

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' review report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To GlycoNex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

May 12, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2021 AND 2020
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

ASSETS		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 109,573	7	\$ 152,740	10	\$ 340,612	21
1136	Financial assets at amortised cost -	6(3)						
	current		328,558	22	326,216	21	164,581	10
1170	Accounts receivable, net		270	-	16	-	-	-
1200	Other receivables		104	-	235	-	128	-
1220	Current income tax assets		212	-	193	-	268	-
1410	Prepayments	6(4)	17,958	1	19,605	1	24,090	1
1470	Other current assets		110	-	155	-	240	-
11XX	Total current assets		<u>456,785</u>	<u>30</u>	<u>499,160</u>	<u>32</u>	<u>529,919</u>	<u>32</u>
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		18,983	1	19,983	1	9,156	1
1600	Property, plant and equipment	6(6) and 8	1,044,784	69	1,054,652	67	1,080,885	65
1760	Investment property, net	6(8)	-	-	-	-	34,042	2
1780	Intangible assets	6(9)(27)	-	-	-	-	2,580	-
1840	Deferred income tax assets		-	-	-	-	1,340	-
1900	Other non-current assets		667	-	249	-	633	-
15XX	Total non-current assets		<u>1,064,434</u>	<u>70</u>	<u>1,074,884</u>	<u>68</u>	<u>1,128,636</u>	<u>68</u>
1XXX	Total assets		<u>\$ 1,521,219</u>	<u>100</u>	<u>\$ 1,574,044</u>	<u>100</u>	<u>\$ 1,658,555</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2021 AND 2020
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

LIABILITIES AND EQUITY		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(19)	\$ 46	-	\$ 295	-	\$ 24	-
2150	Notes payable		450	-	900	-	508	-
2200	Other payables	6(10)	16,331	1	22,815	2	15,986	1
2230	Current income tax liabilities		-	-	-	-	24	-
2300	Other current liabilities		365	-	1,563	-	304	-
21XX	Total current liabilities		<u>17,192</u>	<u>1</u>	<u>25,573</u>	<u>2</u>	<u>16,846</u>	<u>1</u>
Non-current liabilities								
2500	Financial liabilities at fair value	6(2)						
	through profit or loss - non-current		-	-	-	-	810	-
2530	Corporate bonds payable	6(11)	-	-	-	-	289,725	17
2600	Other non-current liabilities	6(12)	8,831	1	8,894	-	9,117	1
25XX	Total non-current liabilities		<u>8,831</u>	<u>1</u>	<u>8,894</u>	<u>-</u>	<u>299,652</u>	<u>18</u>
2XXX	Total liabilities		<u>26,023</u>	<u>2</u>	<u>34,467</u>	<u>2</u>	<u>316,498</u>	<u>19</u>
Equity attributable to owners of parent								
	Share capital	6(15)						
3110	Common stock		975,078	64	975,078	62	819,110	49
	Capital surplus	6(16)						
3200	Capital surplus		724,073	47	724,073	46	844,712	51
	Accumulated deficit	6(17)						
3350	Accumulated deficit		(203,723)	(13)	(159,996)	(10)	(298,223)	(18)
	Other equity interest	6(18)						
3400	Other equity interest		(232)	-	422	-	(23,542)	(1)
3XXX	Total equity		<u>1,495,196</u>	<u>98</u>	<u>1,539,577</u>	<u>98</u>	<u>1,342,057</u>	<u>81</u>
	Significant contingent liabilities and	9						
	unrecognised contract commitments							
3X2X	Total liabilities and equity		<u>\$ 1,521,219</u>	<u>100</u>	<u>\$ 1,574,044</u>	<u>100</u>	<u>\$ 1,658,555</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

			Three months ended March 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)		\$ 517	100	\$ 97	100
5000 Operating costs	6(24)(25)		(207)	(40)	(42)	(43)
5950 Gross profit			<u>310</u>	<u>60</u>	<u>55</u>	<u>57</u>
Operating expenses	6(24)(25)					
6100 Selling expenses			(1,101)	(213)	(1,329)	(1370)
6200 General and administrative expenses			(12,380)	(2394)	(12,550)	(12938)
6300 Research and development expenses			(35,516)	(6870)	(36,519)	(37649)
6000 Total operating expenses			(48,997)	(9477)	(50,398)	(51957)
6900 Operating loss			(48,687)	(9417)	(50,343)	(51900)
Non-operating income and expenses						
7100 Interest income	6(3)(20)		735	142	695	717
7010 Other income	6(7)(21)		4,513	873	5,019	5174
7020 Other gains and losses	6(2)(22)		(288)	(56)	(1,250)	(1289)
7050 Finance costs	6(23)		-	-	(780)	(804)
7000 Total non-operating income and expenses			<u>4,960</u>	<u>959</u>	<u>3,684</u>	<u>3798</u>
7900 Loss before income tax			(43,727)	(8458)	(46,659)	(48102)
7950 Income tax expense	6(26)		-	-	-	-
8200 Net loss for the period			<u>(\$ 43,727)</u>	<u>(8458)</u>	<u>(\$ 46,659)</u>	<u>(48102)</u>
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(5)(18)		(\$ 1,000)	(193)	(\$ 4,015)	(4139)
8300 Total other comprehensive loss for the period			<u>(\$ 1,000)</u>	<u>(193)</u>	<u>(\$ 4,015)</u>	<u>(4139)</u>
8500 Total comprehensive loss for the period			<u>(\$ 44,727)</u>	<u>(8651)</u>	<u>(\$ 50,674)</u>	<u>(52241)</u>
Loss attributable to:						
8610 Owners of the parent			(\$ 43,727)	(8458)	(\$ 46,659)	(48102)
Comprehensive loss attributable to:						
8710 Owners of the parent			<u>(\$ 44,727)</u>	<u>(8651)</u>	<u>(\$ 50,674)</u>	<u>(52241)</u>
Loss per share (in dollars)	6(28)					
9750 Basic loss per share			(\$ 0.45)		(\$ 0.58)	
9850 Diluted loss per share			<u>(\$ 0.45)</u>		<u>(\$ 0.58)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent								
		Capital		Capital Reserves				Other Equity Interest		
								Unrealised gains or losses on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees	
Notes	Common stock	Advance receipts for share capital	Additional paid in capital	Stock warrants	Restricted stocks to employees	Others	Accumulated deficit			Total equity
<u>Three months ended March 31, 2020</u>										
	\$ 761,610	\$ 14,314	\$ 777,874	\$ -	\$ 4,366	\$ -	(\$ 251,564)	(\$ 4,924)	(\$ 821)	\$ 1,300,855
	-	-	-	-	-	-	(46,659)	-	-	(46,659)
6(18)	-	-	-	-	-	-	-	(4,015)	-	(4,015)
	-	-	-	-	-	-	(46,659)	(4,015)	-	(50,674)
	50,000	(14,314)	48,850	-	-	-	-	-	-	84,536
	-	-	284	-	-	9	-	-	-	293
	-	-	-	6,661	-	-	-	-	-	6,661
6(14)	7,500	-	-	-	6,668	-	-	-	(14,168)	-
6(14)	-	-	1,164	-	(1,164)	-	-	-	-	-
6(14)	-	-	-	-	-	-	-	-	386	386
	\$ 819,110	\$ -	\$ 828,172	\$ 6,661	\$ 9,870	\$ 9	(\$ 298,223)	(\$ 8,939)	(\$ 14,603)	\$ 1,342,057
<u>Three months ended March 31, 2021</u>										
	\$ 975,078	\$ -	\$ 719,518	\$ -	\$ 4,546	\$ 9	(\$ 159,996)	\$ 31	\$ 391	\$ 1,539,577
	-	-	-	-	-	-	(43,727)	-	-	(43,727)
6(18)	-	-	-	-	-	-	-	(1,000)	-	(1,000)
	-	-	-	-	-	-	(43,727)	(1,000)	-	(44,727)
6(14)	-	-	156	-	(156)	-	-	-	-	-
6(14)	-	-	-	-	-	-	-	-	346	346
	\$ 975,078	\$ -	\$ 719,674	\$ -	\$ 4,390	\$ 9	(\$ 203,723)	(\$ 969)	\$ 737	\$ 1,495,196

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Three months ended March 31	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 43,727)	(\$ 46,659)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(8)(24)	9,896	10,458
Amortisation	6(9)(24)	134	2,737
Net loss on financial liabilities at fair value through profit or loss	6(2)(22)	-	690
Interest income	6(20)	(735)	(695)
Interest expense	6(23)	-	780
Compensation costs of restricted stocks to employees	6(14)	346	386
Compensation costs of common stock for cash	6(14)	-	293
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(254)	-
Other receivables		131	10
Prepayments		1,647	(18,498)
Other current assets		45	(220)
Other non-current assets		(525)	(36)
Changes in operating liabilities			
Contract liabilities - current		(249)	(93)
Notes payable		(450)	(1,597)
Other payables		(4,531)	(1,595)
Other current liabilities		(1,198)	(1,140)
Other non-current liabilities		(36)	(31)
Cash outflow generated from operations		(39,506)	(55,210)
Interest received		735	663
Interest paid		-	(335)
Income tax paid		(19)	(23)
Net cash flows used in operating activities		(38,790)	(54,905)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets measured at amortised cost		(2,342)	(102,881)
Acquisition of property, plant and equipment	6(29)	(1,981)	(269)
Increase in refundable deposits		(27)	-
Net cash flows used in investing activities		(4,350)	(103,150)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of convertible bonds	6(11)	-	300,000
Cost on issuance of convertible bonds		-	(3,939)
Issuance of common stock for cash	6(15)	-	85,686
Cost on issuance of common stock for cash (shown as deduction of capital reserve)		-	(1,150)
Decrease in deposits received		(27)	(672)
Net cash flows (used in) provided by financing activities		(27)	379,925
Net (decrease) increase in cash and cash equivalents		(43,167)	221,870
Cash and cash equivalents at beginning of period		152,740	118,742
Cash and cash equivalents at end of period		\$ 109,573	\$ 340,612

The accompanying notes are an integral part of these consolidated financial statements.