

# **EASTWOOD BIO-MEDICAL CANADA INC.**

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2025

(Expressed in Canadian Dollars)

**EASTWOOD BIO-MEDICAL CANADA INC.**  
FOR THE NINE MONTHS ENDED JULY 31, 2025

Table of contents

Notice of the reader.....	2
Statements of financial position.....	3
Statements of loss and comprehensive loss .....	4
Statements of changes in shareholders' equity (deficit).....	5
Statements of cash flows .....	6
Notes to the financial statements.....	7-21

## **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.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian dollars)

As at	Notes	July 31, 2025	October 31, 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 22,032	\$ -
Accounts Receivable and Other Receivables		8,276	42,883
Prepaid Expenses and Purchase Deposits		797	797
		31,105	43,680
<b>Property and Equipment</b>	<b>3</b>	185,650	230,613
<b>TOTAL ASSETS</b>		216,755	274,293
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Bank Overdraft		\$ -	\$ 1,388
Accounts Payable and Accrual Liabilities		79,032	75,457
Deferred Revenue		17,347	16,619
CEBA Loan	4	60,000	60,000
Loan payable	7	11,334	18,220
Due to Related Parties	6	1,601,605	1,399,275
<b>TOTAL LIABILITIES</b>		1,769,318	1,570,959
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	\$ 4,687,376	\$ 4,687,376
Reserves		9,514	9,514
Accumulated deficit		(6,249,454)	(5,993,556)
		(1,552,564)	(1,296,666)
<b>TOTAL LIABILITIES AND EQUITY</b>		\$ 216,754	\$ 274,293

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on September 26, 2025:

/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)**

	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Nine Months Ended July 31, 2025	Nine Months Ended July 31, 2024
Sales Revenue	\$ 122,365	\$ 178,703	\$ 402,887	\$ 499,630
Freight Revenue	3,091	9,559	14,071	24,832
<b>Total Revenue</b>	<b>125,457</b>	<b>188,262</b>	<b>416,958</b>	<b>524,462</b>
Cost of Purchases	38,762	57,338	133,794	166,880
<b>Gross Profit</b>	<b>86,694</b>	<b>130,924</b>	<b>283,164</b>	<b>357,582</b>
<b>Expenses</b>				
Accounting and Audit Fees	4,650	1,300	35,421	19,400
Advertising and Marketing	8,842	1,827	10,594	2,657
Amortization	-	26,635	44,963	79,906
Bank and Credit Card Charges	(2,131)	3,604	(243)	5,243
Consulting Fees	1,000	15,511	11,500	34,033
Foreign Exchange Loss	(51)	10,711	357	(4,398)
Insurance	15,710	17,657	49,708	55,167
Legal Fees	618	4,319	2,304	5,243
Listing Fees	1,803	5,330	21,924	29,542
Management Fees	30,000	34,755	90,000	99,266
Office Expenses	12,230	16,756	33,700	43,372
Wages and Salaries	71,843	108,098	238,828	288,264
	144,516	246,503	539,056	657,695
<b>Other income</b>				
Interest Income (expenses)	12	373	(4)	187
	12	373	(4)	187
<b>Net Loss and Net Comprehensive Loss</b>	<b>\$ (57,810)</b>	<b>\$ (115,206)</b>	<b>\$ (255,898)</b>	<b>\$ (299,926)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares</b>				
<b>outstanding - basic and diluted</b>	<b>68,885,969</b>	<b>68,885,969</b>	<b>68,885,969</b>	<b>68,885,969</b>

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

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

	Issued Common Shares		Reserve	Accumulated	Total Equity
	Number	Amount		Deficit	
<b>Balance, October 31, 2023</b>	68,885,969	4,687,376	9,514	(5,537,686)	\$ (840,796)
Loss for the period	-	-	-	(299,926)	(299,926)
<b>Balance, July 31, 2024</b>	68,885,969	4,687,376	9,514	(5,837,612)	\$ (1,140,722)
<b>Balance, October 31, 2024</b>	68,885,969	4,687,376	9,514	(5,993,556)	(1,296,666)
Loss for the period	-	-	-	(255,898)	(255,898)
<b>Balance, July 31, 2025</b>	68,885,969	4,687,376	9,514	(6,249,454)	\$ (1,552,564)

(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)**

	Nine Months Ended July 31, 2025	Nine Months Ended July 31, 2024
<b>Operating Activities</b>		
Net Loss for the Period	(255,898)	(299,926)
Items not Requiring Use of Cash:		
Amortization	44,963	79,906
Consulting Fee	-	13,533
Accretion Expenses	-	1,118
Management Fee	-	14,266
Changes in Operating Assets and Liabilities:		
Accounts Receivable and Other Receivables	34,608	(22,985)
Prepaid Expenses and Purchase Deposits	-	(796)
Short-term Loan Receivable from Related Parties	-	-
Accounts Payable and Accrual Liabilities	2,187	8,665
Due from Related Party (Note 8)	-	-
Deferred Revenue	728	(43,397)
Due to Related Parties	202,329	242,271
<b>Cash Provided in Operating Activities</b>	<b>28,917</b>	<b>(7,345)</b>
<b>Financing Activities</b>		
Bank loan	(6,885)	1,912
<b>Cash Provided by Financing Activities</b>	<b>(6,885)</b>	<b>1,912</b>
Decrease in Cash	22,032	(5,433)
Cash, Beginning of Year	-	18,448
<b>Cash, End of Year</b>	<b>22,032</b>	<b>13,015</b>

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

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(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<sup>®</sup>, 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 July 31, 2025, the Company has a working capital deficiency of \$1,738,213 (2024: \$1,527,279), and an accumulated deficit of \$6,249,454 (2024: \$5,993,556) since incorporation. During the period ended July 31, 2025, the Company incurred a net loss of \$255,898 (2024: \$299,926) and provided cash for operations of \$28,917 (2024: cash used of \$7,345). 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 three months ended July 31, 2025 (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, 2024, 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 September 26, 2025.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(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 FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(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 FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(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 FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(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) 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.

<u>Asset class</u>	<u>Amortization term</u>
Manufacturing 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.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

---

**2. Significant Accounting Policies (continued)**

(i) 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.

(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.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

**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) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended July 31, 2025, 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. Property and Equipment**

	<b>Leasehold Improvements</b>	<b>Manufacturing Equipment</b>	<b>Total</b>
<b>Cost</b>	\$	\$	\$
Balance as at October 31, 2024 and 2025	216,901	319,890	536,791
Additions	-	-	-
Balance, July 31, 2025	216,901	319,890	536,791
<b>Accumulated depreciation</b>			
Balance as at October 31, 2023	90,375	168,006	258,381
Additions	18,075	29,722	47,797
Balance as at October 31, 2024	108,450	197,728	306,178
Additions	18,075	26,888	44,963
Balance, July 31, 2025	126,525	224,616	351,141
<b>Carrying value</b>			
Balance as at October 31, 2024	108,451	122,162	230,613
Balance, July 31, 2025	90,376	95,274	185,650

**4. CEBA Loans Payable**

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, 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%.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

---

**4. CEBA Loans Payable (continued)**

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 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.

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%.

During the year ended October 31, 2024, the Company recognized an expense of \$19,856 due to the forfeiture of the forgivable portion of its CEBA loans. This expense resulted from the Company's non-compliance with the extended repayment deadline of January 18, 2024, and is classified within other expenses in the statement of loss.

**5. Share Capital**

(a) Authorized Share Capital

Authorized: Unlimited common shares without par value

(b) Issued Share Capital

As at July 31, 2025 and October 31, 2024, 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 July 31, 2025 and October 31, 2024, there were no share purchase options outstanding.

**6. Related Party Transactions**

(i) Transactions and balances with EBMR:

	2025	2024
	\$	\$
Manufacturing revenue	2,210	-
Cost of goods sold	63,475	98,986
Consulting fees	-	13,533
Management fees	90,000	99,266

(ii) As of July 31, 2025, amount of \$1,320,722 (2024: \$1,131,791) was due to EBMR, which is non-interest bearing, unsecured, and due on demand.

(iii) As at July 31, 2025, \$258,700 (2024: \$208,532) was due to the CFO of the Company, which is non-interest bearing, unsecured, and due on demand.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

---

**6. Related Party Transactions (continued)**

- (iv) As at July 31, 2025, \$72,933 (2024: \$58,952) was due to the CEO of the Company, which is non-interest bearing, unsecured, and due on demand.
- (v) As at July 31, 2025, accounts receivable of \$50,750 (2024: \$5,645) was due from a company controlled by the CEO of the Company, which is non-interest bearing, unsecured, and due on demand.
- (vi) Compensation of key management personnel:

During the period ended July 31, 2025, the amount of \$3,000 (2024: \$3,000) in consulting fee was incurred to a director of the Company.

During the period ended July 31, 2025, the amount of \$22,156 (2024: \$27,765) in salary was incurred to the CFO of the Company.

During the period ended July 31, 2025, the amount of \$16,150 (2024: \$23,129) 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 July 31, 2025 and October 31, 2024.

**7. Loans Payable**

On May 7, 2024, 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 \$6,215. 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 \$5,500. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 13% of the Receivable every day from May 7, 2024 until the Lender has received payment of the entire amount. As at July 31, 2025, the Company has fully repaid this loan.

On July 3, 2024, 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\$16,950. In exchange, the Lender provided the Company with an advance of US\$15,000. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 7% of the Receivable every day from July 3, 2024 until the Lender has received payment of the entire amount. During the period ended, the Company recorded interest of \$1,472. As at July 31, 2025, the Company has fully repaid this loan.

On August 28, 2024, 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 \$7,910. 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 \$7,000. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 13% of the Receivable every day from August 28, 2024 until the Lender has received payment of the entire amount. During the period ended July 31, 2025, the Company recorded interest of \$892. As at July 31, 2025, \$136 of this loan remains outstanding.

On November 14, 2024, 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\$10,000. In exchange, the Lender provided the Company with an advance of US\$11,010. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 10 % of the Receivable every day from November 14, 2024 until the Lender has received payment of the entire amount. During the period ended, the Company recorded interest of \$615. As at July 31, 2025, \$7,597 (US\$5,507) of this loan remains outstanding.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

**7. Loans Payable (continued)**

On April 2, 2025, 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 \$4,068. 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 \$3,600. The Company agreed to deliver the entire amount of the purchased revenue stream at the rate of 13% of the Receivable every day from April 2, 2025 until the Lender has received payment of the entire amount. During the period ended July 31, 2025, the Company recorded interest of \$nil. As at July 31, 2025, \$3,600 of this loan remains outstanding.

**8. 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	\$		\$		\$		\$	
July 31, 2025	62,736	15%	61,304	15%	292,918	70%	416,958	100%
July 31, 2024	73,400	14%	121,836	23%	299,835	63%	524,462	100%

**9. 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.

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'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.

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

**9. Financial Risk Management (continued)**

The following amounts are the contractual maturities of financial liabilities as at July 31, 2025 and October 31, 2024:

2025

	Total	Within 1 year	Within 2-5 years
	\$	\$	\$
Accounts Payable and Accrual Liabilities	79,032	79,032	-
CEBA Loan	60,000	60,000	-
Loan payable	11,334	11,334	-
Due to Related Parties	1,601,605	1,601,605	-
	1,751,971	1,751,971	-

2024

	Total	Within 1 year	Within 2-5 years
	\$	\$	\$
Bank overdraft	1,388	1,388	-
Accounts Payable and Accrual Liabilities	75,457	75,457	-
CEBA Loan	60,000	60,000	-
Loan payable	18,220	18,220	-
Due to Related Parties	1,399,275	1,399,275	-
	1,554,340	1,554,340	-

**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.

**Foreign Exchange Rate Risks**

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 assets of approximately \$6,647 (2024: \$10,990) 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 \$647 (2024: \$145).

The Company also has net financial assets of approximately \$3,501 (2024 - \$4,815) 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 \$350 (2024 - \$870).

**EASTWOOD BIO-MEDICAL CANADA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2025**  
(Expressed in Canadian Dollars)

---

**9. Financial Risk Management (continued)**

*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.