



Pioneering Technology Corp.

Unaudited Condensed Interim Financial Statements

For the three and nine months ended June 30, 2023 and 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

"Kevin Callahan"

Kevin Callahan
CEO

August 29, 2023

Pioneering Technology Corp.

Condensed Interim Statements of Financial Position

As at June 30, 2023

(Unaudited)

Expressed in Canadian Dollars

	Note	June 30, 2023	September 30, 2022
ASSETS			
CURRENT ASSETS			
Cash		\$ 816,433	\$ 889,729
Trade and other receivables	6	471,345	484,641
Inventories	7	2,107,855	2,477,018
Prepaid expenses and deposits		119,733	90,016
		3,515,366	3,941,404
Property and equipment	8	1,581,585	1,686,222
Patents and intangibles	9	215,813	231,433
TOTAL ASSETS		\$ 5,312,764	\$ 5,859,059
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities 11, 19		\$ 787,310	\$ 875,889
Current portion of lease obligation	12	98,856	91,977
		886,167	967,866
Long-term lease obligation	12	1,344,725	1,419,609
TOTAL LIABILITIES		\$ 2,230,892	\$ 2,387,475
SHAREHOLDERS' EQUITY			
Common share capital	13 (a)	\$ 17,974,857	\$ 17,974,857
Preferred shares	13 (a)	1	1
Contributed surplus	13 (c)	550,777	436,914
Accumulated other comprehensive loss		(270,962)	(193,618)
Deficit		(15,172,800)	(14,746,570)
TOTAL SHAREHOLDERS' EQUITY		3,081,873	3,471,584
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		\$ 5,312,764	\$ 5,859,059

Commitments and contingencies 15

Approved by:

 Director

 Director

Pioneering Technology Corp.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

Expressed in Canadian Dollars

		Nine Months Ended	Nine Months Ended	End of Quarter	End of Quarter
	Note	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
				\$	\$
REVENUE		\$ 2,189,050	\$ 1,895,292	\$ 1,012,406	\$ 619,161
COST OF GOODS SOLD		1,133,477	995,955	502,705	324,492
GROSS PROFIT		1,055,573	899,337	509,701	294,668
EXPENSES					
Sales and marketing		540,684	504,812	230,869	164,067
Administration	19	430,709	594,757	207,734	209,718
Warehousing, distribution and warranty costs		61,012	77,957	19,631	25,034
Foreign exchange loss (gain)		30,449	(86,326)	31,340	(84,602)
Research and development costs		83,462	63,464	27,372	25,921
Depreciation of property and equipment	8	154,879	145,251	54,578	48,417
Amortization of patents and intangibles	9	6,524	9,320	2,175	3,107
TOTAL EXPENSES		1,307,719	1,309,235	573,699	391,661
OPERATING INCOME (LOSS)		(252,146)	(409,898)	(63,998)	(96,993)
Other income		-	-	-	-
Interest expenses	12	(60,216)	(62,788)	(19,329)	(20,256)
Stock-based compensation expense	13 (c)	(113,863)	-	(113,863)	-
Fair value movement - derivative liability		-	-	-	-
INCOME (LOSS) BEFORE INCOME TAXES		(426,225)	(472,686)	(197,190)	(117,249)
Income tax expense (recovery)	14	-	1	-	-
NET INCOME (LOSS) FOR THE PERIOD		\$ (426,225)	(472,687)	\$ (197,190)	\$ (117,249)
OTHER COMPREHENSIVE INCOME (LOSS)					
Currency translation differences		(77,344)	(49,719)	(18,310)	15,160
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		\$ (503,569)	\$ (522,406)	\$ (215,500)	\$ (102,089)
Comprehensive loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding					
Outstanding - basic and diluted		56,041,746	56,041,846	56,041,746	56,041,846

Pioneering Technology Corp.

Condensed Interim Statements of Changes in Equity

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

Expressed in Canadian Dollars

	Note	Common Shares		Preferred Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity	
		Number	Amount	Number	Amount					
Balance, October 1, 2022		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 436,914	\$ (193,618)	\$ (14,746,574)	\$ 3,471,580
Stock-based compensation expense	13 (c)						113,863			113,863
Stock options forfeited and expired	13	-	-	-	-	-	-	-	-	-
Comprehensive (loss) income for the period		-	-	-	-	-	(77,344)	(426,226)		(503,570)
Balance, June 30, 2023		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 550,777	\$ (270,962)	\$ (15,172,800)	\$ 3,081,873

	Note	Common Shares		Preferred Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity	
		Number	Amount	Number	Amount					
Balance, October 1, 2021		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 1,236,729	\$ (392,750)	\$ (14,921,152)	\$ 3,897,685
Stock options forfeited and expired	13	-	-	-	-	(356,726)	-	356,726		-
Comprehensive (loss) income for the period		-	-	-	-	-	(49,719)	(472,687)		(522,406)
Balance, June 30, 2022		56,041,746	\$ 17,974,857	20,533,133	\$	1	\$ 880,003	\$ (442,469)	\$ (15,037,113)	\$ 3,375,279

Pioneering Technology Corp.
Condensed Interim Statements of Cash Flows

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

Expressed in Canadian Dollars

	Nine Months Ended	Nine Months Ended	End of Quarter	End of Quarter
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (426,225)	\$ (472,687)	\$ (197,190)	\$ (117,249)
Items not affecting cash				
Depreciation of property and equipment	8 154,879	145,251	54,578	48,417
Amortization of patents and intangibles	9 6,524	9,320	2,175	3,107
Interest expense on lease obligation	12 57,782	62,788	18,966	20,256
Fair value movement - derivative liability	-	-	-	-
Unrealized foreign exchange loss (gain)	(32,964)	11,532	(9,000)	5,736
Stock-based compensation expense	13 (c) 113,863	-	113,863	-
	(126,141)	(243,796)	(16,608)	(39,733)
Change in non-cash working capital balances				
Trade and other receivables	13,296	99,625	(63,329)	66,744
Inventories	369,163	(106,054)	(934)	275,402
Prepaid expenses and deposits	(29,717)	212,205	141,234	(5,768)
Trade payables and accrued liabilities	(88,579)	(337,935)	172,524	(167,774)
	138,022	(375,956)	232,887	128,871
INVESTING ACTIVITIES				
Purchase of property and equipment	8 (141,858)	1,242	(1,575)	-
Purchase of patents and intangibles	9 27,750	-	(0)	-
	(114,108)	1,242	(1,575)	-
FINANCING ACTIVITIES				
Repayment of long-term lease obligation	12 (67,993)	(124,394)	(22,963)	(41,059)
	(67,993)	(124,394)	(22,963)	(41,059)
NET CHANGE IN CASH IN THE PERIOD	(44,079)	(499,108)	208,348	87,812
Foreign currency movement in cash balances	(29,217)	(106,451)	7,247	(66,909)
CASH - BEGINNING OF PERIOD	889,729	1,494,730	600,837	868,267
CASH - END OF PERIOD	\$ 816,433	\$ 889,171	\$ 816,433	\$ 889,171
SUPPLEMENTAL DISCLOSURE				
Interest paid	\$ 60,216	\$ 62,788	\$ 19,329	\$ 20,256

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(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., Mississauga, Ontario, Canada, L4W 5K5. The Company’s website is www.pioneeringtech.com.

2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

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

2.1 Statement of compliance

These financial statements, including comparative balances for the period ended June 30, 2022, have been prepared in accordance with and using policies in compliance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), including IAS 34, Interim Financial Reporting. The financial statements were approved and authorized by the Board of Directors of the Company on August 24, 2023.

2.2 Functional currency

The Company’s functional currency is US dollars based on the primary economic environment in which the Company operates. The Company’s presentation currency is Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those for the year ended September 30, 2022, financial statements.

Use of estimates and judgments

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

The following are management’s key estimates and judgements:

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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 of June 30, 2023 (refer to note 6);
- Functional currency – judgment is required in determining the Company’s functional currency based on the economic environment in which it primarily generates and expends cash;
- Stock-based compensation – the amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is used to estimate the fair value of stock options and the date of grant is 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 13);
- Determination of variable consideration – judgment is exercised in estimating variable consideration which is determined having regard to past experience with respect to the product returned to the Company where the customer maintains a right of return pursuant to the customer contract or where the product has a variable component. Revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved;
- Recovery of deferred income tax assets – assessing whether the realization of tax losses against future taxable income is probable (refer to note 14);
- Discount rate of lease liability - the lease liability is measured at the present value of expected lease payments and discounted using the interest rate implicit in the lease, unless this is not readily determinable, in which case the Company’s incremental borrowing rate on commencement of the lease is used. The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment;
- 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.

4. CAPITAL MANAGEMENT

The Company defines capital as total shareholders’ equity and long-term debt. 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.

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

4. CAPITAL MANAGEMENT (CONT'D)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2023.

5. FINANCIAL INSTRUMENTS

Financial instruments, by classification, comprise the following:

	Fair value hierarchy	June 30, 2023	September 30, 2022
Financial assets			
Amortized cost			
Cash		\$ 816,433	\$ 889,729
Trade and other receivables		471,345	484,641
Financial liabilities			
Amortized cost			
Trade payables and accrued liabilities		787,310	875,889

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

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily from trade receivable) 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 receivable and arises from the possibility that any counterparty to an instrument fails to perform. The Company has adopted a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. All of the Company's customers are located in either Canada or the United States. When available, the Company reviews credit bureau ratings, bank accounts and financial information for each new customer. As at June 30, 2023, the Company's maximum exposure to credit risk was the carrying value of cash and trade receivables.

Trade and other receivables

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

The Company's trade receivables are concentrated among customers in the distribution and retail industry. As at June 30, 2023, three (2022 - three) customer accounted for greater than 10% of the Company's accounts receivable balance. In total, these customers accounted for 74% of the Company's accounts receivable balance as at June 30, 2023 (2022 – 67%).

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (CONT'D)*Financial instruments and cash deposits*

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

Liquidity risk

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

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

Market risk

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

Foreign currency risk

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

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

	June 30, 2023	September 30, 2022
Cash	\$ 34,929	\$ 59,456
Accounts receivable	87,324	98,422
Trade payables and accrued liabilities	319,128	579,901

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

Interest rate risk

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

Sensitivity analysis – foreign exchange risk

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one-year period. The Company's operating activities are substantially

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

denominated in both Canadian and US dollars. The Company's funds are kept in CAD and USD with a major Canadian Financial Institution.

5. FINANCIAL INSTRUMENTS (CONT'D)

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 to which the Company has significant exposure. The analysis assumes that other variables remain constant.

	Income effect of a 10% increase in foreign exchange rates on translation of CAD monetary balances	Income effect of a 10% loss in foreign exchange rates on translation of CAD monetary balances
CAD	19,687	(19,687)

6. TRADE AND OTHER RECEIVABLES

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

	June 30, 2023	September 30, 2022
HST recoverable	\$ 2,707	\$ (3,789)
Government grants	-	-
Trade accounts receivable, net of allowance	468,638	488,430
	\$ 471,345	\$ 484,641

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

	June 30, 2023	September 30, 2022
Less than 1 month	359,569	\$ 245,605
31 - 60 days	93,402	58,687
61 - 90 days	1,459	5,092
Over 90 days	19,208	184,046
Total trade accounts receivable	473,638	493,430
Less: Allowance for doubtful accounts	5,000	5,000
Net trade accounts receivable	\$ 468,638	\$ 488,430

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

7. INVENTORIES

Inventories are comprised of the following:

	June 30, 2023	September 30, 2022
Finished goods	\$ 2,107,855	\$ 2,477,018
	\$ 2,107,855	\$ 2,477,018

8. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use Assets	Total
October 1, 2021	81,903	414,549	75,051	20,586	342,562	1,671,939	2,606,590
Additions	-	-	-	14,285	-	-	14,285
Disposals	-	-	-	-	-	-	-
Net currency translation	6,210	31,430	5,690	1,561	25,972	126,764	197,627
October 1, 2022	88,113	445,979	80,741	36,432	368,534	1,798,703	2,818,502
Additions	2,184	6,846	-	-	132,828	-	141,858
Disposals	-	-	-	-	-	-	-
Net currency translation	(5,186)	(22,041)	(2,751)	(433)	(33,108)	(61,282)	(124,801)
June 30, 2023	\$ 85,111	\$ 430,784	\$ 77,990	\$ 35,999	\$ 468,254	\$ 1,737,421	\$ 2,835,559

Accumulated Depreciation	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use Assets	Total
October 1, 2021	74,287	338,768	53,475	18,671	137,735	241,726	864,662
Depreciation	3,434	22,790	6,489	576	33,832	121,160	188,281
Disposals	-	-	-	-	-	-	-
Net currency translation	5,884	27,353	4,529	1,458	12,919	27,194	79,337
October 1, 2022	83,605	388,911	64,493	20,705	184,486	390,080	1,132,280
Depreciation	2,181	13,813	3,484	4,730	36,445	94,226	154,879
Disposals	-	-	-	-	-	-	-
Net currency translation	(2,130)	(9,765)	(1,753)	(3,358)	(5,329)	(10,850)	(33,185)
June 30, 2023	\$ 83,656	\$ 392,959	\$ 66,224	\$ 22,077	\$ 215,602	\$ 473,456	\$ 1,253,974

Net book value	Computer hardware and software	Equipment small tools and moulds	Fixtures and fittings	Automobiles	Leasehold improvements	Right of use Assets	Total
October 1, 2021	\$ 7,616	\$ 75,781	\$ 21,576	\$ 1,915	\$ 204,827	\$ 1,430,213	\$ 1,741,928
October 1, 2022	\$ 4,508	\$ 57,068	\$ 16,248	\$ 15,727	\$ 184,048	\$ 1,408,623	\$ 1,686,222
June 30, 2023	\$ 1,455	\$ 37,825	\$ 11,766	\$ 13,922	\$ 252,652	\$ 1,263,965	\$ 1,581,585

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

9. PATENTS AND INTANGIBLES

Patents and intangible assets are comprised of the following:

Cost	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	66,148	186,895	43,231	45,323	57,640	399,237
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Net currency translation	5,016	14,170	3,277	3,437	4,370	30,270
October 1, 2022	71,164	201,065	46,508	48,760	62,010	429,507
Additions	-	-	-	-	-	-
Disposals	-	(27,750)	-	-	-	(27,750)
Net currency translation	(2,425)	20,900	(1,584)	(1,661)	(2,114)	13,116
June 30, 2023	\$ 68,739	\$ 194,215	\$ 44,924	\$ 47,099	\$ 59,896	\$ 414,873

Accumulated amortization	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	66,148	-	28,774	42,839	34,252	172,013
Amortization	-	-	4,438	751	7,238	12,427
Disposals	-	-	-	-	-	-
Net currency translation	5,016	-	2,409	3,299	2,910	13,634
October 1, 2022	71,164	-	35,621	46,889	44,400	198,074
Amortization	-	-	2,331	393	3,800	6,524
Disposals	-	-	-	-	-	-
Net currency translation	(2,425)	-	(1,145)	(1,055)	(914)	(5,539)
June 30, 2023	\$ 68,739	\$ -	\$ 36,807	\$ 46,227	\$ 47,287	\$ 199,060

Net book value	Safe-T-Sensor	Development	Trademarks	Patents	Website	Total
October 1, 2021	\$ -	\$ 186,895	\$ 14,457	\$ 2,484	\$ 23,388	\$ 227,224
October 1, 2022	\$ -	\$ 201,065	\$ 10,887	\$ 1,871	\$ 17,610	\$ 231,433
June 30, 2023	\$ -	\$ 194,215	\$ 8,117	\$ 872	\$ 12,609	\$ 215,813

10. BANK INDEBTEDNESS

The company has a \$500,000 (2022 - \$500,000) revolving demand facility with a Canadian chartered bank bearing interest at the lender's prime rate plus 2% per annum. The Company has provided general security to the lender over its personal property. No amounts have been drawn on the facility as of June 30, 2023 (2022 - \$Nil).

11. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	June 30, 2023	September 30, 2022
Trade payables	\$ 548,311	\$ 579,928
Other accrued liabilities	238,999	295,961
	\$ 787,310	\$ 875,889

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three and nine months ended June 30, 2023 and June 30, 2022

(Unaudited)

(Expressed in Canadian Dollars)

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

12. LEASE OBLIGATIONS

	June 30, 2023	September 30, 2022
Property and office space lease bearing interest at an estimated rate of 5.2%. The lease extends through fiscal 2033	\$ 1,443,581	\$ 1,511,586
Less: current portion	(98,856)	(91,977)
	<u>\$ 1,344,725</u>	<u>\$ 1,419,609</u>

Included in interest expense is \$57,782 (2022 - \$61,143) of interest expense on lease obligations. Total cash outflows relating to leases consist of payments in the amount of \$67,993 (2022 - \$122,749). Included in administration expense is \$8,270 (2022 - \$48,756) relating to variable lease payments not included in the measurement of lease liabilities.

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

2023	\$ 23,467
2024	172,671
2025	176,997
2026	181,369
2027	185,972
Thereafter	1,107,207
	<u>\$ 1,847,684</u>
Less: imputed interest	404,103
	<u>\$ 1,443,581</u>

13. SHARE CAPITAL
a) Authorized

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

b) Stock option plan

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the underlying directors' resolution approving the issuance and have a

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maximum life of five years. The plan allows for the issuance of up to 11,208,349 (2022 - 11,208,349) common shares of the Company.

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

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

Contributed surplus is comprised of the following:

	June 30, 2023	September 30, 2022
Stock options	\$ 550,777	\$ 436,914
	\$ 550,777	\$ 436,914

Stock option activity for the nine months ended June 30, 2023 and June 30, 2022 were as follows:

	June 30, 2023		June 30, 2022	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Balance, beginning of period	\$ 0.14	2,525,000	\$ 0.33	3,975,000
Transactions during the period				
Granted (i)	\$ 0.05	7,250,000	\$ -	-
Forfeited	\$ -	-	\$ (0.52)	(850,000)
Expired	\$ -	-	\$ -	-
Outstanding, end of period	\$ 0.07	9,775,000	\$ 0.27	3,125,000
Exercisable, end of period	\$ 0.07	9,775,000	\$ 0.27	3,125,000

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

Exercise Price	June 30, 2023			September 30, 2022		
	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable
\$ 0.14	2,525,000	1.67	2,525,000	2,525,000	2.40	2,525,000
\$ 0.05 (i)	7,250,000	4.84	7,250,000	-	-	-
	-	-	-	-	-	-
	9,775,000	4.50	9,775,000	2,525,000	2.40	2,525,000

(i) Stock-based compensation expense of \$113,863 (2022 - \$nil) is included in sales and marketing expenses on the statement of income (loss) and comprehensive income (loss). On May 3, 2023, the Company granted 7,250,000

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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, 2023.

14. INCOME TAXES

As of June 30, 2023, the Company has accumulated non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income for income tax purposes. On June 30, 2023, the Company has not recognized \$12,585,142 of the tax losses. These non-capital losses expire as follows:

2027	\$ 313,370
2028	1,424,300
2029	579,685
2031	106,628
2032	813,981
2033	1,269,404
2034	854,465
2038	2,462,781
2039	2,015,608
2040	770,807
2041	1,475,173
2042	498,940
	\$ 12,585,142

15. COMMITMENTS AND CONTINGENCIES

Pioneering leases its premises under a non-cancellable operating lease that expires in July 2028, with an option to renew for an additional 5 years. 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. During 2016, a former supplier has commenced an action against the Company relating to a contractual dispute. The Company intends to vigorously defend itself against such claim. As of June 30, 2023, no provision has been recorded in connection with this claim.

16. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and balances are as follows:

	June 30, 2023	June 30, 2022
Type of payment		
Compensation and benefits	\$ 239,246	\$ 184,312
	\$ 239,246	\$ 184,312
Amounts due to related parties at quarter end	\$ 5,778	\$ 1,928

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

17. SEGMENTED INFORMATION

The Company operates in one business segment being the development, manufacture and sale of products intended to save energy and offer consumer convenience and safety. In addition, the Company operates in only one geographical segment, Canada, although it does service its U.S. clients by shipping and invoicing from its facilities in Mississauga, Ontario. Some deliveries are routed through an independent warehouse in the United States. The breakdown of the Company's revenues by geographic areas for the periods ended June 30, 2023, and 2022 are as follows:

	June 30, 2023	March 31, 2022
Canada	12%	14%
United States	88%	86%
	100%	100%

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

18. COVID-19 PANDEMIC & GOVERNMENT GRANTS

The outbreak of COVID-19 in 2020 resulted in worldwide emergency measures to combat the spread of the virus. These measures, including significant restrictions on commercial activity, have caused massive disruption to businesses globally, resulting in a broad-based and global economic slowdown.

The Pandemic exposed the Company's operations to various risks which included but were not limited to, delay in customer shipments, increase in operating costs, interruption of project work, credit risk associated with customer non-payment, access to financing and change in the timing of cash flows. During the fiscal year ended September 30, 2022, government assistance related to COVID-19 ended.

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

For the period ended June 30, 2023 the company recognized \$nil (2022 - \$62,590) of grants under the payroll support program, which has been allocated to the financial statements as follows:

	June 30, 2023	June 30, 2022
Administration	\$ -	\$ 14,267
Sales and marketing	-	34,056
Research and development	-	14,267
	\$ -	\$ 62,590

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18. COVID-19 PANDEMIC & GOVERNMENT GRANTS (CONT'D)

For the period ended June 30, 2023, \$nil (2022 - \$4,787) of the amount recognized was recorded as a receivable within trade and other receivables.

Canada Emergency Rent Subsidy ("CERS")

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

For the period ended June 30, 2023 the Company recognized \$nil (2022- \$99,579) in government grants under the rent subsidy program, which has been recorded within administration expenses on the statement of income (loss) and comprehensive income (loss).

As at June 30, 2023, \$nil (2022 - \$13,442) of the amount recognized was recorded as a receivable within trade and other receivables (note 6).

19. ADMINISTRATION EXPENSES

Administration expenses in the amount of \$202,126 incurred in previous periods were reversed in the quarter ended March 31, 2023