GLG
LEADING LIFE TECHNOLOGIES.
BETTER STEVIA, MONK FRUIT AND MORE.

GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Twelve Months Ended December 31, 2022

Dated: April 3, 2023

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated April 3, 2023. It provides a review of the financial results for the three and twelve months ended December 31, 2022, 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 annual consolidated financial statements and notes thereto. 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, 2022. 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 six 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.

Significant Accounting Estimates and Judgements

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

(References to Notes below are references to the corresponding Notes in the accompanying Financial Statements.)

a) Judgments

Going concern

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

Functional currency determination

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

Recognition of deferred tax assets

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

Impairment and/or impairment reversal of long-lived assets

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

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

b) Uncertainty estimation

Inventories

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

Depreciation

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

Income tax estimates

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

Allowance for doubtful accounts

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

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 has negotiated CAD $1 million revolving loan facilities with a third party for working capital purposes. 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 two years that has reduced mainstream "Reb A" products (such as Reb A 80 and Reb A 97) to the lowest price levels in years, although pricing has begun to rise (reflecting the increased cost of raw materials in the most recent harvest). Monk fruit prices have also become increasingly competitive in the marketplace. To maintain margins at sustainable levels, the Company has focused on improving its production efficiencies, continues to strive for a mix of products that is weighted more heavily on higher margin, specialty products, and has focused more on higher margin direct sales.

The Company's focus on maintaining positive cash flow led the Company to take decisive steps in 2021 and continued efforts in 2022 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 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.

The Company continues to explore options to significantly improve its balance sheet and cash flows, whether through restructuring of debt or other opportunities for infusions of cash to address the debt load. One of these options is a joint venture in China through the Company's Runhai subsidiary, which has the potential to significantly increase revenues and overhaul the Company's balance sheet. The Company is also exploring other opportunities to significantly reduce the Company's debt, grow revenues, and improve its financial position.

While the Company continues to face substantial risks, management remains optimistic about the future opportunities for the Company. Having closed the idle asset sale in 2020 and having successfully implemented right-sizing efforts to manage costs, having entered into the joint venture, and continuing to optimize production efficiencies, costs, and planning, management is proceeding down the best available path to increased financial stability and improved profitability.

Formation of Joint Venture

On April 25, 2022, the Company announced the formation of a new joint venture through its Chinese subsidiary, Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai"). The joint venture, operating under the name Xinjiang Huanyu Technology Co., Ltd. ("Huanyu"), brings together Xinjiang Luxiang Sugar Industry Co. ("Luxiang"), Ltd., Xiao Gang HZ Health Industrial Park ("Xiao Gang"), and Runhai in a vertically integrated endeavor to bring a suite of consumer natural sweetener products as well as expanded business-to-business stevia sales to the domestic China market.

Huanyu will bring together upstream agricultural resources in support of downstream production for both the B2B and B2C sectors, with specialization in and integration of harvesting to bulk manufacturing to production of a variety of end customer products. Luxiang, located in Northwest China, where the soil, water, and sunlight are optimal for growing high-quality stevia leaf and other agricultural products, will produce and provide the agricultural raw materials for the joint venturers. Runhai, with its 18 years of technical expertise in manufacturing stevia products, will use this premium stevia leaf for producing its high-purity stevia extracts and other specialized stevia products – both in support of the joint venture as well as in support of GLG's international customers. Xiaogang, with its history of producing and selling high-quality low/zero-calorie sweetener consumer products, will use raw material inputs from both Luxiang and Runhai to produce its suite of healthful consumer products. Integrating agriculture with both B2B and B2C product manufacturing streams offers Huanyu a uniquely complementary advantage in China.

Under the terms of the agreement, Luxiang, a state-owned company, will be the majority stakeholder with a 51% share. Runhai will have a 26% share and Xiao Gang will have a 23% share. Luxiang will provide working capital for Huanyu's production needs as well as the production facilities. Runhai is providing key idle equipment from its facilities and specialized know-how in the production of stevia products leveraging a variety of steviol glycosides for sale to food and beverage companies across China. Xiao Gang has particular equipment and expertise in the natural products space that it will contribute for Huanyu's consumer products development, production, and sales.

While Luxiang will be a major customer of Huanyu's, the joint venturers are planning on sales of their products to customers and companies throughout China, both off the shelf to consumers and to food and beverage companies looking for high-quality and innovative natural sweeteners for use in their own products.

Huanyu plans to access up to 500M RMB from government funding available to support agricultural initiatives. This funding, if received, will help the joint venturers to fund their operation. Furthermore, in Runhai's case, this funding can be used to substantially, if not entirely, resolve long-standing debt issues, as the joint venturers have as a collective goal to clear Runhai of its debts. This will put Runhai, and consequently the Company, on much more solid financial footing. Dr. Zhang, the Company's Chairman and CEO, commented "Our new joint venture offers new and greater opportunities for GLG to access the domestic markets in China as well as to improve our company's balance sheet. We are excited to partner with Luxiang Sugar and Xiaogang Health, both ambitious companies excited to bring healthful products to our Chinese populace."

Originally, Huanyu anticipated production commencing in 2023. However, the COVID situation in China, exacerbated by lengthy lockdowns, has resulted in delays to the joint venture's plans and production may not commence in 2023. As the situation stabilizes and improves in China, the joint venturers continue to work towards obtaining the government funding and working towards the commencement of production.

Runhai will continue producing products for GLG's international customers through its active production facilities located in Qingdao and Anhui provinces. Serving GLG's customers with high-quality products remains a central focus for Runhai and for GLG; the joint venture opportunity is entirely additive to the Company's business plans.

2022 AGM Voting Results

The Company held its Annual General Meeting on June 17, 2022. 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. Dr. Hong Zhao Guang opted not to run for election this year and is therefore no longer a director.

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 2022 and 2021.

In thousands Canadian $, except per share amounts	3 Months Ended December 31 2022	2021	% Change	12 Months Ended December 31 2022	2021	% Change
Revenue	$3,037	$3,002	1%	$10,922	$10,876	0%
Cost of Sales	($2,303)	($2,302)	0%	($7,733)	($7,977)	(3%)
% of Revenue	(76%)	(77%)	1%	(71%)	(73%)	3%
Gross Profit	$734	$700	5%	$3,189	$2,899	10%
% of Revenue	24%	23%	1%	29%	27%	3%
Expenses	($571)	($506)	13%	($3,671)	($4,001)	(8%)
% of Revenue	(19%)	(17%)	(2%)	(34%)	(37%)	3%
Loss from Operations	$163	$194	16%	($483)	($1,102)	56%
% of Revenue	5%	6%	-1%	(4%)	(10%)	6%
Other Expenses	($16,155)	($8,680)	(86%)	($32,826)	($22,768)	(44%)
% of Revenue	(532%)	(289%)	(243%)	(301%)	(209%)	(91%)
Net Loss before Income Taxes	($15,992)	($8,486)	(88%)	($33,309)	($23,870)	(40%)
% of Revenue	(527%)	(283%)	(244%)	(305%)	(219%)	(85%)
Net Loss	($15,992)	($8,486)	(88%)	($33,309)	($23,870)	(40%)
% of Revenue	(527%)	(283%)	(244%)	(305%)	(219%)	(85%)
Net Loss Attributable to Non-Controlling Interest	($165)	($71)	(132%)	($258)	($166)	(55%)
Net Loss Attributable to GLG	($15,827)	($8,415)	(88%)	($33,051)	($23,704)	(39%)
% of Revenue	(521%)	(280%)	(241%)	(303%)	(218%)	(85%)
Net Loss per share (LPS, Basic & Diluted)	($0.41)	($0.22)	(87%)	($0.86)	($0.62)	(39%)
Other Comprehensive Income (Loss)	($2,095)	($1,049)	(100%)	$613	($1,639)	137%
% of Revenue	(69%)	(35%)	(34%)	6%	(15%)	21%
Comprehensive Net Loss	($18,087)	($9,535)	(90%)	($32,696)	($25,509)	(28%)
Comprehensive Loss Attributable to NCI	($187)	($82)	(128%)	($248)	($188)	32%
Comprehensive Loss Attributable to GLG	($17,900)	($9,453)	(89%)	($32,448)	($25,321)	(28%)
% of Revenue	(589%)	(315%)	(274%)	(297%)	(233%)	(64%)

Revenue

Revenue for the three months ended December 31, 2022, was $3.0 million compared to $3.0 million in revenue for the same period last year. Sales increased by 1% for the three months ending December 31, 2022, compared to the prior period in 2021. The sales increase of 1% was driven by increases in international stevia and monk fruit sales, which were offset by a decrease in China domestic stevia sales. International sales continue to predominate, making up over 99% of the Company's revenues (versus 97% in fourth quarter 2021).

Revenue for the twelve months ended December 31, 2022, was $10.9 million compared to $10.9 million in revenue for the same period last year. While overall sales were essentially flat for the twelve months ended December 31, 2022, compared to the prior period, international stevia sales and China domestic stevia sales both increased and were offset by a decrease in monk fruit sales. International sales made up 95% of full-year 2022 revenues (versus 97% for the same period in 2021).

Cost of Sales

For the quarter ended December 31, 2022, the cost of sales was $2.3 million compared to $2.3 million in cost of sales for the same period last year. Cost of sales as a percentage of revenues was 76% for the fourth quarter 2022, compared to 77% for the comparable period, a decrease of 1 percentage point. The decrease in cost of sales as a percentage of revenue for the three months ended December 31, 2022, compared to the prior comparable period, is primarily attributable to improved production costs.

For the twelve months ended December 31, 2022, the cost of sales was $7.7 million compared to $8.0 million for the same period last year (a decrease of $0.3 million or 3%). Cost of sales as a percentage of revenues was 71% for the twelve months ended December 31, 2022, compared to 73% in the comparable period in 2021, an improvement of 2 percentage points. The improvement in cost of sales as a percentage of revenue for the full year ended December 31, 2022, compared to the prior comparable period, is primarily attributable to a higher ratio of stevia sales over monk fruit sales.

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 twelve months ended December 31, 2022, and capacity charges of $1.1 million were charged to cost of sales (representing 14% of cost of sales) compared to $1.2 million charged to cost of sales in the same period of 2021 (representing 15% 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:
    a. water and power consumption;
    b. manufacturing overhead used in the production of stevia and monk fruit extract, including supplies, power, steam and labor cost;
    c. duties, distribution and warehousing cost;
    d. exchange rate changes; and
    e. 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 December 31, 2022, was $0.7 million, compared to a gross profit of $0.7 million for the comparable period in 2021. The gross profit margin was 24% in the fourth quarter of 2022 compared to 23% for the same period in 2021, an increase of 1 percentage point. This 1 percentage point increase in gross profit margin for the fourth quarter of 2022, relative to the comparable period in 2021, is primarily attributable to a loss recorded in the fourth quarter of 2021 for the Company's tabletop sweetener products.

Gross profit for the twelve months ended December 31, 2022, was $3.2 million, compared to a gross profit of $2.9 million for the comparable period in 2021. The gross profit margin was 29% for the twelve months ended December 31, 2022, compared to 27% for the same period in 2021, an increase of 2 percentage points. This 2 percentage point increase in gross profit margin for the year 2022, relative to the year 2021, is primarily attributable to a higher ratio of stevia sales over monk fruit sales.

Selling, General, and Administration Expenses

Selling, General and Administration ("SG&A") expenses include sales, marketing, general and administration costs ("G&A") 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 December 31		% Change	12 Months Ended December 31		% Change
	2022	2021		2022	2021	
G&A Expenses	$736	$785	(6%)	$3,202	$3,497	(8%)
Depreciation Expenses	($165)	($279)	41%	$469	$504	(7%)
Total	$571	$506	13%	$3,671	$4,001	(8%)

G&A expenses for the three months ended December 31, 2022, were $0.7 million, a decrease of $0.1 million compared to $0.8 million in the same period in 2021. The $0.1 million decrease in G&A expenses was driven primarily by reductions in professional fees, rental expenses, and business taxes and licenses.

G&A-related depreciation and amortization expenses for the three months ended December 31, 2022, were negative $0.2 million, compared with negative $0.3 million for the same quarter of 2021, with the negative depreciation reflecting an adjustment related to prior disposition of plant, property, and equipment.

G&A expenses for the twelve months ended December 31, 2022, were $3.2 million, a decrease of $0.3 million compared to $3.5 million in the same period in 2021. The $0.3 million decrease in G&A expenses was driven primarily by reductions in (1) professional fees ($0.2 million) and (2) consulting fees ($0.1 million).

G&A-related depreciation and amortization expenses for the twelve months ended December 31, 2022, were $0.5 million compared with $0.5 million for the same period in 2021.

Other Income (Expenses)

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2022	2021		2022	2021	
Other Expenses	($16,155)	($8,680)	(86%)	($32,826)	($22,768)	(44%)
% of Revenue	(532%)	(289%)	(243%)	(301%)	(209%)	(91%)

Other expenses for the three months ended December 31, 2022, was $16.1 million, compared to other expenses of $8.7 million for the same period in 2021, an increase in other expenses of $7.5 million. This $7.5 million increase in other expenses for the quarter was driven primarily by (1) an increase in interest expenses ($8.5 million) (the magnitude of this increase was due primarily to a one-time adjustment to interest owed on certain bank debts), which was offset by increases in (2) foreign exchange gain ($0.5 million), (3) other income ($0.3 million) and (4) inventory recovery ($0.2 million).

Other expenses for the twelve months ended December 31, 2022, was $32.8 million, compared to other expenses of $22.8 million for the same period in 2021, an increase in other expenses of $10.0 million. This $10.0 million increase in other expenses for the year was driven primarily by (1) an increase in interest expenses ($10.7 million), which was offset by (2) an increase in inventory recovery ($0.4 million) and (3) a decrease in other expenses ($0.3 million).

Foreign Exchange Gains (Losses)

Exchange rates	2022	2022	2022	2022	2021	2021	2021	2021
Rate (as compared to the Canadian $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
U.S. Dollars	0.7383	0.7296	0.7760	0.8003	0.7888	0.7849	0.8068	0.7952
Chinese RMB	5.0942	5.2002	5.1975	5.0736	5.0125	5.0761	5.2110	5.2110
Exchange rates	2022	2022	2022	2022	2021	2021	2021	2021
Rate (as compared to the US $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Chinese RMB	6.8996	7.1279	6.6975	6.3399	6.3549	6.4675	6.4586	6.5529

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 December 31, 2022, the exchange rate for RMB per Canadian dollar was 5.0942 compared to the exchange rate of 5.0125 as at December 31, 2021, reflecting a depreciation of the RMB against the Canadian dollar. As at December 31, 2022, the exchange rate for USD per Canadian dollar was 0.7383 compared to the exchange rate of 0.7888 as at December 31, 2021, reflecting an appreciation of the USD against the Canadian dollar. The balance of the AOCI was $11.5 million on December 31, 2022, compared to a balance of $10.9 million as at December 31, 2021.

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 $0.9 million for the year ended December 31, 2022, compared to the foreign exchange loss of $0.8 million for the comparable period in 2021. The table above shows the change in the Canadian dollar relative to the US dollar from March 31, 2021, to December 31, 2022, 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 December 31		% Change	12 Months Ended December 31		% Change
	2022	2021		2022	2021	
Net Loss	($15,992)	($8,486)	(88%)	($33,309)	($23,870)	(40%)
Net Loss Attributable to NCI	($165)	($71)	(132%)	($258)	($166)	(55%)
% of Revenue	(5%)	(2%)	-3%	(2%)	(2%)	-1%
Net Loss Attributable to GLG	($15,827)	($8,415)	(88%)	($33,051)	($23,704)	(39%)
% of Revenue	(521%)	(280%)	(241%)	(303%)	(218%)	(85%)

For the three months ended December 31, 2022, the Company had a net loss attributable to the Company of $15.8 million, an increase of $7.4 million over the comparable period in 2021 (net loss of $8.4 million). The $7.4 million increase in net loss attributable to the Company was driven by the $7.5 million increase in other expenses.

For the twelve months ended December 31, 2022, the Company had net loss attributable to the Company of $33.1 million, an increase of $9.3 million over the comparable period in 2021 (net loss of $23.7 million). The $9.3 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses

($10.0 million) attributable primarily to an increase in interest expenses, which was offset by (2) an increase in gross profit ($0.3 million), (3) a decrease in SG&A expenses ($0.3 million) and (4) an increase in net loss attributable to non-controlling interests ($0.1 million).

Comprehensive Income (Loss)

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2022	2021		2022	2021	
Net Loss Attributable to GLG	($15,827)	($8,415)	(88%)	($33,051)	($23,704)	(39%)
Other Comprehensive Income / (Loss)	($2,095)	($1,049)	(100%)	$613	($1,639)	137%
Total Comprehensive Loss	($18,087)	($9,535)	(90%)	($32,696)	($25,509)	(28%)
Comprehensive Loss Attributable to NCI	($187)	($82)	(128%)	($248)	($188)	(32%)
Comprehensive Loss Attributable to GLG	($17,900)	($9,453)	(89%)	($32,448)	($25,321)	(28%)
% of Revenue	(589%)	(315%)	(275%)	(297%)	(233%)	(64%)

The Company recorded total comprehensive loss of $17.9 million for the three months ended December 31, 2022, comprising $15.8 million of net loss attributable to the Company and $2.1 million of other comprehensive loss attributable to the Company. The Company recorded total comprehensive loss of $9.5 million for the three months ended December 31, 2021, comprising $8.4 million of net loss attributable to the Company and $1.1 million of other comprehensive loss attributable to the Company.

The Company recorded total comprehensive loss of $32.4 million for the twelve months ended December 31, 2022, comprising $33.1 million of net loss attributable to the Company and $0.6 million of other comprehensive income attributable to the Company. The Company recorded total comprehensive loss of $25.3 million for the twelve months ended December 31, 2021, comprising $23.7 million of net loss attributable to the Company and $1.6 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 Income (Loss)

In thousands Canadian $, except per share amounts	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	$3,037	$2,370	$2,771	$2,744	$3,002	$2,094	$2,526	$3,254
Gross Profit $	$734	$770	$884	$800	$700	$558	$813	$828
Gross Profit %	24%	32%	32%	29%	23%	27%	32%	25%
Net Income (Loss) Attributable to GLG	($15,827)	($7,522)	($5,450)	($4,252)	($8,414)	($6,962)	($4,497)	($3,832)
Basic Income (Loss) Per Share	($0.41)	($0.20)	($0.14)	($0.11)	($0.22)	($0.18)	($0.12)	($0.10)

For the three months ended December 31, 2022, the Company had a net loss attributable to the Company of $15.8 million, an increase of $7.4 million over the comparable period in 2021 (net loss of $8.4 million). The $7.4 million increase in net loss attributable to the Company was driven by the $7.5 million increase in other expenses.

For the three months ended September 30, 2022, the Company had a net loss attributable to the Company of $7.5 million, an increase in net loss of $0.6 million over the comparable period in 2021 (net loss of $7.0 million). The $0.6 million increase in net loss attributable to the Company was driven by increases in (1) interest expenses ($0.6 million) and (2) foreign exchange loss ($0.4 million), which were offset by (3) a decrease in loss from operations ($0.4 million).

For the three months ended June 30, 2022, the Company had a net loss attributable to the Company of $5.5 million, an increase in net loss of $1.0 million over the comparable period in 2021 (net loss of $4.5 million). The $1.0 million increase in net loss attributable to the Company was driven by increases in (1) interest expenses ($0.8 million) and (2) other expenses ($0.2 million) and (3) a decrease in foreign exchange gain ($0.2 million), which were offset by (4) a decrease in loss from operations ($0.2 million) and (5) an increase in inventory recovery ($0.1 million).

For the three months ended March 31, 2022, the Company had a net loss attributable to the Company of $4.3 million, an increase of $0.4 million or 11% over the comparable period in 2021 ($3.8 million). The $0.4 million increase in net loss attributable to the Company was driven by (1) an increase in interest expenses ($0.8 million), which was offset by increases in (2) other income ($0.2 million) and (3) recovery of earlier inventory provisions ($0.1 million).

For the three months ended December 31, 2021, the Company had a net loss attributable to the Company of $8.4 million, an increase of $2.1 million over the comparable period in 2020 (net loss of $6.4 million). The $2.1 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($13.1 million) and (2) a decrease in net gain from operations ($0.2 million), which were offset by (3) a decrease in net income attributable to non-controlling interests ($11.3 million).

For the three months ended September 30, 2021, the Company had a net loss attributable to the Company of $7.0 million, a decrease in net income of $28.1 million over the comparable period in 2020 (net income of $21.1 million). The $28.1 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($24.4 million) attributable primarily to gain in 2020 from the sale of an idle asset and (2) a decrease in net loss attributable to non-controlling interests ($3.8 million), which was offset by (3) a decrease in net loss from operations ($0.1 million).

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).

Quarterly Basic and Diluted Income (Loss) per Share

The basic loss and diluted loss per share from operations was $0.41 for the three months ended December 31, 2022, compared with a basic and diluted net loss of $0.22 for the comparable period in 2021. For the three months ended December 31, 2022, the Company had a net loss attributable to the Company of $15.8 million, an increase of $7.4 million over the comparable period in 2021 (net loss of $8.4 million). The $7.4 million increase in net loss attributable to the Company was driven by the $7.5 million increase in other expenses.

The basic loss and diluted loss per share from operations was $0.20 for the three months ended September 30, 2022, compared with a basic and diluted net loss of $0.18 for the comparable period in 2021. For the three months ended September 30, 2022, the Company had a net loss attributable to the Company of $7.5 million, an increase in net loss of $0.6 million over the comparable period in 2021 (net loss of $7.0 million). The $0.6 million increase in net loss attributable to the Company was driven by increases in (1) interest expenses ($0.6 million) and (2) foreign exchange loss ($0.4 million), which were offset by (3) a decrease in loss from operations ($0.4 million).

The basic loss and diluted loss per share from operations was $0.14 for the three months ended June 30, 2022, compared with a basic and diluted net loss of $0.12 for the comparable period in 2021. For the three months ended June 30, 2022, the Company had a net loss attributable to the Company of $5.5 million, an increase in net loss of $1.0 million over the comparable period in 2021 (net loss of $4.5 million). The $1.0 million increase in net loss attributable to the Company was driven by increases in (1) interest expenses ($0.8 million) and (2) other expenses ($0.2 million) and (3) a decrease in foreign exchange gain ($0.2 million), which were offset by (4) a decrease in loss from operations ($0.2 million) and (5) an increase in inventory recovery ($0.1 million).

The basic loss and diluted loss per share from operations was $0.11 for the three months ended March 31, 2022, compared with a basic and diluted net loss of $0.10 for the comparable period in 2021. For the three months ended March 31, 2022, the Company had a net loss attributable to the Company of $4.3 million, an increase of $0.4 million or 11% over the comparable period in 2021 ($3.8 million). The $0.4 million increase in net loss attributable to the Company was driven by (1) an increase in interest expenses ($0.8 million), which was offset by increases in (2) other income ($0.2 million) and (3) recovery of earlier inventory provisions ($0.1 million).

The basic loss and diluted loss per share from operations was $0.22 for the three months ended December 31, 2021, compared with a basic and diluted net loss of $0.17 for the comparable period in 2020. For the three months ended December 31, 2021, the Company had a net loss attributable to the Company of $8.4 million, an increase of $2.1 million over the comparable period in 2020 (net loss of $6.4 million). The $2.1 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($13.1 million) and (2) a decrease in net gain from operations ($0.2 million), which were offset by (3) a decrease in net income attributable to non-controlling interests ($11.3 million).

The basic loss and diluted loss per share from operations was $0.18 for the three months ended September 30, 2021, compared with a basic and diluted net gain of $0.55 for the comparable period in 2020. For the three months ended September 30, 2021, the Company had a net loss attributable to the Company of $7.0 million, a decrease in net income of $28.1 million over the comparable period in 2020 (net income of $21.1 million). The $28.1 million decrease in net income attributable to the Company was driven by (1) a decrease in other income ($24.4 million) attributable primarily to gain in 2020 from the sale of an idle asset and (2) a decrease in net loss attributable to non-controlling interests ($3.8 million), which was offset by (3) a decrease in net loss from operations ($0.1 million).

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).

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 three production facilities in operation in 2022 (with one production facility idle) 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 December 31, 2022, was $1.3 million or 42% of fourth quarter revenues compared to $1.2 million or 41% of fourth quarter revenues in 2021. Gross profit before capacity charges for 2022 increase from 2021 due primarily to a loss recorded in the fourth quarter of 2021 for the Company's tabletop sweetener products.

Gross profit before capacity charges for the twelve months ended December 31, 2022, was $4.3 million or 39% of full-year revenues compared to $4.1 million or 38% of full-year revenues in 2021. Gross profit before capacity charges for 2022 increased from 2021 due primarily to improved capacity utilization.

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

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2022	2021		2022	2021	
Loss Before Income Taxes	($15,992)	($8,486)	(88%)	($33,309)	($23,870)	(40%)
Add:						
Provisions for Inventory Impairment (Recovery)	($104)	$87	220%	($320)	$96	433%
Bad Debt Provision	$0	($5)	100%	$1	($1)	(200%)
Other Income	($267)	$0	(100%)	($303)	$0	(100%)
Depreciation and Amortization	$327	$199	64%	$1,375	$1,431	(4%)
Net Interest Expense	$16,564	$8,092	105%	$32,136	$21,449	50%
Foreign Exchange Loss	($180)	$363	(150%)	$869	$831	5%
Adj. EBITDA	$348	$250	39%	$449	($64)	802%
Adj. EBITDA as a % of Revenue	11%	8%	3%	4%	(1%)	5%

EBITDA for the three months ended December 31, 2022, was $0.3 million or 11% of revenues, compared to $0.2 million or 8% of revenues for the same period in 2021. EBITDA income increased by $0.1 million for the three-month period ended December 31, 2022, relative to the comparable period in 2021, driven primarily by a reduction in SG&A expenses.

EBITDA for the twelve months ended December 31, 2022, was $0.4 million or 4% of revenues, compared to negative $0.1 million or negative 1% of revenues for the same period in 2021. EBITDA income increased by $0.5 million for the twelve months ended December 31, 2022, relative to the comparable period in 2021, driven primarily by an increase in gross profit and a reduction in SG&A expenses.

Liquidity and Capital Resources

In thousands Canadian $	31-Dec-22	31-Dec-21
		(Restated)
Cash and Cash Equivalents	$ 245	$ 239
Working Capital	$ (196,140)	$ (165,823)
Total Assets	$ 22,947	$ 24,554
Total Liabilities	$ 203,608	$ 172,518
Loan Payable (<1 year)	$ 114,590	$ 106,306
Loan Payable (>1 year)	$ 491	$ -
Total Shareholder's Deficiency	$ (179,597)	$ (147,148)

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 $116.1 million as of December 31, 2022, an increase of $9.8 million compared to the total loans payable as at December 31, 2021 ($106.3 million). The increase in short-term loans was primarily driven by an increase in accrued interest.

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

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2022. 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"). Subsequently, in the fourth quarter of 2021, part of Cinda's debt holding (approximately 17.5%) was transferred to another SOCMC, Jiangsu Xinbao Assets Management Co. ("Xinbao").

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 was finalized as of July 23, 2020. The Company also continues to negotiate with Cinda regarding the debt repayment schedule as well as the possibility of converting 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.

The Company has also been exploring other options to reduce or eliminate the debt. This includes the Company's formation of a joint venture, through its Chinese Subsidiary, Runhai, as discussed in the Company's April 2022 press release.

Cash Flows: Three Months Ended December 31, 2022 and 2021

Cash used in operating activities was $1.3 million in the three-month period ended December 31, 2022, compared to $0.5 million cash generated by operating activities in the same period of 2021. Cash used in operating activities increased by $1.8 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 $9.7 million and (2) an increase in cash generated from non-cash working capital of $7.9 million for the three months ended December 31, 2022, relative to the comparative 2021 period.

The $7.9 million increase in cash generated from non-cash working capital was due to increases in cash generated from (1) interest payable ($16.0 million), (2) prepaid expenses ($0.1 million) and (3) inventory ($0.1 million), which were offset by increases in cash used in (4) due to related parties ($7.2 million), (5) deferred revenue ($0.3 million) and (6) accounts receivable and taxes recoverable ($0.1 million) and decreases in cash generated in (7) accounts payable and accruals ($0.7 million).

Cash used in investing activities was $nil million during the fourth quarter of 2022, compared to $0.1 million cash used in the fourth quarter of 2021.

Cash used in financing activities was $0.1 million in the fourth quarter of 2022, compared to $0.2 million cash used in the fourth quarter of 2021.

Cash Flows: Twelve Months Ended December 31, 2022 and 2021

Cash used in operating activities was $0.3 million in the twelve-month period ended December 31, 2022, compared to $0.2 million cash generated by operating activities in the same period of 2021. Cash used in operating activities increased by $0.5 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 $10.9 million and (2) an increase in cash generated from non-cash working capital of $10.4 million for the twelve months ended December 31, 2022, relative to the comparative 2021 period.

The $10.4 million increase in cash generated from non-cash working capital was due to increases in cash generated from (1) interest payable ($17.4 million) and (2) inventories ($0.2 million) and decreases in cash used in (3) taxes recoverable ($0.1 million) and (4) accounts receivable ($0.1 million), which were offset by decreases in cash generated from (5) due to related parties ($6.3 million) and (6) accounts payable and accruals ($0.5 million) and an increase in cash used in (7) deferred revenue ($0.5 million).

Cash used in investing activities was $nil million during 2022, compared to $0.1 million in cash used in 2021.

Cash used in financing activities was $0.6 million in 2022, compared to $0.5 million cash used in 2021.

Selected Annual Information

In thousands Canadian $, except for EPS	2022	2021	2020
Gross Revenue	$10,922	$10,876	$15,290
Net Income (Loss)	($33,309)	($23,870)	$28,084
Total Assets	$22,947	$24,554	$25,442
Non-Current Financial Liabilities	$793	$226	$326
Basic and Diluted	($0.86)	($0.62)	$0.43
Diluted	($0.86)	($0.62)	$0.43

Revenues increased in 2022 relative to 2021, primarily due to an increase in international stevia sales as well as domestic China stevia sales. Monk fruit sales declined as market price pressures contributed to lower monk fruit sales.

Revenues decreased in 2021 relative to 2020, primarily due to a decrease in international monk fruit sales and an increased focus on direct higher-margin sales. Monk fruit sales declined due to relatively limited monk fruit market supply. The Company also focused more heavily on higher-margin direct sales rather than sales through distribution channels.

Revenues increased in 2020 relative to 2019, primarily due to increases in international stevia sales and monk fruit sales. Monk fruit sales became a larger percentage of revenues than in 2019. However, compared to the monk fruit market opportunity, the stevia market opportunity provides many more geographic markets with ingredient approval; this wider market approval combined with the improvements to the cost and taste performance of stevia make stevia the most attractive market for the Company to focus on for revenue growth, but monk fruit remains a focus for the Company as well.

In 2020, the Company's net income attributable to the Company increased to $16.5 million, due primarily to the sale of the Runhao subsidiary.

In 2021, the Company's net loss attributable to the Company increased to $23.7 million, due primarily to accrued interest expenses.

In 2022, the Company's net loss attributable to the Company increased to $33.1 million, due primarily to accrued interest expenses and a one-time adjustment to interest owed on certain bank debts.

The key items the Company is pursuing to continue to reduce the annual losses and move the Company to profitability are:

1. Increase stevia sales primarily through its direct sales efforts.
2. Reduce production and other operating costs.
3. Restructure debt with Chinese Banks into equity into its China subsidiary or otherwise use assets to extinguish debt.
4. Exploring additional opportunities to mitigate or extinguish debt.

Financial Resources

Cash and cash equivalents increased by $nil million for the twelve months ended December 31, 2022, relative to December 31, 2021. Working capital decreased by $30.3 million from the year-end 2022 position to negative $196.1 million.

The working capital decrease of $30.3 million is attributable to an increase in current liabilities of $30.5 million and an increase in current assets of $0.2 million. The $30.5 million increase in current liabilities was due primarily to increases in (1) interest payable ($22.8 million) which included a one-time adjustment to interest expenses, (2) other loans payable ($7.3 million) and (3) due to related parties ($2.4 million), which were offset by decreases in (4) short-term loans ($1.4 million), (5) deferred revenue ($0.3 million) and (6) derivative liabilities ($0.2 million).

The Company continues to work on improving its working capital deficiency situation, which was driven by the accrued interest, impairments to inventory, accounts receivable, sales taxes recoverable and prepaid expenses over the years 2011 - 2022. 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 December 31, 2022, in comparison to December 31, 2021, the total assets decreased by $1.6 million. This $1.6 million decrease was due to decreases in fixed assets of $1.7 million and right-of-use assets of $0.2 million, which were offset by increases in current assets of $0.2 million and net investment in sublease of $0.1 million. Total liabilities increased by $31.1 million as at December 31, 2022, in comparison to December 31, 2021.

Shareholders' deficiency increased by $32.4 million due to (1) an increase in accumulated deficit ($33.1 million) and (2) an increase in accumulated other comprehensive income ($0.6 million).

Term Loans

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

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

	RD-Cinda (i)	RH-Cinda (ii)	RY-Xinbao (iii)	RH-Bank (iv)	TOTAL
Balance, December 31, 2020	**35,540,346**	**3,410,750**	**8,281,111**	**916,030**	**48,148,237**
Repayment	-	-	-	(116,580)	(116,580)
FX impact	838,817	80,500	195,449	18,500	1,133,266
Balance, December 31, 2021	**36,379,163**	**3,491,250**	**8,476,560**	**817,950**	**49,164,923**
Repayment	-	-	-	(154,880)	(154,880)
FX impact	(583,525)	(56,000)	(135,964)	(15,280)	(790,769)
Balance, December 31, 2022	**35,795,638**	**3,435,250**	**8,340,596**	**647,790**	**48,219,274**
Long term				**490,750**	**490,750**
Current	**35,795,638**	**3,435,250**	**8,340,596**	**157,040**	**47,728,524**

The following table presents the interest expenses and late payment compensation of each term loan.

	RD-Cinda (i)	RH-Cinda (ii)	RY-Xinbao (iii)	RH-Bank (iv)	TOTAL
Balance, December 31, 2020	**17,774,048**	**5,534,190**	**10,260,914**	**1,777**	**33,570,929**
Interest accrued	5,267,772	978,620	1,725,677	49,436	8,021,505
Late payment compensation	5,842,676	55,553	58,679	-	5,956,908
Interest paid	-	-	-	(49,662)	(49,662)
FX impact	716,847	158,295	289,931	36	1,165,109
Balance, December 31, 2021	**29,601,343**	**6,726,658**	**12,335,201**	**1,587**	**48,664,789**
Interest accrued	6,202,166	1,130,685	4,715,236	41,997	12,090,084
Late payment compensation	5,307,138	830,001	5,108,477	-	11,245,616
Interest paid	-	-	-	(32,341)	(32,341)
FX impact	(314,296)	(80,553)	(60,854)	109	(455,594)
Balance, December 31, 2022	**40,796,351**	**8,606,791**	**22,098,060**	**11,352**	**71,512,554**

i. The Company's subsidiary Runde has numerous loans with Cinda. $9,968,114 (RMB 50,780,000) of loans bear interest at 11.57% per annum and $25,827,524 (RMB 131,571,696) of loans bear interest at 10.22% per annum. As at December 31, 2022, The RD-Cinda loans are due on demand.

   During the year ended December 31, 2021, the Company entered into a settlement agreement with Cinda for RD-Cinda loans. The Company was assessed a late payment compensation due to the breach of the debt restructuring agreement with Cinda. This amount was included in interest expense and interest payable.

ii. The Company's subsidiary Runhai has numerous loans with Cinda. $3,435,250 (RMB 17,500,000) of loans are due on demand and bear interest at 10.82% per annum.

iii. The Company's subsidiary Runyang has numerous loans with Cinda in the amount of $8,340,595 (RMB 42,489,025). During the year ended December 31, 2021, these loans have been transferred to Xinbao. The Company was assessed a late payment compensation due to the breach of the debt restructuring agreement with Cinda. This amount was included in interest expense and interest payable.

iv. During the year ended December 31, 2021, Runhai borrowed a loan of $817,950 (RMB 4,100,000) from a local bank. During the year ended December 31, 2022, Runhai restructured the loan with a repayment schedule over three years. The loan bears interest at 5.82% per annum and is due between February 2023 to August 2025. Due to restructuring of the loan, the Company repaid $154,880 (RMB 800,000) in 2022.

The assets of the Company's subsidiaries including inventory, restricted cash and property, plant and equipment have been pledged as collateral for these loans. (Notes 8, 10 and 11). As of the reporting date, all term loans have been in default, and Cinda and Xinbao have the right to collect all the principals, accrued interest and late payment compensation, as well as the right to take possession of the pledged assets. If lenders take possession of the pledged assets, the Company will no longer be able to continue its operation. The Company has been negotiating with Cinda and Xinbao to arrange for debt repayment plans, and no consensus has been arrived yet as of the reporting date.

Financial Risk Management and Financial Instruments

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

a) Credit risk

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

The Company's primary credit risk is on its cash and accounts receivable. The Company has a high concentration of credit risk as two major customers made up 89% of the total accounts receivable as at December 31, 2022 (2021 – 84%). The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts. Significant management estimates are used to determine the allowance for doubtful accounts. The Company considers the probability of default on a specific account basis, which involves assessing whether there was a significant increase in credit risk. Indicators include actual or expected changes in the debtor's ability to pay based on information that is available each reporting period; monitoring past due accounts and other external factors. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. The Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

		December 31, 2022		December 31, 2021
Accounts receivable	$	4,115,032	$	3,467,702
Expected credit loss		(1,271,907)		(1,254,721)
	$	**2,843,125**	**$**	**2,212,981**

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 27. It also manages liquidity risk by continually monitoring actual and projected cash flows to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company is exposed to liquidity risk (Note 3).

The following are the undiscounted contractual maturities of the Company's financial liabilities with the exception of the derivative liabilities as at December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
Financial liabilities	**0 to 12 months**	**12 to 24 months**	**0 to 12 months**	**12 to 24 months**
Term loans	$ 47,728,524	490,750	$ 49,164,923	-
Interest payable	71,512,554	-	48,664,789	-
Other loans payable	50,923,670		43,595,220	
Accounts payable and accruals	16,549,932	-	16,609,628	-
Due to related parties	15,937,777	-	13,546,068	-
	$ 202,652,457	**$ 490,750**	**$ 171,580,628**	**$ -**

c) Market risk

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

i) Interest rate risk

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

The Company is exposed to interest rate risk on its short-term loans and some amounts due to related parties at December 31, 2022. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2022, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of $639,000 (December 31, 2021 - $1,024,000) on profit or loss.

ii) Foreign exchange risk

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

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

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

	December 31, 2022					
		RMB balance	HK balance		US balance	
Total financial assets	¥	751,248	HK$	-	$	1,733
Total financial liabilities		(677,174,742)		-		(53,746)
Net foreign exchange risk exposure	¥	(676,423,494)	HK$	-	$	(52,013)

	December 31, 2021					
		RMB balance	HK balance		US balance	
Total financial assets	¥	412,381	HK$	-	$	694
Total financial liabilities		(598,539,234)		-		(42,264)
Net foreign exchange risk exposure	¥	(598,126,853)	HK$	-	$	(41,570)

As of December 31, 2022, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income (loss) approximately of $1,216,000 (2021 - $1,194,000).

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

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

		December 31, 2022		December 31, 2021
		US$		US$
Financial assets				
Cash	$	80,655	$	166,047
Accounts receivable		2,081,721		1,703,380
Financial liabilities				
Short-term loans	$	(769,307)	$	(769,307)
Interest payable		(2,774,593)		(2,395,400)
Accounts payable and accruals		(164,456)		(117,320)
Due to related parties		(37,015,627)		(33,756,363)
Net foreign exchange risk exposure	$	(38,561,607)	$	(35,168,963)

As at December 31, 2022, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on other comprehensive income (loss) of approximately $386,000 (2021 - $446,000).

Lease Liabilities

	Office	Land	Production equipment	Total
At December 31, 2021	$ 285,225	$ 40,660	$ 89,974	$ 415,859
Recognized in 2022	118,418	-	-	118,418
Lease payments made	(156,017)	(9,407)	(97,451)	(262,875)
Interest expense on lease liabilities	43,341	7,138	7,477	57,956
	290,967	38,391	-	329,358
Less: current portion	(149,555)	(2,713)	-	(152,268)
Non-current portion as at December 31, 2022	$ 141,412	$ 35,678	$ -	$ 177,090

	Office	Land	Production equipment	Total
At December 31, 2020	$ 366,082	$ 42,309	$ 90,124	$ 498,515
Recongnized in 2021	-	-	77,365	77,365
Lease payments made	(130,465)	(9,135)	(97,451)	(237,051)
Interest expense on lease liabilities	49,608	7,486	19,936	77,030
	285,225	40,660	89,974	415,859
Less: current portion	(97,606)	(2,269)	(89,974)	(189,849)
Non-current portion as at December 31, 2021	$ 187,619	$ 38,391	$ -	$ 226,010

	December 31, 2022	December 31, 2021
Current	$ 152,268	$ 189,849
Non-Current	177,090	226,010
	$ 329,358	$ 415,859

During the year ended December 31, 2022, the Company recognized an expense of $113,658 (2021 - $150,625) relating to short term leases.

Capital Structure

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

	31-Dec-22	31-Dec-21
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

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

December 31, 2020	**$**	**(627,818)**
Non-controlling interest's share of earnings	$	(165,894)
Non-controlling interest's share of other comprehensive loss	$	(21,817)
December 31, 2021	**$**	**(815,529)**
Non-controlling interest's share of earnings	$	(257,709)
Non-controlling interest's share of other comprehensive loss	$	9,914
December 31, 2022	**$**	**(1,063,324)**

Related Party Balances and Transactions

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Loan from CEO (i)	Loan from Director (ii)	Consulting fee payable to CEO (iii)	Total
Balance, December 31, 2020	**8,318,128**	**1,037,500**	**3,167,892**	**12,523,520**
Additions - Cash				-
Additions - Non cash			426,449	426,449
Interest expense	1,066,941	143,055	94,572	1,304,568
Payments		(246,527)	(426,448)	(672,975)
FX impact	(23,122)		(12,372)	(35,494)
Balance, December 31, 2021	**9,361,947**	**934,027**	**3,250,093**	**13,546,067**
Additions - Cash				-
Additions - Non cash			456,555	456,555
Interest expense	1,416,618	135,000	100,755	1,652,373
Payments		(169,027)	(467,829)	(636,856)
FX impact	693,206		226,432	919,638
Balance, December 31, 2022	**11,471,771**	**900,000**	**3,566,006**	**15,937,777**

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and CEO in USD and RMB. For the loans borrowed in USD, the interest rate is US 10-year benchmark government bond rate plus 1100 basis points per annum. For the loans borrowed in RMB, the interest rate is the Chinese 10-year benchmark government bond rate plus 1100 basis points per annum, compounding quarterly. The loans from the CEO are unsecured and due on demand. As of December 31, 2022, the outstanding principal of these loans was $3,047,468 (2021 - $2,852,613).

   These loans provide a repayment option to the lenders in either RMB or USD using a foreign exchange rate specified in each credit facility. This option results in a derivative liability of $nil (2021 - $247,979).

ii. The Company obtained a loan from one of its directors. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum. As of December 31, 2022, the outstanding principal of the loan was $900,000 (2021 - $900,000).

iii. As of December 31, 2022, the consulting fee payable to the Company's Chairman and CEO was $3,566,006 (2021 - $3,250,093), which bears interest at 3% per annum compounding quarterly.

b) Transactions with Key Management Personnel

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

Financial Officer, Chief Operating Officer, senior management of the Chinese subsidiaries and any external directors of the Company.

Remuneration of Key Management Personnel of the Company is comprised of the following:

		Twelve months ended December 31		
		2022		2021
Short-term employee benefits (including salaries, bonuses and fees)	$	736,992	$	706,108
Share-based benefits		-		72,663
Total remuneration	$	736,992	$	778,771

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 payment, totaling approximately $1,870,000.

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 December 31, 2022, 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 December 31, 2022. 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 December 31, 2022, 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).