

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' 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' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

To GlycoNex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine 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

November 10, 2022

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 independent auditors’ report 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
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2022 AND 2021
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

ASSETS		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 159,358	9	\$ 125,067	9	\$ 90,862	6
1136	Financial assets at amortised cost -	6(2)						
	current		572,332	32	206,526	15	265,308	19
1170	Accounts receivable, net		80	-	350	-	88	-
1200	Other receivables		3,224	-	911	-	6,874	-
1220	Current income tax assets		161	-	168	-	144	-
1410	Prepayments	6(3)	33,980	2	25,526	2	27,671	2
1470	Other current assets		352	-	140	-	6	-
11XX	Total current assets		<u>769,487</u>	<u>43</u>	<u>358,688</u>	<u>26</u>	<u>390,953</u>	<u>27</u>
Non-current assets								
1517	Financial assets at fair value	6(4)						
	through other comprehensive							
	income - non-current		13,251	1	14,205	1	13,480	1
1600	Property, plant and equipment	6(5) and 8	998,492	56	1,021,936	73	1,028,755	72
1900	Other non-current assets		437	-	174	-	193	-
15XX	Total non-current assets		<u>1,012,180</u>	<u>57</u>	<u>1,036,315</u>	<u>74</u>	<u>1,042,428</u>	<u>73</u>
1XXX	Total assets		<u>\$ 1,781,667</u>	<u>100</u>	<u>\$ 1,395,003</u>	<u>100</u>	<u>\$ 1,433,381</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2022 AND 2021
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

LIABILITIES AND EQUITY		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(7) and 8	\$ 15,000	1	\$ -	-	\$ -	-
2130	Contract liabilities - current	6(18)	76	-	76	-	24	-
2150	Notes payable		1,350	-	900	-	1,350	-
2200	Other payables	6(8)	24,738	1	24,707	2	18,191	1
2300	Other current liabilities		435	-	1,523	-	440	-
21XX	Total current liabilities		<u>41,599</u>	<u>2</u>	<u>27,206</u>	<u>2</u>	<u>20,005</u>	<u>1</u>
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(9)	312	-	-	-	-	-
2530	Corporate bonds payable	6(10) and 8	248,196	14	-	-	-	-
2600	Other non-current liabilities	6(11)	<u>9,053</u>	<u>1</u>	<u>8,864</u>	<u>1</u>	<u>8,749</u>	<u>1</u>
25XX	Total non-current liabilities		<u>257,561</u>	<u>15</u>	<u>8,864</u>	<u>1</u>	<u>8,749</u>	<u>1</u>
2XXX	Total liabilities		<u>299,160</u>	<u>17</u>	<u>36,070</u>	<u>3</u>	<u>28,754</u>	<u>2</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(14)	1,019,728	57	974,818	70	974,818	68
3130	Certificate of entitlement to new shares from convertible bonds		51,282	3	-	-	-	-
Capital surplus								
3200	Capital surplus	6(15)	568,644	31	563,634	40	563,634	39
Accumulated deficit								
3350	Accumulated deficit	6(16)	(150,619)	(8)	(172,645)	(13)	(125,792)	(9)
Other equity interest								
3400	Other equity interest	6(17)	(6,528)	-	(6,874)	-	(8,033)	-
3XXX	Total equity		<u>1,482,507</u>	<u>83</u>	<u>1,358,933</u>	<u>97</u>	<u>1,404,627</u>	<u>98</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 1,781,667</u>	<u>100</u>	<u>\$ 1,395,003</u>	<u>100</u>	<u>\$ 1,433,381</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
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2022		2021		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18)	\$ 73	100	\$ 130	100	\$ 28,435	100	\$ 984	100
5000	Operating costs	6(23)(24)	(21)	(29)	(69)	(53)	(14,661)	(52)	(509)	(52)
5950	Gross profit		<u>52</u>	<u>71</u>	<u>61</u>	<u>47</u>	<u>13,774</u>	<u>48</u>	<u>475</u>	<u>48</u>
	Operating expenses	6(23)(24)								
6100	Selling expenses		(1,278)	(1751)	(1,091)	(839)	(3,308)	(12)	(3,273)	(333)
6200	General and administrative expenses		(14,940)	(20466)	(12,123)	(9325)	(40,453)	(142)	(38,160)	(3878)
6300	Research and development expenses		(51,636)	(70734)	(35,048)	(26960)	(135,344)	(476)	(102,342)	(10400)
6000	Total operating expenses		(67,854)	(92951)	(48,262)	(37124)	(179,105)	(630)	(143,775)	(14611)
6900	Operating loss		(67,802)	(92880)	(48,201)	(37077)	(165,331)	(582)	(143,300)	(14563)
	Non-operating income and expenses									
7100	Interest income	6(2)(19)	1,525	2089	658	506	2,732	10	2,103	214
7010	Other income	6(6)(20)	4,975	6815	6,855	5273	14,770	52	16,097	1636
7020	Other gains and losses	6(21)	985	1349	(4)	(3)	-	-	(702)	(72)
7050	Finance costs	6(22)	(2,608)	(3572)	-	-	(2,790)	(10)	-	-
7000	Total non-operating income and expenses		<u>4,877</u>	<u>6681</u>	<u>7,509</u>	<u>5776</u>	<u>14,712</u>	<u>52</u>	<u>17,498</u>	<u>1778</u>
7900	Loss before income tax		(62,925)	(86199)	(40,692)	(31301)	(150,619)	(530)	(125,802)	(12785)
7950	Income tax expense	6(25)	-	-	-	-	-	-	-	-
8200	Net loss		<u>(\$ 62,925)</u>	<u>(86199)</u>	<u>(\$ 40,692)</u>	<u>(31301)</u>	<u>(\$ 150,619)</u>	<u>(530)</u>	<u>(\$ 125,802)</u>	<u>(12785)</u>
	Other comprehensive income (loss)									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(4)(17)	<u>\$ 878</u>	<u>1203</u>	<u>(\$ 3,207)</u>	<u>(2467)</u>	<u>(\$ 954)</u>	<u>(3)</u>	<u>(\$ 5,886)</u>	<u>(598)</u>
8300	Total other comprehensive income (loss) for the period		<u>\$ 878</u>	<u>1203</u>	<u>(\$ 3,207)</u>	<u>(2467)</u>	<u>(\$ 954)</u>	<u>(3)</u>	<u>(\$ 5,886)</u>	<u>(598)</u>
8500	Total comprehensive loss for the period		<u>(\$ 62,047)</u>	<u>(84996)</u>	<u>(\$ 43,899)</u>	<u>(33768)</u>	<u>(\$ 151,573)</u>	<u>(533)</u>	<u>(\$ 131,688)</u>	<u>(13383)</u>
	Loss attributable to:									
8610	Owners of the parent		<u>(\$ 62,925)</u>	<u>(86199)</u>	<u>(\$ 40,692)</u>	<u>(31301)</u>	<u>(\$ 150,619)</u>	<u>(530)</u>	<u>(\$ 125,802)</u>	<u>(12785)</u>
	Comprehensive loss attributable to:									
8710	Owners of the parent		<u>(\$ 62,047)</u>	<u>(84996)</u>	<u>(\$ 43,899)</u>	<u>(33768)</u>	<u>(\$ 151,573)</u>	<u>(533)</u>	<u>(\$ 131,688)</u>	<u>(13383)</u>
	Loss per share (in dollars)	6(27)								
9750	Basic loss per share		<u>(\$ 0.64)</u>		<u>(\$ 0.42)</u>		<u>(\$ 1.54)</u>		<u>(\$ 1.30)</u>	
9850	Diluted loss per share		<u>(\$ 0.64)</u>		<u>(\$ 0.42)</u>		<u>(\$ 1.54)</u>		<u>(\$ 1.30)</u>	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(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 stocks to employees	Total equity
	Notes	Common stock	Certificates of bond-to-stock conversion	Additional paid in capital	Stock warrants	Restricted stocks to employees	Others	Accumulated deficit			
<u>Nine months ended September 30, 2021</u>											
		\$ 975,078	\$ -	\$ 719,518	\$ -	\$ 4,546	\$ 9	(\$ 159,996)	\$ 31	\$ 391	\$ 1,539,577
		-	-	-	-	-	-	(125,802)	-	-	(125,802)
	6(17)	-	-	-	-	-	-	-	(5,886)	-	(5,886)
		-	-	-	-	-	-	(125,802)	(5,886)	-	(131,688)
	6(16)	-	-	(159,996)	-	-	-	159,996	-	-	-
	6(4)(17)	-	-	-	-	-	-	10	(10)	-	-
	6(13)	-	-	156	-	(156)	-	-	-	-	-
	6(13)	(260)	-	-	-	(443)	-	-	-	703	-
	6(13)	-	-	-	-	-	-	-	-	(3,262)	(3,262)
		\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 125,792)	(\$ 5,865)	(\$ 2,168)	\$ 1,404,627
<u>Nine months ended September 30, 2022</u>											
		\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 172,645)	(\$ 5,140)	(\$ 1,734)	\$ 1,358,933
		-	-	-	-	-	-	(150,619)	-	-	(150,619)
	6(17)	-	-	-	-	-	-	-	(954)	-	(954)
		-	-	-	-	-	-	(150,619)	(954)	-	(151,573)
	6(14)	45,000	-	57,500	-	-	-	-	-	-	102,500
	6(13)	-	-	1,835	-	-	-	-	-	-	1,835
	6(16)	-	-	(172,645)	-	-	-	172,645	-	-	-
	6(10)	-	-	-	35,870	-	-	-	-	-	35,870
	6(10)	-	51,282	95,210	(12,680)	-	-	-	-	-	133,812
	6(13)	(90)	-	-	-	(80)	-	-	-	170	-
	6(13)	-	-	-	-	-	-	-	-	1,130	1,130
		\$ 1,019,728	\$ 51,282	\$ 541,578	\$ 23,190	\$ 3,867	\$ 9	(\$ 150,619)	(\$ 6,094)	(\$ 434)	\$ 1,482,507

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Nine months ended September 30	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 150,619)	(\$ 125,802)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(23)	29,768	29,824
Amortisation	6(23)	391	289
Interest expense	6(22)	2,790	-
Interest income	6(19)	(2,732)	(2,103)
Compensation costs of restricted stocks to employees	6(13)	1,130	(3,262)
Compensation costs of common stock for cash	6(13)	1,835	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		270	(72)
Other receivables	((2,078)	(6,646)
Prepayments	((8,454)	(8,066)
Other current assets	((212)	149
Changes in operating liabilities			
Contract liabilities - current		-	(271)
Notes payable		450	450
Other payables		2,139	(2,671)
Other current liabilities	((1,088)	(1,123)
Other non-current liabilities	((104)	(119)
Cash outflow generated from operations	((126,514)	(119,423)
Interest received		2,425	2,110
Interest paid	((1,060)	-
Income taxes refund		79	49
Net cash flows used in operating activities	((125,070)	(117,264)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets measured at amortised cost		(365,806)	60,908
Acquisition of property, plant and equipment	6(5)(28)	(8,427)	(5,880)
Proceeds from disposal of financial asset at fair value through other comprehensive income - non-current	6(4)	-	617
Decrease (increase) in refundable deposits (shown as other non-current assets)		6	(137)
Increase in other non-current assets	((660)	(96)
Net cash flows (used in) provided by investing activities	((374,887)	55,412
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of common stock for cash	6(14)	103,500	-
Cost of issuance of common stock for cash (shown as deduction of capital reserve)	((1,000)	-
Increase in short-term loans	6(29)	61,000	-
Decrease in short-term loans	6(29)	(46,000)	-
Increase (decrease) in deposits received (shown as other non-current liabilities)		293	(26)
Issuance of convertible bonds	6(10)	420,630	-
Cost of issuance of convertible bonds	6(10)	(4,175)	-
Net cash flows provided by (used in) financing activities		534,248	(26)
Net increase (decrease) in cash and cash equivalents		34,291	(61,878)
Cash and cash equivalents at beginning of period		125,067	152,740
Cash and cash equivalents at end of period		\$ 159,358	\$ 90,862

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