GALAPAGOS LIFE FUND

FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2025

INDEX

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Galapagos Life Fund

Quito, July 10, 2026

Opinion

We have audited the financial statements of Galapagos Life Fund Ecuador ("hereinafter 'the Fund "), which comprise the statement of financial position as of December 31, 2025, and the related statements of income and expenses, changes in equity fund and cash flows for the year then ended, and the related notes to the financial statements, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Galapagos Life Fund as of December 31, 2025, the performance of its operations and its cash flows for the year then ended, in accordance with IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board IASB.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section "Auditor's Responsibilities for the Audit of the Financial Statements".

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of Galapagos Life Fund in accordance with the independence requirements relevant to our audit of the financial statements of the Fund applicable in Ecuador and the ethical requirements of the Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the Standards Board International Ethics for Accountants (IESBA), and we have fulfilled our ethical and independence responsibilities in accordance with that code and those regulations.

Other information

Management is responsible for preparing the other information. The other information comprises the Annual Management Report, which does not include the financial statements or the audit report thereon.

Our opinion on the Fund's financial statements does not include such information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Annual Report and, in doing so, consider whether this information contains material inconsistencies in relation to the financial statements or to our knowledge obtained during the audit, or is otherwise materially misstated.

If, based on the work we have performed on this information obtained prior to the date of our audit report, we conclude that there are material inconsistencies in this information, we are required to report this fact We have nothing to report in this regard.

Responsibility of the Fund's Management for the financial statements

Management of Galapagos Life Fund is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with IFRS SME Accounting Standards issued by the International Accounting Standards Board IASB and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as appropriate, going concern matters and using the going concern basis of accounting, unless Management either intends to liquidate the company or to cease operations, or there is no more realistic alternative to avoid the closing its operations.

Those in charge of the Fund's Management are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibility in connection with the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Material misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably influence the economic decisions that users make based on the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment and maintain an attitude of professional skepticism throughout the audit. Also as part of our audit, we:

- Identify and assess the risks of material misstatement of the 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 due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, deliberate misstatements, intentional 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 Fund's internal control.

- Assess the appropriateness of the accounting policies applied and the reasonableness of accounting estimates, as well as the 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those responsible for the entity's Management regarding, among other matters, the scope and timing of the planned audit and significant audit findings, as well as any significant deficiencies in internal control that we identified during the course of the audit.

PRICEWATERHOUSE COOPERS

PriceWaterhouse Coopers del Ecuador Cia. Ltda.

Paul Omar De La Torre Mena
Time Stamping Security Data

Paúl Omar De La Torre M.
Partner
Professional License No.: 10942

GALAPAGOS LIFE FUND

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2025
(Expressed in U.S. dollars)

ASSETS	Note	2025	2024
Current assets			
Cash in banks available for project implementation and operations	7	10,342,526	8,050,020
Grants receivable	8	1,954,161	-
Tap Project	9	1,011,664	-
Other assets	10	23,244	68,117
Total current assets		13,331,595	8,118,137
Non-current assets			
Cash at banks available for investment (Endowment) (*)	7	210,910	185,916
Financial investments at fair value through profit or loss (Endowment) (*)	11	29,740,332	18,543,136
Fixed assets		19,018	14,754
Total non-current assets		29,970,260	18,743,806
Total assets		43,301,855	26,861,943

(*) Restricted investments. See note 11.

The accompanying notes are an integral part of the financial statements.

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
MONICA PATRICIA CALVOPIÑA OÑA

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
FRANCISCO PEDRO CARRILLO ROJAS

Monica Calvopina
Executive Director

Francisco Carrillo
Accountant

GALAPAGOS LIFE FUND

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2025
(Expressed in U.S. dollars)

LIABILITIES AND EQUITY	Note	2025	2024
Current liabilities			
Accounts payable to suppliers	12	1,289	298,209
Deferred income	13	12,661,286	7,621,414
Employee benefit liabilities		41,493	10,533
Other liabilities		11,088	19,210
Total current liabilities		12,715,156	7,949,366
Non-current liabilities			
Deferred income	13	25,439,364	17,547,750
Total non-current liabilities		25,439,364	17,547,750
Total liabilities		38,154,520	25,497,116
Equity Fund			
Retained earnings		1,364,827	50,873
Surplus	14	3,782,508	1,313,954
Total equity		5,147,335	1,364,827
Total liabilities and equity		43,301,855	26,861,943

The accompanying notes are an integral part of the financial statements.

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
MONICA PATRICIA CALVOPINA ONA

Monica Calvopina
Executive Director

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
FRANCISCO PEDRO CARRILLO ROJAS

Francisco Carrillo
Accountant

GALAPAGOS LIFE FUND

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2025
Expressed in U.S. dollars)

	Note	2025	2024
Donation Income	16	4,604,924	969,384
Administrative Expenses	17	(949,098)	(969,362)
Grant Expenses	18	(3,580,318)	-
Other financial income, net	19	3,707,000	1,313,932
Net surplus for the year		3,782,508	1,313,954

The accompanying notes are an integral part of the financial statements.

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
MONICA PATRICIA CALVOPIÑA OÑA

Monica Calvopina
Executive Director

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
FRANCISCO PEDRO CARRILLO ROJAS

Francisco Carrillo
Accountant

GALAPAGOS LIFE FUND

STATEMENT OF CHANGES IN THE EQUITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in U.S. dollars)

	Net surplus for the year	Total
Balance as of 1 January 2024	50,873	50,873
Net surplus for the year	1,313,954	1,313,954
Balance as of 31 December 2024	1,364,827	1,364,827
Net surplus for the year	3,782,508	3,782,508
Balance as of 31 December 2025	5,147,335	5,147,335

The accompanying notes are an integral part of the financial statements.

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
MONICA PATRICIA CALVOPIÑA OÑA

Monica Calvopina
Executive Director

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
FRANCISCO PEDRO CARRILLO ROJAS

Francisco Carrillo
Accountant

GALAPAGOS LIFE FUND

CASH FLOW STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2025
(Expressed in U.S. dollars)

	Note	2025	2024
Operating Activities			
Surplus for the year		3,782,509	1,313,954
Non-cash movements			
Depreciation of computer equipment	17	6,803	2,413
Changes in assets and liabilities			
Advances from suppliers		-	9,738
Grants		(1,954,161)	-
Tap Project		(1,011,664)	-
Deferred income		12,931,486	16,576,116
Trade accounts payable		(296,920)	211,547
Other accounts receivable/payable, net		41,751	(3,538)
Employee benefits		25,960	10,533
Cash provided by operating activities		13,525,764	18,120,763
Investing Activities:			
Acquisitions of fixed assets		(11,068)	(16,078)
Financial investments at fair value through profit or loss, net (*)		(11,197,196)	(11,923,732)
Cash provided by investing activities		(11,208,264)	(11,939,810)
Cash:		2,317,500	6,180,953
Cash at beginning of year:		8,235,936	2,054,983
Cash at end of year:		10,553,436	8,235,936

(*) Restricted cash, see note 11.

The accompanying notes are an integral part of the financial statements.

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
MONICA PATRICIA CALVOPIÑA OÑA

Validar únicamente en FirmaEC.
Firmado electrónicamente por:
FRANCISCO PEDRO CARRILLO ROJAS

Monica Calvopina
Executive Director

Francisco Carrillo
Accountant

1. GENERAL INFORMATION

1.1 Incorporation and operations

The Government of Ecuador formally declared the creation of the Hermandad Marine Reserve in January 2023 through Presidential Decree 319. The new reserve included the expansion of 60,000 km2 of marine protection to the waters surrounding the Galapagos Islands, creating the first open water marine reserve in the country. The Hermandad Marine Reserve was formally established in March 2023 through Ministerial Agreement 2023-019 to integrate it as a new protected area under ECUADORIAN regulations; an important area at the local, national and regional level due to its strategic location and connectivity.

In establishing the Hermandad Marine Reserve, the importance of having a financial mechanism in place to ensure the implementation and effective Management of this new marine reserve and the existing Galapagos Marine Reserve was identified. After working with strategic partners and government institutions, the Government of Ecuador, with the support of the U.S. Development Finance Corporation (DFC), the Inter-American Development Bank (IDB), Credit Suisse, Oceans Finance Company B.V. (OFC), the Pew Bertarelli Ocean Legacy and Aqua Blue Investments, the Ecuadorian Government closed the largest debt convertibility agreement of its kind in history.

Prior to the debt swap, the Ecuadorian government owed US$2,725 million in principal and interest payments to bondholders, with a face value of US$1,629 million in principal. GPS Blue acquired these bonds for US$656 million through a one-week repurchase offer, financed through the issue of US$656 million in private bonds called " Galapagos Marine Conservation Bonds".

Subsequently, GPS Blue exchanged the US$1.629 million in bonds purchased with the Ecuadorian government in exchange for a new US$656 million loan and the conversion of an additional US$323 million into a funding commitment (which is the source of the funds provided to Galapagos Life Fund through the Conservation Funding Agreement).

In this exchange, GPS Blue forgave US$624 million of principal on the purchased bonds, which generated an additional US$502 million in interest savings, resulting in a total of US$1,126 million in debt relief for the Government of Ecuador.

GPS Blue Financing Company (GPS Blue) signed a Conservation Funding Agreement with Galapagos Life Fund to provide US$323 million for the conservation of the Galapagos Marine Reserve over a period of 18.5 years.

The Galapagos Life Fund was established on July 30, 2023 as a non-profit, non-equity organization in Delaware (USA) and is registered to operate in Ecuador as a non-profit entity by Executive Decree No. 735 of May 9, 2023.

(Expressed in U.S. dollars)

For the donation of US$323 million committed by GPS Blue Financing Company (GPS Blue), the entity signed a Conservation Funding Agreement with Oceans Finance Company B.V. and the Galapagos Life Fund, from which an average of US$17.45 million per year will be allocated for 18.5 years, of which Galapagos Life Fund will allocate US$12 million to projects aimed at the conservation of the reserve and US$6 million will be restricted to the Investment Fund (managed by Bank of New York Mellon) which may only be used at the end of the agreement, i.e. from year 19 onwards.

In the first years, the programming of the funds to be delivered to the Fund is less than initially established in the Funding Agreement and most of them are destined for the constitution of the restricted fund, due to the fact that the Fund, being a new entity and being in a period of structuring the technical team necessary for the execution of projects, it is estimated that the projects executed will be limited during its first years. Therefore, Annexes A and B of the same agreement establish the following payment schedule:

Año	GLF Account	Endowment	Total committed	Total received (1)	To be received
2023	2,193,750	6,581,250	8,775,000	8,775,000	-
2024	6,579,000	10,966,500	17,545,500	17,545,500	-
2025	9,644,796	7,891,614	17,536,410	17,536,410	-
2026	10,954,344	6,572,794	17,527,138	-	17,527,138
2027	11,386,493	6,131,188	17,517,681	-	17,517,681
2028	11,817,802	5,690,233	17,508,035	-	17,508,035
2029	12,248,737	5,249,459	17,498,196	-	17,498,196
2030	12,678,789	4,809,370	17,488,159	-	17,488,159
2031	13,108,442	4,369,481	17,477,923	-	17,477,923
2032	13,100,611	4,366,870	17,467,481	-	17,467,481
2033	13,092,623	4,364,208	17,456,831	-	17,456,831
2034	13,084,475	4,361,492	17,445,967	-	17,445,967
2035	13,076,165	4,358,722	17,434,887	-	17,434,887
2036	13,067,688	4,355,896	17,423,584	-	17,423,584
2037	13,059,042	4,353,014	17,412,056	-	17,412,056
2038	13,050,222	4,350,074	17,400,296	-	17,400,296
2039	13,041,227	4,347,076	17,388,303	-	17,388,303
2040	13,900,855	3,475,214	17,376,069	-	17,376,069
2041	13,890,872	3,472,717	17,363,589	-	17,363,589
	222,975,933	100,067,172	323,043,105	43,856,910	279,186,195

(1) Comprised of the following items: i) income recognized in the year 2023 for US$181,952, ii) income recognized in the year 2024 for US$969,384, iii) income recognized in the year 2025 for US$4,604,924 ix)

balance of deferred income as of December 31, 2025 both in the short and long term for US$38,100,650.

Galapagos Life Fund receives these funds from GPS Blue through a Conservation Funding Agreement. It should be noted that there are not two separate entities, but a single entity that was incorporated in Delaware and is registered to operate in Ecuador.
During the first year of operation of the Fund in Ecuador, these funds remain in a bank account from Galapagos Life Fund (Delaware), see notes 6 and 7.

Additionally, during the 2025 fiscal year, the Fund disbursed its first cycle of grants. This included the execution of the Government Grant Agreement with public institutions, specifically the Ecuadorian Navy, the Undersecretariat of Ports and Maritime and River Transport, and the Galapagos National Park Directorate. These grants are primarily aimed at strengthening control, surveillance, and capacity building within the Hermandad Marine Reserve and the Galapagos Marine Reserve.

Furthermore, the Fund approved community-based grants for private stakeholders (community actors, individuals, and non-governmental organizations (NGOs), categorized into small, medium, and large-scale projects. These initiatives are directed toward education and sustainable fishing.

1.2 Approval of financial statements

These financial statements have been approved by the Executive Director on June 24, 2026 and will be submitted to the Board of Directors for final approval.

1.3 Economic situation of the country

By 2025, the Ecuadorian economy is showing moderate signs of recovery, driven by greater political stability, improved household consumption, dynamic non-oil exports, and an increase in remittances. However, the government still faces significant challenges, particularly related to insecurity, unemployment, and the fiscal deficit.

In this context, the government has implemented several measures aimed at strengthening public finances, including the elimination of diesel subsidies, adjustments to electricity rates for industrial users, and the creation of new taxes such as the mining oversight levy and the advance payment of income tax on undistributed profits.

The aforementioned does not affect the Fund operations since it has a clearly established objective that does not depend to a great extent on the economic situation of the country.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are described below.

These policies have been designed in accordance with the IFRS for SMEs Accounting Standards in effect as of December 31, 2025, and applied consistently to all years presented in these financial statements.

2.1 Measurement Basis

The financial statements of the Fund have been prepared in accordance with IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board (IASB), effective as of December 31, 2025, which have been adopted in Ecuador and represent the full, explicit and unreserved adoption of the aforementioned international standards.

The financial statements have been prepared under the historical cost basis, except for financial investments.

The preparation of financial statements in accordance with IFRS for SMEs Accounting Standards requires the use of accounting estimates. It also requires Management to exercise judgment in the process of applying the Fund's accounting policies. Note 4 discloses areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are material to the preparation of the financial statements. Due to the subjectivity inherent in this accounting process, actual results may differ from amounts estimated by Management.

2.2 Comprehensive Revision of IFRS Accounting Standards for Small and Medium-sized Entities

The International Accounting Standards Board (IASB) carried out a comprehensive review of the IFRS for SMES Accounting Standards for, published in February 2025, and modified and revised sections of those standards. The Fund shall apply the amended and revised sections to annual periods beginning on or after January 1, 2027. Early application is allowed:

IFRS for SMEs Section	Changes made	Effective Date
Section 2: General Concepts and Principles	Section amended to align with the 2018 Conceptual Framework for Financial Reporting.	Annual periods beginning on or after January 1, 2027
Section 9: Consolidated and Separate Financial Statements	Section amended to align with IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities. The changes include a modification to the definition of control and new requirements related to the loss of control of a subsidiary.	
Section 11: Financial Instruments	Sections 11 Core Financial Instruments and 12 Other Financial Instruments were consolidated into a single new section, Section 11 Financial Instruments, and changes have been made to reflect the requirements of IFRS 9 (with appropriate simplifications and some exceptions). The amendments include:i) Removing the option to apply the recognition and measurement requirements of IAS 39 Financial Instruments: Recognition and Measurement; and	
	(ii) Introduction of a complementary principle for classifying debt instruments according to their contractual cash flow characteristics. (iii) addition of requirements to disclose information on financing agreements with vendors; iv; addition of a requirement to disclose a reconciliation of changes in liabilities arising from financing activities;	
Section 12: Fair Value Measurement	Added a new section on fair value measurement and disclosure of fair value measurements based on IFRS 13 Fair Value Measurement.	
Section 19: Business Combinations and Goodwill	Section amended to reflect the new requirements of IFRS 3 Business Combinations, including amendments:i) to the definition of business;	
	(ii) requiring the application of the acquisition rather than the method of purchase;	
	(iii) require initial and subsequent recognition of contingent consideration at fair value; and	
	iv) Add requirements for a business combination achieved in stages. (v) addition of requirements on the effects of vesting and non-vesting terms on the measurement of cash-settled share-based payments;	
Section 21: Provisions and Contingencies	Alignment of requirements on the timing of recognition of termination benefits with requirements on the recognition of restructuring costs.	
Section 23: Income	Section amended and revised to align with IFRS 15 Revenue from Client Contracts. It introduces a new revenue recognition model, which is a simplified version of the five-step model of IFRS 15. Transition relief allows companies to apply their current revenue recognition policy to contracts that are already in progress.	
Section 28: Employee Benefits	Section amended to require more detailed reconciliation of the beginning and ending balances of a defined benefit obligation, plan assets, and any recognized reimbursement rights and additional releases.	
Section 30: Foreign Currency Translation	Adding requirements to apply consistent approaches to assessing whether a currency is convertible to another currency, and to determine the exchange rate to be used and the information to be provided	

2.3 Transactions in foreign currencies

a) Functional and presentation currency

Items in the Fund financial statements are expressed in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are expressed in U.S. dollars, which is the functional and presentation currency of the Fund. Unless otherwise indicated, the figures included in the accompanying financial statements are expressed in U.S. dollars.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses on foreign currency differences resulting from the settlement of these transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and expense. However, they are not material.

2.4 Financial assets and liabilities

a) Financial Assets:

Financial assets are classified into the following categories: “Cash in banks available for investment (Endowment),” Cash in banks available for project implementation and operations, and “Financial investments at fair value through profit or loss (Endowment).”

The classification depends on the nature and purpose of the financial assets and is determined at initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized at the transaction date. Regular purchases or sales are all purchases or sales of financial assets that require the delivery of assets within the time frame established by regulation or agreement in the market.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and of allocating financial revenue over the relevant period. The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable (including commission, basis points of interest paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate) over the expected life of the financial instrument or, where appropriate, a shorter period, with the net carrying amount at initial recognition.

Income is recognized based on the effective interest rate.

Cash and banks (Operations and projects) See Note 7

<u>Financial investments at fair value through profit or loss (Endowment)</u>

Financial investments at fair value through profit or loss correspond to endowment funds received in accordance with the payment schedules established in the Conservation Funding Agreement. These are financial instruments acquired with the objective of selling them or repurchasing them in the near future and, from the moment of initial recognition, have been designated as such to reduce or eliminate possible accounting asymmetries.

b) Financial liabilities:

Financial liabilities are classified as current liabilities unless the Fund has an unconditional write-off right to defer payment of the obligation for at least 12 months after the statement of financial position date, the Fund maintains liabilities within the category of other financial liabilities and corresponds mainly to:

<u>Accounts payable to suppliers</u>

These are payment obligations acquired for goods or services purchased from local and foreign suppliers in the normal course of business. They are recognized at their nominal value, which is equivalent to their amortized cost, since they do not accrue interest and are payable within 30 days.

<u>Derecognition of financial assets and liabilities</u>

A financial asset is eliminated when the rights to receive cash flows from the asset expire or if the Fund transfers the asset to a third party without substantially all the risks and rewards of the asset. A liability is eliminated when the Fund's obligations specified in the contract have been settled.

2.5 Impairment of financial assets

The Fund assesses at the end of each reporting period whether there is objective evidence of impairment of a financial asset or group of financial assets. The Fund establishes a provision for impairment losses on its accounts receivable when there is objective evidence that it will not be able to collect all amounts due according to the original terms of the receivables. The existence of significant financial difficulties on the part of the debtor, the likelihood that the debtor will enter bankruptcy or financial reorganization, and the failure or delinquency of payments are considered indicators that the accounts receivable are impaired.

2.6 Clearing of financial instruments

Financial assets and liabilities are offset and presented at the corresponding net value in the statement of financial position if:

- There is currently a legally enforceable write-off right to offset recognized securities under a written agreement between the parties.
- The intention is to settle them at net value or to realize the assets and settle the liabilities simultaneously.

2.7 Other assets

Correspond mainly to payments made in advance for goods and services to be received at a later date. The Fund transfers these amounts to income upon receipt of the goods or services.

2.8 Grants and Tap projects

The entity recognizes grants and project-related disbursements in accordance with the terms established in contracts entered into with third parties.

Amounts disbursed to co-executors are initially recorded as assets under the line item “other assets,” as they represent advances subject to execution and subsequent justification.

Such amounts are recognized in profit or loss as project costs, in accordance with the accrual principle.

2.9 Computer equipment

Computer equipment is recorded at cost, less Accrued Depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition or construction of the asset.

Depreciation of computer equipment is calculated on a straight-line basis based on the estimated useful lives of the equipment, or of those significant identifiable components that have different useful lives. The estimated useful lives and residual values of fixed assets are reviewed, and adjusted, if necessary, at each balance sheet date. Depreciation of assets is charged to income for the year.

The estimated useful life of the computer equipment is 3 years.

2.10 Taxes

Due to the nature of its operations, the Fund is subject to the following taxes:

Value Added Tax (VAT): This tax is levied on the value of the transfer of the services of advertising.

Tax on the Exit of Foreign Currency (ISD): This tax is levied on the transfer, remittance or transfer of foreign currency abroad. The current ISD rate is 5%.

These taxes are accounted for on an accrual basis.

Since the Fund is a non-profit organization under private law, its income, in accordance with the Internal Tax Regime Law, is exempt from income tax, provided that its assets and income are used for its specific purposes and only to the extent that it is directly invested in them.

In addition, any surplus must be invested in its specific purposes until the end of the following fiscal year, therefore, the Fund does not have the obligation to generate income tax payable and deferred income tax.

As a non-profit entity, the Fund is exempt from paying income tax, in accordance with current legal provisions. However, it must comply with its obligation as a withholding agent of such tax in the case of employees under a dependency relationship and the application of purchase settlements for the nationalization of an expense incurred abroad.

2.11 Deferred income

Corresponds to the recognition of funds established in the Conservation Funding Agreement as follows:

Project Management: Corresponds to disbursements associated with day-to-day accounts, including operating costs and expenses. In addition to funds allocated to finance marine conservation projects in the Galapagos Islands.

Allocation: Corresponds to the disbursements destined to finance the activities of the fund after the conclusion of the Conservation Funding Agreement, which has a term of 18.5 years (See note 1). This endowment must be managed by an independent, internationally established and recognized investment manager.

In addition, this endowment has a restriction of use with respect to past, present or future disbursements that will be held in escrow by a securities intermediary (New York Mellon Bank) until such time as the Conditions set forth in the Conservation Funding Agreement have been satisfied.

2.12 Equity Fund

It is comprised of the retained surplus (deficit) retained for each year and comes from the amount of contributions minus the expenses accrued. When a deficit is generated, the Fund compensates it with the retained surplus from previous years and/or requests a budget addition if necessary.

2.13 Reinvestment of surplus

In accordance with the provisions of Article 3, Chapter I, Title II of the Legal Status Regulations for Social Organizations, the surpluses (surplus) generated at the end of each fiscal year must be reinvested in the achievement of the social objectives, the development of the organization or as a reserve to be used until the end of the following fiscal year.

In addition, in accordance with Article 9, paragraph 5 of the Internal Tax Regime Law LRTI, in order to maintain its income tax exemption, the Fund must demonstrate annually that it carried out such reinvestment (See Note 13).

2.14 Revenue recognition

The Fund maintains income from disbursements established in the Funding Agreement which are earmarked for operating costs and expenses, in addition to marine conservation projects in the Galapagos Islands. They are recorded as deferred income and are recognized as income for the year as they are used in the execution of the various projects or to assume operating costs and expenses.

2.15 Expenses

Expenses are recognized on an accrual basis or when incurred. An expense is recognized immediately when the expenditure incurred does not produce future economic benefits.

3 CHANGES IN ACCOUNTING POLICIES

The amendments to the IFRS for SMEs will become effective for annual periods beginning on or after January 1, 2027. The Company has assessed these amendments and concluded that they will not have a significant impact on its financial statements.

However, in accordance with IFRS 18, the structure of the Company’s statement of profit or loss will change. The statement will be required to present income and expenses classified into operating, investing, and financing categories, including the presentation of relevant subtotals. This change aims to enhance the clarity and comparability of the Company’s financial performance.

4 ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

Critical estimates and judgments are evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Fund and are believed to be reasonable under the circumstances.

The areas involving accounting estimates or critical judgments are:

- impairment of financial and non-financial assets
- useful life of computer equipment
- fair value of financial investments

The preparation of financial statements requires Management to make estimates and use assumptions that affect the amounts included in these financial statements and related notes. The accounting estimates and critical judgments used by the Fund are based on historical experience, changes in the industry and information provided by qualified outside sources. However, actual results could differ from those estimates under certain conditions.

Material accounting estimates and policies are defined as those that are important to properly reflect the financial position and results of the Fund and/or those that require a high degree of Management judgment.

The main estimation and application of professional judgment are related to the following concept:

- Computer equipment: Determination of useful lives, residual value and impairment are assessed at the close of each year.

- Estimated fair value of financial investments: The Fund measures its investments under Level 1 “Market prices of financial assets” as established by IFRS 13 “Fair value measurement”.

5 RISK MANAGEMENT

5.1 Financial risk factors

Due to the nature of its activities, the Fund is not exposed to credit, interest rate, liquidity and exchange rate risks, as it is a non-profit entity created with a social purpose, it receives its contributions from GPS Blue through the issue of Galapagos Marine Conservation Bonds. The risk Management process is critical to fulfill the social purpose for which the Fund was created and each person within the Fund is responsible for the risk exposures related to their responsibilities.

Risk Management is controlled by the Board of Directors following established policies and procedures in order to minimize any significant impact. The financial risks to which the Fund is exposed are presented below.

a) *Market risk*

The Fund is not exposed to this risk since the funds for the operation are guaranteed by the Funding Agreement; additionally, such funds are safeguarded in a Trust Fund that accrues variable interest.

The credit ratings of the financial institution in which Galapagos Life Fund (Delaware) holds the mutual fund are as follows:

	Rating 2025	Rating 2024
Foreign Banks (*)		
Bank of New York Mellon	AA-	AA-

(*) Data obtained from the Fitch Rating website.

b) *Interest rate risk*

Interest rate risk is the risk of fluctuation in the fair value of future cash flows of a financial instrument due to changes in market interest rates. The Fund has no major exposure to the risk of changes in market interest rates because it has no financial obligations, the method of financing is through grants established under a Funding Agreement, see note 1.

c) *Credit risk*

The Fund, due to the social purpose for which it was created, does not maintain accounts receivable from clients; on the other hand, the Fund executes social and environmental care projects in various projects, the funds that these require to execute the activities approved as part of the subscription of the cooperation agreements, these funds are subject to verification and review by the Board of Directors of the Fund in order to verify the correct use of the same.

As of 31 December 2025, there are no concentrations of credit risk.

(Expressed in U.S. dollars)

d) Liquidity risks

Liquidity risk is the risk that the Fund will not be able to meet its payment obligations related to financial liabilities when due and replace the funds when they are withdrawn. The consequence would be a default in the payment of its obligations to third parties.

5.2 Capital Risk Management

The Fund objectives in managing capital are to safeguard its ability to continue as a going concern for the purpose of generating surplus and to maintain an optimal capital structure to reduce the cost of capital.

The Fund monitors its capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including accounts payable to suppliers and other payables) less cash. Total capital is calculated as equity plus net debt.

As of 31 December 2025, the leverage ratios were as follows:

	2025	2024
Accounts payable to suppliers	1,289	298,209
Less:	(10,553,436)	(8,235,936)
Net debt	(10,552,147)	(7,937,727)
Total net equity	5,147,335	1,364,827
Total capital	(5,404,812)	(6,572,900)
Leverage ratio	**0%**	**0%**

Due to the endowment maintained by the Fund (see note 1), it has no leverage.

(Expressed in U.S. dollars)

6 FINANCIAL INSTRUMENTS

Categories of financial instruments

The book values of each category of financial instruments at year-end are presented below:

	2025		2024	
	Current	Non Current	Current	Non Current
Financial assets measured at amortized cost				
Cash at banks available for investment (Endowment)	-	210,910	-	185,916
Cash in banks available for project implementation and operations	10,342,526	-	8,050,020	-
Financial assets at fair value through profit or loss (VR- Results)				
Financial investments at fair value through profit or loss	-	29,740,332	-	18,543,136
Total financial assets	10,342,526	29,951,242	8,050,020	18,729,052
Financial liabilities measured at amortized cost				
Accounts payable to suppliers	1,289	-	298,209	-
Total financial liabilities	1,289	-	298,209	-

Fair value of financial instruments

Given the characteristics of financial instruments, their book value corresponds to or approximates their fair value due to their short-term nature. Financial investments are valued at market value.

7 CASH IN BANKS

	2025	2024
Cash in banks available for investment (Endowment)(1)	210,910	185,916
Cash in banks available for project implementation and operations(2)	10,342,026	8,049,520
Petty cash	500	500
	10,553,436	8,235,936

(1) Held at Bank of New York Mellon in the Endowment account, the use of which is limited to reinvestments in the Endowment (see Note 11).

(Expressed in U.S. dollars)

(2) Corresponds to donations released and placed in GLF's account at the Bank of New York Mellon in New York delivered in accordance with the payment schedule established in the Conservation Funding Agreement for project management and operation (See Notes 1 and 11).

The classification is as follows:

	2025	2024
Short term	10,342,526	8,050,020
Long term (1)	210,910	185,916
	10,553,436	8,235,936

(1) Corresponds to long-term financial investments held under the Endowment Account, which are legally restricted and managed in strict accordance with the Investment Policy established in Schedule 5 of the Conservation Funding Agreement dated May 9, 2023. These funds are explicitly designated for long-term sustainability and capital growth to support the Galapagos marine conservation project management and operations.

The Fund maintains its cash in financial institutions in the following categories:

	Rating	
Financial Entities (a)	2025	2024
Local Banks		
Banco del Pacífico S.A.	AAA / AAA-	AAA / AAA-
Foreign banks (b)		
Bank of New York Mellon	AA-	AA-

(a) Data obtained from the Superintendency of Banks website as of September 31, 2025 and December 31, 2024, respectively.

(b) Data obtained from Fitch Rating's web page.

(Expressed in U.S. dollars)

8 GRANTS RECEIVABLE

As of December 31, 2025, grants were composed as follows:

	2025	2024
Government Grants(1)	1,569,448	-
Private Grants(2)	384,713	-
Small	77,468	-
Medium	190,173	-
Large	117,072	-
	1,954,161	-

(1) Corresponds to projects for which the beneficiaries are public sector state institutions.

(2) Corresponds to private stakeholders in Galapagos, (NGOs, individuals, and private companies, among others). The primary beneficiaries are the productive sectors and the local community of Galapagos.

9 TAP PROJECT

As of December 31, 2025, the TAP projects were composed as follows:

	2025	2024
VMS (Satellite Equipment) (1)	852,000	-
Corseolution (2)	108,259	-
Teldiscorp (Dirnea Support) (2)	51,405	-
	1,011,664	-

(1) Corresponds to a project with a private institution that provides satellite devices for the implementation of the Transient Assistance Plan (TAP Project). This plan is designed for fishing groups restricted from operating within the Hermandad Marine Reserve. The project includes the provision of 2,000 devices for a fleet consisting of 1,800 artisanal vessels (*fibras*) and 200 longliner mother ships (*nodrizas*).

(2) Corresponds to the state institution Directorate of Aquatic Spaces (DIRNEA, for its acronym in Spanish) as the beneficiary within the TAP Project. These funds are destined to increase their technological capacity to manage the data and surveillance control generated by the new satellite devices

(Expressed in U.S. dollars)

10 OTHER ASSETS

As of 31 December 2025 the other assets consisted of the following:

	2025	2024
Prepaid expenses (1)	1,653	27,809
Advances to suppliers (2)	8,500	20,495
Insurance paid in advance	3,599	8,671
Unidentified payments	-	5,822
Banco Pacífico Investment (3)	5,000	-
Interest receivable (3)	293	-
Guarantees receivable	4,200	3,700
Advances to personnel	-	1,620
	23,244	68,117

(1) Corresponds mainly to banking services provided by The Bank of New York Mellon amounting to US$1,653, and, for 2024, to banking services provided by The Bank of New York Mellon amounting to US$25,277, as well as representation services provided by CT Corporation for US$2,531.

(2) Corresponds mainly professional fees for the director for US$8,500, and, for 2024, to banking services of the Bank of New York Mellon for US$18,079.

(3) Corresponds to a fixed-rate Time Deposit Certificate (Certificado de Depósito a Plazo) held at Banco del Pacífico S.A. amounting to US$5,000 (with an associated interest receivable of US$293). This investment is formally pledged as a collateral guarantee required by the financial institution to back the corporate credit card facility issued to Galapagos Life Fund. According to Certificate No. 262642040, which was the active instrument as of December 31, 2025, it is structured under a 365-day term with a fixed nominal and effective annual interest rate of 6.55%, running from February 12, 2025, to its maturity on February 12, 2026, with a principal nominal value of US$5,000.00 and a projected yield of US$332.05. Due to its restriction as a credit line guarantee, this asset cannot be liquidated for general operations and features an automatic year-over-year roll-over mechanism for identical 365-day terms, which remains active as long as the Entity maintains the corporate credit card program.

11 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - ENDOWMENT

As of 31 December 2025 the financial investments at fair value consisted of the following:

	2025	2024
Investment Portfolio (1)	29,740,332	18,543,136

(1) Endowment refers to donations released and placed in the Endowment account at Bank of New York Mellon in New York, delivered in accordance with the payment schedule established in the Conservation Funding Agreement for the management of projects in the Galapagos Islands beginning in 2019, once the Investment Agreement has expired. These donations are invested in a diversified portfolio managed by Bank of New York Mellon in accordance with the agreement signed on February 8, 2024, with the objective of achieving an aggregate return from capital appreciation and income from capital and interest. See notes 1.

The investments presented correspond to Exchange Traded Funds (ETFs) listed and actively traded on U.S. securities exchanges. The fair value is determined using quoted market prices available in active markets at the reporting date (Level 1 inputs under the fair value hierarchy). These market prices are established through trading activity between market participants and are published by the respective stock exchanges and market data providers. Accordingly, the fair value of each ETF is based on its closing market price as of the valuation date.

Our investment advisors and brokerage representatives at the bank use these observable market quotations and valuation information provided by recognized market sources to determine and report the fair value of the investments held in the portfolio.

GALAPAGOS LIFE FUND

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in U.S. dollars)

The detail of investments is as follows:

2025

Type	Name	Price	Value
Investment Portfolio	iShares ESG MSCI KLD 400 ETF	130	10,399,158
Investment Portfolio	iShares ESG Aware US Aggregate Bond	48	6,769,292
Investment Portfolio	NuShares ESG Nuveen Small-Cap ETF	46	1,140,441
Investment Portfolio	Schwab U.S. TIPS ETF	27	1,748,631
Investment Portfolio	Vanguard FTSE International Stock ETF	70	3,345,570
Investment Portfolio	Vanguard Emerging Markets Govt Bond ETF	68	1,942,456
Investment Portfolio	Vanguard Real Estate ETF	89	1,786,348
Investment Portfolio	Ishares Esg Advanced High Yield Corp	48	549,011
Investment Portfolio	Ishares, Inc. Ishares Esg Aware	45	2,059,426
			29,740,332

2024

Type	Name	Price	Value
Investment Portfolio	Dbx Etf Tr Xtrackers Emrg Mkts Car	29	875,597
Investment Portfolio	Ishares Esg Msci Kld 400 Etf	110	7,159,525
Investment Portfolio	Ishares Tr Esg Aware Us Aggregate Bond	46	3,794,194
Investment Portfolio	NuShares E Nuveen Esg Small-Cap Etf	42	1,250,077
Investment Portfolio	Schwab U.S. Tips Etf	26	942,175
Investment Portfolio	Vanguard W Esg International Stock	57	2,588,992
Investment Portfolio	Vanguard Emerging Mkt Govt Bond I	63	1,034,650
Investment Portfolio	Vanguard Real Estate Etf	89	897,926
			18,543,136

(Expressed in U.S. dollars)

12 ACCOUNTS PAYABLE TO SUPPLIERS

As of 31 December 2025, suppliers were formed as follows:

	2025	2024
Foreign suppliers (1)	977	253,693
Local suppliers	312	44,516
	1,289	298,209

(1) Corresponds for the year 2025, to representation services with CT CorporationUS$977, and, for 2024 to legal expenses with Baker McKenzie for US$70,000, professional fees with NLA International Ltd, Oceans Finance Company B.V and Coco Consulting for US$84,762, US$87,850 and US$10,105 respectively; the last amount corresponds to representation expenses with CT Corporation for US$977.

13 DEFERRED INCOME

As of 31 December 2025, deferred income was formed as follows:

	2025	2024
Allocation (1)	25,439,364	17,547,750
Project Management (2)	12,661,286	7,621,414
	38,100,650	25,169,164

Corresponds to funds disbursed by GPS Blue through the Conservation Funding Agreement to cover costs, expenses and financing of projects designed to support and promote the maintenance, growth and security of the natural capital of the Galapagos Islands and their marine ecosystems. Its composition is as follows:

(1) Disbursements to be used in the long term, after year 18.5 in accordance with the Funding Agreement, See note 1.

These disbursements remain as investments in the endowment account from Galapagos Life Fund (Delaware), see Note 11.

(2) Disbursements intended for short-term use, aimed at financing projects and supporting the operations of the Galapagos administration.

(Expressed in U.S. dollars)

14 EQUITY FUND

Includes the surplus for the year 2025. The surplus generated at the end of each year can be freely used in the following periods according to the investment plan and projects carried out by the Fund and approved by the Board of Directors of Galapagos Life Fund.

15 REINVESTMENT OF SURPLUS

As of 31 December 2025 and 2024 the Fund has retained the following detail of surpluses which it expects to invest in the execution of new projects starting in 2026.

	2025	2024
Surplus for the previous fiscal year	1,364,827	50,873
Surplus for the current fiscal year	3,782,508	1,313,954
	5,147,335	1,364,827

16 INCOME FROM DONATIONS

Composition as of December 31:

	2025	2024
Project management (1)	1.493.189	969.384
Government Grants (2)	2.674.787	-
Private Grants	436.948	-
	4.604.924	969.384

(1) Corresponds to disbursements used to cover costs, operating and Management expenses for the year.

(2) Corresponds to revenue recognized from government grants in accordance with the progress of project execution, which as of December 31, 2025, totalled US$2,674,787 and is broken down as follows:
- US$2,630,551 relates to the government grant components executed through third parties, specifically Fundación Jocotoco and WildAid, reflecting the accrued revenue from their project implementation as of the reporting date.
- US$33,880 corresponds to a project component executed directly by GLF under an international contract supplier for benefit with another state organization.

(Expressed in U.S. dollars)

- US$10,355 relates to a consulting service for the baseline assessment of years 2 and 3 of the government grant, which was also executed directly by GLF.

17 ADMINISTRATIVE EXPENSES AND GRANTS

	2025	2024
Professional fees	230,090	774,499
Personnel expenses	550,140	43,683
Taxes, fees, and contributions (1)	42,220	47,624
Supplies and materials	39,170	18,600
Travel expenses	25,165	7,896
General insurance	25,157	12,581
Leases	23,412	22,265
Depreciation	6,803	2,413
Maintenance	4,323	5,657
Basic services	1,763	2,250
Bank expenses	451	86
Transportation	404	7,534
Food	-	9,453
Other expenses (2)	-	14,821
	949,098	969,362

(1) Corresponds mainly to VAT charged to VAT charged on expenses from various suppliers in the amount of US$41,859, and expenses related to municipal taxes and ISD in the amount of US$291, and for 2024, to VAT charged to the expense of different suppliers for US$47,608 and expenses corresponding to Galapagos national park fees of US$15.

(2) Corresponds mainly to expenses for accounting software installation services of US$230, as well as web maintenance and installation expenses of US$5,326 and expenses for events related to Galapagos Life Fund's call for proposals of $9,286.

(Expressed in U.S. dollars)

18 GRANTS EXPENSES

	2025	2024
Government Grant Expenses (1)	2,674,787	-
Grants Expenses	436,948	-
Non-administrative expenses related to grants (2)	468,583	-
	3,580,318	-

(1) Corresponds to the recognition of expenses based on the progress of project execution.

(2) Corresponds to non-administrative expenses related to government grants, as detailed below: US$296,345 paid to NLA for the implementation and supervision of the Security Management Plan for the Hermandad Marine Reserve; US$161,238 paid to ICSEM under a contract for support services related to Phase 1 of the Transitional Assistance Plan (TAP); and US$11,000 paid to Mosquera Law in connection with the implementation of the Security Management Plan, in accordance with the contract executed with NLA.

19 OTHER FINANCIAL REVENUE, NET

Composition as of December 31:

	2025	2024
Financial income		
Gain on Investment Valuation Endowment(2)	2,762,666	653,989
Dividends and Interest Earned Endowment(1)	725,635	507,239
Interest Earned Account(1)	401,527	214,983
Other	3,961	-
Interest earned by Banco Pacífico	293	-
Financial expenses		
Banking services	(75,507)	(62,279)
Loss in the valuation of endowment investments(1)	(111,574)	-
	3,707,000	1,313,932

(1) Corresponds to dividends and bank interest generated by maintaining disbursements received in the accounts of the Bank of New York Mellon. See note 11.

(2) Corresponds to the value resulting from investment performance and the fair value adjustments based on market prices reported by the bank.

20 MAIN AGREEMENTS

Foreign Enterprise Support Agreement: entered into between GPS Blue Financing Designated Activity Company as secured lender, Oceans Finance Company B.V. as Project Manager, and United States International Development Finance Corporation as underwriter. The purpose of this agreement is to ensure that the activities, operations and assets comply with each of the applicable environmental, health and safety, and social performance laws.

Conservation Funding Agreement: entered into between GPS Blue Financing Designated Activity Company as secured lender, Oceans Finance Company B. as founding member and New York Mellon Bank as securities intermediary. The objective of this agreement is that the Management of any funds received will be exclusively for the marine conservation project in the Galapagos Islands. This agreement defines two types of funds, as follows:

GLF Account: corresponds to the funds that will be used to finance daily operations, as well as all projects designed to support and promote the maintenance, growth and security of the natural capital of the Galapagos Islands and its marine ecosystems.

Endowment Account corresponds to funds that will be capitalized over 18.5 years, with all investment returns reinvested over this time period, and will be used to continue activities designed to support and promote the maintenance, growth and security of the natural capital of the Galapagos Islands and their marine ecosystems. These funds will be held in the custody of an international financial institution of recognized prestige.

Basic operating agreement: entered into between the Ministry of Foreign Affairs and Human Mobility and Galapagos Life Fund Ecuador to establish the Fund's guidelines for the development of its programs, projects and cooperation activities with the profit sharing of public and/or private sector entities.

In addition to supporting and promoting the maintenance, growth and security of the natural capital of the Galapagos Islands and its marine ecosystems, by providing grants or funding to organizational projects, government agencies and other entities for environmental and social development projects, including biodiversity, economic, sustainability and climate change aspects.

Investment Management Agreement: New York Mellon Bank shall provide Galapagos Life Fund with discretionary investment Management services and provide certain monthly reporting services on investment performance analysis.

Legal services agreement: entered into between Baker & McKenzie LLP and Galapagos Life Fund for the purpose of representing the fund in connection with Management level matters, incorporation and formation of the fund in the United States and Ecuador for a total fee of US$ 245,000 for a term of 4 years. The fee will be paid US$70,000 in each of the years 2023, 2024 and 2025 and US$35,000 in the year 2026.

21 SUBSEQUENT EVENTS

Between December 31, 2025 and the date of issue of these financial statements there were no events that, in the opinion of the Fund Management, that would have a material effect on the financial statements or require disclosure.

* * * *