

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2024**

OR

☐ TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_

Commission File Number: 001-41750

**BioNexus Gene Lab Corp.**

(Exact name of registrant as specified in its charter)

**Wyoming**

(State or Other Jurisdiction of  
Incorporation or Organization)

**35-2604830**

(I.R.S. Employer  
Identification No.)

**Unit:A-28-7, Tower A, Menara UOA Bangsar,  
No.5 Jln Bangsar Utama 1,  
59000 Kuala Lumpur**

(Address of Principal Executive Offices)

**59200**

(Zip Code)

**+1 307 241 6898**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	BGLC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐  
Non-accelerated Filer ☒

Accelerated filer ☐  
Smaller reporting company ☒  
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 14, 2024, there were 17,967,663 shares of common stock, no par value per share, issued and outstanding.

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**CAUTIONARY NOTE REGARDING  
FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains statements that may be deemed to be “forward-looking statements” within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations and or future financial performance. In some cases, you can identify forward-looking statements by their use of terminology such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “future,” “intend,” “may,” “ought to,” “plan,” “possible,” “potentially,” “predicts,” “project,” “should,” “will,” “would,” negatives of such terms or other similar terms. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements relating to:

- our goals and strategies;
- our future business development, results of operations and financial condition;
- our estimates regarding expenses, future revenues, capital requirements and our need for additional financing;
- our estimates regarding the market opportunity for our services;
- the impact of government laws and regulations;
- our ability to recruit and retain qualified personnel;
- our failure to comply with regulatory guidelines;
- uncertainty in industry demand;
- general economic conditions and market conditions in the financial services industry;
- future sales of large blocks of our securities, which may adversely impact our share price; and
- depth of the trading market in our securities.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties, including those described in Item 1A “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and elsewhere in this Quarterly Report on Form 10-Q.

You should not unduly rely on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any

reason after the date of this Quarterly Report on Form 10-Q, to conform these statements to actual results or to changes in our expectations.

**PART I — FINANCIAL INFORMATION**
**ITEM 1. Financial Statements**

**BIONEXUS GENE LAB CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF JUNE 30, 2024 AND DECEMBER 31, 2023**  
(Currency expressed in United States Dollars ("US\$"))

		As of	
	Note	June 30, 2024	December 31, 2023
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		2,199,847	2,623,965
Fixed deposits placed with financial institutions		3,214,186	3,305,371
Trade receivables	3	987,962	799,674
Other receivables, deposits and prepayments		400,830	122,432
Tax recoverable	4	7,041	57,588
Inventories		1,033,003	1,137,770
<b>Total current assets</b>		<b>7,842,869</b>	<b>8,046,800</b>
<b>NON-CURRENT ASSETS</b>			
Operating lease right of use assets	5	241,700	141,544
Property, plant and equipment, net	6	1,347,600	1,511,618
Other investments	7	1,707,558	1,699,831
<b>Total non-current assets</b>		<b>3,296,858</b>	<b>3,352,993</b>
<b>TOTAL ASSETS</b>		<b>\$ 11,139,727</b>	<b>11,399,793</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	8	954,785	1,402,180
Other payables and accrued liabilities		169,883	180,912
Current portion of operating lease liabilities	5	53,210	34,632
Advance payment from customer		5,937	-
Amount owing to directors		215,543	13,199
<b>Total current liabilities</b>		<b>1,399,358</b>	<b>1,630,923</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of operating lease liabilities	5	182,697	98,763
Deferred tax liabilities	4	11,918	12,255
<b>Total non-current liabilities</b>		<b>194,615</b>	<b>111,018</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 1,593,973</b>	<b>1,741,941</b>
<b>STOCKHOLDERS' EQUITY</b>			
As at June 30, 2024, common stock, no par value; 300,000,000 shares authorized and 17,667,663 shares outstanding, and preferred stock, no par value; 30,000,000 shares authorized and no shares outstanding. As at December 31, 2023, common stock, no par value; 300,000,000 shares authorized and 17,667,663 shares outstanding, and preferred stock, no par value; 30,000,000 shares authorized and no shares outstanding (on a post-reverse stock split basis)*.			
	10	17,191,315	17,191,315
Additional paid in capital		(5,011,891)	(5,011,891)
Accumulated deficit		(1,748,931)	(1,844,278)
Other comprehensive losses		(884,739)	(677,294)
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>9,545,754</b>	<b>9,657,852</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>\$ 11,139,727</b>	<b>11,399,793</b>

\* Issued and outstanding shares of common stock have been adjusted for the periods prior to July 20, 2023, to reflect the 12-for-1 reverse stock split effected on that date on a retroactive basis as described in Note 10.

See accompanying notes to the consolidated financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(Currency expressed in United States Dollars ("US\$"))  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
REVENUE	\$ 1,974,564	\$ 2,566,848	\$ 4,356,415	\$ 4,944,053
COST OF REVENUE	(1,685,844)	(2,227,134)	(3,702,664)	(4,235,442)
GROSS PROFIT	288,720	339,714	653,751	708,611
OTHER INCOME	730,105	195,164	931,952	312,508
OPERATING EXPENSES				
General and administrative	(759,657)	(807,077)	(1,405,563)	(1,343,949)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>259,168</b>	<b>(272,199)</b>	<b>180,140</b>	<b>(322,830)</b>
FINANCE COSTS	(4,480)	(3,042)	(9,141)	(5,487)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>254,688</b>	<b>(275,241)</b>	<b>170,999</b>	<b>(328,317)</b>
Tax (expense)/credit	(55,584)	15,990	(75,652)	-
<b>NET PROFIT/(LOSS)</b>	<b>\$ 199,104</b>	<b>\$ (259,251)</b>	<b>\$ 95,347</b>	<b>\$ (328,317)</b>
Other comprehensive income:				
Foreign currency translation gain/(loss)	2,463	(333,891)	(207,445)	(372,930)
<b>COMPREHENSIVE INCOME/(LOSS)</b>	<b>\$ 201,567</b>	<b>\$ (593,142)</b>	<b>\$ (112,098)</b>	<b>\$ (701,247)</b>
Earnings per share - Basic and diluted	0.011	(0.041)	(0.006)	(0.048)
Weighted average shares outstanding and per share amount have been adjusted for the periods shown to reflect the 12-for-1 reverse stock split effected on July 20, 2023, on a retroactive basis as described in Note 10.	17,667,663	14,476,513	17,667,663	14,476,513

See accompanying notes to the condensed consolidated financial statements.

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**BIONEXUS GENE LAB CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**AS OF JUNE 30, 2024 AND 2023**  
(Amount expressed in United States Dollars ("US\$"))  
(Unaudited)

	Common stock		Additional paid in capital	Accumulated surplus	Other comprehensive losses	Total stockholders' equity
	Number of shares	Amount				
Balance as of December 31, 2022	14,476,513	\$10,929,574	\$(5,011,891)	\$ 1,156,392	\$ (409,062)	\$ 6,665,013
Impacts arising from application of Topic 326	-	-	-	(371,627)	-	(371,627)
Balance as of January 1, 2023, (restated)	14,476,513	10,929,574	(5,011,891)	784,765	(409,062)	6,293,386
Net loss for the period	-	-	-	(69,066)	-	(69,066)
Foreign currency translation loss	-	-	-	-	(39,039)	(39,039)

Balance as of March 31, 2023	14,476,513	\$10,929,574	\$(5,011,891)	\$ 715,699	\$ (448,101)	\$ 6,185,281
Net loss for the period	-	-	-	(259,251)	-	(259,251)
Foreign currency translation loss	-	-	-	-	(333,891)	(333,891)
Balance as of June 30, 2023	<u>14,476,513</u>	<u>\$10,929,574</u>	<u>\$(5,011,891)</u>	<u>\$ 456,448</u>	<u>\$ (781,992)</u>	<u>\$ 5,592,139</u>

	Common stock		Additional paid in capital	Accumulated deficit	Other comprehensive losses	Total stockholders' equity
	Number of shares	Amount				
Balance as of December 31, 2023	17,667,663	\$17,191,315	\$(5,011,891)	\$ (1,844,278)	\$ (677,294)	\$ 9,657,852
Net loss for the period	-	-	-	(103,757)	-	(103,757)
Foreign currency translation loss	-	-	-	-	(209,908)	(209,908)
Balance as of March 31, 2024	17,667,663	\$17,191,315	\$(5,011,891)	\$ (1,948,035)	\$ (887,202)	\$ 9,344,187
Net profit for the period	-	-	-	199,104	-	199,104
Foreign currency translation gain	-	-	-	-	2,463	2,463
Balance as of June 30, 2024	<u>17,667,663</u>	<u>\$17,191,315</u>	<u>\$(5,011,891)</u>	<u>\$ (1,748,931)</u>	<u>\$ (884,739)</u>	<u>\$ 9,545,754</u>

Share activity (number of shares or both number and amount of shares) has been adjusted for the periods shown to reflect the 12-for-1 reverse stock split effected on July 20, 2023, on a retroactive basis as described in Note 10.

See accompanying notes to the condensed consolidated financial statements.

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**BIONEXUS GENE LAB CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Currency expressed in United States Dollars ("US\$"))**  
**(Unaudited)**

	Six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net profit/(loss)	\$ 95,347	\$ (328,317)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of right of use asset	20,700	7,891
Allowances for expected credit losses	120,370	291,940
Recovered for expected credit losses	(584,415)	-
Bad debts	-	4,078
Property, plant and equipment written off	-	18
Depreciation of property, plant and equipment	40,343	41,587
Dividend income	(20,827)	(19,788)
Fair value gain on other investments	(72,884)	(140,862)
Loss arising from settlement of supplier contract dispute	28,554	-
Gain on disposal of other investments	(14,298)	-
Interest	4,545	4,212

Operating loss before working capital changes	(382,565)	(139,241)
Changes in operating assets and liabilities:		
Inventories	104,767	(187,966)
Trade and other receivables	(2,641)	354,290
Trade and other payables	(458,424)	(111,108)
Advance payment from customer	5,937	(16,029)
Operating lease liabilities	(22,266)	(11,019)
Tax recoverable	50,210	(29,268)
Net cash used in operating activities	<u>(704,982)</u>	<u>(140,341)</u>
Cash flows from investing activities:		
Acquisition of other investment	(264,768)	(13,444)
Dividend income	20,827	19,788
Purchase of plant and equipment	(23,778)	(14,458)
Proceeds from disposal of other investments	297,678	-
Proceeds from settlement of supplier contract dispute	77,201	-
Net cash generated from/(used in) investing activities	<u>107,160</u>	<u>(8,114)</u>
Cash flows from financing activities:		
Interest	(4,545)	(4,212)
Advances from Directors	202,344	-
Net cash generated from/(used in) financing activities	<u>197,799</u>	<u>(4,212)</u>
Foreign currency translation adjustment	(115,280)	(207,517)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(515,303)	(360,184)
CASH AND CASH EQUIVALENTS, BEGINNING OF FINANCIAL PERIOD	<u>5,929,336</u>	<u>2,118,864</u>
<b>CASH AND CASH EQUIVALENTS, END OF FINANCIAL PERIOD</b>	<b><u>\$ 5,414,033</u></b>	<b><u>\$ 1,758,680</u></b>
CASH AND CASH EQUIVALENTS INFORMATION:		
Fixed deposits placed with financial institutions	\$ 3,214,186	\$ 1,461,596
Cash at bank	<u>2,199,847</u>	<u>297,084</u>
Cash and cash equivalents, end of financial period	<u><u>5,414,033</u></u>	<u><u>1,758,680</u></u>
Supplementary cash flow information:		
Interest paid	\$ (9,141)	\$ (5,487)
Income tax paid	<u>(26,772)</u>	<u>(30,635)</u>

See accompanying notes to the condensed consolidated financial statements.

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**BIONEXUS GENE LAB CORP.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Currency expressed in United States Dollars ("US\$"))  
(Unaudited)**

**NOTE 1 – ORGANIZATION AND BUSINESS BACKGROUND**

BioNexus Gene Lab Corp. (the "Company") was incorporated in the State of Wyoming on May 12, 2017. On August 23, 2017, the Company acquired all the outstanding capital stock of Bionexus Gene Lab Sdn. Bhd., a Malaysian corporation ("BioNexus Malaysia"). BioNexus Malaysia was incorporated in Malaysia on April 7, 2015 and subsequently changed its name to MRNA Scientific Sdn. Bhd. ("MRNA Scientific") on September 19, 2023.

The principal office address is Unit A-28-7, Tower A, Menara UOA Bangsar, No.5 Jln Bangsar Utama 1, 59000 Kuala Lumpur, Malaysia, our lab is located at Lab 353, Chemical Science Centre, University Science Malaysia, George Town, Penang, Malaysia. We also have a blood collection center located at 1st floor, Lifecare Medical Centre, Kuala Lumpur, Malaysia.

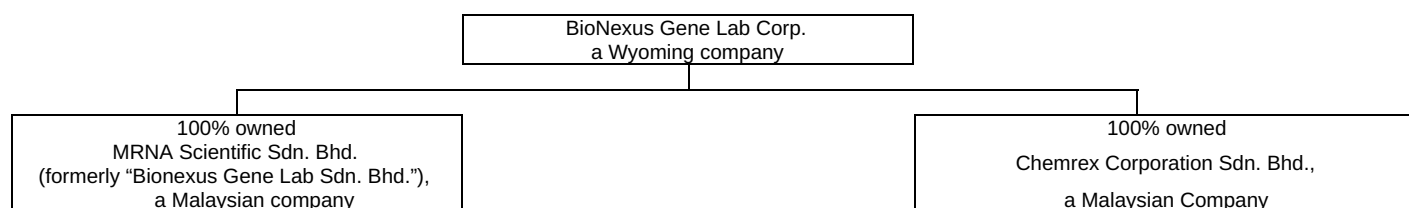
On December 31, 2020, the Company consummated its acquisition of Chemrex Corporation Sdn. Bhd. ("Chemrex"), pursuant to a Share Exchange Agreement by and among the Company, Chemrex and the Chemrex shareholders wherein the Company acquired all the issued and outstanding shares of capital stock of Chemrex from the Chemrex shareholders in exchange for 68,487,261 shares of common stock of the Company.

The acquisition of Chemrex has been accounted for as a common control transaction as there is no change in the control over the assets acquired and liabilities assumed. The net assets are derecognized by the transferring entity (i.e. Chemrex) and recognized by the receiving entity (i.e. the Company). The difference between the consideration transferred and the carrying amounts of the net assets is recognized in equity.

The financial statements of the receiving entity report the results of operations for the period in which the transfer occurs as though the transfer of net assets or exchange of equity interests had occurred at the beginning of the period. Results of operations for that period will thus comprise those of the previously separate entities combined from the beginning of the period to the date the transfer is completed and those of the combined operations from

that date to the end of the period. The comparative financial statements were not adjusted retrospectively as Chemrex was not under common control during the comparative period.

The corporate structure as at June 30, 2024 is depicted below:



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**BIONEXUS GENE LAB CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Currency expressed in United States Dollars ("US\$"))**  
**(Unaudited)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying consolidated financial statements and notes.

· Basis of presentation

The accompanying condensed consolidated financial statements as of and for the six months ended June 30, 2024 and 2023 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") that permit reduced disclosure for interim periods. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") have been condensed or omitted.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The Condensed Consolidated Balance Sheet information as of December 31, 2023 was derived from the Company's audited Consolidated Financial Statements as of and for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K filed with the SEC on April 16, 2024. These financial statements should be read in conjunction with that report.

· Basis of consolidation

The condensed consolidated financial statements include the accounts of Bionexus Gene Lab Corp. and its subsidiaries. All significant inter-company balances and transactions within the Company have been eliminated upon consolidation.

· Use of estimates

In preparing these condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the periods reported. Actual results may differ from these estimates.

· Cash and cash equivalents

Cash and cash equivalents represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments.

· Trade receivables

Trade receivables primarily consist of invoiced amounts from Chemrex's revenue. Chemrex applies interest charges to outstanding balances for certain receivables that exceed certain periods

Expected credit losses

The Company estimates and records a provision for its expected credit losses related to its financial instruments, including its trade receivables. Management considers historical collection rates, the current financial status of the Company's customers, macroeconomic factors, and other industry-specific factors when evaluating current expected credit losses. Forward-looking information is also considered in the evaluation of current expected credit losses.

To determine the provision for credit losses for accounts receivable, the Company has disaggregated its accounts receivable by business component, as management determined that risk profile of the Company's customers is consistent based on the type and industry in which they operate. Each business component is analyzed for estimated credit losses individually. In doing so, the Company establishes a historical loss matrix, based on the previous collections of accounts receivable by the age of such receivables. Further, the Company considers macroeconomic factors and the status of the industry the business component is in to estimate if there are current expected credit losses within its trade receivables based on the trends of the Company's expectation of the future status of such economic and industry-specific factors. Also, specific allowance amounts are established based on review of outstanding invoices to record the appropriate provision for customers that have a higher probability of default.

#### · Inventories

Inventories consisting of products available for sell are stated at the lower of cost or net realizable value. Cost of inventory is determined using the first-in, first-out (FIFO) method. Inventory reserve is recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. The Company takes ownership, risks, and rewards of the products purchased. Write downs are recorded in cost of revenues in the Statement of Operations and Comprehensive Income.

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**BIONEXUS GENE LAB CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Currency expressed in United States Dollars ("US\$"))**  
**(Unaudited)**

#### · Leases

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest ("discount rate") in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company's incremental borrowing rate is based on reference of a borrowing rate from the country where the operating subsidiary is located. The operating lease ROU asset includes any lease payments made and excludes lease incentives.

#### · Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis to write off the cost over the following expected useful lives of the assets concerned.

The principal annual rates used are as follows:

<b>Categories</b>	<b>Principal Annual Rates</b>
Air conditioner	20%
Buildings	2%
Computer and software	33%
Equipment	20%
Furniture and fittings	10% to 20%
Lab Equipment	10%
Motor vehicle	10% to 20%
Office equipment	20%
Renovation	10% to 20%
Signboard	10%
Solar PV System	20%

Leasehold lands are depreciated over the period of the lease term. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use

Maintenance and repairs are charged to operations as incurred. Expenditures which substantially increase the useful lives of the related assets are capitalized. When properties are disposed, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported in the period the transaction takes place.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

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**BIONEXUS GENE LAB CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Currency expressed in United States Dollars ("US\$"))**  
**(Unaudited)**

· Impairment of long-lived assets

Long-lived assets primarily include goodwill, intangible assets and property, plant and equipment. In accordance with the provision of ASC Topic 360, "Impairment or Disposal of Long-Lived Assets," the Company generally conducts its annual impairment evaluation to its long-lived assets, usually in the fourth quarter of each fiscal year, or more frequently if indicators of impairment exist, such as a significant, sustained change in the business climate. The recoverability of long-lived assets is measured at the lowest level group. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying amount of the asset. There has been no impairment charge for the years presented.

· Revenue recognition

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

The Company records revenue at point in time which is recognized upon goods delivered or services rendered.

· Shipping and handling fees

Shipping and handling fees, if billed to customers, are included in revenue. Shipping and handling fees associated with inbound and outbound freight are expensed as incurred and included in selling and distribution expenses.

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**BIONEXUS GENE LAB CORP.**  
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· Comprehensive income

ASC Topic 220, "*Comprehensive Income*" establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated other comprehensive income, as presented in the accompanying statements of stockholders' equity consists of changes in unrealized gains and losses on foreign currency translation and cumulative net change in the fair value of available-for-sale investments held at the balance sheet date. This comprehensive income is not included in the computation of income tax expense or benefit.

· Income taxes

Income taxes are determined in accordance with the provisions of ASC Topic 740, "*Income Taxes*" ("ASC Topic 740"). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclosed in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

The Company conducts major businesses in Malaysia and is subject to tax in their own jurisdictions. As a result of its business activities, the Company will file separate tax returns that are subject to examination by the foreign tax authorities.

· Net earnings or loss per share

The Company calculates net earnings or loss per share in accordance with ASC Topic 260 “ *Earnings per share*.” Basic earnings or loss per share is computed by dividing the net earnings or loss by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is computed similar to basic earnings or loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common stock equivalents had been issued and if the additional common shares were dilutive.



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· Foreign currencies translation

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in the statement of operations.

The functional currency of the Company is the United States Dollars ("US\$") and the accompanying financial statements have been expressed in US\$. In addition, the subsidiaries maintain their books and records in a local currency, Malaysian Ringgit ("MYR" or "RM"), which is functional currency as being the primary currency of the economic environment in which the subsidiaries operate.

In general, for consolidation purposes, assets and liabilities of its subsidiaries whose functional currency is not US\$ are translated into US\$, in accordance with ASC Topic 830-30, "*Translation of Financial Statement*," using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income.

Translation of amounts from MYR into US\$1.00 has been made at the following exchange rates for the respective period and year:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Period ended June 30, 2024 /Year-ended December 31, 2023 US\$1: MYR exchange rate	4.7195	4.5900
	<b>January 1, 2024 to June 30, 2024</b>	<b>January 1, 2023 to June 30, 2023</b>
6 months average US\$1: MYR exchange rate	4.7279	4.4629

· Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

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☐ Fair value of financial instruments

The carrying value of the Company's financial instruments: cash and cash equivalents, trade receivable, deposits and other receivables, amount due to related parties and other payables approximate at their fair values because of the short-term nature of these financial instruments.

The Company also follows the guidance of the ASC Topic 820-10, "*Fair Value Measurements and Disclosures*" ("ASC 820-10"), with respect to financial assets and liabilities that are measured at fair value. ASC 820-10 establishes a six-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- ☐ *Level 1* : Observable inputs such as quoted prices in active markets;
- ☐ *Level 2* : Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- ☐ *Level 3* : Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

As of June 30, 2024, and December 31, 2023, the Company did not have any non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements, at least annually, on a recurring basis, nor did the Company have any assets or liabilities measured at fair value on a non-recurring basis.

☐ Recent accounting pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

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**NOTE 3 - TRADE RECEIVABLES**

The Company has performed an analysis on all its trade receivables. As such, trade receivables are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts and expected credit losses is made when collection of the full amount is no longer probable. Bad debts are written off as identified for the quarter ended June 30, 2024. The Company's trade receivables consist of receivable from customers which are unrelated to the Company. The account receivables are interest bearing at a rate of 6% per annum on Interlink Techno started in May 2021 till June 2023. From July 2023 onwards, Chemrex had increased the interest to 8.4%. Chemrex imposed 6% per annum interest on Mawintech Sdn Bhd since May 2021 till to date. The normal trade credit term is generally on 30 days to 90 days term.

As of	
June 30, 2024	December 31, 2023

Trade receivables	1,794,719	2,107,182
Allowances for expected credit losses	(851,002)	(1,314,427)
Foreign translation differences	44,245	(6,919)
	<u>\$ 987,962</u>	<u>\$ 799,674</u>

Movement for trade receivables allowance for impairment accounts:

	As of	
	June 30, 2024	December 31, 2023
At January 1, 2024 and January 1, 2023	1,307,508	-
Impacts arising from application of Topic 326	-	371,627
At January 1, 2024 and January 1, 2023, (restated)	1,307,508	371,627
Charge for the period/year		
Allowances for expected credit losses	804,714	942,800
Recovered for expected credit losses	(1,268,139)	-
Foreign translation differences	(37,326)	(6,919)
	<u>\$ 806,757</u>	<u>\$ 1,307,508</u>

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**NOTE 4 - INCOME TAXES**

The Company provides for income taxes under ASC 740, "Income Taxes. ASC 740 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statements and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. It also requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Provision for income taxes consisted of the following:

**United States of America**

The Company is registered in the State of Wyoming and is subject to the tax laws of the United States of America.

**Malaysia**

MRNA Scientific Malaysia and Chemrex are both subject to Malaysia Corporate Tax, which is charged at the statutory income tax rate range from 15% to 24% on its assessable income.

	As of	
	June 30, 2024	December 31, 2023
Tax Recoverable		
Local	\$ -	\$ -
Foreign, representing Malaysia	(7,041)	(57,588)
Tax Recoverable	<u>(7,041)</u>	<u>(57,588)</u>
Income tax liabilities:		
Local	\$ -	\$ -
Foreign, representing Malaysia	-	-
Income tax payables	-	-
Deferred tax liabilities:		
Local	\$ -	\$ -
Foreign, representing Malaysia	11,918	12,255
Deferred tax liabilities	<u>11,918</u>	<u>12,255</u>
Total	<u>4,877</u>	<u>(45,333)</u>

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**NOTE 5 – OPERATING LEASE RIGHT OF USE ASSET AND LEASE LIABILITIES**

The Company has operating lease arrangements for office space, lab, and motor vehicles in Malaysia with a term between two and five years. The Company accounts for the lease and non-lease components of its leases as a single lease component. Lease expense is recognized on a straight-line basis over the lease term.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The present value of the lease payments are discounted with rates ranging from 6.40% to 6.65% per annum. These rates are reference from base rate of Malayan Banking Berhad, the largest bank in Malaysia.

The lease payments of operating lease are classified within operating activities in the statement of cash flows.

Operating lease right of use assets as follows:

	<b>As of</b>	
	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Balance as of beginning of the period/year	\$ 141,544	\$ 55,730
Add: Addition of lease liabilities (1)	124,778	113,279
Less: Amortization (2)	(20,700)	(25,038)
Foreign translation differences	(3,922)	(2,427)
Balance as of end of the period/year	\$ 241,700	\$ 141,544

Operating lease liabilities as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Balance as of beginning of the period/year	\$ 133,395	\$ 56,775
Add: Addition of lease liabilities (1)	124,778	113,279
Less: gross repayment	(23,169)	(39,798)
Add: imputed interest (3)	4,595	5,613
Foreign translation differences	(3,692)	(2,474)
Balance as of end of the year	235,907	133,395
Less: lease liability current portion	(53,210)	(34,632)
Lease liability non-current portion	\$ 182,697	\$ 98,763

(1) During the six months period ended June 30, 2024, the Company had entered into a new operating lease of rented office for 5 years. An additional right-of-use assets at \$124,778 and lease liabilities at \$124,778 are recognised upon the commencement of lease term.

(2) The amortization of the right of use asset for the six months' period ended June 30, 2024 and six months' period ended June 30, 2023 were \$ 20,700 and \$7,891 respectively.

Other information:

	<b>As of</b>	
	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating lease	\$ 22,266	76,620
Right of use assets obtained in exchange for operating lease liabilities	241,700	141,544
Remaining lease term for operating lease (years)	4.92	4.50
	6.65%	
Weighted average discount rate for operating lease	\$ 6.65%	6.53%

3) Lease expenses for the six months' period ended June 30, 2024 and six months' period ended June 30, 2023 were \$ 4,595 and \$1,275, respectively.

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**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

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**As of**

	June 30, 2024	December 31, 2023
Air conditioner	\$ 1,124	\$ 1,124
Computer and software	5,880	3,923
Equipment	63,037	60,412
Furniture and fittings	98,883	100,118
Lab equipment	320,102	320,102
Land and buildings	1,506,969	1,506,969
Motor vehicle	161,148	161,148
Office equipment	35,547	33,914
Renovation	96,000	98,597
Signboard	806	806
Solar PV System	16,935	-
Capital Work In Progress	-	109,509
	<u>2,306,431</u>	<u>2,396,622</u>
Less: Accumulated depreciation	(694,979)	(659,115)
Add: Foreign translation differences	(263,852)	(225,889)
Property, plant and equipment, net	<u>\$ 1,347,600</u>	<u>\$ 1,511,618</u>

Depreciation expense for the six months' period ended June 30, 2024 and 2023 were \$ 40,343 and \$41,587 respectively.

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**NOTE 7 - OTHER INVESTMENTS**

	As of June 30, 2024	December 31, 2023
As of beginning of the period/year	\$ 1,699,831	\$ 1,150,898
Addition during the year	264,768	320,733
Disposal during the year	(283,380)	(26,146)
Fair value gain	72,884	313,859
Impairment on other investment	-	(6,194)
Foreign exchange translation	(46,545)	(53,319)
As of end of the period/year	<u>\$ 1,707,558</u>	<u>1,699,831</u>

The other investments consist of the following shares:

As of

	June 30, 2024	December 31, 2023
Investment in quoted shares:		
Malaysia	1,018,140	1,138,863
Singapore	151,409	79,577
Hong Kong	538,009	481,391
	<u>\$ 1,707,558</u>	<u>\$ 1,699,831</u>

#### NOTE 8 - TRADE PAYABLES

Trade payables are amounts billed to the Company by suppliers for goods and services in the ordinary course of business. All amounts have short-term repayment terms and vary by supplier.

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#### NOTE 9 - CONCENTRATION OF RISKS

##### a) Major customers

During the three months and six months ended June 30, 2024 and 2023, the Company did not have any material recognizable major customers accounted for 10% or more of the Company's revenue.

##### b) Major suppliers

For three months ended June 30, 2024 and 2023, the suppliers who accounted for 10% or more of the Company's cost of sales and their balances at year ended are presented as follows:

	2024	2023	2024	2023	2024	2023
	Purchase		Percentage of purchases		Accounts payable trade	
Vendor A	\$ 279,263	\$ 471,363	16.57%	21.16%	\$ 304,561	\$ 547,406
Vendor B	\$ 274,081	\$ 440,135	16.26%	19.76%	\$ 274,842	\$ 426,509
Vendor C	\$ 181,885	\$ 244,265	10.79%	10.97%	\$ 117,148	\$ 256,315
Vendor D	\$ 177,985	\$ 254,165	10.56%	11.41%	\$ 112,482	\$ 195,856
Vendor E	\$ -	\$ 275,175	-	12.36%	\$ -	\$ -
	<b>\$ 913,214</b>	<b>\$1,685,103</b>	<b>54.18%</b>	<b>75.66%</b>	<b>\$ 809,033</b>	<b>\$1,426,086</b>

For six months ended June 30, 2024 and 2023, the suppliers who accounted for 10% or more of the Company's cost of sales and their balances at year ended are presented as follows:

	2024	2023	2024	2023	2024	2023
	Purchase		Percentage of purchases		Accounts payable trade	
Vendor A	\$ 671,441	\$ 669,389	18.13%	15.80%	\$ 304,561	\$ 547,406
Vendor B	\$ 620,397	\$ 850,293	16.76%	20.08%	\$ 274,842	\$ 426,509
Vendor C	\$ 492,944	\$ 567,721	13.31%	13.40%	\$ 112,482	\$ 195,856
Vendor D	\$ -	\$ 458,405	-	10.82%	\$ -	\$ 256,315
	<b>\$1,784,782</b>	<b>\$2,545,808</b>	<b>48.20%</b>	<b>60.10%</b>	<b>\$ 691,885</b>	<b>\$1,426,086</b>

## NOTE 10 - STOCK HOLDERS' EQUITY

### Reverse Stock Split

On June 5, 2023, the Company filed an Article of Amendment to the Articles of Incorporation with the Wyoming Secretary of State to modify the ratio of the Reverse Stock Split from one-for-ten (10) to one-for-twelve (12) (the "Revised Reverse Stock Split"). Upon effectiveness of the Revised Reverse Stock Split, every twelve (12) outstanding shares of common stock were combined into and automatically became one share of common stock. No fractional shares was issued in connection with the Revised Reverse Stock Split and all such fractional shares or odd lots (less than 100 shares to any record or beneficial holder) issuable in the Revised Reverse Stock Split were rounded up to 100 shares. An aggregate of 1,044,351 shares were issued to applicable shareholders as a result of the round-up.

The Revised Reverse Stock Split was approved and authorized by a majority of the Company's stockholder on August 8, 2023 and by the Board of Directors of the Company on August 8, 2023.

### Public Offering & Nasdaq Listing

On July 20, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Network 1 Financial Securities, Inc., as underwriter (the "Underwriter") pursuant to which the Company agreed to issue and sell, in a firm commitment underwritten public offering by the Company (the "Offering") of 1,250,000 shares of common stock, no par value, priced at a public offering price of \$ 4.00 per share.

In addition, pursuant to the Underwriting Agreement, the Underwriter was granted a 45-day option (the "Over-Allotment Option") to purchase up to an additional 187,500 shares of common stock at the public offering price of \$4.00 per share. The Underwriter fully exercised the Over-Allotment Option on July 24, 2023.

The securities were offered by the Company pursuant to the registration statement on Form S-1 (File No. 333-269753), which was originally filed with the U.S. Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, on February 14, 2023, and declared effective by the Commission on July 19, 2023.

On July 24, 2023, the Offering closed, and the Company issued and sold 1,437,500 shares of common stock, including 187,500 shares sold pursuant to the full exercise of the Over-Allotment Option. The Offering was priced at \$4.00 per share for total gross proceeds of \$ 5.75 million before deducting underwriting discounts, commissions, and offering expenses. Pursuant to the Underwriting Agreement, the Underwriter received an 8% underwriting discount on the public offering price for the shares common stock. The Company will therefore receive net proceeds, before expenses, of \$5,290,000 from the sale of the common stocks. In addition, the Company issued to the Underwriter warrants to purchase up to an aggregate of 115,000 shares of the Company's common stock (the "Underwriter's Warrants") at an exercise price of \$4.40 per share. The Underwriter's Warrants are exercisable from July 24, 2023 until July 24, 2028.

In August, 2023, an aggregate of 759,299 shares of common stock were issued to professional parties or service providers in lieu of cash for services rendered, 125,000 were subsequently cancelled in November, 2023.

In August, 2023, an aggregate of 75,000 shares of common stock were issued to three directors in lieu of cash for services rendered in connection with their employment as directors of the Company.

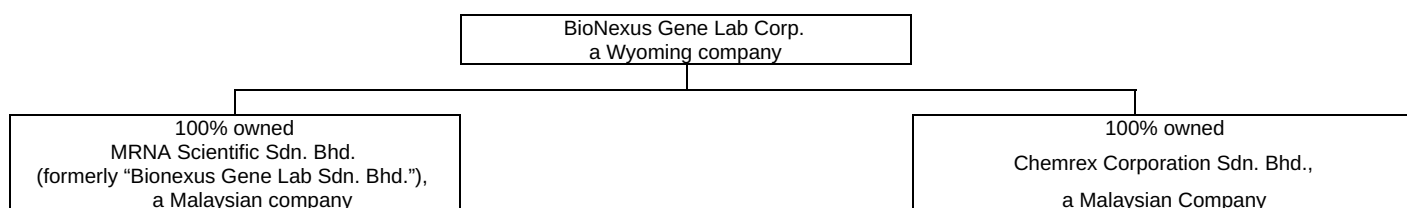
From July 20, 2023 to August 4, 2023, an aggregate total of 1,044,351 shares of common stock were issued as part of the round-up exercise to the reverse stock split.

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**NOTE 11 – SEGMENTED INFORMATION**

At June 30, 2024, the Company ("BGLC") operates in the biochemical industry segment through its two Malaysian subsidiaries, MRNA Scientific Malaysia (formerly known as Bionexus Gene Lab Sdn. Bhd.) and Chemrex.



At June 30, 2024, the Company ("BGLC") operates in the biochemical industry segment through its two Malaysian subsidiaries, MRNA Scientific Malaysia and Chemrex.

For the six months ended June 30, 2024, segmented (unaudited) revenue and net (loss)/profit (Currency expressed in United States Dollars ("US\$")) are as follows:

	MRNA Scientific	Chemrex Corporation	BGLC	Total
	Six months ended June 2024			
REVENUE	\$ 8,661	\$ 4,347,754	\$ -	\$ 4,356,415
COST OF REVENUE	(4,605)	(3,698,059)	-	(3,702,664)
GROSS PROFIT	4,056	649,695	-	653,751
OTHER INCOME	76,058	855,894	-	931,952
OPERATING EXPENSES				
General and administrative	(185,218)	(696,763)	(523,582)	(1,405,563)
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(105,104)</b>	<b>808,826</b>	<b>(523,582)</b>	<b>180,140</b>

FINANCE COSTS	(4,595)	(4,433)	(113)	(9,141)
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(109,699)</b>	<b>804,393</b>	<b>(523,695)</b>	<b>170,999</b>
Tax expense	-	(75,652)	-	(75,652)
<b>NET (LOSS)/PROFIT</b>	<b>\$ (109,699)</b>	<b>\$ 728,741</b>	<b>\$ (523,695)</b>	<b>\$ 95,347</b>

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	MRNA Scientific	Chemrex Corporation	BGLC	Total
		Six months ended June 30, 2023		
REVENUE	\$ 11,932	\$ 4,932,121	\$ -	\$ 4,944,053
COST OF REVENUE	(7,548)	(4,227,894)	-	(4,235,442)
GROSS PROFIT	4,384	704,227	-	708,611
OTHER INCOME	2,165	310,343	-	312,508
OPERATING EXPENSES				
General and administrative	(98,720)	(1,025,896)	(219,333)	(1,343,949)
<b>LOSS FROM OPERATIONS</b>	<b>(92,171)</b>	<b>(11,326)</b>	<b>(219,333)</b>	<b>(322,830)</b>
FINANCE COSTS	(1,275)	(4,212)	-	(5,487)
LOSS BEFORE TAX	(93,446)	(15,538)	(219,333)	(328,317)
Tax expense	-	-	-	-
<b>NET LOSS</b>	<b>\$ (93,446)</b>	<b>\$ (15,538)</b>	<b>\$ (219,333)</b>	<b>\$ (328,317)</b>

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	<b>As of June 30, 2024 and December 31, 2023</b>			
	<b>Total Assets</b>		<b>Total Liabilities</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
BGLC & MRNA Scientific	\$ 4,380,021	4,723,449	\$ 616,300	\$ 260,119
Chemrex Corporation	6,759,706	6,676,344	977,673	1,481,822
<b>TOTAL</b>	<b>11,139,727</b>	<b>11,399,793</b>	<b>1,593,973</b>	<b>1,741,941</b>

**NOTE 12 – SUBSEQUENT EVENTS**

In accordance with ASC Topic 855, "Subsequent Events," which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued, the Company has evaluated all events or transactions that occurred after June 30, 2024 up through August 14, 2024 of these consolidated financial statements.

Strategic Investment into Ascension Innovation Sdn Bhd. by our subsidiary, MRNA Scientific Sdn. Bhd.

Pursuant to a Form 8-K filed on April 18, 2024, the Company announced a strategic investment in Ascension Innovation Sdn Bhd (AISB), a privately held Malaysian company. Please refer to that filing for more information on the investment. The investment campaign facilitated by Pitchin was recently successfully concluded. As of the date of this form, the investment has yet to be closed.

**NOTE 13 - CONTINGENT ASSETS**

On January 12, 2024 our subsidiary, MRNA Scientific issued a termination notice to one of our suppliers for failing to deliver hardware of merchantable quality, for a contract with the value of RM500,000 (approximately \$109,000 USD). Through subsequent negotiations, MRNA Scientific has been offered a without prejudice settlement of RM350,000 (approximately \$76,000 USD) via a letter from the suppliers' legal counsel, dated March 21, 2024.

On 30 May 2024, the supplier had proposed to collect the hardware from MRNA Scientific premises and upon the hardware being returned intact in same condition per deliver, the supplier would refund the sum of 350,000 to MRNA Scientific.

The supplier then duly refunded the sum on 14 June 2024 whereby MRNA Scientific had confirmed the receipt on 19 June 2024. MRNA Scientific then net off the receipt with fixed asset decapitalization in Balance Sheet while the remaining balance was recorded in the book as loss arising from settlement of supplier dispute in Income Statement.

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### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **Description of Business**

As used herein, unless the context otherwise indicates, references to the "Company," "we," "our," "us," "BioNexus" refer to BioNexus Gene Lab Corp., a Wyoming company ("BGLC"), and its wholly owned subsidiaries, MRNA Scientific Sdn. Bhd. ("MRNA Scientific Malaysia"), and Chemrex Corporation Sdn. Bhd. ("Chemrex"), both are Malaysian companies.

BGLC is an emerging molecular lab focused on the application of functional genomics to enable early detection of infectious diseases and cancers. On August 23, 2017, we acquired all of the outstanding capital stock of MRNA Scientific Malaysia, which was incorporated in Malaysia on April 7, 2015. MRNA Scientific Malaysia owns algorithm software, technology, and know-how related to the detection of common diseases through blood analysis which we use in our business. Our non-invasive blood screening tests analyze changes in ribonucleic acid (or RNA) to Coronavirus, Dengue, HIV, HPV and the risk potentiality of cancers diseases. This unique blood genomic biomarker approach is based on the scientific observation that circulating blood reflects, in a detectable way, what is occurring throughout the body currently.

The corporate and principal office address of the Company and MRNA Scientific Malaysia is Unit A-28-7, Tower A, Menara UOA Bangsar, No.5 Jln Bangsar Utama 1, Kuala Lumpur, Malaysia., our lab is located at Lab 353, Chemical Science Centre, University Science Malaysia, George Town, Penang, Malaysia. Another lab focuses on Covid-19 and Colon cancer screening is located at 4th floor, Lifecare Diagnostic Centre, Kuala Lumpur, Malaysia. Our telephone number is (+60) 18-2218762 and our website is [www.bionexusgenelab.com](http://www.bionexusgenelab.com).

Chemrex is a wholesaler of industrial chemicals for the manufacture of industrial, medical, appliance, aero, automotive, mechanical and electronic industries in Asean region. On December 31, 2020, we acquired all of the outstanding capital stock of Chemrex, which was incorporated in Malaysia on September 29, 2004.

Chemrex's corporate office and distribution and storage center is located at 4 Jalan CJ 1/6 Kawasan Perusahaan Cheras Jaya, Selangor, Malaysia. Its phone number is (+60) 1922-23815 and website is [www.chemrex.com.my](http://www.chemrex.com.my).

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The results of operations of our subsidiary, MRNA Scientific-Malaysia, with respect to its RNA screening process have been adversely impacted by the onset of the Covid-19 pandemic followed by a number of prominent variants, including Alpha, Beta, Delta, and Omicron. Although new variants are an expected part of the evolution of viruses, new variant is more aggressive, highly transmissible, vaccine-resistant, able to cause more severe disease in Malaysia. We believe that most people were reluctant to visit hospitals and clinics in view of the post Covid-19 Omicron and its subvariants for fear of transmission from other patients or medical staff. Since our RNA screening is administered at a diagnostic center, our business has been adversely affected as a result.

The results of operations for Chemrex were adversely impacted during fiscal year 2023 and the slow recovery into 2024 as the businesses of Chemrex

customers especially manufacturers continue to suffer from the lingering impact of Covid. Many customers across Malaysia saw their supply chains interrupted, demand for their products and services decline and experienced shortages in supplies and inputs.

#### Recent Developments.

On July 1, 2024, we entered into an advisory service agreement with Maxim Group LLC ("Maxim") to provide merger and acquisition (M&A) services, general financial advisory services, and investment banking services to the Company. We agreed and issued 300,000 shares of our common stock to Maxim for such service. Pursuant to the agreement, Maxim agrees to return a proportionate number of the shares to the company if Maxim is in material breach of the agreement.

If at any time during the term of the agreement or within twelve months from the effective date of the termination of the agreement, the Company proposes to effect a public offering of its securities on a US exchange, private placement of securities or other financing, the Company shall offer to retain Maxim as sole book running manager of such offering, or as its exclusive placement or sales agent in connection with such financing or other matter, upon such terms as the parties may mutually agree.

(a) Strategic Investment into Ascension Innovation Sdn Bhd. by our subsidiary, MRNA Scientific Sdn. Bhd.

Pursuant to a Form 8-K filed on April 18, 2024, the Company announced a strategic investment in Ascension Innovation Sdn Bhd (AISB), a privately held Malaysian company. Please refer to that filing for more information on the investment.

(b) Notification of granting of an additional 180 days to regain compliance with Rule 5550(a)(2) by Nasdaq Staff

On November 6, 2023, the Company reported that it received a letter from the Listing Qualifications Department of the Nasdaq Stock Market ("Nasdaq") regarding the Company's failure to comply with Nasdaq Continued Listing Rule ("Rule") 5550(a)(2), which requires listed securities to maintain a minimum bid price of \$1.00 per share. A failure to comply with Rule 5550(a)(2) exists when listed securities fail to maintain a closing bid price of at least \$1.00 per share for 30 consecutive business days.

Under Rule 5810(c)(3)(A), the Company automatically was provided a period of 180 calendar days, until May 6, 2024, to regain compliance.

The Company then applied to NASDAQ to receive an additional 180 calendar days to regain compliance. On August 8, 2024, the Company received notification from NASDAQ that the compliance period has been extended to November 4, 2024. If at any time during this 180-day period the closing bid price of the Company's securities is at least \$1.00 for a minimum of ten consecutive business days, the Company's compliance will be regained.

Translation of amounts from MYR into US\$1.00 has been made at the following exchange rates for the respective period and year:

	June 30, 2024	December 31, 2023
Period ended June 30, 2024 /Year-ended December 31, 2023 US\$1: MYR exchange rate	4.7195	4.5900
	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
6 months average US\$1: MYR exchange rate	4.7279	4.4629

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#### **Results of Operations**

##### **Three Months Ended June 30, 2024 Compared with the Three Months Ended June 30, 2023.**

The following table sets forth key selected financial data for the three months ended June 30, 2024 and 2023.

#### **Consolidated**

	Three months ended June 30,	
	2024	2023
REVENUE	\$ 1,974,564	\$ 2,566,848

COST OF REVENUE	(1,685,844)	(2,227,134)
GROSS PROFIT	288,720	339,714
OTHER INCOME	730,105	195,164
OPERATING EXPENSES		
General and administrative	(759,657)	(807,077)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>259,168</b>	<b>(272,199)</b>
FINANCE COSTS	(4,480)	(3,042)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>254,688</b>	<b>(275,241)</b>
Tax (expense)/credit	(55,584)	15,990
<b>NET PROFIT/(LOSS)</b>	<b>\$ 199,104</b>	<b>\$ (259,251)</b>
Other comprehensive income:		
Foreign currency translation gain/(loss)	2,463	(333,891)
<b>COMPREHENSIVE INCOME/(LOSS)</b>	<b>\$ 201,567</b>	<b>\$ (593,142)</b>

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**Segmented Information**

	MRNA Scientific		Chemrex Corporation	
	Three months ended June 30, 2024		Three months ended June 30, 2023	
REVENUE	\$ 5,496	\$ 1,969,068	\$ 4,496	\$ 2,562,352
COST OF REVENUE	(2,353)	(1,683,491)	(2,201)	(2,224,933)
<b>GROSS PROFIT</b>	<b>3,143</b>	<b>285,577</b>	<b>2,295</b>	<b>337,419</b>
OTHER INCOME	37,364	692,741	1,039	194,125
OPERATING EXPENSES				
General and administrative	(104,363)	(281,134)	(52,465)	(642,719)
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(63,856)</b>	<b>697,184</b>	<b>(49,131)</b>	<b>(111,175)</b>
FINANCE COSTS	(2,645)	(1,746)	(609)	(2,433)

<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(66,501)</b>	<b>695,438</b>	<b>(49,740)</b>	<b>(113,608)</b>
Tax expense	-	(55,584)	-	15,990
<b>NET (LOSS)/PROFIT</b>	<b>\$ (66,501)</b>	<b>\$ 639,854</b>	<b>\$ (49,740)</b>	<b>\$ (97,618)</b>

**Revenue.** For the quarter ended June 30, 2024, we had total revenue of \$1,974,564 as compared to total revenue of \$2,566,848 for the quarter ended June 30, 2023, a decreased by 23.1% from the prior quarter.

Chemrex contributed \$1,969,068 (99.7%) of the total revenue for the current quarter ended June 30, 2024 as compared to \$2,562,352 (99.8%) of the total revenue for the quarter ended June 30, 2023. Chemrex's revenues had a decrease by \$593,284 of 23.2% from prior quarter. The revenue decreased in second quarter of 2024 was due to lower selling price because of market competition.

MRNA Scientific contributed \$5,496 (0.3%) of the total revenue for the quarter ended June 30, 2024 as compared to revenue of \$4,496 (0.2%) of the total revenue from the quarter ended June 30, 2023. Revenues had increased of 22.2% from the prior quarter due to referrals from diagnostics centers & clinics.

**Cost of Revenue.** For the quarter ended June 30, 2024, we incurred \$1,685,844 in cost of revenues, as compared to \$2,227,134 for the quarter ended June 30, 2023, a decrease of 24.3% which was compatible to its decreased revenues for the current period.

Chemrex had incurred \$1,683,491 (99.9%) of the total cost of revenue during the current quarter period ended June 30, 2024 as compared to the quarter ended June 30, 2023 wherein Chemrex had incurred \$2,224,933 (99.9%) of the total cost of revenue. The decrease in Chemrex's cost of revenues of 24.3% for the current period was due to its decreased revenues and reason as stated above.

MRNA Scientific had incurred \$2,353 (0.1%) of the total cost of revenues during the current quarter period ended June 30, 2024 as compared to \$2,201 (0.1%) for the quarterly period ended June 30, 2023. Cost of revenue had increased 6.9% from the prior quarter due to its increased revenues and reason as stated above.

**Gross Profit.** For the quarterly period ended June 30, 2024, we had total gross profit of \$288,720 as compared to gross profit of \$339,714 for the quarterly period ended June 30, 2023, a decrease by approximately 15% from the prior period.

Chemrex contributed \$285,577 (98.9%) of the total gross profit for the current quarter ended June 30, 2024 as compared to \$337,419 (99.3%) of the total gross profit for the quarter ended June 30, 2023. Chemrex's gross profit decreased by \$51,842 from the prior quarter, an approximately 15.4% decrease. The gross profit decrease for Chemrex in current quarter compared to the last quarter, was due to lower selling prices.

MRNA Scientific contributed \$3,143 (1.1%) of the total gross profit of \$288,720 for the current quarter ended June 30, 2024 as compared to gross profit of \$2,295 (0.7%) of the total gross profit from the quarter ended June 30, 2023. The increase by approximately 36.9% from the prior period due to its increased revenues for the same reason stated above.

**Other Income.** For the quarterly period ended June 30, 2024, we had other income of \$730,105, as compared to \$195,164 for the quarterly period ended June 30, 2023, an increase of approximately 274.1%.

Chemrex contributed \$692,741 (94.9%) of other income for the current quarter ended June 30, 2024 as compared to \$194,125 (99.5%) of the other income for the quarter ended June 30, 2023. Chemrex's other income increased by 256.9% due to recovery of provision losses allowances, recovery of doubtful debts, capital gain on stock investment and bank interest earning.

MRNA Scientific contributed \$37,364 (5.1%) of other income for the current quarter ended June 30, 2024 as compared to \$1,039 (0.5%) of the other income for the quarter ended June 30, 2023. The increase by \$36,325, an approximately 3496.2% was due to increased fund in the fixed deposits resulted increased of bank interest earning and gain on unrealise forex.

**Operating Expenses.** For the quarter ended June 30, 2024, we had total operating expense of \$759,657 as compared to total operating expenses of \$807,077 for the quarter ended June 30, 2023, a decrease by approximately 5.9%. It was due to decrease in provision for losses allowance, provision for doubtful debt, director remuneration, loss of unrealised forex and commission.

Chemrex had incurred \$281,134 (37%) of the total operating expenses for the current quarter ended June 30, 2024 as compared to \$642,719 (79.6%) of the total operating expenses for the quarter ended June 30, 2023, a decrease by 56.3% due to reduction in provision for losses allowance and doubtful debts, commission, loss on unrealised forex and decrease of directors' remuneration.

MRNA Scientific had incurred \$104,363 (13.7%) of the total operating expenses for the current quarter ended June 30, 2024 as compared to \$52,465 (6.5%) of the total operating expenses for the quarter ended June 30, 2023, an increase by 98.9%. The increase in operating costs of the current quarter was due to directors remuneration, staff salary for marketing & business development, increase of travelling cost, motor vehicle running cost and loss arising from settlement of supplier contract dispute.

BGLC, the holding company had incurred \$374,160 (49.3%) of total operating expenses for the current quarter ended June 30, 2024 as compared to \$111,893 (13.9%) of the total operating expenses for the quarter ended June 30, 2023. The increase by approximately 234.4% in operating costs for the quarter ended June 30, 2024 was due to increase of directors fees and back charge of director fees.

**Profit/(Loss) from Operations.** We had a profit from operations of \$259,168 for the quarter ended June 30, 2024 as compared to a loss of \$272,199 for the quarter ended June 30, 2023, an increase by approximately 195.2% from the prior period, for the reasons discussed above.

**Income tax expense.** For the quarter ended June 30, 2024, we had tax expenses of \$55,584 as compared to tax credit of \$15,990 for the quarter ended June 30, 2023 for Chemrex. There was no tax provision for MRNA Scientific for the quarters ended June 30, 2024 and 2023.

**Foreign currency translation gain/(loss).** We are exposed to fluctuations in foreign exchange rates on the revaluation of monetary assets and liabilities denominated in currencies other than the US Dollar. Therefore, any change in the relevant exchange rate would require us to recognize a transaction gain or loss on revaluation. For the three-month period ended June 30, 2024, we experienced a foreign currency gain of \$2,463 as compared with a foreign currency loss of \$333,891 for the three-month period ended June 30, 2023.

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### **Six Months Ended June 30, 2024 Compared with the Six Months Ended June 30, 2023.**

The following table sets forth key selected financial data for the six months ended June 30, 2024 and 2023.

#### **Consolidated**

	Six months ended June 30,	
	2024	2023
REVENUE	\$ 4,356,415	\$ 4,944,053
COST OF REVENUE	(3,702,664)	(4,235,442)
GROSS PROFIT	653,751	708,611
OTHER INCOME	931,952	312,508
OPERATING EXPENSES		
General and administrative	(1,405,563)	(1,343,949)
PROFIT/(LOSS) FROM OPERATIONS	180,140	(322,830)

FINANCE COSTS	(9,141)	(5,487)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>170,999</b>	<b>(328,317)</b>
Tax expense	(75,652)	-
<b>NET PROFIT/(LOSS)</b>	<b>\$ 95,347</b>	<b>\$ (328,317)</b>
Other comprehensive income:		
Foreign currency translation loss	(207,445)	(372,930)
<b>COMPREHENSIVE LOSS</b>	<b>\$ (112,098)</b>	<b>\$ (701,247)</b>

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#### Segmented Information

	MRNA Scientific		Chemrex Corporation	
	Six months ended June 30, 2024		Six months ended June 30, 2023	
REVENUE	\$ 8,661	\$ 4,347,754	\$ 11,932	\$ 4,932,121
COST OF REVENUE	(4,605)	(3,698,059)	(7,548)	(4,227,894)
<b>GROSS PROFIT</b>	<b>4,056</b>	<b>649,695</b>	<b>4,384</b>	<b>704,227</b>
OTHER INCOME	76,058	855,894	2,165	310,343

OPERATING EXPENSES				
General and administrative	(185,218)	(696,763)	(98,720)	(1,025,896)
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	<b>(105,104)</b>	<b>808,826</b>	<b>(92,171)</b>	<b>(11,326)</b>
FINANCE COSTS	(4,595)	(4,433)	(1,275)	(4,212)
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(109,699)</b>	<b>804,393</b>	<b>(93,446)</b>	<b>(15,538)</b>
Tax expense	-	-	-	-
<b>NET (LOSS)/PROFIT</b>	<b>\$ (109,699)</b>	<b>\$ 804,393</b>	<b>\$ (93,446)</b>	<b>\$ (15,538)</b>

**Revenue.** For the six months period ended June 30, 2024, we had total revenue of \$4,356,415 as compared to total revenue of \$4,944,053 for the same period in 2023, which had decreased by \$587,638 from the prior period, approximately 11.9% decrease.

Chemrex contributed \$4,347,754 (99.8%) of the total revenue for the current six months period as compared to \$4,932,121 (99.8%) of the total revenue for the same period last year. Chemrex's revenues had decreased by \$584,367 from the prior period, approximately 11.85% decrease. The revenue decreased in 2024 was due lower selling price because of market competition.

MRNA Scientific contributed \$8,661 (0.2%) of the total revenue for the current six months period as compared to revenue of \$11,932 (0.2%) of the total revenue from the same period last year. MRNA Scientific's revenue had decreased by \$3,271 from the prior quarter, an approximately 27.4% decrease. The revenue decrease in 2024 was due to RNA machine breakdowns which occurred during the current period.

**Cost of Revenue.** For the six months period ended June 30, 2024, we incurred \$3,702,664 in cost of revenues, as compared to \$4,235,442 for the same period in 2023. The decrease of \$532,778 or approximately 12.6% was due to the same reason stated above.

Chemrex had incurred \$3,698,059 (99.9%) of the total cost of revenue during the current period as compared to the same period last year wherein Chemrex had incurred \$4,227,894 (99.8%) of the total in cost of revenue. The decrease of \$529,835, or approximately 12.53% was due to the same reason stated above.

MRNA Scientific had incurred \$4,605 (0.1%) of the total cost of revenues during the current period as compared to \$7,548 (0.2%) for the same period in 2023, decreased by \$2,943, approximately 39% from the prior period due to the same reason stated above.

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**Gross Profit.** For the six months period ended June 30, 2024, we had total gross profit of \$653,751 as compared to gross profit of \$708,611 for the same period in 2023, a decreased by approximately 7.7% from the prior period.

Chemrex contributed \$649,695 (99.4%) of the total gross profit for the current six months period as compared to \$704,227 (99.38%) of the total gross profit for the same period last year. The gross profit decreased by \$54,532, approximately 7.74% for the current period due to decreased revenues for the current period as according to reason stated above.

MRNA Scientific had a gross profit of \$4,056 (0.6%) of the total gross profit of \$653,751 for the current six months period as compared to \$4,384 (0.6%) of the total gross profit of \$708,611 from the same period last year. The gross profit decreased by 7.5% due to its decreased revenues for the current period as according to reason stated above.

**Other Income.** For the six months period ended June 30, 2024, we had \$931,952 other income as compared to \$312,508 for the same period in 2023, increased by \$619,444 or approximately 198.2%.

Chemrex contributed \$855,894 (91.8%) of other income for the current six months period as compared to \$310,343 (99.3%) for the same period last year. Chemrex's other income increased by \$545,551, approximately 175.79% due to recovered of doubtful debts, provision losses allowances recovered and capital gain from share investment.

MRNA Scientific had \$76,058 (8.2%) for the six months period ended June 30, 2024 as compared to \$2,165 (0.7%) for the same period in 2023, increased by \$73,893, approximately 3413.1% due to bank interest earning from US dollar and gain on unrealise forex.

**Operating Expenses.** For the six months period ended June 30, 2024, we had a total operating expense of \$1,405,563 as compared to total operating expenses of \$1,343,949 for the same period in 2023. The increase of \$61,614, approximately 4.4% was due to increase of general and administrative expenses which include depreciation of fixed assets, employee compensation and benefits, marketing/travel expenses, Nasdaq annual fees and professional fees.

Chemrex had incurred \$696,763 (49.6%) of the total operating expenses for the current six months period as compared to \$1,025,896 (76.3%) of the total operating expenses for the same period last year, decreased by \$329,133, approximately 32.08% due to the deduction of commission, decrease of loss on unrealized/realized currency exchanges, provision for doubtful debt on account receivables and decrease in directors' remuneration.

MRNA Scientific had incurred \$185,218 (13.2%) of the total operating expenses for the current six months period as compared to \$98,720 (7.3%) of the total operating expenses for the same period last year. The increase by approximately 87.6% in operating costs for the six months period was due to the hire of new staff for marketing & business development, increase in director's remuneration, increase in amortisation of ROU asset and loss arising from settlement of supplier contract dispute.

BGLC, the holding company had incurred \$523,582 (37.2%) of total operating expenses for the current six months period as compared to \$219,333 (16.4%) of the total operating expenses for the same period last year. The increase of \$304,249, approximately 138.72% in operating costs of the current period was due to increase of legal fees, audit fees, Nasdaq annual fee plus increase and back charge of directors' fees.

**Profit(Loss) from Operations.** We had a profit from operations of \$180,140 for the six months period ended June 30, 2024 as compared to loss of \$322,830 for the same period in 2023. The increase of \$502,980, approximately 155.8% was due to the reasons discussed above.

**Income tax expense.** For the six-months period ended June 30, 2024, we had income tax expenses of \$75,652 provided for Chemrex and no tax provision for MRNA Scientific as compared to the same period in 2023 whereby we had no income tax provided for both Chemrex and MRNA Scientific.

**Foreign currency translation loss.** We are exposed to fluctuations in foreign exchange rates on the revaluation of monetary assets and liabilities denominated in currencies other than the US Dollar. Therefore, any change in the relevant exchange rate would require us to recognize a transaction gain or loss on revaluation. For the six-months period ended June 30, 2024, we experienced a foreign currency loss of \$207,445 as compared with a foreign currency loss of \$372,930 for the same period in 2023.

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### LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2024, we had working capital of \$6,443,511 compared with working capital of \$6,415,877 as of December 31, 2023. The increase in working capital as of June 30, 2024 from December 31, 2023 was due principally to profit incurred during the quarter ended June 30, 2024.

Our primary uses of cash had been for operations. The main sources of cash were generated from operational revenues, the private placement of our common stock, and the proceeds of our public offering. The following trends could result in a material decrease in our liquidity over the near to long term:

- Addition of administrative and marketing personnel as the business grows,
- Development of a Company website,
- Increases in advertising and marketing in order to attempt to generate more revenues, and
- The cost of being a public company.

The Company believes that cash flow from operations together will be sufficient to sustain its current level of operations for at least the next 12 months of operations.

The following is a summary of the Company's cash flows (used in) / generated from operating, investing, and financing activities for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
Net Cash Used in Operating Activities	\$ (704,982)	\$ (140,341)
Net cash generated from/(used in) investing activities	107,160	(8,114)
Net cash generated from/(used in) financing activities	197,799	(4,212)
Foreign currency translation adjustment	(115,280)	(207,517)
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ (515,303)</b>	<b>\$ (360,184)</b>

#### *Operating Activities*

During the six months ended June 30, 2024, the Company incurred a net profit of \$95,347 which, after adjusting for amortization, depreciation, dividend income, allowances for expected credit losses, recovery for expected credit losses, fair value gain on share investment, gain on disposal on share investment, loss arising from settlement of supplier contract dispute, a decrease inventories and operating lease liabilities, increase in trade and other receivables, advance payment from customer and a substantial reduction in trade payables, resulted in net cash of \$704,982 being used in operating activities during the six months ended June 30, 2024.

By comparison, during the six months ended June 30, 2023, the Company had a net loss of \$328,317 which, after adjusting for amortization, depreciation, dividend income, fair value gain on share investment, provision for losses on accounts receivable, an increase in inventories, a decrease in trade receivables and a substantial reduction in trade payables, operating lease liabilities, advance payment from customer, resulted in net cash of \$140,341 being used in operating activities during the six months ended June 30, 2023.

#### *Investing Activities*

During the six months ended June 30, 2024, the Company had net cash of \$107,160 generated from investment activities from acquisition of share investment of \$264,768, purchase of plant & equipment of \$23,778, proceeds from disposal of share investments of \$297,678, refund from settlement of supplier contract dispute at \$77,201 and receiving dividend income of \$20,827. By comparison during the six months ended June 30, 2023, the Company had net cash of \$8,114 used in investment activities from acquisition of share investment of \$13,444, purchase of plant & equipment of \$14,458 and receiving dividend income of \$19,788.

#### *Financing Activities*

During the six months ended June 30, 2024, the Company had net cash of \$197,799 generated from financing activities for advances from directors of \$202,344 and used for interest of \$4,545. By comparison during the six months ended June 30, 2023, we had net cash of \$4,212 used in financing activities for interest used of \$4,212.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this item.

#### **Item 4. Controls and Procedures.**

##### Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report, an evaluation was carried out by the Company's management, with the participation of the principal executive officer and the principal financial officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Exchange Act ("Exchange Act")) as of June 30, 2024. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission's rules and forms, and that such information was accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosures.

##### Management's Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process, under the supervision of the principal executive officer and the principal financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that:

- i) Pertain to the maintenance of records that is in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorizations of management and the board of directors; and
- iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management had assessed the effectiveness of our internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which assessment identified material weaknesses in internal control over financial reporting had improved. A material weakness could create reasonable possibility that a material misstatement in annual or interim financial statements. The management considers its internal control over financial reporting required further improvement.

This quarterly report does not include an attestation report of our registered public accounting firm regarding our internal controls over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act that permit us to provide only management's report in this annual report.

##### **Changes in Internal Controls over Financial Reporting**

During the period ended June 30, 2024, there had been no change in internal control over financial reporting that had materially affected or was reasonably likely to materially affect our internal control over financial reporting.

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#### **PART II OTHER INFORMATION**

##### **Item 1. Legal Proceedings.**

There are presently no pending legal proceedings to which the Company or any of its property is subject, or any material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities is a party or has a material interest adverse to the Company, and no such proceedings are known to the Company to be threatened or contemplated against it.

##### **Item 2. Unregistered Sale of Equity Securities and Use of Proceeds.**

None.

##### **Item 3. Defaults Upon Senior Securities.**

None.

##### **Item 4. Mine Safety Disclosures.**

Not applicable to our Company.

##### **Item 5. Other Information.**

There were issuances of an aggregate total of 1,044,351 shares from July 20, 2023 to August 4, 2023 as part of the round-up exercise to the reverse stock split, as detailed in the Schedule 14C filing related to the reverse stock split with the record date August 8, 2023.

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**Item 6. Exhibits.**

<b>Exhibit</b>	<b>Description</b>
<a href="#">31.1</a>	<a href="#">Certification of the Company's Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**</a>
<a href="#">31.2</a>	<a href="#">Certification of the Company's Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**</a>
<a href="#">32.1</a>	<a href="#">Certification of the Company's Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+**</a>
<a href="#">32.2</a>	<a href="#">Certification of the Company's Principal Accounting Officer and Principal Financial pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+**</a>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*

+ In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 were furnished and not filed.

\*\* Previously filed or furnished as an exhibit to BioNexus Gene Lab Corp.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.

\* Furnished with this Form 10-Q.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

#### BIONEXUS GENE LAB CORPORATION

/s/ Su-Leng Tan Lee

Su-Leng Tan Lee

Chief Executive Officer

(Principal Executive Officer)

/s/ Su-Leng Tan Lee

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Su-Leng Tan Lee  
Acting Chief Financial Officer  
(Principal Financial and Accounting Officer)

August 14, 2024

## CERTIFICATION

I, Chief Executive Officer of **Bionexus Gene Lab Corporation** (the "**Registrant**"), certify that:

1. I have reviewed this Quarterly Report on **Form 10-Q** of the Registrant for the fiscal quarter ended June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: August 14, 2024

/s/ Su-Leng Tan Lee

Su-Leng Tan Lee  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, Chief Financial Officer of **Bionexus Gene Lab Corporation** (the "**Registrant**"), certify that:

1. I have reviewed this Quarterly Report on **Form 10-Q** of the Registrant for the fiscal quarter ended June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: August 14, 2024

/s/ Su-Leng Tan Lee

Su-Leng Tan Lee  
Acting Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of the registrant certify, to the best of their knowledge, that the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the registrant.

**Bionexus Gene Lab Corporation**

Dated: August 14, 2024

/s/ Su-Leng Tan Lee

Su-Leng Tan Lee  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of the registrant certify, to the best of their knowledge, that the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the registrant.

**Bionexus Gene Lab Corporation**

Dated: August 14, 2024

/s/ Su-Leng Tan Lee

Su-Leng Tan Lee  
Chief Executive Officer  
(Principal Accounting Officer)