



GLG LIFE TECH CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023

(Unaudited – Prepared by Management)

Notice of No Auditor Review of Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for a review of interim financial statements by an entity's auditors.

GLG LIFE TECH CORPORATION

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2023 and December 31, 2022

(Unaudited – Expressed in Canadian Dollars)

		March 31, 2023	December 31, 2022
ASSETS			
	Note		
Current Assets			
Cash		\$ 657,418	\$ 244,671
Accounts receivable	5	1,560,381	2,843,125
Sales taxes recoverable		675,853	798,435
Inventory	6	3,237,564	2,227,032
Prepaid expenses		427,995	444,851
Net investment in sublease - current portion		120,196	116,533
Total Current Assets		6,679,407	6,674,647
Restricted cash	7	75,575	75,260
Property, plant and equipment	8	15,751,130	15,992,990
Right-of-use assets	9	445,723	129,368
Net investment in sublease		43,486	74,945
Total Assets		\$ 22,995,321	\$ 22,947,210
LIABILITIES AND DEFICIT			
Current Liabilities			
Term loans - current portion	10	\$ 48,016,922	\$ 47,728,524
Interest payable	10	74,519,732	71,512,554
Other loans payable	11	53,224,387	50,923,670
Accounts payable and accruals		16,862,267	16,549,931
Advance from customers		10,285	10,293
Due to related parties	12	16,365,747	15,937,777
Lease liabilities - current portion	13	208,509	152,269
Total Current Liabilities		209,207,849	202,815,018
Term loans	10	374,300	490,750
Other long-term liabilities		124,826	124,826
Lease Liabilities	13	419,546	177,089
Total Long-Term Liabilities		918,672	792,665
Total Liabilities		210,126,521	203,607,683
DEFICIT			
Shareholders' Deficiency			
Share capital	14	200,544,544	200,544,544
Contributed surplus		34,018,883	34,018,883
Accumulated other comprehensive income		11,452,100	11,470,363
Accumulated deficit		(432,038,387)	(425,630,939)
Total Shareholders' Deficiency Attributable to Shareholders of GLG		(186,022,860)	(179,597,149)
Non-controlling Interest	15	(1,108,340)	(1,063,324)
Total Deficit		(187,131,200)	(180,660,473)
Total Liabilities and Deficit		\$ 22,995,321	\$ 22,947,210

Going Concern (Note 3)

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Brian Palmieri"

Director

"Sophia Leung"

Director

"Yingchun Liu"

Director

GLG LIFE TECH CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Periods Ended March 31, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended March 31	
		2023	2022
REVENUE	19	\$ 1,556,808	\$ 2,743,548
COST OF SALES	17	(1,163,369)	(1,943,195)
GROSS PROFIT		393,439	800,353
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	17	(1,032,217)	(1,083,056)
OTHER INCOME (EXPENSES)			
Interest expense	10	(5,259,494)	(5,126,045)
Interest income		50	65
Inventory recovery	6	28,460	130,941
Foreign exchange (loss) gain		(310,984)	829,296
Other (expenses) income		(268,094)	164,239
Bad debt recovery		227	-
		(5,809,835)	(4,001,504)
NET LOSS FOR THE PERIOD		(6,448,613)	(4,284,207)
NET LOSS ATTRIBUTABLE TO			
Shareholders of GLG		(6,407,448)	(4,251,717)
Non-controlling interest		(41,165)	(32,490)
Net Loss for the period		\$ (6,448,613)	\$ (4,284,207)
Item that will be reclassified subsequently to profit or loss			
Foreign currency translation adjustment		(22,114)	980,938
COMPREHENSIVE LOSS FOR THE PERIOD		\$ (6,470,727)	\$ (3,303,269)
Total other comprehensive (loss) income attributable to:			
Shareholders of GLG		(18,263)	970,196
Non-controlling		(3,851)	10,742
		\$ (22,114)	\$ 980,938
COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of GLG		(6,425,711)	(3,281,521)
Non-controlling interest		(45,016)	(21,748)
		\$ (6,470,727)	\$ (3,303,269)
LOSS PER SHARE			
Basic and diluted	18	\$ (0.17)	\$ (0.11)
Weighted Average Number of Common Shares Outstanding			
Basic and diluted		38,394,223	38,394,223

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

As at March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

	Number of Common Shares	Number of Restricted Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total GLG Shareholders' Deficiency	Non-controlling Interest	Total Deficit
Balance, January 1, 2022	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 10,867,763	\$ (392,579,670)	\$ (147,148,480)	\$ (815,529)	\$ (147,964,009)
Change in foreign currency translation	-	-	-	-	970,196	-	970,196	10,742	980,938
Net income	-	-	-	-	-	(4,251,717)	(4,251,717)	(32,490)	(4,284,207)
Balance as at March 31, 2022	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 11,837,959	\$ (396,831,387)	\$ (150,430,001)	\$ (837,277)	\$ (151,267,278)
Balance, April 1, 2022	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 11,837,959	\$ (396,831,387)	\$ (150,430,001)	\$ (837,277)	\$ (151,267,278)
Change in foreign currency translation	-	-	-	-	(367,596)	-	(367,596)	(828)	(368,424)
Net income	-	-	-	-	-	(28,799,552)	(28,799,552)	(225,219)	(29,024,771)
Balance as at December 31, 2022	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 11,470,363	\$ (425,630,939)	\$ (179,597,149)	\$ (1,063,324)	\$ (180,660,473)
Balance, January 1, 2023	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 11,470,363	\$ (425,630,939)	\$ (179,597,149)	\$ (1,063,324)	\$ (180,660,473)
Change in foreign currency translation	-	-	-	-	(18,263)	-	(18,263)	(3,851)	(22,114)
Net loss	-	-	-	-	-	(6,407,448)	(6,407,448)	(41,165)	(6,448,613)
Balance as at March 31, 2023	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 11,452,100	\$ (432,038,387)	\$ (186,022,860)	\$ (1,108,340)	\$ (187,131,200)

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

For the periods ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended March 31	
		2023	2022
Cash Flows From Operating Activities			
Net Loss		\$ (6,448,613)	\$ (4,417,611)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation of property, plant and equipment and right-of-use assets	8 & 9	350,966	373,885
Inventory provision (recovery)	6	(28,460)	(130,941)
Bad debt provision (recovery)		(227)	-
Interest expense on lease liabilities, net of finance income from sublease		19,363	15,343
Unrealized foreign exchange loss		(19,848)	(588,719)
Changes in non-cash working capital items	16	5,948,864	5,561,200
Net cash from (used in) operating activities		(177,955)	813,157
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(1,852)	(2,316)
Net cash used in investing activities		(1,852)	(2,316)
Cash Flows From Financing Activities			
Repayment of term loans		-	(39,900)
Proceeds from other loans	11	1,157,746	-
Repayment of other loans	11	(962,482)	(303,240)
Net of repayment to related parties		-	(7,997)
Change of restricted cash		(47)	(51)
Repayment of lease liabilities, net of proceeds from sublease	13 & 18	(36,681)	(60,180)
Interest paid		(52,264)	(11,901)
Net cash from (used in) financing activities		106,272	(423,269)
Effect of exchange rate changes on cash		486,282	(52,650)
Net Change In Cash		412,747	334,922
Cash, beginning of the period		244,671	239,345
Cash, end of the period		\$ 657,418	\$ 574,267

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements
Supplemental Cash Flow Information (Note 15)

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

GLG Life Tech Corporation (the “Company”) was incorporated under the *Business Corporation Act* (British Columbia), Canada. The registered office of the Company is located at Suite 280, 13071 Vanier Place, Richmond, British Columbia V6V 2J1. The Company’s shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “GLG”.

The Company is an integrated producer of high-grade stevia and monk fruit extracts. The Company’s business operates primarily through the manufacturing and sales of refined forms of stevia and monk fruit and has operations in China and North America.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2022, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgments and estimates were presented in notes 4, respectively, of those consolidated financial statements, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

Basis of preparation and measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, except when otherwise indicated.

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2023, were authorized for issue by the Audit Committee on behalf of the Board of Directors on May 9, 2023.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

3. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS accounting policies, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the three-month period ended March 31, 2023, the Company incurred net loss attributed to the Company's shareholders of \$6,407,488 (2022 - \$4,251,617). As at March 31, 2023, the Company had an accumulated deficit of \$432,038,387 (December 31, 2022 - \$425,630,939), working capital deficiency of \$202,528,442 (December 31, 2022 - \$196,140,371) and cash outflow from operating activities of \$177,955 (2022 inflow – \$813,157).

These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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

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

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

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

3. GOING CONCERN, continued

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

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

Regarding risk associated with financial instruments generally, as of March 31, 2023, and December 31, 2022, substantially all bank loans were held by a state-owned capital management company ("SOCMC") and a Chinese bank. The Company has provided its SOCMC (including Cinda and Xinda) and bank guarantees and collateral agreements which could enable the SOCMC to exercise its rights against the Company's assets, because the Company has not made its principal or interest payments to the SOCMC on time. Should the SOCMC exercise its rights, it could have a significant impact on the Company's ownership of its assets, and ultimately, its operations. The Company has provided collateral and guarantor agreements in multiple provinces in China, of which each is subject to local provincial rules.

There is the additional risk that the Company could be assessed additional interest, compensation for breach of a settlement agreement and penalties. During fiscal year 2021, the Company entered into a debt settlement agreement with the SOCMC for debt held by the Company's subsidiary, Qingdao Runde Biotechnology Company, Ltd. ("Runde") and a late payment compensation has been assessed for breach of the settlement agreement (Note 10). To the best of the Company's knowledge, neither the SOCMC nor the bank have taken any action on the Company's pledged assets to date.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

3. GOING CONCERN, continued

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

The above matters indicate the existence of a material uncertainty about the Company's ability to continue as a going concern.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and application of new International Financial Reporting Standards

The unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2022. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

a. Basis of consolidation

These consolidated financial statements include the following subsidiaries:

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

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recent Accounting Pronouncements

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Clarifying amendment to account for deferred tax on leases and decommissioning obligations (Amendments to IAS 12)

The adoption of the amendments did not have a significant impact on the consolidated interim financial statements.

5. ACCOUNTS RECEIVABLE

The aging analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	<90 days	91-180 days	>180 days
March 31, 2023	\$ 1,560,381	\$ 1,441,229	\$ 88,372	\$ -	\$ 30,780
December 31, 2022	\$ 2,843,125	\$ 2,476,393	\$ 358,604	\$ 143	\$ 7,985

6. INVENTORY

	March 31, 2023	December 31, 2022
Raw materials	\$ 1,003,202	\$ 715,320
Work in progress	875,071	547,887
Finished goods	1,359,291	963,825
	\$ 3,237,564	\$ 2,227,032

The Company assessed the net realizable value of inventory based on the cost of raw materials comprising the purchase price, applicable taxes and other costs incurred in bringing inventory to its present location and condition as well as the cost of finished goods including cost of materials and cost of conversion. The cost of conversion includes costs directly related to the units of production, such as direct labor, variable and fixed production overheads, based on normal operating capacity.

For the three months ended March 31, 2023, the Company recorded an inventory provision recovery of \$28,460 (2022 - \$130,941).

The carrying amounts of inventory have been pledged as general collateral for the loans from the SOCMC and a bank.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

7. RESTRICTED CASH

	March 31, 2023		December 31, 2022	
Restricted cash	\$	75,575	\$	75,260
	\$	75,575	\$	75,260

For the period ended March 31, 2023, the Company has \$75,575 or RMB 383,632 in restricted cash (December 31, 2022 – \$75,260 or RMB 383,391) that is restricted by the SOCMC due to non-payment on its short-term loan and breach of the debt settlement agreement (Note 10).

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings & CIP	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Bearer plants	Total
Costs								
As at December 31, 2021	\$ 2,480,357	\$ 17,088,614	\$ 22,272,113	\$ 1,629,630	\$ 262,736	\$ 414,270	\$ -	\$ 44,147,720
Additions	-	5,157	-	-	7,508	-	-	12,665
Disposal	-	-	-	(39,470)	-	-	-	(39,470)
Transfer	-	35,134	(35,134)	-	-	-	-	-
Foreign currency adjustments	(129,079)	(394,354)	(750,926)	(25,506)	(3,245)	(5,536)	-	(1,308,646)
As at December 31, 2022	\$ 2,351,278	\$ 16,734,551	\$ 21,486,053	\$ 1,564,654	\$ 266,999	\$ 408,734	\$ -	\$ 42,812,269
Additions	-	-	-	-	1,852	-	-	1,852
Disposal	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Foreign currency adjustments	28,236	86,538	163,517	5,580	710	1,211	-	285,792
As at March 31, 2023	\$ 2,379,514	\$ 16,821,089	\$ 21,649,570	\$ 1,570,234	\$ 269,561	\$ 409,945	\$ -	\$ 43,099,913
Accumulated depreciation								
As at December 31, 2021	\$ 2,480,357	\$ 14,576,602	\$ 8,351,558	\$ 451,437	\$ 239,574	\$ 376,864	\$ -	\$ 26,476,392
Depreciation	-	202,187	1,012,602	33,623	3,007	598	-	1,252,017
Disposal	-	-	-	(30,425)	-	-	-	(30,425)
Foreign currency adjustments	(129,079)	(335,963)	(399,479)	(6,343)	(2,860)	(4,981)	-	(878,705)
As at December 31, 2022	\$ 2,351,278	\$ 14,442,826	\$ 8,964,681	\$ 448,292	\$ 239,721	\$ 372,481	\$ -	\$ 26,819,279
Depreciation	-	(36,716)	351,015	7,954	1,107	150	-	323,510
Disposal	-	-	-	-	-	-	-	-
Foreign currency adjustments	28,236	74,776	99,679	1,575	639	1,089	-	205,994
As at March 31, 2023	\$ 2,379,514	\$ 14,480,886	\$ 9,415,375	\$ 457,821	\$ 241,467	\$ 373,720	\$ -	\$ 27,348,783
Net book value								
As at December 31, 2022	\$ -	\$ 2,291,725	\$ 12,521,372	\$ 1,116,362	\$ 27,278	\$ 36,253	\$ -	\$ 15,992,990
As at March 31, 2023	\$ -	\$ 2,340,203	\$ 12,234,195	\$ 1,112,413	\$ 28,094	\$ 36,225	\$ -	\$ 15,751,130

The carrying amounts of property, plant and equipment have been pledged as general collateral for the credit facilities available to the Chinese subsidiaries (Note 10).

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT, continued

Land use rights in China have remaining terms ranging from 35.9 to 36.0 years.

Depreciation expense is included in the unaudited condensed interim consolidated statement of operations under the following categories:

	Three months ended March 31	
	2023	2022
Cost of sales	\$ 126,022	\$ 87,084
Selling, general and administrative expenses	202,901	247,853
	<hr/>	<hr/>
	\$ 328,923	\$ 334,937

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSETS

	Office	Land	Production equipment	Total
Cost				
As at December 31, 2021	491,766	44,328	305,910	842,004
Additions	118,418	-	-	118,418
Decrease	(491,766)	-	-	(491,766)
As at December 31, 2022	118,418	44,328	305,910	468,656
Additions	-	-	343,811	343,811
Decrease	-	-	(305,909)	(305,909)
As at March 31, 2023	118,418	44,328	343,812	506,558
Accumulated depreciation				
As at December 31, 2021	264,232	11,010	229,136	504,378
Depreciation expense	62,737	3,670	76,774	143,181
Decrease	(308,271)	-	-	(308,271)
As at December 31, 2022	18,698	14,680	305,910	339,288
Depreciation expense	9,348	918	17,190	27,456
Decrease	-	-	(305,909)	(305,909)
As at March 31, 2023	28,046	15,598	17,191	60,835
Net book value - December 31, 2022	99,720	29,648	-	129,368
Net book value - March 31, 2023	\$ 90,372	\$ 28,730	\$ 326,621	\$ 445,723

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

10. TERM LOANS AND INTEREST PAYABLE

The Company's term loans of \$48,391,222 (December 31, 2022 - \$48,219,274) consist of borrowings from the SOCMC and a bank in China as follows:

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

	Runde-Cinda (i)	Runhai-Cinda (ii)	Runyang-Xinbao (iii)	Runhai-Bank (iv)	TOTAL
Balance, December 31, 2021	\$ 36,379,163	\$ 3,491,250	\$ 8,476,560	\$ 817,950	\$ 49,164,923
Addition					-
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
Addition	-	-	-	-	-
Repayment	-	-	-	-	-
FX impact	127,646	12,250	29,742	2,310	171,948
Balance, March 31, 2023	\$ 35,923,284	\$ 3,447,500	\$ 8,370,338	\$ 650,100	\$ 48,391,222
Long term				374,300	374,300
Current	\$ 35,923,284	\$ 3,447,500	\$ 8,370,338	\$ 275,800	\$ 48,016,922

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

10. TERM LOANS AND INTEREST PAYABLE, continued

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

	Runde-Cinda (i)	Runhai-Cinda (ii)	Runyang-Xinbao (iii)	Runhai-Bank (iv)	TOTAL
Balance, December 31, 2021	\$ 29,601,343	\$ 6,726,658	\$ 12,335,201	\$ 1,587	\$ 48,664,789
Interest & late payment compensation accrued	11,509,304	1,960,686	9,823,713	41,997	23,335,700
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
Interest & late payment compensation accrued	1,683,377	382,478	704,182	9,488	2,779,525
Interest paid	-	-	-	(18,976)	(18,976)
FX impact	140,367	29,530	76,663	69	246,629
Balance, March 31, 2023	\$ 42,620,095	\$ 9,018,799	\$ 22,878,905	\$ 1,933	\$ 74,519,732

- i. The Company's subsidiary Runde has numerous loans with Cinda. \$10,003,660 (RMB 50,780,000) of loans bear interest at 11.57% per annum and \$25,919,624 (RMB 131,571,696) of loans bear interest at 10.22% per annum. As at March 31, 2023, the Runde-Cinda loans are due on demand.

During the year ended December 31, 2021, the Company entered into a settlement agreement with Cinda for the Runde-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. \$3,447,500 (RMB 17,500,000) of loans are due on demand at March 31, 2023 and bear interest at 10.82% per annum.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

10. TERM LOANS AND INTEREST PAYABLE, continued

- iii. The Company's subsidiary Runyang has numerous loans with Cinda in the amount of \$8,370,338 (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, 2022, Runhai borrowed a loan of \$650,100 (RMB 3,300,000) 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.

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 6, 7 and 8). 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.

11. OTHER LOANS PAYABLE

The following table presents the other loans payable.

	Ms. Yuen (i)	Others (ii)	TOTAL
Balance, December 31, 2021	\$ 38,690,303	\$ 4,904,917	\$ 43,595,220
Addition	448,871	-	448,871
Interest expense	6,454,219	652,465	7,106,684
Repayment	(330,291)	(300,724)	(631,015)
FX impact	272,260	131,650	403,910
Balance, December 31, 2022	\$ 45,535,362	\$ 5,388,308	\$ 50,923,670
Addition	1,157,746	-	1,157,746
Interest expense	1,811,642	182,394	1,994,036
Repayment	(962,482)	-	(962,482)
FX impact	105,445	5,972	111,417
Balance, March 31, 2023	\$ 47,647,713	\$ 5,576,674	\$ 53,224,387

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

11. OTHER LOANS PAYABLE, continued

The Company obtained loans under numerous credit facility agreements from a private lender, Ms. Yuen, in USD and RMB. As at March 31, 2023, the loans from Ms. Yuen are unsecured, bear annual interest at

- i. 18% and 20% per annum, compounding quarterly,
- ii. China 10-year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, compounding quarterly,
- iii. 15% & 20% per annum, simple interest.

During the three months ended March 31, 2023, \$962,482 loans from Ms. Yuen have been repaid towards prior loans from Ms. Yuen. As of the reporting date, the remaining \$46,478,460 loans and interest from Ms. Yuen have been in default and are due on demand; \$1,169,253 loans and interest will be due in the second quarter of 2023. If Mrs. Yuen were to call the loans, the Company may no longer be able to continue its operation.

The Company obtained numerous loans from other private lenders in USD and RMB. The USD loans from other private lenders are unsecured and due on demand with interest at 11.50% per annum, compounding quarterly; the RMB loans from other private lenders are unsecured and due on demand with interest 1) at 20% annum, compounding quarterly, and 2) at 12% to 15% annum, simple interest. As of March 31, 2023, the outstanding principal of these loans are \$1,041,103 (December 31, 2022 – \$1,041,919).

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

12. RELATED PARTIES TRANSACTIONS AND BALANCES

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, 2021	\$ 9,361,947	\$ 934,028	\$ 3,250,093	\$ 13,546,068
Additions - Non cash			456,555	456,555
Interest expense	1,416,618	135,000	100,755	1,652,373
Payments		(169,028)	(467,829)	(636,857)
FX impact	693,206		226,432	919,638
Balance, December 31, 2022	\$ 11,471,771	\$ 900,000	\$ 3,566,006	\$ 15,937,777
Additions - Non cash	-	-	116,593	116,593
Interest expense	413,462	33,288	26,327	473,077
Payments	-	(33,288)	(116,687)	(149,975)
FX impact	(8,858)	-	(2,867)	(11,725)
Balance, March 31, 2023	\$ 11,876,375	\$ 900,000	\$ 3,589,372	\$ 16,365,747

- 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 March 31, 2023, the outstanding principal of these loans was \$3,044,993 (December 31, 2022 - \$3,047,468).
- 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 March 31, 2023, the outstanding principal of the loan was \$900,000 (December 31, 2022 - \$900,000). The loan is expired at March 31, 2023 and it is under reviewing for renewal.
- iii. As of March 31, 2023, the consulting fee payable to the Company's Chairman and CEO was \$3,589,372 (December 31, 2022 - \$3,566,006), which bears interest at 3% per annum compounding quarterly.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

12. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

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 amounts:

	Three months ended March 31	
	2023	2022
Short-term employee benefits (including salaries, bonuses and fees)	\$ 189,271	\$ 180,405
Share-based benefits	-	-
Total remuneration	\$ 189,271	\$ 180,405

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 \$1,868,000.

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

13. LEASE LIABILITIES

	Office	Land	Production equipment	Total
At December 31, 2022	\$ 290,967	\$ 38,391	\$ -	\$ 329,358
Recognized in 2023	-	-	343,811	343,811
Lease payments made	(43,256)	(2,352)	(24,538)	(70,146)
Interest expense on lease liabilities	10,567	1,718	12,747	25,032
As at March 31, 2023	258,278	37,757	332,020	628,055
Less: current portion	(153,857)	(2,837)	(51,815)	(208,509)
Non-current portion as at March 31, 2023	\$ 104,421	\$ 34,920	\$ 280,205	\$ 419,546

	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	(149,556)	(2,713)	-	(152,269)
Non-current portion as at December 31, 2022	\$ 141,411	\$ 35,678	\$ -	\$ 177,089

	March 31, 2023	December 31, 2022
Current	\$ 208,509	\$ 152,269
Non-Current	419,546	177,089
	\$ 628,055	\$ 329,358

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

14. SHARE CAPITAL

Common shares

An unlimited number of common shares are authorized with no par value. The holders of common shares are entitled to one vote per share. As at March 31, 2023, there are 38,394,223 (December 31, 2022 – 38,394,223) common shares issued and outstanding with no par value.

15. NON-CONTROLLING INTEREST

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

	March 31, 2023	
January 1, 2023	\$	(1,063,324)
Non-controlling interest's share of earnings		(41,165)
Non-controlling interest's share of other comprehensive loss		(3,851)
March 31, 2023	\$	(1,108,340)
	December 31, 2022	
January 1, 2022	\$	(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)

16. SUPPLEMENTAL CASH FLOW INFORMATION

Supplementary cash flow information is as follows:

	Three months ended March 31			
	2023		2022	
Changes in non-cash working capital items:				
Accounts receivable	\$	1,279,344	\$	447,815
Taxes recoverable		125,833		60,806
Inventory		(977,842)		603,357
Prepaid expenses		18,363		(99,859)
Accounts payable and accruals		256,623		(294,028)
Interest payable		5,246,637		3,232,820
Deferred revenue		-		(199,849)
Due to related parties		(94)		1,810,138
Changes in non-cash working capital items	\$	5,948,864	\$	5,561,200
Interest paid	\$	52,264	\$	11,901

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

17. COST OF SALES AND EXPENSES

	Three months ended March 31	
	2023	2022
Cost of sales		
Direct cost of sales	\$ 974,065	\$ 1,715,459
Depreciation and amortization	143,212	106,277
Freight & others	46,092	121,459
Total	\$ 1,163,369	\$ 1,943,195
Selling, general and administrative (SG&A) expenses		
Direct SG&A expenses	\$ 828,398	\$ 812,265
Depreciation and amortization	203,819	270,791
Total	\$ 1,032,217	\$ 1,083,056
Supplementary information:		
Salaries and wages	\$ 304,768	\$ 307,040

18. LOSS PER SHARE

The following table sets forth the calculation of the basic and diluted loss per share for the three months ended March 31, 2023 and 2022:

	Three months ended March 31	
	2023	2022
Numerator:		
Net loss after tax	\$ (6,407,448)	\$ (4,251,717)
Denominator:		
Weighted average number of shares outstanding - basic	38,394,223	38,394,223
Weighted average number of shares outstanding - diluted	38,394,223	38,394,223
Loss per share - basic	\$ (0.17)	\$ (0.11)
Loss per share - diluted	\$ (0.17)	\$ (0.11)

GLG LIFE TECH CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

19. SEGMENT INFORMATION

The Company's business operates primarily through the Natural Sweeteners Products segment. The Natural Sweeteners Products segment is the manufacturing and sales of refined forms of stevia and monk fruit, which has operations in China and North America.

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

Revenue to external customers by geographical location is as follows:

	Three months ended March 31	
	2023	2022
China	\$ 6,596	302,047
North America & others	1,550,212	2,441,501
	\$ 1,556,808	2,743,548

During the three months ended March 31, 2023, two customers of the Natural Sweeteners CGU represented 79% of total consolidated revenue (2022 – 49%).