

# **VITALITY PRODUCTS INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**FOR THE NINE MONTHS ENDED OCTOBER 31, 2024 AND 2023**

## **VITALITY PRODUCTS INC.**

### **NOTICE TO READER**

The condensed interim statements of financial position of Vitality Products Inc. as at October 31, 2024 and 2023 and the condensed interim statements of loss and comprehensive loss, changes in equity and cash flows for the nine months then ended have not been reviewed by an auditor. These condensed interim financial statements are the responsibility of the Company's management. These condensed interim financial statements have been prepared by management of the Company in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

# VITALITY PRODUCTS INC.

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited) (Expressed in Canadian Dollars)

<b>Assets</b>	October 31, 2024	January 31, 2024
Current:		
Cash	\$ 96,018	\$ 65,430
Short-term investment (Note 4)	102,258	103,227
Accounts and other receivables (Notes 5 and 9)	125,350	146,733
Inventories (Note 6)	113,319	191,327
Prepaid expenses	13,818	28,186
	450,763	534,903
Security deposit	-	7,480
Property and equipment (Notes 7 and 16)	8,324	13,961
Investment property (Notes 8, 12 and 16)	238,715	238,794
	\$ 697,802	\$ 795,138
<b>Liabilities</b>		
Current:		
Accounts payable and accrued liabilities (Note 12)	\$ 152,499	\$ 138,588
Current portion of lease liabilities (Note 16)	-	4,169
Amounts owing to related parties (Note 12)	1,295,287	1,299,893
Redeemable preference shares (Notes 10 and 12)	709,752	696,549
	2,157,538	2,139,199
<b>Shareholders' Deficiency</b>		
Common shares, net of share issuance cost (Note 11)	12,505,409	12,505,409
Reserves - warrants (Note 11)	881,931	881,931
Reserves - equity settled employee benefits (Note 11)	834,974	815,974
Deficit	(15,682,050)	(15,547,375)
	(1,459,736)	(1,344,061)
	\$ 697,802	\$ 795,138

Nature of Operations and Going Concern (Note 1)

Other Commitments and Contingencies (Notes 9 and 16)

Approved and authorized by the Board on December 30, 2024

“Cheryl A. Grant” (signed) \_\_\_\_\_, Director

“W. Douglas Grant” (signed) \_\_\_\_\_, Director

# VITALITY PRODUCTS INC.

## CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited) (Expressed in Canadian Dollars)

	Three Months Ended Oct. 31, 2024	Nine Months Ended Oct. 31, 2024	Three Months Ended Oct. 31, 2023	Nine Months Ended Oct. 31, 2023
Sales	\$ 194,455	\$ 557,495	\$ 231,816	\$ 615,519
Cost of sales (Notes 6 and 9)	58,790	156,100	65,328	170,034
<b>Gross margin</b>	<b>135,665</b>	<b>401,395</b>	<b>166,488</b>	<b>445,485</b>
General selling expenses:				
Promotion (Note 9)	20,267	71,709	32,483	143,618
Selling fees (Note 9)	6,749	16,891	8,387	24,414
	27,016	88,600	40,870	168,032
General and administrative expenses:				
Consulting fees (Note 9)	12,714	21,369	6,803	62,982
Depreciation	583	5,716	12,926	38,778
Directors' fees (Note 12)	-	1,400	-	1,750
Filing and transfer agent fees	4,602	19,675	5,283	20,310
Foreign exchange (gain) loss	(44)	(138)	113	321
Office	6,812	15,584	7,287	24,260
Professional fees	10,532	40,788	8,402	48,739
Rent and administration (Note 12)	8,296	23,625	5,369	16,057
Share-based compensation (Note 12)	-	19,000	-	-
Telephone	409	2,322	1,314	4,316
Travel (Note 9)	4,236	9,077	3,799	7,820
Wages and salary (Notes 9 and 12)	89,378	278,092	90,664	277,376
	137,518	436,510	141,960	502,709
Other revenues and expenses:				
Interest income	(1,093)	(3,233)	(1,797)	(6,330)
Interest expense (Note 16)	-	990	2,031	6,889
Accrued dividends on redeemable preference shares (Notes 10 and 12)	4,449	13,203	4,449	13,203
	167,890	536,070	187,513	684,503
<b>Net loss and comprehensive loss</b>	<b>\$ 32,225</b>	<b>\$ 134,675</b>	<b>\$ 21,025</b>	<b>\$ 239,018</b>
Loss per share				
Basic and diluted (Note 17)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Weighted average number of common shares outstanding				
Basic and diluted	41,411,285	41,411,285	41,411,285	41,411,285

- See accompanying Notes to the condensed interim financial statements -

# VITALITY PRODUCTS INC.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Common Shares Number	Common Shares \$	Reserves \$	Deficit \$	Total \$
Balance at January 31, 2023	41,411,285	12,505,409	1,697,905	(15,278,337)	(1,075,023)
Net loss	-	-	-	(239,018)	(239,018)
Balance at October 31, 2023	41,411,285	12,505,409	1,697,905	(15,517,355)	(1,314,041)
Net loss	-	-	-	(30,020)	(30,020)
Balance at January 31, 2024	41,411,285	12,505,409	1,697,905	(15,547,375)	(1,344,061)
Share-based compensation	-	-	19,000	-	19,000
Net loss	-	-	-	(134,675)	(134,675)
Balance at October 31, 2024	41,411,285	12,505,409	1,716,905	(15,682,050)	(1,459,736)

- See accompanying Notes to the condensed interim financial statements -

# VITALITY PRODUCTS INC.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS (Unaudited) (Expressed in Canadian Dollars)

	Three Months Ended Oct. 31, 2024	Nine Months Ended Oct. 31, 2024	Three Months Ended Oct. 31, 2023	Nine Months Ended Oct. 31, 2023
<b>Operating Activities:</b>				
Net loss	\$ (32,225)	\$ (134,675)	\$ (21,025)	\$ (239,018)
Adjustments for non-cash items:				
Depreciation of property and equipment	556	5,637	12,897	38,691
Depreciation of improvement on investment property	27	79	29	87
Share-based compensation	-	19,000	-	-
Accrual of dividends on redeemable preference shares	4,449	13,203	4,449	13,203
Accrual of interest on short-term investment	(1,093)	969	(1,096)	3,161
Changes in non-cash receivables, payables and inventories:				
(Increase) Decrease in accounts receivable	1,117	21,383	(21,061)	13,538
(Increase) Decrease in inventories	35,909	78,008	49,035	55,364
(Increase) Decrease in prepaid expenses and security deposit	4,023	21,848	2,624	16,242
Increase (Decrease) in accounts payable and accrued liabilities	19,316	13,911	(12,535)	(13,799)
Increase (Decrease) in the amounts owing to related parties	(728)	(4,606)	745	(15,547)
<b>Cash provided (used) by operating activities</b>	<b>31,351</b>	<b>34,757</b>	<b>14,062</b>	<b>(128,078)</b>
<b>Investing Activities:</b>				
Purchase of short-term investment	-	(100,000)	-	(200,000)
Redemption of short-term investment	-	100,000	50,000	400,000
Purchase of property and equipment	-	-	-	(2,221)
<b>Cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>197,779</b>
<b>Financing Activities:</b>				
Repayment of principal portion of lease liabilities	-	(4,169)	(12,039)	(35,209)
<b>Cash used by financing activities</b>	<b>-</b>	<b>(4,169)</b>	<b>(12,039)</b>	<b>(35,209)</b>
Net increase in cash	31,351	30,588	52,023	34,492
<b>Cash, beginning</b>	<b>64,667</b>	<b>65,430</b>	<b>52,354</b>	<b>69,885</b>
<b>Cash, ending</b>	<b>\$ 96,018</b>	<b>\$ 96,018</b>	<b>\$ 104,377</b>	<b>\$ 104,377</b>

- See accompanying Notes to the condensed interim financial statements -

# VITALITY PRODUCTS INC.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2024 AND 2023 (Unaudited) (Expressed in Canadian Dollars)

### 1. Nature of Operations and Going Concern:

Vitality Products Inc. (the "Company") is a publicly traded company that was incorporated under the Province of British Columbia on February 29, 1984. The head office of the Company is located at #304 - 837 West Hastings Street, Vancouver, BC, Canada, V6C 3N6. The Company is listed on the TSX Venture Exchange (TSX-V) and trades under the symbol "VPI".

The Company is in the business of manufacturing, marketing, and distributing natural health products, including vitamins, minerals and nutritional supplements.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the periods ended October 31, 2024 and 2023, the Company experienced operating losses and had a significant working capital deficiency for the Company's current liabilities exceeded current assets. The operations of the Company have been primarily funded by the issuance of share capital and through advances by related parties. Continued operations are dependent on the Company's ability to generate profitable operations in the future, raise financing through the issue of additional equity and the continued financial support from related parties, none of which is certain. These circumstances indicate the existence of material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

	As at October 31, 2024	As at January 31, 2024
Deficit	\$ 15,682,050	\$ 15,547,375
Working capital (deficit)	(1,706,775)	(1,604,296)

## **2. Basis of Presentation:**

### **a) Statement of Compliance –**

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain information and disclosure normally included in annual financial statements prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC have been omitted or condensed.

The notes presented in these condensed interim financial statements include only significant events and transactions occurring since the Company’s last fiscal year end and they do not include all of the information required in the Company’s most recent annual financial statements. These condensed interim financial statements have been prepared using the same accounting policies and methods as those used in the Company’s most recent annual financial statements and should be read in conjunction with the financial statements of the Company for the years ended January 31, 2024 and 2023, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company’s financial statements for the years ended January 31, 2024 and 2023.

The condensed interim financial statements of the Company for the nine months ended October 31, 2024 and 2023 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 30, 2024. Shortly thereafter, the financial statements are made available to shareholders.

### **b) New and Amended Standards and Interpretations –**

At the date of authorization of the financial statements, the IASB and IFRIC have not issued any new and revised standards and interpretations which could be applicable to the Company and are not yet effective for the relevant reporting period. The Company generally does not early adopt any new standards or amendments and interpretations.

## **3. Significant Accounting Policies:**

These condensed interim financial statements have been prepared using the same accounting policies and methods as those used in the Company’s most recent annual financial statements and should be read in conjunction with the financial statements of the Company for the years ended January 31, 2024 and 2023, which were prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRIC. There have been no significant changes in judgments or sources of estimation uncertainty from those disclosed in the Company’s financial statements for the years ended January 31, 2024 and 2023.

## **4. Short-term Investment:**

Short-term investment, measured at amortized cost, consists of one guaranteed investment certificate (“GIC”) with a balance of \$100,000 at period-end that earns interest at the annual interest rate of 4.35%. The GIC has a maturity date of April 23, 2025.

## 5. Accounts and Other Receivables:

The balance of accounts receivable at period-end is as follows:

	<b>October 31, 2024</b>	January 31, 2024
	\$	\$
Current		
Trade receivables	112,108	129,380
Less: Allowance for doubtful accounts	(1,347)	(1,535)
Total trade receivables	110,761	127,845
Government assistance program receivable (Note 9)	14,589	18,888
<b>Total receivables</b>	<b>125,350</b>	<b>146,733</b>

The allowance for doubtful accounts balance at period-end is as follows:

	<b>October 31, 2024</b>	January 31, 2024
	\$	\$
Allowance for doubtful accounts, opening	1,535	1,949
(Decrease) Increase to prior year allowance	(188)	(414)
<b>Allowance for doubtful accounts, closing</b>	<b>1,347</b>	<b>1,535</b>

## 6. Inventories:

The total carrying value of inventories by classification:

	<b>October 31, 2024</b>	January 31, 2024
	\$	\$
Finished goods	103,097	182,013
Work in process	10,222	9,314
<b>Total inventories</b>	<b>113,319</b>	<b>191,327</b>

Inventories amounting to \$155,591 (2023 - \$169,874) were recognized as an expense in the period (included in cost of sales).

**7. Property and Equipment:**

	Computer Equipment	Office Furniture and Equipment	Right-of-Use Asset Office (Note 16)	Total
	\$	\$	\$	\$
<b>Cost</b>				
As at January 31, 2023	5,643	16,081	145,908	167,632
Additions	-	2,221	-	2,221
Modifications	-	-	(58,081)	(58,081)
As at January 31, 2024	5,643	18,302	87,827	111,772
Additions	-	-	-	-
Disposals	-	-	(87,827)	(87,827)
<b>As at October 31, 2024</b>	<b>5,643</b>	<b>18,302</b>	-	<b>23,945</b>
<b>Accumulated Depreciation</b>				
As at January 31, 2023	2,384	8,662	36,373	47,419
Depreciation	978	1,928	47,486	50,392
Disposals	-	-	-	-
As at January 31, 2024	3,362	10,590	83,859	97,811
Depreciation	513	1,156	3,968	5,637
Disposals	-	-	(87,827)	(87,827)
<b>As at October 31, 2024</b>	<b>3,875</b>	<b>11,746</b>	-	<b>15,621</b>
<b>Net Book Value</b>				
As at January 31, 2023	3,259	7,419	109,535	120,213
As at January 31, 2024	2,281	7,712	3,968	13,961
<b>As at October 31, 2024</b>	<b>1,768</b>	<b>6,556</b>	-	<b>8,324</b>

**8. Investment Property:**

	Cost	Accumulated Amortization	Carrying Value
	\$	\$	\$
<b>Cost</b>			
As at January 31, 2023	244,660	5,750	238,910
Amortization	-	116	(116)
As at January 31, 2024	244,660	5,866	238,794
Amortization	-	79	(79)
<b>As at October 31, 2024</b>	<b>244,660</b>	<b>5,945</b>	<b>238,715</b>

The Company holds one investment property which is raw land located in Whatcom County, Washington State that was purchased on September 12, 2002 with a historical cost of \$237,750 (US\$150,000). Included in the balance is the cost of improvements to the land net of amortization.

Management has estimated the fair value of the investment property to be in the range of \$948,429 to \$1,049,384 (2023 - \$821,828 to \$909,307) based on comparable market prices for undeveloped land in Whatcom County. This is a level 2 fair value determination which uses valuation techniques based on inputs that are other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

## 9. Government Assistance:

The Company applies for government assistance and has been successful in receiving funding, subject to certain conditions, for the following programs:

- Digital and consumer marketing programs
- Youth employment and intern programs

Total government assistance has been recorded against expenses recorded on the statement of loss and comprehensive loss as follows:

	October 31, 2024	October 31, 2023
	\$	\$
Cost of sales	2,284	1,827
Promotion	11,298	12,900
Selling fees	530	103
Consulting fees	3,040	11,446
Travel	1,966	3,699
Wages and salary	28,989	30,427
<b>Total government assistance</b>	<b>48,107</b>	<b>60,402</b>

Included in accounts and other receivables as at October 31, 2024 is \$14,589 (2023 - \$6,777) for a government assistance receivable.

## 10. Redeemable Preference Shares:

a) Authorized –

No maximum number of Class "A" Preferred shares with a par value of \$10 each.

b) Issued –

		October 31, 2024		October 31, 2023	
		Shares	Amount	Shares	Amount
		\$	\$		
Class A, Series 1	(a)	2,500	73,127	2,500	71,627
Class A, Series 3	(b)	26,920	636,625	26,920	620,473
		<b>709,752</b>			<b>692,100</b>

(a) Class A, Series 1

The Class A, Series 1 preference shares have a 6% per annum cumulative dividend payable annually commencing January 31, 1992, are redeemable by the Company and retractable by the holder. The redemption price is \$10 per share plus any cumulative dividends.

Included in the balance as at October 31, 2024 are aggregate cumulative preference share dividends in arrears of \$48,127 (2023 - \$46,627).

## 10. Redeemable Preference Shares: (Continued)

### b) Issued – (Continued)

#### (b) Class A, Series 3

The Class A, Series 3 preference shares have a 6% per annum cumulative dividend payable annually commencing January 31, 2002, are redeemable by the Company and retractable by the holder. The redemption price is \$10 per share plus any cumulative dividends. The Company may force conversion of these shares and accumulated dividends into the Company's common shares at a forced conversion price. The number of shares that the Company will issue under forced conversion is determined by using a price equal to the lesser of:

- the then-current market price of the Company's common share and
- \$0.25 per preference share plus all unpaid dividends accrued on the preference shares thereon to the date of conversion.

Included in the balance as at October 31, 2024 are aggregate cumulative preference share dividends in arrears of \$367,425 (2023 - \$351,273).

## 11. Capital Stock and Reserves:

### a) Authorized –

No maximum number of voting Common shares without par value.

No maximum number of Class "B" Preference shares with a par value of \$50 each.

### b) Issued and Fully Paid –

Common shares:

	Number of Shares	Share Capital	Reserves - Warrants	Reserves - Equity Settled Employee Benefits
Balance, January 31, 2023	41,411,285	\$ 12,505,409	\$ 881,931	\$ 815,974
	-	-	-	-
Balance, January 31, 2024	41,411,285	\$ 12,505,409	\$ 881,931	\$ 815,974
Share-based compensation	-	-	-	19,000
<b>Balance, October 31, 2024</b>	<b>41,411,285</b>	<b>\$ 12,505,409</b>	<b>\$ 881,931</b>	<b>\$ 834,974</b>

### c) Options –

On June 8, 2023, the Board approved the adoption of a 20% fixed share option plan, subject to shareholder and regulatory approval (the "Fixed Option Plan"), to align with the current TSX Venture Exchange policies on equity compensation plans. The Fixed Option Plan was approved by the Shareholders on July 18, 2023, and received regulatory approval on November 24, 2023. A copy of the Fixed Option Plan was included in the Company's Management Information Circular dated June 8, 2023, and is available on Sedar+ at [www.sedarplus.com](http://www.sedarplus.com).

## 11. Capital Stock and Reserves: (Continued)

### c) Options – (Continued)

The purpose of the Fixed Option Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and non-employee directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through stock option arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

The Fixed Option Plan superseded and replaced the Company's former rolling stock option plan (the "Rolling Option Plan"). All outstanding Options under the Company's Rolling Plan are deemed Options under the Fixed Option Plan, and all future stock option grants will be made pursuant to, or as otherwise permitted by, the Fixed Option Plan. No further stock option grants will be made pursuant to the Company's Rolling Option Plan. In accordance with the terms of the Fixed Option Plan, the exercise price of an option is set by the Board at the time such option is allocated.

The maximum number of Shares that may be reserved for issuance under the Fixed Option Plan, together with all other security based compensation plans, is 8,282,257, which represents 20% of the outstanding Shares of the Company upon the date of approval of the Fixed Option Plan by the Board.

For stock options granted to directors, officers, employees and consultants, the Company recognizes share-based compensation expense based on the estimated fair value of stock options granted as calculated using the Black-Scholes option-pricing model.

During the period ended October 31, 2024, the Company granted 500,000 stock options with a weighted average fair value of \$0.038 per option to directors, officers, employees and consultants of the Company. These options are not subject to any vesting schedule. Share-based compensation totaling \$19,000 was expensed during the period ended October 31, 2024.

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	<b>October 31, 2024</b>
Risk-free interest rate	<b>3.26%</b>
Expected life of options	<b>5 years</b>
Fair value per option granted	<b>\$ 0.038</b>
Annualized volatility	<b>185%</b>
Dividend rate	<b>0.00%</b>

During the year ended January 31, 2024, the Company granted no stock options.

A summary of changes in outstanding stock options is as follows:

	Number	Weighted Average Exercise Price
Balance, January 31, 2023	2,745,000	\$ 0.13
Granted	-	-
Expired	(1,650,000)	\$ 0.13
Balance, January 31, 2024	1,095,000	\$ 0.14
Granted	500,000	\$ 0.05
Expired	-	-
<b>Balance, October 31, 2024</b>	<b>1,595,000</b>	<b>\$ 0.11</b>

## 11. Capital Stock and Reserves: (Continued)

### c) Options – (Continued)

As at October 31, 2024, the following stock options were outstanding and exercisable:

Stock Options Outstanding and Exercisable	Exercise Price	Weighted Average Remaining Life (in years)	Expiry Date
150,000	\$ 0.17	0.51	May 5, 2025
375,000	\$ 0.19	1.72	July 20, 2026
570,000	\$ 0.10	2.71	July 19, 2027
500,000	\$ 0.05	4.73	July 23, 2029
<b>1,595,000</b>		<b>2.90</b>	

### d) Reserves - Warrants –

During the period ended October 31, 2024, the Company issued no warrants.

During the year ended January 31, 2024, the Company issued no warrants.

## 12. Related Party Transactions:

The Company is ultimately under the control of the Estate of William Neil Grant and has transactions with other companies under such common control. The Company is also subject to significant influence by Consolidated Firstfund Capital Corp., a company also under the control of the Estate of William Neil Grant.

Amounts due to related parties are as follows:

	October 31, 2024	October 31, 2023
Due to Consolidated Firstfund Capital Corp.	\$ 4,787	\$ 2,141
Due to a company under control of the Estate of W.N. Grant	<b>1,200,000</b>	1,200,000
Due to the Estate of W.N. Grant	72,500	72,500
Due to company directors	18,000	33,000
<b>Amounts owing to related parties</b>	<b>\$ 1,295,287</b>	\$ 1,307,641
Redeemable preference shares, Series 3 held by Consolidated Firstfund Capital Corp. (Note 10)	<b>\$ 636,625</b>	\$ 620,473
Other amounts owed to directors included in accounts payable:	\$ 24,448	\$ 22,310

With the exception of the redeemable preference shares, the terms of amounts due to and from related parties listed above are unsecured, non-interest bearing and have no specific terms of repayment.

## 12. Related Party Transactions: (Continued)

During the period ended October 31, 2024, the Company had the following transactions with related parties:

- a) The Company reimbursed \$12,993 (2023 - \$7,419) owing to Consolidated Firstfund Capital Corp. (“CFC”) for various general and administrative (“G&A”) expenses paid by CFC on behalf of the Company such as telephone, printing, courier and office expenses. In addition, the Company had the following transactions with Consolidated Firstfund Capital Corp.:
  - The Company rents office space from CFC on a monthly basis, for an aggregate rent expense of \$13,500 (2023 - \$13,500).
  - CFC paid for G&A expenses of \$15,387 (2023 - \$6,872) on behalf the Company.
  - The Company recorded additional accrued dividends payable to CFC on the redeemable preference shares Series 3 of \$12,081 (2023 - \$12,081).
- b) The Company leases its investment property to a company under common control on a month-to-month basis for no consideration. Under the terms of this arrangement, the related party is responsible for paying the property tax and maintaining the land for future development or sale. Property tax paid in the current fiscal year was \$1,945 (2023 - \$1,932). The related party is entitled to any incidental income generated by short-term subleasing to a farmer for farming activity. Under this arrangement, the related party also has an indefinite-lived right of first refusal to purchase the property. The purchase price will be determined based on the market value of the property at the time of the purchase.

All of these transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management compensation is accrued and paid to the Chief Executive Officer, Chief Financial Officer and Directors as follows:

	October 31, 2024	October 31, 2023
Key management personnel compensation:		
Directors' fees	\$ 1,400	\$ 1,750
Share-based compensation recognized as the valuation of the stock options granted to officer and directors	19,000	-
Wages and salary paid to officers and directors	142,500	166,500
	<b>\$ 162,900</b>	<b>\$ 168,250</b>

### 13. Financial Instruments:

#### a) Currency Risk –

Currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to currency risk primarily arising from sales in the United States (See Note 15), accounts receivable balances and cash balances denominated in U.S. dollars. The Company does not use derivative instruments to hedge its exposure to this risk.

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities which are denominated in US dollars:

	October 31, 2024	October 31, 2023
Cash	\$ 9,234	\$ 7,750
Accounts receivable	3,670	6,005
<b>Net exposure</b>	<b>\$ 12,904</b>	<b>\$ 13,755</b>

A 10% strengthening (weakening) of the U.S. dollar against the Canadian currency would have decreased (increased) the Company's net loss from these account balances by \$1,290 (2023 - \$1,376).

#### b) Liquidity Risk –

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity or debt financing. The Company has no assurance that such financing will be available on favourable terms. As at October 31, 2024, the Company is exposed to liquidity risk as a result of its current liabilities exceeding its current assets and the amounts owing to related parties of \$1,295,287 (2023 - \$1,307,641) are due on demand.

In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. All of the Company's financial liabilities have a maturity of less than one year except its long-term lease liabilities.

#### c) Credit Risk –

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The financial instruments that subject the Company to credit risk consist primarily of cash, short-term investment, and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

The Company mitigates the risk associated with cash and short-term investment by dealing only with large Canadian financial institutions with good credit ratings.

The Company views the credit risk associated with accounts receivable as minimal as the balance consists of government assistance program claims due from the Government of Canada and accounts receivable due from customers, primarily distributors, with no history of defaults. An allowance for doubtful accounts under the expected credit loss model has been accrued as disclosed in Note 5.

As at October 31, 2024, the Company has a concentration of credit risk in its accounts receivable from three of its major customers representing approximately 52%, 31% and 4% of trade receivables (2023 - 46%, 19% and 9%).

#### **14. Capital Management:**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its operation. Therefore, the Company monitors the level of risk incurred in its operation relative to its capital structure.

The Company considers its capital structure to include shareholders' equity and its redeemable preference shares. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms.

The Company's investment policy is to hold cash in interest-bearing bank accounts. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended October 31, 2024.

#### **15. Segmented Information and Economic Dependence:**

The Company operates in a single segment in Canada which is business of manufacturing, marketing, and distributing natural health products, including vitamins, minerals and nutritional supplements. All of the Company's employees are located in Canada.

The following table illustrates revenue earned from external customers located in Canada and the United States for the periods ended October 31, 2024 and 2023:

	<b>2024</b> \$	<b>% of revenue</b>	<b>2023</b> \$	<b>% of revenue</b>
Canada	<b>544,115</b>	<b>97.6%</b>	589,052	95.7%
United States	<b>13,380</b>	<b>2.4%</b>	26,467	4.3%
	<b>557,495</b>		615,519	

For the periods ended October 31, 2024 and 2023, the Company recorded the following revenue from its major customers:

	<b>2024</b> \$	<b>% of revenue</b>	<b>2023</b> \$	<b>% of revenue</b>
Customer 1	<b>181,186</b>	<b>32.5%</b>	190,811	31.0%
Customer 2	<b>133,799</b>	<b>24.0%</b>	155,726	25.3%
Customer 3	<b>62,997</b>	<b>11.3%</b>	56,628	9.2%

For the periods ended October 31, 2024 and 2023, the Company recorded the following revenue from its main products:

	<b>2024</b> \$	<b>% of revenue</b>	<b>2023</b> \$	<b>% of revenue</b>
Product 1	<b>312,197</b>	<b>56.0%</b>	328,072	53.3%
Product 2	<b>40,697</b>	<b>7.3%</b>	46,164	7.5%
Product 3	<b>37,910</b>	<b>6.8%</b>	42,471	6.9%

The Company has two suppliers for the manufacture of its products located in Canada.

## 16. Leases:

### a) As a Lessor –

The Company leases out its investment property to a related party under common control. The Company has classified this lease as an operating lease because it does not transfer substantially all the risks and rewards incidental to the ownership of the assets. See Note 12 for details of this lease.

### b) As a Lessee –

The Company has certain leases with lease terms of 12 months or less. The Company applied the short-term lease recognition exemptions for these leases. Expense relating to short-term leases for the period ended October 31, 2024 is \$23,625 (2023 - \$16,057).

The Company entered into a lease contract for an office on May 1, 2022 with a term of 36 months. During the year ended January 31, 2024, the Company exercised its right to terminate the lease after the initial year of the term by giving the landlord no less than three months written notice.

The Company's modification of the office lease agreement to now end on February 29, 2024 shortened the lease term by 14 months. The modification led to a decrease in the right-of-use assets as remeasured based on the revised lease term. Correspondingly, lease liabilities decrease due to the reduced number of future lease payments. The modification impacted depreciation and interest expenses.

Set out below are the carrying amounts of the right-of-use office, the related lease liability recognized and the movements during the period:

	<b>Asset</b> \$	<b>Liability</b> \$
As at January 31, 2024	3,968	4,169
Additions	-	-
Minus: Depreciation	3,968	-
Plus: Interest on lease included in interest expense	-	519
Minus: Payments	-	4,688
<b>As at October 31, 2024</b>	<b>-</b>	<b>-</b>

## 17. Earnings Per Share:

Options and warrants disclosed in Note 11 were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.