

EASTWOOD BIO-MEDICAL CANADA INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED APRIL 30, 2023

(Expressed in Canadian Dollars)

EASTWOOD BIO-MEDICAL CANADA INC.

FOR THE SIX MONTHS ENDED APRIL 30, 2023

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NOTICE TO THE READER

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

EASTWOOD BIO-MEDICAL CANADA INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

As at	Notes	April 30, 2023	October 31, 2022
ASSETS			
Current Assets			
Cash		\$ 30,492	\$ 39,839
Accounts Receivable and Other Receivables	3	9,249	14,590
Prepaid Expenses and Purchase Deposits	4	63,033	47,033
		102,774	101,462
Purchase Deposits	4	18,533	37,065
Property and Equipment	5	302,463	326,517
Right-of-Use Assets	6	89,617	119,490
TOTAL ASSETS		513,387	584,534
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable and Accrual Liabilities		\$ 103,424	\$ 60,310
Deferred Revenue		19,192	24,583
Loan payable	9	34,842	27,502
Due to Related Parties	8	860,445	731,589
		1,017,903	843,984
CEBA Loan	6	34,747	34,748
TOTAL LIABILITIES		1,052,650	878,732
SHAREHOLDERS' EQUITY			
Share capital	7	\$ 4,687,376	\$ 4,687,376
Reserves		9,514	9,514
Accumulated deficit		(5,236,153)	(4,991,088)
		(539,263)	(294,198)
TOTAL LIABILITIES AND EQUITY		\$ 513,387	\$ 584,534

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2023:

/s/ "Youngsoo Kim"

Youngsoo Kim, Director

/s/ "Yunji Kim"

Yunji Kim, Director

(The accompanying notes are an integral part of these financial statements)

EASTWOOD BIO-MEDICAL CANADA INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022	Six Months Ended April 30, 2023	Six Months Ended April 30, 2022
Sales Revenue	\$ 200,203	\$ 242,976	\$ 478,166	\$ 549,519
Freight Revenue	19,448	22,400	38,113	46,869
Manufacturing (Note 8)	-	-	35,559	37,236
Total Revenue	219,651	265,376	551,838	633,624
Cost of Purchases	92,836	81,056	178,504	157,122
Gross Profit	126,815	184,320	373,334	476,502
Expenses				
Accounting and Audit Fees	12,706	1,300	12,706	25,300
Advertising and Marketing	415	873	1,043	1,369
Amortization	26,963	26,713	53,926	53,425
Bank and Credit Card Charges	3,354	589	5,792	1,528
Bad debts	-	-	190	-
Consulting Fees	10,011	17,211	24,822	21,722
Foreign Exchange Loss	112	(25,616)	290	(20,805)
Insurance	19,399	27,303	48,154	54,789
Legal Fees	736	21,293	1,295	25,108
Listing Fees	25,749	17,551	26,462	18,085
Management Fees	58,505	58,505	117,011	117,011
Office Expenses	11,913	1,064	27,560	2,153
Wages and Salaries	132,784	104,340	299,153	216,723
	302,647	251,127	618,404	516,408
Other income				
Interest Income (expenses)	-	304	5	304
	-	304	5	304
Net Loss and Net Comprehensive Loss	\$ (175,832)	\$ (66,502)	\$ (245,065)	\$ (39,602)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares				
outstanding - basic and diluted	68,885,969	68,885,969	68,885,969	68,885,969

(The accompanying notes are an integral part of these financial statements)

EASTWOOD BIO-MEDICAL CANADA INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Issued Common Shares		Reserve	Accumulated	Total Equity
	Number	Amount		Deficit	
Balance, October 31, 2021	68,885,969	4,687,376	9,514	(4,841,209)	\$ (144,319)
Loss for the period	-	-	-	(39,602)	(39,602)
Balance, April 30, 2022	68,885,969	4,687,376	9,514	(4,880,811)	\$ (183,921)
Balance, October 31, 2022	68,885,969	4,687,376	9,514	(4,991,088)	\$ (294,198)
Loss for the period	-	-	-	(245,065)	(245,065)
Balance, April 30, 2023	68,885,969	4,687,376	9,514	(5,236,153)	\$ (539,263)

(The accompanying notes are an integral part of these financial statements)

EASTWOOD BIO-MEDICAL CANADA INC
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Six Months Ended April 30, 2023	Six Months Ended April 30, 2022
Operating Activities		
Net Loss for the Period	(245,065)	(39,602)
Items not Requiring Use of Cash:		
Amortization	53,926	53,425
Consulting Fee	9,022	9,022
Management Fee	9,511	9,511
Changes in Operating Assets and Liabilities:		
Accounts Receivable and Other Receivables	5,340	(59,819)
Prepaid Expenses and Purchase Deposits	(16,000)	-
Accounts Payable and Accrual Liabilities	43,116	138,652
GST/HST Receivable	-	308
Deferred Revenue	(5,391)	(2,833)
Due to Related Parties	128,856	(95,419)
Cash Used in Operating Activities	(16,685)	13,245
Financing Activities		
Bank loan	7,338	-
Cash Provided by Financing Activities	7,338	-
Decrease in Cash	(9,347)	13,245
Cash, Beginning of Year	39,839	20,868
Cash, End of Year	30,492	34,113

(The accompanying notes are an integral part of these financial statements)

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Eastwood Bio-Medical Canada Inc. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on December 10, 2010 and its registered office is at Unit 1130, 4871 Shell Road, Richmond, BC, Canada, V6X 3Z6. The Company was formerly 100% owned by Eastwood Bio-Medical Research Inc. ("EBMR"), which is currently the majority shareholder of the Company. EBMR is a privately owned Canadian company engaged in the development and commercialization of safe and effective treatment for non-insulin dependent diabetes mellitus (NIDDM-Type II diabetes). EBMR commenced commercial operations to market and distribute its core technology, Eleotin[®], to facilitate the management of metabolic disorders such as diabetes. The Company was listed on the TSX Venture Exchange (the "Exchange") as "EBM" on September 5, 2014. Pursuant to the Distribution and Licensing Agreement ("License Agreement") entered into on November 1, 2012 and later amended on March 17, 2014, the Company has been the exclusive distributor in Canada and non-exclusive distributor in the US for sales and distributing the EBMR's products, and the Company shall purchase the products from EBMR at pre-agreed upon percentage of the suggested retail price set by EBMR on products sold. The agreement is valid for a period of ten years, and will automatically renew for subsequent terms of five years. On June 19, 2015, the Company entered into a Memorandum of Understanding with EBMR ("MOU"), pursuant to which the Company is permitted to sell certain products to selected sub-distributors located in Asia. The Company shall purchase the products from EBMR at pre-agreed upon purchase price. EBMR retains the right to revoke the MOU at any time.

Going Concern and Impact of COVID-19

The Company's operations have been significantly adversely affected by the effects of a widespread global outbreak of the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the ultimate impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

As at April 30, 2023, the Company has a working capital deficiency of \$915,129 (2022: \$742,522), and an accumulated deficit of \$5,236,153 (2022: \$4,991,088) since incorporation. During the year ended April 30, 2023, the Company incurred a net loss of \$245,065 (2022: \$39,602) and used cash for operations of \$16,685 (2022: cash received from operation, \$11,056). The continuation of the Company as a going concern is dependent upon its ability to attain profitable operations. In the event that the cash flow from operations are insufficient to meet the Company's current operating expenses, the Company will be required to scale back and reevaluate its planned expenditures and allocate its resources in such a manner as the Board of Directors and management deems to be in the Company's best interest. To the extent that the Company is unable to cover its ongoing cash requirements through operations, additional financing will be needed. However, there can be no assurance that such financing will occur in the amounts and with the terms expected in favor of the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim financial statements for the six months ended April 30, 2023 (the "Interim Financial Statements"), have been prepared in accordance with IAS 34, 'Interim financial reporting'. The Interim Financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB" and interpretations of the International Financial Reporting interpretation Committee ("IFRIC").

These condensed interim financial statements were authorized for issue by the Board of Directors on June 28, 2023.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies. These financial statements are presented in Canadian dollars, which is the Company's presentation currency.

(c) Functional Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of loss.

(d) Significant Judgments, Estimates, and Assumptions

The preparation of these financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these 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 further periods if the review affects both current and future periods.

Areas of Judgments

(i) Revenue

The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. Determining whether the Company acts as principal or agent is based on an evaluation of which party has substantial risks and rewards of ownership under the terms of an arrangement. The most significant factors that the Company considers include identification of the primary obligor, as well as which party has credit risk, general and inventory risk (or equivalent) and latitude in establishing prices.

(ii) Evaluation of the Company's ability to continue as a going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing these financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(d) Significant Judgments, Estimates and Assumptions (continued)

Areas of Judgments (continued)

(iii) Impairment indicators on non-current assets

Judgments are required to assess when impairment indicators exist and impairment testing is required.

Areas of Assumptions and Estimates

(i) Deferred Income Taxes

The Company recognizes the deferred income tax benefit related to deferred income tax assets to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable income. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the reporting date could be impacted.

(ii) Useful Lives of Depreciable Assets

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence and wear and damage of assets.

(iii) Interest Rate on Government Loan

The government loan is measured at fair value based on management's best estimate of the effective interest rate at initial recognition. This estimate has an impact on the fair value of the loan recognized in the statement of financial position on the recognition date.

(e) Financial Instruments

Classification

On initial recognition, the Company determines the financial instruments classification as per the following categories:

- instruments measured at amortized cost;
- instruments measured at fair value through other comprehensive income ("FVOCI") or through net income ("FVTPL").

The financial instruments' classification under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and accounts receivable and other receivables are measured at amortized cost.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Classification

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives) or if the Company elects to measure them at FVTPL. Account payable and accrued liabilities, loans payable, CEBA loans payable, and due to related parties are measured at amortized cost.

Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value, and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the statements of loss and comprehensive loss.

Financial instruments at fair value

Financial instruments are initially and subsequently measured at fair value and transaction costs are accounted for in the statements of loss and comprehensive loss. When the Company elects to measure a financial liability at FVTPL, gains or losses related to the Company's own credit risk are accounted for in the statements of loss and comprehensive loss.

Impairment

The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For trade receivables, the Company measures loss allowances at an amount equal to lifetime expected credit loss ("ECL") as allowed by IFRS 9 under the simplified method.

Derecognition

Financial assets

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished, meaning when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the statements of loss.

(f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(g) Accounts Receivable and Other Receivables

Accounts receivables and other receivables are presented net of allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in accounts receivable. The allowance is determined based on balances outstanding for over 90 days from the invoice date, historical experience and other current information. The Company extends credit to customers and distributors; credit checks are required for all new distributors.

(h) Prepaid Expenses

Prepaid expenses are payments before the criteria for expense recognition have been met. The payment is expected to yield economic benefits over one or more future periods.

(j) Property and Equipment

Property and equipment is stated at cost and amortized over the useful lives. The estimated useful lives and amortization methods are reviewed each year end, with the effect of any changes in estimate being accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and recognized net of costs associated with the disposal within other income in net loss for the year.

Asset class	Amortization term
Machinery and equipment	3 to 15 years
Property and plant	12 years

(j) Impairment of Non-current Assets

The carrying values of all property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

The impairment analysis requires management to estimate the future cash flows expected to arise from operations and to make assumptions regarding economic factors, discount rates, tax rates, and annual growth rates. Actual operating results and the related cash flows could differ from the estimates used for the impairment analysis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit ("CGU")).

An impairment loss is recorded when the recoverable amount of an asset or its CGU is less than its carrying amount. Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

Where an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(j) Impairment of Non-current Assets (Continued)

The reversal of impairment requires management to re-assess several indicators that led to the impairment. It requires the valuation of the recoverable amount by estimating the future cash flows expected to arise from the CGU and the determination of a suitable discount rate in order to calculate its present value. Significant judgment is made in establishing these assumptions.

(k) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and the fair value of brokers' options are recognized as a deduction from equity, net of any tax effects.

(l) Income Taxes

Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred income tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that in a transaction that is not a business combination and accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current income tax assets and liabilities on a net basis.

(m) Segment Reporting

The Company operates in a single reportable operating segment as a natural health supplement distribution company.

(n) Revenue

Revenue is recognized by applying the five-step model under IFRS 15. The Company recognizes revenue when, or as the goods or services are transferred to the control of the customer and performance obligations are satisfied.

The Company generates its revenue by acting as a distributor of EBMR pursuant to the License Agreement effective on November 1, 2012, the Current Agreement effective on March 17, 2014 and the MOU entered on June 19, 2015. The Company also manufactures and sells manufactured products. The Company's revenue is recognized when control of the goods has been transferred, being when the goods are delivered to customers and when all performance obligations have been fulfilled. The amounts recognized as revenue represent the fair values of the considerations received or receivable from third parties on the sales of goods to customers, net of goods and services taxes and less returns, and discounts, at which time there are no conditions for the payment to become due other than the passage of time.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(o) Loss Per Share

Basic loss per share is computed by dividing net earnings loss (the numerator) by the weighted average number of outstanding common shares for the year (denominator). Escrow shares that are contingently returnable are not treated as outstanding and are excluded from the calculation of basic loss per share until the date the shares are no longer subject to recall. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a net loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

(p) Business combinations

IFRS 3, Business Combinations, requires business combinations to be accounted using the acquisition method. Under this method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation based on the facts and circumstances at the acquisition date. Business acquisition costs incurred are expensed and included in transaction costs. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the statement of loss and comprehensive loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Determining whether goodwill is impaired requires an estimation of the higher of fair value less costs of disposal and value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(q) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)

3. Prepaid Expenses

	April 30, 2023 \$	October 31, 2022 \$
Current		
Prepaid consulting fees to EMBR	18,044	18,044
Prepaid management fees to EMBR	19,021	19,021
Other	25,967	9,968
Total	63,033	47,033
Non-current		
Prepaid consulting fees to EMBR	9,022	18,044
Prepaid management fees to EMBR	9,511	19,021
Total	18,533	37,065

4. Property and Equipment

	Property and Plant	Manufacturing Equipment	Total
Cost	\$	\$	\$
Balance as at October 31, 2021	216,901	316,885	533,786
Additions	-	3,005	3,005
Balance as at October 31, 2022	216,901	319,890	536,791
Additions	-	-	-
Balance as at April 30, 2023	216,901	319,890	536,791
Accumulated depreciation			
Balance as at October 31, 2021	54,225	108,943	163,168
Additions	18,075	29,031	47,106
Balance as at October 31, 2022	72,300	137,974	210,274
Additions	9,038	15,016	24,054
Balance as at April 30, 2023	81,338	152,990	234,328
Carrying value			
Balance as at October 31, 2022	144,601	181,916	326,517
Balance as at April 30, 2023	135,563	166,900	302,463

EASTWOOD BIO-MEDICAL CANADA INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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5. Right-of-Use Asset

As at October 31, 2020, the Company has one lease agreement for its leased premises. On April 17, 2018, the Company entered into an asset purchase agreement with EBMR. According to the agreement, the Company exercised its right to purchase a lease from EBMR by paying a purchase price of \$353,825. The Company assessed the fair value of the lease using a discount rate of 5.7%. Before November 1, 2019, leases of premises were classified as operating leases. As at November 1, 2019, the leases were recognized as a right-of-use asset. The right-of-use asset is amortized over the lease term.

Cost	\$
Balance as at April 30, 2023 and October 31, 2021, 2022	298,724
Accumulated amortization	\$
Balance as at October 31, 2021	119,489
Additions	59,745
Balance as at October 31, 2022	179,234
Additions	29,873
Balance as at April 30, 2023	209,107
Net book value	\$
Balance as at October 31, 2022	119,490
Balance as at April 30, 2023	89,617

6. Government Assistance

During the year ended October 31, 2020, the Company was approved and received a \$40,000 CEBA loan with the bank under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada.

As at October 31, 2020, the terms of the loan were follows: non-interest bearing, can be repaid at any time without penalty and is valid until December 31, 2022. If 75% of the CEBA loan at the CEBA loan Commencement Date is repaid on or before December 31, 2022, the repayment of the remaining 25% of such CEBA loan shall be forgiven. If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining. During the year ended October 31, 2021, the repayment term was extended to December 31, 2023. If on December 31, 2023, the Company exercises the option for a 2-year term extension, 5% interest during the term extension period will apply on any balance remaining.

During the year ended October 31, 2020, the Company recognized the forgivable portion of \$10,000 of the CEBA loan received and calculated interest benefit of \$8,123 in other income. Effective interest rate applied to calculate interest benefit was as at October 31, 2020, the initial recognition date of the CEBA line of credit using 11.90%. The difference of \$18,123 between the fair value and the total amount of CEBA loan received were recorded in government grant for the year ended October 31, 2020.

During the year ended October 31, 2021, the Company was approved and received an additional \$20,000 CEBA loan. This new CEBA loan is non-interest bearing, can be repaid at any time without penalty and is valid until December 31, 2025. If 50% of the new \$20,000 CEBA loan is repaid on or before December 31, 2023, the repayment of the remaining 50% of the loan amount loan shall be forgiven. If on December 31, 2023, the Company exercises the option for a 2-year term extension, 5% interest during the term extension period will apply on any balance remaining.

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6. Government Assistance (continued)

During the year ended October 31, 2021, the Company recognized the forgivable portion of \$10,000 of the CEBA loan received and calculated interest benefit of \$2,893 in other income. Effective interest rate applied to calculate interest benefit was as at October 31, 2021, the initial recognition date of the CEBA line of credit using 11.90%. The difference of \$12,893 between the fair value and the total amount of CEBA loan received were recorded in government grant for the year ended October 31, 2021.

7. Share Capital

(a) Authorized Share Capital

Authorized: Unlimited common shares without par value

(b) Issued Share Capital

As at April 30, 2023 and 2022, there were 68,885,969 common shares issued and outstanding.

(c) Share Purchase Options

The Company has adopted an incentive share purchase option plan under the rules of the TSX Venture Exchange pursuant to which it is authorized to grant options to executive officers, directors, employees, and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and generally vest either immediately or in specified increments of 25%. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued on exercise of options are restricted from trading during the four month period subsequent to the date of grant.

As at April 30, 2023 and 2022, there were no share purchase options outstanding.

8. Related Party Transactions

(i) Transactions and balances with EBMR:

	2023	2022
	\$	\$
Manufacturing revenue	35,559	37,236
Cost of goods sold	93,770	96,480
Consulting fees	9,022	9,022
Management fees	117,011	117,011
Rent per leasing agreements	29,872	29,872

As of April 30, 2023, amount of \$846,054 (2022: \$715,909) was due to EBMR, which is non-interest bearing, unsecured, and due on demand.

(ii) As at April 30, 2023, \$nil (2022: \$14,095) was due to the CFO of the Company, which is non-interest bearing, unsecured, and due on demand.

(iii) As at April 30, 2023, \$14,391 (2022: \$1,585) was due to the CEO of the Company, which is non-interest bearing, unsecured, and due on demand.

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8. Related Party Transactions (continued)

(iv) As at April 30, 2023, \$1,050 (2022: \$nil) was due to a director of the Company, which is non-interest bearing, unsecured, and due on demand.

(v) Compensation of key management personnel:

During the period ended April 30, 2023, the amount of \$3,000 (2022: \$3,000) in consulting fee was incurred to a director of the Company.

During the period ended April 30, 2023, the amount of \$18,002 (2022: \$11,078) in salary was incurred to the CFO of the Company.

During the period ended April 30, 2023, the amount of \$14,997 (2022: \$9,228) in salary was incurred to the CEO of the Company.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the periods ended April 30, 2023 and 2022.

9. Loans Payable

On June 29, 2022, the Company entered into a Capital Agreement (the “Agreement”) with Shopify Inc. (the “Lender”). The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of US\$18,080. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of US\$16,000. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from June 29, 2022 until the Lender has received repayment of the entire amount. During the year ended October 31, 2022, the Company recorded interest of \$2,688 (2022: \$nil). As at October 31, 2022, the Company has fully repaid this loan.

On August 30, 2022, the Company entered into an Agreement with the Lender. The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of US\$27,120. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of US\$24,000. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from August 30, 2022 until the Lender has received payment of the entire amount. As at April 30, 2023, the Company recorded interest of \$4,217. As at April 30, 2023, the Company has fully repaid this loan.

On September 12, 2022, the Company entered into an Agreement with the Lender. The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of \$2,599. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of \$2,300. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from September 12, 2022 until the Lender has received payment of the entire amount. As at April 30, 2023, the Company recorded interest of \$299. As at April 30, 2023, the Company has fully repaid this loan.

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9. Loans Payable (continued)

On October 24, 2022, the Company entered a Capital Agreement (the “Agreement”) with the Lender. The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of \$3,663. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of \$3,300. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from October 24, 2022 until the Lender has received payment of the entire amount. As at April 30, 2023, the Company recorded interest of \$363. As at April 30, 2023, the Company has fully repaid this loan.

On March 8, 2023, the Company entered into an Agreement with the Lender. The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of US\$28,250. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of US\$25,000. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from March 8, 2023 until the Lender has received payment of the entire amount. As at April 30, 2023, the Company recorded interest of \$348. As at April 30, 2023, \$31,170 (US\$23,015) (2022: \$nil) of this loan remains outstanding.

On October 24, 2022, the Company entered a Capital Agreement (the “Agreement”) with the Lender. The Lender agreed to provide the Company with working capital by purchasing a portion of the Company’s future revenue stream for the amount of \$3,663. The Agreement will cover all of the money in the Company’s revenue stream (the “Receivable”). In exchange, the Lender will provide to the Company an advance of \$3,300. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 17% of the Receivable every day from October 24, 2022 until the Lender has received payment of the entire amount. As at April 30, 2023, the Company recorded interest of \$303. As at April 30, 2023, \$3,672 (2022: \$nil) of this loan remains outstanding

10. Segmented Information

The Company has one reportable business segment, being the distribution of Eleotin® and related products in North America and Asia. All non-current assets are located in Canada. Below is the breakdown of revenue by geographical location:

	Canada		U.S.		Asia		Total	
Sales	\$		\$		\$		\$	
April 30, 2023	98,263	18%	68,291	12%	385,284	70%	551,838	100%
April 30, 2022	94,235	20%	57,613	20%	434,907	60%	586,755	100%

11. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash, accounts receivable and other receivables, accounts payable and accrued liabilities, loans payable, CEBA loans, and due to related parties. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company’s customers and counterparties to meet their payment obligations. In the normal course of business, the Company is exposed to credit risk from its end-users and distributors.

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11. Financial Risk Management (continued)

The Company performs ongoing credit evaluations of new and existing customers' financial condition, and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses. The Company has accounts receivable outstanding greater than 90 days past due and maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposure. Average accounts receivable days sales outstanding for the year is consistent with historic trends. The Company views credit risk on accounts receivables as minimal.

Furthermore, the Company's cash is held with reputable institutions in Canada. The Company views credit risk on cash as minimal.

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 ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at April 30, 2023, the Company had accounts payable and accrued liabilities of \$103,424(2022: \$60,310), which are due in the short term (0 - 3 months), due to related parties of \$860,445 (2022: \$731,589), which are due on demand, and loans payable of \$34,842 (2022: \$27,502).

Interest Risk

The Company will be subject to fluctuations in interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Market Risks

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Company has net financial liabilities of approximately \$38,265 (2022: \$23,378) that are denominated in US dollars. A 10% change in the US dollars to the Canadian dollar exchange rate would impact the Company's net loss and comprehensive loss by \$3,826 (2022: \$2,337).

The Company also has net financial assets of approximately \$nil (2022 - \$17,613) that are denominated in South Korean Won. A 10% change in the South Korean Won to the Canadian dollar exchange rate would impact the Company's net loss by \$nil (2022 - \$1,761).

Capital Management

The Company has defined its capital as share capital, reserves, and deficit.

The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.