VITALITY PRODUCTS INC.

Vancouver, BC

FINANCIAL STATEMENTS

For the Years Ended January 31, 2024 and 2023

VITALITY PRODUCTS INC.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vitality Products Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vitality Products Inc., which comprise the statements of financial position as at January 31, 2024 and 2023, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company carries a deficit of $15,547,375 as at January 31, 2024 and, as of that date the Company's current liabilities exceeded its total assets by $1,344,061. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended January 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter Description

We draw attention to Note 3 (f) in the financial statements related to revenue recognition.

From time to time the Company enters into distribution agreements with third parties for the sale of products. The key elements to determine if the Company acts as a principal or an agent are whether it is primarily responsible to fulfill the promise to deliver the products, whether it has inventory risk and has control of the products.

We identified the assessment of presentation and accuracy of revenue from distribution agreements as a key audit matter since this matter represented an area of higher assessed risk of material misstatement given the magnitude of Product Revenue and significant auditor judgment required to analyze the agent and principal relationship with its distributors.

How the Key Audit Matter was addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

- Engaged an expert on *IFRS 15 Revenue from contracts with customers* to provide an in-depth analysis of the Company's agreement with its key distributors and provide an opinion on whether the Company has an agent or a principal relationship with its key distributors.
- Performed substantive testing over a sample of transactions with these key distributors to validate that the revenue and the cost of sales was recognized by the Company in accordance with the terms of its sales agreement with these key distributors.
- Evaluated the terms and conditions of the Company's agreements with its other distributors to establish the principal or agent relationship based on the guidance provided under *IFRS 15 Revenue from contracts with customers.*

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Cinnamon Jang Willoughby

Chartered Professional Accountants

Burnaby, BC
May 27, 2024

Exhibit "A"

VITALITY PRODUCTS INC.
Statements of Financial Position
For the Years Ended January 31, 2024 and 2023
(expressed in Canadian dollars)

Assets	**2024**	2023
Current:		
Cash	**$ 65,430**	$ 69,885
Short-term investment (Note 4)	**103,227**	356,377
Accounts and other receivables (Notes 5 and 9)	**146,733**	148,315
Inventories (Note 6)	**191,327**	229,874
Prepaid expenses	**28,186**	37,323
	534,903	841,774
Security deposit	**7,480**	7,480
Property and equipment (Notes 7 and 17)	**13,961**	120,213
Investment property (Notes 8, 12 and 17)	**238,794**	238,910
	$ 795,138	$ 1,208,377
Liabilities		
Current:		
Accounts payable and accrued liabilities (Note 12)	**$ 138,588**	$ 168,566
Current portion of lease liabilities (Note 17)	**4,169**	47,527
Amounts owing to related parties (Note 12)	**1,299,893**	1,323,188
Redeemable preference shares (Notes 10 and 12)	**696,549**	678,897
	2,139,199	2,218,178
Long-term lease liabilities (Note 17)	**-**	65,222
	2,139,199	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, per Exhibit "C"	**(15,547,375)**	(15,278,337)
	(1,344,061)	(1,075,023)
	$ 795,138	$ 1,208,377

Nature of Operations and Going Concern (Note 1)
Other Commitments and Contingencies (Notes 9 and 17)

Approved and authorized by the Board on May 27, 2024

"Cheryl A. Grant" (signed), Director

"W. Douglas Grant" (signed), Director

- *See accompanying notes* -

Exhibit "B"

VITALITY PRODUCTS INC.
Statements of Loss and Comprehensive Loss
For the Years Ended January 31, 2024 and 2023
(expressed in Canadian dollars)

	2024	2023
Sales	**$ 787,223**	$ 826,580
Cost of sales (Notes 6 and 9)	**215,944**	219,676
Gross margin	**571,279**	606,904
General selling expenses:		
Promotion (Note 9)	**167,357**	236,031
Selling fees (Note 9)	**30,607**	73,628
	197,964	309,659
General and administrative expenses:		
Consulting fees (Note 9)	**71,580**	156,394
Depreciation	**50,508**	43,507
Directors' fees (Note 12)	**1,750**	2,100
Filing and transfer agent fees	**24,999**	25,856
Foreign exchange loss	**544**	1,383
Office	**30,750**	42,519
Professional fees	**47,287**	55,835
Rent and administration (Note 12)	**21,490**	21,679
Share-based compensation (Note 12)	**-**	22,230
Telephone	**5,741**	7,658
Travel (Note 9)	**9,183**	27,562
Wages and salary (Notes 9 and 12)	**362,560**	418,215
	626,392	824,938
Other revenues and expenses		
Disposal of right-of-use asset	**-**	(10,000)
Interest income	**(7,566)**	(10,201)
Interest expense (Note 17)	**5,875**	12,121
Accrued dividends on redeemable preference shares (Notes 10 and 12)	**17,652**	17,652
	840,317	1,144,169
Net loss and comprehensive loss for the year	**$ 269,038**	$ 537,265
Loss per share		
Basic and diluted (Note 18)	**$ 0.01**	$ 0.01
Weighted average number of common shares outstanding		
Basic and diluted	**41,411,285**	41,411,285

- See accompanying notes -

VITALITY PRODUCTS INC.
Statements of Changes in Equity
For the Years Ended January 31, 2024 and 2023
(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	-	-	-	(537,265)	(537,265)
Balance at January 31, 2023	41,411,285	12,505,409	1,697,905	(15,278,337)	(1,075,023)
Net loss	-	-	-	(269,038)	(269,038)
Balance at January 31, 2024	**41,411,285**	**12,505,409**	**1,697,905**	**(15,547,375)**	**(1,344,061)**

Exhibit "D"

VITALITY PRODUCTS INC.
Statements of Cash Flows
For the Years Ended January 31, 2024 and 2023
(expressed in Canadian dollars)

	2024	2023
Operating Activities:		
Net loss for the year, per Exhibit "B"	**$ (269,038)**	$ (537,265)
Adjustments for non-cash items:		
Depreciation of property and equipment	**50,392**	43,379
Depreciation of improvement on investment property	**116**	128
Accrual of dividends on redeemable preference shares	**17,652**	17,652
Accrual of interest on short-term investment	**3,150**	(4,562)
Share-based compensation	**-**	22,230
Adjustments for below-market CEBA loan (Note 9)	**-**	23,738
Changes in non-cash receivables, payables and inventories:		
(Increase) Decrease in accounts receivable	**1,582**	49,117
(Increase) Decrease in inventories	**38,547**	(41,973)
(Increase) Decrease in prepaid expenses and security deposit	**9,137**	(7,240)
Increase (Decrease) in accounts payable and accrued liabilities	**(29,978)**	(19,918)
Increase (Decrease) in the amounts owing to related parties	**(23,295)**	(29,391)
Cash used by operating activities	**(201,735)**	(484,105)
Investing Activities:		
Purchase of short-term investment	**(200,000)**	(750,000)
Redemption of short-term investment	**450,000**	1,350,000
Purchase of property and equipment	**(2,221)**	-
Cash provided by investing activities	**247,779**	600,000
Financing Activities:		
Repayment of principal portion of lease liabilities	**(50,499)**	(36,991)
Repayment of CEBA loan (Note 9)	**-**	(60,000)
Cash used by financing activities	**(50,499)**	(96,991)
Net (decrease) increase in cash	**(4,455)**	18,904
Cash, beginning of year	**69,885**	50,981
Cash, end of year	**$ 65,430**	$ 69,885

- *See accompanying notes* -

VITALITY PRODUCTS INC.
Notes to Financial Statements
January 31, 2024 and 2023
(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 years ended January 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.

	2024	2023
Deficit	**$ 15,547,375**	$ 15,278,337
Working capital (deficit)	**(1,604,296)**	(1,376,404)

VITALITY PRODUCTS INC.
Notes to Financial Statements
January 31, 2024 and 2023
(expressed in Canadian dollars)

2. Basis of Presentation:

a) Statement of Compliance –

These financial statements have been prepared using accounting policies in accordance 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").

Significant accounting policies have been consistently applied in preparation of these financial statements. The financial statements of the Company for the years ended January 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 May 27, 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:

a) Cash –

Cash includes cash on hand and balance with banks.

b) Inventories –

Inventories consist of finished goods and raw materials. Inventories are valued at the lower of cost and net realizable value. Cost for finished goods is determined on a first-in, first-out basis and cost of materials in work in process is determined using the weighted average cost method. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of previously written down inventory is reversed.

c) Property and Equipment –

The following assets are recorded at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the statement of loss and comprehensive loss so as to write-off the cost of assets over their estimated useful lives as follows:

Computer equipment	30% diminishing balance
Office furniture and equipment	20% diminishing balance
Right-of-use assets	straight line

The estimated depreciation rates and useful lives of the assets are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of the property and equipment are reviewed at each date of the statement of financial position for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

3. Significant Accounting Policies: (Continued)

d) Investment Property –

Investment property is comprised of land held for capital appreciation and includes land improvement costs.

The investment property is measured initially at cost with the cost being comprised of cash paid to acquire the property, including transaction costs. Subsequent to the acquisition, the cost of the property includes costs that are directly attributable to this asset, including land improvement costs and development costs. Land improvement costs are capitalized when incurred. Development costs are capitalized only when the activities necessary to prepare the asset for development have begun.

Depreciation on the land improvements is charged to the statement of loss and comprehensive loss so as to write-off the cost of assets using the diminishing balance basis at an annual rate of 10%.

e) Income Taxes –

Income tax expense (recovery) represents the sum of tax currently payable (recoverable) and changes to deferred tax assets and liabilities as a result of operations during the year.

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by year-end.

Deferred income taxes

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

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

3. Significant Accounting Policies: (Continued)

f) Revenue Recognition –

Revenue is recognized from various sources as follows:

i) Revenue is recognized for the sale of Vitality branded products. The majority of the Company's revenue is derived from sale of products to distributors, retailers and online customers at the point in time when control of the asset is transferred to the customer, either at FOB shipping or FOB destination. The Company generally has a right to payment at the time of delivery (which is the same time that the Company has satisfied its performance obligations under the arrangement), as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due.

Rights of return give rise to variable consideration. The variable consideration is estimated at contract inception using the expected value method as this best predicts the amount of variable consideration to which the Company is entitled. The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when any uncertainty is subsequently resolved. For products that are expected to be returned, a refund liability is recognized as a reduction of revenue at the time the control of the products purchased is transferred to the customers and a return asset is also recognized. Return assets are grouped with inventory.

The Company may provide discounts and sales promotional incentives to its customers, which give rise to variable consideration. The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when any uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. The Company applies the most likely amount method estimating discounts provided to customers using contracted rates and estimating sales promotional incentives provided to customers based on historical spending patterns. The Company may also provide other consideration to customers for customer-specific programs to promote the Company's products. Consequently, revenues are recognized net of these estimated program costs. All other estimated non-customer-specific promotional costs and consideration are expensed as selling, general and administrative expenses.

In subsequent periods, the Company monitors the performance of customers against agreed-upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

ii) Interest income generated from cash and short-term investments is recognized on an accrual basis and is recorded on a monthly basis as it is earned.

g) Capital Stock –

The Company records proceeds from share issuances as net of share issuance costs.

With respect to unit offerings the Company uses the relative fair value method when allocating the proceeds raised.

3. Significant Accounting Policies: (Continued)

h) Reserves - Warrants –

The Company determines the fair value of the share purchase warrant using the Black-Scholes valuation model and allocates the proceeds raised using the proportion of the fair value of the warrants and common shares issued in the units. Cash received on exercise of warrants is credited to the then issued and outstanding capital stock of the Company, with an offsetting debit to reserves - warrants.

i) Share-based Payments –

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in equity reserves, until exercised. Upon exercise, shares are issued from treasury and any related amount reflected in equity reserves is credited to share capital, adjusted for any consideration paid.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to the statement of operations over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Significant Accounting Policies: (Continued)

j) Government Assistance –

The Company periodically applies for financial assistance under available government programs. Government assistance is accounted for using the cost reduction method, whereby the benefit is recognized as a reduction of the cost of the related expenditure in the reporting period the qualifying expenditure is made. Benefits are recognized when there is reasonable assurance that they will be realized.

k) Loss per Common Share –

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that weighted average common shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if the assumed exercise would have the effect of increasing the loss per share. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

l) Foreign Currency Transactions –

Foreign currency transactions are translated at the rates in effect at the times of the transactions.

Foreign currency balances are translated as follows:

(i) monetary items are translated at the rates of exchange prevailing at the period end date. The resulting gains or losses are credited or charged to earnings; and

(ii) non-monetary items, revenue and expenses are translated at the rates of exchange when transactions are incurred.

m) Financial Instruments –

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

The following is a summary of the Company's classification of financial assets and liabilities:

Financial asset or liability	*Classification*
Cash	Fair value through profit or loss
Short-term investment	Amortized cost
Accounts and other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Amounts owing to related parties	Amortized cost
Redeemable preference shares	Amortized cost

3. Significant Accounting Policies: (Continued)

m) Financial Instruments – (Continued)

(i) Amortized cost

Financial assets and liabilities subsequently measured at amortized cost are amortized using the effective interest method.

(ii) Transaction costs

Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are expensed as incurred. Transaction costs related to financial assets or liabilities subsequently carried at amortized cost are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

n) Impairment of Financial Assets –

IFRS 9 requires a forward-looking Expected Credit Loss ("ECL") model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

For accounts receivable, the Company applies the simplified approach and has determined the allowance based on lifetime ECLs at each reporting date. The Company has established a provision that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

o) Impairment of Non-financial Assets –

At each date of the statement of financial position, the Company reviews the carrying amounts of its property and equipment and investment property to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, the Company considers comparable fair values or an appropriate valuation model.

3. Significant Accounting Policies: (Continued)

o) Impairment of Non-financial Assets – (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

p) Critical Accounting Policies, Key Judgments and Estimates –

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Judgments

i. Investment property

Critical judgments are made by management in respect of the fair value of its investment property. The fair value of the investment property is reviewed regularly by management with reference to market conditions. Judgment is required in determining whether certain costs are additions to the investment property.

The fair value of investment property disclosed in Note 8 is determined by management. The determination of the fair value of investment property requires the use of estimates such as comparison with property market prices for similar properties held by non-related third parties. These estimates are based on market conditions existing at the reporting date.

Judgment is also applied in determining the extent and frequency of independent appraisals in order to determine fair values.

3. Significant Accounting Policies: (Continued)

p) Critical Accounting Policies, Key Judgments and Estimates – (Continued)

Estimates

i. Ability to continue as a going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

ii. Income taxes

The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including current and future economic conditions and net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether realization of a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented. Refer to Note 15 for further details.

iii. Expected credit losses

Under IFRS 9, the expected credit loss (“ECL”) model requires management to make judgments and estimates in a number of areas. Management must exercise significant judgment in determining whether there has been a significant increase in credit risk since initial recognition and in estimating the amount of expected credit losses. The calculation of expected credit losses includes the incorporation of forward-looking information, which requires significant judgment to determine the forward-looking variables that are relevant for each financial asset and the scenarios and probability weights that should be applied. Management also exercises judgment in determining the amount of ECL at each reporting date by considering reasonable and supportable information that is readily available. Changes in these inputs, assumptions, models and judgments directly impact the measurement of ECLs.

iv. Variable consideration relating to returns, trade merchandise allowances and sales promotional incentives

The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

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3. Significant Accounting Policies: (Continued)

p) Critical Accounting Policies, Key Judgments and Estimates – (Continued)

iv. Variable consideration relating to returns, trade merchandise allowances and sales promotional incentives (Continued)

The Company provides for estimated payments to customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable to each customer for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

The Company updates its expected return, trade merchandise allowances and sales promotional incentives on a quarterly basis and the refund liability and trade and promotional accruals are adjusted accordingly. To the extent that payments differ from estimates of the related liability, accounts payable and accrued liabilities, net income (loss), and comprehensive income (loss) will be affected in future periods.

q) Leases –

i. As a lessee

The Company assesses at contract inception whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has applied judgment to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets during the lease term for all leases.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The Company's right-of-use assets are included in property, plant, and equipment.

3. Significant Accounting Policies: (Continued)

q) Leases – (Continued)

i. As a lessee (Continued)

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Company's lease liabilities are included in other long-term liabilities.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term lease of storage rental (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on its short-term lease are expensed on a straight-line basis over the lease term.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

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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 year-end that earns interest at the rate of bank's prime rate less 2.90%. Bank's prime rate at year-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 year-end is as follows:

	January 31, 2024 $	January 31, 2023 $
Current		
Trade receivables	**129,380**	123,844
Less: Allowance for doubtful accounts	**(1,535)**	(1,949)
Total trade receivables	**127,845**	121,895
Government assistance program receivable (Note 9)	**18,888**	26,420
Total receivables	**146,733**	148,315

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

	January 31, 2024 $	January 31, 2023 $
Allowance for doubtful accounts, opening	**1,949**	2,154
(Decrease) Increase to prior year allowance	**(414)**	(205)
Allowance for doubtful accounts, closing	**1,535**	1,949

6. Inventories:

The total carrying value of inventories by classification:

	January 31, 2024 $	January 31, 2023 $
Finished goods	**182,013**	215,364
Work in process	**9,314**	14,510
Total inventories	**191,327**	229,874

Inventories amounting to $215,782 (2023 - $219,502) were recognized as an expense in the year (included in cost of sales).

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7. Property and Equipment:

	Computer Equipment $	Office Furniture and Equipment $	Right-of-Use Asset Automobile (Note 17) $	Right-of-Use Asset Office (Note 17) $	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
Modifications	-	-	-	(58,081)	(58,081)
As at January 31, 2024	**5,643**	**18,302**	**-**	**87,827**	**111,772**
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	978	1,928	-	47,486	50,392
As at January 31, 2024	**3,362**	**10,590**	**-**	**83,859**	**97,811**
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 January 31, 2024	**2,281**	**7,712**	**-**	**3,968**	**13,961**

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	-	116	(116)
As at January 31, 2024	**244,660**	**5,866**	**238,794**

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).

(expressed in Canadian dollars)

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:

	January 31, 2024 **$**	January 31, 2023 $
Cost of sales	**2,667**	1,953
Promotion	**19,491**	22,198
Selling fees	**190**	271
Consulting fees	**13,436**	7,544
Travel	**3,831**	2,822
Wages and salary	**32,898**	25,183
Total government assistance	**72,513**	59,971

Included in accounts and other receivables as at January 31, 2024 is $18,888 (2023 - $26,420) 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 year ended January 31, 2024, $Nil (2023 - $3,738) of interest expense related to the CEBA loan was recognized and included in interest expense in the statements of loss and comprehensive loss.

(expressed in Canadian dollars)

10. Redeemable Preference Shares:

a) Authorized –

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

b) Issued –

		2024		2023	
		Shares	**Amount**	Shares	Amount
			$		$
Class A, Series 1	(a)	**2,500**	**72,005**	2,500	70,505
Class A, Series 3	(b)	**26,920**	**624,544**	26,920	608,392
			696,549		678,897

(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 January 31, 2024 are aggregate cumulative preference share dividends in arrears of $47,005 (2023 - $45,505).

(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 January 31, 2024 are aggregate cumulative preference share dividends in arrears of $355,344 (2023 - $339,192).

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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, January 31, 2024	**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 Company received TSXV acceptance of the Fixed Option Plan on November 24, 2023. 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.

(expressed in Canadian dollars)

11. Capital Stock and Reserves: (Continued)

c) Options – (Continued)

During the year ended January 31, 2024, 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	(1,650,000)	$ 0.13
Balance, January 31, 2024	**1,095,000**	**$ 0.14**

As at January 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	1.26	May 5, 2025
375,000	$ 0.19	2.47	July 20, 2026
570,000	$ 0.10	3.46	July 19, 2027
1,095,000		**2.82**	

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11. Capital Stock and Reserves: (Continued)

d) Reserves - Warrants –

During the years ended January 31, 2024 and January 31, 2023, the Company issued no warrants.

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, January 31, 2024	**-**	**-**

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:

	January 31, 2024	January 31, 2023
Due to Consolidated Firstfund Capital Corp.	**$ 2,393**	$ 2,688
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	**25,000**	48,000
Amounts owing to related parties	**$ 1,299,893**	$ 1,323,188
Redeemable preference shares, Series 3 held by Consolidated Firstfund Capital Corp. (Note 10)	**$ 624,544**	$ 608,392
Other amounts owed to directors included in accounts payable	**$ 25,237**	$ 19,289

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.

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12. Related Party Transactions: (Continued)

During the year ended January 31, 2024, the Company had the following transactions with related parties:

a) The Company reimbursed $9,561 (2023 - $13,235) 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 $18,000 (2023 - $18,000).
- CFC paid for G&A expenses of $9,266 (2023 - $12,844) on behalf of the Company.
- The Company recorded additional accrued dividends payable to CFC on the redeemable preference shares Series 3 of $16,152 (2023 - $16,152).

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 $1,933 (2023 - $2,060). 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:

	January 31, 2024	January 31, 2023
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	**222,000**	222,000
	$ 223,750	$ 243,600

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 16), 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 U.S. dollars:

	January 31, 2024	January 31, 2023
Cash	**$ 11,669**	$ 15,431
Accounts receivable	**-**	191
Net exposure	**$ 11,669**	$ 15,622

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 $1,167 (2023 - $1,562).

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 January 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 $1,299,893 (2023 - $1,323,188) 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.

13. Financial Instruments: (Continued)

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 January 31, 2024, the Company has a concentration of credit risk in its accounts receivable from three of its major customers representing approximately 52%, 27% and 4% of trade receivables (2023 - 54%, 25% 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 year ended January 31, 2024.

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15. Income Taxes:

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

	2024	2023
Loss before income taxes	**$ 269,038**	$ 537,265
Statutory rates	**27.00%**	27.00%
Expected income tax recovery at statutory rates	**72,640**	145,062
Non-deductible expenses and other deductions	**(5,492)**	(11,655)
Other	**4,969**	(9,046)
Increase in unrecognized deferred tax assets	**(72,117)**	(124,361)
Deferred income taxes	**$ -**	$ -

Details of deferred income tax assets are as follows:

	As at January 31, 2024	As at January 31, 2023
Deferred income tax assets:		
Non-capital losses carried forward	**$ 1,202,111**	$ 1,121,764
Tax value of equipment in excess of book value	**396**	1,185
Tax value of cumulative eligible capital in excess of book value	**37,328**	40,138
Tax value of share issuance cost in excess of book value	**7,623**	12,255
Total deferred income tax assets	**1,247,458**	1,175,342
Less: unrecognized deferred tax assets	**(1,247,458)**	(1,175,342)
Deferred income tax assets	**$ -**	$ -

Estimated taxable income for the year is $Nil (2023 - $Nil). Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

a) Non-Capital Losses –

As at January 31, 2024, the Company has non-capital losses of approximately $4,452,264 (2023 - $4,154,680) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

2026	$ 127,936
2027	131,398
2028	369,903
2029	300,735
2030 and thereafter	3,522,292

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16. Segmented Information and Economic Dependence:

The Company operates in a single segment in Canada which is the 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 years ended January 31, 2024 and 2023:

	2024 $	**% of revenue**	2023 $	% of revenue
Canada	**759,740**	**96.5%**	771,193	93.3%
United States	**27,483**	**3.5%**	55,387	6.7%
	787,223		826,580	

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

	2024 $	**% of revenue**	2023 $	% of revenue
Customer 1	**235,130**	**29.9%**	271,713	32.9%
Customer 2	**213,176**	**27.1%**	203,692	24.6%
Customer 3	**70,197**	**8.9%**	75,718	9.2%

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

	2024 $	**% of revenue**	2023 $	% of revenue
Product 1	**417,519**	**53.0%**	435,330	52.7%
Product 2	**61,516**	**7.8%**	70,937	8.6%
Product 3	**55,663**	**7.1%**	59,391	7.2%

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

17. 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.

(expressed in Canadian dollars)

17. Leases: (Continued)

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 year ended January 31, 2024 is $21,490 (2023 - $21,679).

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. 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 shortened the lease term by 14 months as the lease now ends on February 29, 2024. 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 year:

	Asset **$**	**Liability** **$**
As at January 31, 2023	109,535	112,749
Additions	-	-
Minus: Depreciation	47,486	-
Plus: Interest on lease included in interest expense	-	8,629
Minus: Payments	-	56,156
Minus: Decrease in right-of-use assets	55,264	-
Minus: Decrease in lease liabilities	-	61,053
Minus: Gain on lease modification included in interest expense	2,817	-
As at January 31, 2024	**3,968**	**4,169**

18. 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.