from time to time, to directors, officers, employees, and certain consultants. The exercise price of each option is based on the market price of the Company's common shares at the date of grant. The options can be granted for a maximum term of 10 years. The Company's Board of Directors determines the vesting requirements for options granted.

There were no incentive stock options granted, exercised or expired during the years ended July 31, 2023 and 2022.

The following options to acquire common shares of the Company were outstanding and exercisable at July 31, 2023:

	Number of Shares/Units	Exercise Price	Expiry Date
Options	1,215,000	$0.10	November 22, 2024
	390,000	$0.10	March 7, 2024

11 Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

(a) Related party transactions

Certain companies which have an officer and/or director in common or which have a partner who is an officer of the Company render services or are charged for certain services as follows:

	Nature of transactions
Ryancorp Management Ltd.	Management fees

The Company incurred the following transactions in the normal course of operations in connection with companies which have key members of management in common.

	Year ended July 31, 2023	Year ended July 31, 2022
Management fees	**$ 144,000**	$ 144,000

(b) Compensation of key management personnel (including management and consulting fees)

11 Related party transactions (cont'd…)

	Year ended July 31, 2023	Year ended July 31, 2022
Salaries, incentives, and short-term benefits	**$460,700**	$ 483,700

(i) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended July 31, 2023 and 2022.

(ii) Included in accounts payable is $8,925 (July 31, 2022 - $5,095) due to officers and directors of the Company.

12 Commitments

In 2003, the Company entered into an agreement with Cornerstone Technologies (VCC) Ltd. (Cornerstone) for funding in preferred shares of Parkside Optical. Cornerstone agreed to purchase the preferred shares at a minimum price of $0.45 per share. The preferred shares are exchangeable, at the holder's option, into common shares of the Company on a one-for-one basis. The preferred shares carry a non-cumulative 6.5% annual dividend, payable quarterly, based on the weighted average of funds invested during the quarter. Once the preferred shares have been exchanged for the common shares, all rights to receive the preferred share dividend will cease. The preferred shares and any common shares that may be issued in exchange for the preferred shares are subject to a hold period of five years, commencing from the date of investment of the preferred shares. In 2004, the Company received $41,000 for subscriptions for preference shares from Cornerstone. During fiscal 2007, the Company received regulatory approval to the agreement and the preferred shares were issued. As of July 31, 2023, the Company has accrued $13,300 dividends payable (2022 - $13,300). This has been shown as a liability on the financial statements under accounts payable.

13 Financial and risk management

The fair value of the Company's cash and cash equivalents, accounts receivable, loans payable, accounts payable and accrued liabilities approximate carrying value, because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Market risk

Currency risk

The Company is exposed to foreign exchange risk on the cash, accounts receivable and accounts payable and accrued liabilities balances denominated in US dollars. A significant proportion of the Company's transactions

13 Financial and risk management (cont'd…)

occur in US dollars which give rise to the risk that cash flow may be adversely impacted by exchange rate fluctuations between US and Canadian dollars.

Management maintains cash accounts denominated in US dollars to complete foreign currency transactions and considers this practice adequate to mitigate significant foreign currency fluctuations. The Company considers currency risk associated with working capital items in US dollars to be insignificant.

Interest rate risk

The Company maintains cash balances with financial institutions. The interest rate risk on these balances is not considered material.

Credit risk

The Company is exposed to a minimal amount of credit risk from its cash balances. The Company limits its exposure to credit risk by placing its cash with high credit quality financial institutions.

Concentration of credit risk with respect to accounts receivable has been limited in the past by the structure of the Company's sale contracts as typically payments are collected before shipment of the goods. However, as at July 31, 2023, the Company is exposed to credit risk on the receivables of $338,527 from CarbonKlean (July 31, 2022 - $447,030) that accounted for 76% of total accounts receivable (July 31, 2022 – 74%). This balance is unsecured, and management negotiates periodic payments on these balances. This represents a significant increase in the credit risk. The Company has not experienced significant credit losses to date and the maximum amount of credit risk exposure is limited to the carrying amounts of these balances in the consolidated financial statements.

Liquidity risk

The Company is not exposed to a significant amount of liquidity risk. As at the year ended July 31, 2023, the Company had positive working capital of $33,600 (July 31, 2022 - $445,235).

The accounts payable and accrued liabilities balance is expected to be covered through the collection of accounts receivable balances and from current cash balances. The Company is not reliant on external financing.

14 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to fund the operation of the Company for the benefit of its shareholders. Management considers capital to be assets less liabilities. As at the year ended July 31, 2023, the Company had capital of $379,213 (July 31, 2022 - $702,267).

The Company is internally funded and is not subject to any externally imposed capital requirements. The Company has not established a numeric target for its capital structure and reviews its capital management methods and requirements on an ongoing basis and adjusts accordingly. There have been no changes to the Company's approach during the year ended July 31, 2023.

15 Loans payable

During the year ended July 31, 2019, the Company received proceeds of $400,000 pursuant to promissory notes of which $300,000 had been advanced by directors of the Company. The loans bear interest of 10% payable monthly, are unsecured, and are due and payable one year after issuance.

The Company issued 615,384 bonus shares at fair value of $80,000 to the lenders in consideration for the loans.

During the year ended July 31, 2020 the Company repaid $100,000, during the year ended July 31, 2021 repaid $150,000 and during the year ended July 31, 2022 repaid $75,000.

Balance July 31, 2021	$	150,000
Repayment		(75,000)
Balance July 31, 2022 and July 31, 2023	**$**	**75,000**

16 Segmented information

The Company has sales in the following geographical areas:

		2023		2022
North America	**$**	**2,325,650**	$	2,767,089
Europe		**420,357**		508,995
Japan		**301,258**		263,194
Asia		**128,917**		29,062
Russia		**-**		30,286
Australia/New Zealand		**30,850**		88,996
Other		**5,965**		14,599
	$	**3,212,997**	$	3,702,221

The Company has capital assets in the following geographical areas:

		2023		2022
Asia	**$**	**167,258**	$	237,875
North America		**-**		-
	$	**167,258**	**$**	237,875

17 Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2023		2022
Loss before taxes	**$**	**(345,465)**	$	(76,217)
Combined federal and provincial statutory tax rate		**27.0%**		27.0%
Expected income tax (recovery)		**(93,000)**		(21,000)
Adjustment to prior years provisions versus statutory tax returns		**-**		1,000
Non-deductible expenditures and other		**1,000**		7,000
Change in unrecognized deductible temporary differences		**83,000**		-
Total income tax expense (recovery)	**$**	**(9,000)**	$	(13,000)
Current income tax expense recovery	**$**	**-**	$	-
Deferred income tax recovery	**$**	**(9,000)**	$	(13,000)

The significant components of the Company's deferred tax assets and liabilities are as follows:

		2023		2022
Deferred tax assets (liabilities)				
Exploration and evaluation assets	**$**	**16,000**	$	16,000
Property and equipment		**(39,000)**		(61,000)
Share issue costs		**-**		4,000
Allowable capital loss		**1,000**		1,000
Non-capital losses		**105,000**		31,000
		83,000		(9,000)
Unrecognized deferred tax assets		**(83,000)**		-
Net deferred tax liability	**$**	**-**	$	(9,000)

The significant components of the Company's temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statement of financial position are as follows:

	2023	Expiry dates	2022
Temporary Differences			
Non-capital losses available for future periods	233,000	2040 to 2043	-
Allowable capital losses and other	76,000	No expiry date	-