

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2023 AND 2022**

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.

REPORT ON REVIEW OF FINANCIAL STATEMENTS

To GlycoNex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six 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” that came into effect 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 Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six 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” that came into effect as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan
August 11, 2023

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
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS			June 30, 2023		December 31, 2022		June 30, 2022	
	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 330,074	20	\$ 82,187	5	\$ 482,681	28
1136	Financial assets at amortised cost -	6(2)						
	current		480,747	29	596,582	35	217,514	12
1170	Accounts receivable, net		563	-	46	-	370	-
1200	Other receivables		3,540	-	4,325	-	7,907	-
1220	Current income tax assets		188	-	199	-	131	-
1410	Prepayments	6(3)	19,944	1	29,478	2	30,807	2
1470	Other current assets		91	-	310	-	742	-
11XX	Total current assets		835,147	50	713,127	42	740,152	42
Non-current assets								
1517	Financial assets at fair value	6(4)						
	through other comprehensive							
	income - non-current		14,282	1	13,518	1	12,373	1
1600	Property, plant and equipment	6(5) and 8	816,574	49	989,919	57	1,002,863	57
1900	Other non-current assets		998	-	384	-	374	-
15XX	Total non-current assets		831,854	50	1,003,821	58	1,015,610	58
1XXX	Total assets		\$ 1,667,001	100	\$ 1,716,948	100	\$ 1,755,762	100

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY			June 30, 2023		December 31, 2022		June 30, 2022	
			Notes	AMOUNT	%	AMOUNT	%	AMOUNT
Current liabilities								
2100	Current borrowings	6(7) and 8	\$ -	-	\$ 5,000	1	\$ 30,000	2
2130	Contract liabilities - current	6(18)	76	-	76	-	121	-
2150	Notes payable		1,800	-	900	-	1,800	-
2200	Other payables	6(8)	28,405	2	36,996	2	26,512	2
2230	Current tax liabilities		14,645	1	-	-	-	-
2300	Other current liabilities		1,600	-	1,512	-	1,582	-
21XX	Total current liabilities		46,526	3	44,484	3	60,015	4
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(9)	261	-	274	-	480	-
2530	Corporate bonds payable	6(10) and 8	210,687	13	218,679	13	380,201	22
2600	Other non-current liabilities	6(11)	7,909	-	7,900	-	9,084	-
25XX	Total non-current liabilities		218,857	13	226,853	13	389,765	22
2XXX	Total liabilities		265,383	16	271,337	16	449,780	26
Equity attributable to owners of parent								
	Share capital	6(14)						
3110	Common stock		1,086,328	65	1,070,980	62	974,728	55
3130	Certificate of entitlement to new shares from convertible bonds		73	-	11,685	1	-	-
	Capital surplus	6(15)						
3200	Capital surplus		374,857	22	587,473	34	426,779	24
	Accumulated deficit	6(16)						
3350	Accumulated deficit		(54,577)	(3)	(218,700)	(13)	(87,694)	(5)
	Other equity interest	6(17)						
3400	Other equity interest		(5,063)	-	(5,827)	-	(7,831)	-
3XXX	Total equity		1,401,618	84	1,445,611	84	1,305,982	74
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$ 1,667,001	100	\$ 1,716,948	100	\$ 1,755,762	100

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS (LOSS) PER SHARE AMOUNTS)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18)	\$ 1,408	100	\$ 14,982	100	\$ 1,609	100	\$ 28,362	100
5000	Operating costs	6(23)(24)	(943)	(67)	(6,039)	(40)	(1,124)	(70)	(14,640)	(52)
5950	Gross profit		465	33	8,943	60	485	30	13,722	48
	Operating expenses	6(23)(24)								
6100	Selling expenses		(1,202)	(86)	(1,154)	(8)	(2,810)	(175)	(2,030)	(7)
6200	General and administrative expenses		(13,366)	(949)	(14,723)	(98)	(24,585)	(1528)	(25,513)	(90)
6300	Research and development expenses		(46,903)	(3331)	(52,665)	(352)	(97,731)	(6074)	(83,708)	(295)
6000	Total operating expenses		(61,471)	(4366)	(68,542)	(458)	(125,126)	(7777)	(111,251)	(392)
6900	Operating loss		(61,006)	(4333)	(59,599)	(398)	(124,641)	(7747)	(97,529)	(344)
	Non-operating income and expenses									
7100	Interest income	6(2)(19)	1,988	141	642	4	3,762	234	1,207	4
7010	Other income	6(6)(20)	6,443	458	4,972	33	11,292	702	9,795	35
7020	Other gains and losses	6(21)	72,467	5147	(1,986)	(13)	72,518	4507	(985)	(3)
7050	Finance costs	6(22)	(1,414)	(101)	(182)	(1)	(2,863)	(178)	(182)	(1)
7000	Total non-operating income and expenses		79,484	5645	3,446	23	84,709	5265	9,835	35
7900	Income (loss) before income tax		18,478	1312	(56,153)	(375)	(39,932)	(2482)	(87,694)	(309)
7950	Income tax expense	6(25)	(14,645)	(1040)	-	-	(14,645)	(910)	-	-
8200	Net income (loss)		\$ 3,833	272	(\$ 56,153)	(375)	(\$ 54,577)	(3392)	(\$ 87,694)	(309)
	Other comprehensive (loss) income									
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss									
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(4)(17)	(\$ 496)	(35)	(\$ 1,107)	(7)	\$ 764	47	(\$ 1,832)	(7)
8300	Total other comprehensive (loss) income for the period		(\$ 496)	(35)	(\$ 1,107)	(7)	\$ 764	47	(\$ 1,832)	(7)
8500	Total comprehensive income (loss) for the period		\$ 3,337	237	(\$ 57,260)	(382)	(\$ 53,813)	(3345)	(\$ 89,526)	(316)
	Income (loss) attributable to:									
8610	Owners of the parent		\$ 3,833	272	(\$ 56,153)	(375)	(\$ 54,577)	(3392)	(\$ 87,694)	(309)
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 3,337	237	(\$ 57,260)	(382)	(\$ 53,813)	(3345)	(\$ 89,526)	(316)
	Earnings (loss) per share (in dollars)	6(27)								
9750	Basic earnings (loss) per share		\$ 0.04		(\$ 0.57)		(\$ 0.51)		(\$ 0.90)	
9850	Diluted earnings (loss) per share		\$ 0.04		(\$ 0.57)		(\$ 0.51)		(\$ 0.90)	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent									
		Capital	Capital Reserves					Other Equity Interest			
			Certificate of entitlement to new shares from convertible bond	Additional paid in capital	Stock warrants	Restricted stock to employees	Others	Accumulated deficit	Unrealised (losses) gains on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees	Total equity
Notes		Common stock									
<u>Six months ended June 30, 2022</u>											
		\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 172,645)	(\$ 5,140)	(\$ 1,734)	\$ 1,358,933
		-	-	-	-	-	-	(87,694)	-	-	(87,694)
	6(17)	-	-	-	-	-	-	-	(1,832)	-	(1,832)
		-	-	-	-	-	-	(87,694)	(1,832)	-	(89,526)
	6(16)	-	-	(172,645)	-	-	-	172,645	-	-	-
	6(10)	-	-	-	35,870	-	-	-	-	-	35,870
	6(13)	(90)	-	-	-	(80)	-	-	-	170	-
	6(13)	-	-	-	-	-	-	-	-	705	705
		\$ 974,728	\$ -	\$ 387,033	\$ 35,870	\$ 3,867	\$ 9	(\$ 87,694)	(\$ 6,972)	(\$ 859)	\$ 1,305,982
<u>Six months ended June 30, 2023</u>											
		\$1,070,980	\$ 11,685	\$ 563,323	\$ 20,300	\$ 3,841	\$ 9	(\$ 218,700)	(\$ 5,827)	\$ -	\$ 1,445,611
		-	-	-	-	-	-	(54,577)	-	-	(54,577)
	6(17)	-	-	-	-	-	-	-	764	-	764
		-	-	-	-	-	-	(54,577)	764	-	(53,813)
	6(16)	-	-	(218,700)	-	-	-	218,700	-	-	-
	6(10)	15,348	(11,612)	7,007	(923)	-	-	-	-	-	9,820
		\$1,086,328	\$ 73	\$ 351,630	\$ 19,377	\$ 3,841	\$ 9	(\$ 54,577)	(\$ 5,063)	\$ -	\$ 1,401,618

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Six months ended June 30	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 39,932)	(\$ 87,694)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(23)	15,673	19,901
Amortisation	6(23)	566	216
Interest expense	6(22)	2,863	182
Interest income	6(19)	(3,762)	(1,207)
Compensation costs of restricted stocks to employees	6(13)	-	705
Gain on disposal of property, plant and equipment	6(21)	(73,812)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(517)	(20)
Other receivables		703	(6,976)
Prepayments		9,534	(5,281)
Other current assets		219	(602)
Changes in operating liabilities			
Contract liabilities - current		-	45
Notes payable		900	900
Other payables		(9,130)	12
Other current liabilities		88	59
Other non-current liabilities		(61)	(73)
Cash outflow generated from operations		(96,668)	(79,833)
Interest received		3,844	1,188
Interest paid		(1,048)	(91)
Income taxes refund		11	36
Net cash flows used in operating activities		(93,861)	(78,700)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets measured at amortised cost		115,835	(10,988)
Acquisition of property, plant and equipment	6(28)	(5,440)	(3,030)
Proceeds from disposal of property, plant and equipment	6(5)	237,463	-
Decrease in refundable deposits (shown as other non-current assets)		-	6
Increase in other non-current assets		(1,180)	(422)
Net cash flows provided by (used in) investing activities		346,678	(14,434)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(29)	10,000	30,000
Decrease in short-term loans	6(29)	(15,000)	-
Increase in deposits received (shown as other non-current liabilities)		70	293
Issuance of convertible bonds	6(10)	-	420,630
Cost on issuance of convertible bonds	6(10)	-	(175)
Net cash flows (used in) provided by financing activities		(4,930)	450,748
Net increase in cash and cash equivalents		247,887	357,614
Cash and cash equivalents at beginning of period		82,187	125,067
Cash and cash equivalents at end of period		\$ 330,074	\$ 482,681

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