

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 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.

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 March 31, 2023 and 2022, 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” 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 March 31, 2023 and 2022, 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” that came into effect as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

May 12, 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
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
 (THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2023 AND 2022 ARE REVIEWED,
 NOT AUDITED IN CONFORMITY WITH THE STANDARDS ON AUDITING OF THE REPUBLIC OF CHINA)

ASSETS		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 83,206	5	\$ 82,187	5	\$ 72,572	5
1136	Financial assets at amortised cost -	6(2)						
	current		539,188	33	596,582	35	225,458	17
1170	Accounts receivable, net		-	-	46	-	46	-
1200	Other receivables		10,158	1	4,325	-	4,966	-
1220	Current income tax assets		229	-	199	-	192	-
1410	Prepayments	6(3)	24,941	1	29,478	2	32,321	3
1460	Non-current assets or disposal	6(7)						
	groups classified as held for sale,							
	net		163,651	10	-	-	-	-
1470	Other current assets		302	-	310	-	174	-
11XX	Total current assets		<u>821,675</u>	<u>50</u>	<u>713,127</u>	<u>42</u>	<u>335,729</u>	<u>25</u>
Non-current assets								
1517	Financial assets at fair value	6(4)						
	through other comprehensive							
	income - non-current		14,778	1	13,518	1	13,480	1
1600	Property, plant and equipment	6(5) and 8	818,060	49	989,919	57	1,012,378	74
1900	Other non-current assets		2,038	-	384	-	194	-
15XX	Total non-current assets		<u>834,876</u>	<u>50</u>	<u>1,003,821</u>	<u>58</u>	<u>1,026,052</u>	<u>75</u>
1XXX	Total assets		<u>\$ 1,656,551</u>	<u>100</u>	<u>\$ 1,716,948</u>	<u>100</u>	<u>\$ 1,361,781</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2023 AND 2022 ARE REVIEWED,
NOT AUDITED IN CONFORMITY WITH THE STANDARDS ON AUDITING OF THE REPUBLIC OF CHINA)

LIABILITIES AND EQUITY		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(8) and 8	\$ 10,000	1	\$ 5,000	1	\$ -	-
2130	Contract liabilities - current	6(19)	76	-	76	-	4,711	-
2150	Notes payable		574	-	900	-	450	-
2200	Other payables	6(9)	29,179	2	36,996	2	20,098	2
2300	Other current liabilities		513	-	1,512	-	306	-
21XX	Total current liabilities		<u>40,342</u>	<u>3</u>	<u>44,484</u>	<u>3</u>	<u>25,565</u>	<u>2</u>
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(10)	262	-	274	-	-	-
2530	Corporate bonds payable	6(11) and 8	209,985	13	218,679	13	-	-
2600	Other non-current liabilities	6(12)	7,874	-	7,900	-	9,116	1
25XX	Total non-current liabilities		<u>218,121</u>	<u>13</u>	<u>226,853</u>	<u>13</u>	<u>9,116</u>	<u>1</u>
2XXX	Total liabilities		<u>258,463</u>	<u>16</u>	<u>271,337</u>	<u>16</u>	<u>34,681</u>	<u>3</u>
Equity attributable to owners of parent								
Share capital		6(15)						
3110	Common stock		1,082,665	65	1,070,980	62	974,818	72
3130	Certificate of entitlement to new shares from convertible bonds		3,663	-	11,685	1	-	-
Capital surplus		6(16)						
3200	Capital surplus		593,437	36	587,473	34	563,634	41
Accumulated deficit		6(17)						
3350	Accumulated deficit		(277,110)	(17)	(218,700)	(13)	(204,186)	(15)
Other equity interest		6(18)						
3400	Other equity interest		(4,567)	-	(5,827)	-	(7,166)	(1)
3XXX	Total equity		<u>1,398,088</u>	<u>84</u>	<u>1,445,611</u>	<u>84</u>	<u>1,327,100</u>	<u>97</u>
Significant contingent liabilities and unrecognised contract commitments		9						
Significant events after the reporting period		11						
3X2X	Total liabilities and equity		<u>\$ 1,656,551</u>	<u>100</u>	<u>\$ 1,716,948</u>	<u>100</u>	<u>\$ 1,361,781</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, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended March 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	\$ 201	100	\$ 13,380	100
5000	Operating costs	6(24)(25)	(181)	(90)	(8,601)	(65)
5950	Gross profit		20	10	4,779	35
	Operating expenses	6(24)(25)				
6100	Selling expenses		(1,608)	(800)	(876)	(6)
6200	General and administrative expenses		(11,219)	(5582)	(10,790)	(81)
6300	Research and development expenses		(50,828)	(25287)	(31,043)	(232)
6000	Total operating expenses		(63,655)	(31669)	(42,709)	(319)
6900	Operating loss		(63,635)	(31659)	(37,930)	(284)
	Non-operating income and expenses					
7100	Interest income	6(2)(20)	1,774	883	565	4
7010	Other income	6(6)(21)	4,849	2412	4,823	36
7020	Other gains and losses	6(22)	51	25	1,001	8
7050	Finance costs	6(23)	(1,449)	(721)	-	-
7000	Total non-operating income and expenses		5,225	2599	6,389	48
7900	Loss before income tax		(58,410)	(29060)	(31,541)	(236)
7950	Income tax expense	6(26)	-	-	-	-
8200	Net loss		(\$ 58,410)	(29060)	(\$ 31,541)	(236)
	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)(18)	\$ 1,260	627	(\$ 725)	(5)
8300	Total other comprehensive income (loss) for the period		\$ 1,260	627	(\$ 725)	(5)
8500	Total comprehensive loss for the period		(\$ 57,150)	(28433)	(\$ 32,266)	(241)
	Loss attributable to:					
8610	Owners of the parent		(\$ 58,410)	(29060)	(\$ 31,541)	(236)
8710	Comprehensive loss attributable to: Owners of the parent		(\$ 57,150)	(28433)	(\$ 32,266)	(241)
	Loss per share (in dollars)	6(28)				
9750	Basic loss per share		(\$ 0.55)		(\$ 0.33)	
9850	Diluted loss per share		(\$ 0.55)		(\$ 0.33)	

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, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		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 stocks to employees	Others	Accumulated deficit	Unrealised (losses) gains on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stocks to employees	Total equity
Notes	Common stock									
	\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 172,645)	(\$ 5,140)	(\$ 1,734)	\$ 1,358,933
	-	-	-	-	-	-	(31,541)	-	-	(31,541)
6(18)	-	-	-	-	-	-	-	(725)	-	(725)
	-	-	-	-	-	-	(31,541)	(725)	-	(32,266)
6(14)	-	-	-	-	-	-	-	-	433	433
	\$ 974,818	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 204,186)	(\$ 5,865)	(\$ 1,301)	\$ 1,327,100
	\$1,070,980	\$ 11,685	\$ 563,323	\$ 20,300	\$ 3,841	\$ 9	(\$ 218,700)	(\$ 5,827)	\$ -	\$ 1,445,611
	-	-	-	-	-	-	(58,410)	-	-	(58,410)
6(18)	-	-	-	-	-	-	-	1,260	-	1,260
	-	-	-	-	-	-	(58,410)	1,260	-	(57,150)
6(11)	11,685	(8,022)	6,869	(905)	-	-	-	-	-	9,627
	\$1,082,665	\$ 3,663	\$ 570,192	\$ 19,395	\$ 3,841	\$ 9	(\$ 277,110)	(\$ 4,567)	\$ -	\$ 1,398,088

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, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 58,410)	(\$ 31,541)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	8,473	9,939
Amortisation	6(24)	213	53
Interest expense	6(23)	1,449	-
Interest income	6(20)	(1,774)	(565)
Compensation costs of restricted stocks to employees	6(14)	-	433
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		46	304
Other receivables	((5,826)	(4,050)
Prepayments		4,537	(6,795)
Other current assets		8	(34)
Changes in operating liabilities			
Contract liabilities - current		-	4,635
Notes payable	((326)	(450)
Other payables	((7,169)	(2,788)
Other current liabilities	((999)	(1,217)
Other non-current liabilities	((31)	(41)
Cash outflow generated from operations		(59,809)	(32,117)
Interest received		1,767	560
Interest paid	((528)	-
Income tax paid	((30)	(24)
Net cash flows used in operating activities		(58,600)	(31,581)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets measured at amortised cost		57,394	(18,932)
Acquisition of property, plant and equipment	6(29)	(913)	(2,202)
Increase in prepayments for equipment (shown as other non-current assets)	((1,486)	-
Decrease in refundable deposits (shown as other non-current assets)		-	6
Increase in other non-current assets	((381)	(79)
Net cash flows provided by (used in) investing activities		54,614	(21,207)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(30)	10,000	-
Decrease in short-term loans	6(30)	(5,000)	-
Increase in deposits received (shown as other non-current liabilities)		5	293
Net cash flows provided by financing activities		5,005	293
Net increase (decrease) in cash and cash equivalents		1,019	(52,495)
Cash and cash equivalents at beginning of period		82,187	125,067
Cash and cash equivalents at end of period		<u>\$ 83,206</u>	<u>\$ 72,572</u>

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