

GLOW LIFETECH LTD.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

GLOW LIFETECH LTD.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

INDEX

	Page
Independent Auditors' Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statements of Loss and Comprehensive Loss and Deficit	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 21

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Glow LifeTech Ltd.

Opinion

We have audited the consolidated financial statements of Glow LifeTech Ltd. which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and retained earnings and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Glow LifeTech Ltd. as at December 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with Canadian International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concerns

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company is experiencing, and has experienced, negative operating cash flows. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during out audit.

Jackson & Co., LLP


Toronto, Ontario
March 31, 2021

Jackson & Co., LLP
Chartered Professional Accountants
Licensed Public Accountants

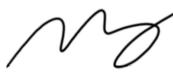
GLOW LIFETECH LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
	\$	\$
A S S E T S		
CURRENT		
Funds held in Trust	287,242	212,680
Bank	104,274	-
Loans and advances receivable	26,850	-
HST/GST recoverable	93,872	72,375
Due from related parties (note 5)	-	50,000
Prepaid expenses	-	10,000
	512,238	345,055
OTHER ASSETS		
Intangibles (note 7)	2,033,958	671,283
	2,033,958	671,283
	2,546,196	1,016,338
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	149,143	10,000
Investor deposits	281,504	100,000
Due to related companies (note 5)	7,600	-
	438,247	110,000
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (note 8)	4,406,283	1,712,524
DEFICIT	(2,298,334)	(806,186)
	2,107,949	906,338
	2,546,196	1,016,338

ON BEHALF OF THE BOARD:



Director



Director

GLOW LIFETECH LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$
REVENUE	-	-
OPERATING EXPENSES		
Advertising and promotion	110,490	103,000
Computer and communications	10,475	-
Insurance	42,489	18,575
Interest and bank charges	5,570	30
Management fees	75,000	-
Meals and entertainment	4,570	253
Office expenses	9,886	1,144
Product development	-	265,487
Professional fees	1,043,538	334,830
Rent	51,992	-
Travel expenses	27,840	38,191
Wage and salary	110,298	34,676
	1,492,148	796,186
LOSS BEFORE PROVISION FOR TAXES	(1,492,148)	(796,186)
PROVISION FOR INCOME TAXES	-	-
NET LOSS AND COMPREHENSIVE LOSS	(1,492,148)	(796,186)
DEFICIT, beginning of year	(806,186)	(10,000)
DEFICIT, end of year	(2,298,334)	(806,186)
LOSS PER SHARE		
Basic and diluted	\$ (0.06)	\$ (0.07)
Weighted average number of common shares outstanding, basic and diluted	23,073,416	11,072,426

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

GLOW LIFETECH LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED DECEMBER 31, 2020

	Share Capital	Deficit	Total Equity
	\$	\$	\$
Balance December 31, 2018	25,001	(10,000)	15,001
Issue of share capital	1,687,523	-	1,687,523
Total comprehensive loss	-	(796,186)	(796,186)
Balance December 31, 2019	1,712,524	(806,186)	906,338
Issue of share capital	2,693,759	-	2,693,759
Total comprehensive loss	-	(1,492,148)	(1,492,148)
Balance December 31, 2020	4,406,283	(2,298,334)	2,107,949

GLOW LIFETECH LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period	(1,492,148)	(796,186)
	(1,492,148)	(796,186)
Changes in non-cash working capital items		
(Increase) in loan and advances receivable	(26,850)	-
(Increase) in HST/GST recoverable	(21,497)	(72,375)
Decrease (increase) in prepaid expenses	10,000	(10,000)
Increase in accounts payable and accrued liabilities	139,143	-
	(1,391,352)	(878,561)
INVESTING ACTIVITIES		
Investment in Swiss Pharmacan Corp. (note 6)	(1,362,675)	-
Purchase of intangible assets (note 7)	-	(333,333)
	(1,362,675)	(333,333)
FINANCING ACTIVITIES		
(Increase) in long term investments	-	(337,950)
Advances from (to) related parties	57,600	(50,000)
Investor deposits	181,504	100,000
Capital contributed	2,693,759	1,687,524
	2,932,863	1,399,574
NET INCREASE IN CASH FOR THE PERIOD	178,836	187,680
CASH, beginning of period	212,680	25,000
CASH, end of period	391,516	212,680
REPRESENTED BY:		
Funds held in Trust	287,242	212,680
Bank	104,274	-
	391,516	212,680

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Glow LifeTech Ltd. (“the Company”) was incorporated in Ontario on December 17, 2018 as 2671237 Ontario Ltd. and on February 6, 2019 filed Articles of Amendment changing its name to Glow LifeTech Ltd. The Company is engaged in the business of secondary processing of ingredients to produce micellized materials from certain vitamins, nutraceuticals and cannabis extracts that makes fat-soluble substances available for immediate absorption into the body reach near 100% bioavailability and water compatibility. The principal business address of the Company is 65 International Blvd. Suite 202, Toronto, Ontario M9W 6L9.

The Company’s ability to continue as a going concern is dependent upon the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital of \$73,991 as at December 31, 2020 (December 31, 2019 - \$235,055). The Company will continue to search for new or alternate sources of financing in order to continue development of its products. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds when required in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Swiss Pharma Corp., a wholly owned Canadian subsidiary acquired by the company on June 10, 2020.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in these consolidated financial statements:

(a) IMPAIRMENT

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(b) INTANGIBLE ASSETS

The Company records intangible assets at fair value at the date of acquisition. An intangible asset is capitalized when the economic benefit associated with an asset is probable and when the cost can be measured reliably. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Cost consists of expenditures directly attributable to the acquisition of the assets. Intangible assets with finite lives are amortized over the related benefit period. Those with indefinite lives are not amortized and are tested for impairment on an annual basis. The Company's intangible assets consist of patents, patent applications and research and development costs that are amortized over their five-year estimated useful life commencing with their utilization in revenue generating activities.

(c) RESEARCH AND DEVELOPMENT COSTS

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the assets;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In the prior year the Company acquired a research and development project which was capitalized and included in intangibles. The Company did not incur other research and development costs in the period.

(d) SHARE-BASED PAYMENTS

The Company accounts for share-based payments using the fair value method. Under this method, employee stock options recognized as compensation expense are measured at fair value on the date of grant using the BlackScholes option pricing model, and are recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The BlackScholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

For transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the services rendered. For transactions with parties other than employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

(e) FOREIGN CURRENCY TRANSLATION

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of financial instruments;

Asset or Liability	Category	Measurement
Cash and funds held in trust	FVTPL	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loans and advances	Current assets	Fair value
Related party receivables	Current assets	Fair Value

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- (i) **Financial assets recorded at FVTPL**
 Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and marketable securities are classified as financial assets measured at FVTPL.
- (ii) **Amortized cost**
 Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's loan receivable is classified as financial assets measured at amortized cost.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- (i) **Amortized cost**
Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.
The Company's accounts payable and accrued liabilities and Due to shareholders do not fall into any of the exemptions and are therefore classified as measured at amortized cost.
- (ii) **Financial liabilities recorded FVTPL**
Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and funds held in trust are measured at fair value using Level 1 inputs.

As at December 31, 2020 and December 31, 2019, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

(g) REVENUE RECOGNITION

Product sales revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized on a time-proportion basis using the effective interest method.

(h) FUNDS HELD IN TRUST

Funds held in trust consists of cash on hand, deposits in banks and funds held in trust by the Company's external legal counsel. Funds held in trust are not restricted and can be used for working capital purposes.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a straight line basis at the following annual rates:

Laboratory and technical equipment	3 years
Office, furniture and equipment	3 years
Computer equipment	2 years

(j) INCOME TAXES

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded using the 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. A deferred 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 tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

(k) COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the consolidated statements of financial position as a component of common shareholders' equity.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the interim non-consolidated financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share based payments and warrants

The fair value of stock options and warrants issued are subject to the limitation of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Useful life of intangible assets

Management has exercised their judgment in determining the useful life of its patents, patent applications and research and development costs. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the market place.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the Canadian dollar.

Evaluation of going concern

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Impairment of intangible assets

Management has exercised their judgment in determining if the patents are impaired. The judgment is based on the expected future benefit of the intangible assets.

Income taxes

Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

5. DUE TO AND FROM RELATED PARTIES

Amounts payable and amounts receivable from related parties, are non-interest bearing, unsecured and have no specific terms of repayment.

6. INVESTMENT IN SUBSIDIARY

On October 3, 2019, the company signed a binding letter of intent (the LOI) with Swiss PharmaCan AG / Micelle Technologies AG / Mivital (collectively SMM) to acquire a 100% interest in Swiss Pharma Corp. (SPC) and to establish an international joint-venture partnership to advance the business plan of SPC. SMM is in the business of developing and producing micellized materials including cannabis for medical, supplemental and recreational use and under the terms of the LOI has granted exclusive license to certain intellectual property of SMM, consisting of cannabis related formulations, iron formulations, curcumin formulations and vitamin K formulations to SPC.

On June 1, 2020 the Company entered into a Share Exchange Agreement (the Agreement) between the Company, Swiss Pharmacan AG and Swiss Pharma Corp., whereby the Company acquired all of the issued and outstanding shares of Swiss Pharma Corp. from Swiss Pharmacan AG for the aggregate purchase price of CAD\$6,000,000. The net assets held by Swiss Pharma Corp. consist primarily of an Exclusive Licence Agreement dated January 7, 2020 between Swiss Pharma Corp. and Swiss Pharmacan AG as described in Note 7. As Swiss Pharma Corp. did not meet the definition of a business under IFRS 3, the acquisition has been accounted for as an asset acquisition whereby the Company is considered to acquire the net assets of Swiss Pharma Corp. at their fair market value, with the total purchase price attributed to the fair market value of Swiss Pharma Corp.'s Exclusive Licence Agreement.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. INVESTMENTS *(continued)*

The purchase price of CAD\$6,000,000 is to be satisfied as follows:

- (i) an initial payment of CHF\$250,000, such payment being made on the signing of the binding Letter of Intent which was paid on October 3, 2019;
- (ii) an additional payment of CHF\$250,000 payable on or before 90 days following the execution of the Agreement which was paid on July 16, 2020;
- (iii) the issuance to Swiss Pharmacan AG of an aggregate 30,000,000 shares of the Company as fully paid and non-assessable, at a deemed price equal to CAD\$0.20 per share in accordance with the following schedule of deliverables by Swiss Pharmacan AG:
 - a. 5,000,000 shares issued to Swiss Pharmacan AG upon execution of the agreement which were issues on June 1, 2020;
 - b. an additional 10,000,000 shares issued to Swiss Pharmacan AG upon the transfer to and receipt by the Company of reactor documentation, operating protocols and other relevant know-how to allow the Company to commercialise the Intellectual Property pursuant to a Licence Agreement dated January 7, 2020 between Swiss Pharma Corp. and Swiss Pharmacan AG;
 - c. an additional 5,000,000 shares issued to Swiss Pharmacan AG upon successful completion of the first bio-reactor build and transport of the machine to the facilities of the Company and successful set-up at the Company's facilities;
 - d. an additional 5,000,000 shares issued to Swiss Pharmacan AG upon successful testing of the bio-reactor at the Company's facilities, to the Company's satisfaction;
 - e. an additional 2,000,000 shares issued to Swiss Pharmacan AG at the time of the first commercial shipment of products processed using the bio-reactor; and,
 - f. an additional 3,000,000 shares issued to Swiss Pharmacan AG upon receipt to the Company of CAD\$10,000,000 in gross revenues through the direct commercialisation of the Intellectual Property as contemplated by the Licence Agreement.

As this acquisition is to be completed in stages as described above, with specific actions required to complete each stage, the acquisition of and valuation of the net assets acquired is being accounted for as a series of contracts, with recognition of each stage at such time that relative certainty exists that each stage's requirements have been satisfied.

GLOW LIFETECH LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. INTANGIBLES

On April 3, 2019, the Company purchased from Relay Medical Corp. a suite of technology assets for 6,250,000 common shares valued at \$333,333. The assets purchased include copyright and trade names, provisional IP, trade secrets, user trial methodologies, supply chain agreements, prototypes, software and toolkits.

The net intangible assets of \$1,700,625 held by Swiss Pharma Corp. consist primarily of an Exclusive Licence Agreement dated January 7, 2020 between Swiss Pharma Corp. and Swiss Pharmacan AG for the use by Swiss Pharma Corp. of Swiss Pharmacan AG's technology including Intellectual Property, Patents and the Know-how, including any improvements, to develop its business for certain cannabis and nutraceutical products in Canada, the United States and Mexico.

8. CAPITAL STOCK

Common shares

Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

Issued and Outstanding

	#	\$
Balance December 31, 2017 (i)	1	1
Shares issued on private placement (ii)	125,000	25,000
Shares issued on acquisition of IP (iii)	6,249,999	333,333
Shares issued on private placement (iv)	3,750,000	200,000
Shares issued on private placement (v)	5,875,950	1,154,190
Shares issued on private placement (vi)	1,200,000	240,000
Shares issued on private placement (vii)	945,000	189,000
Shares issued on private placement (viii)	1,870,000	374,000
Shares issued on an acquisition (ix)	5,000,000	1,000,000
Shares issued on private placement (x)	1,955,000	375,759
Shares issued on private placement (xi)	1,150,000	230,000
Shares issued on private placement (xii)	1,425,000	285,000
	<u>29,545,950</u>	<u>4,406,283</u>

- (i) On December 17, 2017, 1 common share was issued on incorporation of the Company for consideration of \$1
- (ii) On December 31, 2018, 125,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share;

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. CAPITAL STOCK *(continued)*

- (iii) On March 21, 2019, the Company issued 6,249,999 common shares for the acquisition of intellectual property including patent applications and development costs, and trade secrets from Relay Medical Corp with a value of \$333,333 (note 5) at a price of \$0.0533 per common share;
- (iv) On March 21, 2019, 3,750,000 common shares were issued for \$200,000 in connection with a private placement at a price of \$0.0533 per common share;
- (v) On May 27, 2019 and June 19, 2019, the Company closed two tranches of a non-brokered private placement financing for total gross proceeds of \$1,154,190 (net of share issuance costs of \$21,000) through the issuance of 5,875,950 common shares at a price of \$0.20 per common share.
- (vi) on April 6, 2020, 1,200,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share;
- (vii) on May 7, 2020, 945,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share;
- (viii) on May 22, 2020, 1,870,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share;
- (ix) on June 1, 2020, 5,000,000 common shares were issued in connection with the acquisition of Swiss Pharma Corp. at a price of \$0.20 per common share;
- (x) on July 13, 2020, 1,955,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share net of share issuance cost of \$15,241;
- (xi) on September 11, 2020, 1,150,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share;
- (xii) on October 29, 2020, 1,425,000 common shares were issued in connection with a private placement at a price of \$0.20 per common share.

9. RELATED PARTY TRANSACTIONS

During the year, the Company paid fees of \$118,676 for management and consulting services to three employees of Relay Medical Corp., a shareholder of the Company.

During the year the company paid managements fees of \$75,000 and rent of \$54,092 to Relay Medical Corp., a shareholder of the company.

These transactions are in the normal course of operations.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks, credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash. The fair value of the Company's accounts payable and accrued liabilities approximate their carrying value, due to their short-term maturities or ability of prompt liquidation.

The Company's cash is recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets of liabilities. The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

(i) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

(ii) Foreign currency risk

As at December 31, 2020 the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. FINANCIAL RISK FACTORS *(continued)*

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents. As at December 31, 2020 the Company held cash in banks and cash in trust of \$391,516 (December 31, 2019 - \$212,680) to settle current liabilities of \$438,297 (December 31, 2019 - \$110,000).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash in trust with Canadian chartered banks.

11. SUBSEQUENT EVENTS

On February 11, 2021 the company closed the first tranche of a private placement by issuing 12,290,267 units at a price of \$0.30 per unit. Each unit consisted of one common share in the capital of the company and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share in the capital of the company for a period of eighteen months from the closing date at a price of \$0.40 per warrant. In connection with the financing, the company issued 222,222 broker warrants entitling the holder thereof to purchase one common share in the capital of the company for a period of eighteen months from the closing date at a price of \$0.40 per warrant.

On February 18, 2021 the company closed the second tranche of a private placement by issuing 3,181,499 units at a price of \$0.30 per unit. Each unit consisted of one common share in the capital of the company and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share in the capital of the company for a period of eighteen months from the closing date at a price of \$0.40 per warrant. In connection with the financing, the company issued 18,400 broker warrants entitling the holder thereof to purchase one common share in the capital of the company for a period of eighteen months from the closing date at a price of \$0.40 per warrant.

On February 22, 2021 the company settled an aggregate of \$195,000 of indebtedness owned to certain arm's length creditors through the issuance of 650,000 common shares in the capital of the company at a price of \$0.30 per share.

GLOW LIFETECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. SUBSEQUENT EVENTS

On March 2, 2021, the company closed the third and final tranche of a private placement by issuing 1,666,666 units at a price of \$0.30 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share in the capital of the company until September 4, 2022 at a price of \$0.40 per warrant.

On March 4, 2021, the Company granted an aggregate of 10,650,000 options to purchase common shares of the Company at an exercise price of \$0.30 and expiring five (5) years from the date of grant, to certain officers, directors and consultants of the Company.

On March 12, 2021, the Company announced that it will commence trading on the Canadian Securities Exchange ("CSE") effective at the open of business on March 15, 2021, under the symbol "GLOW".