REPLICEL LIFE SCIENCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with standards established by the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Financial Position
(Stated in Canadian Dollars)

As at	Notes	***Unaudited*** **March 31, 2024**	*Audited* December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		**$ 16,645**	$ 59,160
Guaranteed investment certificate		**-**	17,250
Sales taxes recoverable		**7,730**	2,579
Prepaid expenses and deposits		**26,059**	47,725
Contract asset	5	**35,374**	35,374
		85,808	162,088
Non-current assets			
Contract Asset	5	**115,888**	124,731
Equipment		**831**	967
Total assets		**$ 202,527**	$ 287,786
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	**$ 684,987**	$ 655,467
Note Payable	9	**147,570**	-
Contract liability	5	**353,735**	47,208
Preference shares	7	**793,025**	353,735
		1,979,317	765,978
Non-current liabilities			
CEBA loan payable	8	**60,821**	60,000
Put liability	5	**1,786,262**	1,689,006
Contract liability	5	**1,158,840**	1,247,274
Total liabilities		**4,985,240**	4,818,668
Shareholders' deficiency			
Common shares	10	**33,115,649**	33,115,649
Contributed surplus	10	**5,640,073**	5,640,073
Accumulated deficit		**(43,538,435)**	(43,286,604)
Total shareholders' deficiency		**(4,782,713)**	(4,530,882)
Total liabilities and shareholders' deficiency		**$ 202,527**	$ 287,786

Continuance of Operations 2(a)

Approved on behalf of the Board,

/s/ "David Hall"
Director

/s/ "Andrew Schutte"
Director

(Stated in Canadian Dollars)

		For the three months ended		
		March 31, 2024		March 31, 2023
		$		$
Revenue				
Licensing fees (Note 5)		**88,434**		88,434
Expenses				
Research and development		**94,573**		173,974
General and administrative		**120,087**		377,086
Loss before other items		**(126,226)**		(462,626)
Other items:				
Accretion on preference shares		**(27,046)**		(27,132)
Accretion on put liability		**(97,256)**		(97,256)
Accretion on royalty payable (Note 6)		**-**		(238,162)
Foreign exchange gain (loss)		**(2,000)**		(43,127)
Loss on debt settlement		**-**		(95,793)
Interest income		**698**		726
Net and comprehensive loss	**$**	**(251,830)**	$	(963,370)
Loss per Basic and diluted share	**$**	**(0.01)**	$	(0.02)
Weighted average shares outstanding		**61,428,772**		34,959,207

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

REPLICEL LIFE SCIENCES INC.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended
(Stated in Canadian Dollars)
(Unaudited)

	March 31, 2024	March 31, 2023
Operating activities		
Net loss	$ (251,830)	$ (963,370)
Add items not involving cash:		
Accretion and accrued dividends	27,047	27,132
Accrued interest on CEBA loan	820	-
Accretion on royalty payable	-	238,162
Amortization of contract asset	8,843	8,843
Accretion of put liability (Note 5)	97,256	97,256
Loss on debt settlement	-	95,793
Revenue from contract liability (Note 5)	(88,434)	(88,434)
Depreciation	135	98
Stock-based compensation (Note 10)	-	14,978
Changes in non-cash working capital balances:		
Sales taxes recoverable	(5,150)	(3,304)
Prepaid expenses and deposits	21,665	(16,915)
Accounts payable and accrued liabilities	29,521	(531,521)
Net cash used in operating activities	(160,127)	(1,121,282)
Investing activities		
Redemption of guaranteed investment certificate	17,250	-
Net cash provided by investing activities	17,250	-
Financing activities		
Royalty payable (Note 6)	-	383,171
Gross proceeds on issuance of common shares (Note 10)	-	1,013,100
Drawdown of the promissory note	100,362	-
Net cash provided by financing activities	100,362	1,396,271
Increase (Decrease) in cash and cash equivalents during the period	(42,515)	274,989
Cash and cash equivalents, beginning of the period	59,160	413,025
Cash and cash equivalents, end of the period	$ 16,645	$ 680,014

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

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Changes in Equity (Deficiency)
For the three months ended March 31, 2023 and 2022
(Stated in Canadian Dollars)
(Unaudited)

	Common Stock Shares		Amount		Contributed Surplus		Accumulated Deficit		**Total**
Balance January 1, 2024	**61,426,772**	**$**	**33,115,649**	**$**	**5,640,073**	**$**	**(43,286,605)**	**$**	**(4,530,883)**
Net loss for the period	-		-		-		(251,830)		**(251,830)**
Balance March 31, 2024	**61,426,772**	**$**	**33,115,649**	**$**	**5,640,073**	**$**	**(43,538,435)**	**$**	**(4,782,713)**

	Common Stock Shares		Amount		Contributed Surplus		Accumulated Deficit		**Total**
Balance, January 1, 2022	**47,595,327**	**$**	**31,661,019**	**$**	**5,398,590**	**$**	**(42,974,870)**	**$**	**(5,915,261)**
Stock-based compensation (Note 10)	-		-		14,978		-		**14,978**
Common shares issued in private placement	10,130,100		1,013,100		-		-		**1,013,100**
Common shares issued for debt	3,193,092		383,171		-		-		**387,171**
Net loss for the period	-		-		-		(963,370)		**(963,370)**
Balance, March 31, 2023	**60,918,519**	**$**	**33,057,290**	**$**	**5,413,568**	**$**	**(43,938,240)**	**$**	**(5,467,382)**

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

1. Corporate Information

RepliCel Life Sciences Inc. (the "Company" or "RepliCel") was incorporated under the Ontario *Business Corporations Act* on April 24, 1967 but was continued from Ontario to British Columbia on June 22, 2011. Its common shares are listed for trading in Canada on the TSX Venture Exchange, trading under the symbol RP, and in the United States on the OTCQB, trading under the symbol REPCF.

RepliCel is a regenerative medicine company focused on developing autologous cell therapies that treat functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging.

The Company's corporate office and principal place of business address is Suite 900 – 570 Granville Street, Vancouver, BC, V6C 3P1.

2. Basis of Presentation

These condensed consolidated interim financial statements for the three-month period ended March 31, 2024, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2023 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accompanying consolidated financial statements include the account of RepliCel Life Sciences Inc. and its wholly owned subsidiary, Trichoscience Innovations Inc. ("Trichoscience").

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2023 annual financial statements, except as disclosed in Note 4. The condensed interim financial statements are presented in Canadian dollars, the Company's functional currency unless otherwise indicated.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 30, 2024.

2. Basis of Presentation - *continued*

a) Continuance of Operations

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. At March 31, 2024, the Company is in the research stage, has accumulated losses of $45,538,435 since its inception and expects to incur further losses in the development of its business. The Company incurred a consolidated net loss of $251,830 during the three-month period ended March 31, 2023. The Company will require additional funding to continue its research and development activities which may not be available, or available on acceptable terms. This will result in material uncertainties which casts substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern depends on its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management plans to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

3. Critical Accounting Estimates and Judgements

In these financial statements, RepliCel has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 9.

3. Critical Accounting Estimates and Judgements - *continued*

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15 to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgment is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

To determine the price of the Licensing and Collaboration Agreement, the Company has to make judgments and estimates in assessing the value assigned to the put options and of the warrants as attached to the placement (See Note 5 – Licensing and Collaboration Agreement – YOFOTO (China) Health Industry Co. Ltd.).

Preference Shares

Replicel makes estimates on the issuance of preference shares which are compound instruments that consist of both an equity and a liability component. Management is required to make estimates to determine the fair value of the components of the preference share issuance at the date that it is issued. The Company also needs to make estimates on the effective interest on preference shares to calculate amounts payable on redemption and inclusive of dividends.

Put Liability

Replicel made estimates on the issuance of the put liability disclosed in Note 5. The put liability is a financial liability recorded initially at the present value of the potential exercise price of the put. Management is required to estimate to determine the effective interest rate to appropriately discount the potential exercise price over the term of the put liability to its fair value at issuance. Subsequent to its initial recording, the put liability is accreted up to the full face value at the end of the term of the agreement.

Derivative Liability

Replicel made estimates in determining the fair value of the derivative liability disclosed in Note 6. The obligation to issue common shares to Mainpointe at an agreed price at a future date is a derivative liability accounted for at FVTPL. The fair value of this derivative liability has been estimated based on the difference between the market value of the Company's shares to be issued under this arrangement at the reporting date compared to the agreed price of such shares. The derivative liability is fair valued at each measurement date until its settlement.

Royalty Payable

Replicel makes estimates of the expected timing of the payment of royalties as part of the three strategic agreements signed with Mainpointe Pharmaceuticals LLC ("Mainpointe"). Under this royalty arrangement, RepliCel has provided Mainepointe with a right to participate in RepliCel's royalty revenue stream up to a maximum payout of $16 million US and certain distribution rights of RepliCel Injector Product Line in the United States. The royalty payment is contingent upon the commercial production Replicel's products related to the royalty arrangement. Management is required to make an estimate to determine the probability of resources embodying economic benefits will be required to settle the US$16 million obligation in accordance with IAS 37. The probability will be re-assessed at each period end.

3. Critical Accounting Estimates and Judgements - *continued*

Income Taxes

Significant judgment is required in determining the provision for income taxes. Many transactions and calculations are undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent of sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests when the losses are used to offset future profits.

4. Accounting Standards, Amendments, and Interpretations

New Standards, Amendments and Interpretations Effective for the first time

There were no new standards, interpretations and amendments effective from January 1, 2024, that had a material impact on these consolidated financial statements.

5. Licensing and Collaboration Agreement – YOFOTO (China) Health Industry Co. Ltd.

On July 10, 2018, the Company signed a definitive Licensing and Collaborative Agreement with YOFOTO (China) Health Industry Co. Ltd. ("YOFOTO") to commercialize three of RepliCel's programs in Greater China subject to certain Canadian and Chinese approvals (the "Transaction").

The Transaction represents an investment in RepliCel by YOFOTO with milestone payments, minimum program funding commitments, and sales royalties in exchange for an exclusive 15-year license to three of RepliCel products for Greater China (Mainland China, Hong Kong, Macau and Taiwan) (the "Territory").

As part of the transaction, YOFOTO invested CDN $5,090,005 in a private placement of RepliCel common shares at CDN $0.95 per share that included 20% warrant coverage with each warrant exercisable at CDN $0.95 per share for a period of two years. The warrants have not yet been exercised (Note 13).

The transaction structure also included milestone payments (of up to CDN $4,750,000), sales royalties, and a commitment by YOFOTO to spend a minimum of CDN $7,000,000 on the RepliCel programs and associated cell processing manufacturing facility over the five-year period commencing on July 10, 2018, in Greater China pursuant to a License and Collaboration Agreement. The License and Collaboration Agreement contains a provision permitting YOFOTO to put up to 2/3 of the shares issued in YOFOTO's initial investment back to the Company under certain conditions until January 2027.

5. Licensing and Collaboration Agreement – YOFOTO (China) Health Industry Co. Ltd. - *continued*

As part of the Transaction, the Company granted YOFOTO certain financing participation rights along with a board seat nomination. Upon YOFOTO meeting certain defined conditions, relevant Chinese patents, once issued in China, will be assigned to a YOFOTO-owned Canadian subsidiary, with detailed assignment reversion rights upon failure to meet defined targets. At the date of these financial statements, no such Chinese patents have been assigned to YOFOTO.
On October 9, 2018, the $5,090,005 private placement was closed and the Company issued YOFOTO 5,357,900 RepliCel common shares, representing 19.9% of RepliCel's then-issued common shares. In association with the YOFOTO deal, the Company agreed to pay a finders/success fee of ten percent (10%) of any upfront fees received by the Company and consequently, a fee of $509,001 was paid in this respect. In addition, the Company will be paying a success fee of five percent (5%) of any milestone fees and royalty fees received by the Company as a result of this License Agreement.
Contract Asset

The finders/success fee paid in connection with the YOFOTO Licensing and Collaboration Agreement of $509,001 was incurred to secure the YOFOTO License and Collaboration Agreement as well as to close the related private placement. Consequently, the $509,001 finders/success fee was accounted for as a contract asset, a share issuance cost and a cost incurred in connection with the put obligation.

The $509,001 fee was allocated between contract costs, share issuance costs and as an offset to the fair value of the related warrants and as an offset to the fair value of the put liability. The finders/success fee was allocated based on the relative fair values of these four items. The contract asset is being amortized over the same period of time that the Company recognizes the upfront license revenue.

Contract liability

The proceeds of $5,090,005 from the placement was allocated based on the fair values of:

- the common shares that were not subject to the put - $715,280 ($794,755 less costs of $79,476);
- the 1,071,580 warrants issued - $161,684 ($179,649 less costs of $17,965); and
- the put liability - $520,426 ($578,251 less costs of $57,825).

The remaining $3,537,350 was allocated to Contract Liability to be recognized as License Fee revenue over a period of 10 years from the commencement date of the Agreement.

Put liability

Under the Agreement, YOFOTO has the right to put back all of the common shares acquired in the event that it is unable to complete human clinical trials for the licensed technologies for reasons that are outside of YOFOTO’s controls on or before 8.5 years from the date of the Agreement. Although the put option can be exercised independently for each of the three licensed technologies at a rate of 1/3 per licensed technology (RCT-01, RCS-01 and RCI-02), the terms of the Agreement provide that only 2/3s of the shares can be put back to RepliCel under conditions that RepliCel does not control. As this represents an obligation to transfer cash under circumstances not within RepliCel’s control, the put option in connection with 2/3s of the shares issued under the Agreement is recognized as a liability.

The Company has recorded a put liability based on management’s estimate of its fair value. The fair value of this put liability was determined by calculating the present value of $3,393,337 repayable in 8.5 years discounted at 23%. $3,393,337 is 2/3s of the private placement proceeds subject to the put liability. After its initial recording at $520,426, the put liability is subsequently accreted up to the full face value at the end of the term of the agreement. Accretion expense on put liability at March 31, 2024 amounts to $97,256 (2023 - $97,256).

6. Investment and U.S. Partnership – Mainpointe Pharmaceuticals, LLC

On January 22, 2021, RepliCel signed three strategic agreements with MainPointe: a Share Purchase Agreement, a Distribution Agreement, and a Royalty Agreement. The strategic investment of $2,700,000 under the Share Purchase Agreement from MainPointe will be spread over an 8-month period. Under the limited term distribution partnership for RepliCel's dermal injector and consumables (the "RepliCel Injector Product Line") in the United States, MainPointe has agreed to pay all costs related to securing FDA approvals to launch the RepliCel Injector Product Line in the U.S. market. The Royalty Participation Agreement provides MainPointe the right to be paid a portion of RepliCel's future royalty revenue stream earned from the sale of RCS-01, RCT-01, and RCH-01 products and any derivatives. A shareholder director of RepliCel is the Chief Technology Officer of MainPointe.

Primary Deal Terms

In consideration for an investment of $2,700,000 and the payment of all costs related to obtaining FDA approval for the Company's dermal injector and consumables, RepliCel has agreed to issue MainPointe up to an aggregate of four (4) million common shares, a right to participate in RepliCel's royalty revenue stream up to a maximum payout of 16 million US dollars, and certain distribution rights of RepliCel Injector Product Line in the United States. The investment will be made as to:

- $500,000 within five (5) days of receipt of conditional approval from the TSX Venture Exchange ($492,092 on February 8, 2021),
- $1,200,000 by February 15, 2021 (received $490,000 on March 23, 2021 and $717,871 on April 23, 2021),
- $700,000 by April 21, 2021 (received $500,528 on August 30, 2021, $199,472 received on November 29, 2021), and
- $300,000 by August 21, 2021 ($298,921 received on November 29, 2021).

The common shares will be priced at the greater of $0.675 or the Discounted Market Price as defined in the Policies of the TSX Venture Exchange.

(Stated in Canadian Dollars)

6. Investment and U.S. Partnership – Mainpointe Pharmaceuticals, LLC - *continued*

During the year ended December 31, 2021, the Company received the aggregate consideration of $2,700,000 in five tranches, which were accounted for and allocated as follows on initial recognition:

Tranche receipt date	Tranche amount $	Share capital or share subscription $	Royalty payable $	Loss on remeasurement of derivative liability $	Derivative liability $
February 8, 2021	492,092	364,512	346,287	(218,707)	-
March 23, 2021	490,000	272,222	344,815	(127,037)	445,384
April 23, 2021	717,871	378,667	507,376	(168,172)	(163,892)
August 30, 2021	500,528	240,995	352,224	(92,691)	(225,991)
November 30, 2021	498,393	203,049	350,845	(55,501)	(55,501)
Total*	**2,698,884**	**1,459,445**	**1,901,547**	**(662,108)**	**-**

* The difference of $1,116 between the contractual gross proceeds and actual gross proceeds received is attributable to wire fees and foreign exchange translation differences.

The Company issued 3,986,684 common shares to fulfill its obligations pursuant to the Share Purchase Agreement:

Issue Date	Number of common shares
February 8, 2021	729,024
April 23, 2021	1,777,778
December 17, 2021	1,479,882
	3,986,684

Mainpointe is entitled to a royalty up to an aggregate maximum amount of $16 million USD under the agreement equal to:

a) 5% of the amounts earned by and paid to the Company from the sale of any of its “NBDS Products” defined as its RCS-01 (NBDS Fibroblast Therapy – Treatment for Aging Skin), RCT-01 (NBDS Fibroblast Therapy – Treatment for Chronic Tendinosis) and any other product which is comprised of the non-bulbar dermal sheath cells patented by the Company, and

b) 20% of the amounts earned by and paid to the Company from the sale of any of its "DSC Products" defined as its RCH-01 (DSC Therapy for Treatment Androgenic Alopecia) and any other product which is comprised of the dermal sheath cup cells patented by the Company.

6. Investment and U.S. Partnership – Mainpointe Pharmaceuticals, LLC *- continued*

In consideration for paying all expenses required to obtain regulatory approval for the RepliCel Injector Product Line, the exclusive distribution rights shall commence upon receipt of regulatory approval to launch the RepliCel Injector Product Line in the U.S. market for a period expiring on the earlier of:

a) four (4) years, or
b) when MainPointe has earned USD $2,000,000 in gross income from the sale of the products in the RepliCel Injector Product Line.

The Company will have the right, in its discretion, to buy out this exclusivity right for an amount equal to the net-present value of profit to be earned on USD $2,000,000 in gross income, plus a further amount in gross income that is equal to the regulatory approval costs.

The arrangement with MainPointe was accounted for as a hybrid instrument with two components: royalty payable, which is a financial liability accounted for initially at fair value and subsequently at amortized cost, and an obligation to issue common shares to MainPointe at an agreed price at a future date, which is a derivative liability accounted for at FVTPL.

The obligation to pay royalties of USD $16 million was recognized as a provision under IAS 37 and measured initially at its fair value and subsequently at amortized cost. Management estimated the present value of future cash flows over the expected term using an estimated effective interest rate. The probability of settling the provision, the timing, discount rate, and amount of future cash flows are significant judgments that influence measurement of this provision over its term until settled. The Company incurred no transaction costs to enter into these agreements.

Accretion expense recorded in the three months ended March 31, 2024 of $nil (2023: $238,162) was based management's estimate that they would pay USD $16 million royalty obligation in 2.34 years ("the Payback Period"), commencing from January 1, 2026.

On October 13, 2023, the International Centre for Dispute Resolution ("ICDR") ruled in favour of Shiseido stating that Shiseido did not breach the Agreement and that all of RepliCel's requests for relief had been denied ("the Decision"). RepliCel was awarded a small financial award recovering some legal fees from Shiseido. As a result of the Decision and the Company's going concern in significant doubt, the Company placed all research and development of its products on hold. The settlement of the liability is uncertain because it is contingent upon the Company's commercial production of its product lines. As such, it is determined that the Company's ability to achieve an outflow of resources embodying economic benefits from its products was less than probable and could not be reasonably estimated. As such, in Q4 2023, the royalty provision was reversed as per IAS 37.59.

(Stated in Canadian Dollars)

6. Investment and U.S. Partnership – Mainpointe Pharmaceuticals, LLC - *continued*

The continuity of the royalty payable is presented below:

Balance as at December 31, 2021	**2,649,181**
2022 accretion	2,031,758
2022 change in estimate	(3,310,875)
2022 foreign exchange	253,024
Balance as at December 31, 2022	**1,623,088**
2023 accretion	785,607
2023 gain from the reversal of royalty provision	(2,408,696)
2023 foreign exchange	1
Balance as at December 31, 2023, and March 31, 2024	**-**

7. Preference shares

On September 12, 2019, the Company announced that it had completed the first tranche of a private placement pursuant to which it issued 1,089,125 Class A Preference shares at a price of $0.40 per share for aggregate gross proceeds of $435,650.

The finalized terms of the private placement carried certain rights and restrictions, which include:

- a fixed dividend rate which shall accrue on a daily basis (based on a 360- day year consisting of 12 30-day months) at a rate of seven (7%) per annum;
- the right of the Class A Shareholder to convert the paid up amount of each Class A Share, from time-to-time, into shares of the Company (each, a "Share") at any time prior to the date that is five (5) years from the date of issuance of the Class A Shares at a conversion price of $0.33;
- voting rights only on matters pertaining to Class A Shares until they are converted to common shares at which time all voting rights attach; and
- a first priority over all Shares or shares of any other class of the Company as to dividends and upon liquidation.

Subject to the earlier conversion by Class A shareholders and compliance with applicable laws, the Company may, in its discretion at any time, prior to the date that is five (5) years from the date of issuance of the Class A Shares (the "Required Redemption Date") redeem all of the Class A Shares at a price (the "Redemption Price") of:

(i) $0.468 per Class A Share for the period from the date of issuance (the "Issue Date") to the date that is the first anniversary of the Issue Date;
(ii) $0.536 for the period from the date that is the day after the first anniversary of the Issue Date to the date that is the second anniversary of the Issue Date;
(iii) $0.604 for the period from the date that is the day after the second anniversary of the Issue Date to the date that is the third anniversary of the Issue Date;
(iv) $0.672 for the period from the date that is the day after the third anniversary of the Issue Date to the date that is the fourth anniversary of the Issue Date; and
(v) $0.740 for the period from the date that is the day after the fourth anniversary of the Issue Date and the date that is the fifth anniversary of the Issue Date.

(Stated in Canadian Dollars)

7. Preference shares - *continued*

On the Required Redemption Date, the Company must redeem all remaining outstanding Class A Shares at the Redemption Price, subject to compliance with applicable laws.

The financial instrument is being measured at amortized cost. Given the Company has an obligation to redeem the preference shares in 5 years at $0.74/share, the effective interest was accreted for the redemption amount and accrued cumulative dividends that will be settled in the future.

The continuity of the preferred share liability is presented below:

	March 31, 2024	December 31, 2023
Opening preference share liability	$ 765,978	$ 689,290
Dividends accrued	7,624	30,495
Accretion	19,423	99,560
	793,025	819,345
Shares issued for dividends	-	(53,367)
Balance, exercisable	**$ 793,025**	**$ 765,978**

8. Government grant

Due to the global outbreak of the Novel Coronavirus ("COVID-19"), the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provided an interest-free loan ("CEBA") of $60,000 to eligible businesses. The CEBA loan has an initial term that expires on December 31, 2023 throughout which the CEBA Loan remains interest free. Repayment of $40,000 by December 31, 2023 results in a $20,000 loan forgiveness. If the balance is not paid prior to December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2024. The full balance must be repaid by no later than December 31, 2026.

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA loan at $26,663 using a discount rate of 18%, which was the estimated rate for a similar loan without the interest free component. The difference of $13,378 will be accreted to the loan liability over the term of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

The company did not repay the loan by the January 18, 2024 deadline, as such the CEBA loan has been converted to a $60,000 3 year term loan with the aforementioned terms.

9. Promissory notes

The Company pre-drew $47,208 from a secured loan ("Loan") subsequently entered into on April 10, 2024,with the CEO of the Company (refer to Note 18). The Loan bears interest at a rate of 5% per annum, and has a maturity date of October 6, 2024. The loan has first security interest over the assets of the Company. The Loan proceeds will be used to satisfy the payment of expenses related to the Proposed Transaction and general corporate invoices.

10. Share Capital

a) Authorized:

Unlimited common shares without par value, and unlimited preferred shares without par value.

b) Issued and Outstanding:

As at March 31, 2024, there were 65,001,560 common shares issued and outstanding.

Excluded from the continuity of the common share issued are 3,571,888 common shares issued in connection with the Licensing and Collaboration agreement with YOFOTO (note 8) which are subject to a put option and are therefore classified as a liability.

During the year ended December 31, 2023, share activities were as below:

On January 17, 2023, the Company announced that, further to its News Release of December 23, 2022, it has received approval from the TSX Venture Exchange to the issuance of 3,193,092 common shares (each, a "Share") in settlement of $287,378 owing to various creditors (the "Debt Settlement"). The Shares were issued on January 17, 2023, and had a fair market value of $383,163, the Company recognized a loss on settlement of debt of $95,793. The Shares are subject to a statutory hold period of four months and one day after the closing of the Debt Settlement.

On February 1, 2023, the Company announced that, further to its News Release of January 16, 2023, it has received approval from the TSX Venture Exchange to the issuance of 508,253 common shares (the "Shares") in settlement of accrued dividends of $53,367 outstanding on the Class A Preferred Shares (the "Settlement"). The Shares were issued on February 1, 2023, and had a fair market value of $58,449, the Company recognized a loss on settlement of debt of $5,082. are subject to a statutory hold period of four months and one day after the closing of the Settlement.

On March 14, 2023, the Company has completed its previously announced non-brokered private placement (the "Offering"), as described in its News Release dated January 26, 2023, pursuant to which it has issued an aggregate of 10,131,000 units (each, a "Unit") at a price of $0.10 per Unit for gross proceeds of $1,013,100. Each Unit consists of one common share in the capital of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one additional Share at a price of $0.20 per Share for a period of four years from the closing date. A value of $nil was assigned to warrants based on residual method.

On May 4, 2022, the Company closed the first tranche of a non-brokered private placement financing (the "Offering") that it previously announced on March 21, 2022, pursuant to which it sold an aggregate of 4,218,470 Units at a price of $0.18 per Unit for gross proceeds of $759,325. Each Unit consists of one common share of the Company (each, a "Share") and one-half of one share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one additional Share of the Company at a price of $0.40 per Share for a period of three years from the closing of the Offering. A value of $nil was assigned to warrants based on residual method.

On December 30, 2022, the Company has completed its previously announced non-brokered private placement (the "Offering"), as described in its News Releases dated September 6, 2022, October 20, 2022 and on December 14, 2022, pursuant to which it has issued an aggregate of 8,419,650 units (each, a "Unit") at a price of $0.10 per Unit for gross proceeds of $841,965. Each Unit consists of one common share in the capital of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one additional Share at a price of $0.20 per Share for a period of three years from the closing date. A value of $nil was assigned to warrants based on residual method.

(Stated in Canadian Dollars)

10. Share Capital – *continued*

c) Stock Option Plans:

On May 21, 2014, the Company approved a Stock Option Plan whereby the Company may grant stock options to directors, officers, employees and consultants. The maximum number of shares reserved for issue under the plan cannot exceed 10% of the outstanding common shares of the Company as of the date of the grant. The stock options can be exercisable for up to 10 years from the grant date and with various vesting terms.

d) Fair value of Company Options Issued

There were no stock options granted during the three-month period ended March 31, 2024. In the three-month period ended March 31, 2023, the Company issued 1,870,000 to directors, officers and consultants.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the expected forfeiture rate and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using a valuation model.

e) Stock-based Compensation

The options were fair valued using the Black-Scholes option pricing model with the following assumptions:

Weighted average assumptions	**2024**	2023
Risk-fee rate	N/A	3.64%
Expected life (years)	N/A	4.21
Volatility	N/A	126%
Expected Dividend	N/A	$-
Expected forfeiture rate	N/A	0%
Exercise price	N/A	$0.25
Grant date fair value	N/A	$0.11

(Stated in Canadian Dollars)

10. Share Capital – *continued*

A summary of the status of the stock options outstanding under the Company Stock Option Plan for the three-month period ended March 31, 2024 are as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding, December 31, 2023	4,095,000	$	0.31
Granted	-	$	-
Expired	-	$	-
Outstanding and Exercisable, March 31, 2024	**4,095,000**	$	**0.31**

	Number of Options		Weighted Average Exercise Price
Outstanding, December 31, 2022	2,825,000	$	0.41
Granted	1,870,000		-
Expired	-	$	-
Outstanding and Exercisable, March 31, 2023	**4,545,000**	$	**0.41**

As at March 31, 2024, the range of exercise prices for options outstanding under the Company Stock Option Plan is $0.15 - $0.43 and the weighted average remaining contractual life for stock options under the Company Stock Option Plan is 2.68 years.

f) Warrants

The number of warrants outstanding at March 31, 2024, and December 31, 2023 each exercisable into one common share, is as follows:

Issue Date	Warrants Outstanding		Weighted Average Exercise Price	Expiry Date
Outstanding, December 31, 2021	1,819,555	$	0.36	
May 4, 2022	2,109,234		0.40	May 4, 2025
December 30, 2022	4,209,825	$	0.20	December 30, 2025
Outstanding, December 31, 2022	**8,138,614**	**$**	**0.29**	
March 14, 2023	5,065,500		0.20	March 14, 2027
Expired	(1,819,555)		0.36	
Outstanding, December 31, 2023 and March 31, 2024	**11,384,559**	**$**	**0.31**	

(Stated in Canadian Dollars)

11. Related Party Transactions

The following amounts due to related parties are included in accounts payable and accrued liabilities:

	March 31, 2024	March 31, 2023
Companies controlled by directors of the Company (a)	**$ -**	$ 10,175
Directors or officers of the Company	**119,156**	17,780
	$ 119,156	$ 27,955

(a) These amounts are unsecured, non-interest bearing and have no fixed repayment terms.

The Company incurred the following transactions with companies that are controlled by directors and/or officers of the Company. The transactions were measured at the amount agreed to by the parties.

	Three months ended	
	March 31, 2024	March 31, 2022
Research and development	$ **15,000**	$ 7,500
	$ **15,000**	$ 7,500

11. Related Party Transactions – *continued*

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the CEO, the COO and the CFO.

		Three months ended		
		March 31, 2024		March 31, 2023
General and administrative - salaries	**$**	**63,000**	$	**44,000**
Directors' fees		**23,417**		**17,750**
Stock-based compensation		**-**		**12,996**
	$	**86,417**	$	**74,746**

12. Financial Instruments and Risk Management

payable and accrued liabilities, CEBA loan payable, promissory note, put liability, royalty payable and preference shares. The fair values of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The Company is exposed through its operations to the following financial risks:

- Currency risk;
- Credit risk;
- Liquidity risk; and
- Interest rate risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to Euros and US Dollars as certain expenditures and commitments are denominated in Euros and US Dollars, and the Company is subject to fluctuations due to exchange rate variations to the extent that transactions are made in this currency. In addition, the Company holds an amount of cash in US dollars and is therefore exposed to exchange rate fluctuations on these cash balances. The Company does not hedge its foreign exchange risk. At March 31, 2024 the Company held US dollar cash balances of $Nil (December 31, 2023: $26,741or US$20,219). A 10% increase/decrease in the US dollars foreign exchange rate would have an impact of ±$Nil (US$202) on the cash balance held on March 31, 2024.

(Stated in Canadian Dollars)

12. Financial Instruments and Risk Management - *continued*

Credit risk is the risk of an unexpected loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalent with large financial institutions. The Company's maximum exposure to credit risk is the carrying value of its financial assets.
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash and cash equivalent is currently held in an interest-bearing bank account, management considers the interest rate risk to be limited.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares, to ensure there is sufficient capital to meet short term business requirements, after taking into account the Company's holdings of cash and potential equity financing opportunities. The Company believes these sources will be sufficient to cover the known short and long-term requirements. There is no assurance that potential equity financing opportunities will be available to meet these obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at March 31, 2024:

Years of Expiry	Financial Instruments		Amounts
Within 1 year	Accounts payable and accrued liabilities	$	684,987
Within 1 year	Promissory note payable		147,570
Within 1 year	Preference shares		793,025
Within 1 year	Contract liability		353,735
Within 2 to 5 years	Contract liability		1,158,840
Within 2 to 5 years	CEBA loan payable		60,000
Within 2 to 5 years	Put liability		1,786,262
Total		$	4,984,419

There were no changes to the Company's fair value measurement levels during the period ended March 31, 2024 (2023: no change). The Company does not have any level 3 fair value measurements (2023: none).

13. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the company's relative size, is reasonable. The Company considers shareholders' equity, preference shares and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed principal and/or interest repayments. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrowed shares, which are subject to restrictions. The Company believes it can raise additional equity capital as required but recognizes the uncertainty.

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management.

14. Non-cash Transactions

Investing and financing activities that do not directly impact current cash flows are excluded from the consolidated statements of cash flow. There were no non-cash transactions during the period.

15. Segmental Reporting

The Company is organized into one business unit based on its cell replication technology and has one reportable operating segment.