

**GLYCONEX INCORPORATION**  
**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' REPORT**  
**DECEMBER 31, 2023 AND 2022**

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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 balance sheets of GlycoNex Incorporation (the “Company”) as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” 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 of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the Company for the year ended December 31, 2023 are as follows:

## **Existence and occurrence of bank deposits**

### Description

Refer to Notes 4(5) and (7) 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 financial statements.

As at December 31, 2023, the balances of cash and cash equivalents and financial assets at amortised cost amounted to NT\$679,210 thousand, constituting 44% of 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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

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The accompanying 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 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  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 145,498	10	\$ 75,621	4
1136	Financial assets at amortised cost - current	6(2)	533,712	34	582,582	34
1170	Accounts receivable, net		25	-	46	-
1200	Other receivables		5,301	-	4,317	-
1220	Current income tax assets		243	-	199	-
1410	Prepayments	6(3)	11,849	1	29,478	2
1470	Other current assets		1,130	-	310	-
11XX	Total current assets		697,758	45	692,553	40
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(4)	12,597	1	13,513	1
1550	Investments accounted for under equity method	6(5)	20,591	1	20,579	1
1600	Property, plant and equipment	6(6) and 8	813,650	52	989,919	58
1900	Other non-current assets		8,218	1	384	-
15XX	Total-non-current assets		855,056	55	1,024,395	60
1XXX	Total assets		\$ 1,552,814	100	\$ 1,716,948	100

(Continued)

GLYCONEX INCORPORATION  
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(8) and 8	\$ -	-	\$ 5,000	1
2120	Current financial liabilities at fair value through profit or loss	6(10)	261	-	-	-
2130	Contract liabilities - current	6(19)	104	-	76	-
2150	Notes payable		900	-	900	-
2200	Other payables	6(9)	40,443	3	36,996	2
2230	Current income tax liabilities		14,645	1	-	-
2300	Other current liabilities	6(11) 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(10)	-	-	274	-
2530	Corporate bonds payable	6(11) and 8	-	-	218,679	13
2600	Other non-current liabilities	6(12)(13)	5,816	-	7,900	-
25XX	Total non-current liabilities		5,816	-	226,853	13
2XXX	Total liabilities		276,399	18	271,337	16
Equity						
	Share capital	6(15)				
3110	Common stock		1,086,401	70	1,070,980	62
3130	Certificates of bond-to-stock conversion		-	-	11,685	1
	Capital surplus	6(16)				
3200	Capital surplus		374,857	24	587,473	34
	Accumulated deficit	6(17)				
3350	Accumulated deficit		( 178,111)	( 12)	( 218,700)	( 13)
	Other equity interest	6(18)				
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 financial statements.

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)		\$ 2,542	100	\$ 30,085	100
5000 Operating costs	6(24)(25)		( 1,547)	( 61)	( 16,118)	( 53)
5950 Gross profit, net			995	39	13,967	47
Operating expenses	6(24)(25)					
6100 Selling expenses			( 5,207)	( 205)	( 4,425)	( 15)
6200 General and administrative expenses			( 45,267)	( 1780)	( 50,772)	( 169)
6300 Research and development expenses			( 210,381)	( 8276)	( 197,407)	( 656)
6000 Total operating expenses			( 260,855)	( 10261)	( 252,604)	( 840)
6900 Operating loss			( 259,860)	( 10222)	( 238,637)	( 793)
Non-operating income and expenses						
7100 Interest income	6(2)(20)		9,134	359	4,421	15
7010 Other income	6(7)(21)		19,292	759	19,672	65
7020 Other gains and losses	6(22)		73,329	2885	773	( 3)
7050 Finance costs	6(23)		( 5,712)	( 225)	( 4,358)	( 15)
7055 Impairment loss determined in accordance with IFRS 9			-	-	( 307)	( 1)
7070 Share of profit of associates and joint ventures accounted for under the equity method			100	4	160	1
7000 Total non-operating income and expenses			96,143	3782	18,815	62
7900 <b>Loss before income tax</b>			( 163,717)	( 6440)	( 219,822)	( 731)
7950 Income tax expense	6(26)		( 14,645)	( 576)	-	-
8200 <b>Net loss</b>			( \$ 178,362)	( 7016)	( \$ 219,822)	( 731)
<b>Other comprehensive (loss) income</b>						
<b>Components of other comprehensive (loss) income that will not be reclassified to profit or loss</b>						
8311 Actuarial gains on defined benefit plans	6(13)		\$ 251	10	\$ 1,122	4
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(4)(18)		( 905)	( 36)	( 687)	( 2)
8300 <b>Total other comprehensive (loss) income for the year</b>			( \$ 654)	( 26)	\$ 435	2
8500 <b>Total comprehensive loss for the year</b>			( \$ 179,016)	( 7042)	( \$ 219,387)	( 729)
Loss per share (in dollars)	6(28)					
9750 Basic loss per share			( \$ 1.65)		( \$ 2.21)	
9850 Diluted loss per share			( \$ 1.65)		( \$ 2.21)	

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



GLYCONEX INCORPORATION  
STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital		Capital Reserves				Other Equity Interest			
								Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees	Total equity	
	Notes	Common stock	Certificates of bond-to-stock conversion	Capital surplus	Stock warrants	Restricted stocks to employees	Others	Accumulated deficit			
<u>2022</u>											
Balance at January 1, 2022		\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 172,645 )	(\$ 5,140 )	(\$ 1,734 ) \$ 1,358,933	
Net loss for the year		-	-	-	-	-	-	( 219,822 )	-	( 219,822 )	
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	1,122	( 687 )	- 435	
Total comprehensive loss		-	-	-	-	-	-	( 218,700 )	( 687 )	( 219,387 )	
Issuance of common stock for cash	6(15)	45,000	-	57,500	-	-	-	-	-	102,500	
Compensation costs of common stock for cash	6(14)	-	-	1,835	-	-	-	-	-	1,835	
Capital reserve used to offset against accumulated deficit	6(17)	-	-	( 172,645 )	-	-	-	172,645	-	-	
Issuance of convertible bonds	6(11)	-	-	-	35,870	-	-	-	-	35,870	
Conversion of convertible bonds	6(11)	51,282	11,685	116,955	( 15,570 )	-	-	-	-	164,352	
Retirement of restricted stocks to employees	6(14)	( 120 )	-	-	-	( 106 )	-	-	-	226 -	
Compensation costs of restricted stocks to employees	6(14)	-	-	-	-	-	-	-	-	1,508 1,508	
Balance at December 31, 2022		<u>\$1,070,980</u>	<u>\$ 11,685</u>	<u>\$ 563,323</u>	<u>\$ 20,300</u>	<u>\$ 3,841</u>	<u>\$ 9</u>	<u>(\$ 218,700 )</u>	<u>(\$ 5,827 )</u>	<u>\$ -</u> <u>\$ 1,445,611</u>	
<u>2023</u>											
Balance at January 1, 2023		<u>\$1,070,980</u>	<u>\$ 11,685</u>	<u>\$ 563,323</u>	<u>\$ 20,300</u>	<u>\$ 3,841</u>	<u>\$ 9</u>	<u>(\$ 218,700 )</u>	<u>(\$ 5,827 )</u>	<u>\$ -</u> <u>\$ 1,445,611</u>	
Net loss for the year		-	-	-	-	-	-	( 178,362 )	-	( 178,362 )	
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	251	( 905 )	- ( 654 )	
Total comprehensive loss		-	-	-	-	-	-	( 178,111 )	( 905 )	( 179,016 )	
Capital reserve used to offset against accumulated deficit	6(17)	-	-	( 218,700 )	-	-	-	218,700	-	-	
Conversion of convertible bonds	6(11)	15,421	( 11,685 )	7,007	( 923 )	-	-	-	-	- 9,820	
Balance at December 31, 2023		<u>\$1,086,401</u>	<u>\$ -</u>	<u>\$ 351,630</u>	<u>\$ 19,377</u>	<u>\$ 3,841</u>	<u>\$ 9</u>	<u>(\$ 178,111 )</u>	<u>(\$ 6,732 )</u>	<u>\$ -</u> <u>\$ 1,276,415</u>	

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

GLYCONEX INCORPORATION  
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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		( \$ 163,717 )	( \$ 219,822 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(24)	29,808	39,337
Amortization	6(24)	1,370	619
Gain on disposal of property, plant and equipment	6(22)	( 73,812 )	-
Share of profit of associates and joint ventures accounted for under the equity method		( 100 )	( 160 )
Interest expense	6(23)	5,712	4,358
Interest income	6(20)	( 9,134 )	( 4,421 )
Compensation costs of restricted stocks to employees	6(14)	-	1,508
Compensation costs of common stock for cash	6(14)	-	1,835
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		17,629	( 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	(	( 190,825 )	( 170,191 )
Interest received		8,940	4,043
Interest paid	(	( 2,091 )	( 1,643 )
Income taxes refund		-	83
Income tax paid	(	( 44 )	-
Dividends received		99	49
Net cash flows used in operating activities	(	( 183,921 )	( 167,659 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in financial assets measured at amortised cost		48,870	( 392,662 )
Acquisition of property, plant and equipment	6(29)	( 17,134 )	( 8,689 )
Proceeds from disposal of investment properties	6(6)	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		260,521	( 402,180 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Issuance of common stock for cash	6(15)	-	103,500
Cost of issuance of common stock for cash (shown as deduction of capital reserve)		-	( 1,000 )
Increase in short-term loans	6(30)	10,000	66,000
Decrease in short-term loans	6(30)	( 15,000 )	( 61,000 )
(Decrease) increase in deposits received (shown as other non-current liabilities)	(	( 1,723 )	287
Issuance of convertible bonds	6(11)	-	420,630
Cost of issuance of convertible bonds	6(11)	-	( 4,175 )
Net cash flows (used in) provided by financing activities	(	( 6,723 )	524,242
Net increase (decrease) in cash and cash equivalents		69,877	( 45,597 )
Cash and cash equivalents at beginning of year		75,621	121,218
Cash and cash equivalents at end of year		\$ 145,498	\$ 75,621

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