

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To GlycoNex Incorporation

Opinion

We have audited the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

~2~

Key audit matters of the Group for the year ended December 31, 2023 are as follows:

Existence and occurrence of bank deposits

Description

Refer to Notes 4(6) and (8) for accounting policies on cash and cash equivalents and financial assets at amortised cost and Notes 6(1) and (2) for account details in the consolidated financial statements.

As at December 31, 2023, the balances of cash and cash equivalents and financial assets at amortised cost amounted to NT\$699,775 thousand, constituting 45% of consolidated total assets. As the bank deposits are high risk in nature, are material to the financial statements and the determination as to whether the bank deposits qualify as cash equivalent relies on management judgement, we considered the existence and occurrence of bank deposits a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. We sent out audit confirmations to banks and financial institutions for specific agreements and bank accounts, in order to confirm the existence, rights and obligations of the related cash and cash equivalents.
2. We checked the term of the time deposits to determine whether it meets the definition of cash equivalents.
3. For year end bank reconciliations, we compared the account balance to the general ledger, as well as the balance of the bank account to bank statements, deposit books or bank confirmations, and we checked the accuracy and reasonableness of the bank reconciliation adjustments.
4. Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of GlycoNex Incorporation as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related

safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan
March 14, 2024

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

ASSETS			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	149,467	10	\$	82,187	5
1136	Financial assets at amortised cost - current	6(2)		550,308	35		596,582	35
1170	Accounts receivable, net			25	-		46	-
1200	Other receivables			5,310	-		4,325	-
1220	Current income tax assets			243	-		199	-
1410	Prepayments	6(3)		11,850	1		29,478	2
1470	Other current assets			1,130	-		310	-
11XX	Total current assets			718,333	46		713,127	42
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(4)		12,613	1		13,518	1
1600	Property, plant and equipment	6(5) and 8		813,650	52		989,919	57
1900	Other non-current assets			8,218	1		384	-
15XX	Total non-current assets			834,481	54		1,003,821	58
1XXX	Total assets		\$	1,552,814	100	\$	1,716,948	100

(Continued)

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

LIABILITIES AND EQUITY		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(7) and 8	\$ -	-	\$ 5,000	1
2120	Current financial liabilities at fair value through profit or loss	6(9)	261	-	-	-
2130	Contract liabilities - current	6(18)	104	-	76	-
2150	Notes payable		900	-	900	-
2200	Other payables	6(8)	40,443	3	36,996	2
2230	Current tax liabilities		14,645	1	-	-
2300	Other current liabilities	6(10) and 8	214,230	14	1,512	-
21XX	Total current liabilities		270,583	18	44,484	3
Non-current liabilities						
2500	Non-current financial liabilities at fair value through profit or loss	6(9)	-	-	274	-
2530	Corporate bonds payable	6(10) and 8	-	-	218,679	13
2600	Other non-current liabilities	6(11)(12)	5,816	-	7,900	-
25XX	Total non-current liabilities		5,816	-	226,853	13
2XXX	Total liabilities		276,399	18	271,337	16
Equity attributable to owners of parent						
	Share capital	6(14)				
3110	Common stock		1,086,401	70	1,070,980	62
3130	Certificate of entitlement to new shares from convertible bonds		-	-	11,685	1
	Capital surplus	6(15)				
3200	Capital surplus		374,857	24	587,473	34
	Accumulated deficit	6(16)				
3350	Accumulated deficit		(178,111)	(12)	(218,700)	(13)
	Other equity interest	6(17)				
3400	Other equity interest		(6,732)	-	(5,827)	-
3XXX	Total equity		1,276,415	82	1,445,611	84
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 1,552,814	100	\$ 1,716,948	100

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Year ended December 31			
		Notes	2023		2022		
Items			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18)	\$ 2,542	100	\$ 30,085	100	
5000	Operating costs	6(23)(24)	(1,547)	(61)	(16,118)	(53)	
5950	Gross profit		<u>995</u>	<u>39</u>	<u>13,967</u>	<u>47</u>	
	Operating expenses	6(23)(24)					
6100	Selling expenses		(5,207)	(205)	(4,425)	(15)	
6200	General and administrative expenses		(45,271)	(1781)	(50,776)	(169)	
6300	Research and development expenses		(210,381)	(8276)	(197,407)	(656)	
6000	Total operating expenses		(260,859)	(10262)	(252,608)	(840)	
6900	Operating loss		(259,864)	(10223)	(238,641)	(793)	
	Non-operating income and expenses						
7100	Interest income	6(2)(19)	9,366	369	4,590	15	
7010	Other income	6(6)(20)	19,232	757	19,612	65	
7020	Other gains and losses	6(21)	73,261	2882	718	(2)	
7050	Finance costs	6(22)	(5,712)	(225)	(4,358)	(15)	
7055	Impairment loss determined in accordance with IFRS 9		-	-	(307)	(1)	
7000	Total non-operating income and expenses		<u>96,147</u>	<u>3783</u>	<u>18,819</u>	<u>62</u>	
7900	Loss before income tax		(163,717)	(6440)	(219,822)	(731)	
7950	Income tax expense	6(25)	(14,645)	(576)	-	-	
8200	Net loss		<u>(\$ 178,362)</u>	<u>(7016)</u>	<u>(\$ 219,822)</u>	<u>(731)</u>	
	Other comprehensive (loss) income						
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss						
8311	Gains on remeasurements of defined benefit plans	6(12)	\$ 251	10	\$ 1,122	4	
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(4)(17)	(905)	(36)	(687)	(2)	
8300	Total other comprehensive (loss) income for the year		<u>(\$ 654)</u>	<u>(26)</u>	<u>\$ 435</u>	<u>2</u>	
8500	Total comprehensive loss for the year		<u>(\$ 179,016)</u>	<u>(7042)</u>	<u>(\$ 219,387)</u>	<u>(729)</u>	
	Loss attributable to:						
8610	Owners of the parent		<u>(\$ 178,362)</u>	<u>(7016)</u>	<u>(\$ 219,822)</u>	<u>(731)</u>	
	Comprehensive loss attributable to:						
8710	Owners of the parent		<u>(\$ 179,016)</u>	<u>(7042)</u>	<u>(\$ 219,387)</u>	<u>(729)</u>	
	Loss per share (in dollars)	6(27)					
9750	Basic loss per share		<u>(\$ 1.65)</u>		<u>(\$ 2.21)</u>		
9850	Diluted loss per share		<u>(\$ 1.65)</u>		<u>(\$ 2.21)</u>		

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

GLYCONEX INCORPORATION AND SUBSIDIARY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 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 bonds	Additional paid in capital	Stock warrants	Restricted stock to employees	Others	Accumulated deficit	Unrealised losses on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees	Total equity
Notes	Common stock										
	\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 172,645)	(\$ 5,140)	(\$ 1,734)	\$ 1,358,933	
	-	-	-	-	-	-	(219,822)	-	-	(219,822)	
6(17)	-	-	-	-	-	-	1,122	(687)	-	435	
	-	-	-	-	-	-	(218,700)	(687)	-	(219,387)	
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	11,685	116,955	(15,570)	-	-	-	-	-	164,352	
6(13)	(120)	-	-	-	(106)	-	-	-	226	-	
6(13)	-	-	-	-	-	-	-	-	1,508	1,508	
	\$ 1,070,980	\$ 11,685	\$ 563,323	\$ 20,300	\$ 3,841	\$ 9	(\$ 218,700)	(\$ 5,827)	\$ -	\$ 1,445,611	
	\$ 1,070,980	\$ 11,685	\$ 563,323	\$ 20,300	\$ 3,841	\$ 9	(\$ 218,700)	(\$ 5,827)	\$ -	\$ 1,445,611	
	-	-	-	-	-	-	(178,362)	-	-	(178,362)	
6(17)	-	-	-	-	-	-	251	(905)	-	(654)	
	-	-	-	-	-	-	(178,111)	(905)	-	(179,016)	
6(16)	-	-	(218,700)	-	-	-	218,700	-	-	-	
6(10)	15,421	(11,685)	7,007	(923)	-	-	-	-	-	9,820	
	\$ 1,086,401	\$ -	\$ 351,630	\$ 19,377	\$ 3,841	\$ 9	(\$ 178,111)	(\$ 6,732)	\$ -	\$ 1,276,415	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 163,717)	(\$ 219,822)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(23)	29,808	39,337
Amortisation	6(23)	1,370	619
Interest expense	6(22)	5,712	4,358
Interest income	6(19)	(9,366)	(4,590)
Compensation costs of restricted stocks to employees	6(13)	-	1,508
Compensation costs of common stock for cash	6(13)	-	1,835
Gain on disposal of property, plant and equipment	6(21)	(73,812)	-
Expected credit impairment loss		-	307
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		21	304
Other receivables	(	790)	(3,457)
Prepayments		17,628	(3,952)
Other current assets	(	820)	(170)
Changes in operating liabilities			
Contract liabilities - current		28	-
Other payables		2,864	13,663
Other current liabilities		226	(11)
Other non-current liabilities	(	110)	(129)
Cash outflow generated from operations	(	190,958)	(170,200)
Interest received		9,171	4,208
Interest paid	(	2,091)	(1,643)
Income tax refund		-	87
Income tax paid	(	44)	-
Net cash flows used in operating activities	(	183,922)	(167,548)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets measured at amortised cost		46,274	(390,056)
Acquisition of property, plant and equipment	6(28)	(17,134)	(8,689)
Proceeds from disposal of property, plant and equipment	6(5)	237,463	-
Increase in prepayments for equipment (shown as other non-current assets)	(	6,286)	-
(Increase) decrease in refundable deposits (shown as other non-current assets)	(	770)	35
Increase in other non-current assets	(	1,622)	(864)
Net cash flows provided by (used in) investing activities		257,925	(399,574)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of common stock for cash	6(14)	-	103,500
Cost on issuance of common stock for cash (shown as deduction of capital reserve)		-	(1,000)
Increase in short-term loans	6(29)	10,000	66,000
Decrease in short-term loans	6(29)	(15,000)	(61,000)
(Decrease) increase in deposits received (shown as other non-current liabilities)	(	1,723)	287
Issuance of convertible bonds	6(10)	-	420,630
Cost on issuance of convertible bonds	6(10)	-	(4,175)
Net cash flows (used in) provided by financing activities	(	6,723)	524,242
Net increase (decrease) in cash and cash equivalents		67,280	(42,880)
Cash and cash equivalents at beginning of year		82,187	125,067
Cash and cash equivalents at end of year		\$ 149,467	\$ 82,187

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