



GLOW LIFETECH CORP.
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

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Independent Auditor's Report

To the Shareholders of Glow LifeTech Corp.

Opinion

We have audited the consolidated financial statements of **Glow LifeTech Corp.** ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Glow LifeTech Corp.** as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a working capital deficiency of \$2,155,556 and expects to incur future losses in the development of its business. 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.

Emphasis of Matter - Comparative Figures

We draw attention to Note 20, which indicates that the amounts shown for comparative purposes as at and for the year ended December 31, 2022 have been restated from amounts previously presented by the Company as approved by the Board of Directors on April 26, 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of Material Uncertainty Related to Going Concern

Description of the matter

We draw attention to Note 1 to the consolidated financial statements. At each reporting date, the Company assesses its ability to continue as a going concern. Whether the Company is able to continue as a going concern is a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of the Company's ability to continue as a going concern as a key audit matter. This matter represented an area of higher assessed risk of material misstatement, which required significant auditor judgment in the evaluation of the results of our procedures.

Independent Auditor's Report

To the Shareholders of Glow LifeTech Corp. (Continued)

Key Audit Matters (Continued)

Evaluation of Material Uncertainty Related to Going Concern (Continued)

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter included the following:

We evaluated the appropriateness of the Company's key strategy to resolve the situation given the current financial position and cash flows from operations, taking into account future sales and profit projections, actual subsequent financings as well as the nature of existing financing and anticipated future financing.

Management's Impairment Assessment re Intangible Assets

Description of the matter

We draw attention to Note 9 to the consolidated financial statements. Management is required to perform an impairment assessment re intangible assets on an annual basis.

Why the matter is a key audit matter

We identified management's impairment assessment re intangible assets to be a key audit matter given the magnitude of the intangible assets and the uncertainty of future cash flows.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We reviewed the requirements under IAS 38 Intangible assets with respect to the impairment assessment requirements of intangible assets. Once the requirements were determined, we then reviewed the requirements under IAS 36 Impairment, with respect to determining if the Intangible asset was impaired. We calculated the recoverable amount of the Intangible assets and compared this amount to the carrying value.

Other Matter

The amounts shown for comparative purposes, as at and for the year ended December 31, 2022, other than amounts adjusted for as described in Note 20, have been audited by another auditor who issued an unmodified opinion on April 26, 2023.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis for the year ended December 31, 2023, filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the Shareholders of Glow LifeTech Corp. (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 it 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 a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

To the Shareholders of Glow LifeTech Corp. (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

St. Catharines, Ontario
July 30, 2024

GLOW LIFETECH CORP.
ANNUAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Expressed in Canadian dollars)

As at	December 31, 2023	December 31, 2022 <i>(note 20)</i>
Assets		
Current assets		
Cash and cash equivalents	\$ 34	\$ 33,195
Loans and advances receivable	24,000	12,000
HST / GST recoverable	43,058	139,831
Inventory (note 6)	120,536	-
Investments	-	42,000
Prepaid expenses	2,952	179,645
	190,580	406,671
Non-current assets		
Property, plant and equipment (note 5)	322,173	318,852
Right-of-use asset (note 7)	36,025	65,577
Intangibles (note 10)	1,364,238	1,588,496
	1,722,436	1,972,925
Total Assets	1,913,016	2,379,596
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,067,879	378,659
Related party (note 12)	1,106,509	641,088
Current portion of lease liability (note 13)	41,184	42,973
Loan payable (note 11)	130,564	75,000
	2,346,136	1,137,720
Non-current liabilities		
Lease liability (note 13)	-	29,383
	-	29,383
Total Liabilities	2,346,136	1,167,104
Shareholders' equity		
Capital stock (note 14a)	11,424,722	11,424,722
Warrant reserve (note 14c)	248,155	248,155
Contributed Surplus	3,077,081	3,077,081
Deficit	(15,183,078)	(13,537,466)
Total Shareholders' Equity	(433,120)	1,212,492
Toal Liabilities and Shareholders' Equity	\$ 1,913,016	\$ 2,379,596

Note 1 - Nature of operations and Going concern

Note 19 - Subsequent Events

Note 20 - Prior period adjustments

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Rob Carducci"

CEO and Director

"James Van Staveren"

Director

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

GLOW LIFETECH CORP.
ANNUAL CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars)

	Twelve month ended	
	December 31, 2023	December 31, 2022 <i>(note 20)</i>
Revenue		
Sales	\$ 43,931	\$ -
Total Revenues	43,931	-
Cost of goods sold	18,216	-
Gross Profit	25,715	-
Expenses		
Advertising and promotion	-	39,505
Amortization	224,258	112,130
Bad debt	34,748	-
Commission	3,113	-
Depreciation	144,622	151,126
Insurance	36,570	44,458
Interest and bank charges	13,689	13,617
Loss on revaluation of inventory	15,660	1,091
Listing Fees	16,625	32,192
Management and consulting fees	669,984	647,171
Occupancy costs	37,655	51,970
Office, general and administrative	39,634	80,806
Product research and development costs	172,740	127,411
Professional fees	32,642	15,793
Shareholder communications and marketing	56,148	350,120
Transfer agent and filing fees	7,878	3,795
Wages and salary	162,460	225,104
Total Expenses	\$ 1,668,426	\$ 1,896,289
Net loss from operations	\$ (1,642,711)	\$ (1,896,289)
Other Expenses (Income)		
Debt forgiveness	(14,416)	-
Impairment Loss	-	333,333
Realized loss (gain) on sale of Investments	2,492	(10,103)
Unrealized loss (gain) on investments	14,825	(18,900)
Net loss and comprehensive loss for the period	\$ (1,645,612)	\$ (2,200,619)
Loss per share		
Basic and diluted	\$ 0.03	\$ 0.04
Weighted average number of common shares outstanding, basic and diluted	57,108,546	57,108,546
Note 20 - Prior period adjustments		

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

GLOW LIFETECH CORP.
ANNUAL CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022

(Expressed in Canadian dollars)

	Capital Stock		Warrant Reserve	Contributed surplus	Deficit	Total
	Number of shares	Amount			(note 20)	
Balance - January 1, 2022	57,108,546	11,424,722	835,538	2,489,698	(11,336,847)	3,413,111
Warrants expired	-	-	(835,538)	835,538	-	-
Warrants re-issued	-	-	248,155	(248,155)	-	-
Net loss for the period	-	-	-	-	(2,200,619)	(2,200,619)
Balance - December 31, 2022	57,108,546	11,424,722	248,155	3,077,081	(13,537,466)	1,212,492
Balance - January 1, 2023	57,108,546	11,424,722	248,155	3,077,081	(13,537,466)	1,212,492
Net loss for the period	-	-	-	-	(1,645,612)	(1,645,612)
Balance - December 31, 2023	57,108,546	11,424,722	248,155	3,077,081	(15,183,078)	(433,120)

Note 20 - Prior period adjustments

GLOW LIFETECH CORP.
ANNUAL CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022

(Expressed in Canadian dollars)

	2023	2022
		<i>(note 20)</i>
Cash flows from (used in) operating activities		
Net Income (loss) for the period	\$ (1,645,612)	\$ (2,200,619)
Items not affecting cash from operations:		
Bad debt	34,748	\$ -
Depreciation and amortization	368,880	263,256
Loss in investment	2,492	(10,103)
Impairment Loss	-	333,333
Loss on revaluation of inventory	15,660	1,091
Debt forgiveness	(14,416)	-
Unrealized Loss in investment	14,825	(18,900)
	(1,223,423)	(1,631,942)
Changes in non-cash working capital items:		
Decrease HST recoverable	96,773	120,298
(Increase) in inventory	(136,196)	-
Decrease in prepaid expenses	176,693	(19,440)
Increase in accounts payable and accrued liabilities	668,888	186,330
Net cash used in operating activities	(417,265)	(1,344,754)
Cash flows from (used in) investing activities		
Loans and advances receivable	(12,000)	(12,000)
Proceeds on sale of investment	24,683	33,973
Purchase of capital assets	(73,591)	(3,659)
Net cash from (used in) investing activities	(60,908)	18,314
Cash flows from (used in) financing activities		
Equipment loan	-	(39,930)
Advances from related party	465,421	528,722
Loan payable	55,564	75,000
Net payment on leases	(75,973)	(72,357)
Net cash from financing activities	445,012	491,435
Increase in cash for the period	(33,161)	(835,005)
Cash - beginning of period	33,195	868,200
Cash - end of period	\$ 34	\$ 33,195

Note 20 - Prior period adjustments

GLOW LIFETECH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Glow LifeTech Corp., formerly Ateba Resources Inc., (the "Company" or "Glow") was formed under the laws of the Province of Ontario on February 1, 1988. The Company was primarily engaged in the acquisition and exploration of mineral properties in Canada.

Glow LifeTech Ltd. ("Glow Ltd.") 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. Glow 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.

On March 3, 2021, Glow Ltd. completed a reverse takeover pursuant to the terms of a reverse takeover agreement dated June 24, 2020 (the "Reverse takeover Agreement") amongst Glow Ltd., Ateba Resources Inc. ("Ateba") and the shareholders of Glow Ltd. by way of three-cornered amalgamation. On June 15, 2021 2760626 Ontario Inc. was incorporated ("subco") which is a wholly-owned subsidiary of Ateba solely for the purpose of completing the Amalgamation with Glow Ltd., which was completed on March 3, 2021. Pursuant to the Reverse takeover Agreement, Ateba issued 47,334,379 common shares to the Glow Ltd. shareholders, representing approximately 84.1% of the issued share capital of Ateba on the closing date of the transaction. On February 26, 2020, Ateba pursuant to the terms of the transaction changed its name to Glow LifeTech Corp.

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 deficiency of \$2,155,556 as at December 31, 2023 (December 31, 2022 working capital deficiency of \$731,049). 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 the company Glow Life Tech Corp., the accounts of its wholly owned Canadian subsidiary Glow Life Tech Inc. and the accounts of Glow Life Tech Inc.'s wholly owned Canadian subsidiary Swiss Pharma Corp., as at and for the years ended December 31, 2023 and December 31, 2022. Any intercompany balances and transactions between the companies has been eliminated upon consolidation.

GLOW LIFETECH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022
(Expressed in Canadian dollars)

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) effective as of December 31, 2023. The annual consolidated financial statements of the Company for the year ended December 31, 2023 were approved and authorized for issue by the Board of Directors on July 30, 2024.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for items recorded at fair value. 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 and its subsidiaries functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

GLOW LIFETECH CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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intangible assets consist of patents, patent applications and research and development costs that are amortized over their five-year estimated useful life and license agreement that is amortized over its 9-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.

In the prior year the Company acquired a research and development project which was capitalized and included in intangibles. This period, raw materials purchased were used to create sample batches for testing and refining formulas.

(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 Black Scholes 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 Black Scholes 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022

(Expressed in Canadian dollars)

the period or in previous financial statements are recognized in profit or loss.

(f) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized at fair value 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	Current liabilities	Amortized cost
Loans and advances	Current assets	Amortized cost
Lease payable	Current liabilities	Amortized cost
Investments	Current asset	Fair value
Loans payable	Current liabilities	Amortized cost
Due to related parties	Current liabilities	Amortized cost

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

- (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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023, AND 2022

(Expressed in Canadian dollars)

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, 2023 and 2022, 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 the following criteria are met:

- i. the parties to the contract have approved the contract and are committed to perform their respective obligations;
- ii. the entity can identify each party's rights regarding the goods or services to be transferred;
- iii. the entity can identify the payment terms for the goods or services to be transferred;
- iv. the contract has commercial substance
- v. it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Control of goods transfers at FOB destination.

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.

(i) CAPITAL ASSETS

Capital assets are 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.

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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	20%
Office, furniture and equipment	20%
Computer equipment	30%

(j) INVENTORY

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is determined using the average cost method. Cost includes all direct labor and direct materials incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. This includes both the gross proceeds expected from the sale of the inventory and the transaction costs required to complete the sale. If the net realizable value of inventory is less than its cost, an impairment loss is recognized to write down the inventory to its net realizable value.

(k) LEASE LIABILITY

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the term of the lease with the discount rate determined by using the incremental borrowing rate on commencement of the lease. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the remaining lease term.

(l) RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

(m) CASH AND CASH EQUIVALENTS

Cash consists of cash on hand, deposits in banks and funds held in short term deposits.

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(n) 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.

(o) BASIC AND DILUTED INCOME (LOSS) PER SHARE

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year.

(p) 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.

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 annual 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.

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(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 marketplace.

(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.

Impairment of intangible assets

Management has exercised their judgment in determining if the patents and license is 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.

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5. PROPERTY, PLANT AND EQUIPMENT

Capital assets as at December 31, 2023, consist of the following:

	Lab equipment	Office furniture & equipment	Computer equipment	Total
Cost				
As at December 31, 2021	294,386	137,981	4,078	436,446
Additions	3,491	-	-	3,491
As at December 31, 2022	297,877	137,981	4,078	439,936
As at January 1, 2023	297,877	137,981	4,078	439,936
Additions	73,591	-	-	73,591
As at December 31, 2023	371,468	137,981	4,078	513,527
Accumulated Amortization				
As at December 31, 2021	29,272	13,798	153	43,223
Amortization for period	51,847	24,837	1,178	77,863
As at December 31, 2022	81,118	38,635	1,331	121,085
As at January 1, 2023	81,118	38,635	1,331	121,085
Amortization for period	49,577	19,869	824	70,270
As at December 31, 2023	130,695	58,504	2,155	191,355
Net Book Value				
As at December 31, 2021	265,115	124,183	3,925	393,223
As at December 31, 2022	216,759	99,346	2,747	318,852
As at December 31, 2023	240,773	79,477	1,923	322,173

6. INVENTORY

Inventory as at December 31, 2023, consist of the following:

	Raw materials	Work-in- process	Finished goods	Total
As at December 31, 2022	-	-	-	-
As at January 1, 2023	-	-	-	-
Additions	134,103	-	-	134,103
Used	(52,980)	37,434	1,978	(13,568)
As at December 31, 2023	81,123	37,434	1,978	120,535

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7. RIGHT-OF-USE ASSET

Company's office is depreciated over a period of 41 months. Office space provided by Medz Cannabis Inc. was initially a 2-year lease and depreciated over 24 months. The agreement was extended in February of 2023. The extension depreciates over 14 months.

	Office lease (unit 102)	Medz Facility	Total
January 1, 2022	84,573	54,268	138,840
Depreciation	(29,849)	(43,414)	(73,263)
December 31, 2022	54,724	10,854	65,577
Additions	-	52,035	52,035
Depreciation	(29,849)	(51,739)	(81,588)
December 31, 2023	24,874	11,150	36,025

8. MANUFACTURING PARTNERSHIP

Glow has entered a collaborative partnership with a Health Canada licensed producer ("MEDZ") for cannabis product manufacturing. Glow will perform manufacturing services within a dedicated facility under the quality and compliance control of MEDZ. Glow will operate its own equipment as a contractor of MEDZ, but all products are released under MEDZ license.

9. COMMITMENTS

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 following obligations remain to be fulfilled as part of the purchase agreement:

- a. 5,000,000 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 commercialize the Intellectual Property pursuant to a License Agreement dated January 7, 2020 between Swiss Pharma Corp. and Swiss Pharmacan AG;
- b. an additional 10,000,000 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;

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- c. 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;
- d. 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,
- e. 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 commercialization of the Intellectual Property as contemplated by the License Agreement.

10. 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. An impairment loss of the full \$333,333 was recorded during the year ended December 31, 2022.

The net intangible assets of \$1,700,625 held by Swiss Pharma Corp. consist primarily of an Exclusive License 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.

	Intangibles	Total
Balance as at January 1, 2021	2,033,958	2,033,958
Balance as at December 31, 2021	2,033,958	2,033,958
Balance as at January 1, 2022	2,033,958	2,033,958
Amortization	112,129	112,129
Impairment loss	333,333	333,333
Balance as at December 31, 2022	1,588,496	1,588,496
Balance as at January 1, 2023	1,588,496	1,588,496
Additions	-	-
Amortization	224,258	224,258
Balance as at December 31, 2023	1,364,238	1,364,237

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11. Loan payable

The company obtained short term loans from select individuals. Interest bearing loans amounted to \$75,000, payable in 4 months from the date of the agreement with interest bearing 3% per annum. Interest payable for interest bearing loans amount to \$3,064. Non-interest-bearing loans amount to \$52,500.

Unsecured loan	
December 31, 2021	-
Additions	75,000
December 31, 2022	\$ 75,000
Additions	52,500
Interest accrued	3,064
December 31, 2023	\$ 130,564

12. RELATED PARTY

Amounts payable and amounts receivable from related party, are non-interest bearing, payable on demand, and unsecured.

As at December 31, 2023 the Company has a payable to related parties of \$1,106,509 (December 31, 2022 – \$641,088). These advances are non-interest bearing and due upon completion of future equity financing.

Remuneration of key management of the Company was as follows:

	December 31, 2023	December 31, 2022
Consulting and management fees	\$ 381,652	\$ 243,929

Amounts owing to consulting and management included in accounts payable and accrued liabilities in 2023 total to \$418,002 (December 31, 2022 - \$35,391).

13. LEASE LIABILITY

Lease payable at December 31, 2023 of \$41,184 (December 31, 2022 - \$72,357) is comprised of the following leases:

i. Unit 102

The Company signed a property lease for a term of commencing on June 1, 2021 and expiring on October 31, 2024. During the year ended December 31, 2023 the Company made total payments of \$35,390 of which \$4,185 consisted of interest. The lease payable balance as at December 31, 2023 is \$29,383 (December 31, 2022 - \$60,587) of which \$29,383 (December 31, 2022 - \$60,587) is current.

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ii. Medz facility

The Company signed a property lease for a term commencing on April 1, 2021 and expiring on March 31, 2023. On February 1, 2023 the lease was extended by one year. During the year ended December 31, 2023 the Company made total payments of \$47,500 of which \$2,763 consisted of interest. The lease payable balance as of December 31, 2023 is \$11,800 (December 31, 2022 - \$11,769) of which \$11,800 (December 31, 2022 - \$11,769) is current.

The outstanding lease payable balance for the right of use assets is presented as follows:

	Unit 102	Medz facility	Total
January 1, 2022	87,726	56,186	143,912
Additions	-	-	-
Interest	6,968	3,083	10,051
Payments	(34,106)	(47,500)	(81,606)
December 31, 2022	60,587	11,769	72,357
Additions	-	44,800	44,800
Interest	4,185	2,732	6,917
Payments	(35,389)	(47,500)	(82,889)
December 31, 2023	29,383	11,801	41,184

14. CAPITAL STOCK

(a) Common shares

Authorized

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

Issued and Outstanding

	#	\$
Opening January 1, 2022	57,108,546	11,424,722
Closing December 31, 2022	57,108,546	11,424,722
Opening January 1, 2023	57,108,546	11,424,722
Closing December 31, 2023	57,108,546	11,424,722

(b) Stock option plan and share-based compensation

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant.

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	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - January 1, 2022	10,860,000	2,489,698	\$ 0.30
Balance - December 31, 2022	10,860,000	2,489,698	\$ 0.30
Balance - December 31, 2023	10,860,000	2,489,698	\$ 0.30

- (i) On March 3, 2021, the Company announced that it has granted an aggregate of 10,800,000 options to purchase common shares of the company with an estimated fair value of \$2,476,128 exercisable at a price of \$0.30 per common share, vesting immediately and expiring March 4, 2026 to certain directors, officers and consultants of the Company.

On May 28, 2021, the Company also issued 210,000 options with an estimated fair value of \$53,161 exercisable at a price of \$0.34 per common share, vesting immediately and expiring May 28, 2026 to certain officers and consultants of the Company.

On October 14, 2021, the Company also issued 500,000 options with an estimated fair value of \$88,632 exercisable at a price of \$0.25 per common share, vesting immediately and expiring October 14, 2026 to certain officers and consultants of the Company.

The following common share purchase options are outstanding as at December 31, 2023:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted average remaining life (years)	Expiry Date	Number of Options exercisable
March 3, 2021	10,550,000	0.30	2.18	March 4, 2026	10,550,000
May 28, 2021	210,000	0.34	2.41	May 28, 2026	210,000
October 14, 2021	100,000	0.25	2.79	October 14, 2026	100,000
	10,860,000	0.30	2.19		10,860,000

The fair value of options granted was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	March 3 2021	May 28 2021	October 14 2021
Share price	\$0.30	\$0.34	\$0.25
Risk free interest rate	0.70%	0.75%	1.07%
Expected life of options	5 years	5 years	5 years

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(C) Warrants

The following table summarizes warrants that have been issued, exercised, or have expired during the year ended December 31, 2023 and 2022:

	Number of Warrants Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - January 1, 2021	-	\$ -	\$ -
Granted	8,809,838	852,966	0.40
Exercised	180,000	17,428	0.40
Balance - December 31, 2021	8,629,838	835,538	\$0.40
Balance - January 1, 2022	8,629,838	835,538	\$0.40
Warrants expired	8,629,838	835,538	0.40
Warrants re-issued	8,389,216	248,155	0.40
Balance - December 31, 2022	8,389,216	\$248,155	\$0.40
Balance - December 31, 2023	8,389,216	\$248,155	\$0.40

The fair value of warrants granted was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	<u>March 3, 2022</u>
Share price	\$ 0.17
Risk free interest rate	3.25%
Time to maturity - years	1.5
Expected life of warrants	2 years

As at December 31, 2023, 8,389,216 warrants were outstanding. During period end, December 31, 2022, 8,629,839 warrants expired, of which 8,389,217 were extended. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date.

Date of Grant	Number of Warrants Outstanding	Exercise Price	Fair Value	Expiry Date
March 3, 2022	8,389,216	0.40 \$	248,155	March 3, 2024
	8,389,216	\$	248,155	

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15. RECONCILIATION OF INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the federal and provincial income tax rates of 26.50% (2022 – 26.50%) to income before income taxes. The reasons for the differences and the related tax effects are as follows:

	December 31, 2023	December 31, 2022
Tax at applicable rate of 26.5%	(436,087)	(583,164)
Permanent differences	330	86,995
Temporary differences	435,757	496,169
	-	-
Income Tax expense	-	-

16. DEFERRED INCOME TAXES

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

Significant components of deductible and taxable temporary differences and unused tax losses that have not been included on the statement of financial position are as follows:

	December 31, 2023	December 31, 2022
CCA in excess of NBV	\$ 15,018	\$ 141,057
Investment	-	(7,412)
Leased assets	(5,159)	(6,799)

Non-capital loss carry-forwards expire as noted in the table below. At December 31, 2023 the Company has un-utilized non-capital loss carry forwards of \$5,638,315 which will expire as follows:

2039	\$ 516,282
2040	1,489,865
2041	521,863
2042	1,647,764
2043	1,462,541
Total	5,638,315

17. 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.

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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 approximates 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.

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.

Foreign currency risk

As at December 31, 2023 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.

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, 2023, the Company held cash in banks and cash in trust of \$34 (December 31, 2022 - \$33,195) to settle current liabilities of \$2,346,136 (December 31, 2022 - \$1,137,720).

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.

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18. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned development of its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and accumulated deficit, which as at December 31, 2023 totaled (\$433,120) (December 31, 2022– \$1,212,492).

The Company's objective when managing capital is to obtain adequate levels of funding to support the development of its business and to obtain corporate and administrative functions necessary to support organizational functioning.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

19. SUBSEQUENT EVENTS

Debt Settlement

On January 30, 2024, the company announced the agreement to settle \$211,837 of indebtedness owed to an arm's length creditor through the issuance of 4,236,747 units of the company at \$0.05 per unit. Each unit consists of one share of the company and one-half a common share purchase warrant. Each whole warrant shall be exercisable into one common share in the capital of the company at a price of \$0.07 per warrant share until two years from the date of issuance of the warrants.

Financing – Non-brokered Private placement

On April 26, 2024, the company completed a non-brokered private placement financing for gross proceeds of \$605,000 through the issuance of 20,166,667 units in the capital of the company, at a price of \$0.03 per unit. Each unit was comprised of one common share in the capital of the company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.05 per Common Share for a period of eighteen (18 months) from the date of issuance.

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Warrants expiring

On March 3, 2024, 8,389,217 warrants expired. The expired warrants have a total Black-Scholes value of \$248,155.20.

20. PRIOR PERIOD ADJUSTMENTS

During the year, management identified various accounting errors in amounts previously presented as at and for the year ended December 31, 2022. The correction of these errors has been accounted for retrospectively as follows:

1) Lease Recognition

Management determined that certain right of use lease assets and related lease liabilities were not recorded as required per IFRS 16 Leases. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

An increase to right of use assets and total assets of \$65,578; an increase in lease liability and total liabilities and total liabilities and equity of \$72,356; an increase in interest and bank charges of \$10,051, an increase in depreciation of \$73,263, and a decrease in occupancy costs of \$81,606, for a total decrease to operating expenses, loss from operations, net loss and comprehensive loss, closing deficit, and an increase to total shareholders' equity and total liabilities and shareholder's equity of \$1,708. As well, there was an increase to opening and closing deficit and a decrease to total shareholders' equity and total liabilities and shareholders' equity of \$5,072.

2) Equipment Additions

Management determined that certain amounts were mistakenly capitalized to equipment. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

A decrease to property, plant and equipment and total assets of \$51,432; an increase in interest and bank charges of \$677, a decrease in depreciation of \$7,391 and an increase in office and general of \$40,747 for a total increase to operating expenses, loss from operations, net loss and comprehensive loss and closing deficit and increase to total shareholders' equity and total liabilities and shareholder's equity of \$34,033. As well, there was an increase to opening and closing deficit and a decrease to total shareholders' equity and total liabilities and shareholders' equity of \$17,399.

3) Intangible Amortization

Management determined that amortization on intangible assets was not calculated properly in accordance with the company's accounting policy. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

An increase to intangible assets and total assets of \$57,933; a decrease in amortization, operating expenses, loss from operations, net loss and comprehensive loss and closing deficit and increase to total shareholders' equity and total liabilities and shareholder's equity of \$57,933.

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4) Overstated Accrued Liabilities

Management determined that certain accrued liabilities were overstated. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

A decrease to accounts payable and accrued liabilities and total liabilities, professional fees, total operating expenses, loss from operations, net loss and comprehensive loss and closing deficit and increase to total shareholders' equity of \$48,000.

5) Presentation of Research and Product Development Supplies

Management determined that research and product development supplies was improperly presented as inventory. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

Decrease inventory and increase prepaid expenses by \$127,899.

6) Presentation of Impairment Loss

Management determined that impairment loss was improperly presented as amortization expense. The effect on amounts presented as at and for the year ended December 31, 2022 is as follows:

Decrease amortization and total operating expenses by \$333,333, increase impairment loss included in other expenses by \$333,333.

Deficit and Net Loss and Comprehensive Loss Impact

The net effect on deficit is as follows:

Deficit, January 1, 2022 as previously presented	(11,314,376)
Effect of prior period adjustments	<u>(22,471)</u>
Deficit, January 1, 2022 as restated	(11,336,847)
Net loss for the period as previously presented	(2,270,811)
Effect of prior period adjustments	<u>70,192</u>
Balance for year ended December 31, 2022 as restate	(2,200,619)
Deficit, December 31, 2022 as previously presented	(13,585,187)
Effect of prior period adjustments	<u>47,721</u>
Deficit, December 31, 2022 as restated	(13,537,466)