EASTWOOD BIO-MEDICAL CANADA INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

EASTWOOD BIO-MEDICAL CANADA INC.

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

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Management's Responsibility

To the Shareholders of Eastwood Bio-Medical Canada Inc. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

Saturna Group Chartered Professional Accountants LLP was appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

February 28, 2024

(signed)	(signed)
"*Youngsoo Kim*"	"*Yunji Kim*"
President	CFO

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eastwood Bio-Medical Canada Inc.

We have audited the financial statements of Eastwood Bio-Medical Canada Inc. (the "Company"), which comprise the statements of financial position as at October 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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 has a net loss of $546,598 and has negative cash flow from operations of $16,888 during the year ended October 31, 2023 and, as of that date, the Company has a working capital deficit of $1,178,951 and an accumulated deficit of $5,537,686. 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 31, 2023. These matters were 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 these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Financial Reporting Standards, 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:

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

February 28, 2024

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

As at	October 31, 2023 $	October 31, 2022 $
ASSETS		
Current Assets		
Cash	18,448	39,839
Accounts Receivable and Other Receivables (Note 8)	14,466	14,590
Prepaid Expenses and Purchase Deposits (Note 3)	49,733	47,033
Due from a Related Party (Note 8)	68,335	-
	150,982	101,462
Purchase Deposits (Note 3)	-	37,065
Property and Equipment (Note 4)	278,410	326,517
Right-of-Use Asset (Note 5)	59,745	119,490
	338,155	483,072
TOTAL ASSETS	489,137	584,534
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current Liabilities		
Accounts Payable and Accrual Liabilities	101,735	60,310
Deferred Revenue (Note 8)	72,276	24,583
CEBA Loans Payable (Note 6)	38,882	-
Loans Payable (Note 9)	23,083	27,502
Due to Related Parties (Note 8)	1,093,957	731,589
	1,329,933	843,984
CEBA Loans Payable (Note 6)	-	34,748
TOTAL LIABILITIES	1,329,933	878,732
SHAREHOLDERS' DEFICIT		
Share capital	4,687,376	4,687,376
Reserves	9,514	9,514
Deficit	(5,537,686)	(4,991,088)
	(840,796)	(294,198)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	489,137	584,534

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on February 28, 2024:

/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.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year Ended October 31, 2023 $	Year Ended October 31, 2022 $
Revenue		
Sales Revenue (Note 8)	749,651	1,156,540
Freight Revenue	64,612	81,868
Manufacturing (Note 8)	53,673	61,355
Total Revenue	867,936	1,299,763
Cost of Goods Sold (Note 8)	319,571	397,019
Gross Profit	548,365	902,744
Expenses		
Accounting and Audit Fees	27,706	25,300
Advertising and Marketing	3,309	2,704
Amortization (Notes 4 and 5)	107,852	106,851
Bad Debts	837	4,802
Consulting Fees (Note 8)	43,844	47,849
Foreign Exchange Loss	12,395	5,612
Insurance	85,430	101,396
Interest and Bank Charges	28,164	10,705
Legal Fees	5,632	28,698
Listing Fees	33,732	22,401
Management Fees (Note 8)	186,521	234,021
Office	55,426	9,308
Wages and Salaries (Note 8)	504,115	453,561
	1,094,963	1,053,208
Loss Before Other Income	(546,598)	(150,464)
Other income		
Other Income	-	585
Net Loss and Comprehensive Loss	(546,598)	(149,879)
Loss Per Share - Basic and Diluted	(0.01)	(0.00)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	68,885,969	68,885,969

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

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

	Share Capital				Total Shareholders'
	Number of Shares	Amount $	Reserves $	Deficit $	Deficit $
Balance, October 31, 2021	68,885,969	4,687,376	9,514	(4,841,209)	(144,319)
Net loss for the year	-	-	-	(149,879)	(149,879)
Balance, October 31, 2022	68,885,969	4,687,376	9,514	(4,991,088)	(294,198)
Net loss for the year	-	-	-	(546,598)	(546,598)
Balance, October 31, 2023	68,885,969	4,687,376	9,514	(5,537,686)	(840,796)

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

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

	Year Ended October 31, 2023 $	Year Ended October 31, 2022 $
Operating Activities		
Net Loss for the Year	(546,598)	(149,879)
Items Not Involving Cash:		
Accretion of Discounts on CEBA Loans	4,134	3,398
Amortization	107,852	106,851
Foreign Exchange Loss	84	1,232
Changes in Non-Cash Operating Working Capital:		
Accounts Receivable and Other Receivables	124	(8,567)
Prepaid Expenses and Purchase Deposits	34,365	30,281
Accounts Payable and Accrual Liabilities	41,425	7,317
Deferred Revenue	47,693	451
Due from/to Related Parties	294,033	4,622
Cash Used in Operating Activities	(16,888)	(4,294)
Investing Activities		
Acquisition of Property and Equipment	-	(3,005)
Cash Used in Investing Activities	-	(3,005)
Financing Activities		
Proceeds from Loans Payable	46,871	57,808
Repayment on Loans Payable	(51,374)	(31,538)
Net Cash Provided by (Used in) Financing Activities	(4,503)	26,270
Change in Cash	(21,391)	18,971
Cash, Beginning of Year	39,839	20,868
Cash, End of Year	18,448	39,839

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

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.

As at October 31, 2023, the Company has a working capital deficiency of $1,178,951 (2022: $742,522), and an accumulated deficit of $5,537,686 (2022: $4,991,088) since incorporation. During the year ended October 31, 2023, the Company incurred a net loss of $546,598 (2022: $149,879) and used cash for operations of $16,888 (2022: $4,294). 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

The financial statements of the Company comply with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

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.

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.

(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, accounts receivable and other receivables, and due from related party are measured at amortized cost.

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.

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

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.

(g) Accounts Receivable and Other Receivables

Accounts receivable 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.

2. Significant Accounting Policies (continued)

(h) 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
Leasehold improvements	12 years

(i) 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.

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.

2. Significant Accounting Policies (continued)

(j) 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.

(k) 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.

(l) 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.

2. Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) 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 October 31, 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.

3. Prepaid Expenses and Purchase Deposits

	2023 $	2022 $
Current		
Prepaid consulting fees to EMBR	18,044	18,044
Prepaid management fees to EMBR	19,021	19,021
Other	12,668	9,968
Total	49,733	47,033
Non-current		
Prepaid consulting fees to EMBR	-	18,044
Prepaid management fees to EMBR	-	19,021
Total	-	37,065

4. Property and Equipment

	Leasehold Improvements $	Manufacturing Equipment $	Total $
Cost			
Balance, October 31, 2021	216,901	316,885	533,786
Additions	-	3,005	3,005
Balance, October 31, 2022 and 2023	216,901	319,890	536,791
Accumulated amortization			
Balance, October 31, 2021	54,225	108,943	163,168
Additions	18,075	29,031	47,106
Balance, October 31, 2022	72,300	137,974	210,274
Additions	18,075	30,032	48,107
Balance, October 31, 2023	90,375	168,006	258,381
Net carrying value			
Balance, October 31, 2022	144,601	181,916	326,517
Balance, October 31, 2023	126,526	151,884	278,410

5. Right-of-Use Asset

The Company has a 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, October 31, 2021, 2022, and 2023	298,724
Accumulated amortization	
Balance, October 31, 2021	119,489
Additions	59,745
Balance, October 31, 2022	179,234
Additions	59,745
Balance, October 31, 2023	238,979
Net carrying value	
Balance, October 31, 2022	119,490
Balance, October 31, 2023	59,745

6. CEBA Loans Payable

During the year ended October 31, 2020, the Company received a $40,000 bank loan 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 until January 18, 2024. If 75% of the CEBA loan at the CEBA loan Commencement Date is repaid on or before January 18, 2024, the repayment of the remaining 25% of such CEBA loan shall be forgiven. If on January 18, 2024, 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 recognized the interest benefit of $8,123 in other income. The effective interest rate applied to calculatethe interest benefit was 11.90%.

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 until January 18, 2024. If 50% of the new $20,000 CEBA loan is repaid on or before January 18, 2024, the repayment of the remaining 50% of such CEBA loan shall be forgiven. If on January 18, 2024, 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, 2021, the Company recognized the forgivable portion of $10,000 of the CEBA loan received and recognized the interest benefit of $2,893 in other income. The effective interest rate applied to calculate the interest benefit was 11.90%.

7. Share Capital

(a) Authorized Share Capital

Authorized: Unlimited common shares without par value

(b) 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 October 31, 2023 and 2022, there were no share purchase options outstanding.

8. Related Party Transactions

(i) Transactions and balances with EBMR:

	Year Ended October 31, 2023 $	Year Ended October 31, 2022 $
Manufacturing revenue	53,673	61,355
Cost of goods sold	163,485	201,591
Consulting fees	18,044	18,044
Management fees	186,521	234,021

As of October 31, 2023, amount of $1,060,888 (2022: $715,909) was due to EBMR, which is non-interest bearing, unsecured, and due on demand.

(ii) As at October 31, 2023, $68,335 was due from (2022: $14,095 was due to) the CFO of the Company, which is non-interest bearing, unsecured, and due on demand.

(iii) As at October 31, 2023, $33,069 (2022: $1,585) was due to the CEO of the Company, which is non-interest bearing, unsecured, and due on demand.

(iv) As at October 31, 2023, accounts receivable of $6,965 (2022: $7,883) was due from a company controlled by the CEO of the Company, which is non-interest bearing, unsecured, and due on demand.

(v) During the year ended October 31, 2023, the amount of $9,784 (2022: $21,421) in sales revenue was earned from a company controlled by the CEO of the Company. As at October 31, 2023, deferred revenue of $67,083 (2022: $nil) was due to this company.

8. Related Party Transactions (continued)

(vi) Compensation of key management personnel:

During the year ended October 31, 2023, the amount of $4,000 (2022: $3,800) in consulting fees was incurred to a director of the Company.

During the year ended October 31, 2023, the amount of $29,994 (2022: $31,193) in salary was incurred to the CEO of the Company.

During the year ended October 31, 2023, the amount of $36,005 (2022: $36,004) in salary was incurred to the CFO of the Company.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended October 31, 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 (the "Receivable") for the amount of US$18,080. In exchange, the Lender provided the Company with 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. 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 Receivable for the amount of US$27,120. In exchange, the Lender provided the Company with 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 October 31, 2022, $23,379 (US$17,186) of this loan was outstanding. As at October 31, 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 Receivable for the amount of $2,599. In exchange, the Lender provided the Company with 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 October 31, 2022, $823 of this loan was outstanding As at October 31, 2023, the Company has fully repaid this loan.

On October 24, 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 Receivable for the amount of $3,663. In exchange, the Lender provided the Company with 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 October 31, 2022, $3,300 of this loan was outstanding. As at October 31, 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 Receivable for the amount of US28,250. In exchange, the Lender provided the Company with 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 October 31, 2023, $13,137 (US$9,471) of this loan remains outstanding.

9. Loans Payable (continued)

On March 7, 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 Receivable for the amount of $6,780. In exchange, the Lender provided the Company with an advance of $6,000. 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 7, 2023 until the Lender has received payment of the entire amount. As at October 31, 2023, the Company has fully repaid this loan.

On June 12, 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 Receivable for the amount of $5,311. In exchange, the Lender provided the Company with an advance of $4,700. 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 12, 2023 until the Lender has received payment of the entire amount. As at October 31, 2023, $2,217 of this loan remains outstanding.

On September 26, 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 Receivable for the amount of US$2,712. In exchange, the Lender provided the Company with an advance of US$2,400. 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 26, 2023 until the Lender has received payment of the entire amount. As at October 31, 2023, $3,329 (US$2,400) of this loan remains outstanding.

On October 30, 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 Receivable for the amount of $4,972. In exchange, the Lender provided the Company with an advance of $4,400. 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 30, 2023 until the Lender has received payment of the entire amount. As at October 31, 2023, $4,400 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	
	$		$		$		$	
2023	112,832	13%	138,870	16%	616,234	71%	867,936	100%
2022	203,549	16%	169,061	13%	927,153	71%	1,299,763	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 and from 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. 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 receivable 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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

The following amounts are the contractual maturities of financial liabilities as at October 31, 2023 and 2022:

2023	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	101,735	101,735	–
Deferred revenue	72,276	72,276	
CEBA loans payable	38,882	38,882	
Loans payable	23,083	23,083	
Due to related parties	1,093,957	1,093,957	–
Total	1,329,933	1,329,933	–

2022	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	60,310	60,310	–
Deferred revenue	24,583	24,583	–
CEBA loans payable	34,748	–	34,748
Loans payable	27,502	27,502	
Due to related parties	731,589	731,589	–
Total	878,732	843,984	34,748

11. Financial Risk Management (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

The Company has net financial liabilities of approximately $16,466 (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 $2,383 (2022: $2,337).

The Company also has net financial assets of approximately $11,380 (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 $1,138 (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.

12. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of loss for the years ended October 31, 2023 and 2022:

	2023 $	2022 $
Net loss before taxes	(546,598)	(149,879)
Statutory tax rate	27%	27%
Expected income tax recovery	(147,581)	(40,467)
Permanent differences and other	(8,973)	(6,449)
Change in unrecognized deferred income tax assets	156,554	46,916
Income tax provision	–	–

12. Income Taxes (continued)

The significant components of deferred income taxes and liabilities as at October 31, 2023 and 2022 are as follows:

	2023 $	2022 $
Property and equipment	68,258	55,269
Non-capital loss carryforwards	1,311,802	1,194,457
Prepaid expenses and other	128,067	101,847
Total gross deferred income tax assets	1,508,127	1,351,573
Unrecognized deferred income tax assets	(1,508,127)	(1,351,573)
Net deferred income tax asset	–	–

As at October 31, 2023, the Company has not recognized a deferred income tax asset in respect of non-capital loss carryforwards of $4,858,527 (2022: $4,423,915) which may be carried forward to apply against future year income taxes for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	$
2030	30,897
2031	38,117
2032	139,282
2033	436,611
2034	82,487
2035	260,381
2036	468,479
2037	489,624
2038	466,963
2039	577,523
2040	862,009
2041	531,911
2042	39,631
2043	434,612
	4,858,527