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, 2023

Dated: June 27, 2024

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated June 27, 2024. It provides a review of the financial results for the three and twelve months ended December 31, 2023, 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, 2023. 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 seven 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 sale of 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 two 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.

Discontinued Operations / Restatement - Runyang

In March 2024, the Company received a series of Chinese court orders ("Court Orders"), which stated that the Company's Dongtai Runyang Stevia High Tech Company, Ltd.'s ("Runyang") assets were seized in April 2022 and were auctioned in January 2023. Court Orders also declared Runyang bankrupt in November 2023. Accordingly, the Company reclassified Runyang's operations as discontinued operations on a retrospective basis for the years ended December 31, 2023 and 2022.

Further, based on these Court Orders:

- Runyang's assets were reclassified as held-for-sale in 2022, which necessitated restatement of amounts reported in 2022, with the restated amounts reflecting a reversal of asset depreciation charges.
- Amounts related to Runyang's interest payable were restated for 2022 to reverse a late payment compensation charge recorded in 2022. In the course of this reversal, the Company similarly reversed a late payment compensation charge for its Anhui Runhai Joint Stock Company, Ltd. ("Runhai") subsidiary.

As previously announced, the Company deems Runyang's court-ordered bankruptcy to be favorable, as Runyang had been idled for many years with liabilities significantly outweighing assets. As of December 31, 2023, the Company recorded nil assets and nil liabilities for Runyang. The Company does not have any future plans for the Runyang subsidiary and expects to wind it down.

Discontinued Operations / Restatement - Runde

In August 2023, the Company through its subsidiary, Qingdao Runde Biotechnology Company, Ltd. ("Runde") entered into an agreement with a third party, Qingdao Honghongyuan Health Industry Technology Co., Ltd. ("HHY"), incorporated in Qingdao, China in 2023. With this agreement in place, Runde transferred most of its employees to HHY and HHY, with the former Runde production and oversight personnel performing their same operations, still at the Runde facility but operating under the name of HHY, commenced production of products to be sold to the Company (and in turn, the Company's customers). While HHY is owned by a third party, production by HHY for the Company leverages principally a) the production staff formerly employed by Runde and transferred to HHY and b) the existing production know-how, including adherence to specific customer requirements and established protocols.

Further, in January 2024, the Company entered into an ownership transfer agreement to sell 100% of its ownership in Runde to another third party. This transfer agreement was made expressly contingent on the Company gaining shareholder approval for the transfer and regulatory approvals in Canada. In May 2024, the Company's shareholders approved the transaction. Consummation of the transaction is pending regulatory approval.

On the basis of Runde's cessation of production under its own name, the Company has reclassified Runde's operations as discontinued operations on a retrospective basis for the years ended December 31, 2023 and 2022.

Additionally, the Company restated a 2022 amount in term loans due resulting from an incorrect exchange rate used.

Note: The reclassifications described above have been effectuated on an annual basis for each of 2023 and 2022; thus, on a quarterly basis, with the full component of the annual changes reflected in the fourth quarters of each of 2023 and 2022, respectively, some quarterly comparative information may be particularly impacted by the reclassifications. Management intends in subsequent financial reports to distribute the annual reclassification impacts to a quarterly basis, in part to refine the quarterly comparative presentation.

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

2023 AGM Voting Results

The Company held its Annual and Special General Meeting on June 16, 2023. 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.

Incorporation of, and Affiliation With, Honghongyuan

Qingdao Honghongyuan Health Industry Technology Co., Ltd. ("HHY") was incorporated in Qingdao, Shangdong province, China, in 2023. The Company, through its subsidiary, Qingdao Runde Biotechnology Company, Ltd. ("Runde"), signed a five-year lease agreement commencing August 1, 2023, and running through July 31, 2028, to lease, for an annual fee, the use of Runde's production facilities to HHY. In return, HHY is is licensed to use the Company's patents and know-how to produce products at the Runde facility for the benefit of the Company, for further sale and export to the Company's international customers. The Company will assist HHY in obtaining funding for the Company's orders. The agreement does not involve the disposition of any assets.

While HHY is owned by a third party, production by HHY for the Company leverages principally a) the existing production staff at Runde, and/or staff migrated from Runde to HHY, and b) the existing production know-how, including adherence to specific customer requirements and established protocols. From a customer perspective, practically, the change in production responsibilities is nominal. From a corporate perspective, the change brings certain tax benefits while effectively retaining control over production of the Company's goods.

Subsidiary Transfer Agreement and Special Shareholder Meeting

On February 20, 2024, the Company announce that it had signed an agreement, which, once fully approved, would result in the transfer of its Qingdao Runde Biotechnology Company, Ltd. ("Runde") production facility to Fengyang Xiaogang Hongzhang Health Industrial Park Co. Ltd ("Xiaogang"). This transfer, contingent on necessary shareholder and regulatory approvals, would eliminate significant bank debt from GLG's balance sheet.

Under the terms of the agreement, for the sale price of one Chinese RMB, one hundred percent of the equity in Runde, currently held by the Company's Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai") subsidiary, will be transferred to Xiaogang. Xiaogang will thereafter own Runde's tangible assets and will have sole liability for Runde's bank debts. The Company will retain its intellectual property rights, including its proprietary technology and know-how in agriculture and natural sweetener production.

Under supplemental agreements expected to be signed by Runhai and Xiaogang in the coming weeks (and subsequently signed), Xiaogang will utilize Runde for the benefit of GLG and GLG's customers. Xiaogang will partner with Qingdao Honghongyuan Health Industry Technology Co., Ltd. ("HHY") – the operating entity previously formed to manage Runde's production operations – such that Runde's production continues unchanged under HHY's processes and management. Xiaogang, via HHY, will produce goods at Runde exclusively for GLG, except for domestic China sales. In this manner, GLG's customers can rely on the same production expertise, processes, and highest quality standards remaining in place after this asset transfer becomes fully effective.

The agreement concerning Runde provides that the equity transfer will only become effective upon completion of the Company's regulatory obligations, including putting the agreement forth to the Company's shareholders for a shareholder vote and additional securities-/exchange-related obligations. This agreement was put to shareholder vote at a special shareholder meeting and approved by the shareholders with over 99% of votes cast in favor of the transaction on May 16, 2024.

The Company continues to own and oversee its Runhai stevia and monk fruit manufacturing facility, located in Anhui province. The Company currently centers its stevia and monk fruit production operations at the Runde facility and plans to continue doing so, via Xiaogang and HHY, after the transaction is made fully effective, with the ability to later augment Runde's operations with production operations at Runhai.

Delisting Review

On April 3, 2024, the Company announced that the Toronto Stock Exchange had commenced a delisting review, effective April 2, 2024. The TSX is providing the Company a 120-day window in which to remedy several long-standing deficiencies, including the Company's financial condition and/or operating results and the Company's share price and market capitalization.

At this time, the Company cannot provide any assurance that it will be able to remedy the deficiencies identified by the TSX within the 120-day window or thereafter. Even if the Company is successful in its debt restructuring plans, there is no guarantee that this will be sufficient to address the TSX's financial concerns. Further, even if those concerns were adequately addressed, there is no guarantee that the Company's share price, trading activity, or market capitalization would improve sufficiently to avoid continued TSX concern in those areas.

The Company confirms that it has been in contact with the TSX Venture Exchange ("TSX-V") regarding an application for a listing on the TSX-V to maintain trading continuity in the event that the Company is delisted from the TSX. While the Company is applying for a listing on the TSX-V, there is no guarantee that such a listing application will be successful, or that another market for the Company's securities will be available if the Company is delisted from the TSX.

Delay in Filing Financials and Cease Trade Order

As a result of the Company's failure to file its 2023 financials (consisting of annual financial statements, its management discussion and analysis relating to its annual financial statements, and its Annual Information Form and CEO and CFO certifications, all in respect of its year ended December 31, 2023) by March 31, 2024, the British Columbia Securities Commission ("BCSC") issued a failure-to-file cease trade order ("FFCTO"). The failure to file timely resulted from the late-coming court orders regarding Runyang's bankruptcy proceedings and the additional financial and audit work necessitated by those orders.

With 2023 financials not yet completed and filed at the time that 2024 Q1 financials were due to be filed, the Company is also delayed in completing and filing its 2024 Q1 interim financial reports (consisting of 2024 Q1 quarterly financial statements, its management discussion and analysis relating to those quarterly financial statements, and its CEO and CFO certifications). Management is working on determining an expected filing date for the 2024 Q1 interim financial reports.

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 2023 and 2022.

In thousands Canadian $, except per share amounts	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2023	2022 - Restated		2023	2022 - Restated	
Revenue	$4,372	$2,587	69%	$10,321	$10,472	(1%)
Cost of Sales	($1,994)	$173	1253%	($6,104)	($5,258)	(16%)
% of Revenue	(46%)	7%	(52%)	(59%)	(50%)	(9%)
Gross Profit	$2,378	$2,760	(14%)	$4,217	$5,215	(19%)
% of Revenue	54%	107%	(52%)	41%	50%	(9%)
(Expenses)	($274)	$821	(133%)	($3,284)	($2,279)	44%
% of Revenue	(6%)	32%	(38%)	(32%)	(22%)	(10%)
Income (Loss) from Operations	$2,104	$3,581	(41%)	$933	$2,936	(68%)
% of Revenue	48%	138%	(90%)	9%	28%	(19%)
Other Income (Expenses)	$1,576	$4,828	67%	($14,048)	($11,843)	(19%)
% of Revenue	36%	187%	(151%)	(136%)	(113%)	(23%)
Net Income (Loss) - Continuing Operations	$3,680	$8,409	56%	($13,115)	($8,907)	(47%)
% of Revenue	84%	325%	(241%)	(127%)	(85%)	(42%)
Net Income (Loss) - Discontinued Operations	$7,505	($14,375)	152%	$7,505	($14,375)	152%
% of Revenue	172%	(556%)	727%	73%	(137%)	210%
Net Income (Loss)	$11,185	($5,966)	287%	($5,610)	($23,282)	76%
% of Revenue	256%	(231%)	486%	(54%)	(222%)	168%
Net Income (Loss) Attributable to Non-Controlling Interest (NCI)	$187	($50)	474%	$19	($142)	113%
Net Income (Loss) Attributable to GLG	$10,998	($5,916)	286%	($5,629)	($23,140)	76%
% of Revenue	252%	(229%)	480%	(55%)	(221%)	166%
Net Income (Loss) Per Share (Basic & Diluted)	$0.29	($0.15)	293%	($0.15)	($0.60)	75%
Net Income (Loss) Per Share - Continuing Operations	$0.09	$0.22	59%	($0.34)	($0.23)	(48%)
Net Income (Loss) Per Share - Discontinued Operations	$0.19	($0.37)	151%	$0.19	($0.37)	151%
Other Comprehensive Income (Loss)	($125)	($1,956)	94%	$6,177	$751	723%
% of Revenue	(3%)	(76%)	73%	60%	7%	53%
Comprehensive Net Income (Loss)	$11,060	($7,922)	240%	$567	($22,531)	103%
Comprehensive Income (Loss) Attributable to NCI	$191	($72)	365%	$92	($132)	170%
Comprehensive Income (Loss) Attributable to GLG	$10,869	($7,850)	238%	$475	($22,399)	102%
% of Revenue	249%	(303%)	552%	5%	(214%)	219%

Revenue

Revenue for the three months ended December 31, 2023, increased by 69% to $4.4 million, a $1.8 million increase compared to $2.6 million for the same period in 2022. This 69% increase was driven in part by an increase in international stevia revenues, which was partly offset by a decrease in international monk fruit sales. The other portion of the 69% increase (approximately one-fourth of it) is due to the reclassification of Runde's operations as discontinued operations. International sales comprised over 99% of revenues in the fourth quarter (over 99% in fourth quarter of 2022).

Revenue for the twelve months ended December 31, 2023, decreased by 1% to $10.3 million, a $0.2 million decrease compared to $10.5 million in revenue for the same period in 2022. The revenue decrease of $0.2 million was driven by a decrease in international monk fruit sales, and to a lesser extent, a decrease in domestic (China) stevia sales; however, these decreases were partly offset by an increase in international stevia sales. The decrease in international monk fruit sales reflects increasingly competitive pricing in the monk fruit in 2023 and the decrease in domestic (China) stevia sales reflects increased focus in 2023, versus 2022 and prior years, on utilizing product resources to support international stevia sales. International sales made up 100% of the Company's revenues in 2023 (95% in 2022).

Cost of Sales

For the quarter ended December 31, 2023, the cost of sales increased was $2.0 million, compared to a cost of sales of negative $0.2 million for the same period last year. The negative cost of sales reported for the fourth quarter of 2022 reflects the full annual impact of the reclassification of Runde's operations as discontinued operations. The cost of sales as a percentage of revenues was 46% for the fourth quarter of 2023, compared with a cost of sales as a percentage of revenues of negative 7% for the comparable period; however, this metric for both 2023 and 2022 was heavily impacted in the fourth quarter by the required reclassification treatment Runde's operations as discontinued operations, particularly as to the cost of goods sold in the fourth quarter.

For the twelve months ended December 31, 2023, the cost of sales was $6.1 million compared to $5.3 million for the same period last year ($0.8 million or 16% increase). Cost of sales as a percentage of revenues was 59% for the first twelve months of 2023, compared to 50% in the comparable period, a nine percentage point increase. The cost of sales as a percentage of revenues is lower than Management expects this metric to be if and when the Runde transfer is consummated, as Management believes that the adjustments made for the reclassification treatment as discontinued operations for Runde's cost of goods sold impacts disproportionately on this metric.

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 2023, and capacity charges of $0.8 million were charged to cost of sales compared to $1.1 million charged to cost of sales in the same period of 2022.

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, 2023, was $2.4 million, compared to $2.8 million in gross profit for the same period last year. The gross profit margin was 54% for the fourth quarter of 2023, compared to 107% in the fourth quarter of 2022. As with the metric for cost of sales as a percentage of revenue, the gross profit margin was heavily impacted in 2023, as well as in 2022, by the adjustments made in reclassification of Runde's operations as discontinued operations, particularly as to the cost of goods sold.

Gross profit for the twelve months ended December 31, 2023, was $4.2 million, compared to a gross profit of $5.2 million for the comparable period in 2022. The gross profit margin was 41% for the twelve months ended December 31, 2023, compared to 50% for the same period in 2022, a decrease of 9 percentage points. Conversely to the metric for cost of sales as a percentage of revenue, the gross profit margins are higher than Management expects this metric to be if and when the Runde transfer is consummated, as Management believes that the adjustments made for the reclassification treatment as discontinued operations for Runde's cost of goods sold impacts disproportionately on this metric. Following is a comparative analysis on the decrease in gross profit margins excluding the effects of the reclassification.

On a consolidated basis, including both continued and discontinued operations, gross profit for the twelve months ended December 31, 2023, was $2.2 million, compared to $3.2 million in gross profit for the same period last year. The gross profit margin was 20% for the twelve months ended December 31, 2023, compared to 29% for the same period in 2022, or a decrease of nine percentage points. The decrease in gross profit margin is primarily attributable to decreasing margins on international stevia sales as a result of increasingly competitive pricing in the market, increasing raw material costs, reduced margins as a result of the Company's transfer of production operations from Runde to HHY, and a decrease in margin contribution from domestic (China) stevia sales.

Selling, General, and Administration Expenses

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

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2023	2022 - Restated		2023	2022 - Restated	
G&A Expenses	$314	($172)	(283%)	$2,748	$2,295	20%
Depreciation Expenses	($40)	($649)	(94%)	$536	($16)	(3450%)
Total	$274	($821)	(133%)	$3,284	$2,279	44%

G&A expenses for the three months ended December 31, 2023, were $0.3 million, compared to negative $0.2 million in the same period in 2022. The negative $0.2 million result for the fourth quarter of 2022 arises from the reclassification of annual amounts for discontinued operations into the fourth quarter alone. G&A-related depreciation and amortization expenses for the three months ended December 31, 2023, were $nil million compared with negative $0.6 million for the same quarter of 2022.

G&A expenses for the twelve months ended December 31, 2023, were $2.7 million, an increase of 20% compared to $2.3 million in the same period in 2022. G&A-related depreciation and amortization expenses for the twelve months ended December 31, 2023, were $0.5 million compared with $nil million for the same period in 2022.

The effects of reclassification into discontinued operations had a significant impact on the SG&A (continuing operations) presented above, especially in the fourth quarters of 2023 and 2022.

Other Income (Expenses)

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2023	2022 - Restated		2023	2022 - Restated	
Other Income (Expenses)	$1,576	$4,828	67%	($14,048)	($11,843)	(19%)
% of Revenue	36%	187%	(151%)	(136%)	(113%)	(23%)

Other income for the three months ended December 31, 2023, was $1.6 million, compared to other expenses of $4.8 million for the same period in 2022, a decrease in other income of $3.3 million. This $3.3 million decrease in other income for the quarter was driven by (1) an increase in impairment charges ($5.6 million) which was offset by increases in (2) interest expense reversals ($1.1 million), (3) foreign exchange gain ($1.1 million) and (4) other income ($0.1 million).

Other expenses for the twelve months ended December 31, 2023, was $14.0 million, compared to other expenses of $11.8 million for the same period in 2022, an increase in other expenses of $2.2 million. This $2.2 million increase in other expenses for the twelve-month period was driven by increases in (1) impairment changes ($5.6 million), (2) interest expense ($1.0 million) and (3) other expenses ($0.2 million) and (4) a decrease in inventory recovery ($0.2 million), which were offset by an increase in foreign exchange gain ($4.8 million).

Foreign Exchange Gains (Losses)

Exchange rates	2023	2023	2023	2023	2022	2022	2022	2022
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	0.7561	0.7396	0.7553	0.7389	0.7383	0.7296	0.7760	0.8003
Chinese RMB	5.3677	5.3996	5.4795	5.0761	5.0942	5.2002	5.1975	5.0736
	105.4%	103.8%	105.4%	97.6%				101.2%
Exchange rates	2023	2023	2023	2023	2022	2022	2022	2022
Rate (as compared to the US $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Chinese RMB	7.0993	7.3002	7.2548	6.8695	6.8996	7.1279	6.6975	6.3399

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, 2023, the exchange rate for RMB per Canadian dollar was 5.3677 compared to the exchange rate of 5.0942 as at December 31, 2022, reflecting a depreciation of the RMB against the Canadian dollar. As at December 31, 2023, the exchange rate for USD per Canadian dollar was 0.7561 compared to the exchange rate of 0.7383 as at December 31, 2022, reflecting a depreciation of the USD against the Canadian dollar. The balance of the AOCI was $17.7 million on December 31, 2023, compared to a balance of $11.6 million as at December 31, 2022.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange gain was $3.0 million for the year ended December 31, 2023, compared to the foreign exchange loss of $1.8 million for the comparable period in 2022. The table above shows the change in the Canadian dollar relative to the US dollar from March 31, 2022, to December 31, 2023, 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 – Continuing Operations

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2023	2022 - Restated		2023	2022 - Restated	
Net Income (Loss)	$11,185	($5,966)	287%	($5,610)	($23,282)	76%
% of Revenue	256%	(231%)	486%	(54%)	(222%)	168%
Net Income (Loss) - Continuing Operations	$3,680	$8,409	56%	($13,115)	($8,907)	(47%)
% of Revenue	84%	325%	(241%)	(127%)	(85%)	(42%)
Net Income (Loss) Attributable to NCI - Continuing Operations	$101	$115	12%	($67)	$23	391%
% of Revenue	2%	4%	(2%)	(1%)	0%	(1%)
Net Income (Loss) Attributable to GLG - Continuing Operations	$3,579	$8,294	57%	($13,048)	($8,930)	(46%)
% of Revenue	82%	321%	(239%)	(126%)	(85%)	(41%)
Net Income (Loss) - Discontinued Operations	$7,505	($14,375)	152%	$7,505	($14,375)	152%
% of Revenue	172%	(556%)	727%	73%	(137%)	210%

For the three months ended December 31, 2023, the Company had net income attributable to the Company from continuing operations of $3.6 million, a decrease of $4.7 million over the comparable period in 2022 (net income attributable to the Company from continuing operations of $8.3 million). The $4.7 million decrease is attributable to (1) an increase in SG&A expenses ($1.1 million), (2) a decrease in gross profit ($0.4 million) and (3) a decrease in other income ($3.3 million).

For the year ended December 31, 2023, the Company had a net loss attributable to the Company from continuing operations of $13.0 million, an increase of $4.1 million over the comparable period in 2022 (net loss attributable to the Company from continuing operations of $8.9 million). The $4.1 million increase is attributable to (1) an increase in SG&A expenses ($1.0 million), (2) a decrease in gross profit ($1.0 million), (3) an increase in other expenses ($2.2 million) and (4) an increase in net income attributable to the non-controlling interest from continuing operations ($0.2 million).

Comprehensive Income (Loss)

In thousands Canadian $	3 Months Ended December 31		% Change	12 Months Ended December 31		% Change
	2023	2022 - Restated		2023	2022 - Restated	
Net Income (Loss)	$11,185	($5,966)	287%	($5,610)	($23,282)	76%
Other Comprehensive Income (Loss)	($125)	($1,956)	94%	$6,177	$751	723%
Total Comprehensive Income (Loss)	$11,060	($7,922)	240%	$567	($22,531)	103%
Comprehensive Income (Loss) Attributable to NCI	$191	($72)	365%	$92	($132)	170%
Comprehensive Income (Loss) Attributable to GLG	$10,869	($7,850)	238%	$475	($22,399)	102%
% of Revenue	249%	(303%)	552%	5%	(214%)	218%

The Company recorded total comprehensive income of $10.9 million for the three months ended December 31, 2023, comprising $11.2 million of net income, offset by $0.1 million of other comprehensive loss and $0.2 million of total comprehensive income attributable to the non-controlling interest. The Company recorded total comprehensive loss of $7.9 million for the three months ended December 31, 2022, comprising $6.0 million of net loss and $2.0 million of other comprehensive loss, offset by $0.1 million of other comprehensive loss attributable to the non-controlling interest.

The Company recorded total comprehensive income of $0.5 million for the year ended December 31, 2023, comprising $6.2 million of other comprehensive income offset by $5.6 million of net loss and $0.1 million of other comprehensive income attributable to the non-controlling interest. The Company recorded a total comprehensive loss of $22.4 million for the year ended December 31, 2022, comprising $23.3 million of net loss attributable to the Company, offset by $0.8 million of other comprehensive income and $0.1 million of other comprehensive loss attributable to the non-controlling interest.

Summary of Quarterly Results

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

Quarterly Net Loss

In thousands Canadian $, except per share amounts	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4 - Restated	2022 Q3	2022 Q2	2022 Q1
Revenue	$4,372	$2,387	$2,004	$1,557	$2,587	$2,370	$2,771	$2,744
Gross Profit $	$2,378	$796	$650	$393	$2,760	$770	$884	$800
Gross Profit %	54%	33%	32%	25%	107%	32%	32%	29%
Net Income (Loss)	$11,185	($7,626)	($2,720)	($6,449)	($5,966)	($7,550)	($5,482)	($4,284)
Net Income (Loss) - Continuing Operations	$3,680				$8,409			
Net Income (Loss) - Discontinued Operations	$7,505				($14,375)			
Net Income (Loss) Attributable to GLG	$10,999	($7,536)	($2,683)	($6,407)	($5,916)	($7,522)	($5,450)	($4,252)
Basic and Diluted Income (Loss) Per Share	$0.29	($0.20)	($0.07)	($0.17)	($0.15)	($0.20)	($0.14)	($0.11)
Basic and Diluted - Continuing Operations	$0.09				$0.22			
Basic and Diluted - Discontinued Operations	$0.19				($0.37)			

Note: The reclassifications into discontinuing operations were effectuated only on an annual basis for each of 2023 and 2022; thus, on a quarterly basis, the full impact of the annual changes are carried only and entirely in the fourth quarters of each of 2023 and 2022, respectively. As noted in the Company Overview section, Management intends in subsequent financial reports to distribute the annual reclassification impacts to a quarterly basis. While recognizing and respecting the requirement to present certain information specifically for continuing operations, until the reclassification impacts can be distributed on a quarterly basis, in order to avoid potentially incorrect interpretations, Management deems it best at present to withhold any presentation in the table above of the Continuing Operations and Discontinued Operations components of Net Income (Loss) and Income (Loss) Per Share for quarters other than the fourth quarters of 2023 and 2022.

For the three months ended December 31, 2023, the Company had net income from continuing operations of $3.6 million, a decrease of $4.7 million over the comparable period in 2022 (net income attributable to the Company from continuing operations of $8.3 million). The $4.7 million decrease is attributable to (1) an increase in SG&A expenses ($1.1 million), (2) a decrease in gross profit ($0.4 million) and (3) a decrease in other income ($3.3 million).

For the three months ended September 30, 2023, the Company had a net loss attributable to the Company of $7.6 million, an increase in net loss of $0.1 million over the comparable period in 2022. The $nil change in net loss resulted from (1) a decrease in loss from operations ($0.1 million) offset by (2) an increase in other expenses ($0.1 million).

For the three months ended June 30, 2023, the Company had a net loss attributable to the Company of $2.7 million, a decrease in net loss of $2.8 million over the comparable period in 2022 (net loss of $5.5 million). The $2.8 million decrease in net loss attributable to the Company was driven by (1) a decrease in other expenses ($3.0 million), which was offset by (2) an increase in loss from operations ($0.2 million).

For the three months ended March 31, 2023, the Company had a net loss attributable to the Company of $6.4 million, an increase of $2.2 million or 51% over the comparable period in 2022 ($4.3 million). The $2.2 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($1.8 million) and (2) operating loss ($0.4 million).

For the three months ended December 31, 2022, the Company had net income attributable to the Company for continuing operations of $8.3 million (with $0.1 million of the $8.4 million in net loss from continuing operations attributable to the NCI) and a consolidated (continued and discontinued operations) net loss attributable to the

Company of $15.8 million, the latter 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).

Quarterly Basic and Diluted Income (Loss) per Share

The basic loss and diluted income per share from continuing operations was $0.09 for the three months ended December 31, 2023, compared with a basic and diluted net income per share of $0.22 for the comparable period in 2022 (the consolidated continued/discontinued operations income/loss per share is net income per share of $0.29 for the fourth quarter of 2023 and net loss per share of $0.15 for the fourth quarter of 2022). For the three months ended December 31, 2023, the Company had net income attributable to the Company from continuing operations of $3.6 million, a decrease of $4.7 million over the comparable period in 2022 (net income attributable to the Company from continuing operations of $8.3 million). The $4.7 million decrease is attributable to (1) an increase in SG&A expenses ($1.1 million), (2) a decrease in gross profit ($0.4 million) and (3) a decrease in other income ($3.3 million).

The basic loss and diluted loss per share from operations was $0.20 for the three months ended September 30, 2023, compared with a basic and diluted net loss of $0.20 for the comparable period in 2022. For the three months ended September 30, 2023, the Company had a net loss attributable to the Company of $7.5 million, an increase in net loss of $nil over the comparable period in 2022. The $nil change in net loss resulted from (1) a decrease in loss from operations ($0.1 million) offset by (2) an increase in other expenses ($0.1 million).

The basic loss and diluted loss per share from operations was $0.07 for the three months ended June 30, 2023, compared with a basic and diluted net loss of $0.14 for the comparable period in 2022. For the three months ended June 30, 2023, the Company had a net loss attributable to the Company of $2.7 million, a decrease in net loss of $2.8 million over the comparable period in 2022 (net loss of $5.5 million). The $2.8 million decrease in net loss attributable to the Company was driven by (1) a decrease in other expenses ($3.0 million), which was offset by (2) an increase in loss from operations ($0.2 million).

The basic loss and diluted loss per share from operations was $0.17 for the three months ended March 31, 2023, compared with a basic and diluted net loss of $0.11 for the comparable period in 2022. For the three months ended March 31, 2023, the Company had a net loss attributable to the Company of $6.4 million, an increase of $2.2 million or 51% over the comparable period in 2022 ($4.3 million). The $2.2 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($1.8 million) and (2) operating loss ($0.4 million).

The basic loss and diluted loss per share from operations was $0.15 for the three months ended December 31, 2022 (including basic and diluted income per share of $0.22 for continuing operations), 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 net income attributable to the Company for continuing operations of $8.3 million (with $0.1 million of the $8.4 million in net loss from continuing operations attributable to the NCI) and a consolidated (continued and discontinued operations) net loss attributable to the Company of $15.8 million, the latter 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).

NON-IFRS Financial Measures

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
	2023	2022 - Restated		2023	2022 - Restated	
Loss Before Income Taxes	$11,185	($5,966)	287%	($5,610)	($23,282)	76%
Add:						
Provisions for Inventory Recovery (Impairment)	$17	$26	35%	($20)	($190)	89%
Bad Debt Provision Recovery	$0	$0	0%	($1)	$1	(200%)
Other Expenses (Income)	($192)	($304)	(37%)	$299	($340)	(188%)
Depreciation and Amortization	$14	($158)	(109%)	$1,061	$890	19%
Impairment of Property, Plant & Equipment	$5,588	$0	0%	$5,588	$0	0%
Net Interest Expense (Income)	($6,618)	($5,497)	20%	$11,133	$10,076	10%
Foreign Exchange (Gain) Loss	($370)	$760	(149%)	($2,951)	$1,809	(263%)
Net (Gain) / Loss from Discontinued Operations	($7,505)	$14,375	(152%)	($7,505)	$14,375	(152%)
Adj. EBITDA	$2,119	$3,236	35%	$1,994	$3,339	(40%)
Adj. EBITDA as a % of Revenue	48%	125%	(77%)	19%	32%	(13%)

Adjusted EBITDA for the three months ended December 31, 2023, was $2.1 million or 48% of revenues, compared to $3.2 million or 125% of revenues for the same period in 2022.

Adjusted EBITDA for the twelve months ended December 31, 2023, was $2.0 million or 19% of revenues, compared to $3.3 million or 32% of revenues for the same period in 2022.

Liquidity and Capital Resources

In thousands Canadian $		31-Dec-23		31-Dec-22 Restated
Cash and Cash Equivalents	$	386	$	204
Working Capital	$	(170,162)	$	(177,548)
Total Assets	$	10,067	$	23,276
Total Liabilities	$	179,992	$	193,770
Loan Payable (<1 year)	$	77,361	$	70,454
Loan Payable (>1 year)	$	242	$	491
Total Shareholder's Deficiency	$	(169,070)	$	(169,547)

The Company has several initiatives currently underway in order to manage cash flow, including working closely with the banks to restructure its loans and carefully controlling 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 private parties.

Total loans payable (both short-term and long-term) is $77.6 million as of December 31, 2023, an increase of $6.9 million compared to the total loans payable as at December 31, 2022 ($70.4 million). Until any final debt restructuring is completed, the terms of the original loans are represented in the financial statements.

The Company continued to work with its Chinese banks on restructuring its Chinese debt in 2023. 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 third 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.

The Company continues to explore other options to reduce or eliminate the debt. In early 2024, the Company entered into a contingent agreement to transfer its Runde facility, which would relieve the Company of Runde's bank debt load, while, through an operating agreement with HHY, enable production to continue at Runde's facility.

Cash Flows: Three Months Ended December 31, 2023 and 2022

Cash generated by operating activities was $1.4 million in the three-month period ended December 31, 2023, compared to $nil cash generated by operating activities in the same period of 2022. Cash generated by operating activities increased by $1.4 million year-over-year. This was the result of (1) a decrease in cash generated by operating activities before the impact of non-cash working capital of $0.2 million and (2) an increase in cash generated by non-cash working capital of $1.6 million for the three months ended December 31, 2023, relative to the comparative 2022 period.

The $1.6 million increase in cash generated by non-cash working capital was due to increases in cash generated by (1) due to related parties ($5.8 million), (2) accounts payable and accruals ($4.2 million), (3) inventory ($0.7 million) and (4) prepaid expenses and taxes recoverable ($0.1 million), which were offset by increases in cash used in (5) interest accruals ($7.9 million) and(6) accounts receivable ($1.4 million).

Cash generated by investing activities was $nil during the fourth quarter of 2023, compared to $nil million in cash used in the fourth quarter of 2022.

Cash used in financing activities was $1.7million in the fourth quarter of 2023, compared to $0.6 million in cash used in the fourth quarter of 2022.

Cash Flows: Twelve Months Ended December 31, 2023 and 2022

Cash generated by operating activities was $3.9 million in the twelve-month period ended December 31, 2023, compared to $1.0 million cash generated by operating activities in the same period of 2022. Cash generated by operating activities increased by $2.9 million year-over-year. This was the result of (1) an increase in cash generated in non-cash working capital of $3.7 million and (2) an increase in cash used in operating activities before the impact of non-cash working capital of $0.9 million for the twelve months ended December 31, 2023, relative to the comparative 2022 period.

The $3.7 million increase in cash generated in non-cash working capital was due to increases in cash generated by (1) accounts payable and accruals ($4.6 million) and (2) interest accruals and taxes recoverable ($0.1 million) and (3) a decrease in cash used in deferred revenue ($0.3 million), which were offset by increases in cash used in (4) accounts receivable ($0.8 million) and (5) prepaid expenses ($0.2 million) and (6) a decrease in cash generated by inventories ($0.3 million).

Cash used in investing activities was $nil during the twelve months ended December 31, 2023, compared to $nil cash used in the same period in 2022.

Cash used in financing activities was $1.2 million during the twelve months ended December 31, 2023, compared to $1.1 million cash used in the comparable period in 2022, an increase in cash used in financing activities of $0.2 million.

Selected Annual Information

In thousands Canadian $, except for EPS	2023	2022 Restated	2021 Restated
Gross Revenue	$10,321	$10,472	$10,876
Net Income (Loss) - Continuing Operations	($13,115)	($8,907)	($23,870)
Total Assets	$10,067	$23,276	$24,554
Non-Current Financial Liabilities	$285	$757	$226
Basic and Diluted Income (Loss) Per Share - Continuing Operations	(0.34)	($0.23)	($0.62)
Basic and Diluted Income (Loss) Per Share	($0.15)	($0.60)	($0.62)

Revenues decreased slightly in 2023 relative to 2022, primarily due to a decrease in international monk fruit sales as well as domestic China stevia sales. Monk fruit sales declined as market price pressures contributed to lower monk fruit sales. These decreases were partly offset by an increase in international stevia sales.

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.

In 2021, the Company's net loss attributable to the Company increased to $23.9 million, due primarily to accrued interest expenses.

In 2022, the Company's net loss from continuing operations improved to $8.9 million, due primarily to the reclassification of subsidiary operations and assets/liabilities as discontinued operations, with one subsidiary headed to eventual court-ordered bankruptcy in 2023 and another subsidiary held-for-sale prior to execution of a contingent transfer agreement.

In 2023, the Company's net loss from continuing operations increased to $13.1 million, primarily due to the impact of interest expenses.

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. The pending transfer of its Runde subsidiary.
4. Restructure debt with Chinese Banks into equity into its China subsidiary or otherwise use assets to extinguish debt.
5. Exploring additional opportunities to mitigate or extinguish debt.

Financial Resources

Cash and cash equivalents increased by $0.2 million for the twelve months ended December 31, 2023, relative to December 31, 2022. Working capital improved by $7.4 million from the year-end 2022 position (negative $177.5 million) to negative $170.2 million.

The working capital improvement of $7.4 million is attributable to a decrease in current liabilities of $13.3 million, which was offset by a decrease in current assets of $5.9 million. The $13.3 million decrease in current liabilities was due to (1) a decrease in liabilities from discontinued operations ($23.7 million), which was offset by increases in (2) other loans payable – current portion ($5.4 million), (3) accounts payable and accruals ($2.6 million), (4) due to related parties ($1.5 million), (5) interest payable ($0.8 million) and (6) advance from sublease ($0.1 million). The $5.9 million decrease in current assets was due to decreases in (1) assets from discontinued operations ($6.6 million), (2) inventories ($0.5 million) and (3) sales taxes recoverable and net investment in sublease – current portion ($0.1 million), which were offset by increases in (4) accounts receivable ($1.1 million) and (5) cash ($0.2 million).

The Company has been working on improving its working capital deficiency situation, which was driven by the impairments to inventory, accounts receivable, sales taxes recoverable and prepaid expenses over the years 2011 - 2023. 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, 2023, in comparison to December 31, 2022, the total assets decreased by $13.2 million. This $13.2 million decrease was due to decreases in current assets of $5.9 million and fixed assets of $7.3 million. Total liabilities increased by $13.8 million as at December 31, 2023, in comparison to December 31, 2022.

Shareholders' deficiency improved by $0.5 million due to (1) an increase in accumulated other comprehensive income ($6.1 million), which was offset by (2) an increase in accumulated deficit ($5.6 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.

	RH-Cinda (i)	RH-Bank (ii)	TOTAL
Balance, December 31, 2021	**3,491,250**	**817,950**	**4,309,200**
Repayment		(154,880)	(154,880)
FX impact	(56,000)	(15,280)	(71,280)
Balance, December 31, 2022	**3,435,250**	**647,790**	**4,083,040**
Repayment		(1,907)	(1,907)
FX impact	(175,000)	(32,956)	(207,956)
Balance, December 31, 2023	**3,260,250**	**612,927**	**3,873,177**
Long term	-	242,190	242,190
Current	3,260,250	370,737	3,630,987

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

	RH-Cinda (i)	RH-Bank (ii)	TOTAL
Balance, December 31, 2021	**6,726,658**	**1,587**	**6,728,245**
Interest accrued	1,114,362	41,997	1,156,359
Interest paid	-	(32,341)	(32,341)
FX impact	(121,724)	109	(121,615)
Balance, December 31, 2022	**7,719,296**	**11,352**	**7,730,648**
Interest accrued	1,221,391	37,058	1,258,449
Interest paid	-	(18,313)	(18,313)
FX impact	(421,420)	(1,011)	(422,431)
Balance, December 31, 2023	**8,519,267**	**29,086**	**8,548,353**

i. The Company's Runhai subsidiary has numerous loans with Cinda. As at December 31, 2023, loans of \$3,260,250 (RMB 17,500,000) are due on demand and bear interest at 10.82% per annum.

ii. During the year ended December 31, 2021, Runhai renewed 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 comes due between February 2023 and August 2025. Due to the restructuring of the loan, the Company repaid \$1,907 (RMB 10,000) in 2023 (repaid \$154,880 in 2022). There were principal repayments due in 2023 of \$149,040 (RMB 800,000) and due in February 2024 of \$111,780 (RMB 600,000); as of May 31, 2024, these repayments had not been made and Runhai is in default according to the repayment schedule.

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 are in default, Cinda has the right to collect all principal amounts, 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 may no longer be able to continue its operations.

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	1,894,345	-	1,894,345
Interest expense	7,442,728	795,185	8,237,913
Repayment	(2,409,215)	-	(2,409,215)
Transfer	(871,876)	871,876	-
FX impact	(2,153,979)	(218,253)	(2,372,232)
Balance, December 31, 2023	**$ 49,437,365**	**$ 6,837,116**	**$ 56,274,481**

The Company obtained loans under numerous credit facility agreements from a private lender, Ms. Yuen, in USD and RMB.

- $1,192,506 of loans bear interest at 8% with an expiry date of August 9, 2024; the loan is secured with one of the Company's major customer's accounts receivable payments.
- $817,882 of loans bear interest at 18% per annum, compounding quarterly, $698,625 of loans bear annual interest at 20% and $807,914 of loans bear annual interest at 15%. The maturity dates for loans from Ms. Yuen ranged from June 2021 to August 2023. As at December 31, 2023, the loans are unsecured and due on demand.
- During the twelve months ended December 31, 2023, $2,409,215 has been repaid to earlier loans from Ms. Yuen; $1,842,091 new loans are from Ms. Yuen; and $871,876 loans have been transferred to another private lender. As of the reporting date, the remaining $48,166,774 in loans from Ms. Yuen are in default. If Mrs. Yuen calls the loans, the Company may no longer be able to continue its operations.

The Company obtained numerous loans from other private lenders in USD and RMB. As at December 31, 2023, the loans from other private lenders are unsecured and due on demand with interest at 11.50% per annum, with interest compounding quarterly, and at 15% per annum with simple interest. As of December 31, 2023, the outstanding principal of these loans was $1,638,175 (2022 – $1,041,949).

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 98% of the total accounts receivable as at December 31, 2023 (2022 – 89%). 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, 2023		December 31, 2022
Accounts receivable	$	5,101,086	$	4,092,067
Expected credit loss		(1,218,999)		(1,271,907)
	$	**3,882,087**	**$**	**2,820,160**

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 28. 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, 2023 and 2022:

Financial liabilities	December 31, 2023 0 to 12 months	December 31, 2023 12 to 24 months	December 31, 2022 0 to 12 months	December 31, 2022 12 to 24 months
Term loans	$ 3,630,987	242,190	$ 3,592,290	490,750
Interest payable	8,548,353	-	$ 7,730,647	-
Other loans payable	56,274,481	-	$ 50,923,670	-
Accounts payable and accruals	10,507,912	-	$ 7,884,312	-
Due to related parties	17,455,152	-	15,937,777	-
	$ 96,416,885	**$ 242,190**	**$ 86,068,696**	**$ 490,750**

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, 2023. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2023, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of $296,000 (December 31, 2022 - $277,000) 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, 2023		
		RMB balance		USD balance
Total financial assets	¥	1,294,766	$	1,271
Total financial liabilities		(121,706,681)		(66,707)
Net foreign exchange risk exposure	¥	(120,411,915)	$	(65,436)

		December 31, 2022		
		RMB balance		USD balance
Total financial assets	¥	427,015	$	1,280
Total financial liabilities		(110,669,839)		(39,683)
Net foreign exchange risk exposure	¥	(110,242,824)	$	(38,403)

As of December 31, 2023, 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 $225,000 (2022 - $217,000).

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, 2023	December 31, 2022
	US$	US$
Financial assets		
Cash	247,585	79,375
Accounts receivable	2,935,194	2,081,721
Financial liabilities		
Other loans payable	10,279,899	9,758,016
Accounts payable and accruals	2,298,225	434,288
Due to related parties	12,517,127	11,102,907
Net foreign exchange risk exposure	28,278,030	23,456,307

As at December 31, 2023, assuming that all other variables remain constant, an change of 1% in the Canadian dollar against the US dollar would have an effect on other comprehensive income (loss) of approximately $374,000 (2022 - $318,000).

Lease Liabilities

		Office
At December 31, 2021	**$**	**285,225**
Recognized in 2022		118,418
Lease payments made		(156,017)
Interest expense on lease liabilities		43,341
At December 31, 2022	**$**	**290,967**
Lease payments made		(183,409)
Interest expense on lease liabilities		33,854
At December 31, 2023	**$**	**141,412**

		December 31, 2023		December 31, 2022
Current	$	98,323	$	149,555
Non-Current		43,089		141,412
	$	**141,412**	**$**	**290,967**

During the year ended December 31, 2023, the Company recognized an expense of $37,759 (2022 - $113,658) relating to short-term leases.

Capital Structure

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

	31-Dec-23	31-Dec-22
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, 2021	**$**	**(815,529)**
Non-controlling interest's share of earnings		(142,402)
Non-controlling interest's share of other comprehensive loss		11,529
December 31, 2022		**(946,402)**
Non-controlling interest's share of earnings		18,569
Non-controlling interest's share of other comprehensive loss		72,924
December 31, 2023	**$**	**(854,909)**

Related Parties Transactions and Balances

Amounts due to related parties

Amounts due to related parties are summarized as follows:

	Loan from CEO	Loan from Director	Consulting fee payable to CEO	Total
	(i)	(ii)	(iii)	
Balance, December 31, 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	-	-	462,947	462,947
Interest expense	1,808,256	135,000	107,750	2,051,006
Payments	-	(135,000)	(470,179)	(605,179)
FX impact	(305,653)	-	(85,746)	(391,399)
Balance, December 31, 2023	**$ 12,974,374**	**$ 900,000**	**$ 3,580,778**	**$ 17,455,152**

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 the 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, 2023, the outstanding principal of these loans was $2,975,916 (2022 - $3,047,468).

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

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, 2023, the outstanding principal of the loan was $900,000 (2022 - $900,000). The loan, including interest, has been fully repaid as of February 26, 2024.

iii. As of December 31, 2023, the consulting fee payable to the Company's Chairman and CEO was $3,580,779 (2022 - $3,566,006), 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 of the Company is comprised of the following:

		Twelve months ended December 31		
		2023		2022
Short-term employee benefits (including salaries, bonuses and fees)	$	750,993	$	736,992
Share-based benefits		-		-
Total remuneration	$	750,993	$	736,992

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 $1,826,000.

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, 2023, 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, 2023. 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, 2023, 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).