



WESTBOND ENTERPRISES CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022 and 2021

(Unaudited – See Notice to Reader)

WestBond Enterprises Corporation
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WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three and six month periods ended September 30, 2022 and 2021 have been prepared by and are the responsibility of the company's management. They are unaudited and have not been reviewed by independent auditors.

WestBond Enterprises Corporation
Consolidated Statements of Financial Position
Canadian Dollars
(Unaudited)

	Notes	September 30 2022 \$	March 31 2022 \$
ASSETS			
Non-Current Assets			
Plant and equipment		8,404,685	8,593,547
Right-of-use assets		1,964,115	2,102,999
Deferred tax asset		31,693	19,118
Other non-current assets		4,819	9,786
		<u>10,405,312</u>	<u>10,725,450</u>
Current Assets			
Inventory		1,960,771	1,922,648
Trade and other receivables		1,120,180	1,111,389
Income tax recoverable		-	164,256
Prepaid expenses		115,694	70,983
Unrealized gain on interest rate swap		1,546	-
Cash and cash equivalents		696,155	268,070
		<u>3,894,346</u>	<u>3,537,346</u>
Total Assets		<u><u>14,299,658</u></u>	<u><u>14,262,796</u></u>
EQUITY AND LIABILITIES			
Equity			
Common shares issued and outstanding		4,206,910	4,206,910
Warrants		-	-
Stock options		98,700	98,700
Contributed surplus		294,089	294,089
Retained earnings	3	<u>3,433,494</u>	<u>3,191,474</u>
Equity attributable to common shareholders		<u>8,033,193</u>	<u>7,791,173</u>
Liabilities			
Non-Current Liabilities			
Term bank loans		-	297,604
Unrealized loss on interest rate swap		-	3,914
Liabilities supported by term loan commitments		-	-
Lease liability		1,928,065	2,058,472
Deferred operating lease liability		-	-
Deferred tax liability		<u>2,075,554</u>	<u>2,165,989</u>
		<u>4,003,619</u>	<u>4,525,979</u>
Current Liabilities			
Revolving bank loans		-	86,537
Term bank loans		654,748	714,288
Lease liability		256,537	238,123
Income tax payable		281,289	-
Trade and other payables		<u>1,070,272</u>	<u>906,696</u>
		<u>2,262,846</u>	<u>1,945,644</u>
Total Liabilities		<u>6,266,465</u>	<u>6,471,623</u>
Total Equity and Liabilities		<u><u>14,299,658</u></u>	<u><u>14,262,796</u></u>

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

WestBond Enterprises Corporation
Consolidated Statements of Profit and Comprehensive Income
Canadian Dollars
(Unaudited)

	Notes	Three months ended		Six months ended	
		September 30		September 30	
		2022	2021	2022	2021
		\$	\$	\$	\$
Sales	5	2,898,116	2,942,297	6,219,534	5,650,788
Cost of sales	6	2,155,998	2,232,904	4,448,931	4,363,152
Gross Profit		742,118	709,393	1,770,603	1,287,636
Selling and distribution expenses	7	250,663	224,609	505,458	456,656
General and administrative expenses	8	202,208	206,908	397,728	417,715
Operating Profit (Loss)		289,247	277,876	867,417	413,265
Foreign exchange (gain) loss		5,128	(5,734)	(14,260)	(9,610)
Interest expense on bank loans		7,943	15,894	17,831	33,108
Interest expense on lease liability		24,699	27,181	49,750	54,661
Unrealized gain on interest rate swap		(477)	(7,121)	(5,460)	(16,088)
Profit Before Tax		251,954	247,656	819,556	351,194
Income tax expense		69,031	65,303	221,281	99,153
Profit and Comprehensive Income		182,923	182,353	598,275	252,041
Weighted average shares outstanding		35,625,800	35,625,800	35,625,800	35,625,800
Earnings per share, basic and fully diluted		0.005	0.005	0.017	0.007

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

WestBond Enterprises Corporation
Consolidated Statements of Changes in Equity
Canadian Dollars
(Unaudited)

	Common Shares	Stock Options	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at March 31, 2021	4,206,910	98,700	294,089	3,388,899	7,988,598
Profit for the period	-	-	-	252,041	252,041
Balance as at September 30, 2021	4,206,910	98,700	294,089	3,640,940	8,240,639
Balance as at March 31, 2022	4,206,910	98,700	294,089	3,191,474	7,791,173
Dividends paid, \$0.005 per share	-	-	-	(356,258)	(356,258)
Profit for the period	-	-	-	598,275	598,275
Balance as at September 30, 2022	4,206,910	98,700	294,089	3,433,494	8,033,190

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

WestBond Enterprises Corporation
Consolidated Statements of Cash Flows
Canadian Dollars
(Unaudited)

Notes	Three months ended		Six months ended	
	September 30		September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating Activities				
Profit	182,923	182,353	598,275	252,041
Adjustments to reconcile profit to cash flows from operating activities				
- depreciation of plant and office equipment	208,840	187,017	409,734	375,872
- depreciation of right-of-use assets	69,822	69,822	138,884	138,885
- unrealized gain on interest rate swap	(477)	(7,121)	(5,460)	(16,088)
- interest expense on bank loans	7,943	15,894	17,831	33,108
- interest expense on lease liabilities	24,699	27,181	49,750	54,661
- income tax expense	69,031	65,303	221,281	99,153
- income tax recovered (paid)	142,765	(75,096)	121,255	(350,451)
Cash flows from operating activities before changes in non-cash working capital	705,546	465,353	1,551,550	587,181
Decrease (increase) in				
- inventory	4,504	(48,071)	(38,123)	(10,320)
- trade and other receivables	(37,394)	(261,225)	(3,824)	(649,018)
- prepaid expenses	(80,056)	(78,432)	(44,521)	(39,199)
- trade and other payables	(79,963)	(60,848)	129,149	(163,750)
Net Cash Flow from Operating Activities	512,637	16,777	1,594,231	(275,106)
Investing Activities				
Purchase of plant and equipment	9	(153,361)	(55,046)	(194,428)
Net Cash Flow from Investing Activities	(153,361)	(55,046)	(194,428)	(192,891)
Financing Activities				
Repayment of term bank loans	(178,572)	(178,572)	(357,144)	(357,144)
Interest paid on bank loans	(8,292)	(15,705)	(18,021)	(32,884)
Increase (decrease) in revolving bank loans	-	295,995	(86,537)	502,946
Interest portion of lease payments	(15,410)	(27,378)	(41,765)	(55,359)
Principal portion of lease payments	(56,311)	(53,837)	(111,993)	(107,073)
Dividends paid	(178,129)	-	(356,258)	(712,516)
Net Cash Flow from Financing Activities	(436,714)	20,503	(971,718)	(762,030)
Net Increase (Decrease) in Cash and Cash Equivalents				
	(77,438)	(17,766)	428,085	(1,230,027)
Cash and Cash Equivalents at the Beginning of the Period				
	773,593	253,810	268,070	1,466,071
Cash and Cash Equivalents at the End of the Period				
	696,155	236,044	696,155	236,044

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

WESTBOND ENTERPRISES CORPORATION

Notes to the Interim Consolidated Financial Statements

September 30, 2022 and 2021

(Canadian Dollars)

(unaudited)

1. GENERAL INFORMATION

WestBond Enterprises Corporation and its wholly owned subsidiary, WestBond Industries Inc., (together, the company) are a paper manufacturer and converter that manufactures disposable products for medical, hygienic and industrial uses. The company's manufacturing facilities are in Canada and its sales are primarily to Canada and the United States of America. The company is incorporated in British Columbia, Canada, and has its principal place of business at 101 – 7403 Progress Way, Delta, British Columbia.

The interim consolidated financial statements of the company for the three month period ended September 30, 2022 were approved and authorized for issue by resolution of the directors on November 17, 2022.

2. BASIS OF PREPARATION AND INTERIM PERIOD REPORTING

The interim consolidated financial statements of the company have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting*, ("IAS 34"). The policies applied in these interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending March 31, 2023 could result in restatement of these interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended March 31, 2022.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended March 31, 2022 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended March 31, 2022.

3. DIVIDEND

Subsequent to September 30, 2022, the company declared a dividend of \$0.005 per share payable on December 23, 2022 to shareholders of record on December 5, 2022.

4. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2022 the company incurred total compensation, comprising short-term employee benefits, of \$201,595 (2021 – \$226,710), to the directors and officers of the company and incurred \$9,796 (2021 – \$4,280) of legal fees in the normal course of operations with a firm in which a director of the company is associated.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2022 and 2021
Canadian Dollars
(unaudited)

	Three months ended		Six months ended	
	September 30		September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
5. SALES				
Personal hygiene products	727,671	633,868	1,196,811	1,237,612
Clinical products	265,522	405,541	652,319	878,453
Wipes	425,917	378,979	910,073	858,623
Non-wipe air laid products	1,476,674	1,488,403	3,452,316	2,622,367
Other products	2,332	35,506	8,015	53,733
	<u>2,898,116</u>	<u>2,942,297</u>	<u>6,219,534</u>	<u>5,650,788</u>
6. COST OF SALES				
Materials	1,324,424	1,369,655	2,747,869	2,685,882
Production labour	220,672	270,732	462,243	517,614
Factory overhead labour	116,819	126,057	236,789	249,963
Variable overhead	149,630	151,430	321,780	293,432
Fixed overhead	72,649	65,199	145,332	115,297
Depreciation of plant equipment	206,730	184,757	405,478	371,523
Depreciation of right-of-use assets	65,074	65,074	129,440	129,441
	<u>2,155,998</u>	<u>2,232,904</u>	<u>4,448,931</u>	<u>4,363,152</u>
7. SELLING AND DISTRIBUTION EXPENSES				
Shipping	216,031	180,430	437,074	362,592
Wages, commissions and other employee benefits	31,962	32,014	61,859	56,194
Other	2,670	12,165	6,525	37,870
	<u>250,663</u>	<u>224,609</u>	<u>505,458</u>	<u>456,656</u>
8. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	39,153	32,049	72,410	61,527
Corporate promotion	3,878	2,167	5,680	3,092
Depreciation of right-of-use assets	4,748	4,748	9,444	9,444
Impairment (gain) loss on trade receivables	(234)	(341)	(490)	(805)
Professional fees	26,335	17,830	49,441	36,230
Salaries and other employee benefits	128,328	150,455	261,243	308,227
	<u>202,208</u>	<u>206,908</u>	<u>397,728</u>	<u>417,715</u>
9. NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in accounts payable related to purchase of plant and equipment	20,353	22,590	26,444	23,275