GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2021

Dated: August 13, 2021

Management’s Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) of GLG Life Tech Corporation is dated August 13, 2021. It provides a review of the financial results for the three and six months ended June 30, 2021, 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, 2021, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2020. 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, 2020. 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 98.85% 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

Company Outlook

In recent quarters, 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 continues to manage its cash flows carefully to mitigate risk of insolvency. As a result of these efforts, management has been successful in improving the Company's cash flows 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 negotiated a CAD $1 million revolving loan facility with a related party for working capital purposes in 2020. In 2020, management 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 also continues to explore options for the sale or repurposing of its idle "Runyang" primary processing facility in Jiangsu province to further address its cash needs and balance sheet.

Another factor that continues to contribute 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 has taken a three-pronged approach.

First, the Company has taken decisive steps to reduce its SG&A costs as well as its production costs. Both its North American operations and Chinese operations have significantly reduced SG&A costs. 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 aim continues to be 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 – and management has made significant progress in this area and continues striving to optimize staffing and production plans. As a result, this has enabled the Company to sell its goods at more competitive and/or more profitable prices although the competitive price pressures remain strong.

Second, the Company has increased 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.

Third, the Company continues to explore options to enter the CBD/hemp 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 products.

While the Company continues to face substantial risks and 2021 is another 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.

2021 AGM Voting Results

The Company held its Annual General Meeting virtually on June 23, 2021. 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 2020 and the condensed interim consolidated financial statements for the six-month period ended June 30, 2021.

In thousands Canadian $, except per share amounts	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2021	2020		2021	2020	
Revenue	$2,526	$5,975	(58%)	$5,780	$8,540	(32%)
Cost of Sales	($1,713)	($4,300)	(60%)	($4,139)	($6,554)	(37%)
% of Revenue	(68%)	(72%)	4%	(72%)	(77%)	5%
Gross Profit	$813	$1,676	(51%)	$1,641	$1,987	(17%)
% of Revenue	32%	28%	4%	28%	23%	5%
Expenses	($1,132)	($2,203)	(49%)	($2,286)	($3,830)	(40%)
% of Revenue	(45%)	(37%)	(8%)	(40%)	(45%)	5%
(Loss) from Operations	($319)	($527)	39%	($645)	($1,844)	65%
% of Revenue	(13%)	(9%)	(4%)	(11%)	(22%)	10%
Other Income (Expenses)	($4,208)	$16,289	(126%)	($7,741)	$7,794	(199%)
% of Revenue	(167%)	273%	(439%)	(134%)	91%	(225%)
Net Income (Loss) before Income Taxes	($4,527)	$15,762	(129%)	($8,386)	$5,950	(241%)
% of Revenue	(179%)	264%	(443%)	(145%)	70%	(215%)
Net Income (Loss)	($4,527)	$15,762	(129%)	($8,386)	$5,950	(241%)
% of Revenue	(179%)	264%	(443%)	(145%)	70%	(215%)
Net Income (Loss) Attributable to Non-Controlling Interest (NCI)	($30)	$5,323	(101%)	($59)	$4,190	(101%)
Net Income (Loss) Attributable to GLG	($4,497)	$10,439	(143%)	($8,327)	$1,760	(573%)
% of Revenue	(178%)	175%	(353%)	(144%)	21%	(165%)
Net Income (Loss) per share (LPS, Basic & Diluted)	($0.12)	$0.27	(144%)	($0.22)	$0.05	(580%)
Other Comprehensive Income (Loss)	$38	$2,594	(99%)	$1,035	($2,806)	137%
% of Revenue	2%	43%	(42%)	18%	(33%)	51%
Comprehensive Net Income (Loss)	($4,489)	$18,356	(124%)	($7,351)	$3,144	(334%)
Comprehensive Income (Loss) Attributable to NCI	($30)	$6,399	(100%)	($51)	$3,376	(102%)
Comprehensive Income (Loss) Attributable to GLG	($4,459)	$11,957	(137%)	($7,300)	($232)	3047%
% of Revenue	(177%)	200%	(377%)	(126%)	(3%)	(123%)

Revenue

Revenue for the three months ended June 30, 2021, was $2.5 million compared to $6.0 million in revenue for the same period last year. Sales decreased by 58% or $3.4 million for the period ending June 30, 2021, compared to the prior period. The sales decrease of $3.4 million is primarily attributable to a substantial one-time increase in orders from one customer occurring in the second quarter of 2020 (resulting in a corresponding decrease in the second quarter of 2021), as well as a significant decrease in monk fruit sales in the second quarter of 2021 arising from limited monk fruit market supply; otherwise, international stevia sales held steady between the two periods. A decrease in China domestic sales between the two periods also contributed to the overall sales decrease, but international sales continue to predominate, making up 95% of the Company's revenues in the second quarters of both 2020 and 2021.

Revenue for the six months ended June 30, 2021, was $5.8 million compared to $8.5 million in revenue for the same period last year. Sales decreased by 32% or $2.8 million for the six months ending June 30, 2021, compared to the prior period. The sales decrease of $2.8 million was driven primarily by the factors driving the decrease in sales in the second quarter of 2021, resulting in decreases in both international stevia and monk fruit sales in the first six months of 2021 compared to the first six months of 2020. A decrease in China domestic sales between the two periods also contributed to the overall sales decrease, but international sales predominate, making up 97% of the Company's revenues in the first six months of 2021 (95% in the first six months of 2020).

Cost of Sales

For the quarter ended June 30, 2021, the cost of sales was $1.7 million compared to $4.3 million in cost of sales for the same period last year ($2.6 million or 60% decrease). Cost of sales as a percentage of revenues was 68% for the second quarter 2021, compared to 72% for the comparable period, an improvement of 4 percentage points. The improvement in cost of sales as a percentage of revenue for the three months ended June 30, 2021, compared to the prior comparable period, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products and (2) improvements in stevia production costs.

For the six months ended June 30, 2021, the cost of sales was $4.1 million compared to $6.6 million for the same period last year ($2.5 million or 37% decrease). Cost of sales as a percentage of revenues was 72% for the first six months of 2021, compared to 77% in the comparable period in 2020, an improvement of 5 percentage points. The improvement in cost of sales as a percentage of revenue for the six months ended June 30, 2021, compared to the prior comparable period, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products and (2) improvements in stevia production costs.

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 2021, and capacity charges of $0.4 million were charged to cost of sales (representing 10% of cost of sales) compared to $0.7 million charged to cost of sales in the same period of 2020 (representing 11% 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;
    - 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, 2021, was $0.8 million, compared to a gross profit of $1.7 million for the comparable period in 2020. The gross profit margin was 32% in the second quarter of 2021 compared to 28% for the same period in 2020, an increase of 4 percentage points. This 4 percentage point increase in gross profit margin for the second quarter of 2021, relative to the comparable period in 2020, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products and (2) improvements in stevia production costs.

Gross profit for the six months ended June 30, 2021, was $1.6 million, compared to a gross profit of $2.0 million for the comparable period in 2020. The gross profit margin was 28% in the first six months of 2021 compared to 23% for the same period in 2020, an increase of 5 percentage points. This 5 percentage point increase in gross profit margin for the first six months of 2021, relative to the comparable period in 2020, is primarily attributable to (1) a change in mix of products sold, with a greater percentage of stevia sales coming from higher-margin stevia products and (2) improvements in stevia production costs.

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
	2021	2020		2021	2020	
G&A Expenses	$848	$1,452	(42%)	$1,692	$2,726	(38%)
Stock Based Compensation Expenses	$28	$121	(77%)	$73	$271	(73%)
Depreciation Expenses	$256	$630	(59%)	$521	$833	(37%)
Total	$1,132	$2,203	(49%)	$2,286	$3,830	(40%)

G&A expenses for the three months ended June 30, 2021, were $0.8 million, a decrease of $0.6 million compared to $1.5 million in the same period in 2020. The $0.6 million decrease in G&A expenses was driven primarily by reductions in salaries and wages, office expenses, consulting fees and professional fees.

Stock-based compensation for the three months ended June 30, 2021, was $0.0 million compared to expenses of $0.1 million in the same period in 2020. 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, 2021, were $0.3 million compared with $0.6 million for the same quarter of 2020.

G&A expenses for the six months ended June 30, 2021, were $1.7 million, a decrease of $1.0 million compared to $2.7 million in the same period in 2020. The $1.0 million decrease in G&A expenses was driven primarily by reductions in salaries and wages, office expenses, consulting fees and professional fees.

Stock-based compensation for the six months ended June 30, 2021, was $0.1 million compared to expenses of $0.3 million for the same period in 2020. 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, 2021, were $0.5 million compared with $0.8 million for the same period in 2020, 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
	2021	2020		2021	2020	
Other Income (Expenses)	($4,208)	$16,289	(126%)	($7,741)	$7,794	(199%)
% of Revenue	(167%)	273%	(439%)	(134%)	91%	(225%)

Other expenses for the three months ended June 30, 2021, was $4.2 million, compared to income of $16.3 million for the same period in 2020, a decrease in other income of $20.5 million. This $20.5 million decrease in other income for the quarter was driven primarily by (1) debt forgiveness in 2020 related to the sale of an idle facility ($17.4 million), (2) a decrease in foreign exchange gain ($1.8 million) and (3) an increase in interest expenses ($1.3 million).

Other expenses for the six months ended June 30, 2021, was $7.7 million, compared to other income of $7.8 million for the same period in 2020, a decrease in other income of $15.5 million. This $15.5 million decrease in other income for the six-month period was driven primarily by (1) debt forgiveness related to the sale of an idle facility ($17.4 million) and (2) an increase in interest expenses ($1.2 million), which were offset by (3) an increase in foreign exchange gain ($3.1 million).

Foreign Exchange Gains (Losses)

Exchange rates	2021	2021	2020	2020	2020	2020	2019	2019
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	0.8068	0.7952	0.7854	0.7497	0.7338	0.7049	0.7699	0.7551
Chinese RMB	5.2110	5.2110	5.1308	5.0942	5.1867	4.9950	5.3619	5.3967

Exchange rates	2021	2021	2020	2020	2020	2020	2019	2019
Rate (as compared to the US $)	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Chinese RMB	6.4586	6.5529	6.5326	6.7952	7.0685	7.0864	6.9641	7.1468

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, 2021, the exchange rate for RMB per Canadian dollar was 5.2110 compared to the exchange rate of 5.1308 as at December 31, 2020, reflecting a depreciation of the RMB against the Canadian dollar. As at June 30, 2021, the exchange rate for USD per Canadian dollar was 0.8068 compared to the exchange rate of 0.7854 as at December 31, 2020, reflecting a depreciation of the USD against the Canadian dollar. The balance of the AOCI was $13.5 million on June 30, 2021, compared to a balance of $12.5 million as at December 31, 2020.

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 gain was $1.1 million for the first six months of 2021 compared to the foreign exchange loss of $2.0 million for the comparable period in 2020. The table above shows the change in the Canadian dollar relative to the US dollar from September 30, 2019, to June 30, 2021, 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
	2021	2020		2021	2020	
Net Income (Loss)	($4,527)	$15,762	(129%)	($8,386)	$5,950	(241%)
Net Income (Loss) Attributable to NCI	($30)	$5,323	(101%)	($59)	$4,190	(101%)
% of Revenue	(1%)	89%	(90%)	(1%)	49%	(50%)
Net Income (Loss) Attributable to GLG	($4,497)	$10,439	(143%)	($8,327)	$1,760	(573%)
% of Revenue	(178%)	175%	(353%)	(144%)	21%	(165%)

For the three months ended June 30, 2021, the Company had a net loss attributable to the Company of $4.5 million, a decrease in net income of $14.9 million over the comparable period in 2020 (net income of $10.4 million). The $14.9 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($20.5 million) attributable primarily to debt forgiveness from the sale of an idle asset, which was offset by (2) a decrease in net income attributable to non-controlling interests ($5.4 million) and (3) a decrease in net loss from operations ($0.2 million).

For the six months ended June 30, 2021, the Company had a net loss attributable to the Company of $8.3 million, a decrease in net income of $10.1 million over the comparable period in 2020 (net income of $1.8 million). The $10.1 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($15.5 million) attributable primarily to debt forgiveness from the sale of an idle asset, which was offset by (2) a decrease in net income attributable to non-controlling interests ($4.2 million) and (3) a decrease in net loss from operations ($1.2 million).

Comprehensive Income (Loss)

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2021	2020		2021	2020	
Net Income (Loss) Attributable to GLG	($4,497)	$10,439	(143%)	($8,327)	$1,760	(573%)
Other Comprehensive Income (Loss)	$38	$2,594	(99%)	$1,035	($2,806)	(137%)
Total Comprehensive Income (Loss)	($4,489)	$18,356	(124%)	($7,351)	$3,144	(334%)
Comprehensive Income (Loss) Attributable to NCI	($30)	$6,399	(100%)	($51)	$3,376	(102%)
Comprehensive Income (Loss) Attributable to GLG	($4,459)	$11,957	(137%)	($7,300)	($232)	(3047%)
% of Revenue	(177%)	200%	(377%)	(126%)	(3%)	(124%)

The Company recorded total comprehensive loss of $4.5 million for the three months ended June 30, 2021, comprising $4.5 million of net loss attributable to the Company and $0.0 million of other comprehensive income attributable to the Company. 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 a total comprehensive loss of $7.3 million for the six months ended June 30, 2021, comprising $8.3 million of net loss attributable to the Company and $1.0 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.

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	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Revenue	$2,526	$3,254	$2,784	$3,966	$5,975	$2,565	$2,928	$2,373
Gross Profit $	$813	$828	$855	$727	$1,676	$311	$185	$444
Gross Profit %	32%	25%	31%	18%	28%	12%	6%	19%
Net Income (Loss) Attributable to GLG	($4,497)	($3,832)	($6,375)	$21,141	$10,438	($8,678)	($7,785)	($3,858)
Basic Income (Loss) Per Share	($0.12)	($0.10)	($0.17)	$0.55	$0.27	($0.23)	($0.20)	($0.10)

For the three months ended June 30, 2021, the Company had a net loss attributable to the Company of $4.5 million, a decrease in net income of $14.9 million over the comparable period in 2020 (net income of $10.4 million). The $14.9 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($20.5 million) attributable primarily to debt forgiveness from the sale of an idle asset, which was offset by (2) a decrease in net income attributable to non-controlling interests ($5.4 million) and (3) a decrease in net loss from operations ($0.2 million).

For the three months ended March 31, 2021, the Company had a net loss attributable to the Company of $3.8 million, a decrease of $4.8 million or 56% over the comparable period in 2020 ($8.7 million). The $4.8 million decrease in net loss attributable to the Company was driven by (1) a decrease in other expenses ($5.0 million) and (2) a decrease in loss from operations ($1.0 million), which were offset by (3) a decrease in net loss attributable to non-controlling interests ($1.1 million).

For the three months ended December 31, 2020, the Company had a net loss attributable to the Company of $6.4 million, a decrease of $1.4 million over the comparable period in 2019 (loss of $7.8 million). The $1.4 million decrease in net loss attributable to the Company was driven by (1) an increase in other income ($12.7 million) and (2) an increase in net income from operations ($2.1 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($13.4 million).

For the three months ended September 30, 2020, the Company had net income attributable to the Company of $21.1 million, an increase of $25.0 million over the comparable period in 2019 (loss of $3.9 million). The $25.0 million increase in net income attributable to the Company was driven by (1) an increase in other income ($21.6 million) attributable primarily to disposal of the Company’s Runhao subsidiary, (2) an increase in net loss attributable to non-controlling interests ($2.9 million) and (3) a decrease in net loss from operations ($0.5 million).

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).

Quarterly Basic and Diluted Income (Loss) per Share

The basic loss and diluted loss per share from operations was $0.12 for the three months ended June 30, 2021, compared with a basic and diluted net gain of $0.27 for the comparable period in 2020. For the three months ended June 30, 2021, the Company had a net loss attributable to the Company of $4.5 million, a decrease in net income of $14.9 million over the comparable period in 2020 (net income of $10.4 million). The $14.9 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($20.5 million) attributable primarily to debt forgiveness from the sale of an idle asset, which was offset by (2) a decrease in net income attributable to non-controlling interests ($5.4 million) and (3) a decrease in net loss from operations ($0.2 million).

The basic loss and diluted loss per share from operations was $0.10 for the three months ended March 31, 2021, compared with a basic and diluted net loss of $0.23 for the comparable period in 2020. For the three months ended March 31, 2021, the Company had a net loss attributable to the Company of $3.8 million, a decrease of $4.8 million or 56% over the comparable period in 2020 ($8.7 million). The $4.8 million decrease in net loss attributable to the Company was driven by (1) a decrease in other expenses ($5.0 million) and (2) a decrease in loss from operations ($1.0 million), which were offset by (3) a decrease in net loss attributable to non-controlling interests ($1.1 million).

The basic loss and diluted loss per share from operations was $0.17 for the three months ended December 31, 2020, compared with a basic and diluted net loss of $0.20 for the comparable period in 2019. For the three months ended December 31, 2020, the Company had a net loss attributable to the Company of $6.4 million, a decrease of $1.4 million over the comparable period in 2019 (loss of $7.8 million). The $1.4 million decrease in net loss attributable to the Company was driven by (1) an increase in other income ($12.7 million) and (2) an increase in net income from operations ($2.1 million), which were offset by (3) an increase in net income attributable to non-controlling interests ($13.4 million).

The basic income and diluted income per share from operations was $0.55 for the three months ended September 30, 2020, compared with a basic and diluted net loss of $0.10 for the comparable period in 2019. For the three months ended September 30, 2020, the Company had net income attributable to the Company of $21.1 million, an increase of $25.0 million over the comparable period in 2019 (loss of $3.9 million). The $25.0 million increase in net income attributable to the Company was driven by (1) an increase in other income ($21.6 million) attributable primarily to disposal of the Company's Runhao subsidiary, (2) an increase in net loss attributable to non-controlling interests ($2.9 million) and (3) a decrease in net loss from operations ($0.5 million).

The basic income 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).

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 2021 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, 2021, was $1.0 million or 40% of second quarter revenues compared to $1.9 million or 32% of second quarter revenues in 2020.

Gross profit before capacity charges for the six months ended June 30, 2021, was $2.1 million or 36% of six-month revenues compared to $2.7 million or 32% of six-month revenues in 2020.

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
	2021	2020		2021	2020	
Income / (Loss) Before Income Taxes	($4,527)	$15,762	(129%)	($8,386)	$5,950	(241%)
Add:						
Provisions for Inventory Impairment	($3)	($20)	(85%)	$9	($84)	(111%)
Bad Debt (Recoveries for Receivables)	$4	($45)	(109%)	$4	($55)	(107%)
Depreciation and Amortization	$405	$874	(54%)	$824	$1,382	(40%)
Net Interest Expense	$4,383	$3,080	42%	$8,669	$7,473	16%
Debt Forgiveness	$0	($17,417)	(100%)	$0	($17,417)	(100%)
Foreign Exchange Gain & Loss	($258)	($2,035)	(87%)	($1,108)	$1,966	156%
Non-Cash Share Compensation	$28	$121	(77%)	$73	$271	(73%)
EBITDA	$32	$320	(90%)	$85	($514)	117%
EBITDA as a % of Revenue	1%	5%	(4%)	1%	(6%)	7%

EBITDA for the three months ended June 30, 2021, was $0.0 million or 1% of revenues, compared to $0.3 million or 5% of revenues for the same period in 2020. EBITDA income decreased by $0.3 million for the three-month period ended June 30, 2021, relative to the comparable period in 2020, driven primarily by a decrease in gross profit, which was partly offset by a decrease in SG&A expenses.

EBITDA for the six months ended June 30, 2021, was $0.1 million or 1% of revenues, compared to negative $0.5 million or negative 6% of revenues for the same period in 2020. EBITDA income increased by $0.6 million for the six-month period ended June 30, 2021, relative to the comparable period in 2020, driven primarily by a decrease in SG&A expenses, which was partly offset by a decrease in gross profit.

Liquidity and Capital Resources

In thousands Canadian $	30-Jun-21	31-Dec-20
Cash and Cash Equivalents	$ 392	$ 556
Working Capital	$ (147,005)	$ (140,930)
Total Assets	$ 23,867	$ 25,442
Total Liabilities	$ 153,673	$ 147,969
Loan Payable (<1 year)	$ 95,461	$ 94,236
Loan Payable (>1 year)	$ -	$ -
Total Shareholder's Deficiency	$ (129,128)	$ (121,900)

The Company has several initiatives currently underway in order to manage cash flow, including working closely with the banks to restructure its loans, negotiating the sale or repurposing of idle assets, 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 $95.5 million as of June 30, 2021, an increase of $1.3 million compared to the total loans payable as at December 31, 2020 ($94.2 million). The increase in short-term loans was primarily driven by an increase in accrued interest due to related parties that was offset by foreign exchange impacts due to the depreciation of the RMB against the Canadian dollar.

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2021. 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 $17.5 million in debt forgiveness related to that sale, and has been finalized as of July 23, 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, 2021 and 2020

Cash used in operating activities was $0.1 million in the three-month period ended June 30, 2021, compared to $4.7 million used in operating activities in the same period of 2020. Cash used in operating activities decreased by $4.6 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 $0.6 million and (2) an increase in cash generated in non-cash working capital of $5.2 million for the three months ended June 30, 2021, relative to the comparative 2020 period.

The $5.2 million increase in cash generated by non-cash working capital was due to increases in cash generated in (1) accounts payable and accruals ($2.9 million) and (2) interest payable ($2.7 million) and (3) a decrease in cash used by (3) accounts receivable ($1.3 million), which were offset by decreases in cash generated by (4) inventories ($1.6 million) and (5) prepaid expenses ($0.1 million).

Cash generated by investing activities was $0.0 million during the second quarter of 2021, compared to $26.1 million in cash generated in the second quarter of 2020. The $26.1 million in cash generated by investing activities in the second quarter of 2020 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 $0.2 million in the second quarter of 2021, compared to $18.6 million cash used in the second quarter of 2020. In the second quarter of 2020, $18.5 million was used to repay short-term loans.

Cash Flows: Six Months Ended June 30, 2021 and 2020

Cash generated by operating activities was $0.3 million in the six-month period ended June 30, 2021, compared to $4.1 million used in operating activities in the same period of 2020. Cash generated by operating activities increased by $4.4 million year-over-year. This was the result of (1) an increase in cash generated in operating activities before the impact of non-cash working capital of $1.0 million and (2) an increase in cash generated in non-cash working capital of $3.3 million for the six months ended June 30, 2021, relative to the comparative 2020 period.

The $3.3 million increase in cash generated in non-cash working capital was due to increases in cash generated in (1) interest payable ($2.4 million), (2) accounts receivable ($1.0 million) and (3) accounts payable and accruals ($0.8 million), which were offset by (4) a decrease in cash generated in inventories ($0.5 million) and (5) an increase in cash used in prepaid expenses ($0.2 million).

Cash generated by investing activities was $0.0 million during the first six months of 2021, compared to $33.8 million cash generated in the first six months of 2020. The $33.8 million in cash generated in 2020 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 $0.4 million in the first six months of 2021, compared to $19.0 million cash used in the first six months of 2020. In the first six months of 2020, $18.6 million was used to repay short-term loans.

Financial Resources

Cash and cash equivalents decreased by $0.2 million for the six months ended June 30, 2021, relative to December 31, 2020. Working capital decreased by $6.1 million from the year-end 2020 position to negative $147.0 million.

The working capital decrease of $6.1 million is attributable to a decrease in current assets of $0.3 million and an increase in current liabilities of $5.8 million. The $0.3 million decrease in current assets is attributable to decreases in (1) cash ($0.2 million), (2) accounts receivable ($0.2 million) and (3) inventories ($0.2 million), which were offset by (4) sales taxes recoverable and prepaid expenses ($0.2 million). The $5.8 million increase in current liabilities was due to increases in (1) interest payable ($4.7 million) and (2) due to related parties ($2.1 million), which were offset by decreases in (3) short-term loans ($0.9 million), (4) accounts payable and accruals ($0.1 million) and (5) derivative liabilities ($0.1 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 - 2020. 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, 2021, in comparison to December 31, 2020, the total assets decreased by $1.6 million. This $1.6 million decrease was due to decreases in current assets of $0.3 million and fixed assets of $1.3 million. Total liabilities increased by $5.7 million as at June 30, 2021, in comparison to December 31, 2020.

Shareholders' deficiency increased by $7.2 million due to (1) an increase in accumulated deficit ($8.3 million), which was offset by increases in (2) accumulated other comprehensive income ($1.0 million) and (3) share capital ($0.1 million).

Short-Term Loans

The Company's short-term loans of $48,245,453 (December 31, 2020 - $49,127,718) consist of borrowings from a SOCMC and a bank in China of $47,291,974 (December 31, 2020 - $48,148,236) and loans from private lenders of $953,479 (December 31, 2020 - $979,482) as follows:

Bank loans as at June 30, 2021:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 575,700	3,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
5,373,200	28,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,919,000	10,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,876,782	9,780,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
9,896,608	51,571,696	On Demand	10.22%	China Cinda Assets Management Anhui Branch
15,352,000	80,000,000	On Demand	10.22%	China Cinda Assets Management Anhui Branch
3,350,090	17,457,477	On Demand	10.82%	China Cinda Assets Management Anhui Branch
8,160	42,523	On Demand	10.82%	China Cinda Assets Management Anhui Branch
786,790	4,100,000	July 27, 2021	5.82%	Huishang Bank
5,757,000	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,396,644	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 47,291,974	246,440,721			

During the six months ended June 30, 2021, the Company repaid RMB 600,000 or $117,300 bank loan pursuant to the signed loan agreement with the local bank.

The Company entered into a number of restructuring agreements with its SOCMC lender in April 2020 for the loan settlement. The Company did not make two scheduled payments to the SOCMC that were due under the payment schedule of the restructuring agreement in 2020; as a result, the contingent debt forgiveness was cancelled, and the restructuring agreement was suspended. The Company is negotiating a new debt settlement negotiation with the SOCMC, as well as a Chinese bank, on restructuring its debt.

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

Bank loans as at December 31, 2020:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
584,700	3,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
5,457,200	28,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,949,000	10,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,906,122	9,780,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
10,051,323	51,571,696	On Demand	10.22%	China Cinda Assets Management Anhui Branch
15,592,000	80,000,000	On Demand	10.22%	China Cinda Assets Management Anhui Branch
3,402,462	17,457,477	On Demand	10.82%	China Cinda Assets Management Anhui Branch
8,288	42,523	On Demand	10.82%	China Cinda Assets Management Anhui Branch
916,030	4,700,000	July 27, 2021	5.82%	Huishang Bank
5,847,000	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,434,111	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 48,148,236	$ 247,040,721			

Short-term borrowing from private lenders:

December 31, 2019	$	1,139,051
Advances		2,138,400
(Repayments)		(2,284,200)
Foreign currency translation		(13,769)
December 31, 2020	$	979,482
Advances / (Repayments)		-
Foreign currency translation		(26,003)
June 30, 2021	$	953,479

As at June 30, 2021, short-term borrowing from private lenders consisted of one US dollar denominated loan. The US dollar loan is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand.

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, 2021, 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, 2021, 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, 2020, year-end consolidated financial statements 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	(128,040)	(9,034)	(99,149)	(236,223)
Interest expense on lease liabilities	60,523	7,750	23,772	92,045
	366,082	42,309	90,124	498,515
Less: current portion	(80,857)	(1,648)	(90,124)	(172,629)
Non-current portion as at December 31, 2020	$ 285,225	$ 40,661	$ -	$ 325,886

	Office	Land	Production equipment	Total
At December 31, 2020	$ 366,082	$ 42,309	$ 90,124	$ 498,515
Lease payments made	(64,020)	(4,555)	(49,575)	(118,150)
Interest expense on lease liabilities	26,294	3,779	6,525	36,598
	328,356	41,533	47,074	416,963
Less: current portion	(90,116)	(1,957)	(47,074)	(139,147)
Non-current portion as at June 30, 2021	$ 238,240	$ 39,576	$ -	$ 277,816

Capital Structure

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

	30-Jun-21	31-Dec-20
Common Shares Issued	38,394,223	38,394,223
Stock Options	-	-
Total Reserved For Issuance	-	-
Fully Diluted Shares	38,394,223	38,394,223

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 had 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 continued 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.

On July 31, 2020, the Company repurchased of 31.77% of its ownership in Runhai from certain related parties for payment of RMB 60,500,000 pursuant to the right held by the non-controlling interest to require the Company to buy out all or part of the shares. The Company's ownership interest in Runhai increased to 98.85% from 67.08%, The non-controlling interest in Runhai is reduced to 1.15%. The ownership change was recorded as an equity transaction.

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, 2021, and December 31, 2020:

		June 30, 2021		December 31, 2020
ASSETS				
Current	$	3,386,488	$	3,864,955
Non-current		17,188,555		18,391,937
	$	20,575,043	$	22,256,892
LIABILITIES				
Current	$	89,398,762	$	88,174,324
	$	89,398,762	$	88,174,324
Net liabilities	$	(68,823,719)	$	(65,917,432)
Non-controlling interest percentage *		1.15%		1.15%
Non-controlling interest in net liabilities	$	(678,293)	$	(627,818)

* Non-controlling interest shares was changed from 32.92% to 1.15% in 2020.

Transactions with Related Parties

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note		**June 30, 2021**		**December 31, 2020**
Loans from Chief Executive Officer ("CEO")		$	8,604,747	$	8,318,129
Loans from direct family member of CEO			34,580,724		32,584,980
	i)		43,185,471		40,903,109
Consulting fees payable to CEO	ii)		3,129,840		3,167,892
Loan from Director of the Company	iii)		900,000		1,037,500
		$	47,215,311	$	45,108,501

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

Loan balance as of June 30, 2021

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 619,762	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,239,400	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	619,700	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	309,850	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	818,226	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	179,713	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	2,305,284	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	959,500	May 6, 2020	June 30, 2021	Unsecured	Category 4	Direct family member of CEO
	168,872	November 9, 2020	November 9, 2021	Unsecured	Category 5	Direct family member of CEO
Principal	**$ 7,220,307**					
Accrued interest	**35,965,164**					
	$ 43,185,471					

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
Category 5: 18% simple interest

Loan balance as of December 31, 2020

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 636,664	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,273,200	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	636,600	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	318,300	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	878,508	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	184,614	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	2,368,152	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	974,500	May 6, 2020	June 30, 2021	Unsecured	Category 4	Direct family member of CEO
	171,512	November 9, 2020	November 9, 2021	Unsecured	Category 5	Direct family member of CEO
Principal	**$ 7,442,050**					
Accrued interest	**33,461,059**					
	$ 40,903,109					

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
Category 5: 18% simple interest

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and CEO. As at June 30, 2021, the total amount owed to the CEO under these facilities, including principal and accumulated interest is $8,604,747 (December 31, 2020 - $8,318,129). As at June 30, 2021, 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, 2021, the total amount owed under these facilities, including principal and accumulated interest is $34,580,724 (December 31, 2020 - $32,584,980). As at June 30, 2021, 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 $43,185,471 (December 31, 2020 - $40,903,109). 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 $319,120 (December 31, 2020 - $372,340), 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:

	June 30, 2021	**December 31, 2020**
Risk free interest	0.12%	0.32%
Expected life of the loan	1 year	1 year
Expected foreign currency volatility	3.42%	3.76%

ii. As of June 30, 2021, the Company has accrued $3,129,840 (December 31, 2020 - $3,167,892), including 3% interest per annum compounding quarterly, in consulting fees to the Company's Chairman and CEO.

iii. As of June 30, 2021, the Company has a loan of $900,000 (December 31, 2020 - $1,037,500 including unpaid interest $37,500) from a Director of the Company originally borrowed to provide working capital required for Monk Fruit extracts. The loan has been renewed in June 2021 for one year, bearing interest at 15% per annum and repayable in full on March 31, 2022.

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		
		2021		2020
Short-term employee benefits (including salaries, bonuses and fees)	$	347,251	$	692,297
Share-based benefits	$	72,663	$	270,706
Total remuneration	$	419,914	$	963,003

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 $1,722,000.

Key management did not exercise stock options granted under the Company's stock option plan in the six months ended June 30, 2021.

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, 2021, 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, 2021. 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, 2021, 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).