GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2020

Dated: August 14, 2020

Management’s Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) of GLG Life Tech Corporation is dated August 14, 2020. It provides a review of the financial results for the three and six months ended June 30, 2020, compared to the same periods in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation (“we,” “us,” “our,” “GLG” or the “Company”) together with GLG’s subsidiaries in the People’s Republic of China (“China”) and other jurisdictions. As used herein, the word “Company” means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the “Exchange”) under the symbol “GLG”. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards (“IFRS”). This MD&A should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the six months ended June 30, 2020, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2019. Additional information relating to GLG Life Tech Corporation including GLG’s Annual Information Form can be found on GLG’s web site at www.glglifetech.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: determining the accrued liabilities; assessing the fair value of property, plants and equipment, biological assets, intangible assets and goodwill; the valuation of future tax assets; revenue recognition; estimate of inventory net realizable value; going concern assumption; expected useful lives of assets subject to amortization and the assumptions used in determining the fair value of stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

GLG has issued reports on certain non-IFRS measures that are used by management to evaluate the Company’s performance. Because non-IFRS measures do not have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and qualified and reconciled with their nearest IFRS measure. Where non-IFRS measures are reported, GLG has provided the definition and reconciliation to their nearest IFRS measure in the section “NON-IFRS Financial Measures”.

Forward-Looking Statements

Certain statements in this MD&A constitute “forward-looking statements” and “forward looking information” (collectively, “forward-looking statements”) within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements evaluating the market, statements regarding potential demand for stevia, Monk fruit, and other products and discussions regarding general economic conditions and future-oriented costs and expenditures. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes” or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

While the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company’s future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, consumer demand for our products and new orders from our customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading "Risks Related to the Company's Business" and "Risks Associated with Doing Business in the People's Republic of China" for a discussion of these and other sources of factors underlying forward-looking statements and to those additional risks set forth under the heading "Risk Factors" in the Company's Annual Information Form for the financial year ended December 31, 2019. In light of these factors, the forward-looking events discussed in this MD&A might not occur.

Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

Financial outlook information contained in this MD&A about prospective results of operations, capital expenditures or financial positions is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information as of the date hereof. Such financial outlook information should not be used for purposes other than those for which it is disclosed herein.

Overview

We are a leading producer of high-quality stevia extract and high-quality monk fruit extract. While stevia has long been the foundation of our company, over the last five years we have been producing and selling monk fruit extracts to the international market. Stevia extracts, such as Rebaudioside A (or Reb A), and monk fruit extracts are used as all-natural, zero-calorie sweeteners in food and beverages. Our revenue presently derives primarily from the sale of high-grade stevia extract to the food and beverage industry; the expansion into monk fruit extracts represents an additional significant source of actual and potential revenues. Furthermore, we have expanded our product offerings and market opportunities through the supply of ingredients complementary to the natural high-intensity sweetener market under our Naturals+ product line.

We conduct our stevia and monk fruit development, refining, processing and manufacturing operations through a 67.08% owned subsidiary in China. Our stevia operations in China include three processing factories, stevia growing areas across 10 growing regions, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf, over 500 metric tons of high-purity stevia extract, and 130 metric tons of high-purity monk fruit extract.

Corporate and Sales Developments

Sale of Idle Production Facility and Reduction of Debt

On August 10, 2020, the Company announced the sale of one of its two idle facilities, along with substantial reduction of the Company's debt.

After extensive negotiations stretching over multiple years, the Company has concluded the sale of its idle "Runhao" facility, located in Qingdao, China. Specifically, the Company sold the buildings and land use rights to the buyer, while retaining the assets, liabilities, and obligations of the Company's subsidiary entity that previously held the buildings and land use rights. The Company had not used the facility for several years and its sale will not have any impact on the Company's ongoing operations.

The deal involved not only the Company (as seller) and the buyer, but also the Company's primary bank debtholder, China Cinda Assets Management Corporation Anhui Branch ("Cinda"). Under the terms of the deal, from the sale proceeds of RMB 222 million (approximately CAD 42.5 million), Cinda received just over RMB 102 million, and as a result of this payment, Cinda further agreed to waive an additional approximately RMB 90 million in amounts owed to Cinda.

Thus, the Company reduced its overall liability to Cinda from RMB 570 million (as at March 31, 2020) to RMB 387 million (as at July 31, 2020), which is a reduction of RMB 193 million (approximately CAD 37 million) or a 34% reduction in the Company's obligations to Cinda. The carrying amounts of the Runhao buildings and land use rights were CAD 10.4 million.

Pursuant to the sale and the Chinese government's conditions for approval for the deal, the Company is required to use the remaining proceeds from the sale to satisfy the Company's tax obligation for Runhao, settle debts owed to certain third parties tied to the construction of Runhao, repay debts to a related party that has been instrumental in facilitating the Company's overall restructuring efforts, and pay settlement fees for the transaction. The deal was finalized in late July and the disposition of Runhao will be recorded as effective within the third quarter of 2020.

This substantial reduction in debt significantly improves the Company's balance sheet. Further, pursuant to a prior agreement with Cinda announced on September 9, 2019, this debt reduction positions the Company for further waivers of amounts owed to Cinda as future payments are made to Cinda. The Company continues to work closely with Cinda regarding its obligations and its plans to resolve those obligations through payments, waivers, and potentially a partial conversion of debt to equity in the Company's main Chinese subsidiary, Runhai Anhui Biotechnology Joint Stock Company.

Changes to Executive Team

Mr. Finnsson, the Company's CFO since March of 2019, tendered his resignation, for personal reasons, effective June 30, 2020. Management thanks Mr. Finnsson for his service. The Company has appointed Mr. Edward Wang, the Company's current Controller, as Acting Chief Financial Officer.

Additionally, the Company previously announced that its President, Paul Block, and the Company agreed that Mr. Block would step down as President with an effective date of June 25, 2020. Mr. Block remained a Director of the Company but opted to not run for re-election at the Company's upcoming Annual General and Special Meeting.

Dr. Luke Zhang, Chairman and CEO, in addition to his focus on overseeing the Company's Chinese subsidiaries and efforts to restructure the Company's debt, is continuing to manage the Company's North American team to increase sales, manage costs, and improve the Company's financial performance. "I would like to thank Paul for his years of service on our Board of Directors and for his contributions to our management team over the last eighteen months. I wish Paul well in his future endeavors," said Dr. Zhang.

Issuance and Revocation of Management Cease Trade Order

Due to a previously announced delay in filing of the Company's 2019 year-end financial statements and related documents, such delay arising from the impact of COVID-19 on the Company's ability to timely complete the filing, on May 15, 2020, the Company announced that it had applied for and been issued a Management Cease Trade Order ("MCTO") by the relevant securities commissions. Shortly after completing the filing, the MCTO was revoked on June 8, 2020.

Company Outlook

One of the most critical items that management has focused on and continues to focus on is the development and implementation of plans to stem the losses that the Company has suffered in recent years and to ameliorate the Company's financial position. As a result of those sustained losses, the Company lacks the cash necessary to fully fund the business operations and its strategic product initiatives. The Company is managing its cash flows carefully to mitigate risk of insolvency. Management has been successful in improving the Company's cash outlook in recent quarters. Nevertheless, without an infusion of cash in the months ahead, the Company may not be able to realize its strategic plans and could eventually cease to be a going concern.

To address that cash need, management has negotiated a CAD $1 million revolving loan facility with a related party for working capital purposes in 2020. Management has also realized the sale of one of its two idle assets; the sale of the "Runhao" facility resulted in significant debt reduction and better positions the Company to be able to access additional lines of working capital. Management is also evaluating options for the sale or other utilization of its idle "Runyang" primary processing facility in Jiangsu province to further address its cash needs and balance sheet.

Another factor contributing to the Company's financial situation is the competitive price pressure in the stevia market over the last year that has reduced mainstream "Reb A" products (such as Reb A 80 and Reb A 97) to the lowest price levels in years. While these products have historically formed the core of the Company's product sales, the margins on sales of these products have grown increasingly slim. To address this, the Company is taking a three-pronged approach.

First, the Company has taken decisive steps to reduce its SG&A costs as well as its production costs. Its North American operations have already reduced SG&A costs and the Company is in the process of eliminating non-essential costs in its Chinese operations. For the last several years, the Company's production capacity has been far greater than its projected order levels as it had sought rapid increases in orders for Reb A products. The Company's goal is now to "right-size" its Chinese operations – i.e., to optimize its staffing and production planning to meet the Company's projected production requirements while retaining the ability to accommodate growth in future order volumes. Management expects that this will enable the Company to sell its goods at more competitive and/or more profitable prices to secure additional order volumes and/or retain additional margin.

Second, the Company is increasing its focus on specialty stevia products, relative to its Reb A products. These specialty products are more differentiated than Reb A products and can bring more revenue opportunities and more meaningful margin contributions to the Company's bottom line. The Company is also progressing well on implementing a new line of business in the sweetener space distinct from its bulk stevia sales that has the potential to significantly increase the Company's revenues and margins.

Third, the Company is exploring options to enter the CBD market, where it could leverage its production expertise and equipment towards an investment that would jump start its ability to quickly begin producing high-quality low-cost CBD products. The Company has also entered into a distributorship agreement with East West Pharma Group for the distribution of its high-quality cannabidiol ("CBD") products and continues to explore other complementary opportunities in the cannabis extract market. While the Company has not realized any CBD sales in the first half of 2020, it is anticipating revenues and margins in late 2020 and beyond.

While the Company continues to face substantial risks and 2020 remains a pivotal year for the Company, management remains optimistic about the future opportunities for the Company. With the first idle asset sale now closed, right-sizing efforts progressing well, the optimization of production efficiencies, costs, and planning, and the Company's refocused product strategies, management is proceeding down the best available path to increased financial stability and profitability.

2020 AGM Voting Results

The Company held its Annual General Meeting virtually on July 28, 2020. The shareholders voted in all nominated directors, with favorable votes for each exceeding 99%. Dr. Luke Zhang continues as Chairman of the Board and Chief Executive Officer and Brian Palmieri continues as Vice Chairman of the Board.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for 2019 and the condensed interim consolidated financial statements for the six-month period ended June 30, 2020.

In thousands Canadian $, except per share amounts	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
Revenue	$5,975	$2,827	111%	$8,540	$4,849	76%
Cost of Sales	($4,300)	($1,976)	118%	($6,554)	($3,922)	67%
% of Revenue	(72%)	(70%)	(2%)	(77%)	(81%)	4%
Gross Profit (Loss)	$1,676	$851	97%	$1,987	$928	114%
% of Revenue	28%	30%	(2%)	23%	19%	4%
Expenses	($2,203)	($3,005)	(27%)	($3,830)	($5,271)	(27%)
% of Revenue	(37%)	(106%)	69%	(45%)	(109%)	64%
(Loss) from Operations	($528)	($2,154)	(75%)	($1,844)	($4,343)	(58%)
% of Revenue	(9%)	(76%)	67%	(22%)	(90%)	68%
Other Expenses	$16,289	($1,752)	1030%	$7,794	($5,858)	233%
% of Revenue	273%	(62%)	335%	91%	(121%)	212%
Net Income (Loss) before Income Taxes	$15,761	($3,906)	504%	$5,950	($10,201)	158%
% of Revenue	264%	(138%)	402%	70%	(210%)	280%
Net Income (Loss)	$15,761	($3,906)	504%	$5,950	($10,201)	158%
% of Revenue	264%	(138%)	402%	70%	(210%)	280%
Net Income (Loss) Attributable to Non-Controlling Interest	$5,323	($1,057)	604%	$4,190	($2,553)	264%
Net Income (Loss) Attributable to GLG	$10,438	($2,849)	(466%)	$1,760	($7,648)	(123%)
% of Revenue	175%	(101%)	275%	21%	(158%)	178%
Net Income (Loss) per share (LPS, Basic & Diluted)	$0.27	($0.07)	464%	$0.05	($0.20)	125%
Other Comprehensive Income (Loss)	$2,594	$4,114	(37%)	($2,806)	$3,548	(179%)
% of Revenue	43%	146%	(102%)	(33%)	73%	(106%)
Comprehensive Net Income (Loss)	$18,355	$208	8725%	$3,144	($6,653)	147%
Comprehensive Income (Loss) Attributable to NCI	$6,399	$289	2114%	$3,376	($1,398)	341%
Comprehensive Income (Loss) Attributable to GLG	$11,956	($81)	14860%	($232)	($5,255)	96%
% of Revenue	200%	(3%)	203%	(3%)	(108%)	105%

Revenue

Revenue for the three months ended June 30, 2020, was $6.0 million compared to $2.8 million in revenue for the same period last year. Sales increased by 111% or $3.2 million for the period ending June 30, 2020, compared to the prior period. The sales increase of $3.2 million was driven primarily by a 103% increase in international stevia sales, partly attributable to one customer that substantially increased its purchasing for the quarter and partly attributable to overall growth in sales; international monk fruit sales also contributed significantly to the increase in sales as demand for our monk fruit extracts has increased. China domestic stevia sales were down between the two periods, although international sales continue to predominate, making up 95% of the Company's revenues (versus 83% in second quarter 2019).

Revenue for the six months ended June 30, 2020, was $8.5 million compared to $4.8 million in revenue for the same period last year. Sales increased by 76% or $3.7 million for the six months ending June 30, 2020, compared to the prior period. The sales increase of $3.7 million was driven primarily by the increase in both international stevia and international monk fruit sales, particularly in the second quarter. Offsetting these increases, China domestic sales were down for the 2020 period, versus the 2019 period, but the impact was relatively small as international sales made up 95% of six-month 2020 revenues (versus 87% for the same period in 2019).

Cost of Sales

For the quarter ended June 30, 2020, the cost of sales was $4.3 million compared to $2.0 million in cost of sales for the same period last year ($2.3 million or 118% increase). Cost of sales as a percentage of revenues was 72% for the second quarter 2020, compared to 70% for the comparable period, an increase of 2 percentage points. The increase in cost of sales as a percentage of revenue for the three months ended June 30, 2020, compared to the prior comparable period, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of sales of lower-margin monk fruit products in the second quarter 2020, compared to the second quarter 2019, and (2) the cost of sales in the second quarter 2019 was affected due to the cumulative effect of a difference in classification of depreciation between cost of sales and SG&A expenses.

For the six months ended June 30, 2020, the cost of sales was $6.6 million compared to $3.9 million for the same period last year (an increase of $2.7 million or 67%). Cost of sales as a percentage of revenues was 77% for the first six months of 2020, compared to 81% in the comparable period in 2019, an improvement of 4 percentage points. The improvement in cost of sales as a percentage of revenue for the six months ended June 30, 2020, compared to the prior comparable period, is attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products, which was offset by a greater percentage of overall sales coming from lower-margin monk fruit products, and (2) a decrease on a percentage basis of idle capacity charges.

Capacity charges charged to the cost of sales ordinarily would flow to inventory and are a significant component of the cost of sales. Only two of GLG's manufacturing facilities were operating during the first six months of 2020, and capacity charges of $0.7 million were charged to cost of sales (representing 11% of cost of sales) compared to $0.5 million charged to cost of sales in the same period of 2019 (representing 13% of cost of sales).

The key factors that impact stevia and monk fruit cost of sales and gross profit percentages in each period include:

1. Capacity utilization of stevia and monk fruit manufacturing plants.
2. The price paid for stevia leaf and monk fruit, and their respective quality which is impacted by crop quality for a particular year/period, and the price per kilogram for which the stevia and monk fruit extracts are sold. These are the most important factors that will impact the gross profit of GLG's stevia and monk fruit business.
3. Other factors which also impact stevia and monk fruit cost of sales to a lesser degree include:
    - water and power consumption;
    - manufacturing overhead used in the production of stevia and monk fruit extract, including supplies, power and water;
    - net VAT paid on export sales;
    - exchange rate changes; and
    - depreciation and capacity utilization of the extract processing plants.

GLG's stevia and monk fruit businesses are affected by seasonality. The harvest of the stevia leaves typically occurs starting at the end of July and continues through the fall of each year. The monk fruit harvest takes place typically from October to December each year. GLG's operations in China are also impacted by Chinese New Year celebrations, which occur approximately late-January to mid-February each year, and during which many businesses close down operations for approximately two weeks. GLG's production year runs October 1 through September 30 each year.

Gross Profit (Loss)

Gross profit for the three months ended June 30, 2020, was $1.7 million, compared to a gross profit of $0.9 million for the comparable period in 2019. The gross profit margin was 28% in the second quarter of 2020 compared to 30% for the same period in 2019, a decrease of 2 percentage points. This 2 percentage point decrease in gross profit margin for the second quarter of 2020, relative to the comparable period in 2019, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of sales of lower-margin monk fruit products in the second quarter 2020, compared to the second quarter 2019, and (2) the cost of sales in the second quarter 2019 was affected due to the cumulative effect of a difference in classification of depreciation between cost of sales and SG&A expenses.

Gross profit for the six months ended June 30, 2020, was $2.0 million, compared to a gross profit of $0.9 million for the comparable period in 2019. The gross profit margin was 23% in the first six months of 2020 compared to 19% for the same period in 2019, an increase of 4 percentage points. This 4 percentage point increase in gross profit margin for the first six months of 2020, relative to the comparable period in 2019, is attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products, which was offset by a greater percentage of overall sales coming from lower-margin monk fruit products, and (2) a decrease on a percentage basis of idle capacity charges.

Selling, General, and Administration Expenses

Selling, General and Administration ("SG&A") expenses include sales, marketing, general and administration costs ("G&A"), stock-based compensation, and depreciation and amortization expenses on G&A fixed assets. A breakdown of SG&A expenses into these components is presented below:

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
G&A Expenses	$1,452	$2,001	(27%)	$2,726	$3,866	(29%)
Stock Based Compensation Expenses	$121	$149	(19%)	$271	$299	(9%)
Depreciation Expenses	$630	$855	(26%)	$833	$1,106	(25%)
Total	$2,203	$3,005	(27%)	$3,830	$5,271	(27%)

G&A expenses for the three months ended June 30, 2020, were $1.5 million, a decrease of $0.5 million compared to $2.0 million in the same period in 2019. The $0.5 million decrease in G&A expenses was driven primarily by reductions in business taxes and licenses, travel expenses and professional fees.

Stock-based compensation for the three months ended June 30, 2020, was flat at $0.1 million compared to the same period in 2019. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock-based compensation awards was recognized, due to previously granted restricted shares.

G&A-related depreciation and amortization expenses for the three months ended June 30, 2020, were $0.6 million compared with $0.9 million for the same quarter of 2019.

G&A expenses for the six months ended June 30, 2020, were $2.7 million, a decrease of $1.2 million compared to $3.9 million in the same period in 2019. The $1.2 million decrease in G&A expenses was driven primarily by reductions in business taxes and licenses, research and development, salaries and wages, professional fees, and travel.

Stock-based compensation for the six months ended June 30, 2020, was flat at $0.3 million compared to the same period in 2019. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the six-month period, compensation from vesting stock-based compensation awards was recognized, due to previously granted restricted shares.

G&A-related depreciation and amortization expenses for the six months ended June 30, 2020, were $0.8 million compared with $1.1 million for the same period in 2019, or a decrease of $0.3 million.

Other Income (Expenses)

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
Other (Expenses)	$16,289	($1,752)	1030%	$7,794	($5,858)	233%
% of Revenue	273%	(62%)	335%	91%	(121%)	212%

Other income for the three months ended June 30, 2020, was $16.3 million, compared to expenses of $1.8 million for the same period in 2019, an increase of $18.1 million. This $18.1 million increase in other income for the quarter was driven primarily by (1) debt forgiveness related to the sale of an idle facility ($17.4 million), (2) a decrease in interest expenses ($0.6 million), (3) a decrease in inventory provisions ($0.3 million) and (4) increases in bad debt recovery and interest income ($0.1 million), which were offset by which were offset by (5) an increase in other expenses ($0.2 million) and (6) a decrease in foreign exchange gain ($0.2 million).

Other income for the six months ended June 30, 2020, was $7.8 million, compared to expenses of $5.9 million for the same period in 2019, an increase of $13.7 million. This $13.7 million increase in other income for the quarter was driven primarily by (1) debt forgiveness related to the sale of an idle facility ($17.4 million) and (2) a decrease in inventory provisions ($0.6 million), which were offset by (3) an increase in foreign exchange loss ($4.4 million).

Foreign Exchange Gains (Losses)

Exchange rates	2020	2020	2019	2019	2019	2019	2018	2018
Rate (as compared to the Canadian $)	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
U.S. Dollars	0.7338	0.7049	0.7699	0.7551	0.7641	0.7483	0.7330	0.7725
Chinese RMB	5.1867	4.9950	5.3619	5.3967	5.2466	5.0226	5.0429	5.3079

Exchange rates	2020	2020	2019	2019	2019	2019	2018	2018
Rate (as compared to the US $)	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Chinese RMB	7.0685	7.0864	6.9641	7.1468	6.8664	6.7111	6.8764	6.8665

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese renminbi ("RMB") and incurs most of its expenses in RMB. Impacts of the appreciation or depreciation of the RMB against the Canadian dollar are shown separately in Accumulated Other Comprehensive Income ("AOCI") on the Balance Sheet. As at June 30, 2020, the exchange rate for RMB per Canadian dollar was 5.1867 compared to the exchange rate of 5.3619 as at December 31, 2019, reflecting an appreciation of the RMB against the Canadian dollar. As at June 30, 2020, the exchange rate for USD per Canadian dollar was 0.7338 compared to the exchange rate of 0.7699 as at December 31, 2019, reflecting an appreciation of the USD against the Canadian dollar. The balance of the AOCI was $9.0 million on June 30, 2020, compared to a balance of $11.0 million as at December 31, 2019.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange loss was $2.0 million for the first six months of 2020 compared to the foreign exchange gain of $2.4 million for the comparable period in 2019. The table above shows the change in the Canadian dollar relative to the US dollar from September 30, 2018, to June 30, 2020, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown above.

Net Income (Loss) Attributable to the Company

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
Net Income (Loss)	$15,761	($3,906)	504%	$5,950	($10,201)	158%
Net Income (Loss) Attributable to NCI	$5,323	($1,057)	604%	$4,190	($2,553)	264%
% of Revenue	89%	(37%)	126%	49%	(53%)	102%
Net Income (Loss) Attributable to GLG	$10,438	($2,849)	466%	$1,760	($7,648)	123%
% of Revenue	175%	(101%)	275%	21%	(158%)	178%

For the three months ended June 30, 2020, the Company had net income attributable to the Company of $10.4 million, an increase of $13.2 million over the comparable period in 2019 (loss of $2.8 million). The $13.2 million increase in net income attributable to the Company was driven by (1) an increase in other income ($18.1 million) attributable primarily to debt forgiveness from the sale of an idle asset and (2) a decrease in net loss from operations ($1.6 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($6.4 million).

For the six months ended June 30, 2020, the Company had net income attributable to the Company of $1.8 million, an increase of $9.4 million over the comparable period in 2019 (loss of $7.6 million). The $9.4 million increase in net income attributable to the Company was driven by (1) an increase in other income ($13.7 million) attributable primarily to debt forgiveness from the sale of an idle asset and (2) a decrease in net loss from operations ($2.5 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($6.7 million).

Comprehensive Income (Loss)

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
Net Income (Loss) Attributable to GLG	$10,438	($2,849)	466%	$1,760	($7,648)	123%
Other Comprehensive Income (Loss)	$2,594	$4,114	(37%)	($2,806)	$3,548	(179%)
Total Comprehensive Income (Loss)	$18,355	$208	8725%	$3,144	($6,653)	147%
Comprehensive Income (Loss) Attributable to NCI	$6,399	$289	2114%	$3,376	($1,398)	341%
Comprehensive Income (Loss) Attributable to GLG	$11,956	($81)	14860%	($232)	($5,255)	96%
% of Revenue	200%	(3%)	203%	(3%)	(108%)	106%

The Company recorded total comprehensive income of $12.0 million for the three months ended June 30, 2020, comprising $10.4 million of net income attributable to the Company and $1.6 million of other comprehensive income attributable to the Company. The Company recorded total comprehensive loss of negative $0.1 million for the three months ended June 30, 2019, comprising $2.8 million of net loss attributable to the Company and $2.7 million of other comprehensive income attributable to the Company.

The Company recorded a total comprehensive loss of $0.2 million for the six months ended June 30, 2020, comprising $1.8 million of net income attributable to the Company and $2.0 million of other comprehensive loss attributable to the Company. The Company recorded a total comprehensive loss of $5.3 million for the six months ended June 30, 2019, comprising $7.7 million of net loss attributable to the Company and $2.4 million of other comprehensive income attributable to the Company.

Summary of Quarterly Results

The selected consolidated information below has been gathered from GLG's quarterly condensed interim consolidated financial statements for the previous eight quarterly periods:

Quarterly Net Loss

In thousands Canadian $, except per share amounts	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Revenue	$5,975	$2,565	$2,928	$2,373	$2,827	$2,023	$3,792	$2,496
Gross Profit $	$1,676	$311	$185	$444	$851	$77	$513	$47
Gross Profit %	28%	12%	6%	19%	30%	4%	14%	2%
Net Income (Loss) Attributable to GLG	$10,438	($8,678)	($7,785)	($3,858)	($2,849)	($4,799)	($10,311)	($2,482)
Basic Income (Loss) Per Share	$0.27	($0.23)	($0.20)	($0.10)	($0.07)	($0.12)	($0.27)	($0.06)

For the three months ended June 30, 2020, the Company had net income attributable to the Company of $10.4 million, an increase of $13.2 million over the comparable period in 2019 (loss of $2.8 million). The $13.2 million increase in net income attributable to the Company was driven by (1) an increase in other income ($18.1 million) attributable primarily to debt forgiveness from the sale of an idle asset and (2) a decrease in net loss from operations ($1.6 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($6.4 million).

For the three months ended March 31, 2020, the Company had a net loss attributable to the Company of $8.7 million, an increase of $3.9 million or 81% over the comparable period in 2019 ($4.8 million). The $3.9 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($4.4 million) and (2) a decrease in net loss attributable to non-controlling interests ($0.4 million), which were offset by (3) a decrease in loss from operations ($0.9 million).

For the three months ended December 31, 2019, the Company had a net loss attributable to the Company of $7.8 million, a decrease of $2.5 million or 24% over the comparable period in 2018 ($10.3 million). The $2.5 million decrease in net loss attributable to the Company was driven by (1) a decrease in loss from operations ($0.3 million) and (2) a decrease in other expenses ($3.1 million), which were offset by (3) a decrease in net loss attributable to non-controlling interests ($0.9 million).

For the three months ended September 30, 2019, the Company had a net loss attributable to the Company of $3.9 million, an increase of $1.4 million or 56% over the comparable period in 2018 ($2.5 million). The $1.4 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($2.5 million), which was offset by (2) a decrease in loss from operations ($1.0 million) and (3) an increase in net loss attributable to non-controlling interests ($0.1 million).

For the three months ended June 30, 2019, the Company had a net loss attributable to the Company of $2.8 million, a decrease of $0.3 million or 9% over the comparable period in 2018 ($3.1 million). The $0.3 million decrease in net loss was driven by (1) an increase in net loss attributable to non-controlling interests ($0.6 million), which was offset by (2) an increase in net loss ($0.3 million).

For the three months ended March 31, 2019, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.8 million or 15% over the comparable period in 2018 ($5.6 million). The $0.8 million decrease in net loss was driven by (1) an increase in net losses attributable to non-controlling interests ($1.0 million), which were offset by (2) a decrease in gross profit ($0.2 million).

For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

Quarterly Basic and Diluted Income (Loss) per Share

The basic loss and diluted income per share from operations was $0.27 for the three months ended June 30, 2020, compared with a basic and diluted net loss of $0.07 for the comparable period in 2019. For the three months ended June 30, 2020, the Company had net income attributable to the Company of $10.4 million, an increase of $13.2 million over the comparable period in 2019 (loss of $2.8 million). The $13.2 million increase in net income attributable to the Company was driven by (1) an increase in other income ($18.1 million) attributable primarily to debt forgiveness from the sale of an idle asset and (2) a decrease in net loss from operations ($1.6 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($6.4 million).

The basic loss and diluted loss per share from operations was $0.23 for the three months ended March 31, 2020, compared with a basic and diluted net loss of $0.12 for the comparable period in 2019. For the three months ended March 31, 2020, the Company had a net loss attributable to the Company of $8.7 million, an increase of $3.9 million or 81% over the comparable period in 2019 ($4.8 million). The $3.9 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($4.4 million) and (2) a decrease in net loss attributable to non-controlling interests ($0.4 million), which were offset by (3) a decrease in loss from operations ($0.9 million).

The basic loss and diluted loss per share from operations was $0.20 for the three months ended December 31, 2019, compared with a basic and diluted net loss of $0.27 for the comparable period in 2018. For the three months ended December 31, 2019, the Company had a net loss attributable to the Company of $7.8 million, a decrease of $2.5 million or 24% over the comparable period in 2018 ($10.3 million). The $2.5 million decrease in net loss attributable to the Company was driven by (1) a decrease in loss from operations ($0.3 million) and (2) a decrease in other expenses ($3.1 million), which were offset by (3) a decrease in net loss attributable to non-controlling interests ($0.9 million).

The basic loss and diluted loss per share from operations was $0.10 for the three months ended September 30, 2019, compared with a basic and diluted net loss of $0.06 for the comparable period in 2018. For the three months ended September 30, 2019, the Company had a net loss attributable to the Company of $3.9 million, an increase of $1.4 million or 56% over the comparable period in 2018 ($2.5 million). The $1.4 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($2.5 million), which was offset by (2) a decrease in loss from operations ($1.0 million) and (3) an increase in net loss attributable to non-controlling interests ($0.1 million).

The basic loss and diluted loss per share from operations was $0.07 for the three months ended June 30, 2019, compared with a basic and diluted net loss of $0.08 for the comparable period in 2018. For the three months ended June 30, 2019, the Company had a net loss attributable to the Company of $2.8 million, a decrease of $0.3 million or 9% over the comparable period in 2018 ($3.1 million). The $0.3 million decrease in net loss was driven by (1) an increase in net loss attributable to non-controlling interests ($0.6 million), which was offset by (2) an increase in net loss ($0.3 million).

The basic loss and diluted loss per share from operations was $0.12 for the three months ended March 31, 2019, compared with a basic and diluted net loss of $0.15 for the comparable period in 2018. For the three months ended March 31, 2019, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.8 million or 15% over the comparable period in 2018 ($5.6 million). The $0.8 million decrease in net loss was driven by (1) an increase in net losses attributable to non-controlling interests ($1.0 million), which were offset by (2) a decrease in gross profit ($0.2 million).

The basic loss and diluted loss per share from operations was $0.27 for the three months ended December 31, 2018, compared with a basic and diluted net loss of $0.12 for the comparable period in 2017. For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

The basic loss and diluted loss per share from operations was $0.06 for the three months ended September 30, 2018, compared with a basic and diluted net loss of $0.11 for the comparable period in 2017. For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

NON-IFRS Financial Measures

Gross Profit Before Capacity Charges

This non-IFRS financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only two of its production facilities in operation in the first six months of 2020 (with two production facilities idle – and one of those was sold during the second quarter) and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross profit before capacity charges for the three months ended June 30, 2020, was $1.9 million or 32% of second quarter revenues compared to $0.8 million or 29% of second quarter revenues in 2019.

Gross profit before capacity charges for the six months ended June 30, 2020, was $2.7 million or 32% of six-month revenues compared to $1.4 million or 30% of six-month revenues in 2019.

Gross profit before capacity charges for both the three- and six-month periods in 2020 increased from the comparable periods due primarily to increased revenues from international stevia sales. Gross profit as a percentage of revenues before capacity charges increased from the comparable period due to a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products, which was partly offset by a relative increase in cost of sales of monk fruit and China stevia sales when measured as percentages of revenues for the 2020 periods compared to the 2019 periods.

Earnings Before Interest, Taxes and Depreciation ("EBITDA") and EBITDA Margin

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2020	2019		2020	2019	
Income / (Loss) Before Income Taxes	$15,761	($3,906)	504%	$5,950	($10,201)	158%
Add:						
Provisions for Inventory Impairment	($20)	$327	(106%)	($84)	$476	(118%)
Bad Debt (Recoveries for Receivables)	($45)	$0	100%	($55)	$0	100%
Depreciation and Amortization	$874	$501	74%	$1,382	$1,431	(3%)
Net Interest Expense	$3,080	$3,718	(17%)	$7,473	$7,447	0%
Debt Forgiveness	($17,417)	$0	100%	($17,417)	$0	100%
Foreign Exchange Gain & Loss	($2,035)	($2,193)	(7%)	$1,966	($2,391)	(182%)
Non-Cash Share Compensation	$121	$149	(19%)	$271	$299	(9%)
EBITDA	$319	($1,404)	123%	($514)	($2,939)	83%
EBITDA as a % of Revenue	5%	(50%)	55%	(6%)	(61%)	55%

EBITDA for the three months ended June 30, 2020, was $0.3 million or 5% of revenues, compared to negative $1.4 or negative 50% of revenues for the same period in 2019. EBITDA income increased by $1.7 million for the three-month period ended June 30, 2020, relative to the comparable period in 2019, driven primarily by an increase in gross profit and a decrease in SG&A expenses.

EBITDA for the six months ended June 30, 2020, was negative $0.5 million or negative 6% of revenues, compared to negative $2.9 or negative 61% of revenues for the same period in 2019. EBITDA loss decreased by $2.4 million for the six-month period ended June 30, 2020, relative to the comparable period in 2019, driven primarily by an increase in gross profit and a decrease in SG&A expenses.

Liquidity and Capital Resources

In thousands Canadian $		30-Jun-20		31-Dec-19
Cash and Cash Equivalents	$	10,802	$	206
Working Capital	$	(161,315)	$	(164,450)
Total Assets	$	47,763	$	36,652
Total Liabilities	$	180,286	$	172,591
Loan Payable (<1 year)	$	91,931	$	101,623
Loan Payable (>1 year)	$	-	$	-
Total Shareholder's Deficiency	$	(107,085)	$	(107,124)

The Company has several initiatives currently underway in order to manage cash flow, including working closely with the banks to restructure its loans, having completed the sale of one idle asset and negotiating the sale of another idle asset, and reducing operating expenditures including general and administrative expenses and production-related expenses. The Company also continues to work to reduce accounts receivable, negotiate with creditors for extended payment terms, and arrange financing as necessary with its Directors and other related parties.

Total loans payable (both short-term and long-term) is $91.9 million as of June 30, 2020, a decrease of $9.7 million compared to the total loans payable as at December 31, 2019 ($101.6 million). The decrease in short-term loans was primarily driven by debt forgiveness related to the sale of an idle facility, which was partly offset by an increase in accrued interest on amounts due to related parties.

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2020. Previously, 98% of all China bank loans held by GLG's Chinese subsidiary – Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai") and its wholly owned Chinese subsidiaries – had been transferred to one state-owned capital management company ("SOCMC"). China Cinda Assets Management ("Cinda") is the sole SOCMC holding the 98% of short-term bank debt. The Company announced in September 2019 a finalized agreement with Cinda to resolve most of its bank debt over a two-year period commencing with the sale of one of its idle assets. That asset sale commenced in the second quarter of 2020, including the recording of $17.4 million in debt forgiveness related to that sale, and has been finalized as of July 24, 2020. The Company also continues to negotiate with Cinda regarding the conversion of outstanding debt into equity in Runhai with a view to participate as an equity shareholder in the potential returns. Cinda could also be a source of possible future capital.

Until the final debt restructuring is completed, the terms of the original loans are represented in the financial statements.

Cash Flows: Three Months Ended June 30, 2020 and 2019

Cash used in operating activities was $4.7 million in the three-month period ended June 30, 2020, compared to $0.5 million generated by operating activities in the same period of 2019. Cash used in operating activities increased by $5.2 million year-over-year. This was the result of (1) an increase in cash used in operating activities before the impact of non-cash working capital of $1.1 million and (2) an increase in cash used in non-cash working capital of $4.0 million for the three months ended June 30, 2020, relative to the comparative 2019 period.

The $4.0 million increase in cash generated by non-cash working capital was due to increases in cash used in (1) accounts payable and accruals ($6.8 million) and (2) accounts receivable ($1.3 million) and decreases in cash generated by (3) prepaid expenses ($0.5 million) and (4) taxes recoverable ($0.4 million), which were offset by (5) a decrease in cash used in (5) interest payable ($4.6 million) and increases in cash generated by (6) inventories ($0.2 million) an (7) due to related parties ($0.1 million).

Cash generated by investing activities was $26.1 million during the second quarter of 2020, compared to $nil cash generated in the second quarter of 2019. The $26.1 million in cash generated by investing activities reflects deposits received for a) the sale of one of the Company's idle facilities and b) the disposal of property, plant and equipment assets.

Cash used in financing activities was $18.6 million in the second quarter of 2020, compared to $0.2 million cash used in the second quarter of 2019. In the second quarter of 2020, $18.5 million was used to repay short-term loans.

Cash Flows: Six Months Ended June 30, 2020 and 2019

Cash used in operating activities was $4.1 million in the six-month period ended June 30, 2020, compared to $0.4 million used in operating activities in the same period of 2019. Cash used in operating activities increased by $3.7 million year-over-year. This was the result of (1) an increase in cash used in operating activities before the impact of non-cash working capital of $1.0 million and (2) an increase in cash used in non-cash working capital of $2.7 million for the six months ended June 30, 2020, relative to the comparative 2019 period.

The $2.7 million increase in cash used in non-cash working capital was due to increases in cash used in (1) accounts payable and accruals ($4.5 million) and (2) accounts receivable ($2.7 million) and decreases in cash generated by (3) inventories ($0.5 million), (4) taxes recoverable ($0.3 million) and (5) prepaid expenses ($0.2 million), which were offset by increases in cash generated by (6) interest payable ($5.1 million) and (7) due to related parties ($0.4 million).

Cash generated by investing activities was $33.8 million during the first six months of 2020, compared to $nil cash generated in the first six months of 2019. The $33.8 million in cash generated by investing activities reflects deposits received for a) the sale of one of the Company's idle facilities and b) the disposal of property, plant and equipment assets.

Cash used in financing activities was $19.0 million in the first six months of 2020, compared to $0.2 million cash used in the first six months of 2019. In the first six months of 2020, $18.6 million was used to repay short-term loans.

Financial Resources

Cash and cash equivalents increased by $10.6 million for the six months ended June 30, 2020, relative to December 31, 2019. This increase was driven primarily by funds received toward the sale of one of the Company's idle facilities. Working capital increased by $3.1 million from the year-end 2019 position to negative $161.3 million.

The working capital increase of $3.1 million is attributable to an increase in current assets of $10.9 million, which was offset by an increase in current liabilities of $7.8 million. The $10.9 million increase in current assets is attributable to increases in (1) cash ($10.6 million), (2) accounts receivable ($0.9 million) and (3) sales taxes recoverable ($0.1 million), which were offset by (4) a decrease in inventories ($0.6 million). The $7.8 million increase in current liabilities was due to increases in (1) accounts payable and accruals ($32.2 million), (2) due to related parties ($4.6 million) and (3) derivative liabilities ($0.2 million), which were offset by decreases in (4) interest payable ($14.9 million) and (5) short-term loans ($14.2 million).

The Company has been working on improving its working capital deficiency situation, which was driven by the impairments to inventory, accounts receivable, sales taxes recoverable and prepaid expenses over the years 2011 - 2019. See above section on Liquidity and Capital Resources for additional details on the Company's debt restructuring progress and new short-term loans.

The Company's working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia harvest in China (third and fourth quarter each year) and the production output along with the amount of sales conducted during the period. The value of raw material in inventory has historically been the highest in the fourth quarter due to the fact that the Company purchases leaf during the third and fourth quarter and monk fruit during the fourth quarter for the entire production year, which runs October through September each year. The Company's principal working capital needs include accounts receivable, taxes receivable, inventory, prepaid expenses, other current assets, and accounts payable and interest payable.

Balance Sheet

As at June 30, 2020, in comparison to December 31, 2019, the total assets increased by $11.1 million. This $11.1 million increase was due to increases in current assets of $10.9 million and fixed assets of $0.2 million. Total liabilities increased by $7.7 million as at June 30, 2020, in comparison to December 31, 2019.

Shareholders' deficiency had $nil change due to the offsetting of (1) a decrease in shareholders' deficit ($1.8 million) and (2) an increase in share capital ($0.3 million) against (3) a decrease in accumulated other comprehensive income ($2.0 million).

Short-Term Loans

The Company's short-term loans of $47,852,621 (December 31, 2019 - $62,092,012) consist of borrowings from a SOCMC and a bank in China of $44,587,009 (December 31, 2019 - $60,952,961) and loans from private lenders of $3,265,612 (December 31, 2019 - $1,139,051) as follows:

Bank loans as at June 30, 2020:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 578,400	3,000,000	On Demand	9.26%	China Cinda Assets Management Anhui Branch
2,355,958	12,219,700	On Demand	9.26%	China Cinda Assets Management Anhui Branch
1,928,000	10,000,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
1,885,584	9,780,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
9,943,023	51,571,696	On Demand	7.78%	China Cinda Assets Management Anhui Branch
15,424,000	80,000,000	On Demand	7.78%	China Cinda Assets Management Anhui Branch
3,365,802	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
8,198	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
906,160	4,700,000	July 31, 2020	5.82%	Huishang Bank
5,784,000	30,000,000	On Demand	9.10%	China Cinda Assets Management Jiangsu Branch
2,407,884	12,489,025	On Demand	9.10%	China Cinda Assets Management Jiangsu Branch
$ 44,587,009	231,260,420			

On April 24, 2020, the Company repaid RMB102,275,300 to the SOCMC pursuant to the signed restructuring agreement with the SOCMC, and thereby recorded RMB89,778,527 or $17,417,034 in interest debt forgiveness from the SOCMC, the total SOCMC loan principal has been reduced by RMB94,965,108 or $16,283,662.

Bank loans as at December 31, 2019:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
559,500	3,000,000	On Demand	9.26%	China Cinda Assets Management Anhui Branch
5,222,000	28,000,000	On Demand	9.26%	China Cinda Assets Management Anhui Branch
1,865,000	10,000,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
1,823,970	9,780,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
9,618,121	51,571,696	On Demand	7.78%	China Cinda Assets Management Anhui Branch
14,920,000	80,000,000	On Demand	7.78%	China Cinda Assets Management Anhui Branch
14,767,967	79,184,808	On Demand	11.97%	China Cinda Assets Management Anhui Branch
3,255,819	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
7,931	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
988,450	5,300,000	July 31, 2020	5.82%	Huishang Bank
5,595,000	30,000,000	On Demand	9.10%	China Cinda Assets Management Jiangsu Branch
2,329,203	12,489,025	On Demand	9.10%	China Cinda Assets Management Jiangsu Branch
$ 60,952,961	$ 326,825,529			

The Company has been working with its Chinese bank and SOCMC on restructuring its debt during the quarter ended June 30, 2020.

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these loans.

Short-term borrowing from private lenders:

December 31, 2018	$	1,049,487
Additions		139,875
Foreign currency translation		(50,311)
December 31, 2019	$	1,139,051
Additions		2,085,500
Foreign currency translation		41,061
June 30, 2020	$	3,265,612

As at December 31, 2018, short-term borrowing from private lenders consisted of one US dollar denominated loan. During the year ended December 31, 2019 an additional loan was received which is denominated in Chinese renminbi ("RMB").

The US dollar loan is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand. The RMB denominated loan is unsecured, bears interest at 5.82% and 12% per annum and is due on August 8, 2020 and January 5, 2021 separately.

During the six months ended June 30, 2020, the Company received four unsecured loans from private lenders that are denominated in RMB, bearing interest at 12% per annum and are due on January 5, 2021.

Financial and Other Instruments

The Company's financial instruments comprise cash and cash equivalents (classified as "held-for-trading"), accounts receivable and certain other assets that are financial instruments (classified as "loans and receivables"), and short-term loans, accounts payable, interest payable, advance from customer, due to related party, and non-current bank loans (classified as "other financial liabilities"). The Company currently does not have any hedge instruments.

As at June 30, 2020, the Company recorded cash and cash equivalents at fair value. Recorded amounts for accounts receivable, accounts payable and accrued liabilities, short-term loans, interest payable, advances from customers, and due to related party approximate their fair values due to the short-term nature of these instruments.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's primary credit risk is on its cash and cash equivalents, restricted cash and accounts receivable.

The Company limits its exposure to credit risk by placing its cash and cash equivalents with various financial institutions. Given the current economic environment, the Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these loans.

The Company has a high concentration of credit risk as the majority of accounts receivable was owed by fewer than ten customers. However, the Company believes that it does not require collateral to support the carrying value of these financial instruments. The carrying amount of financial assets represents the maximum credit exposure. The Company reviews financial assets, including past due accounts, on an ongoing basis with the objective of identifying potential events or circumstances which could delay or prevent the collection of funds on a timely basis. Based on default rates on customers with receivable balances at June 30, 2020, the Company believes that there are minimal requirements for an allowance for doubtful accounts against its accounts receivable.

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 primarily in US dollars, Chinese Renminbi ("RMB"), Canadian dollars and Hong Kong dollars. The Company is exposed to currency risk as the functional currency of its subsidiaries is other than Canadian dollars.

The majority of the Company's assets are held in subsidiaries whose functional currency is the RMB. 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 PRC 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 when 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.

All of the Company's operations in China are considered self-sustaining operations. The assets and liabilities of the self-sustaining operations are translated at exchange rates prevailing at the balance sheet date.

See the Company's December 31, 2019, year-end consolidated financial statements (Note 25) for further information on its financial and other instruments.

Lease Liabilities

	Office	Land	Production equipment	Total
At December 31, 2019	$ 433,599	$ 43,593	$ 165,501	$ 642,693
Lease payments made	(64,020)	(4,480)	(49,575)	(118,075)
Interest expense on lease liabilities	31,519	3,905	13,568	48,992
	401,098	43,018	129,494	573,610
Less: current portion	(72,742)	(1,485)	(82,421)	(156,648)
Non-current portion as at June 30, 2020	$ 328,356	$ 41,533	$ 47,073	$ 416,962

Capital Structure

Outstanding Share Data as at the date of this MD&A:

	30-Jun-20	31-Dec-19
Common Shares Issued	38,394,223	38,394,223
Stock Options	-	622,000
Total Reserved For Issuance	-	622,000
Fully Diluted Shares	38,394,223	39,016,223

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Non-Controlling Interests

During the year ended December 31, 2017, the Company disposed of 32.92% of its ownership in Anhui Runhai Biotechnology Joint Stock Co. Ltd. ("Runhai") to certain related parties and a private lender in order to settle $15,971,767 (RMB 80,584,090) in related party loans and short-term loans. Accordingly, the Company de-recognized the derivative liabilities related to this portion of the loans totaling $274,538. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. In connection with the recognition of non-controlling interest, the proportionate share of the cumulative amount of foreign exchange translation differences recognized in other comprehensive income totaling $3,649,111 was re-attributed to the non-controlling interest in Runhai. In addition, the Company incurred transaction costs totaling $563,154 and this amount was deducted from equity.

On June 1, 2018, the Company transferred its 100% ownership interest in its subsidiary Qingdao Runde Biotechnology Company, Ltd. ("Runde") to Runhai. As the Company has a 67.08% interest in Runhai, , the effect of this transfer was a disposition of 32.92% of its ownership interest in Runde. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. As a result of this transaction, Runhai has sole ownership of all other China subsidiaries and the Company continues to own 67.08% of Runhai. The carrying amount of non-controlling interests was adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustments 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 shareholders of the Company.

The following table summarizes the consolidated assets and liabilities of Runhai and the share of the net liabilities which are attributable to the non-controlling interest as at June 30, 2020, and December 31, 2019:

		June 30, 2020		December 31, 2019
ASSETS				
Current	$	14,854,061	$	5,433,912
Non-current		28,668,710		28,379,295
	$	43,522,771	$	33,813,207
LIABILITIES				
Current	$	120,795,249	$	121,340,827
	$	120,795,249	$	121,340,827
Net liabilities	$	(77,272,478)	$	(87,527,620)
Non-controlling interest percentage		32.92%		32.92%
Non-controlling interest in net liabilities	$	(25,438,100)	$	(28,814,093)

Transactions with Related Parties

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note		**June 30, 2020**		**December 31, 2019**
Loans from Chief Executive officer ("CEO")		$	8,399,897	$	7,547,163
Loans from direct family member of CEO			31,180,127		27,809,675
	i)		39,580,024		35,356,838
Consulting fees payable to CEO	ii)		3,498,740		3,136,431
Loan from Director of the Company	iii)		1,000,000		1,037,500
		$	44,078,764	$	39,530,769

The loans from the CEO and close family member are summarized as follows:

Loan balance as of June 30, 2020

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 681,468	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,362,800	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	681,400	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	340,700	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	940,332	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	197,606	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	1,345,667	August 28, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	2,534,808	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	681,400	November 27, 2018	On demand	Unsecured	Category 4	Direct family member of CEO
	212,080	May 6, 2020	June 30, 2021	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 8,978,261**					
Accrued interest	**30,601,763**					
	$ 39,580,024					

Category 1: US 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, compounding quarterly
Category 2: 20% annual interest rate, compounding quarterly
Category 3: 18% annual interest rate, compounding quarterly
Category 4: 20% simple interest

Loan balance as of December 31, 2019

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 649,465	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,298,800	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	649,400	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	324,700	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	896,172	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	188,326	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	1,430,175	August 28, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	2,415,768	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	649,400	November 27, 2018	On demand	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 8,502,206**					
Accrued interest	**26,854,632**					
	$ 35,356,838					

Category 1: US 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, compounding quarterly
Category 2: 20% annual interest rate, compounding quarterly
Category 3: 18% annual interest rate, compounding quarterly
Category 4: 20% simple interest

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and Chief Executive Officer ("CEO"). As at June 30, 2020, the total amount owed to the CEO under these facilities, including principal and accumulated interest is $8,399,897 (December 31, 2019 - $7,547,163). As at June 30, 2020, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The Company also obtained loans under numerous credit facility agreements from a direct family member of the CEO. As at June 30, 2020, the total amount owed under these facilities, including principal and accumulated interest is $31,180,127 (December 31, 2019 - $27,809,675). As at June 30, 2020, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The combined total of the above loans, including the accrued interest, is $39,580,024 (December 31, 2019 - $35,356,838). These loans will be repaid by either GLG or its Chinese subsidiaries to the lender in the currency the loans were originally borrowed (either USD or RMB), or, at the lender's discretion, in either USD or RMB, depending on the terms of the specific credit facility. The terms of each individual loan are disclosed in the table above.

Some of these loans provide a repayment option to the lenders in either RMB or USD using a fixed foreign exchange rate specified in each credit facility. This option results in a liability of $723,083 (December 31, 2019 - $521,468), which is comprised of a derivative liability and an unrealized foreign exchange loss. The fair value of the derivative liability was calculated using the Black-Scholes model with the following assumptions:

	2020	**2019**
Risk free interest	1.11%	2.02%
Expected life of the loan	1 year	1 year
Expected foreign currency volatility	3.65%	3.27%

ii. As of June 30, 2020, the Company has accrued $3,498,740 (December 31, 2019 - $3,136,431), including 3% interest per annum compounding quarterly, in consulting fees to the Company's Chairman and Chief Executive Officer.

iii. During 2020, the Company had renewed a loan of $1,000,000 (December 31, 2019 - $1,000,000) from a Director of the Company originally borrowed to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full on March 31, 2021. As of June 30, 2020, the total amount due to this related party, including interest was $1,000,000 (2019 - $1,037,500).

iv. On May 6, 2020, the Company received a $1 million revolving loan facility from a direct family member of the Company's CEO. The term of the facility extends to June 30, 2021. Prior to June 1, 2021, the Company may request and receive disbursements, as well as make repayments of principal. During the final month of the term, from June 1, 2021, to June 30, 2021, the Company is not entitled to request disbursements, and the Company shall complete repayment of any outstanding principal balance no later than June 30, 2021. The loan bears interest at 20% per annum.

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 any external directors of the Company.

Remuneration of key management of the Company is comprised of the following amounts:

	Six months ended June 30	
	2020	2019
Short-term employee benefits (including salaries, bonuses and fees)	$ 692,297	$ 673,723
Share-based benefits	$ 270,706	$ 293,717
Total remuneration	$ 963,002	$ 967,440

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits equal to 36 months of gross salary, totaling approximately $1,880,000.

Key management did not exercise stock options granted under the Company's stock option plan in the six months ended June 30, 2020.

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that relevant information relating to the Company, including its consolidated subsidiaries, is made known to senior management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. As of the end of the period covered by this report, the Company's management evaluated, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim filings ("NI 52-109"). The Company's Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2020, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports the Company files or submits to the Canadian Securities Administrators ("CSA") is recorded, processed, summarized and reported within the time periods specified therein and accumulated and reported to management to allow timely discussions regarding required disclosure.

The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in NI 52-109, as of June 30, 2020. In making this assessment, management used the criteria set forth in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2020, the Company's internal control over financial reporting were effective.

It should be noted that while the officers of the Company have certified the Company's period - end filings, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or implemented, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Risks Related to the Company's Business

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. A prospective investor should carefully consider the risk factors set out below and consult with his, her or its investment and professional advisors before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In that case, the trading price of the common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

There are a number of risk factors that could materially affect the business of GLG, which include but are not limited to the risk factors set out below. The Company has been structured to minimize these risks. More details about the following risk factors can be found in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Intellectual Property Infringement
- Product Liability Costs
- Manufacturing Risk
- Inventory Risk
- Customer Concentration Risk
- Competition
- Government Regulations
- Consumer Perception of Products
- Changing Consumer Preferences
- Market Acceptance
- Dependence on Key Personnel
- Volatility of Share Prices

Risks Associated with Doing Business in the People's Republic of China

The Company faces the following additional risk factors that are unique to it doing business in China. More details about the following risk factors can be found in the Company's Annual Information Form.

- Government Involvement
- Changes in the Laws and Regulations in the People's Republic of China
- The Chinese Legal and Accounting System
- Currency Controls

- Additional Compliance Costs in the People's Republic of China
- Difficulties Establishing Adequate Management, Legal and Financial Controls in the People's Republic of China
- Capital Outflow Policies in the People's Republic of China
- Jurisdictional and Enforcement Issues
- Political System in the People's Republic of China

Additional Information

Additional information relating to the Company, including our Annual Information Form, is available on SEDAR (www.sedar.com). Additional information relating to the Company is also available on our website (www.glglifetech.com).