



GLG LIFE TECH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of GLG Life Tech Corporation (the “Company”) have been prepared by, and are the responsibility of, the Company’s management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimates and judgment on information currently available.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company’s assets are safeguarded, transactions are authorized, and financial information is reliable. The Board of Directors, through the Audit Committee, is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company’s management and external auditors to discuss the results of the audit and to review the annual consolidated financial statements prior to the Audit Committee’s submission to the Board of Directors for approval.

The consolidated financial statements as of and for the year ended December 31, 2025 have been audited by MSL CPA LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

The consolidated financial statements for the year ended December 31, 2024 were audited by Horizon Assurance LLP. Their unmodified opinion is not presented herewith but is referenced as the predecessor auditor’s report.

MANAGEMENT’S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2025. In making this assessment, the Company’s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its *Internal Control-Integrated Framework*. Based upon its assessment, management concluded that, as of December 31, 2025, the Company’s internal control over financial reporting was effective.

Dr. Luke Zhang (Signed)
Chairman and Chief Executive Officer

April 30, 2026

Edward Wang (Signed)
Chief Financial Officer

April 30, 2026

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of GLG Life Tech Corporation.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated statements of GLG Life Tech Corporation and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of net income (loss) and comprehensive income (loss), changes in shareholders' deficiency, and statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2025.

Emphasis of matter – Restated comparative information

We draw attention to Note 4 in the consolidated financial statements, which explains that certain comparative information for the year ended December 31, 2024 has been restated.

Emphasis of matter – Material uncertainty Related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Company incurred a net loss from continued operations during the year ended December 31, 2025 and, as of that date, the Company has negative working capital. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. 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. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Discontinued Operations

Description of the matter

As disclosed in Note 12 to the consolidated financial statements, during the year ended December 31, 2025, the Company completed the disposal of its entire interest in Anhui Runhai Biotechnology Joint Stock Co., Ltd. ("Runhai") to a third party. Runhai had previously been classified as a discontinued operation in 2024..

Why the matter is a key audit matter

We identified this transaction as a key audit matter due to its significance to the consolidated financial statements and the significant judgment involved in accounting for the disposal, including:

- determining the date of loss of control in accordance with IFRS 10 Consolidated Financial Statements;
- assessing whether the Company has fully relinquished control and has no continuing involvement;
- evaluating the recognition and measurement of the gain on disposal, including the derecognition of the related assets and liabilities of the disposed entities; and
- assessing the presentation and disclosure of discontinued operations under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The nominal consideration for the transaction and the derecognition of significant liabilities increased the risk that the transaction may not reflect its economic substance, requiring careful audit consideration.

This matter required a high degree of auditor judgment due to the nature of the transaction and the potential for management bias in determining the timing of the completion and measurement of the disposal.

How the matter was addressed in the audit

Our audit procedures in relation to this matter included, but were not limited to, the following:

- Loss of control assessment
We evaluated the share purchase agreement and related contractual arrangements to assess whether the Company had relinquished control, including consideration of any retained rights, veto provisions, or continuing involvement.
- Assessment of continuing involvement and obligations

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We inquired of management and inspected supporting documentation to assess whether the Company retained any guarantees, funding commitments, or other obligations in respect of Runhai following the disposal.

- Verification of derecognized of assets and liabilities

We tested the completeness and accuracy of the derecognized of Runhai's assets and liabilities of Runhai and evaluated whether the criteria for derecognition were met.

- Evaluation of gain on disposal

We recalculated the gain on disposal, including assessing the appropriateness of amounts used for the net assets.

- Related party considerations

We assessed whether the purchaser was a related party by performing independent searches and evaluating its relationships with the Company's shareholders and management.

- Discontinued operations presentation and disclosure

We assessed whether the classification and presentation of Runhai as a discontinued operation, and the related disclosures, were in accordance with IFRS requirements.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2025 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 an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant

Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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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 IFRSs 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

We also:

- Identify and assess the risks of material 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

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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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 Tracy Zhang, CPA, CA.

MSLL CPA LLP

Chartered Professional Accountants

Vancouver, Canada

April 30, 2026

GLG LIFE TECH CORPORATION

Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

(Expressed in Canadian Dollars)

		December 31, 2025	December 31, 2024
ASSETS	Note		
Current Assets			
Cash		\$ 362,244	\$ 276,887
Accounts receivable	6	3,034,461	4,148,410
Sales taxes recoverable	7	3,370	4,132
Inventory	8	1,696,521	1,634,474
Prepaid expenses	9	65,728	22,238
Current assets from discontinued operations	12	-	22,031,291
Total Current Assets		5,162,324	28,117,432
Property, plant and equipment	10	13,413	16,456
Right-of-use assets	11	68,039	24,930
Total Assets		\$ 5,243,776	\$ 28,158,818
LIABILITIES AND DEFICIT			
Current Liabilities			
Accounts payable and accruals	14	21,249,010	22,609,905
Other loans payable - current portion	13	72,398,103	63,616,263
Due to related parties	15	19,423,557	20,395,175
Lease liabilities - current portion	16	11,227	29,071
Current liabilities from discontinued operations	12	-	26,054,743
Total Current Liabilities		113,081,897	132,705,157
Other Loans Payable	13	808,654	848,951
Lease Liabilities	16	59,323	-
Total Long-Term Liabilities		867,977	848,951
Total Liabilities		113,949,874	133,554,108
DEFICIT			
Shareholders' Deficiency			
Share capital	18	200,544,544	200,544,544
Contributed surplus		34,018,883	34,018,883
Accumulated other comprehensive income (loss)		(107,904)	15,201,502
Accumulated deficit		(343,161,621)	(355,182,273)
Total Shareholders' Deficiency Attributable to Shareholders of GLG		(108,706,098)	(105,417,344)
Non-controlling Interest	17	-	22,054
Total Deficit		(108,706,098)	(105,395,290)
Total Liabilities and Deficit		\$ 5,243,776	\$ 28,158,818

Going Concern (Note 3)

Discontinued Operations (Note 12)

Commitments and Contingencies (Note 26)

Subsequent Event (Note 27)

See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Brian Palmieri "

Director

"David Bishop"

Director

GLG LIFE TECH CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

		Twelve months ended December 31	
	Note	2025	2024
REVENUE	23	\$ 10,265,569	\$ 14,555,104
COST OF SALES	19	(8,800,113)	(12,010,069)
GROSS PROFIT		1,465,456	2,545,035
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	19	(1,179,010)	(1,371,027)
OTHER INCOME (EXPENSES)			
Interest expense	13, 15, 16	(10,491,150)	(11,221,005)
Interest income		3,173	4,837
Inventory provision	8	(8,820)	-
Foreign exchange gain (loss)		2,754,658	(6,545,292)
Other expenses		(530)	-
Bad debt expenses	6	(22,752)	-
		(7,765,421)	(17,761,460)
NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(7,478,975)	(16,587,452)
DISCONTINUED OPERATIONS			
Net gain from discontinued operations	12	19,489,023	83,715,369
NET INCOME FOR THE PERIOD		12,010,048	67,127,917
NET INCOME (LOSS) ATTRIBUTABLE TO			
Shareholders of GLG		12,020,652	66,165,190
Non-controlling interest	17	(10,604)	962,727
Net Income for the period		\$ 12,010,048	\$ 67,127,917
Other Comprehensive income (loss)			
Foreign currency translation adjustment		255,076	(2,597,851)
COMPREHENSIVE INCOME FOR THE PERIOD		12,265,124	64,530,066
Other comprehensive income (loss) attributable to:			
Shareholders of GLG		253,807	(2,512,087)
Non-controlling interest	17	1,269	(85,764)
		\$ 255,076	\$ (2,597,851)
COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of GLG		12,274,459	63,653,103
Non-controlling interest		(9,335)	876,963
		\$ 12,265,124	\$ 64,530,066
EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)	21		
From continuing operations		(0.19)	(0.43)
From discontinued operations		0.50	2.16
		\$ 0.31	\$ 1.72
Weighted Average Number of Common Shares Outstanding			
Basic and diluted	18	38,394,223	38,394,223

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

As at December 31, 2025 and 2024

(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Restricted Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total GLG Shareholders' Deficiency	Non-controlling Interest	Total Deficit
Balance as at December 31, 2023	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 17,713,589	\$ (421,347,463)	\$ (169,070,447)	\$ (854,909)	\$ (169,925,356)
Change in foreign currency translation	-	-	-	-	(2,512,087)	-	(2,512,087)	(85,764)	(2,597,851)
Net gain (loss)	-	-	-	-	-	66,165,190	66,165,190	962,727	67,127,917
Balance as at December 31, 2024	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 15,201,502	\$ (355,182,273)	\$ (105,417,344)	\$ 22,054	\$ (105,395,290)
Change in foreign currency translation	-	-	-	-	253,807	-	253,807	1,269	255,076
Net gain (loss)	-	-	-	-	-	12,020,652	12,020,652	(10,604)	12,010,048
Disposal of subsidiary with NCI	-	-	-	-	(15,563,213)	-	(15,563,213)	(12,719)	(15,575,932)
Balance as at December 31, 2025	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ (107,904)	\$ (343,161,621)	\$ (108,706,098)	\$ -	\$ (108,706,098)

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

		Twelve months ended December 31	
	Note	2025	2024 Restate
Cash Flows From Continuing Operations Activities			
Net Income		\$ 12,010,048	\$ 67,127,917
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	10, 11	35,741	39,865
Loss on disposal of property, plant and equipment and right-of-use assets	10	530	-
Inventory provision	8	8,820	-
Bad debt provision	6	22,752	-
Interest expense on lease liabilities, net of finance income from sublease	16	4,555	8,447
Interest expense on related party and other loans	13, 15	9,827,143	10,668,671
Gain from discontinued operations	12	(19,489,023)	(83,715,369)
Unrealized foreign exchange (gain) loss		(2,924,241)	6,069,749
Changes in non-cash working capital items	22	487,567	1,329,759
Net cash from (used in) operating activities		(16,108)	1,529,039
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	10	(1,818)	(9,737)
Net cash used in investing activities		(1,818)	(9,737)
Cash Flows From Financing Activities			
Proceeds from other loans	13	-	1,831,293
Repayment of other loans	13	-	(1,034,970)
Repayment to related parties	15	-	(1,055,252)
Payment of lease liabilities	16	(37,595)	(45,843)
Net cash used in financing activities		(37,595)	(304,772)
Effect of exchange rate changes on cash		140,878	(1,304,512)
Net Change In Cash		85,357	(89,982)
Cash, beginning of the period		276,887	366,869
Cash, end of the period		\$ 362,244	\$ 276,887

See Accompanying Notes to the Consolidated Financial Statements
Supplemental Cash Flow Information (Note 22)

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

GLG Life Tech Corporation (the "Company") was incorporated under the *Business Corporation Act* (British Columbia), Canada. The registered office of the Company is located at Suite 220, 13071 Vanier Place, Richmond, British Columbia V6V 2J1.

Effective September 4, 2024, the Company's shares are listed on the NEX exchange ("NEX") under the symbol "GLG.H". Prior to that date, the Company's shares were listed on the TSX. The relisting on NEX is a result of the Company's inability to meet certain continued listing requirements of the TSX. On July 26, 2024, the TSX Continued Listings Committee ("Committee") determined that it would delist the Company's securities effective at the close of market on September 3, 2024.

The Company's high-grade stevia and monk fruit extracts are substantially manufactured by a third party, Qingdao Honghongyuan Health Industry Technology Co., Ltd. ("HHY") under the Company's technical specifications and quality standards. HHY produces products on behalf of the Company at the Company's former production facility, and produced by former employees, in Qingdao, China. Beyond this long-term exclusive manufacturing arrangement, the Company's business operates primarily through the sales of these products – refined forms of stevia and monk fruit – with its business operations based in North America.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for information related to cash flows. These consolidated financial statements are presented in Canadian dollars, except where otherwise indicated.

The accounting policies applied in these consolidated financial statements are based on IFRS issued and effective as at December 31, 2025. These consolidated financial statements were approved for issuance by the Board of Directors on April 30, 2026.

3. GOING CONCERN

These consolidated financial statements have been prepared in accordance with IFRS accounting policies, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the year ended December 31, 2025, the Company realized a net income of \$ 12,010,048 (2024 net income - \$67,127,917). However, excluding net gain from discontinued operations, the Company generated a net loss of \$7,478,975 from continuing operations during the year ended December 31, 2025 (2024 - 16,587,452). As at December 31, 2025, the Company had an accumulated deficit of \$343,161,621 (2024 - \$355,182,273), working capital deficiency of \$107,919,573 (2024 - \$104,587,725) and cash outflow from operating activities of \$16,108 (2024 – cash inflow \$1,529,039).

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

3. GOING CONCERN, continued

The Company's main manufacturing operations, owned by a third-party HHY for the purpose of producing products on behalf of the Company, originate in China; the Company is therefore subject, primarily through its reliance on its production contracting with HHY, to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China. Changes in the political and economic policies of the People's Republic of China ("PRC") government may materially and adversely affect the Company's business, financial condition and results of operations and may result in the Company's inability to sustain growth and expansion. There is also no assurance that the Company will not be adversely affected by changes in other governmental policies or any unfavorable change in the political, economic or social conditions, laws or regulations, or the rate or method of taxation in China.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past four decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on the Company. The financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to our supplier(s) in China. In addition, the PRC government has in the past implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for the Company's products and consequently could have a material adverse effect on its business, financial condition and results of operations through the supplier(s) in China.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

3. GOING CONCERN, continued

There are also uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. As noted above, the Company's goods are produced in the PRC, with manufacturing governed by PRC laws, rules and regulations. The Company's PRC contractor is subject to local laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may be given retroactive effect. As a result, the Company may not be aware of a violation of these policies and rules until after the occurrence of the violation.

Furthermore, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection typically experienced in more developed legal systems. These uncertainties may impede the Company's ability to enforce the contracts it has entered into and could materially and adversely affect the Company's business, financial condition and results of operations.

Effective on May 22, 2025, the Company has disposed of its subsidiaries in China. At the same time, the Company may face uncertainties in fulfilling orders if HHY is affected by any rulings from the Chinese government or geopolitical tensions arising from global economic conflicts.

There is the additional risk that the Company could be assessed additional interest, compensation for breach of a settlement agreement and penalties. During fiscal year 2021, the Company entered into a debt settlement agreement with the state-owned capital management companies ("SOCMC") for debt held by the Company's subsidiary, Qingdao Runde Biotechnology Company, Ltd. ("Runde"), and a late payment compensation has been assessed for breach of the settlement agreement. During the year ended December 31, 2024, Runde was sold to a third party pursuant to an equity transfer agreement (Note 12). However, Runhai retains a guarantee obligation on Runde's debt with the SOCMC according to a preexisting guarantee agreement between Runhai and the SOCMC. To the best of the Company's knowledge, neither the SOCMC nor the bank have taken any action on the Chinese subsidiaries of the Company's pledged assets to date.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

3. GOING CONCERN, continued

As of December 31, 2025, all bank loans and related interest liabilities of Chinese subsidiaries were derecognized from the consolidated financial statements pursuant to the Runhai Equity Transfer Agreement, as a result of disposal of China subsidiaries.

Although Runde and Runhai were disposed of, the Company had incurred trade payables due to these entities for the purchase of goods in prior years that remained unpaid at the disposal date. As at the reporting date, no formal demand for settlement has been received. However, due to the Company's limited liquidity, any demand for settlement could have a material adverse effect on the Company's financial position and its ability as a going concern.

Recent changes and uncertainty in trade and tariff policies affecting the U.S. and North American markets may result in increased costs and reduced customer demand due to regulatory volatility and market uncertainty. These factors could adversely affect the Company's revenues and operating cash flows. Given the Company's limited liquidity, continued policy instability or future changes in trade measures could have a material adverse impact on the Company's financial position and may give rise to a material uncertainty related to its ability to continue as a going concern.

The Company also relies heavily on related parties and private lenders for funding and continued operations of the Company. Should the related parties or private lenders not act in good faith, or decide to no longer fund the operations of the Company, there is a high risk that the operations of the Company could be significantly and adversely impacted.

The above matters indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company in accordance with IAS 21. The functional currency of the Company's operations is U.S. dollars ("USD"), except Agricultural High Tech Developments Limited, a company incorporated in Marshall Islands, whose function currency is Hong Kong dollars ("HKD").

Foreign currency translations

When the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Share capital, contributed surplus, accumulated other comprehensive (loss) income, and accumulated deficits are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the average exchange rate for the year. Foreign exchange gains and losses on translation are included in other comprehensive (loss) income.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

b) Basis of consolidation

These consolidated financial statements include the following subsidiaries:

<u>Subsidiaries</u>	Jurisdiction of Incorporation	Ownership Interest	Functional Currency
Agricultural High Tech Developments Limited	Marshall Islands	100%	HKD
Anhui Runhai Biotechnology Joint Stock Co., Ltd. ("Runhai")	China	98.85%	RMB
Anhui Bengbu HN Stevia High Tech Development Company Limited ("Bengbu")	China	98.85%	RMB
GLG Life Tech US, Inc.	USA	100%	USD
Intercontinental Cannabis Corporation	Canada	100%	CAD

Effective May 22, 2025, the Company's ownership interest in Runhai and Bengbu have been transferred to a third party. (Note 12(c)).

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b) Basis of consolidation, continued

Prior to that date, the Company held 98.85% of the issued share capital of Runhai, which in turn holds 100% of the issued share capital of Bengbu.

Intercontinental Cannabis Corporation was incorporated under the *Business Corporations Act* (British Columbia) on September 18, 2018. This company has been inactive from its date of incorporation to December 31, 2025.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. Control is achieved when the Company is exposed to or has rights to variable returns from its involvement with these subsidiaries, and has the ability to use its control to affect the amount of these returns. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

All intercompany transactions and balances are eliminated on consolidation.

c) Restatement of prior period comparative information

During the preparation of the fiscal year ended December 31, 2025, Consolidated Financial Statements, the Company identified the misclassification of the gain from discontinued operations within the statement of cash flows for the year ended December 31, 2024. Specifically, The gain included a non-cash component that was not separately identified as part of the adjustment from net income to net cash provided by operating activities. Consequently:

- Net cash provided by operating activities was overstated by \$83.7 million (the non-cash portion of the gain was not subtracted from net income in the reconciliation of operating cash flows);
- Net cash used in investing activities was overstated by \$81.7 million (the non-cash gain was incorrectly shown as an investing cash inflow);
- The effect of exchange rate changes on cash was overstated by \$2.0 million

The following table summaries the restatement made for the comparative period for the year ended December 31, 2025:

GLG LIFE TECH CORPORATION
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c) Restatement of prior period comparative information, continued

Consolidated Statements of Cash Flows	December 31, 2024 As previously reported	Adjustments	December 31, 2024 Restated
Net cash from (used in) operating activities			
Gain from discontinued operations	\$ -	\$ (83,715,369)	\$ (83,715,369)
Net cash from (used in) investing activities			
Gain from discontinued operations	(81,743,226)	81,743,226	-
Effect of exchange rate changes on cash	\$ (3,276,655)	\$ 1,972,143	\$ (1,304,512)

d) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The Company classifies its cash, accounts receivable, accounts payable and accruals, other loans payable, lease liabilities, and due to related parties as financial instruments measured at amortized cost.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Financial instruments, continued

Financial assets and liabilities at FVTOCI

For equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income ("OCI"). This election is available for each separate investment. Under this FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment, the cumulative fair value change remains in OCI and is not recycled to net earnings or loss.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired.

Fair value measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the reliability of observable inputs used to value the instrument.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Financial instruments, continued

Fair value measurement, continued

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments include cash, accounts receivable, accounts payable and accruals, other loans payable, lease liabilities, and due to related parties. The carrying value of these financial instruments approximate their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

e) Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount of the asset 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 ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal or the current replacement cost method which is a valuation technique that reflects the amounts that could be required to replace the service capacity of the assets. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

e) Non-financial assets with finite useful lives, continued

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For assets that generate largely independent cash inflows, which includes intangible assets of the Company, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Cash and cash equivalents

Cash consists of cash on hand and deposits held with banks readily convertible into cash and purchased with original maturities of three months or less.

g) Inventory

Inventory as of December 31, 2025 and 2024 mainly comprised of finished goods. The cost of finished goods includes purchase price, freight and duty cost. The cost is determined on a weighted average basis.

The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale.

The amount of any impairment of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any impairment of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

h) Property, plant and equipment

Recognition and measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for use. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Subsequent costs other than maintenance and repairs 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 items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation and amortization

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

computer equipment, computer software, furniture and fixtures - 5 years

Depreciation is not provided for construction in progress until the assets are ready for use.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

i) Lease and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

j) Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

k) Revenue recognition

The Company evaluates whether the contracts it enters meet the definition of a contract with a customer at contract inception and recognizes revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for transferring goods to a customer. The Company has determined that no significant financing component exists between the date a promised good is transferred to a customer and the date the customer pays for that good, when the period is one year or less. The Company records revenue at a point in time, unless otherwise indicated. Customer prepayments are recorded as advance from customers and revenue is not recognized until the shipment of goods occurs.

l) Discontinued operations

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the held-for-sale criteria. Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, rather than continuing use, and a sale is highly probable.

When an operation is classified as a discontinued operation, the comparative statement of operations and comprehensive income (loss) is re-presented as if the operation had been discontinued from the start of the comparative year. The results of a discontinued operation are presented separately in the Consolidated Statements of Comprehensive (Loss) Income. Assets and liabilities of a disposal group classified as held-for-sale are presented separately in the statement of financial position. Assets attributable to a discontinued operation are carried at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged against property and equipment classified as held-for-sale.

Upon disposal, the carrying amount of the net assets of the discontinued operation is derecognized. The resulting gain or loss, calculated as the difference between the consideration received and the net assets derecognized, is recognized in profit or loss. Any related accumulated other comprehensive income arising from foreign currency translation attributable to the discontinued operation is reclassified to profit or loss as part of the gain or loss on disposal.

m) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions may include obligations associated with the retirement or reclamation of long-lived assets. Provisions are not recognized for future operating losses.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

n) Comprehensive income (loss)

Comprehensive income (loss) is comprised of net earnings (loss) for the period and other comprehensive income (loss). Included in accumulated other comprehensive income (loss) are foreign exchange amounts resulting from the translation of the Company's and its subsidiaries' functional currencies to the Company's presentation currency.

o) Earning or loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The diluted loss per share is the same as basic loss per share due to anti-dilution for the loss.

p) Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities or assets are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes result from differences between the financial statements and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

q) Operating segments

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenues and incur expenses. An operating segment has discrete financial information available which is regularly reviewed by the Company's Operating Decision Maker to assess performance or make resource allocation decisions.

r) Adoption of New Accounting Pronouncements

A number of new accounting standards are effective for annual reporting periods beginning after January 1, 2025, and earlier application is permitted. However, the Company has not at this time adopted the following new or amended accounting standards in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a Single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company's consolidated financial statements:

- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS Accounting Standards (includes Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7)

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes certain estimates and judgments regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Judgments

Going concern

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern assumption of the Company as previously discussed in Note 3.

Functional currency determination

The preparation of the consolidated financial statements requires management to make judgments regarding the functional currencies of the Company and its subsidiaries. As discussed in Note 4(a), the functional currency of the Company has been determined to be the USD, while the functional currencies of its subsidiaries are as listed in Note 4(b).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Impairment and/or impairment reversal of long-lived assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's long-lived assets are impaired and whether previously recorded impairments should be reversed. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying CGUs for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on the long-lived assets.

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

b) Uncertain estimation

Inventories

The Company estimates the net realizable values of inventories taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices.

Depreciation

The Company's property, plant and equipment and right-of-use assets are depreciated on a straight-line basis, taking into account the estimated useful lives of the assets and residual values and lease terms. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings (loss), and comprehensive income (loss) in future periods.

Income tax estimates

The Company provides for income taxes based on currently available information in each of the jurisdictions in which it operates. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

Allowance for doubtful accounts

The Company recognizes an impairment loss allowance for expected credit losses on trade accounts receivable using a probability-weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

GLG LIFE TECH CORPORATION

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6. ACCOUNTS RECEIVABLE

	December 31, 2025		December 31, 2024	
Accounts receivable	\$	3,521,450	\$	4,635,781
Expected credit loss		(486,989)		(487,371)
	\$	3,034,461	\$	4,148,410

For the twelve months ended December 31, 2025, the Company recorded a bad debt provision of \$22,752 (2024 – nil).

As of December 31, 2025, there is \$1,540,549 in receivables payments from one of the Company's major customers secured for the private loan agreement with Runde (Note 12 (a)).

To conform with the current year presentation, certain comparative amounts as of December 31, 2024, have been reclassified. Specifically, credit balances in trade receivables of \$106,820 have been reclassified to other payables. This reclassification does not represent a correction of an error and has no impact on previously reported net assets or profit.

7. SALES TAXES RECOVERABLE

Sales tax recoverable includes Goods and Services Tax ("GST") paid in Canada. These taxes are recoverable from the respective authorities upon filing the prescribed returns.

8. INVENTORY

	December 31, 2025		December 31, 2024	
Finished goods	\$	1,696,521	\$	1,634,474
	\$	1,696,521	\$	1,634,474

For the year ended December 31, 2025, the Company recorded an inventory impairment of \$8,820 (2024 - nil). As at December 31, 2025, inventory expenses included in cost of sales amounted to \$8,800,113 (2024 - \$12,010,069).

GLG LIFE TECH CORPORATION

Notes to the Consolidated Financial Statements

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9. PREPAID EXPENSES

	December 31, 2025	December 31, 2024
Subscriptions for services	\$ 1,761	\$ 9,372
Rent and deposits	11,953	10,156
Insurance	38,925	2,710
Others	13,089	-
	\$ 65,728	\$ 22,238

10. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment & software	Furniture and fixture	Total
Costs			
As at December 31, 2023	\$ 69,789	\$ 69,137	\$ 138,926
Additions	9,737	-	9,737
Disposals	(41,568)	(40,607)	(82,175)
As at December 31, 2024	\$ 37,958	\$ 28,530	\$ 66,488
Additions	1,818	-	1,818
Disposals	(13,955)	(14,169)	(28,124)
As at December 31, 2025	\$ 25,821	\$ 14,361	\$ 40,182
Accumulated depreciation			
As at December 31, 2023	\$ 62,295	\$ 67,442	\$ 129,737
Depreciation	1,872	598	2,470
Disposals	(41,568)	(40,607)	(82,175)
As at December 31, 2024	\$ 22,599	\$ 27,433	\$ 50,032
Depreciation	3,910	421	4,331
Disposals	(13,955)	(13,639)	(27,594)
As at December 31, 2025	\$ 12,554	\$ 14,215	\$ 26,769
Net book value			
As at December 31, 2024	\$ 15,359	\$ 1,097	\$ 16,456
As at December 31, 2025	\$ 13,267	\$ 146	\$ 13,413

During the year ended December 31, 2025, the Company recorded depreciated expense of \$4,331 (2024 - \$2,470) in the consolidated statement of income (loss) under selling, general and administrative expenses.

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11. RIGHT-OF-USE ASSETS

The Company leases various offices. The following table presents the right-of-use assets related to these lease agreements.

	Office	Total
Cost		
As at December 31, 2023	118,418	118,418
As at December 31, 2024	\$ 118,418	\$ 118,418
Additions	74,519	74,519
Decrease	(118,418)	(118,418)
As at December 31, 2025	\$ 74,519	\$ 74,519
Accumulated depreciation		
As at December 31, 2023	56,093	56,093
Depreciation expense	37,395	37,395
As at December 31, 2024	\$ 93,488	\$ 93,488
Depreciation expense	31,410	31,410
Decrease	(118,418)	(118,418)
As at December 31, 2025	\$ 6,480	\$ 6,480
Net book value - December 31, 2024	24,930	24,930
Net book value - December 31, 2025	\$ 68,039	\$ 68,039

The Company's prior office leasing agreement expired on August 31, 2025. In June 2025, the Company signed a 3 years and 10 months lease agreement with its current office landlord, with a lease commencement date of September 1, 2025. Total commitment of lease payment is \$99,872.

GLG LIFE TECH CORPORATION

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12. DISCONTINUED OPERATIONS

During the years ended December 31, 2025 and 2024, the Company planned to dispose its subsidiaries in PRC as follows:

a) Runde

In August 2023, the Company decided to permanently cease Runde's production and terminated all of Runde's employees, consequently, all assets and liabilities of Runde were classified as current assets and current liabilities from discontinued operations at December 31, 2023.

On January 26, 2024, the Company entered into an ownership transfer agreement to sell 100% of its ownership in Runde to a third party: Fengyang Xiaogang Hongzhang Health Industrial Park Co. Ltd ("Xiaogang") for aggregate consideration of \$0.2 (RMB 1). Under the terms of the agreement, Xiaogang will control of Runde, and the Company will then cease to have control. The transaction was completed on August 13, 2024. As a result, the Company derecognized all Runde's assets and liabilities from the consolidated financial statements and recorded a net gain of \$92,729,717 for the year ended December 31, 2024.

As of December 31, 2024, a portion of the assets held by Runhai and other of the Company's Chinese entities are secured and pledged due to the Runde equity transfer, including 1) \$97,456,503 loan and interest, secured by Runhai and other of the Company's Chinese entities' inventory, property, plant and equipment in accordance with the loan agreement with the SOCMC; 2) \$1,446,862 loan and interest, secured by accounts receivable payments from one of the Company's major customers under the private loan agreement.

As of December 31, 2025, the secured pledged assets due to Runde equity transfer were derecognized from the consolidated financial statements as a result of disposal of Runhai and Bengbu. \$1,540,549 loan principal and interest is secured by receivable payments from one of the Company's major customers under the private loan agreement with Runde.

As of the date of the consolidated financial statements are available to issue, the registration of the transfer of equity interest in Runde has not been completed in local government agency.

b) Runhai and Bengbu

On November 6, 2024, the Company entered into an agreement to transfer all its 98.85% ownership interests in Runhai and its subsidiary Bengbu to Xiaogang, for total consideration of \$0.2 (RMB 1). Under the agreement, Xiaogang will control Runhai, and the Company will then cease to have control. As a result, as at December 31, 2024, all assets and liabilities of Runhai and Bengbu have been classified as held for sale and presented as assets and liabilities of discontinued operations.

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12. DISCONTINUED OPERATIONS, continued

b) Runhai and Bengbu, continued

The transaction was completed on May 22, 2025. The Company then lost the control of Runhai and Benbu. As a result, the assets and liabilities of Runhai and Benbu were derecognized in accordance with IFRS 10 resulting in a gain of \$19,489,023 was recognized for the year ended December 31, 2025. As of the date of the consolidated financial statements are available to issue, the registration of equity interest in Runhai and Benbu has not been completed in local government agency.

As of December 31, 2025 and 2024, the major classes of assets and liabilities from discontinued operations included the following:

DISCONTINUED OPERATIONS	December 31, 2025	December 31, 2024
ASSETS		
Cash	\$ -	\$ 17
Prepaid expenses and other receivables	-	16,406,701
Restricted cash	-	4,147
Property, plant and equipment	-	460,768
Receivable from intercompany	-	5,159,658
Current Assets from Discontinued Operations	\$ -	\$ 22,031,291
Liabilities		
Term loans	\$ -	\$ 4,097,709
Interest payable	-	10,544,532
Accounts payable and accruals	-	8,531,711
Other loans payable	-	2,880,791
Current Liabilities from Discontinued Operations	\$ -	\$ 26,054,743

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12. DISCONTINUED OPERATIONS, continued

The results of discontinued operations for the years ended December 31, 2025 and 2024, were as follows:

DISCONTINUED OPERATIONS	Twelve months ended December 31	
	2025	2024
REVENUE	-	11,270
COST OF SALES	-	-
GROSS PROFIT	-	11,270
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	(106,344)	(371,608)
OTHER INCOME (EXPENSES)		
Interest expense	(721,907)	(8,276,725)
Interest income	7	1
Inventory recovery	-	(148,756)
Foreign exchange gain	-	121,810
Other expenses	(93,858)	(350,867)
Bad debt recovery	-	527
OPERATION RESULT OF THE DISCONTINUED OPERATIONS	(922,102)	(9,014,348)
Gain on sale of discontinued operation	20,411,125	92,729,717
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	19,489,023	83,715,369
NET INCOME (LOSS) ATTRIBUTABLE TO		
Shareholders of GLG	19,499,627	82,752,642
Non-controlling interest	(10,604)	962,727
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	19,489,023	83,715,369

During the year ended December 31, 2025, the discontinued operations resulted in net income of \$ 19,489,023 (2024 – net income of \$83,715,369), cash used in operating activities of \$17 (2024 - \$20,816), cash generated from investing activities of nil (2024 – nil) and cash generated from financing activities of nil (2024 – nil).

Property, plant and equipment

As at December 31, 2024, land use rights of Chinese subsidiaries have remaining terms of 34.2 years. It used to be pledged to Runde's loan. Due to late payment on the term loans outlined below, a restriction was imposed on certain of the Company's land use rights. Under this restriction, the proceeds upon sale of the land use rights, should such sale occur, will be used to pay the creditors first.

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12. DISCONTINUED OPERATIONS, continued

As at December 31, 2025, the land use rights and related term loan have been derecognized following the disposal of Runhai.

Prepaid expenses and other receivables

As at December 31, 2024, prepaid expenses and other receivables include an amount of \$16,128,740 due from Runde to Runhai/Bengbu. The balance was reclassified in 2024 from intercompany receivables as a result of the Runde equity transfer.

Term loans and interest payable

The Company's term loans consist of borrowings from Cinda and a local bank.

The following table presents the principal amount of each term loan.

	Runde-Cinda Note 12(b)	Runhai-Cinda (i)	Runhai-Bank (ii)	TOTAL
Balance, December 31, 2023	\$ 33,972,121	\$ 3,260,250	\$ 612,927	\$ 37,845,298
FX impact	802,347	189,000	35,532	1,026,879
Runde loans derecognized	(34,774,468)	-	-	(34,774,468)
Balance, December 31, 2024	-	3,449,250	648,459	4,097,709
FX impact	-	(80,500)	(15,134)	(95,634)
Runhai loans derecognized	-	(3,368,750)	(633,325)	(4,002,075)
Balance, December 31, 2025	\$ -	\$ -	\$ -	\$ -

The following table presents the interest expenses of each term loan.

	Runde-Cinda Note 12(b)	Runhai-Cinda (i)	Runhai-Bank (ii)	TOTAL
Balance, December 31, 2023	\$ 47,958,566	\$ 8,519,267	\$ 29,086	\$ 56,506,919
Interest expense	2,313,537	1,359,057	37,123	3,709,717
Late payment compensation	4,124,560	-	-	4,124,560
FX impact	1,132,677	597,066	2,933	1,732,676
Runde loans derecognized	(55,529,340)	-	-	(55,529,340)
Balance, December 31, 2024	-	10,475,390	69,142	10,544,532
Interest expense	-	606,486	14,750	621,236
FX impact	-	(95,666)	(631)	(96,297)
Runhai loans derecognized	-	(10,986,210)	(83,261)	(11,069,471)
Balance, December 31, 2025	\$ -	\$ -	\$ -	\$ -

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12. DISCONTINUED OPERATIONS, continued

- (i) The Company's Runhai subsidiary has numerous loans with Cinda. As at December 31, 2024, loans of \$3,449,250 (RMB 17,500,000) are overdue and bear interest at 10.82% per annum.
- (ii) The loan with a Chinese local bank bears interest at 5.82% per annum and comes due between February 2023 and August 2025. There were principal repayments due in 2023 of \$149,040 (RMB 800,000), due in February 2024 of \$118,260 (RMB 600,000) and due in August 2024 of \$118,260 (RMB 600,000); due in February 2025 of \$123,760 (RMB 650,000); as of May 22, 2025 – the approval date of the Transfer Agreement, these repayments had not been made and Runhai is in default according to the repayment schedule.

The assets of the Company's Chinese subsidiaries, including inventory, restricted cash and property, plant and equipment, have been pledged as collateral for these loans. As of May 22, 2025, all term loans are in default, the lenders have the right to collect all principal amounts and accrued interest, as well as the right to take possession of the pledged assets.

As of December 31, 2025, the term loans principal of \$4,002,075 (RMB 20,790,000) with interest payable of \$11,069,471 (RMB 56,679,320) are derecognized following the closing of share transfer of Runhai pursuant to the shareholder approved Equity Transfer Agreement on May 22, 2025.

Accounts payable and accrual

As of December 31, 2025, pursuant to the shareholder-approved Equity Transfer Agreement, accounts payable and accruals are derecognized with a remaining amount of nil (December 31, 2024 - \$8,531,711).

An amount of \$919,123 (December 31, 2024 - \$924,281) included in accounts payable and accrual is secured by the Company. This amount was from a customer for the purchase of raw materials previously used in the products manufacturing in China.

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12. DISCONTINUED OPERATIONS, continued

Other loans payable

The Company obtained loans under numerous credit facility agreements from different private lenders. The following table presents the other loans payable related to discontinued operations.

	Ms. Yuen	Others	Total
Balance, December 31, 2023	\$ 3,362,979	\$ 1,456,769	\$ 4,819,748
Interest accrued	143,417	109,973	253,390
Runde loans derecognized	(2,294,848)	(160,560)	(2,455,408)
FX impact	199,767	63,294	263,061
Balance, December 31, 2024	1,411,315	1,469,476	2,880,791
Interest accrued	56,985	43,686	100,671
Runhai loans derecognized	(1,434,545)	(1,488,244)	(2,922,789)
FX impact	(33,755)	(24,918)	(58,673)
Balance, December 31, 2025	\$ -	\$ -	\$ -

As of December 31, 2024, the Company discontinued operations' outstanding loans owed to Ms. Yuen was \$1,411,315. These loans bear interest at rates ranging from 8% to 20% per annum. The loans are generally unsecured and repayable on demand, except for one loan bearing interest at 8% per annum, which is secured by the assignment of accounts receivable payments from one of the Company's major customers.

As of December 31, 2024, the Company's discontinued operations' outstanding loans owed to other private lenders was \$1,469,476. These loans bear interest at rates ranging from 15% to 20% per annum. These loans are unsecured, defaulted and due on demand.

During the year ended December 31, 2025, the Company recorded a total of \$100,671 (2024 - \$253,390) interest expenses related to loans from private lenders in its net income (loss) from discontinued operations.

As of December 31, 2025, all the loans owned to Ms. Yuen and other private lenders as mentioned above, were derecognized following the disposal of Runhai.

As of December 31, 2025, the Company had outstanding trade payables of \$17,708,965 (2024-\$13,786,780) due to entities that were disposed. These balances arose from the purchase of goods in prior years and remained unpaid as of the reporting date.

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13. OTHER LOANS PAYABLE

The following table presents the other loans payable.

	Ms. Yuen	Others	TOTAL
Balance, December 31, 2023	\$ 46,074,386	\$ 5,380,347	\$ 51,454,733
Additions	-	1,831,293	1,831,293
Repayment	-	(1,489,169)	(1,489,169)
Interest expense	7,867,094	1,013,865	8,880,959
FX impact	3,318,096	469,302	3,787,398
Balance, December 31, 2024	\$ 57,259,576	\$ 7,205,638	\$ 64,465,214
Interest expense	9,332,073	1,151,436	10,483,509
Interest repayment	-	(656,366)	(656,366)
FX impact	(888,478)	(197,122)	(1,085,600)
Balance, December 31, 2025	\$ 65,703,171	\$ 7,503,586	\$ 73,206,757
Current	\$ 65,703,171	\$ 6,694,932	\$ 72,398,103
Non-current	-	808,654	808,654

As of December 31, 2025, the Company had outstanding loans from Ms. Yuen related to its continued operations totaling \$65,703,171 (December 31, 2024 - \$57,259,576). These loans bear interest at rates ranging from 18% to 20% per annum. The loans are generally unsecured and repayable on demand.

As of December 31, 2025, the Company had outstanding loans in USD and RMB from other private lenders related to its continued operations totaling \$7,503,586 (December 31, 2024 - \$7,205,638). These loans bear interest at rates ranging from 11.5% to 20% per annum. The loans are generally unsecured and repayable on demand, except for the loans \$808,654 obtain during the year ended December 31, 2024, which mature in 2027.

These loans provide a repayment option to the lenders in either RMB or USD using a foreign exchange rate specified in each credit facility.

During the year ended December 31, 2025, the Company made repayments to private lenders totaling \$656,366 (2024 - \$1,489,169), which included interest payments of \$656,366 (2024 - \$454,199).

During the year ended December 31, 2025, the Company recorded a total of \$10,483,509 (2024 - \$8,880,959) interest expenses related to loans from private lenders in its consolidated statements of loss and comprehensive loss.

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14. ACCOUNTS PAYABLE AND ACCRUALS

The following table presents each category of accounts payable and accrual.

	December 31, 2025		December 31, 2024	
Accounts payable	\$	20,966,629	\$	22,196,062
Accrued liabilities		83,774		228,011
Payroll liabilities		198,607		185,832
	\$	21,249,010	\$	22,609,905

15. RELATED PARTY BALANCES AND TRANSACTIONS

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Loan from CEO		Loan from Director		Consulting fee payable to CEO		Total	
	(i)		(ii)		(iii)			
Balance, December 31, 2023	\$	12,974,374	\$	900,000	\$	3,580,778	\$	17,455,152
Additions - Non cash		-		-		149,817		149,817
Interest expense		2,131,128		21,082		110,783		2,262,993
Payments		-		(921,082)		(155,252)		(1,076,334)
FX impact		1,281,717		-		321,830		1,603,547
Balance, December 31, 2024	\$	16,387,219	\$	-	\$	4,007,956	\$	20,395,175
Reductions		-		-		(3,594)		(3,594)
FX impact		(777,849)		-		(190,175)		(968,024)
Balance, December 31, 2025	\$	15,609,370	\$	-	\$	3,814,187	\$	19,423,557

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15. RELATED PARTY BALANCES AND TRANSACTIONS, continued

a) Amount due to related parties, continued

- i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and CEO in USD and RMB. As of December 31, 2024, for the loans borrowed in USD, the interest rate is the US 10-year benchmark government bond rate plus 1100 basis points per annum, compounding quarterly. For the loans borrowed in RMB, the interest rate is the Chinese 10-year benchmark government bond rate plus 1100 basis points per annum, compounding quarterly. The loans from the CEO are unsecured and due on demand. These loans provide a repayment option to the lenders in either RMB or USD using a foreign exchange rate specified in each credit facility.

In July 2025, the Company and CEO re-negotiated the loan agreement, the new interest rate is zero effective from January 1, 2025.

As of December 31, 2025, the outstanding principal of these loans was \$3,083,919 (US \$2,250,050) (2024 - \$3,237,597 (US \$2,250,050)).

- ii. During the year ended December 31, 2024, the Company repaid its outstanding director loan and interest by obtaining a \$900,00 loan from a private lender.
- iii. In July 2025, the Company and CEO re-negotiated and terminated the original consulting agreement, replacing it with a standard employer/employee agreement, and the interest rate related to unpaid consulting fees and related interest is zero effective from January 1, 2025.

As of December 31, 2025, the consulting fee payable to the Company's Chairman and CEO was \$3,814,187 (2024 - \$4,007,956), which was bear interest at 3% per annum compounding quarterly in 2024).

b) Transactions with Key Management Personnel

Key Management Personnel are those persons who have the authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and any external directors of the Company.

During the year ended December 31, 2025, the Company incurred \$377,978 (2024 - \$430,868) for remuneration to its Key Management Personnel.

Effective May 1, 2024, the CEO agreed to temporarily forego, until further notice, the monthly consulting fees otherwise earned and payable to him under his existing consulting agreement with the Company. No consulting fees have been accrued or paid to the CEO from that date onward.

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16. LEASE LIABILITIES

	Office	Total
As at December 31, 2023	\$ 141,412	\$ 141,412
Lease payments made	(123,928)	(123,928)
Interest expense on lease liabilities	11,587	11,587
As at December 31, 2024	\$ 29,071	\$ 29,071
Recognized in 2025	74,519	74,519
Lease payments made	(37,595)	(37,595)
Interest expense on lease liabilities	4,555	4,555
As at December 31, 2025	\$ 70,550	\$ 70,550
Less: current portion	(11,227)	(11,227)
Non-current portion as at December 31, 2025	\$ 59,323	\$ 59,323
	December 31, 2025	December 31, 2024
Current	\$ 11,227	\$ 29,071
Non-Current	59,323	-
	\$ 70,550	\$ 29,071

The undiscounted lease payments to be paid after the reporting date are disclosed in Note 24 (b).

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17. NON-CONTROLLING INTEREST

As mentioned in Note 4 (b), effective on May 22, 2025, the Company's ownership interest in Runhai and Bengbu have been transferred to Xiaogang (Note 12(c)). Prior to that date, the Company held 98.85% of the issued share capital of Runhai, which in turn holds 100% of the issued share capital of Bengbu. Following the closing of share transfer, the Company has no longer has an ownership interest in Runhai and Bengbu, and related non-controlling interests were derecognized accordingly.

The following table represents the share of equity attributable to the non-controlling interest:

	December 31, 2024
January 1, 2023	\$ (854,909)
Non-controlling interest's share of earnings (loss)	(85,764)
Non-controlling interest's share of other comprehensive gain (loss)	962,727
December 31, 2024	\$ 22,054

	December 31, 2025
January 1, 2025	\$ 22,054
Non-controlling interest's share of earnings (loss)	1,269
Non-controlling interest's share of other comprehensive gain (loss)	(10,604)
Derecognition of non-controlling interests due to loss of control	(12,719)
December 31, 2025	\$ -

18. SHARE CAPITAL

Common shares

An unlimited number of common shares are authorized with no par value. The holders of common shares are entitled to one vote per share. As at December 31, 2025 and 2024, there are 38,394,223 common issued and outstanding with no par value.

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19. COST OF SALES AND EXPENSES

	Twelve months ended December 31	
	2025	2024
Cost of sales		
Direct cost of sales	\$ 8,550,437	\$ 11,737,069
Freight & others	249,676	273,000
Total	\$ 8,800,113	\$ 12,010,069
Selling, general and administrative (SG&A) expenses		
Employee salaries and benefits	\$ 796,386	\$ 653,112
Consulting fees	578	168,397
Professional fees	96,437	193,372
Administration costs	249,868	316,281
Depreciation and amortization	35,741	39,865
Total	\$ 1,179,010	\$ 1,371,027

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20. INCOME TAXES

The Company is subject to income taxes in the jurisdictions in which it operates, primarily Canada and the United States. The Company also had operations in China in the prior years, which were all disposed of gradually as of December 31, 2025. The statutory income tax rates applicable to the Company are as follows:

Under Canadian federal and provincial corporate income tax legislation, the combined statutory tax rate is approximately 27% for the years ended December 31, 2025 and 2024.

Under the United States federal corporate income tax regime, the statutory tax rate is 21% for the years ended December 31, 2025 and 2024.

Under the China Enterprise Income Tax Law, the statutory enterprise income tax (“EIT”) rate applicable to the Company’s former China operations was 25% for the year ended December 31, 2024.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2025	2024
Earnings/(Loss) for the year	\$ 12,010,048	\$ 67,127,917
Expected income tax recovery	\$ 3,243,000	\$ 18,125,000
Change in statutory, foreign tax, foreign exchange rates and other	12,000	(4,226,000)
Permanent differences	(21,234,000)	(14,515,000)
Adjustment to prior years provision versus statutory tax returns	-	56,000
Expiry of non-capital losses	-	905,000
Change in unrecognized deductible temporary differences	17,979,000	(345,000)
Total income tax expenses (recovery)	\$ -	\$ -

The significant components of the Company’s deferred tax assets that have not been included on the consolidated statement of financial positions are:

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20. INCOME TAXES, continued

	2025	2024
Deferred tax assets (liabilities)		
Property and equipment	\$ 150,000	\$ 2,708,000
Provisions and other deductible temporary differences	132,700	781,000
Allowable capital losses	20,207,000	4,248,000
Non-capital losses available for future periods	10,111,000	17,920,000
	30,600,700	25,657,000
Unrecognized deferred tax assets	(30,600,700)	(25,657,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included in the consolidated statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary differences (taxable) / (deductible)				
Property, plant and equipment	\$ 557,000		\$ 10,778,000	
Provisions and other deductible temporary differences	491,000		3,123,000	
Allowable capital losses	74,839,000		15,732,000	
Non-capital losses available for future periods	38,129,000		46,721,000	
Canada	35,066,000	2032 to 2045	36,003,000	2031 to 2044
USA	3,063,000	2034 onwards	3,082,000	2034 onwards
China	-	n.a.	7,636,000	2025 to 2029

As at December 31, 2025, the Company has approximately \$35 million (2024 - \$36 million) in non-capital losses in Canada which expire between 2032 and 2045.

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21. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share for the years ended December 31, 2025 and 2024, is summarized as follows:

	Twelve months ended December 31	
	2025	2024
Numerator:		
Net income after tax attributable to GLG	\$ 12,020,652	\$ 66,165,190
Denominator:		
Weighted average number of shares		
Outstanding - basic and diluted	38,394,223	38,394,223
Earnings per share - basic and diluted	\$ 0.31	\$ 1.72

22. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

	Twelve months ended December 31	
	2025	2024
Changes in non-cash working capital items:		
Accounts receivable	\$ 912,484	\$ (159,503)
Taxes recoverable	762	9,027
Inventory	(70,867)	(1,175,223)
Prepaid expenses	(43,490)	14,338
Accounts payable and accruals	(307,728)	2,625,388
Advance from sublease	-	(124,826)
Deferred revenue	-	(9,259)
Due to related parties	(3,594)	149,817
Changes in non-cash working capital items	\$ 487,567	\$ 1,329,759
Interest paid	\$ 656,366	\$ 475,281
Income tax paid	\$ -	\$ -

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23. SEGMENTED INFORMATION

The Company has only one reportable segment: Natural Sweeteners Products segment.

The Natural Sweeteners Products segment is the manufacturing through the contractor and sales of a refined form of stevia and monk fruit, the operations are based in North America.

The Company's chief operating decision makers are the CEO, the Chief Operating Officer and the Chief Financial Officer. They review the operations and performance of the Company.

Revenue to external global customers by geographical locations is as follows:

	Twelve months ended December 31	
	2025	2024
North America	\$ 7,367,845	\$ 9,845,590
Others	2,897,724	4,709,514
	\$ 10,265,569	\$ 14,555,104

During the twelve months ended December 31, 2025, two customers of the Natural Sweeteners CGU represented 81% of total consolidated revenue (2024 – 84%).

The Company's non-current assets, mainly comprise of property, plant and equipment and right-of-use assets related to lease located in North America.

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24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to credit risk, liquidity risk and market risk. The Company’s primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company’s risks and related exposures are consistent with its business objectives and risk tolerance.

a) Credit risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company’s primary credit risk is on its cash and accounts receivable. The Company has a high concentration of credit risk as two major customers made up 96% of the total accounts receivable as at December 31, 2025 (2024 – 85%). The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts. Significant management estimates are used to determine the allowance for doubtful accounts. The Company considers the probability of default on a specific account basis, which involves assessing whether there was a significant increase in credit risk. Indicators include actual or expected changes in the debtor’s ability to pay based on information that is available each reporting period; monitoring past due accounts and other external factors. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company’s accounts receivable. The Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 3,521,450	\$ 4,635,781
Expected credit loss	(486,989)	(487,371)
	\$ 3,034,461	\$ 4,148,410

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 25. It also manages liquidity risk by continually monitoring actual and projected cash flows to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company is exposed to liquidity risk (Note 3).

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24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

b) Liquidity risk, continued

The following are the undiscounted contractual maturities of the Company's financial liabilities as at December 31, 2025 and 2024:

Financial liabilities	December 31, 2025			December 31, 2024	
	0 to 12 months	12 to 24 months	over 24 months	0 to 12 months	12 to 24 months
Accounts payable and accruals	\$ 21,249,010	\$ -	\$ -	\$ 22,609,905	\$ -
Other loans payable	72,398,103	808,654	-	63,616,263	848,951
Due to related parties	19,423,557	-	-	20,395,175	-
Lease payments	11,227	17,262	42,061	30,923	-
From continued operations	113,081,897	825,916	42,061	106,652,266	848,951
Term loans	-	-	-	4,097,709	-
Interest payable	-	-	-	10,544,532	-
Accounts payable and accruals	-	-	-	8,531,711	-
Other loans payable	-	-	-	2,880,791	-
From discontinued operations	-	-	-	26,054,743	-
	\$ 113,081,897	\$ 825,916	\$ 42,061	\$ 132,707,009	\$ 848,951

c) Market risk

Market risk is the risk that changes in market prices, such as fluctuations in the Company's share price, foreign exchange rates and interest rates, will affect the Company's income, cash flows or the value of its financial instruments.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its short-term loans and some amounts due to related parties at December 31, 2025. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2025, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of \$191,000 (December 31, 2024 - \$207,000) on profit or loss.

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24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company conducts its business in U.S. dollars, Chinese renminbi (“RMB”) and Canadian dollars. The Company is exposed to currency risk as the functional currency of the Company and its subsidiaries is other than Canadian dollars.

The RMB is not a freely convertible currency. Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Company’s capital account, are subject to foreign exchange controls and require the approval of the People’s Republic of China State Administration of Foreign Exchange. Developments relating to the PRC’s economy and actions taken by the PRC government could cause future foreign exchange rates to vary significantly from current or historical rates. The Company cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into Canadian dollars, of the Company’s net assets and net profits.

The Company cannot give any assurance that any future movements in the exchange rates of RMB against the Canadian dollar and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Information on the net foreign exchange risk exposure on translating the functional currency of the consolidated entities to the presentation currency with an impact on the other comprehensive income (loss) is provided in the following table:

	December 31, 2025	
	RMB balance	US balance
Total financial assets	¥ -	\$ 2,831
Total financial liabilities	-	(58,086)
Net foreign exchange risk exposure	¥ -	\$ (55,255)

	December 31, 2024	
	RMB balance	US balance
Total financial assets	¥ 86	\$ 12,909
Total financial liabilities	(121,086,916)	(54,913)
Net foreign exchange risk exposure	¥ (121,086,830)	\$ (42,004)

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24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

As of December 31, 2025, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income (loss) approximately of \$1,000 (2024 - \$240,000).

The Company's U.S. and Canadian operations are exposed to exchange rate changes between the U.S. dollar and the Canadian dollar. The Company's primary U.S. dollar exposure in Canada relates to the revaluation into Canadian dollars of its U.S. dollar denominated working capital.

The following table provides information on the Company's net foreign exchange risk exposure from its US and Canadian operations which could have an impact on the loss for the year:

	December 31, 2025		December 31, 2024	
		US\$		US\$
Financial assets				
Cash	\$	252,039	\$	145,681
Accounts receivable		2,213,965		2,883,043
Financial liabilities				
Other loans payable	\$	(14,013,403)	\$	(12,257,044)
Accounts payable and accruals		(15,347,515)		(15,402,071)
Due to related parties		(14,171,572)		(14,174,143)
Net foreign exchange risk exposure	\$	(41,066,486)	\$	(38,804,534)

As at December 31, 2025, assuming that all other variables remain constant, an change of 1% in the Canadian dollar against the US dollar would have an effect on other comprehensive income (loss) of approximately \$563,000 (2024 - \$558,000).

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25. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to provide returns for shareholders and comply with any externally imposed capital requirements while safeguarding the Company's ability to continue as a going concern.

The Company defines capital as comprising all components of shareholders' deficiency.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, issue new debt, or sell assets to reduce debt. In this respect, the Company monitors its net debt to equity ratio. There is no assurance that the Company will be able to meet or maintain its currently stated objectives.

The Company's officers and senior management are responsible for managing the Company's capital and do so through regular meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged for the year ended December 31, 2025.

26. CONTINGENCIES

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably likely to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of December 31, 2025 and 2024, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

27. SUBSEQUENT EVENT

a) Contingent Asset – U.S. Import Tariffs

On February 20, 2026, the U.S. Supreme Court issued a ruling in *Learning Resources, Inc. v. Trump* invalidating certain tariffs previously imposed under the IEEPA. As a result of this ruling, the Company may be eligible for refunds of duties paid during fiscal 2025 and the two months of fiscal 2026. Due to the inherent uncertainty regarding the administrative process for filing claims with U.S. Customs and Border Protection and the potential for further legal challenges, the Company has determined that the recovery of these funds is not yet probable or reasonably estimable.

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27. SUBSEQUENT EVENT, continued

b) Loan transfer between two private parties

In April 2026, one of the Company's private lenders (Note 13) notified the Company that the outstanding overdue loan of \$2,784,724 as at December 31, 2025 was assigned to private lender-Rosa, effective in April 2026.