



**GLOW LIFETECH CORP.**  
**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, AND 2024**

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## Independent Auditor's Report

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**To the Shareholders of Glow LifeTech Corp.**

### Opinion

We have audited the consolidated financial statements of **Glow LifeTech Corp.** and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group has a working capital of **\$1,302,183** (2024 - \$1,225,925), 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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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 Group for the year ended December 31, 2025 and December 31, 2024. 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matter described below to be a key audit matter to be described in our report.

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## Independent Auditor's Report

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### To the Shareholders of Glow LifeTech Corp. (Continued)

#### Key Audit Matters (Continued)

##### Management's Impairment Assessment re Intangible Assets

###### *Description of the matter*

We draw attention to Note 12 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 evaluated the appropriateness of management's impairment analysis which assessed the intangible assets for any indicators of impairment in accordance with IAS 38.

#### 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, 2025 and December 31, 2024 to be 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. 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 IFRS Accounting Standards as issued by the IASB 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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# Independent Auditor's Report

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## To the Shareholders of Glow LifeTech Corp. (Continued)

### 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 judgement 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude of 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 Group'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 Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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## Independent Auditor's Report

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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 Edwin Leung.

*Jones & O'Connell LLP*

Jones & O'Connell LLP  
Chartered Professional Accountants  
Licensed Public Accountants  
St. Catharines, Ontario  
April 6, 2026

**GLOW LIFETECH CORP.**  
**ANNUAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**  
(Expressed in Canadian dollars)

As at	December 31, 2025	December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,365,587	\$ 1,291,407
Accounts Receivable	444,778	409,829
Loans and advances receivable (note 7)	156,234	92,836
HST / GST recoverable	-	24,990
Inventory (note 6)	430,351	266,437
Prepaid expenses	88,035	39,882
Assets held for sale (note 8)	12,247	-
	<b>2,497,232</b>	<b>2,125,381</b>
<b>Non-current assets</b>		
Long-term loans and advances receivable (note 7)	399,102	495,273
Property, plant and equipment (note 5)	427,485	418,694
Right-of-use asset (note 9)	54,268	11,365
Intangibles (note 12)	538,462	670,330
	<b>1,419,317</b>	<b>1,595,662</b>
<b>Total Assets</b>	<b>3,916,549</b>	<b>3,721,043</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,138,712	746,574
Current portion lease liability (note 15)	44,417	11,776
Demand loans (note 13)	-	112,500
HST / GST payable	11,920	-
Current portion of Long-term debt (note 13)	-	28,606
	<b>1,195,049</b>	<b>899,456</b>
<b>Non-current liabilities</b>		
Lease liability (note 15)	11,769	-
Long-term debt (note 13)	-	251,198
	<b>11,769</b>	<b>251,198</b>
<b>Total Liabilities</b>	<b>1,206,818</b>	<b>1,150,654</b>
<b>Shareholders' equity</b>		
Capital stock (note 16a)	16,102,053	15,209,175
Share-based payment reserve (note 16b)	1,780,540	1,667,464
Warrant reserve (note 16c)	1,501,547	2,011,890
Contributed Surplus	2,381,829	2,120,237
Deficit	(19,056,238)	(18,438,377)
<b>Total Shareholders' Equity</b>	<b>2,709,731</b>	<b>2,570,389</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,916,549</b>	<b>\$ 3,721,043</b>

Note 1 - Nature of operations and Going concern

Note 21 - Subsequent Events

Note 22 - Comparative figures

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Roberto Carducci"

Chief Executive Officer, Director

"Daniel Proska"

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 YEARS ENDED DECEMBER 31, 2025, AND 2024**

(Expressed in Canadian dollars)

	December 31, 2025	December 31, 2024
<b>Revenue</b>		
Sales	\$ 2,053,668	\$ 836,193
<b>Total Revenues</b>	<b>2,053,668</b>	<b>836,193</b>
Cost of goods sold	691,482	245,190
<b>Gross Profit</b>	<b>1,362,186</b>	<b>591,003</b>
<b>Expenses</b>		
Amortization	\$ 131,868	\$ 131,868
Depreciation	121,781	156,634
General and administrative expenses	284,590	298,082
Management and consulting fees (note 14)	601,043	565,780
Manufacturing expenses	316,086	327,862
Selling and distribution expenses	473,245	181,134
Share-based compensation (note 14)	161,385	462,466
<b>Total Expenses</b>	<b>2,089,998</b>	<b>2,123,826</b>
<b>Net loss from operations</b>	<b>\$ (727,812)</b>	<b>\$ (1,532,823)</b>
<b>Other Expenses (Income)</b>		
Debt forgiveness	(59,984)	(75,722)
Reversal of impairment loss on loan receivable	-	(800,060)
Loss on sale of asset	140	282
Settlement of contractual obligations	-	2,000,000
Unrealized foreign exchange gain/loss	(50,107)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (617,861)</b>	<b>\$ (2,657,323)</b>
<b>Loss per share</b>		
Basic and diluted	\$ 0.00	\$ 0.03
Weighted average number of common shares outstanding, basic and diluted	172,426,396	88,667,334
Note 22 - Comparative figures		

**GLOW LIFETECH CORP.**  
**ANNUAL CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, AND 2024**

(Expressed in Canadian dollars)

	Capital Stock		Warrant Reserve	Share-based payment reserve	Contributed surplus	Deficit	Total
	Number of shares	Amount					
<b>Balance - January 1, 2024</b>	<b>57,108,546</b>	<b>11,424,722</b>	<b>248,155</b>	<b>2,489,698</b>	<b>587,383</b>	<b>(15,781,054)</b>	<b>(1,031,096)</b>
Shares issued on settlement of debt (notes 16a)	34,121,051	3,229,135	57,560	-	-	-	3,286,695
Shares issued through private placement, net of issuance costs (note 16a)	78,166,667	555,318	1,954,330	-	-	-	2,509,648
Options granted (note 16b)	-	-	-	462,465	-	-	462,465
Options cancelled (note 16b)	-	-	-	(1,284,699)	1,284,699	-	-
Warrants expired (note 16c)	-	-	(248,155)	-	248,155	-	-
Net loss for the period	-	-	-	-	-	(2,657,323)	(2,657,323)
<b>Balance - December 31, 2024</b>	<b>169,396,264</b>	<b>15,209,175</b>	<b>2,011,890</b>	<b>1,667,464</b>	<b>2,120,237</b>	<b>(18,438,377)</b>	<b>2,570,389</b>
<b>Balance - January 1, 2025</b>	<b>169,396,264</b>	<b>15,209,175</b>	<b>2,011,890</b>	<b>1,667,464</b>	<b>2,120,237</b>	<b>(18,438,377)</b>	<b>2,570,389</b>
Shares issued on settlement of debt (notes 16a)	714,286	35,715	-	-	-	-	35,715
Options granted (note 16b)	-	-	-	161,385	-	-	161,385
Options exercised (note 16b)	900,000	96,967	-	(48,309)	-	-	48,658
Warrants exercised (note 16c)	10,316,700	760,197	(248,751)	-	-	-	511,445
Warrants expired (note 16c)	-	-	(261,592)	-	261,592	-	-
Net loss for the period	-	-	-	-	-	(617,861)	(617,861)
<b>Balance - December 31, 2025</b>	<b>181,327,250</b>	<b>16,102,053</b>	<b>1,501,547</b>	<b>1,780,540</b>	<b>2,381,829</b>	<b>(19,056,238)</b>	<b>2,709,731</b>

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

**GLOW LIFETECH CORP.**  
**ANNUAL CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, AND 2024**

(Expressed in Canadian dollars)

	December 31, 2025	December 31, 2024
<b>Cash flows from (used in) operating activities</b>		
Net Income (loss) for the period	\$ (617,861)	\$ (2,657,323)
<b>Items not affecting cash from operations:</b>		
Amortization	\$ 131,868	\$ 131,868
Depreciation	121,781	156,634
Debt forgiveness	(59,984)	(75,722)
Settlement of contractual obligations	-	2,000,000
Cost of goods sold depreciation	3,151	-
Manufacturing expenses	82,881	35,937
Share based compensaton	161,385	462,466
Loss on sale of asset	140	282
Gain on recognition of loan	-	(800,060)
Unrealized foreign exchange gain/loss	(50,108)	-
	<b>(226,747)</b>	<b>(745,918)</b>
<b>Changes in non-cash working capital items:</b>		
Decrease (Increase) in accounts receivable	(34,949)	(409,829)
Decrease (Increase) in HST recoverable	36,910	18,068
Decrease (Increase) in inventory	(163,914)	(145,901)
Decrease (Increase) in prepaid expenses	(48,153)	(36,930)
Increase (Decrease) in accounts payable and accrued liabilities	421,827	(29,162)
<b>Net cash from (used in) operating activities</b>	<b>(15,026)</b>	<b>(1,349,672)</b>
<b>Cash flows from (used in) investing activities</b>		
Loans and advances receivable	-	24,000
Proceeds from sale of capital assets	991	-
Purchase of capital assets	(103,175)	(7,302)
<b>Net cash from (used in) investing activities</b>	<b>(102,184)</b>	<b>16,698</b>
<b>Cash flows from (used in) financing activities</b>		
Advances from related party	-	63,764
Loan payable	(326,295)	125,804
Proceeds from options exercise	48,658	-
Proceeds from warrant exercise	511,446	-
Net payment on leases	(42,419)	(74,870)
Proceeds from private placement, net of issue costs	-	2,509,648
<b>Net cash from (used in) financing activities</b>	<b>191,390</b>	<b>2,624,346</b>
<b>Increase in cash for the period</b>	<b>74,180</b>	<b>1,291,373</b>
<b>Cash - beginning of period</b>	<b>1,291,407</b>	<b>34</b>
<b>Cash - end of period</b>	<b>\$ 1,365,587</b>	<b>\$ 1,291,407</b>

Note 22 - Comparative figures

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

**GLOW LIFETECH CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, AND 2024**  
(Expressed in Canadian dollars)

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**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 103, 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 a working capital of \$1,302,183 as at December 31, 2025 (December 31, 2024 working capital of \$1,225,925). 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, 2025 and December 31, 2024. 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, 2025, AND 2024**  
(Expressed in Canadian dollars)

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**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”). The annual consolidated financial statements of the Company for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors on April 6, 2026.

**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.

**GLOW LIFETECH CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, AND 2024**  
(Expressed in Canadian dollars)

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**(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 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.

The Company did not incur or capitalize any development costs during the years ended December 31, 2025 and 2024.

**(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.

**GLOW LIFETECH CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, AND 2024**  
(Expressed in Canadian dollars)

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**(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.

**(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;

<b>Asset or Liability</b>	<b>Category</b>	<b>Measurement</b>
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Current assets	Fair value
Accounts payable and accrued liabilities	Current liabilities	Amortized cost
Loans and advances	Current assets	Amortized cost
Lease payable	Current liabilities	Amortized cost
Loans payable	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.

**GLOW LIFETECH CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, AND 2024**  
(Expressed in Canadian dollars)

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(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.

(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.

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*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 cash equivalents are measured at fair value using Level 1 inputs while accounts receivable are measured at fair value using Level 2 inputs.

As at December 31, 2025 and 2024, 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.

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Interest income is recognized on a time-proportion basis using the effective interest method.

**(h) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, deposits with banks, short-term deposits, and funds held in trust by the Company's external legal counsel. Funds held in trust are not restricted and are available for use in 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.

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%
Bottling Line	10%

**(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.

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**(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) 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.

**(n) 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.

**(o) 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.

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**(p) New Accounting Standards Issued but Not Yet Effective**

IFRS 18, *Presentation and Disclosure in Financial Statements*, has been issued and is effective for annual periods beginning on or after January 1, 2027. The Company has not early adopted IFRS 18 and expects to apply it for the first time in the period beginning January 1, 2027. Management is currently assessing the potential impact of IFRS 18 on the presentation and disclosure of the Company's financial statements and will include any material effects, if applicable, when the Standard is adopted.

**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.

**(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.

*Current portion of loan receivable*

Management has exercised judgment in determining the current portion of loan receivables. The calculation is based on the expected royalty payments for the upcoming twelve months, derived from the Company's projected revenue for the year. Under the terms of the loan and license agreement described in Note 7, future royalties payable by the Company are applied to reduce the outstanding loan balance. Consequently, the current portion of the loan receivable reflects the amount of the loan expected to be settled through royalties within the next twelve months. This estimate is subject to uncertainty as it relies on projected revenues, which may differ from actual results due to changes in market conditions, customer demand, and overall business performance. As a result, the actual amount and timing of royalty payments applied to the loan balance may vary from management's estimates.

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(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:

*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 license is impaired. The judgment is based on the expected future benefit of the intangible assets. This estimate is subject to uncertainty as it relies on assumptions regarding future revenues, market demand, and the continued commercial viability of the underlying product or technology. Changes in these assumptions, including lower-than-expected revenues or adverse market conditions, may result in a material adjustment to the carrying value of the intangible asset.

*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. This estimate is subject to uncertainty due to the potential for changes in tax legislation, differing interpretations of tax laws by taxation authorities, and the outcome of any future tax assessments or audits. As a result, actual tax amounts may differ from those estimated.

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**5. PROPERTY, PLANT AND EQUIPMENT**

Capital assets as at December 31, 2025, consist of the following:

	Lab equipment	Office furniture & equipment	Computer equipment	Bottling Line	Total
<b>Cost</b>					
As at December 31, 2023	371,468	137,981	4,078	-	513,527
Additions	188,118	-	-	-	188,118
Dispositions	9,065	-	-	-	9,065
<b>As at December 31, 2024</b>	<b>550,521</b>	<b>137,981</b>	<b>4,078</b>	<b>-</b>	<b>692,580</b>
As at January 1, 2025	550,521	137,981	4,078	-	692,580
Additions	40,162	-	-	63,013	103,175
Dispositions	100,341	-	-	-	100,341
<b>As at December 31, 2025</b>	<b>490,343</b>	<b>137,981</b>	<b>4,078</b>	<b>63,013</b>	<b>695,415</b>
<b>Accumulated Amortization</b>					
As at December 31, 2023	130,695	58,504	2,155	-	191,354
Amortization for period	66,060	15,895	577	-	82,533
<b>As at December 31, 2024</b>	<b>196,755</b>	<b>74,399</b>	<b>2,732</b>	<b>-</b>	<b>273,886</b>
As at January 1, 2025	196,755	74,399	2,732	-	273,886
Dispositions	86,962	-	-	-	86,962
Amortization for period	64,735	12,716	404	3,151	81,006
<b>As at December 31, 2025</b>	<b>174,528</b>	<b>87,115</b>	<b>3,136</b>	<b>3,151</b>	<b>267,930</b>
<b>Net Book Value</b>					
As at December 31, 2023	240,773	79,477	1,923	-	322,173
<b>As at December 31, 2024</b>	<b>353,766</b>	<b>63,582</b>	<b>1,346</b>	<b>-</b>	<b>418,694</b>
<b>As at December 31, 2025</b>	<b>315,815</b>	<b>50,866</b>	<b>942</b>	<b>59,862</b>	<b>427,485</b>

**6. INVENTORY**

Inventory as at December 31, 2025, consist of the following:

	December 31, 2025	December 31, 2024
Raw Materials and WIP	244,302	135,989
Work-in-process	107,651	54,490
Finished goods	78,399	75,958
<b>Balance, end of period</b>	<b>430,351</b>	<b>266,437</b>

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**7. LOANS AND ADVANCES RECEIVABLE**

The Company entered into a non-interest bearing and unsecured loan agreement for CAD \$800,060 (CHF 500,000) with a counterparty (the "Licensor") with whom the Company also holds an exclusive license agreement. The loan is to be repaid through the offset of royalties payable by the Company under the license agreement. Royalties are calculated at 5% of the gross sales of micellized products produced for sale, excluding any applicable taxes, until the outstanding loan balance is fully repaid. Once the loan has been fully repaid, the royalty rate will be reduced to 3% of gross sales of micellized products produced for sale, excluding taxes. Subsequent to the initial loan arrangement, the Company and the Licensor mutually agreed to apply CAD \$176,013 (CHF 110,000) of the outstanding loan balance toward the purchase of equipment from the Licensor. The remaining loan balance continues to be settled through future royalty payments.

As of the reporting date, the remaining balance of the loan receivable is CAD \$555,336. Based on current revenue projections, the Company expects to reduce the loan receivable by approximately CAD \$156,234 in royalty amounts owing to the Licensor over the next twelve months.

**8. ASSETS HELD FOR SALE**

As at 2025, the Company classified a property, plant and equipment asset with a carrying amount of \$12,247 as held for sale, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Management had committed to a plan to sell the asset, and the sale was considered highly probable within twelve months of classification.

Subsequent to year-end, the Company completed the sale of the asset on for proceeds of \$14,635.

**9. RIGHT-OF-USE ASSET**

Company's office is depreciated over a period of 41 months. The Company's office lease concluded at the end of October 2024, and they have opted not to renew it. Office space provided by Medz Cannabis Inc. was initially leased for 2 years and depreciated over 24 months. It was extended in February 2023 (14-month depreciation), again at the end of March 2024 (12-month depreciation), and renewed for 2 years starting April 1, 2025, with a one-year extension option. This extension option was not included in the lease term for the purposes of measuring the lease liability and right-of-use asset, as management has determined that it is not reasonably certain that the option will be exercised.

	Office lease	Med facility	Total
January 1, 2024	24,874	11,150	36,024
Additions	-	45,462	45,462
Depreciation	(24,874)	(45,246)	(70,120)
<b>December 31, 2024</b>	<b>-</b>	<b>11,365</b>	<b>11,365</b>
Additions	-	86,828	86,828
Depreciation	-	(43,926)	(43,926)
<b>December 31, 2025</b>	<b>-</b>	<b>54,268</b>	<b>54,268</b>

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**10. 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.

**11. COMMITMENTS**

The Pursuant to the Company's agreement with Medz, the Company is required to pay a base annual fee of \$120,000, payable in equal monthly installments on the first day of each month. The base annual fee is reduced to \$100,000 in any annual period in which the Company's gross sales exceed \$2,000,000. In addition, the Company is required to pay Medz a variable fee based on gross sales of all Company products produced at the Medz facility, calculated as 5.0% of gross sales up to \$2,000,000 and 3.5% of gross sales in excess of \$2,000,000 during each annual period.

The Company is also subject to royalty obligations on the sale of micellized products, as described in Note 7.

**12. INTANGIBLES**

The net intangible assets of \$1,000,000 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.

	<b>Intangibles</b>
<b>Cost</b>	
As at December 31, 2023	1,000,000
<b>As at December 31, 2024</b>	<b>1,000,000</b>
As at January 1, 2025	1,000,000
<b>As at December 31, 2025</b>	<b>1,000,000</b>
<b>Accumulated Amortization</b>	
As at December 31, 2023	197,802
Amortization for period	131,868
<b>As at December 31, 2024</b>	<b>329,670</b>
As at January 1, 2025	329,670
Amortization for period	131,868
<b>As at December 31, 2025</b>	<b>461,538</b>
<b>Net Book Value</b>	
As at December 31, 2023	802,198
<b>As at December 31, 2024</b>	<b>670,330</b>
<b>As at December 31, 2025</b>	<b>538,462</b>

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**13. LOAN PAYABLE**

Loan payable as at December 31, 2025, consist of the following:

<b>Demand loans</b>	
Demand loan to three creditors. Non-interest bearing, unsecured, and no fixed terms of repayment.	112,500
<b>December 31, 2024</b>	<b>\$ 112,500</b>
Demand loan to three creditors. Non-interest bearing, unsecured, and no fixed terms of repayment.	-
<b>December 31, 2025</b>	<b>\$ -</b>
<b>Long-term debt</b>	
Term loan to one creditor bearing interest at 12% per annum, maturity of January 31, 2027 and secured by various property plant and equipment. Including accrued interest.	\$ 279,804
Current portion - Principal	-
Current portion - interest	28,606
<b>December 31, 2024</b>	<b>\$ 251,198</b>
Term loan to one creditor bearing interest at 12% per annum, maturity of January 31, 2027 and secured by various property plant and equipment. Including accrued interest.	\$ -
Current portion - Principal	-
Current portion - interest	-
<b>December 31, 2025</b>	<b>\$ -</b>

**14. RELATED PARTY**

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

Remuneration of key management of the Company was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Consulting and management fees</b>	<b>\$ 313,726</b>	<b>\$ 388,898</b>
<b>Share-based compensation</b>	<b>130,083</b>	<b>336,838</b>
	<b>\$ 443,809</b>	<b>\$ 725,736</b>

Amounts owing to consulting and management included in accounts payable and accrued liabilities as of December 31, 2025 total to \$434,330 (December 31, 2024 - \$214,738).

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**15. LEASE LIABILITY**

Lease payable at December 31, 2025 of \$56,186 (December 31, 2024 - \$11,776) is comprised of the following leases:

**i. Office lease**

The Company signed a property lease for a term of commencing on June 1, 2021 and expired on October 31, 2024. Throughout the duration of the lease in 2024, the Company made total payments of \$30,471 of which \$1,089 consisted of interest calculated using a 10% rate.

**ii. Medz facility**

The Company entered into a property lease effective April 1, 2021, with a term running through March 31, 2025, including approved extensions, and subsequently renewed it for an additional two-year period from April 1, 2025 to March 31, 2027. During the year ended December 31, 2025 the Company made total payments of \$47,500 of which \$5,082 consisted of interest calculated using a 10% rate. The lease payable balance as of December 31, 2025 is \$56,186 (December 31, 2024 - \$11,776) of which \$44,417 (December 31, 2024 - \$11,776) is current. It is expected that the Company will make undiscounted payments of \$47,500 per year over the remainder of the lease.

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

	<b>Office lease</b>	<b>Med facility</b>	<b>Total</b>
January 1, 2024	29,383	11,801	41,184
Additions	-	45,462	45,462
Interest	1,089	2,013	3,102
Payments	(30,471)	(47,500)	(77,971)
<b>December 31, 2024</b>	<b>-</b>	<b>11,776</b>	<b>11,776</b>
Additions	-	86,828	86,828
Interest	-	5,082	5,082
Payments	-	(47,500)	(47,500)
<b>December 31, 2025</b>	<b>-</b>	<b>56,186</b>	<b>56,186</b>

**16. CAPITAL STOCK**

**(a) Common shares**

**Authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares, with no par value.

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**Issued and Outstanding**

	#	\$
Opening January 1, 2024	57,108,546	11,424,722
Debt settlement	34,121,051	3,229,135
Private placement	78,166,667	555,318
<b>Closing December 31, 2024</b>	<b>169,396,264</b>	<b>15,209,175</b>
Warrants exercised	10,316,700	760,197
Options exercised	900,000	96,967
Debt settlement	714,286	35,715
<b>Closing December 31, 2025</b>	<b>181,327,250</b>	<b>16,102,053</b>

- i. On February 16, 2024, the Company settled an aggregate of \$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.
- ii. 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.
- iii. On September 24, 2024, the Company completed a non-brokered private placement financing for gross proceeds of \$1,200,000 through the issuance of 40,000,000 units in the capital of the Company at a price of \$0.03 per unit. Each unit 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.
- iv. On November 29, 2024, the Company completed a non-brokered private placement offering of 18,000,000 units at a price of \$0.05 per unit, for gross proceeds of \$900,000. Each unit issued under the offering consists of one share and one half of one common share purchase warrant. Each full warrant is exercisable to acquire one share for a period of eighteen months following the closing of the offering, at an exercise price of \$0.07 per warrant share. Additionally, on the same day, the Company issued 11,820,000 common shares in settlement of \$591,000 in debt at a deemed price of \$0.05 per share.

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- v. On December 20, 2024, the Company announced that it has issued 10,000,000 common shares at a deemed price of \$0.20 per share to fulfill its obligations under a Share Exchange Agreement. Additionally, the Company issued 8,064,304 common shares at a deemed price of \$0.06 per share to settle \$510,470.44 in outstanding debt.
- vi. During the year ended December 31, 2025, the exercise of various warrants and options resulted in the issuance of 11,216,700 common shares. In addition, the Company issued 714,286 common shares at fair value before issuance of \$0.05 per share to settle \$50,000 of outstanding debt, resulting in a gain on settlement of debt as the fair value of the shares issued was less than the carrying value of the debt.

**(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.

	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Opening January 1, 2023	10,860,000	2,489,698	\$ 0.30
Granted	8,650,000	462,465	\$ 0.05
Cancelled	(5,605,000)	(1,284,699)	\$ 0.30
<b>Balance - December 31, 2024</b>	<b>13,905,000</b>	<b>1,667,464</b>	<b>\$ 0.15</b>
Opening January 1, 2025	13,905,000	1,667,464	\$ 0.15
Granted	3,300,000	161,385	\$ 0.06
Exercised	900,000	48,309	\$ 0.05
<b>Balance - December 31, 2025</b>	<b>16,305,000</b>	<b>1,780,540</b>	<b>\$ 0.13</b>

- 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.
- ii. 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.
- iii. 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.

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- iv. On September 24, 2024, the Company announced the issuance of 5,000,000 options with an estimated fair value of \$247,286, to certain directors, officers and contractors at an exercise price of \$0.05. The options vest immediately and expire five years from the date of issuance.
- v. During the 9 months ended September 30, 2024, the Company cancelled 180,000 options, with an estimated fair value of \$39,709.
- vi. On December 27, 2024, the Company granted 3,650,000 stock options with an estimated fair value of \$215,178, to various officers and consultants of the Company. Each option is exercisable at a price of \$0.06 for one common share, vests immediately, and expires 5 years from the date of grant.
- vii. During the quarter ended December 31, 2024 the Company cancelled 5,425,000 options, with an estimated fair value of \$1,244,990.
- viii. During the reporting period ended March 31, 2025, the Company granted 250,000 stock options with an estimated fair value of \$14,522, at an exercise price of \$0.065. The options vest immediately and expire five years from the date of issuance.
- ix. On June 12, 2025, the Company granted 3,050,000 stock options with an estimated fair value of \$146,863 to various directors, officers, employees and consultants at an exercise price of \$0.06. The options vest immediately and expire five years from the date of grant.
- x. During the year ended December 31, 2025, 900,000 options were exercised with an estimated fair value of \$48,309 and a weighted average share price of \$0.06.

The following common share purchase options are outstanding as at December 31, 2025:

<b>Date of Grant</b>	<b>Number of Options Outstanding</b>	<b>Exercise Price</b>	<b>Weighted average remaining life (years)</b>	<b>Expiry Date</b>	<b>Number of Options exercisable</b>
March 3, 2021	5,025,000	0.30	0.17	March 4, 2026	5,025,000
May 28, 2021	160,000	0.34	0.41	May 28, 2026	160,000
October 14, 2021	70,000	0.25	0.79	October 14, 2026	70,000
September 24, 2024	4,500,000	0.05	3.73	September 24, 2029	4,500,000
December 27, 2024	3,250,000	0.06	3.99	December 27, 2029	3,250,000
January 24, 2025	250,000	0.065	4.07	January 24, 2030	250,000
June 12, 2025	3,050,000	0.06	4.45	June 12, 2030	3,050,000
	<b>16,305,000</b>	<b>0.13</b>	<b>2.78</b>		<b>16,305,000</b>

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

	<b>March 3</b>	<b>May 28</b>	<b>October 14</b>	<b>September 24</b>	<b>December 27</b>	<b>January 24</b>	<b>June 12</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>
Share price	\$0.30	\$0.34	\$0.26	\$0.05	\$0.06	\$0.06	\$0.05
Risk-free interest rate	0.70%	0.75%	1.07%	2.70%	3.05%	2.98%	2.89%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Annualized volatility	105%	101%	95%	226%	210%	191%	187%

Annualized volatility is calculated based on the standard deviation of the stock's daily logarithmic returns over the past five years, annualized to reflect year-over-year variability.

**(C) Warrants**

The following table summarizes warrants that have been issued, exercised, or have expired as at December 31, 2025:

	<b>Number of</b>	<b>Black-Scholes</b>	<b>Weighted</b>
	<b>Warrants</b>	<b>Value</b>	<b>Average</b>
	<b>Outstanding</b>		<b>Exercise Price</b>
Opening January 1, 2024	8,389,216	\$248,155	\$0.40
Warrants expired	(8,389,216)	(248,155)	0.40
Warrants granted	71,365,040	2,011,890	0.05
<b>Balance December 31, 2024</b>	<b>71,365,040</b>	<b>2,011,890</b>	<b>\$0.05</b>
Opening January 1, 2025	71,365,040	\$2,011,890	\$0.05
Warrants exercised	(10,316,700)	(248,751)	0.05
Warrants expired	(11,116,667)	(261,592)	0.05
<b>Balance December 31, 2025</b>	<b>49,931,673</b>	<b>1,501,547</b>	<b>\$0.05</b>

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

	<b>February 16</b>	<b>April 26</b>	<b>September 24</b>	<b>November 29</b>
	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
Share price	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.07
Risk-free interest rate	4.37%	4.43%	2.95%	3.18%
Time to maturity - years	2	1.5	1.5	1.5
Annualized volatility	195.09%	221.94%	225.74%	210.09%

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As at December 31, 2025, 49,931,673 warrants were outstanding. During the year ended, 10,316,700 warrants were exercised and 11,116,667 warrants expired. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date.

<b>Date of Grant</b>	<b>Number of Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Weighted average remaining life (years)</b>	<b>Fair Value</b>	<b>Expiry Date</b>
February 16, 2024	2,118,373	0.07	0.13	57,560	February 16, 2026
September 24, 2024	38,813,300	0.05	0.23	1,096,689	March 24, 2026
November 29, 2024	9,000,000	0.07	0.41	347,298	May 29, 2026
	<b>49,931,673</b>	<b>\$ 0.05</b>	<b>\$ 0.26</b>	<b>\$ 1,501,547</b>	

**17. 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% (2024 – 26.50%) to income before income taxes. The reasons for the differences and the related tax effects are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Tax at applicable rate of 26.5%	(163,733)	(704,191)
Permanent differences	42,767	122,553
Temporary differences	120,966	581,637
Income Tax Expense	-	-

**18. 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:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
UCC in excess of NBV	467,929	385,792
Leased assets	(1,918)	(411)

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Non-capital loss carry-forwards expire as noted in the table below. At December 31, 2025 the Company has un-utilized non-capital loss carry forwards of \$10,689,721 which will expire as follows:

2039	\$380,576
2040	\$1,514,281
2041	\$4,190,921
2042	\$2,033,831
2043	\$1,386,456
2044	\$918,141
2045	\$265,515
	<hr/>
	\$10,689,721

**19. 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 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, 2025 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.

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*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, 2025, the Company held cash in banks and cash in trust of \$1,365,587 (December 31, 2024 - \$1,291,407) to settle current liabilities of \$1,195,049 (December 31, 2024 - \$899,456).

*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 holding its cash in trust with Canadian chartered banks and in a float financial platform, which allows funds to be accessed on demand. Due to the nature of these financial assets, the Company has not disclosed a numerical maximum exposure to credit risk. The carrying amounts of cash and cash equivalents at the reporting date represent the maximum credit exposure.

**20. 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 period ended December 31, 2025. 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, 2025 totaled \$2,709,731 (December 31, 2024 - 2,570,389).

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.

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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.

**21. SUBSEQUENT EVENTS**

Subsequent to December 31, 2025, the Company issued an aggregate of 10,908,302 common shares pursuant to the exercise of warrants. This includes 100,000 warrants exercised at a price of \$0.07 per share, with an estimated fair value of \$3,859, and 10,808,302 warrants exercised at a price of \$0.05 per share, with an estimated fair value of \$305,394. The proceeds from these exercises will be recognized as share capital.

In addition, 5,025,000 stock options expired on March 4, 2026, with an estimated fair value of \$1,152,088. The Company also had 2,118,373 warrants expire on February 16, 2026, with an estimated fair value of \$57,560, and 28,004,997 warrants expire on March 24, 2026, with an estimated fair value of \$791,295.

**22. COMPARATIVE FIGURES**

Certain comparative figures for the year ended December 31, 2024 have been reclassified to conform with the presentation adopted for the year ended December 31, 2025. Specifically, \$6,890 previously included in "wages and salaries" within general and administrative expenses has been reclassified to "management and consulting fees" to align with the 2025 Statements of Loss and Comprehensive Loss presentation. Similarly, a loss of \$282 on the sale of an asset, which was previously presented together with "Reversal of impairment loss on loan receivable," has been separated to align with the presentation adopted for the 2025 Statements of Loss and Comprehensive Loss.

In the comparative 2024 Statement of Financial Position, the entire loans and advances receivable of \$588,109 was previously presented as a current asset. This has been corrected to reflect \$92,836 as the current portion and \$495,273 as the long-term portion, resulting in a decrease of \$495,273 in current assets and working capital, with a corresponding increase in long-term loans and advances receivable.

In the comparative 2024 Statement of Cash Flows, manufacturing expense of \$35,937 has been added back under "items not affecting cash from operations," with an offsetting adjustment in accounts payable and accrued liabilities under non-cash working capital items. This adjustment does not impact net cash used in operating activities, as the increase in payables offsets the added-back expense.

These reclassifications have no impact on previously reported total comprehensive income or total assets.