

VITALITY PRODUCTS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2023 AND 2022

VITALITY PRODUCTS INC.

NOTICE TO READER

The condensed interim statements of financial position of Vitality Products Inc. as at October 31, 2023 and 2022 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)

Assets	October 31, 2023	January 31, 2023
Current:		
Cash	\$ 104,377	\$ 69,885
Short-term investment (Note 4)	153,216	356,377
Accounts and other receivables (Notes 5 and 9)	134,777	148,315
Inventories (Note 6)	174,510	229,874
Prepaid expenses	21,081	37,323
	587,961	841,774
Security deposit	7,480	7,480
Property and equipment (Notes 7 and 16)	83,743	120,213
Investment property (Notes 8, 12 and 16)	238,823	238,910
	\$ 918,007	\$ 1,208,377
Liabilities		
Current:		
Accounts payable and accrued liabilities (Note 12)	\$ 154,767	\$ 168,566
Current portion of lease liabilities (Note 16)	51,827	47,527
Amounts owing to related parties (Note 12)	1,307,641	1,323,188
Redeemable preference shares (Notes 10 and 12)	692,100	678,897
	2,206,335	2,218,178
Long-term lease liabilities (Note 16)	25,713	65,222
	2,232,048	2,283,400
Shareholders' Deficiency		
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)	815,974	815,974
Deficit	(15,517,355)	(15,278,337)
	(1,314,041)	(1,075,023)
	\$ 918,007	\$ 1,208,377

Nature of Operations and Going Concern (Note 1)
Other Commitments and Contingencies (Notes 9 and 16)

Approved and authorized by the Board on December 29, 2023

_____, "Cheryl A. Grant" (signed), Director

_____, "W. Douglas Grant" (signed), Director

- See accompanying Notes to the condensed interim financial statements -

VITALITY PRODUCTS INC.

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

	Three Months Ended Oct. 31, 2023	Nine Months Ended Oct. 31, 2023	Three Months Ended Oct. 31, 2022	Nine Months Ended Oct. 31, 2022
Sales	\$ 231,816	\$ 615,519	\$ 230,727	\$ 667,021
Cost of sales (Notes 6 and 9)	65,328	170,034	61,244	177,764
Gross margin	166,488	445,485	169,483	489,257
General selling expenses:				
Promotion (Note 9)	32,483	143,618	38,737	186,107
Selling fees (Note 9)	8,387	24,414	17,784	67,174
	40,870	168,032	56,521	253,281
General and administrative expenses:				
Consulting fees (Note 9)	6,803	62,982	46,415	117,075
Depreciation	12,926	38,778	14,490	31,703
Directors' fees (Note 12)	-	1,750	-	2,100
Filing and transfer agent fees	5,283	20,310	6,450	21,298
Foreign exchange loss (gain)	113	321	(61)	748
Office	7,287	24,260	7,078	36,151
Professional fees	8,402	48,739	12,036	43,610
Rent and administration (Note 12)	5,369	16,057	5,284	16,375
Share-based compensation (Note 12)	-	-	-	22,230
Telephone	1,314	4,316	1,895	5,831
Travel (Note 9)	3,799	7,820	8,310	26,251
Wages and salary (Notes 9 and 12)	90,664	277,376	97,144	326,499
	141,960	502,709	199,041	649,871
Other revenues and expenses				
Disposal of right-of-use asset	-	-	(10,000)	(10,000)
Interest income	(1,797)	(6,330)	(3,514)	(6,396)
Interest expense (Note 16)	2,031	6,889	4,372	8,869
Accrued dividends on redeemable preference shares (Notes 10 and 12)	4,449	13,203	4,449	13,203
	187,513	684,503	250,869	908,828
Net loss and comprehensive loss	\$ 21,025	\$ 239,018	\$ 81,386	\$ 419,571
Loss per share				
Basic and diluted (Note 17)	\$ 0.00	\$ 0.01	\$ 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, 2022	41,411,285	12,505,409	1,675,675	(14,741,072)	(559,988)
Share-based compensation	-	-	22,230	-	22,230
Net loss	-	-	-	(419,571)	(419,571)
Balance at October 31, 2022	41,411,285	12,505,409	1,697,905	(15,160,643)	(957,329)
Net loss	-	-	-	(117,694)	(117,694)
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)

- 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, 2023	Nine Months Ended Oct. 31, 2023	Three Months Ended Oct. 31, 2022	Nine Months Ended Oct. 31, 2022
Operating Activities:				
Net loss	\$ (21,025)	\$ (239,018)	\$ (81,386)	\$ (419,571)
Adjustments for non-cash items:				
Depreciation of property and equipment	12,897	38,691	14,458	31,607
Depreciation of improvement on investment property	29	87	32	96
Share-based compensation	-	-	-	22,230
Accrual of dividends on redeemable preference shares	4,449	13,203	4,449	13,203
Accrual of interest on short-term investment	(1,096)	3,161	(2,303)	(2,283)
Adjustments for below-market CEBA loan (Note 9)	-	-	1,020	3,059
Changes in non-cash receivables, payables and inventories:				
(Increase) Decrease in accounts receivable	(21,061)	13,538	(52,746)	19,076
(Increase) Decrease in inventories	49,035	55,364	(38,485)	(57,162)
(Increase) Decrease in prepaid expenses and security deposit	2,624	16,242	(2,450)	4,147
Increase (Decrease) in accounts payable and accrued liabilities	(12,535)	(13,799)	(13,114)	(48,669)
Increase (Decrease) in the amounts owed to related parties	745	(15,547)	(1,566)	(22,505)
Cash (used) provided by operating activities	14,062	(128,078)	(172,091)	(456,772)
Investing Activities:				
Purchase of short-term investment	-	(200,000)	-	(750,000)
Redemption of short-term investment	50,000	400,000	200,000	1,250,000
Purchase of property and equipment	-	(2,221)	-	-
Cash provided by investing activities	50,000	197,779	200,000	500,000
Financing Activities:				
Repayment of principal portion of lease liabilities	(12,039)	(35,209)	(12,299)	(25,000)
Cash used by financing activities	(12,039)	(35,209)	(12,299)	(25,000)
Net increase in cash	52,023	34,492	15,610	18,228
Cash, beginning	52,354	69,885	53,599	50,981
Cash, ending	\$ 104,377	\$ 104,377	\$ 69,209	\$ 69,209

- 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, 2023 AND 2022

(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, 2023 and 2022, 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, 2023	As at January 31, 2023
Deficit	\$ 15,517,355	\$ 15,278,337
Working capital (deficit)	(1,618,374)	(1,376,404)

a) COVID-19 –

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The Company has assessed the impact of COVID-19 in current and future operations and financial conditions.

The Company is regarded as an essential service company and has not had any significant interruptions to its operations and business as a result of the crisis. The Company continues to operate from office following the British Columbia guidelines on social distancing and safe work environments. The Company expects to continue working from office thus operations have not been affected. Financial conditions have not deteriorated as the Company has been able to continue generating revenue from sales of its natural health products. As a result, there are no expected foreseeable events that could negatively impact the Company to continue operating despite the extended impact of the COVID-19 pandemic.

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, 2023 and 2022, 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, 2023 and 2022.

The condensed interim financial statements of the Company for the nine months ended October 31, 2023 and 2022 have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 29, 2023. 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, 2023 and 2022, 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, 2023 and 2022.

4. Short-term Investment:

Short-term investment, measured at amortized cost, consists of one guaranteed investment certificate (“GIC”) with a balance of \$150,000 at period-end that earns interest at the rate of bank’s prime rate less 2.90%. Bank’s prime rate at period-end was 7.20%. The GIC has a maturity date of April 24, 2024.

5. Accounts and Other Receivables:

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

	October 31, 2023 \$	January 31, 2023 \$
Current		
Trade receivables	130,105	123,844
Less: Allowance for doubtful accounts	(2,105)	(1,949)
Total trade receivables	128,000	121,895
Government assistance program receivable (Note 9)	6,777	26,420
Total receivables	134,777	148,315

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

	October 31, 2023 \$	January 31, 2023 \$
Allowance for doubtful accounts, opening	1,949	2,154
Increase (Decrease) to prior year allowance	156	(205)
Allowance for doubtful accounts, closing	2,105	1,949

6. Inventories:

The total carrying value of inventories by classification:

	October 31, 2023 \$	January 31, 2023 \$
Finished goods	163,784	215,364
Work in process	10,726	14,510
Total inventories	174,510	229,874

Inventories amounting to \$169,874 (2022 - \$177,706) 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 Automobile (Note 16) \$	Right-of-Use Asset Office (Note 16) \$	Total \$
Cost					
As at January 31, 2022	5,643	16,081	16,428	-	38,152
Additions	-	-	-	145,908	145,908
Disposals	-	-	(16,428)	-	(16,428)
As at January 31, 2023	5,643	16,081	-	145,908	167,632
Additions	-	2,221	-	-	2,221
Disposals	-	-	-	-	-
As at October 31, 2023	5,643	18,302	-	145,908	169,853
Accumulated Depreciation					
As at January 31, 2022	987	6,807	12,674	-	20,468
Depreciation	1,397	1,855	3,754	36,373	43,379
Disposals	-	-	(16,428)	-	(16,428)
As at January 31, 2023	2,384	8,662	-	36,373	47,419
Depreciation	733	1,446	-	36,512	38,691
Disposals	-	-	-	-	-
As at October 31, 2023	3,117	10,108	-	72,885	86,110
Net Book Value					
As at January 31, 2022	4,656	9,274	3,754	-	17,684
As at January 31, 2023	3,259	7,419	-	109,535	120,213
As at October 31, 2023	2,526	8,194	-	73,023	83,743

8. Investment Property:

	Cost \$	Accumulated Amortization \$	Carrying Value \$
Cost			
As at January 31, 2022	244,660	5,622	239,038
Amortization	-	128	(128)
As at January 31, 2023	244,660	5,750	238,910
Amortization	-	87	(87)
As at October 31, 2023	244,660	5,837	238,823

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 \$821,828 to \$909,307 (2022 - \$478,447 to \$669,826) 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, 2023	October 31, 2022
	\$	\$
Cost of sales	1,827	1,953
Promotion	12,900	11,304
Selling fees	103	129
Consulting fees	11,446	2,068
Travel	3,699	2,288
Wages and salary	30,427	14,392
Total government assistance	60,402	32,134

Included in accounts and other receivables as at October 31, 2023 is \$6,777 (2022 - \$14,893) for a government assistance receivable.

Canada Emergency Business Account (“CEBA”) Loan

During the year ended January 31, 2021, the Company received loans totaling \$60,000 pursuant to the CEBA program. The CEBA program provided reduced interest, partially forgivable loans to assist businesses with covering non-deferrable expenses during the COVID-19 pandemic. If \$40,000 of the CEBA loan is repaid on or before December 31, 2022, the remaining \$20,000 of the CEBA loan will be forgiven.

During the year ended January 31, 2022, the CEBA program repayment terms changed to if \$40,000 of the CEBA loan is repaid on or before December 31, 2023, the remaining \$20,000 of the CEBA loan will be forgiven. The Company made the required repayment during the year ended January 31, 2023 to fulfil the final commitment.

The CEBA loan initially bear no interest until December 31, 2022, at which point, if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum. The loan was initially measured at fair value of \$50,120 and is subsequently measured at amortized cost, using an effective interest rate of 7.45%. During the period ended October 31, 2023, \$Nil (2022 - \$3,059) of interest expense related to the CEBA loan was recognized and included in interest expense in the statements of loss and comprehensive loss.

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, 2023		October 31, 2022	
		Shares	Amount	Shares	Amount
			\$		\$
Class A, Series 1	(a)	2,500	71,627	2,500	70,127
Class A, Series 3	(b)	26,920	620,473	26,920	604,321
			692,100		674,448

(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, 2023 are aggregate cumulative preference share dividends in arrears of \$46,627 (2022 - \$45,127).

(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, 2023 are aggregate cumulative preference share dividends in arrears of \$351,273 (2022 - \$335,121).

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, 2022	41,411,285	\$ 12,505,409	\$ 881,931	\$ 793,744
Share-based compensation	-	-	-	22,230
Balance, January 31, 2023	41,411,285	\$ 12,505,409	\$ 881,931	\$ 815,974
	-	-	-	-
Balance, October 31, 2023	41,411,285	\$ 12,505,409	\$ 881,931	\$ 815,974

c) Options –

Shareholders ratified, confirmed and approved, subject to regulatory approval, the adoption of the Company's new 20% fixed share option plan (the "Fixed Option Plan") at the Company's AGM held on July 18, 2023. On June 8, 2023, the Board of Directors approved the adoption of the Fixed Option Plan, subject to shareholder and regulatory approval, to align with the current TSX Venture Exchange ("TSXV") policies on equity compensation plans. 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 maximum aggregate number of common shares of the Company that may be reserved for issuance under the Fixed Option Plan, together with all other security based compensation plans, at any point in time shall not exceed 8,282,257 common shares, which represents 20% of the outstanding shares upon the date of approval of the Fixed Option Plan by the Board of Directors. The Fixed Option Plan will replace the Company's current Rolling Option Plan. All future stock option grants will be made pursuant to, or as otherwise permitted by, the Fixed Option Plan, and no further stock option grants will be made pursuant to the Company's Rolling Option Plan. The Fixed Option Plan will supersede and replace the Company's Rolling Option Plan.

For stock options granted to directors, officers and employees, 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.

11. Capital Stock and Reserves: (Continued)

c) Options – (Continued)

During the period ended October 31, 2023, the Company granted no stock options.

During the year ended January 31, 2023, the Company granted 570,000 stock options with a weighted average fair value of \$0.039 per option to directors, officers, employees and consultants of the Company. These options are not subject to any vesting schedule. Share-based compensation totaling \$22,230 was expensed during the year ended January 31, 2023.

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

	January 31, 2023
Risk-free interest rate	3.07%
Expected life of options	5 years
Fair value per option granted	\$ 0.039
Annualized volatility	221%
Dividend rate	0.00%

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

	Number	Weighted Average Exercise Price
Balance, January 31, 2022	2,325,000	\$ 0.14
Granted	570,000	\$ 0.10
Expired	(150,000)	\$ 0.15
Balance, January 31, 2023	2,745,000	\$ 0.13
Granted	-	-
Expired	(1,550,000)	\$ 0.13
Balance, October 31, 2023	1,195,000	\$ 0.14

As at October 31, 2023, the following stock options were outstanding and exercisable:

Stock Options Outstanding and Exercisable	Exercise Price	Weighted Average Remaining Life (in years)	Expiry Date
100,000	\$ 0.11	0.08	December 1, 2023
150,000	\$ 0.17	1.51	May 5, 2025
375,000	\$ 0.19	2.72	July 20, 2026
570,000	\$ 0.10	3.71	July 19, 2027
1,195,000		2.82	

d) Reserves - Warrants –

During the period ended October 31, 2023, the Company issued no warrants.

During the year ended January 31, 2023, the Company issued no warrants.

11. Capital Stock and Reserves: (Continued)

d) Reserves - Warrants – (Continued)

A summary of changes in outstanding warrants is as follows:

	Number	Weighted Average Exercise Price
Balance, January 31, 2022	6,000,000	\$ 0.25
Issued	-	-
Expired	(6,000,000)	\$ 0.25
Balance, January 31, 2023	-	-
Issued	-	-
Expired	-	-
Balance, October 31, 2023	-	-

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, 2023	October 31, 2022
Due to Consolidated Firstfund Capital Corp.	\$ 2,141	\$ 1,574
Due to a company under control of the Estate of W.N. Grant	1,200,000	1,200,000
Due to the Estate of W.N. Grant	72,500	72,500
Due to company directors	33,000	56,000
Amounts owing to related parties	\$ 1,307,641	\$ 1,330,074
Redeemable preference shares, Series 3 held by Consolidated Firstfund Capital Corp. (Note 10)	\$ 620,473	\$ 604,321
Other amounts owed to directors included in accounts payable:	\$ 22,310	\$ 8,546

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, 2023, the Company had the following transactions with related parties:

- a) The Company reimbursed \$7,419 (2022 - \$11,661) 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 (2022 - \$13,500).
 - CFC paid for G&A expenses of \$6,872 (2022 - \$10,156) on behalf the Company.
 - The Company recorded additional accrued dividends payable to CFC on the redeemable preference shares Series 3 of \$12,081 (2022 - \$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 \$1,932 (2022 - \$2,039). 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, 2023	October 31, 2022
Key management personnel compensation:		
Directors’ fees	\$ 1,750	\$ 2,100
Share-based compensation recognized as the valuation of the stock options granted to officer and directors	-	19,500
Wages and salary paid to officers and directors	166,500	166,500
	\$ 168,250	\$ 188,100

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, 2023	October 31, 2022
Cash	\$ 7,750	\$ 9,325
Accounts receivable	6,005	10,103
Net exposure	\$ 13,755	\$ 19,428

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 \$1,376 (2022 - \$1,943).

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, 2023, 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 \$1,307,641 (2022 - \$1,330,074) 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, 2023, the Company has a concentration of credit risk in its accounts receivable from three of its major customers representing approximately 46%, 19% and 9% of trade receivables (2022 - 38%, 37% and 5%).

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, 2023.

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, 2023 and 2022:

	2023 \$	% of revenue	2022 \$	% of revenue
Canada	589,052	95.7%	617,661	92.6%
United States	26,467	4.3%	49,360	7.4%
	615,519		667,021	

For the periods ended October 31, 2023 and 2022, the Company recorded the following revenue from its major customers:

	2023 \$	% of revenue	2022 \$	% of revenue
Customer 1	190,811	31.0%	235,458	35.3%
Customer 2	155,726	25.3%	123,399	18.5%
Customer 3	56,628	9.2%	59,365	8.9%

For the periods ended October 31, 2023 and 2022, the Company recorded the following revenue from its main products:

	2023 \$	% of revenue	2022 \$	% of revenue
Product 1	328,072	53.3%	348,185	52.2%
Product 2	46,164	7.5%	56,697	8.5%
Product 3	42,471	6.9%	47,359	7.1%

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, 2023 is \$16,057 (2022 - \$16,375).

The Company entered into a lease contract for an automobile on July 6, 2019 with a term of 39 months.

The Company received \$10,000 from the lessor for returning the right-of-use automobile at the end of the lease contract and not exercising its option to purchase the right-of-use automobile.

The Company entered into a lease contract for an office on May 1, 2022 with a term of 36 months. Set out below are the carrying amounts of the right-of-use office, the related lease liability recognized and the movements during the period:

	Asset \$	Liability \$
As at January 31, 2023	109,535	112,749
Additions	-	-
Minus: Depreciation	36,512	-
Plus: Interest on lease included in interest expense	-	6,883
Minus: Payments	-	42,092
As at October 31, 2023	73,023	77,540

The following table shows the maturity profile of the Company's lease liabilities based on contractual undiscounted payments as at October 31, 2023:

2024	\$ 14,064
2025	57,456
2026	14,464
Total	\$ 85,984

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.