



iFABRIC CORP.

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)



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NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of iFabric Corp. have been prepared by, and are the responsibility of, management. The unaudited condensed consolidated interim financial statements have not been reviewed by iFabric Corp.'s auditors.

iFABRIC CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Canadian Dollars)

As at	Unaudited September 30, 2023	Audited September 30, 2022
ASSETS		
Current assets		
Cash	2,893,980	944,725
Accounts receivable (note 4)	5,795,839	7,017,329
Inventories (note 5)	7,713,934	9,353,200
Income taxes recoverable	53,249	39,780
Forward exchange forward contracts (note 7)	40,925	-
Prepaid expenses and deposits (note 6)	5,994,034	5,338,748
Total current assets	22,491,961	22,693,782
Non-current assets		
Due from related parties (note 8)	49,748	87,248
Property, plant and equipment	3,164,409	3,110,330
Right-of-use assets	33,340	52,548
Deferred development costs	178,019	204,838
Deferred income taxes	1,187,700	1,165,700
Goodwill	55,050	55,050
Total non-current assets	4,668,266	4,675,714
Total assets	27,160,227	27,369,496
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	2,020,333	2,520,095
Customer deposits	-	85,326
Income taxes payable	114,239	195,097
Deferred revenue	-	13,090
Current portion of lease liability	19,208	19,208
Current portion due to related parties	545	4,559
Current portion of car loan payable	12,358	12,792
Current portion of bank loan payable	1,006,394	1,138,704
Total current liabilities	3,173,077	3,988,871
Non-current liabilities		
Deferred income taxes	8,800	-
Non-current portion of lease liability	14,132	33,340
Non-current portion of car loan payable	24,816	33,948
Due to related parties	487,372	547,372
Total non-current liabilities	535,120	614,660
Total liabilities	3,708,197	4,603,531
Commitments (note 15)		
EQUITY		
Equity attributable to iFabric Corp. shareholders		
Capital stock (note 14)	9,005,949	13,660,614
Reserves	8,537,532	3,675,458
Retained earnings	5,754,913	5,157,927
Accumulated other comprehensive earnings	144,124	259,111
Total equity attributable to iFabric Corp. shareholders	23,442,518	22,753,110
Non-controlling interest	9,512	12,855
Total equity	23,452,030	22,765,965
Total liabilities and equity	27,160,227	27,369,496

Approved on behalf of the Board of Directors on November 13, 2023:

"Hylton Karon"
Director

"Hilton Price"
Director

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

iFABRIC CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)
(Unaudited, Expressed in Canadian Dollars)

For the period ended September 30,	Unaudited	Unaudited	Unaudited	Audited
	Three months		Twelve months	
	2023	2022	2023	2022
REVENUE	4,805,502	6,032,950	21,642,761	19,743,008
COST OF SALES	3,033,640	4,178,843	13,122,198	12,716,732
GROSS PROFIT	1,771,862	1,854,107	8,520,563	7,026,276
EXPENSES				
General and administrative costs	1,568,762	1,469,667	5,473,851	5,092,819
Selling costs	433,145	468,382	2,114,535	1,347,699
Interest expense	22,568	15,452	85,565	49,723
Depreciation of property, plant and equipment and right-of-use assets	29,371	27,281	118,930	103,847
Amortization of deferred development costs	6,705	6,705	26,820	26,820
Share-based compensation	81,100	140,371	85,009	472,952
	2,141,651	2,127,858	7,904,710	7,093,860
EARNINGS (LOSS) FROM OPERATIONS	(369,789)	(273,751)	615,853	(67,584)
OTHER EXPENSES (INCOME)				
Loss (gain) on foreign exchange	(66,224)	(230)	(15,394)	175,292
Loan forgiveness	(40,000)	-	(40,000)	-
Loss on termination	-	-	22,200	-
Gain on disposal of capital assets	-	-	(7,827)	(17,500)
Government grants	-	(1,520)	(8,866)	(17,895)
	(106,224)	(1,750)	(49,887)	139,897
EARNINGS (LOSS) BEFORE INCOME TAXES	(263,565)	(272,001)	665,740	(207,481)
PROVISION (RECOVERY) OF INCOME TAXES				
Current	(41,293)	109,204	152,897	457,091
Deferred	(80,900)	(77,300)	(80,800)	(212,116)
	(122,193)	31,904	72,097	244,975
NET EARNINGS (LOSS)	(141,372)	(303,905)	593,643	(452,456)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
iFabric Corp. shareholders	(139,545)	(296,083)	596,986	(454,998)
Non-controlling interest	(1,827)	(7,822)	(3,343)	2,542
	(141,372)	(303,905)	593,643	(452,456)
OTHER COMPREHENSIVE EARNINGS (LOSS)				
Unrealized gain (loss) on translation of foreign operations	100,949	353,253	(114,987)	455,662
TOTAL COMPREHENSIVE EARNINGS	(40,423)	49,348	478,656	3,206
EARNINGS (LOSS) PER SHARE (note 13)				
Basic	(0.005)	(0.010)	0.020	(0.015)
Diluted	(0.005)	(0.010)	0.020	(0.015)

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

iFABRIC CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited, Expressed in Canadian Dollars)

	Attributable to iFabric Corp. shareholders						Non-controlling interest	Total equity
	Reserves			Retained earnings	Accumulated Other Comprehensive Earnings	Total Comprehensive Earnings (Loss)		
	Capital stock	Contributed surplus	Options					
Balance at September 30, 2022	13,660,614	852,679	2,822,779	5,157,927	259,111	22,753,110	12,855	22,765,965
Total comprehensive earnings (loss)	-	-	-	596,986	(114,987)	481,999	(3,343)	478,656
Exercise of options	337,820	-	(147,820)	-	-	190,000	-	190,000
Expiry of options/warrant extension	(4,924,885)	5,581,905	(657,020)	-	-	-	-	-
Deferred tax on share issue costs (note 11)	(67,600)	-	-	-	-	(67,600)	-	(67,600)
Share-based compensation	-	-	85,009	-	-	85,009	-	85,009
Balance at September 30, 2023	9,005,949	6,434,584	2,102,948	5,754,913	144,124	23,442,518	9,512	23,452,030

	Attributable to iFabric Corp. shareholders						Non-controlling interest	Total equity
	Reserves			Retained earnings	Accumulated Other Comprehensive Earnings	Total Comprehensive Earnings (Loss)		
	Capital stock	Contributed surplus	Options					
Balance at September 30, 2021	13,585,774	852,679	2,412,067	5,612,925	(196,551)	22,266,894	10,313	22,277,207
Total comprehensive earnings (loss)	-	-	-	-	-	-	2,542	3,206
Exercise of options	142,240	-	(62,240)	-	-	80,000	-	80,000
Deferred tax on share issue costs (note 11)	(67,400)	-	-	-	-	(67,400)	-	(67,400)
Share-based compensation	-	-	152,897	-	-	152,897	-	472,952
Balance at September 30, 2022	13,660,614	852,679	2,822,779	5,157,927	259,111	22,753,110	12,855	22,765,965

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

iFABRIC CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, Expressed in Canadian Dollars)

For the twelve months ended September 30,	Unaudited 2023	Audited 2022
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings (loss)	593,643	(452,456)
Items not affecting cash		
Interest on lease liability	3,595	2,944
Depreciation of property, plant and equipment and right-of-use assets	118,930	103,847
Amortization of deferred development costs	26,820	26,820
Fair value adjustment on foreign exchange contracts	7,500	-
Gain on disposal of capital assets	(7,827)	-
Share-based compensation	85,009	472,952
Deferred income tax provision	(80,800)	(212,116)
	746,870	(58,009)
Changes in operating assets and liabilities		
Accounts receivable	1,221,490	(564,433)
Inventories	1,639,266	(6,338,190)
Income taxes recoverable	(13,469)	50,741
Prepaid expenses and deposits	(655,286)	(604,396)
Foreign exchange forward contracts	(48,425)	-
Due from related parties	37,500	44,156
Accounts payable and accrued liabilities	(499,762)	(421,350)
Customer deposits	(85,326)	(65,989)
Deferred revenue	(13,090)	(12,519)
Contract liability	-	(180,509)
Income taxes payable	(80,858)	(61,329)
	1,502,040	(8,153,818)
	2,248,910	(8,211,827)
FINANCING ACTIVITIES		
Due to related parties	(64,014)	21,509
Share and warrant issuances	190,000	80,000
Repayment of car loan	(9,566)	46,740
Repayment of bank loan	(132,310)	(76,760)
Interest paid	(3,595)	(2,944)
Repayment of lease liability	(19,208)	(26,617)
	(38,693)	41,928
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(208,975)	(242,756)
Proceeds on property, plant and equipment	63,000	-
	(145,975)	(242,756)
CHANGE IN CASH POSITION	2,064,242	(8,412,655)
CASH, beginning of year	944,725	8,901,718
Effect of foreign currency translation	(114,987)	455,662
CASH, end of year	2,893,980	944,725

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

1. NATURE OF OPERATIONS

iFabric Corp. ("iFabric or the Company") is a Canadian public company, incorporated under the Alberta Business Corporations Act and is domiciled in Canada. iFabric is listed on the Toronto Stock Exchange ("TSX") under the trading symbol "IFA". The head office is located at 525 Denison Street, Unit 1, Markham, Ontario, Canada.

The Company's principle activities relate to the business of designing and distributing women's intimate apparel as well as a range of complimenting accessories. The Company is also in the business of developing and distributing a range of innovative products and treatments that are suitable for application to textiles, plastics, liquids, and hard surfaces as well as finished performance apparel which integrate one or more such treatments. These products are designed to provide added benefits to the user.

2. BASIS OF PREPARATION**(a) Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements except where noted below. These unaudited condensed consolidated interim financial statements have been prepared under IFRS in accordance with IAS 34, Interim Financial Reporting. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended September 30, 2022. Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Seasonal fluctuations

The interim period results of operations do not necessarily reflect results for the full fiscal year because of seasonal fluctuations that characterize the apparel and textiles industries.

(c) Basis of measurement

These unaudited condensed consolidated interim financial statements were prepared on a historical cost basis except for certain items which may be accounted for at fair value, as further discussed in the significant accounting policies of the most recent audited annual financial statements for the year ended September 30, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2022 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

4. ACCOUNTS RECEIVABLE

	September 30, 2023	September 30, 2022
Trade receivables	5,637,788	7,045,514
Expected credit loss	(75,600)	(121,320)
Allowance for discounts and rebates	(4,359)	(4,769)
Deferred rent asset	-	26,424
Contract asset	236,010	69,480
Other	2,000	2,000
	5,795,839	7,017,329

5. INVENTORIES

Inventories represent the carrying amount of merchandise for resale. During the twelve months ended September 30, 2023, the amount of inventories charged to net earnings was \$11,795,790 (2022 - \$11,149,393) and the amount of inventory write-downs were \$32,073 (2022 - \$193,730). There were no reversals of prior period write-downs of inventory.

6. PREPAID EXPENSES AND DEPOSITS

	September 30, 2023	September 30, 2022
Prepaid expenses and other assets	177,473	147,524
Deposits paid to suppliers (i)	5,816,561	5,191,224
	5,994,034	5,338,748

(i) On May 4, 2020, the Company entered into an agreement to purchase 1,000,000 N95 masks from a foreign supplier. The contract required full delivery by June 2020 but was partially fulfilled, with the supplier defaulting on the timing of the remaining delivery. The Company sourced these products from a different supplier to fulfill the order to its customer in Q1 2021. The Company has been seeking recovery of the deposit through an arbitration process in the foreign jurisdiction, which was delayed due to COVID-19 restrictions and lockdowns. On December 21, 2021, the arbitration court ruled in the Company's favor and is in the court enforcement process to recover its remaining deposit of USD \$2,905,000, plus liquidated damages of USD \$146,942, interest at the rate of 12% per annum calculated from the date of payment of the deposit, and reimbursement of the arbitration cost of RMB 445,902. No amounts have been accrued for damages, interest or arbitration reimbursement as at September 30, 2023. The company is currently awaiting a court order permitting it to execute on the collection of the above stated arbitration award.

7. FOREIGN EXCHANGE FORWARD CONTRACTS

The Company enters into foreign exchange forward contracts to manage the risks associated with exchange rate fluctuations. The balance is comprised of the following:

	September 30, 2023	September 30, 2022
Margin balance – cash deposit	33,425	-
Mark to market variance – gain on foreign exchange	7,500	-
	40,925	-

As at September 30, 2023, the Company had contracted to buy 500,000 U.S. Dollars.

For the quarter ended September 30, 2023, there is an unrealized gain on foreign exchange of \$7,500 (Sep 30, 2022 - \$0) recognized in net earnings (loss), in respect to changes in fair value of the Company's foreign exchange forward contracts.

8. DUE FROM RELATED PARTIES

The amounts due from related parties represent a housing loan to an executive officer. The loan bears interest at a rate that is the greater of 1% per annum and the minimum interest rate per the Canada Revenue Agency, and is repayable in full by May 5, 2024. The fair market value of the loan using the applicable market interest rate would not result in a material adjustment to the carrying value of the loan, and as such, no adjustment has been made by the Company in this regard.

9. CREDIT FACILITIES

Two of the Company's subsidiaries share a demand operating loan with a tier one Canadian bank available to a maximum of \$6,750,000, against which \$0 was outstanding as at September 30, 2023 (September 30, 2022 - \$0). The loan facility bears interest at either the bank's prime lending rate or USD base rate, as applicable, plus 0.75%. The purpose of the credit facility is to provide for ongoing operating requirements including the financing of accounts receivable and inventories. The facility is secured by a first-ranking all-indebtedness collateral mortgage in the amount of \$3,000,000 on land and buildings, a general security agreement, an assignment of rents, as well as guarantees from the Company and two of its subsidiary companies.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	September 30, 2022
Trade payables	1,332,546	1,962,660
Government remittances	187,155	151,412
Accrued liabilities	500,632	386,109
Tenants deposits	-	19,914
	2,020,333	2,520,095

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

11. BANK LOAN PAYABLE

One of the Company's subsidiaries has a variable rate demand loan, payable in monthly principal payments of \$9,172 and variable monthly interest payments at a prime interest rate plus 0.75% per annum, amortized over a fifteen-year period ending February 28, 2032, and secured by a first-ranking all-indebtedness collateral mortgage in the amount of \$3,000,000 on land and buildings, a general security agreement, an assignment of rents, as well as guarantees from the Company and three of its subsidiary companies. The bank loan payable is owed by a subsidiary of the Company with a 25% non-controlling interest.

Management expects to pay the minimum monthly principal and interest payments within the next twelve months.

Two of the Company's subsidiaries has a \$60,000 loan each for a total of \$120,000, which was funded by the Canada Emergency Business Account ("CEBA"). CEBA is interest free until December 31, 2023 with one third of the balance forgiven if two thirds of the balance is repaid by December 31, 2023. These loans were repaid on October 24, 2023.

12. SEGMENTED INFORMATION

The Company has three reportable operating segments, as described below. The reportable segments offer different products and services, and are managed separately because they require different marketing strategies, technologies, and resource allocations. For each of the operating segments, the CEO and CFO (the chief operating decision makers) review internal management reports on at least a quarterly basis. The following describes the operations in each of the reportable segments:

- Intimate Apparel: Includes the design and distribution of women's intimate apparel and accessories.
- Intelligent Fabrics: Includes the development and distribution of innovative products and treatments that are suitable for application to textiles, plastics, liquids, and hard surfaces as well as finished performance apparel which integrate one or more such treatments. These products are designed to provide added benefits to the user.
- Other: Includes leasing of property to group companies, related parties and third parties.

Inter-segment transactions are made at prices that approximate market rates.

There has been no material change in the total assets for each reportable segment since the last annual audited financial statements.

	Intimate Apparel	Intelligent Fabrics	Other Segments	Corporate Items and Eliminations	Consolidated
Twelve months ended September 30, 2023					
Revenues					
Third party	7,591,416	14,013,449	37,896	-	21,642,761
Inter-segment	-	2,174,478	238,258	(2,412,736)	-
Total Revenues	7,591,416	16,187,927	276,154	(2,412,736)	21,642,761
Earnings (loss) before income taxes	376,590	678,160	(12,825)	(376,185)	665,740
Provision for (recovery of) income taxes	69,739	104,764	548	(102,954)	72,097

	Intimate Apparel	Intelligent Fabrics	Other Segments	Corporate Items and Eliminations	Consolidated
Twelve months ended September 30, 2022					
Revenues					
Third party	6,976,621	12,658,907	107,480	-	19,743,008
Inter-segment	45,000	2,467,392	162,270	(2,674,662)	-
Total Revenues	7,021,621	15,126,299	269,750	(2,674,662)	19,743,008
Earnings (loss) before income taxes	(541,949)	988,659	15,576	(669,767)	(207,481)
Provision for (recovery of) income taxes	(9,900)	227,887	5,407	21,581	244,975

iFABRIC CORP.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION, *continued*

The following summarizes external sales revenue for the Company by geographic operating segments:

Twelve months ended September 30,	2023	2022
External sales revenue		
Canada	10,959,460	6,735,977
United States	4,905,952	5,187,828
United Kingdom	518,068	287,020
Southeast Asia and other	5,259,281	7,532,183
Total	21,642,761	19,743,008

All of the Company's non-current assets are located in Canada.

For the nine months ended September 30, 2023, approximately 59% of the Company's total sales were to four customers (2022 – 49%). Approximately 74% of the Company's total purchases were from four vendors (2022 – 87%), one of which is related to a distributor of the Company.

13. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated using the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated to reflect the dilutive effect of warrants and stock options outstanding. The calculation of basic and diluted earnings (loss) per share is based on net earnings (loss) attributable to iFabric Corp.'s shareholders for the three and twelve months ended September 30, 2023 of (\$139,545) and \$596,986, respectively (loss of \$296,083 and \$454,998 for the three and twelve months ended September 30, 2022, respectively). The number of shares used in the earnings (loss) per share calculation is as follows:

Period ended September 30,	2023	2022	2023	2022
Weighted average number of shares outstanding - basic	30,299,467	29,816,858	30,175,289	29,689,399
Dilutive effect of options	227	104,619	97,291	687,950
Weighted average number of shares outstanding - diluted	30,299,694	29,921,477	30,274,603	30,379,371

For the three and twelve months ended September 30, 2023, 1,335,000 and 1,345,000 options respectively, were excluded from the calculation of diluted earnings per share as these instruments were deemed to be anti-dilutive (2022 – 1,211,923 options). For the three and twelve months ended September 30, 2023, 2,943,717 warrants were excluded from the calculation of diluted earnings per share as these instruments were deemed to be anti-dilutive (2022 – 2,948,717 warrants).

iFABRIC CORP.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited, Expressed in Canadian Dollars)

14. CAPITAL STOCK

(a) Authorized, issued and outstanding

Authorized: Unlimited number of common shares

	Number of common shares	Common share capital
Balance at September 30, 2022	29,824,467	13,660,614
Shares issued pursuant to exercise of stock options	475,000	190,000
Ascribed value credited to share capital on exercise of options	-	147,820
Warrants extension	-	(4,924,885)
Deferred tax on share issue costs	-	(67,600)
Balance at September 30, 2023	30,299,467	9,005,949

	Number of common shares	Common share capital
Balance at September 30, 2021	29,624,467	13,585,774
Shares issued pursuant to exercise of stock options	200,000	80,000
Ascribed value credited to share capital on exercise of options	-	62,240
Deferred tax on share issue costs	-	(67,400)
Balance at September 30, 2022	29,824,467	13,660,614

(b) Stock option plan

The Company has reserved 10% of the issued and outstanding common shares for issuance under its stock option plan. The status of the Company's stock option plan is summarized as follows:

	Number of stock options	Weighted average exercise price
Balance at September 30, 2022	1,629,000	1.58
Granted, during the year (i)	310,000	1.44
Exercised, during the year	(475,000)	0.40
Expired, during the year	(119,000)	0.40
Balance at September 30, 2023	1,345,000	2.52

	Number of stock options	Weighted average exercise price
Balance at September 30, 2021	1,629,000	1.58
Granted, during the year (i)	200,000	3.40
Exercised, during the year	(200,000)	0.40
Balance at September 30, 2022	1,629,000	1.95

(i) On May 15, 2023 the Company issued 10,000 stock options to a member of the Board of Directors. Each option entitles the holder to acquire one common share of the Company at a price of \$1.29, and is exercisable for a period of 5 years from the grant date. 5,000 options vested immediately and, 5,000 options vested on August 15, 2023. Share-based compensation expense, based on the fair value of the options, had been estimated by management at \$7,819 as of the date of the grant using the Black-Scholes pricing model with the following assumptions:

Dividend yield	0.00%
Expected volatility	94.56%
Risk-free interest rate	3.08%
Expected maturity	5 years

14. CAPITAL STOCK, continued

(ii) On July 25, 2023 the Company issued 300,000 stock options to three members of executive management. Each option entitles the holder to acquire one common share of the Company at a price of \$1.44, and is exercisable for a period of 5 years from the vesting date. 75,000 options vested immediately and 75,000 options will each vest on October 25, 2023, January 25, 2024 and April 25, 2024 respectively. Share-based compensation expense, based on the fair value of the options, had been estimated by management at \$308,760 as of the date of the grant using the Black-Scholes pricing model with the following assumptions:

Dividend yield	0.00%
Expected volatility	94.92%
Risk-free interest rate	3.93%
Expected maturity	5 years

As of September 30, 2023, the following options were outstanding and exercisable:

Expiry date	Options Outstanding			Options Exercisable	
	Number of stock options	Weighted average contractual life remaining (years)	Weighted average exercise price	Number of stock options	Weighted average exercise price
April 1, 2024	75,000	0.50	4.15	75,000	4.15
May 6, 2025	100,000	1.60	2.70	100,000	2.70
June 5, 2027	450,000	3.68	2.40	450,000	2.40
February 9, 2027	150,000	3.36	3.50	150,000	3.50
March 1, 2027	50,000	3.41	3.10	50,000	3.10
May 15, 2028	5,000	4.62	1.29	5,000	1.29
August 15, 2028	5,000	4.87	1.29	5,000	1.29
July 25, 2028	75,000	4.82	1.44	75,000	1.44
October 25, 2028	75,000	5.07	1.44	-	1.44
January 25, 2029	75,000	5.32	1.44	-	1.44
April 25, 2029	75,000	5.56	1.44	-	1.44
April 7, 2030	200,000	6.52	2.70	200,000	2.70
June 30, 2025	10,000	1.75	6.05	10,000	6.05
	1,345,000	2.86	2.52	1,120,000	2.73

(c) Warrants

The following tables summarize changes in the status of the Company's outstanding warrants:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2022	2,948,717	4.60
Expired, during the period	(5,000)	4.60
Balance, September 30, 2023	2,943,717	4.60

	Number of warrants	Weighted average exercise price
Balance, September 30, 2021 and September 30, 2022	2,948,717	4.60

The following table summarizes the warrants outstanding at September 30, 2023.

Expiry date	warrants	average exercise price
March 23, 2024	2,943,717	4.60

(d) Compensation options

The following tables summarize changes in the status of the Company's outstanding compensation options:

	Number of compensation options	Weighted average exercise price
Balance, September 30, 2022	176,923	3.90
Expired, during the period	(176,923)	3.90
Balance, September 30, 2023	-	3.90
	Number of compensation options	Weighted average exercise price
Balance, September 30, 2021 and September 30, 2022	176,923	3.90

15. COMMITMENTS

- (a) The Company enters into foreign exchange forward contracts to manage the risks associated with exchange rate fluctuations. For additional information refer to note 7 to the financial statements.
- (b) In terms of a worldwide license agreement, the Company has the right to use trademarks in connection with the manufacture, marketing, sale and distribution of certain licensed products. During the license term, the Company is required to pay a quarterly royalty on its net sales as defined in the agreement, on all products sold under the licensed marks. The effective royalty rates vary depending on the distribution channel and range from 0%-10%. Minimum annual royalties have been established for the balance of the contract period ending December 31, 2023 in U.S. dollar amount of \$200,000. In addition, the Company is required to pay an advertising fee of 1%-2%, depending on the distribution channel, payable quarterly, on its net sales as defined in the agreement, for promotion of the licensed products. The license term is in effect until December 31, 2023. See note 17 for renewal details.
- (c) In terms of a Canadian license agreement pursuant to which the Company has the right to use trademarks in connection with the manufacture, marketing, sale and distribution of certain licensed products. During the license term, the Company is required to pay a quarterly royalty on its net sales as defined in the agreement, on all products sold under the licensed marks. The effective royalty rates vary depending on the distribution channel and range from 10-12%. Minimum annual royalties have been established for the contract periods ending December 31, 2023 and 2024, in amounts of \$125,000 and \$175,000 respectively. The license term is in effect until December 31, 2024.

16. FINANCIAL RISK MANAGEMENT

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no significant changes in the Company's risk exposures during the three and twelve months ended September 30, 2023 from those described in the Company's audited annual consolidated financial statements for the year ended September 30, 2022.

17. SUBSEQUENT EVENTS

- (a) On October 6, 2023 the Company renewed its worldwide license agreement. During the license term, the Company is required to pay a quarterly royalty on its net sales as defined in the agreement, on all products sold under the licensed marks. The effective royalty rates vary depending on the distribution channel and range from 0%-10%. Minimum annual royalties have been established for the balance of the contract period ending December 31, 2024 and 2025 in U.S. dollar amount of \$220,000 and \$240,000 respectively. In addition, the Company is required to pay an advertising fee of 1%-2%, depending on the distribution channel, payable quarterly, on its net sales as defined in the agreement, for promotion of the licensed products. The license term is in effect until December 31, 2025.
- (b) On October 16, 2023, the Company executed a lease agreement for the rental of 5,202 square feet of office space in Markham, Ontario, at a location in close proximity to its current warehouse location. After the move of management and all administrative staff to the new location, the Company's Markham owned building will be fully repurposed as warehouse space, in order accommodate the warehousing of products for new Canadian apparel programs. The lease agreement is for a period of 5 years commencing on April 1, 2024 and expiring March 31, 2029, with the option of renewal for a further period of 5 years. Basic rent payable is \$17.95 per square foot for years 1-3 of the lease amounting to \$93,376 per annum and \$18.95 per square foot for years 4-5, amounting to \$98,578 per annum. Additional rent will be calculated each year and, is estimated at \$17.96 per square foot for the first year of the lease, or \$93,428 per annum.