Stock symbol: 4106

Wellell Inc.

Parent Company Only Financial Statements and Independent Auditors' Report

Year 2022 and 2021

Address: No. 9, Minsheng St., Tucheng Dist., New Taipei City
Telephone No: (02)2268-5568

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To Wellell Inc.,

Audit opinion

We have audited the balance sheet of Wellell Inc. prepared on December 31, 2022 and December 31, 2021, and the comprehensive income statement, statement of change in shareholders' equity, the statement of cash flow, and the notes to the parent company only financial statements (including a summary of significant accounting policies) covering the periods of 2022 and 2021 until December 31 of the respective fiscal year.

In our opinion, the parent company only financial statements as referred in the first paragraph are prepared, in all material respects, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and present fairly the financial position of the Group as of December 31, 2022 and 2021, and the results of the financial performance and cash flows for the year ending December 31, 2022 and 2021.

Basis of Audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Reports section of our report. The audit team of our firm subject to the auditor's independence ethics and independence rules has complied with the Code of Professional Ethics, and maintains independence from Wellell Inc. to perform other duties as specified in the Code. We believe that sufficient and appropriate audit evidence has been obtained as a basis to express the opinion of the audit.

Key audit matters

Key audit matters refer to the most important matters, per our judgment, when auditing the 2022 parent company only financial reports of the Wellell Inc. These matters were addressed in the context of our audit of the unconsolidated financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Per our judgment, the key audit matters that should be communication in the audit report are as follows:

I. Revenue recognition

Please refer to Note 4 (13) of the parent company only financial reports for the accounting policy of revenue recognition. Please refer to Note 6 (13) Revenue from Contracts with Customers for disclosure of relevant information of revenue recognition.

Description of the key audit matters:

WELLELL's revenues include R/D, production and sales of wound care, respiratory therapy, welfare equipment, and other electronic medical device. As some revenues are from customized products/services and might be subject to various terms of contracts, the testing of revenue recognition becomes one of the most important items to be assessed when auditing the Company's financial reports.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include analyzing the revenue of the top ten customers that are related parties with significant transaction amounts and the top ten new customers, reviewing material new contracts and understanding the contractual terms to assess whether there are any material anomalies; assessing the reasonableness of the accounting treatment of revenue recognition (including sales discounts and returns). We also evaluated the effectiveness of the design and implementation of the Company's internal control system for revenue, reviewed the Company's delivery terms to customers, and tested the sales samples for the period before and after the year end to assess the correctness of the revenue recognition period.

II. Valuation of inventory

For accounting policy of inventory valuation, please refer to Note 4 (7) of the parent company only financial reports for details. For accounting estimates and assumptions of inventories. Please refer to Note 5 (1) Valuation of inventories: information on inventories of the parent company only financial reports for details. For description of inventories, please refer to the Note 6 (4) Inventories of the parent company only financial reports for details.

Description of the key audit matters:

Inventory value of the Company is measured at lower cost or net realizable value on the financial reporting date. Since the Company's products are designed specifically to meet the needs of customers and have high add-on value, the probability of inventory loss is very low. However, as some products are customized, if quality is not up to customer's standards they won't be sold as scheduled, and would result in a higher risk for sluggish inventory movement. As loss from sluggish inventory movement is assessed according to inventory category and number of days the inventory being sluggish, the percentage used for provision is at management's discretion. Therefore, valuation of inventory is an item highly regarded when the Group's consolidated financial reports are audited.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include examining whether the provision for loss on inventory valuation and obsolescence had been made in accordance with the provisions of the relevant accounting standards. We also evaluated whether inventories had been correctly attributed to the correct ageing period and analyzed the changes in inventory ageing from period to period to assess the reasonableness of the policy on the provision of inventory obsolescence and whether it was in accordance with the Company's established accounting policies and evaluated the provision of allowance for inventory obsolescence by comparing the information with the actual loss on disposal, and assessed the appropriateness of management's disclosure of the allowance for inventory.

III. Impairment assessment for investments accounted for using the equity method

Please refer to Note 4 (12) to the parent company only financial statements for the accounting policy on impairment of investments accounted for using the equity method; Note 5 (2) to the parent company only financial statements for the assessment of impairment of investments accounted for using the equity method; and Note 6 (5) to the parent company only financial statements for the information related to investments accounted for using the equity method.

Description of the key audit matters:

Wellell Inc. invested in Sturdy Industrial Co., Ltd., Wellell UK Limited, SLK Vertriebs GmbH and SLK Medical GmbH to expand marketing presences and add product lines. In our review, we paid particular attention to the appropriateness of the assumptions, estimates and judgments used for the discounted future cash flows because the investments using the equity method were material investments of the Group and the carrying amounts of the investments were material and there was a high degree of uncertainty in estimating the recoverable amounts of the investments using the equity method. Therefore, whether the investments accounted for using the equity method were impaired was a matter of great concern to us in auditing the financial reports.

Response to Audit procedures:

The main auditing procedures of the above key audit matters include assessment of the future cash flow forecast and the discount rate used in the impairment model, the forecast of future cash flow against historical performance, and the comparison of discount rate with external data to test the impairment of investments accounted for using the equity method.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Reports

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

In preparing the parent company only financial reports, the responsibility of the management is to evaluate the Company's capability as whether it can continue operating as a successful business, the disclosure of relevant matters, the adoption of accounting basis to continue operating, unless the management intends to liquidate the Company or cease to operate, or no other option available except for liquidating or cease to operate.

WELLELL charged with governance, Including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated Financial Reports

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to high assurance. However, an audit performed in accordance with auditing standards is not a guarantee to detect material misstatement of the parent company only financial reports. Misstatements may result from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial reports.

As part of an audit in accordance with the auditing standards generally accepted, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also conducted the following tasks:

1. Identify and assess the risk of material misstatement of the unconsolidated financial reports due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. As frauds may involve conspiracy, forgery, deliberate omission, misstatement, or beyond the internal control, the risk of not being able to detect misstatement due to fraud is higher than that caused by the error.
2. Obtained necessary understanding of internal control relevant to the audit so to design appropriate audit procedures commensurate with what is needed at the time of audit. However, please note the purpose is not to express opinion as to whether the internal control of Wellell Inc. is effective.
3. To assess appropriateness of the accounting policies adopted by the management, as well as whether the accounting estimates and related disclosures are reasonable.
4. Made a conclusion based on audit evidence obtained, determined whether the accounting basis used by the management to carry out business is appropriate, and if there was any event, circumstance, or significant uncertainty, would affect Wellell Inc. to continue its business. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial reports are required to be provided in our audit report to allow users of unconsolidated financial reports to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained at the

date of the auditor's independent report. However future events or circumstances may cause Wellell Inc. not to have the capability to operate.

5. Evaluate the overall presentation, structure and content of the unconsolidated financial reports, including relevant notes, and whether the unconsolidated financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence from financial information of investees accounted for using the equity method to express opinions on the parent company only financial reports. We are responsible for the guidance, supervision and implementation of the Company's audit, as well as the forming of audit opinions.

The matters we communicated with the governing unit include the scope and time frame of the audit, as well as the major findings in the audit (including the significant lack of internal controls identified during the audit procedures).

We have also provided a declaration to the governing unit that our audit team has complied with the independence rules as required by the Code of Professional Ethics for Certified Public Accountant. We have also communicated with the governing unit all matters that might be considered to influence the auditor's independence as well as all other matters (Including relevant protective measures).

We have decided the key audit matters for the Company's 2022 parent company only financial reports for matters communicated with the governing unit. We will make known such matters in the audit report unless the laws and regulations do not allow public disclosure of any particular matter or, in rare cases, we decide not to communicate a particular matter in the audit report, as we can reasonably expect the negative impact from such communication will outweigh the benefit to increase the public interest.

KPMG. Taipei, Taiwan, R.O.C.

Certified Public

Accountants:

Certified and Approved No. of the Securities Competent Authority:	:	Jin-Guan-Cheng-Shen-Zi No. 1040003949 Jin-Guan-Cheng-Liu-Zi No. 0960069825

March 29, 2023

Notes to Readers The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Balance sheet

December 31, 2022 and 2021

Unit: New Taiwan Dollars in thousands

Code	Assets	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents(Note 6 (1) and (16))	$ 90,278	3	121,289	4
1151	Notes Receivable (Note 6 (2) (13) and (16))	14,498	1	17,417	1
1170	Accounts Receivable, net (Note 6 (2) (13) (16))	123,515	5	93,659	3
1181	Account Receivable - Related Party (Note 6 (2) (13) (16) and 7)	233,745	8	196,437	6
1200	Other Receivable (Note 6 (3) and (16))	4,226	-	6,399	-
1210	Other Account Receivable - Related Party (Note 6 (3) (16) and 7)	22,449	1	33,660	1
130X	Inventories (Note 6 (4))	137,975	5	182,166	6
1410	Prepayments	12,305	-	6,209	-
1470	Other Current Assets	376	-	437	-
	Total Current Assets	639,367	23	657,673	21
	Non-current Assets:				
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (16))	19,165	1	15,866	1
1550	Investments accounted for using equity method (Note 6 (5))	1,673,388	61	1,971,687	64
1600	Property, Plant and Equipment (Note 6 (6) and 8)	391,124	14	393,604	13
1755	Right-of-use Assets	2,642	-	3,673	-
1780	Intangible Assets (Note 6 (7))	2,869	-	4,181	-
1840	Deferred Income Tax Assets (Note 6 (10))	29,080	1	28,098	1
1920	Refundable deposits	5,320	-	4,852	-
1990	Other non-current Assets	758	-	758	-
	Total Non-current Assets	2,124,346	77	2,422,719	79
	Total Assets	$ 2,763,713	100	3,080,392	100

Code	Liabilities and Equity	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current Liabilities:				
2100	Short term Borrowings (Note 6 (8) and (16))	$ 288,294	11	340,415	11
2170	Accounts Payable (Note 6 (16))	80,472	3	80,706	3
2180	Accounts Payable - Related Party (Note 6 (16) and 7)	11,469	-	31,083	1
2200	Other Payable (Note 6 (16))	122,266	5	116,599	4
2220	Other Payable - Related Party (Note 6 (16) and 7)	1,955	-	417,374	13
2230	Current Income Tax Liability	24,940	1	9,794	-
2280	Lease Liabilities – Current (Note 6 (16))	1,792	-	1,749	-
2300	Other Current Liabilities (Note 7)	9,660	-	16,326	1
	Total Current Liabilities	540,848	20	1,014,046	33
	Non-current Liabilities:				
2580	Lease Liabilities – Non-Current (Note 6 (16))	741	-	1,883	-
2640	Net defined benefit liability – Non Current (Note 6 (9))	1,043	-	5,361	-
	Total Non-Current Liabilities	1,784	-	7,244	-
	Total Liabilities	542,632	20	1,021,290	33
	Equity (Note 6 (11)):				
3100	Capital	1,009,116	36	1,009,116	33
3200	Capital Reserve	345,635	12	345,635	11
	Retained Earnings:				
3310	Statutory reserves	294,712	11	284,311	9
3320	Special reserves	252,634	9	178,568	6
3350	Undistributed earnings (Note 6 (9))	519,123	19	494,106	16
	Subtotal of Retained Earnings	1,066,469	39	956,985	31
3400	Other Equities	(200,139)	(7)	(252,634)	(8)
	Total Equity	2,221,081	80	2,059,102	67
	Total liabilities and Equity	$ 2,763,713	100	3,080,392	100

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of comprehensive income

From January 1 to December 31, 2022 and 2021

Unit: New Taiwan Dollars in thousands

		2022		2021	
		Amount	%	Amount	%
4000	**Sales Revenue (Note 6 (13) and 7)**	$ 1,262,946	100	1,176,513	100
5000	**Operating Costs (Note 6 (4) (6) (7) (9) (14) and 7)**	848,644	67	832,432	71
	Gross Margin	414,302	33	344,081	29
5910	Less: Unrealized profit or loss on sales of goods	(67,782)	(5)	(55,305)	(5)
5920	Add: Realized profit or loss on sales of goods	55,305	4	49,595	4
	Net operating gross profit	401,825	32	338,371	28
6000	**Operating Expenses (Note 6 (2) (6) (7) (9) (14) and 7):**				
6100	Selling Expenses	99,277	8	97,856	8
6200	General and Administrative Expenses	113,752	9	112,297	10
6300	Research & Development Expenses	114,478	9	110,041	9
6450	Expected Credit Impairment Losses (Gains)	(119)	-	1,536	-
	Total Operating Expenses	327,388	26	321,730	27
6900	**Net Operating Profit**	74,437	6	16,641	1
	Non-operating income and expenditures (Note 6 (5) (15) and 7):				
7010	Interest Income	568	-	787	-
7130	Other Income	172	-	38	-
7020	Other Profits and Losses	24,670	2	(5,226)	-
7050	Financial Costs	(5,689)	-	(2,583)	-
7070	Share of profit or loss of subsidiaries accounted for using the equity method	82,110	6	96,653	8
	Total non-operating income and expenses	101,831	8	89,669	8
	Profit before Tax	176,268	14	106,310	9
7951	**Less: Income Tax Expenses (Note 6 (10))**	14,859	1	4,063	-
	Net Income Current Period	161,409	13	102,247	9
8300	**Other comprehensive income (Note 6 (10) and (11)):**				
8310	**Items not to be reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	4,470	-	2,200	-
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	3,299	-	(3,251)	-
8349	Less: Income tax related to items not reclassified	894	-	440	-
	Total items not to be reclassified into profit or loss	6,875	-	(1,491)	-
8360	**Items that may be subsequently reclassified into profit or loss:**				
8361	Financial statements translation differences of foreign operations	49,196	4	(87,866)	(7)
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	49,196	4	(87,866)	(7)
8300	**Other comprehensive Income Current Period**	56,071	4	(89,357)	(7)
	Total Comprehensive Income Current Period	$ 217,480	17	12,890	2
9750	**Basic EPS (Unit: NT$) (Note 6 (12))**	$	1.60		1.01
9850	**Diluted EPS (Unit: NT$) (Note 6 (12))**	$	1.59		1.01

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board: Li, Yung Chuan | **Manager: Li, Yung Chuan** | **Accounting Director: Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of changes in equity

From January 1 to December 31, 2022 and 2021

Unit: New Taiwan Dollars in thousands

			Retained Earnings				Total Other Equities			
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed Retained Earnings	Total	Financial statements translation differences of foreign operations	Unrealized Profit and Loss on Financial Asset Measured at Fair Value Through Other Comprehensive Income	Total	Total equity
Balance as of January 1, 2021	$ 1,009,116	345,635	273,903	178,568	456,008	908,479	(170,527)	9,010	(161,517)	2,101,713
Net Income Current Period	-	-	-	-	102,247	102,247	-	-	-	102,247
Other comprehensive Income Current Period	-	-	-	-	1,760	1,760	(87,866)	(3,251)	(91,117)	(89,357)
Total Comprehensive Income Current Period	-	-	-	-	104,007	104,007	(87,866)	(3,251)	(91,117)	12,890
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	10,408	-	(10,408)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(55,501)	(55,501)	-	-	-	(55,501)
Balance as of December 31, 2021	1,009,116	345,635	284,311	178,568	494,106	956,985	(258,393)	5,759	(252,634)	2,059,102
Net Income Current Period	-	-	-	-	161,409	161,409	-	-	-	161,409
Other comprehensive Income Current Period	-	-	-	-	3,576	3,576	49,196	3,299	52,495	56,071
Total Comprehensive Income Current Period	-	-	-	-	164,985	164,985	49,196	3,299	52,495	217,480
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	10,401	-	(10,401)	-	-	-	-	-
Provision of special reserves	-	-	-	74,066	(74,066)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(55,501)	(55,501)	-	-	-	(55,501)
Balance as of December 31, 2022	**$ 1,009,116**	**345,635**	**294,712**	**252,634**	**519,123**	**1,066,469**	**(209,197)**	**9,058**	**(200,139)**	**2,221,081**

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board: Li, Yung Chuan **Manager: Li, Yung Chuan** **Accounting Director: Wang, Wei Chuan**

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of cash flows

From January 1 to December 31, 2022 and 2021

Unit: New Taiwan Dollars in thousands

	2022	2021
Cash flow from operating activities:		
Profit before Tax current period	$ 176,268	106,310
Adjustment items:		
Income and expenses item		
Depreciation	25,276	26,186
Amortization	1,660	1,387
Expected Credit Impairment Losses (Gains)	(119)	1,536
Interest Expense	5,689	2,583
Interest Income	(568)	(787)
Dividend Income	(161)	(38)
Share of profit of subsidiaries accounted for using the equity method	(82,110)	(96,653)
Exchange loss on disposal of investments under the equity method	18,854	-
Disposal Gain on Financial Asset Measured at Fair Value Through Other Comprehensive Income	-	(38)
Unrealized profit on sales of goods	67,782	55,305
Realized profit on sales of goods	(55,305)	(49,595)
Total Incomes and Expenses	(19,002)	(60,114)
Changes of assets and liabilities relating to operating activities:		
Decrease (increase) of Notes Receivable	2,919	(5,421)
Increase of Accounts Receivable	(26,383)	(2,803)
Accounts Receivable - increase of Related Party	(27,602)	(50,919)
Decrease (increase) of Other Receivables	2,173	(826)
Other Receivable - decrease of Related Party	11,243	9,636
Decrease (increase) of Inventories	44,191	(97,827)
Increase (Decrease) of Pre-paid Expenses (including related parties)	(6,096)	2,273
Decrease (increase) of Other Current Assets	62	(98)
Total Net changes of assets relating to operating activities	507	(145,985)
Decrease of Notes Payable	-	(35)
(Decrease) Increase of Account Payable	(231)	39,759
Account Payable - (decrease) increase of Related Party	(19,656)	10,517
Increase (Decrease)of Other Payable	5,329	(3,004)
Other Payable - (decrease) increase of Related Party	(9,245)	5,106
(Decrease) Increase of Other Current Liabilities	(6,666)	1,600
(Decrease) Increase of Net defined benefit liabilities	152	(497)
Decrease in deferred credits	(31)	(32)
Total Net changes of liabilities relating to operating activities	(30,348)	53,414
Total Net changes of assets and liabilities relating to operating activities	(29,841)	(92,571)

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board:	Manager:	Accounting Director:
Li, Yung Chuan	Li, Yung Chuan	Wang, Wei Chuan

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Wellell Inc.

Statement of Cash Flow (continued)

From January 1 to December 31, 2022 and 2021

Unit: New Taiwan Dollars in thousands

		2022	2021
Cash inflow (outflow) from operating	$	127,425	(46,375)
Interest received		568	787
Dividends received		161	38
Interest paid		(5,335)	(2,469)
Income Taxes Paid		(1,590)	(5,176)
Cash Inflow (outflow) from operating activities		121,229	(53,195)
Cash flow from investing activities:			
Disposal of Financial Assets measured at Fair Value Through Profit or Loss		-	35,192
Investment accounted for under the equity method		(56,580)	(62,938)
Disposal of Investment accounted for using the equity method		13,999	-
Investment in property, plants and equipment		(20,816)	(27,183)
Increase of Guarantee Deposits		(468)	(117)
Investment in intangible assets		(348)	(1,812)
Dividends received		34,712	29,396
Cash outflow from investing activities		(29,501)	(27,462)
Cash flow from financing activities:			
Application for short-term borrowings		1,204,362	984,381
Repayment of short-term borrowings		(1,264,238)	(824,506)
Repayment of principal portion of the lease		(2,242)	(1,523)
Cash dividends paid		(55,501)	(55,501)
Net Cash (Outflow) Inflow from financing activities		(117,619)	102,851
Net effect of changes in foreign currency exchange rates on cash and cash equivalent		(5,120)	1,652
(Decrease) Increase of cash and cash equivalents – current period		(31,011)	23,846
Cash and cash equivalents at beginning of year		121,289	97,443
Cash and cash equivalents at the end of year	$	90,278	121,289

(For details, please refer to the notes to the parent company only balance sheets in the attachment)

Chairman of the board:	Manager:	Accounting Director:
Li, Yung Chuan	Li, Yung Chuan	Wang, Wei Chuan

Wellell Inc.
Notes to the parent company only financial statements
Year 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

I. Company History

Wellell Inc. (referred as "the Company" hereafter) was authorized to set up by the Ministry of Economic Affairs in March, 1990, and merged with Ya-Tai Industrial Limited on August 31, 1998. The Company is primarily engaged in the business of manufacturing and sale of medical supplies, import, and export as well as agency services. the Company was approved to be listed in TPEx in August, 2001 and traded in January, 2002 by the Securities and Futures Commission, Ministry of Finance (name changed to the Securities and Futures Bureau of the Financial Supervisory Commission, abbreviated as Securities and Futures Bureau). the Company was approved by the Securities and Futures Bureau to be listed on TWSE in October, 2004.

II. Financial Statements Authorization Date and Authorization Process

The parent company only financial reports were approved for release by the Board of Directors on March 29, 2023.

III. Application of new standards, amendments, and interpretations

(I) The impact from adopting new standards and Interpretations as approved by FSC for release and amendment

The application of the newly revised amendments to the IFRSs into effect by the Company with an effective date starting from January 1, 2022 did not significantly influence the parent company only financial statement.

・Amendments to IAS 16 "Real Estate Property, plant and equipment - Proceeds before intended use"
・Amendment to IAS 37 "Onerous contracts - cost of fulfilling a contract"
・Amendments to Annual Improvements to IFRS 2018-2020
・Amendments to IFRS 3 on the "Reference to the Conceptual Framework"

(II) Impact on not adopting the IFRSs endorsed by the FSC

The following new amendments to IFRSs were effective from January 1, 2023, with the potential impact described below:

1. Amendment to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

This amendment restricts the scope of recognition exemption. An entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The Company may be required to recognize an equivalent amount of deferred income tax assets and deferred income tax liabilities and is continually evaluating the impact of the initial application of the amendment on the Company's financial position.

2. Others

The following new amended standards are not expected to have a material impact on the parent company only financial statements.

・Amendments to IAS 1 on "Disclosure of Accounting Policies"

・Amendments to IAS 8 on "Definition of accounting estimates"

(III) Standards and interpretations newly issued and amended but not yet endorsed by the FSC

The standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not been advised by the FSC may affected to the Company:

Newly announced or amended standards	Major amendments	Effective date of IASB announcement
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	Under IAS 1, a liability is classified as current if the enterprise does not have an unconditional right to defer settlement for at least 12 months after the reporting period. The amendment removes the requirement that the right should be unconditional and instead requires that the right must exist at the end of the reporting period and must be material. The amendment clarifies how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible bonds).	January 1, 2024

The Company continues to assess the impact of the above standards and interpretations on its financial position and result of operation. The relevant impact will be disclosed after completion of the assessment.

The Company expected that the following new publish and amendment to the standards would not cause significant influence to the parent company only financial statement.

・Amendments to IFRS 10 and IAS 28 on "Sale or Contribution of assets between an Investor and its Associate or Joint Venture"

・Amendments to IFRS 17 "Insurance Contracts" and IFRS 17

・The amendments to IAS 1 "Classification of Liabilities with Covenants"

・The amendments to IFRS 17, "Comparative information for initial application of IFRS 17 and IFRS 9

・The amendments to IFRS 16, "Requirements for Sale and Leaseback Transactions".

IV. Summary of Significant Accounting Policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(I) Statement of Compliance

These parent company only financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of Preparation

1. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive profit or loss; and

(3) Net defined benefit liability is recognized by the fair value of the pension fund assets net of the present value of the defined benefit obligation and the upper limit effects measurement referred by Note 4 (14).

2. Functional Currency and Representing Currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. The foreign currency monetary item at the end of the reporting period (hereinafter referred to the "reporting date") are translated into the functional currency using the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies held at fair value through profit or loss are translated into the functional currency using the exchange rates prevailing at the time of the fair value measurement date. Non-monetary items denominated in foreign currencies measured with historical costs are translated using the exchange rates prevailing at the time of the transaction date.

Foreign currency exchange differences resulting from currency translation are usually recognized under profit or loss; however, they are recognized under other comprehensive income in the following circumstances:

(1) Equity instruments designated measured at fair value through other comprehensive income;

(2) Financial liabilities designated as hedges of a net investment in a foreign operation within the range of hedge effectiveness; or

(3) Qualified cash flows hedged within the range of hedge effectiveness.

2. Foreign Operation

The assets and liabilities of foreign operation, including goodwill from acquisition and fair value adjustment, are translated to NTD using the exchange rates on the reporting date, revenues and expenses are translated into NTD using average exchange rate and all resulting exchange differences are recognized in other comprehensive income.

When the disposal of foreign operating units leads to the loss of control, joint control, or significant influence, all cumulative exchange differences in relation to that foreign operating unit are reclassified in profit and loss. When the foreign operating unit partially disposed of or sold is a subsidiary, cumulative exchange differences are proportionately transferred to the non-controlling interest in this foreign operating unit. When the foreign operating unit partially disposed of or sold is an associates or joint venture, cumulative exchange differences are proportionately transferred to the profit and loss.

For the monetary receivable or payable items with foreign operating units, if there is no settlement plan and they will not be paid in the foreseeable future, the exchange gain from foreign exchange will be deemed as part of the net investment to that foreign operation and recognized under other comprehensive income.

(IV) Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within its normal operating cycle;
2. Assets held mainly for sales;
3. Assets that are expected to be realized within twelve months from the reporting date; or
4. These assets are cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;

2. Liabilities held mainly for sales;
3. Liabilities that are expected to be paid off within twelve months from the reporting date; or
4. For liabilities their re-payment date cannot be extended unconditionally to more than twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalent

Cash include cash on hand and demand deposits. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits meeting the definition as mentioned above or used mainly for meeting short-term cash commitment and not for investment or other purposes are reported as cash equivalents.

(VI) Financial Instruments

Accounts receivable are recognized once it is generated. All other financial assets and financial liabilities were originally recognized when the Company becomes one party to the terms of the financial instrument contract. Financial assets (except for accounts receivable containing a significant financing component) or financial liabilities not measured at fair value through other comprehensive income were originally measured at fair value plus the transaction costs directly attributable to their acquisition or issue. Accounts receivable not containing a significant financing component were originally measured at the transaction price.

1. Financial assets

If purchase or sale of financial assets conforms to transaction practices, the Company consistently adopts the trading-date accounting treatment for all purchases and sales of financial assets classified in a similar way.

Financial asset types at initial recognition include: financial assets measured at amortized cost, investments in equity instruments measured at fair value through other comprehensive income, and financial assets measured at fair value through income. The Company reclassifies the impacted financial assets from the first day of the next report period only when the financial assets management model changes.

(1) Financial assets measured with amortized cost

Financial assets are measured at amortized cost when they meet the criteria below and are not designated to be measured at fair value through profit and loss:

- Hold the financial asset under the business model of collecting contract cash-flow for purpose.
- The cash-flow generated from the financial asset contract terms on a specific date is

all for principal and outstanding principal generated interest payment.

Such assets are subsequently measured at amortized cost with the initial recognition amount plus or less the cumulative amortization calculated using the effective interest method and any loss allowance being adjusted. Interest revenue, foreign exchange gain and loss, and impairment loss are recognized as profit and loss. The gain or loss are recognized as profit and loss when derecognizing.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Company can make irrevocable commitments at the original recognition point and present the subsequent fair value change of the not held-for-sale equity instrument to other comprehensive income. The previous mentioned options are made on each instrument base.

Equity instrument investments are subsequently measured at fair value. Dividend revenue (unless it clearly represents a recovery of part of the investment costs) is recognized under profit or loss. Other net gains or losses are recognized as other comprehensive income and not reclassified to profit or loss.

The dividend income from equity investment is recognized at the date when the Company is entitled to receive (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets, which are not measured at amortized cost mentioned above or measured at fair value through other comprehensive income, are measured at fair value through income, including the derivatives.

Such assets are measured at fair value, and their net gains or losses (including any dividend revenue and interest revenue) are recognized as profit or loss.

(4) Impairment of financial assets

The Company recognizes the loss allowance for financial assets measured at amortized cost (including cash and cash equivalent, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, and other financial assets, etc.), and expected credit loss.

The loss allowance for financial assets below are measured based on 12 months of expected credit loss and the rest are measured based on lifetime expected credit loss:

・Determine the debt securities credit risk is low on the reporting date; and
・The credit risks (such as the risk of a default occurring over the expected life of the financial instrument) of other debt securities and bank deposits do not obviously increase after initial recognition.

The loss allowance for accounts receivable is measured on the lifetime expected credit loss amount.

To determine if the credit risk is obviously increased after recognition, the Company considers information that is reasonable and can be corroborated (not overly high cost or that can be obtained after investment) including qualitative and quantitative information, in terms of history of the Company, credit evaluation, and perspective information analysis.

If the contract receivables are due over 60 days, the Company assumes the financial asset credit risk is obviously increased.

If the contract receivables are due over 365 days or the borrower is incapable of executing its credit obligation for paying the full amount to the Company, the Company deems the financial asset is in default.

Lifetime expected credit losses is the expected credit losses arising from all the potential defaults on financial instruments during the expected lifetime of financial instruments.

The 12-month expected credit losses is the expected credit losses of financial instruments resulting from possible default events within 12 months after the reporting date (or the shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for expected credit loss measurement is the longest contract period the Company exposed to the credit risks.

The expected credit loss is the percentage weighted estimate of financial instrument expected lifetime credit loss. The credit loss is measured at the cash collection shortage, e.g. the difference between the collectible cash-flow per contract and the expected collectible cash-flow of the Company. The expected credit loss is discounted at the financial asset effective interest rate.

The Company evaluated the financial assets and the credit impairment based on the amortized cost on every reporting date. If one or multiple unfavorable matters occurred to the financial asset future cash flow estimate, the financial asset credit is impaired. The evidence that the financial asset is credit impaired includes observable information for the matters below:

·Significant financial difficulty to the borrower or issuer;
·Breach of contract, such as arrearage or overdue over 365 days;
·Because of economic or contract reasons related to the borrower's financial difficulty, the Company makes a concession to the borrower which is not considered originally;
・The borrower will probably file for bankruptcy or other finance restructure; or
・The active market of the financial asset vanishes because of financial difficulty.

The loss allowance for financial assets measured at amortized cost is deducted from the carrying amount of assets.

When the Company is unable to predict the financial asset collection reasonably as a whole or partially, the total carrying amount of the financial asset is directly deducted. For corporate customers, the Company individually analyzed when to write off and the amount to be written off on the basis of whether a reasonable expectation of recovery exists. The Company expected that a significant reversal in the amount written off will not occur; however, the financial assets that are written off may be still subject to enforcement activity to conform to the Company's procedure for the recovery of the overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to receive the cash flows from the asset expire, or the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to other enterprises, or substantially all the risks and rewards of ownership are neither transferred nor retained and the control of the financial asset is not retained.

In the Company's signed transaction, if all or substantially all the risks and rewards of ownership of the financial asset are retained, such transaction will continue to be recognized on the Balance Sheet.

2. Financial Liabilities and Equity Instruments

(1) Financial liability

Financial liabilities are classified and measured at amortized cost or measured at fair value through profit or loss. If the financial liabilities are held for trading, derivatives, or designated at initial recognition, they are classified into the fair value through profit or loss category. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net profit or loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss when other financial liabilities are derecognized.

(2) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired. When a modification is made to the terms of a financial liability and the cash flows of the liability after modification are substantially differently, the financial liabilities should be derecognized and a new financial liability is recognized at fair value based on the terms after modification.

When derecognizing financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid and payable (including any non-cash transfers or liabilities undertaken) is recognized in profit and loss.

(3) Offsetting financial assets with financial liabilities

Financial assets and liabilities are offset and expressed in net amount in the balance sheet when the Company has a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(VII) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include the acquiring, production, processing or other costs to make inventories arrive at the place and condition they can be used, and are calculated using weight average method. Costs of finished products and work-in-process inventories include manufacturing expenses allocated with an appropriate ratio based on normal production capacity.

Net realizable value represents the balance with estimated costs required to complete the production and get the products ready subtracted from the estimated selling price.

(VIII) Investments in subsidiaries

In preparing the parent company only financial statements, the Company uses the equity method to account for its investees over which it has control. Under the equity method, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

Changes in the company's ownership interests in subsidiaries that do not result in the company losing control over the subsidiaries are accounted for as equity transactions.

(IX) Real estate properties, plants and equipment

1. Recognition and measurement

An item of real estate property, plant and equipment is carried at its cost (including capitalized borrowing costs) less any accumulated depreciation and any accumulated impairment losses.

When the material components of real estate property, plant and equipment have different useful lives, it should be treated as a separate item (material component) of real estate property, plant and equipment.

The gains or losses on disposal of real estate property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company.

3. Depreciation

The depreciation expense equals the cost of the asset less the residual value, and through the straight line method, it is recognized in profit or loss over the expected useful life of each component.

Land is not depreciated.

The estimated useful lives of current period and the comparative period:

(1) Buildings and constructions	5~50 years
(2) Machinery Equipment	3~10 years
(3) Other Equipment	2~10 years

The Company reviews the depreciation method, useful lives, and residual values, and makes proper adjustments as necessary at each reporting date.

(X) Leases

The Company assesses whether the arrangement is or includes a lease arrangement upon the inception of the contract. If a contract transfer conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or includes a lease.

1. Lessee

The Company initially recognizes a right-of-use asset and a lease liability at the commencement day of the lease. The right-of-use asset is initially measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, the initial direct costs incurred, and an estimate of costs to be incurred by dismantling and removing the underlying asset and restoring the location where the asset resides or the underlying asset less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss identified, and if the lease liability is remeasured, the right-of-use asset is adjusted accordingly.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement day of the lease. If the implied interest rate of the lease is easily determined, the lease payments are discounted to present value using that interest rate. If such interest rate is not easily determined, they are discounted to present value using the incremental borrowing rate. In general, the Company adopts its incremental borrowing rate as the discount rate.

The lease payments included in the lease liabilities are:

(1) fixed payments, including in-substance fixed payments;
(2) variable lease payments that depend on an index or a rate, and are initially measured at the index or rate at the commencement date of the lease;
(3) the amount expected to be payable under a residual value guarantee; and
(4) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease.

The lease liabilities are subsequently measured at amortized cost using effective interest method, and are remeasured in the following situations:

(1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
(2) there is a change in the amounts expected to be payable under a residual value guarantee;
(3) there is a change in the assessment of an option to purchase the underlying asset;
(4) there is a change in the estimate of the options to extend or terminate result in the estimate of the lease term is modified; or
(5) there is a modification in the object, scope, or other terms of a lease.

When the lease liabilities are remeasured because of the above change in an index or a rate used to determine those payments, in the amounts expected to be payable under a residual value guarantee, or in the estimate of the options to extend or terminate, the carrying amount of the right-of-use assets should be adjusted relatively, and if the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognized in profit or loss.

For modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, and the difference from the remeasurement amount of the lease liabilities is recognized in profit or loss.

The Company expressed the right-of-use assets and lease liabilities which do not meet the definition of the investment property as a single-line item in the balance sheet.

For short-term leases and office machine rentals, the Company chose not to recognize the right-of-use assets and lease liabilities. It recognized the relevant lease payments as an expense over the lease term on a straight-line basis.

Starting from January 1, 2021, when changing the basis for determining future lease payments as required by IBOR reform, the Company adopted an amended discount rate that reflects another benchmark interest rate, the Company discounted the amended lease payment to remeasure lease liabilities.

2. Lessor

When acting as a lessor in a transaction, the Company classifies the lease contract based on whether substantially all the risks and rewards incidental to ownership of the underlying asset have been transferred under the lease contract. If that is the case, the lease contract is classified as a finance lease, otherwise it is classified as an operating lease. In the assessment, the Company considers relevant specific indicators such as whether the lease term is for the major part of the remaining economic life of the underlying asset.

(XI) Intangible Assets

1. Recognition and measurement

Other intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent Expenditure

Subsequent expenditures can only be capitalized when generating probable future economic benefits.

3. Amortization

Amortization is calculated by deducting the estimated residual value from the cost of the asset's cost. The intangible asset is recognized as profit or loss within its estimated service life using the straight-line method since the intangible asset reaches the recognized state of use.

The estimated useful lives of current period and the comparative period:

Computer Software 3~5 years

The Company reviews the residual values, useful lives, and amortization method to intangible assets and makes proper adjustments as necessary at each reporting date.

(XII) Impairment of non-financial assets

The Company assesses at each reporting date whether there are any signs indicating that impairment losses may have occurred in the carrying amount of non-financial assets (except for inventories and deferred tax assets). If any such indication exists, the recoverable amount of the asset is assessed.

For impairment test purposes, a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets represents the smallest identifiable group of assets.

The recoverable amount is the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use depends on which is higher. When measuring the value in use, the estimated future cash flows are converted to the present value at the discount rate before tax and should reflect the current market measure to the time value of money and the specific risks of the assets or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower the book value, and impairment loss shall be recognized.

The impairment loss is recognized immediately in profit or loss for the current period. Except for the goodwill, non-financial assets measured at cost investments other than the impairment loss recognized in prior periods may no longer exist or decrease when the carrying amount (deducting the depreciation or amortization) of the asset shall reverse rotation amount.

(XIII) Revenue Recognition

Revenue from Contracts with Customers

Revenue is measured at the expected proceeds collection right from goods or services transferred. The Company recognizes revenue when goods or services transferred to customers to meet the contract obligations.

The Company manufactures medical supplies and sells to the markets. The Company recognizes revenue when control rights of goods are transferred. When control rights of goods have been delivered to customers it means the customers own all rights to decide product sales channels and prices and there are no un-executed obligation impacts on customers' willingness to accept the products. Delivered means the products have been shipped to specific locations and the obsolete and loss risks are transferred to customers and customers have accepted products per sales contracts, the acceptance term has expired, or the Company has deemed all acceptance has been met with objective evidence.

The Company recognizes accounts receivable when goods are delivered because it owns unconditional rights to collect the proceeds at that point.

(XIV) Employee benefit

1. Defined contribution plans

For defined contribution retirement benefit plans, payments to the benefit plan are recognized in profit and loss when the employees have rendered service entitling them to the benefits.

2. Defined benefit plan

All other retirement plans besides the defined contribution plans are defined benefit plans. Net obligation of the Company under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive for their services in current period or prior periods. And less the fair value of any plan assets. The rate used to discount is determined by using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability of the Company on the reporting date.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result is in the Company's favor, the assets recognition only includes the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Any minimum funding requirements are considered for present value calculations of economic benefits. If the benefit can be realized during the plan implementation period or at the time when the liabilities of the plan are settled, it is beneficial to the Company.

Remeasurements of the net defined benefit liabilities include (1) Actuarial gains and losses; (2) returns on plan assets (no interests included); and (3) Any change in the effect of the asset ceiling, but excluding interests. The remeasurements of defined benefit liabilities are recognized under other comprehensive income.

The Company shall recognize the remeasurement of the defined benefit plan under other comprehensive income and accumulate the retained earnings. The Company decided that net interest expense (revenue) on the net defined benefit liabilities (assets) is calculated by the net defined benefit liabilities (assets) and the discount rate determined at the start of the reporting period. Net interest expense on the net defined benefit plan and other expenses are recognized in profit or loss.

When the plan is modified or reduced, the benefit changes related to the past service costs or reduced benefits or losses are immediately recognized in profit or loss. When the Company repays the debts, the gains or losses due to settlements of defined benefit plan are recognized.

3. Short term employee benefits

Short term employee benefits obligation is measured at an undiscounted basis and recognized as expenses as related services provided.

(XV) Income Taxes

The income tax for the period comprises current and deferred tax. Current and deferred income taxes shall be recognized as profit or loss or recognized directly under the equity and other comprehensive income.

Current income tax includes expected tax payable or tax refundable calculated based on the taxable income and the adjustments to tax payable or income tax refund receivable from prior years. The amount thereof refers to the best estimate of the amount expected to be paid or received measured by the statutory tax rates or tax rate that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognized for the temporary differences arising between the book value for the purpose of reporting assets and liabilities as well as the tax bases of these assets and liabilities on the reporting date. However, the temporary difference resulting from the following conditions are not recognized as deferred income tax:

1. From an asset or liability originally recognized in a transaction other than a business combination and at the time of the transaction it would not affect either accounting or taxable profit (loss);

2. The Company is able to control the timing of the reversal of the temporary difference arising from investments in subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rate at the reversal of the temporary difference using the statutory tax rate or substantive legislative rate as a basis.

Deferred income tax assets and liabilities of the Company are offset only when all the following conditions are met:

1. When the entity has the legally enforceable right to offset current tax assets against current tax liabilities, and
2. Deferred income tax assets and deferred income tax liabilities are levied by the same taxation authority are of;
   (1) The same taxpaying entity; or
   (2) Different entities, however each entity intends to settle, for the expected recovery of all significant deferred income tax assets and the expected settlement of the deferred income tax liabilities in every future period, at a net basis the current tax liabilities or assets or realize the assets and settle the liabilities simultaneously.

To the extent they may be used to offset future taxable income, the unused tax losses and credits carried to subsequent periods as well the deductible temporary differences are recognized as deferred income tax assets. And they should be reassessed at each reporting date, reduced within the extent of the relevant income tax benefits more likely than not to be realizable, or reversal the reduced amount within the extent of them very likely turning into sufficient taxable income.

(XVI) Earnings per share

The Company lists the basic and diluted EPS attributed to the common stock equity holder of the Company. The basic EPS of the Company is calculated by dividing the profit and loss attributed to the common stock equity holder of the company by the weight average outstanding common shares of the current period. The diluted EPS is calculated by dividing the profit and loss attributed to the common stock equity holder of the Company by the weight average outstanding common shares adjusted with potential effects on diluting these common shares.

(XVII) Segment Information

The Company discloses segment information in the consolidated financial statements. Therefore, the parent company only financial statements do not disclose segment information.

V. Significant accounting judgments, estimations, assumptions and sources of estimation uncertainty

The preparation of the parent company only financial statements shall be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the management is required to make judgments, estimates and assumptions that will affect application of the accounting policies and the amount reported on assets, liabilities, revenues and expenses. Actual results may differ from the estimates.

The management continues to review and estimate the underlying assumption, changes of accounting estimate are recognized in the year the change occurs or in the future period that will be impacted by the change.

The following assumptions and estimates are subject to significant risks of material adjustments to the carrying amounts of assets and liabilities in the next financial year and have reflected the impact of the Covid-19 outbreak. The relevant details are as follows:

(I) Valuation of inventory

As inventory is measured at the lower of cost or net realizable value, on the reporting date the Company assesses the loss of inventory due to normal wear and tear, obsolesce or of no market value, and has the corresponding costs of inventory offset with the net realized value. Inventory valuation is based primarily on an estimate of the need of a product in a specific period in the future. There might be significant changes due to changes of products.

(II) Impairment assessment for investments accounted for using the equity method

The valuation of investments accounted for using the equity method relies on subjective judgment of the Company, including recognition of the cash generating units and the recoverable amount of the relevant cash generating units.

VI. Details of significant accounting items

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	$ 889	1,081
Checks and demand deposits	89,389	120,208
Cash and cash equivalents listed on the cash flow statement	**$ 90,278**	**121,289**

For disclosure of interest risk and sensitivity analysis of the financial assets and liabilities of the Company please refer to note 6 (16)

As of December 31, 2022 and 2021, the cash and cash equivalent of the Company were not provided as loan guarantee or litigation collateral to a financial institute or court.

(II) Notes Receivable and Accounts Receivable

	2022.12.31	2021.12.31
Notes receivable - from business operation	$ 14,498	17,417
Accounts Receivable	125,663	95,926
Account Receivable - Related Party	233,745	196,437
Less: Loss Allowance	(2,148)	(2,267)
	$ 371,758	307,513

The Company adopted the simplified method to estimate credit loss of all notes and accounts receivable, e.g. adopting the lifetime expected credit loss measurement method. For measurement purposes, the notes and accounts receivable are classified per the common credit risk characteristic of customers' ability to pay the total amount due under contract terms and included as prospective information. The company expected credit loss analysis of notes and accounts receivable as of December 31,2022 and 2021 are as below:

	2022.12.31		
	Carrying Amount of Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	$ 367,273	0.36%	1,340
Overdue Less Than 60 Days	6,537	11.44%	748
Over 61-90 Days	49	42.86%	21
Over 91-180 Days	21	61.9%	13
Over 181-365 Days	26	100%	26
	$ 373,906		2,148

	2021.12.31		
	Carrying Amount of Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	$ 291,283	0.17%	504
Overdue Less Than 60 Days	18,401	9.29%	1,711
Over 61-90 Days	66	48.48%	32
Over 91-180 Days	30	66.67%	20
	$ 309,780		2,267

The Company changes to the statement of loss allowance for notes and accounts receivable are as below:

		2022	2021
Beginning balance	$	2,267	731
Recognized Impairment Loss		-	1,536
Gain on reversal of impairment loss		(119)	-
Ending balance	$	2,148	2,267

As of December 31, 2022 and 2021, no notes receivable and accounts receivable of the Company pledged as collateral.

(III) Other Receivable and Overdue Receivable

		2022.12.31	2021.12.31
Other Receivable	$	4,226	6,399
Other Receivable - Related Party		22,449	33,660
Overdue Receivable		16,563	16,563
Less: Loss Allowance		(16,563)	(16,563)
	$	26,675	40,059

The Company changes to the statement of loss allowance for other receivable and overdue receivable are as below:

		2022	2021
Balance at the end of the period (i.e. balance at the beginning of the period)	$	16,563	16,563

Please refer to Note 6 (16) for information on other credit risks

(IV) Inventories

		2022.12.31	2021.12.31
Finished goods	$	14,731	10,180
Work in Process		46,198	46,681
Raw Materials		71,645	101,775
Products		5,324	21,441
Inventories in transit		77	2,089
	$	137,975	182,166

Details of the inventory related expenses loss under operating costs recognized in 2022 and 2021 are as follows:

	2022	2021
Costs of sales	$ 839,742	824,596
Loss on inventory scrap	1,458	2,141
Loss on market value decline of inventory	7,831	6,090
Inventory adjustment credits	(361)	(353)
Income from scrap and wastes	(26)	(42)
Total Operating Costs	$ 848,644	832,432

As of December 31, 2022 and 2021, no inventory of the Company pledged as collateral.

(V) Investment accounted for using the equity method

The investments of the Company accounted for using the equity method at the reporting date are as follows:

	2022.12.31	2021.12.31
Subsidiary	$ 1,673,388	1,971,687

Subsidiary

Please refer to the consolidated financial statements for 2022.

As of December 31, 2022 and 2021, no investments accounted for using the equity method of the Company were pledged as collateral.

(XI) Real estate properties, plants and equipment

Details of the changes in costs and accumulated depreciation of the Company's property, plant and equipment for 2022 and 2021 are as follows:

	Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Cost:					
Balance as of January 1, 2022	$ 254,863	183,100	17,238	33,647	488,848
Addition	-	5,185	3,710	11,921	20,816
Disposal	-	(6,506)	(1,925)	(17,761)	(26,192)
Reclassification	-	250	1,155	(1,405)	-
Balance as of December 31, 2022	$ 254,863	182,029	20,178	26,402	483,472
Balance as of January 1, 2021	$ 254,863	184,202	19,192	34,375	492,632
Addition	-	16,997	832	9,354	27,183
Disposal	-	(18,099)	(2,786)	(9,448)	(30,333)
Reclassification	-	-	-	(634)	(634)
Balance as of December 31, 2021	$ 254,863	183,100	17,238	33,647	488,848

		Land	Buildings and constructions	Machinery Equipment	Other equipment	Total
Accumulated Depreciation:						
Balance as of January 1, 2022	$	-	68,298	9,644	17,302	95,244
Depreciation in current period		-	9,981	2,526	10,789	23,296
Disposal		-	(6,506)	(1,925)	(17,761)	(26,192)
Balance as of December 31, 2022	**$**	**-**	**71,773**	**10,245**	**10,330**	**92,348**
Balance as of January 1, 2021	$	-	79,032	9,749	12,141	100,922
Depreciation in current period		-	7,365	2,681	14,609	24,655
Disposal		-	(18,099)	(2,786)	(9,448)	(30,333)
Balance as of December 31, 2021	**$**	**-**	**68,298**	**9,644**	**17,302**	**95,244**
Carrying Value:						
December 31, 2022	**$**	**254,863**	**110,256**	**9,933**	**16,072**	**391,124**
December 31, 2021	**$**	**254,863**	**114,802**	**7,594**	**16,345**	**393,604**

1. Other assets were reclassified to intangible assets by $634 thousand in 2021.
2. For details of financing guarantees as of December 31, 2022 and 2021, please refer to Note 8.

(VII) Intangible Assets

Detail of costs and accumulated amortization of the intangible assets of the Company for 2022 and 2021 are as follows:

		Computer Software
Cost:		
Balance as of January 1, 2022	$	8,853
Obtained individually		348
Balance as of December 31, 2022	**$**	**9,201**
Balance as of January 1, 2021	$	7,089
Obtained individually		1,812
Disposal		(682)
Reclassified to		634
Balance as of December 31, 2021	**$**	**8,853**
Accumulated Amortization:		
Balance as of January 1, 2022	$	4,672
Amortization in current period		1,660
Balance as of December 31, 2022	**$**	**6,332**
Balance as of January 1, 2021	$	3,967
Amortization in current period		1,387
Disposal		(682)
Balance as of December 31, 2021	**$**	**4,672**
Carrying Value:		

Balance as of December 31, 2022	$	2,869
Balance as of December 31, 2021	$	4,181

(VIII) Short-term notes

The detail of short-term borrowings of the Company is as follows:

		2022.12.31	2021.12.31
Unsecured bank borrowings	$	253,644	213,105
Secured bank borrowings		34,650	127,310
Total	$	288,294	340,415
Unused credit term	$	766,806	754,385
Interest rate range		1.3%~5.59%	0.85%~1.46%

For detail on property, plant and equipment used by the Company as mortgage to guarantee borrowing from the bank or as the funding credit to the bank please refer to Note 8.

(IX) Employee benefits

1. Defined benefit plan

Reconciliation of the present value of the defined benefit obligations plan and the fair value of the plan assets of the Company is as follows:

		2022.12.31	2021.12.31
Present value of defined benefit obligation	$	27,273	32,820
Fair value of the plan assets		(26,230)	(27,459)
Net defined benefit liability	$	1,043	5,361

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitles a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension fund contributed in accordance with the Labor Standards Act is controlled and managed by the Bureau of Labor Funds of the Ministry of Labor (referred to as “Bureau of Labor Funds”). In accordance with the “Regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund”, with respect to the utilization of funds, the minimum yield distributed at year closing shall not be lower than earnings calculated on the two-year time deposits with interest rates compatible with those of local banks.

As of the reporting date, the Bank of Taiwan labor pension reserve account balance of the Company amounted to NT$26,230 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

(2) Movements in present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations of the Company for 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations on January 1	$ 32,820	35,930
Current service costs and interests	295	424
Remeasurement of net defined benefit liability		
- Actuarial gain due to adjustment on experiences	(124)	(2,432)
- Actuarial loss due to changes on assumption of demographic statistic	-	598
- Actuarial loss due to changes of financial assumption	(2,096)	-
Income (Loss) of past service cost and settlement	(3,622)	-
Payment of planned assets	-	(1,700)
Defined benefit obligations on December 31	$ 27,273	32,820

(3) Movement in fair value of plan assets

The changes in fair value of the defined benefit plan assets of the Company of 2022 and 2021 are as follows:

	2022	2021
Fair value of the plan assets as of January 1	$ 27,459	27,872
Interest Income	139	141
Remeasurement of net defined benefit liability		
- Returns on plan assets (no current interests included)	2,250	365
Amounts contributed to the plan	-	781
Payment of planned benefits	-	(1,700)
Income (Loss) of past service cost and settlement	(3,618)	-
Fair value of the plan assets as of December 31	$ 26,230	27,459

(4) Expenses recognized in profit or loss

Detail of expenses of the Company of 2022 and 2021 are as follows:

	2022	2021
Service costs in current period	$ 131	244
Net interests of the net defined benefit liability	25	39
	$ 156	283
General and Administrative Expenses	$ 156	283

(5) Remeasurement of net defined benefit liability recognized as other comprehensive income

Remeasurement of the net defined benefit liability accumulated recognized as other comprehensive income by the Company is as follows:

	2022	2021
Accumulated Balance, January 1	$ (5,038)	(7,238)
Recognized in current period	4,470	2,200
Accumulated Balance, December 31	$ (568)	(5,038)

(6) Actuarial assumptions

Significant actuarial assumptions adopted by the Company to determine present value of defined benefit obligation as of the reporting date are as follows:

	2022.12.31	2021.12.31
Discount rate	1.375%	0.500%
Future salary rate increase	2.250%	2.250%

The weighted average duration of the defined benefit plan is 7.3 years.

(7) Sensitivity analysis

As of December 31, 2022 and December 31, 2021 the impact due to change on major actuarial assumption of the defined benefit obligation is as follows:

	The impact of the defined benefit obligations	
	Amount increased	Amount decreased
December 31, 2022		
Discount rate (0.25% changed)	$ (493)	510
Increase in the future salary level (0.25% changed)	497	(483)
December 31, 2021		
Discount rate (0.25% changed)	(687)	712
Increase in the future salary level (0.25% changed)	688	(668)

The above sensitivity analysis is to analyze the impact brought by change of one single assumption, with other assumptions remaining unchanged. In reality, many assumptions are correlated. The approach adopted by the sensitivity analysis is the same as the approach to calculate net defined benefit liability as of the balance sheet.

The sensitivity analysis adopted this current period is the same as that used in the previous period.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company pension fund expenses under the defined contribution method are NT$10,248 thousand and NT$10,421 thousand for the year of 2022 and 2021, respectively.

(X) Income Taxes

1. Income tax expense

Detail of the income tax expenses of the Company for 2022 and 2021 are as follows:

	2022	2021
Tax expenses in current period		
Incurred in current Period	$ 16,735	3,516
Expense of deferred income tax (benefit)		
Origination and reversal of temporary difference	(1,876)	547
Income tax expenses	**$ 14,859**	**4,063**

Detail of income tax expense recognized by the Company under other comprehensive income for 2022 and 2021 are as follows:

	2022	2021
Remeasurement of defined benefit plan	**$ 894**	**440**

Reconciliation of income tax expenses and profit before tax by the Company for 2022 and 2021 are as follows:

	2022	2021
Profit before Tax	$ 176,268	106,310
Income tax expenses calculated with the statutory rate enforced in the country where the Company is located	$ 35,254	21,262
Impact on tax rate difference of foreign jurisdiction	(588)	(186)
Tax imposed on undistributed earnings	-	1,909
Tax incentive	(4,184)	(875)
Other adjustments per tax laws	(15,623)	(18,066)
Estimated Income tax Difference	-	19
Total	$ 14,859	4,063

2. Deferred income tax assets and liabilities

(1) Unrecognized Deferred Income Tax Liabilities

The related temporary difference between the Company and its invested subsidiaries as of December 31, 2022 and 2021 is not recognized as the Company controls the time to reverse the temporary difference and believes the reversal will not take place in the foreseeable future. Therefore not recognized as deferred income tax liabilities. Relevant amount is as follows:

	2022.12.31	2021.12.31
Summary of the temporary difference between the company and its subsidiaries	$ 394,587	330,616
Amount yet to be recognized as deferred income tax liabilities	$ 78,917	66,123

(2) Unrecognized deferred income tax assets

As of December 31, 2022 and 2021, the Company did not recognize any deferred income tax assets.

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2022 and 2021 are as follows:

Deferred income tax assets:

		Defined benefit plan	Unrealized goes margin from sales to affiliated companies	Unrealized loss for market price decline of inventory	Loss Allowance	Others	Total
January 1, 2022	$	944	15,634	2,693	2,957	5,870	28,098
(Debit) / Credit income statement		31	3,077	1,566	(95)	(2,703)	1,876
(Debit) / Credit other comprehensive income		(894)	-	-	-	-	(894)
December 31, 2022	**$**	**81**	**18,711**	**4,259**	**2,862**	**3,167**	**29,080**
January 1, 2021	$	1,483	14,313	1,475	2,957	8,857	29,085
(Debit) / Credit income statement		(99)	1,321	1,218	-	(2,987)	(547)
(Debit) / Credit other comprehensive income		(440)	-	-	-	-	(440)
December 31, 2021	**$**	**944**	**15,634**	**2,693**	**2,957**	**5,870**	**28,098**

3. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities through 2020.

(XI) Capital and other equity

1. Issuance of common shares

As of December 31, 2022 and December 31, 2021, the authorized capital of the Company amounted to NT$ 1,500,000 thousand, with each share at NT$10 par value and 150,000 thousand shares authorized. The authorized shares mentioned above are all common shares. The outstanding shares are 100,912 thousand shares and the subscription amount for the shares was fully received.

2. Capital Reserve

The balance of the capital reserve of the Company is as follows:

		2022.12.31	2021.12.31
Additional paid-in capital in excess of par issued	$	335,111	335,111
Lapsed stock options		10,523	10,523
Consolidated additional paid in capital		1	1
	$	**345,635**	**345,635**

Pursuant to the Company Act, the company may transfer realized capital reserve to capital or distributes cash dividends to shareholders in proportion to their share ownership only after the capital reserve has been used to offset a deficit. Realized capital reserve includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. According to the Regulations

Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve to be used to increase capital shall not exceed 10% of total paid-in capital.

3. Retained Earnings

Under the Articles of Incorporation of the company, the earnings, if any, shall be distributed after close of the year as follows:

(1) Pay for income taxes.

(2) Restore cumulative losses.

(3) Set aside 10% as a legal reserve, except if the statutory reserve has reached the amount as capital of the Company then it is not bound by this statue.

(4) Have the special reserve appropriated or revered in accordance with applicable laws and regulations or competent authority.

(5) The Board of Directors should add the remainder with the accumulated undistributed earnings from previous years and submit a proposal to the shareholders' meeting for them to agree the distribution of earnings.

Dividend policy of the Company is as follows:

Dividend policy of the Company, set up by the Board of Directors, is to match with the development of business scale, investment plan while taking into account the capital expenditure and internal and external environmental changes of the Company. The Board of Directors initiated the earning distribution plan and submitted it to the shareholders' meeting for their resolution to distribute the earnings. Dividends may be distributed in the form of cash or shares, provided, however, that shares dividends distributed in respect of any fiscal year shall not exceed 50 percent of earnings distributed.

(1) Statutory reserves

While a company incurs no loss, pursuant to the resolution by the shareholders' meeting, it may have the statutory reserve distributed by new shares or cash, however, only with an amount exceeding 25 percent of its paid-in capital.

(2) Special reserves

When the Company first adopted IFRSs endorsed by the FSC, it chose to apply IFRS 1 "First time Adoption of International Financial Reporting Standards", and recorded the exempts items as accumulated translation adjustment (benefits) under shareholders' equity and have the retained earnings increased by NT$9,477 thousand. As the amount did not exceed NT$8,852 thousand the net increase of retained earnings as adopting the IFRSs endorsed by FSC on the conversion date, in accordance with the regulation by FSC, the Company is only required to appropriate special reserve on the net increase of retained earnings due to the conversion to IFRSs endorsed by FSC, and may reverse a percentage of the original appropriated special reserve for the distribution of earnings upon utilizing, deposing or reclassifying relevant assets. As of December 31, 2022 and 2021, the special reserves are NT$252,634 thousand and NT$178,568 thousand, respectively.

When the Company distributed distributable retained earnings, if there is any difference between the debits recorded under other shareholders' equity of the year and balance of the special reserve mentioned in the previous paragraph, additional special reserve should be appropriated from the profit or loss of this current period and the undistributed retained earnings of prior period; if they are debits of other shareholders' equity accumulated from prior periods, the special reserve appropriated additionally from the retained earnings of prior periods shall not be distributed. Later on when there is a reversal on debits of the other shareholders' equity, the amount reversed may be used for distributing earnings.

(3) Earnings Distribution

The shareholders' meeting resolved to distribute earnings of 2021 and 2020 on June 20, 2022 and August 26, 2021, respectively. The dividends distributed to the owners are as follows:

	2021		2020	
	Allotment rate (dollar)	**Amount**	**Allotment rate (dollar)**	**Amount**
Cash	$ 0.55	55,501	0.55	55,501

4. Other equity (net of tax)

		Financial statements translation differences of foreign operations	Unrealized Profit and Loss on Financial Asset Measured at Fair Value Through Other Comprehensive Income	Total
Balance as of January 1, 2022	$	(258,393)	5,759	(252,634)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	3,299	3,299
Share of translation difference of subsidiaries and joint ventures accounted for using equity method		49,196	-	49,196
Balance as of December 31, 2022	$	(209,197)	9,058	(200,139)
Balance as of January 1, 2021	$	(170,527)	9,010	(161,517)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	(3,251)	(3,251)
Share of translation difference of subsidiaries and joint ventures accounted for using equity method		(87,866)	-	(87,866)
Balance as of December 31, 2021	$	(258,393)	5,759	(252,634)

(XII) Earnings per share

In 2022 and 2021, relevant calculations of the basic EPS and diluted EPS of the Company are as follows:

1. Basic EPS

		2022	2021
(1) Net income attributable to common stock shareholders of the Company	$	161,409	102,247

(2) Weighted average number of common shares outstanding

		2022	2021
Weighted average number of common stock shares outstanding	$	100,912	100,912
Basic EPS (Dollars)	$	1.60	1.01

2. Diluted EPS

		2022	2021
Net income attributable to common stock shareholders of the Company (Basic)	$	161,409	102,247
Net income attributable to common stock shareholders of the Company (diluted)	$	161,409	102,247
Weighted average number of common shares outstanding (basic)		100,912	100,912
Impact of remuneration to employees		624	408
Weighted average number of common shares outstanding(diluted) on December 31		101,536	101,320
Diluted EPS (Dollars)	$	1.59	1.01

(XIII) Revenue from Contracts with Customers

1. Details of Revenue

		2022	2021
Major Market:			
Spain	$	209,057	213,576
United States of America		9	175,188
Switzerland		107,419	44,569
Taiwan		291,848	118,597
Japan		141,777	152,045
France		104,492	61,774
Italy		102,276	13,098
Other Country		306,068	397,666
	$	1,262,946	1,176,513
Major Product:			
Support Surface Systems	$	641,254	615,892
Respiratory Therapy Devices		373,133	374,690
Welfare equipment		115,286	102,017
Electronic medical devices		15,506	16,238
Others		117,767	67,676
	$	1,262,946	1,176,513

2. Contract Balance

		2022.12.31	2021.12.31	2021.1.1
Notes receivable - arising from operations	$	14,498	17,417	11,996
Accounts Receivable (including related parties)		359,408	292,363	246,290
Less: Loss Allowance		(2,148)	(2,267)	(731)
Total	$	371,758	307,513	257,555

Please Refer to Note 6 (2) for Accounts Receivable and its' Impairment.

(XIV) Remuneration to employees and directors

According the Article of Incorporation of the Company as approved by the board of directors, if the Company has profits, it shall appropriate 5% ~ 15% as remuneration to employees and not more than 2% as remuneration to the Directors. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements.

The Company estimated the remuneration to employees were NT$15,634 thousand and NT$9,429 thousand in 2022 and 2021, respectively, and the remuneration to directors were NT$3,518 thousand and NT$2,121 thousand in 2022 and 2021, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2022 and 2021. For relevant information, please log on to MOPS hosted by TWSE for inquiry. The distribution of the above remuneration to employees and directors for 2022 and 2021 adopted by a resolution of the Board of Directors has no difference from those estimated in the Company's Parent Company Only Financial Statements for 2022 and 2021.

(XV) Non-operating income and expenses

1. Interest Income

Details of interest income of the Company as follows:

		2022	2021
Bank deposits interest	$	136	43
other interest Income		432	744
Interest Income	$	568	787

2. Other Income

Details of other income of the Company as follows:

		2022	2021
Rental income	$	11	-
Dividend Income		161	38
Other Income	$	172	38

3. Other Profits and Losses

Details of other profits and losses of the Company, as follows:

		2022	2021
Gain on Disposal of Financial Assets	$	-	38
Foreign Exchange Losses		(3,812)	(8,619)
Others		28,482	3,355
Net of Other Gains and Losses	$	24,670	(5,226)

4. Financial Costs

Details of financial costs of the Company as follows:

		2022	2021
Lease liabilities interest amortization	$	(29)	(28)
Interest on bank loans		(5,660)	(2,555)
Financial Costs, net	$	(5,689)	(2,583)

(XVI) Financial Instruments

1. Credit risk

(1) Credit Risk Exposure

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure.

(2) Concentration of credit risk

As the Company has a broad customer base and does not concentrate its sales with a single customer and its sales territory spreads out, the concentration credit risk on accounts receivable is of little concern. The Company adopts a policy to deal only with parties with outstanding reputation. It also periodically evaluates the financial performance of its customers, and if necessary, requests collateral as security to mitigate the risk of financial loss due to default payment. Please refer to Note 6 (2) for information on credit risk exposure of notes receivable and accounts receivable; Other financial assets at amortized cost (including other receivables and time deposits) are financial assets with low credit risk, therefore, the allowance for losses is measured at the expected credit loss amount for the 12-month period. Please refer to Note 4 (6) for the explanation of how to determine the credit risk of the Consolidated Company.

2. Liquidity risk

The table below summarizes maturity dates of the company's financial liabilities. It includes estimated interests but excludes impact of netting agreement.

	Carrying Amount	Cash flow from the agreement	Within 6 months	Within 6 ~ 12 months	1~2 years	2~5 years	Over 5 years
December 31, 2022							
Non derivative financial liabilities							
Non -interest bearing liability	$ 216,162	(216,162)	(216,162)	-	-	-	-
Lease liabilities	2,533	(2,545)	(1,010)	(794)	(741)	-	-
Instrument with floating interests	288,294	(288,294)	(288,294)	-	-	-	-
	$ 506,989	**(507,001)**	**(505,466)**	**(794)**	**(741)**	**-**	**-**
December 31, 2021							
Non derivative financial liabilities							
Non -interest bearing liability	$ 645,762	(645,762)	(645,762)	-	-	-	-
Lease liabilities	3,632	(3,722)	(981)	(846)	(1,456)	(439)	-
Instrument with floating interests	340,415	(342,049)	(342,049)	-	-	-	-
	$ 989,809	**(991,533)**	**(988,792)**	**(846)**	**(1,456)**	**(439)**	**-**

The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

3. Foreign exchange risk

(1) Risk Exposure of Exchange Rate Risk

Financial assets and liabilities of the Company that are exposed to significant foreign currency exchange rate risk are as follows:

	2022.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary item			
USD	$ 2,406	30.7100	73,888
Euro	8,105	32.7200	265,196
GBP	890	37.0900	33,010
RMB	1,799	4.4080	7,930
Financial liability			
Monetary item			
USD	1,487	30.7100	45,666
Euro	5,338	32.7200	174,659
GBP	618	37.0900	22,922
RMB	2,446	4.4080	10,782

	2021.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary item			
USD	$ 3,834	27.6800	106,125
Euro	5,401	31.3200	169,159
GBP	728	37.3000	27,154
RMB	4,394	4.3440	19,088
Financial liability			
Monetary item			
USD	3,554	27.6800	98,375
Euro	3,550	31.3200	111,186
GBP	436	37.3000	16,263
RMB	6,041	4.3440	26,242

(2) Sensitivity analysis

The Company’s exchange rate risk is mainly from cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables denominated in foreign currency and the foreign exchange gain or loss upon translation to NTD. On December 31, 2022 and 2021, when NTD depreciated or appreciated against USD, Euro, GBP and RMB by 2% and on the condition that all other factors remained the same, the net income before tax in 2022 and 2021 of the Consolidated Company would increase or decrease by NT$2,520 thousand and NT$1,389 thousand, respectively. Analyses of these two periods adopted the same basis.

(3) Exchange gains and losses from the translation of monetary items

Since the Company has a wide variety of functional currencies, it adopts the aggregated exposures of the exchange gains and losses information of the monetary items. The gains (losses) on foreign currency exchange (including realized and unrealized) in 2022 and 2021 were NT$(3,812) thousand and NT$(8,169) thousand, respectively.

4. Interest rate analysis

Interest risk exposure of the financial assets and liabilities of the Company is explained in the Note of risk of liquidity management.

The following sensitivity analysis is determined in accordance with the interest risk exposure of the derivative and non-derivative instruments on the reporting date. For floating interest rate liabilities, the analysis is made by assuming the liability amounts on the reporting date are outstanding for the whole year. Staff of the Company reported to key management personnel that the interest rates they reported are with changes of an increase 2% or a decrease of 2%, and this represents a reasonable range of change, as estimated by the management.

If the interest rate increased or decreased by 2%, on the condition that all other factors remained the same, the Company's net income before tax for 2022 and 2021 would decrease or increase by NT$5,766 thousand and NT$6,808 thousand respectively. This is because the loan borrowed by the Company is with a floating interest rate.

5. Other price risks

If the price of equity securities changes on the reporting date (the analysis of two conservative periods adopts the same basis and assume the other factors remain unchanged), the impact on the comprehensive income and loss is as follows:

	2022		2021	
Security price of the reporting date	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**	**Amount of other comprehensive income after tax**	**Income (Loss) after tax**
Increased by 1%	$ 192	-	159	-
Decreased by 1%	$ (192)	-	(159)	-

6. Information on fair value

(1) Category and fair value of the financial instruments

The Company through the financial assets measured at fair value and Financial Assets Measured at fair value through other comprehensive income (available-for-sale financial assets) as measured at fair value on a recurring basis. All kinds of carrying value and fair value of financial assets and liabilities (Including information on the level of fair value, financial instruments not measured by fair value but with carrying value reasonably approximates to the fair value, as well as the rental liability, so no fair value information is required to be disclosed in accordance of rules) are listed as follows:

	2022.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 19,165	-	-	19,165	19,165
Financial assets measured with amortized cost					
Cash and cash equivalents	90,278	-	-	-	-
Notes receivable and accounts receivable (including related parties)	371,758	-	-	-	-
Other Receivables (including related parties)	26,675	-	-	-	-
Total	$ 507,876	-	-	19,165	19,165
Short-Term borrowings	$ 288,294	-	-	-	-
Notes payable and accounts payable (including related parties)	91,941	-	-	-	-
Other Payables (including related parties)	124,221	-	-	-	-
Lease liabilities	2,533	-	-	-	-
Total	$ 506,989	-	-	-	-

	2021.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	$ 15,866	-	-	15,866	15,866
Financial assets measured with amortized cost					
Cash and cash equivalents	121,289	-	-	-	-
Notes receivable and accounts receivable (including related parties)	307,513	-	-	-	-
Other Receivables (including related parties)	40,059	-	-	-	-
Sub total	468,861	-	-	-	-
Total	**$ 484,727**	**-**	**-**	**15,866**	**15,866**
Short-Term borrowings	$ 340,415	-	-	-	-
Notes payable and accounts payable (including related parties)	111,789	-	-	-	-
Other Payables (including related parties)	533,973	-	-	-	-
Lease liabilities	3,632	-	-	-	-
Total	**$ 989,809**	**-**	**-**	**-**	**-**

(2) Knowhow to measure fair value of financial instruments that are not measured with fair value.

The methodology and assumptions the Company uses to estimate the financial instruments not measured at fair value are as follows:

Financial liabilities measured with amortized cost

If there is a closing report or quotation to make the deal available, the price for the transaction just closed recently and the quotation price can be used as a basis to estimate the fair value. If there is no market price for reference, the valuation method shall be used for the estimate. The estimate and assumption used for valuation is the fair value estimated by present value of cash flow.

(3) Know how to evaluate the fair value for financial instruments measured at fair value.

If quoted prices in active markets are available, they are used as fair value. The market price announced by major exchanges and the OTC trading centers for central government bonds, which are judged to be popular, are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

A financial instrument has active market quotations if public quotations are available from exchanges, brokers, underwriters, industry associations, pricing service agencies, or competent authorities in a timely and regular manner and the prices represent actual and regular arm's-length market transactions. If the above criteria are not met, the market is not considered active. In general, a very wide bid-ask spread, a significant increase in the bid-ask spread, or low trading volume are all indicators of an inactive market.

For financial instruments held by the Company, if quoted prices in active market are available, their fair values are listed in accordance with categories they belong to and their natures as follows:

The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in an active market, are determined by reference to quoted market prices.

Except for the above-mentioned financial instruments with an active market, the fair values of other financial instruments are obtained by using valuation techniques or by referring to quoted prices from counterparties. Fair value obtained through the valuation techniques may be referenced to the current available fair value, discount cash flow method or valuation techniques of other financial instruments of similar natures and features, including value obtained through market information calculation model on the balance sheet.

The fair values of financial instruments held by the Company that do not have an active market are presented below by category and attribute:

- Equity instruments without quoted market prices: The fair values are estimated using market comparable company method, and the main assumptions are based on the estimated earnings before tax, interest, depreciation and amortization of the investees and the earnings multipliers derived from the quoted market prices of comparable listed companies. The estimates are adjusted for the discount effect of the lack of marketability on the equity securities.

(4) Transfer between Level 1 and Level 2

There were no transfers in 2022 and 2021.

(5) Quantitative Information of Fair Value Measurement for the Significant Unobservable Inputs (the third level)

The Company fair value measurement classified as the third level is financial assets measured at fair value through other comprehensive income – equity security investment.

The Company's investments in equity instruments with no active market have plural material unobservable input values. The significant unobservable inputs of equity instrument investments without an active market are independent from each other, so no interrelationship exists.

The quantitative information of the significant unobservable inputs is listed as below:

Item	Technique Valuation	Significant Unobservable Inputs	Relationship Between Significant Unobservable Input and Fair Value
Financial Assets Measured at Fair Value Through Other Comprehensive Income - Equity Instrument Investment Without an Active Market	Analogy Listed and Over-the-counter Company Law	• Discount for lack of marketability (25% as of 2022.12.31 and 2021.12.31)	• The higher the discount for lack of marketability is, the lower the fair value is.

(XVII) Financial risk management

1. General description

The Company is exposed to the following risks due to use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market Risk

The Note presents the risk exposure information of the above risks, the goal, policy, and program as how the Company would measure and manage these risks. For further qualitative disclosure of this information please refer to relevant notes to the parent company only financial statements.

2. Framework of the risk management

The financial management department of the Company provides services to all business units. It organizes and coordinates to operate in the domestic and international financial market, as well as to monitor and manage the financial risks of the operation of the company by analyzing the risk exposure by the risk level and the breath of the risks. The Company avoids risk exposure through derivative financial instruments, in order to mitigate the impact of the risks. The application of derivative financial instruments is confined by the policy approved by the Board of Directors. The policy is the written principles for the foreign exchange risk, interest risk, credit risk, the application of derivative and non-derivative financial instruments, as well as the investment by the remaining liquid funds. The internal auditors continue to review compliance of the policy and the limit of the risk exposure.

3. Credit risk

Credit risk refers to the risk that the customers or counterparty default on the contractual obligations and result in financial loss to the Company; it is mainly from the receivables from customers and investment in securities.

(1) Accounts receivable and other Receivables

The Company adopts a policy of dealing only with counterparties with an outstanding reputation, and to secure collateral, if necessary, to mitigate the risk of financial loss due to default payment. The Company uses other public obtainable financial information and the historical transaction records with the major clients to perform a credit rating, and continue to monitor the credit risk exposures and the credit rating of the counterparties. The Company also allocated total transactions amounts to customers with satisfied credit ratings and had its risk management committee to review and approve credit ratings of the counterparties annually to control credit risk exposure.

The Company does not hold any collateral or other credit enhancing tools to avoid the credit risk of financial assets.

(2) Investment

Credit risk from bank deposits and other financial instruments is regularly monitored by the financial department of the Company. Considering the counterparties to the Company's transactions and performance of contracts are banks with good credit; and financial institutions, corporate organizations, and government agencies with a certain level of credit ratings or above, on which there is no significant doubt about the performance of contracts; there is no significant credit risk.

(3) Guarantee

It is the Company's policy allow the Company to provide financial guarantees to companies with which the Company has business dealings and to companies in which the Company directly or indirectly holds more than 50% of the voting shares. Please refer to Note 7 (3) for the Company's endorsement and guarantee to its subsidiaries as of December 31, 2022 and 2021.

4. Liquidity risk

Liquidity risks refer to risks the Company may not render cash or other financial assets to settle financial liability and fulfill relevant obligation. The approach of the Company adopts to manage liquidity is to ensure the Company, in regular circumstances and under pressure, would have sufficient liquidity fund to pay for liability that is due, and not to suffer from unacceptable losses or risk that its reputation would be damaged.

The Company manages and maintains adequate cash and cash equivalents to fund the operation and to mitigate the impact on cash fluctuation. The management of the Company monitors the usage of bank credit terms to ensure the terms of the loan contract being complied accordingly. For the unused credit line of the Company as of December 31, 2022 and 2021, please refer to Note 6 (8) for details.

5. Market Risk

Market risk refers to the impact on revenues or values of the financial instruments held by the consolidated company due to fluctuation of the market prices, such as the changes in foreign exchange rate, interest rate and prices in equity instruments. The goal of market risk management is to control the market risk exposure to be within the bearable limits and to optimize the rate of investment.

In order to manage the market risk, the Company engages in the transaction of derivative instruments, if necessary, and thus incurred financial liability. The conductions of transactions are in compliance with the risk management policy.

(1) Foreign exchange risk

The Company is exposed to exchange rate risk resulting from the sales, purchase and borrowing transactions denominated in currencies other than functional currency. The Company's functional currency is primarily NTD. Major transactions are carried out in NTD, Euro, USD, GBP, and RMB.

For accounts receivable denominated in currencies other than functional currency held by the Company, the gains and losses incurred from fluctuation of exchange rate are offset by the exchange gains and losses of short term loans denominated in foreign currency. To lower the risk of the Company is exposed to due to exchange rate.

The Company constantly controls fluctuation of the exchange rate and uses conservative exchange rate as basis of quotation to carefully review fluctuation of the current and future exchange rate. It also employs the foreign forward exchange contract as hedging instruments to avoid consequences brought by fluctuation of the exchange rate.

Interest from the borrowing is denominated using that of the principal. Currencies from the cash flow are the same, mainly NTD, Euro, USD, and GBP.

The Company and subsidiaries do not adopt any approach to mitigate the risks on their investment.

(2) Interest rate risk

For risk exposure on interest rate of the borrowing, the Company would predict the trend of future interest rates to decide what proportion to be fixed rate to mitigate the risk.

The bank borrowings of the Company are all with floating interest rates. The fluctuation of interest rates within the expected borrowing period should be within the range acceptable by the company. Therefore, no measure has been adopted yet to proactively mitigate the risk.

(XVIII) Capital Management

The goal of capital management by the Company is to maintain the capability to continue operating a successful business, and to continue to provide rewards to the shareholders and benefits to the interested parties, and to maintain the best capital structure to lower costs of capital.

To maintain or adjust capital structure, the Company can adjust dividends paid to stockholders, shares returned to shareholders for capital deduction, new stock issuance, or assets sold to liability settlement.

As with its peers, the Company controls capital using debt /capital ratio as a basis. The ratio is calculated by net liability divided by total capital. Net liability is total liability less cash and cash equivalents listed on the balance sheet. Total capital is all equity components (e.g. capital, additional paid-in capital, retained earnings, and other equity) plus net liability.

	2022.12.31	2021.12.31
Total liability	$ 542,632	1,021,290
Less: cash and cash equivalent	(90,278)	(121,289)
Net liability	$ 452,354	900,001
Total equity	$ 2,221,081	2,059,102
Adjusted Capital	$ 2,673,435	2,959,103
Debt/capital ratio	16.92%	30.41%

VII. Related Party Transactions

(I) Parent Company and the ultimate controller

The Company is the ultimate controlling party of the Company and the Group to which it belongs.

(II) Names and relationships of related parties

The related parties who are involved in the transactions with the Company during the period covered by these parent company only financial statements are as follows:

Names of related parties	Relationship with the Company
Apex Medical S.L.	Subsidiary of the Company
Wellell America Corp.	〃 (Note 1)
Wellell (Thailand) Ltd.	〃 (Note 1)
Apex Medical Global Cooperatie UA	〃
Apex Medical Respiratory Ltd.	〃
Wellell France S.A.S.	〃 (Note 1)

Names of related parties	Relationship with the Company
Wellell UK Limited	〃 (Note 1)
Wellell Germany GmbH	〃 (Note 1)
Sturdy Industrial Co., Ltd	〃
Apex (Kunshan) Medical Corp.	〃 (Note 1)
Apex Medical (Kunshan) Co., Ltd.	〃
APEX MEDICAL CORP.	〃
SLK Vertriebs GmbH	〃
Studio88 Design Corp.	Its President and the Chairman of the Company are first-degree relatives
Wen Chuan Investment Development Co., Ltd	Its President is the spouse of the Chairman of the Company

Note 1: To follow the Group's branding strategies, Apex Medical USA Corp., Apex Medical (Thailand) Co., Ltd., Apex Medical Ltd., Apex Medical France and Apex Medical Investment GmbH changed their names to Wellell America Corp., Wellell (Thailand) Ltd., Wellell UK Limited, Wellell France S.A.S. and Wellell Germany GmbH in 2022.

(III) Significant transactions with the related parties

1. Revenue

The amount of major sales of the Company to related parties is as follows:

	2022	2021
Subsidiary - Apex Medical S.L.	$ 210,737	215,185
Subsidiary - APEX MEDICAL CORP.	174,440	-
Subsidiary－Wellell France S.A.S.	104,042	59,185
Subsidiary	127,337	149,745
	$ 616,556	424,115

The selling prices of the Company's sales to related parties were better than those of sales to unrelated parties, except for some transactions which do not have comparable transactions with unrelated parties. The collection terms are 50% in advance of shipment and 15 to 180 days for the rest. The Company does not hold any collateral on the receivables with the related parties. After the evaluation, no provisions for impairment loss will be necessary.

2. Purchase

The amount of purchases made by the Company with the related parties is as follows:

	2022	2021
Subsidiary - Apex (Kunshan) Medical Corp.	$ 169,612	244,493
Subsidiary	2,120	11,682
	$ 171,732	256,175

The Company's purchase prices from its subsidiaries are not comparable to those from other vendors because the types of purchases are different. The payment terms are 15 to 60 days from the monthly cut-off day, which are not significantly different from those of other vendors.

3. Balance of accounts receivable from related parties

The details of the Company's accounts receivable from related parties:

Items listed in the account	Category of the related parties	2022.12.31	2021.12.31
Account Receivable - Related Party	Subsidiary - Apex Medical S.L.	$ 124,906	109,526
Account Receivable - Related Party	Subsidiary - Wellell America Corp.	-	16,379
Account Receivable - Related Party	Subsidiary－Wellell France S.A.S.	53,258	31,703
Account Receivable - Related Party	Subsidiary－Wellell UK Limited	21,276	22,413
Account Receivable - Related Party	Subsidiary - APEX MEDICAL CORP.	16,660	-
Account Receivable - Related Party	Subsidiary－Wellell (Thailand) Ltd.	13,736	10,372
Account Receivable - Related Party	Subsidiary	3,909	6,044
Other Receivable - Related Party	Subsidiary - Apex Medical S.L.	1,523	1,031
Other Receivable - Related Party	Subsidiary - APEX MEDICAL CORP.	19,690	-
Other Receivable - Related Party	Subsidiary	1,236	1,866
		$ 256,194	199,334

4. Balance of accounts payable from related parties

The details of the Company's accounts payable from related parties:

Items listed in the account	Category of the related parties	2022.12.31	2021.12.31
Account Payable - Related Party	Subsidiary - Apex (Kunshan) Medical Corp.	$ 10,779	26,245
Account Payable - Related Party	Subsidiary	690	4,838
Other Payable - Related Party	Subsidiary－Apex Medical Global Cooperative UA	-	411,507
Other Payable - Related Party	Subsidiary－Apex Medical Respiratory Ltd.	-	2,049
Other Payable - Related Party	Subsidiary - Apex Medical S.L.	34	101
Other Payable - Related Party	Subsidiary - Wellell America Corp.	80	-
Other Payable - Related Party	Subsidiary－Wellell Germany GmbH	1,810	2,404

Items listed in the account	Category of the related parties	2022.12.31	2021.12.31
Other Payable - Related Party	Other related party - Li, Chao Yi	31	-
Other Payable - Related Party	Other related parties - Studio88 Design Corp.	-	1,313
		$ 13,424	448,457

5. Other transactions

	Manufacturing Expenses and Operating Expenses		Other Income (Listed as Other Profits and Losses)	
	2022	2021	2022	2021
Subsidiary - APEX MEDICAL CORP.	$ -	-	18,750	-
Subsidiary	8,088	7,681	2,082	3,018
Other related parties - Studio88 Design Corp.	15,000	12,798	-	-
Other related parties	265	-	11	11
	$ 23,353	20,479	20,843	3,029

	Receipts in advance (Listed as Other Current Liabilities)	
	2022.12.31	2021.12.31
Subsidiary	$ 42	-
Other related parties	23	11
	$ 65	11

	Refund liabilities (Listed as Other Current Liabilities)	
	2022.12.31	2021.12.31
Subsidiary - Wellell America Corp.	$ -	2,813

6. Endorsement/guarantee

The amounts of endorsement and guarantee by the Company for related parties as of December 31, 2022 and 2021 were as follows:

	2022.12.31		2021.12.31	
	(Thousand)	Converted to NTD	(Thousand)	Converted to NTD
Wellell Germany GmbH	EUR 6,140	200,901	EUR 6,140	192,305
Wellell America Corp.	USD 1,500	46,065	USD 500	13,840
		$ 246,966		206,145

7. Lending to related parties

		2022	2021
Subsidiary－Wellell France S.A.S.	$	-	30,763

(IV) Remuneration to key management

Remuneration to Key management includes:

		2022	2021
Short term employee benefits	$	13,405	19,729
Benefits after resignation		284	537
	$	13,689	20,266

VIII. Pledged Assets

The book value of the pledged assets of the Company is as follows:

Assets	Objectives of the pledged assets		2022.12.31	2021.12.31
Land	Bank Borrowings	$	254,863	254,863
Building and construction, net	Bank Borrowings		79,831	82,326
		$	334,694	337,189

IX. Significant contingent liabilities and unrecognized contract commitments

As of December 31, 2022 and December 31, 2021, the credit card guarantee applied by the Company to the bank for the use of credit cards in its operation amounted to NT$1,500 thousand.

X. Significant Disaster Loss: None.

XI. Significant events after the balance sheet date: None.

XII. Others

Employee benefits, depreciation, depletion and amortization expenses are summarized by their functions in the table below:

By Function / By Nature	2022			2021		
	Included in Operating Costs	Included in Operating Expenses	Total	Included in Operating Costs	Included in Operating Expenses	Total
Employee Benefit Expenses						
Salary Expenses	64,767	135,589	200,356	61,387	167,013	228,400
Labor Insurance and Health Insurance Expenses	6,104	13,869	19,973	5,860	14,406	20,266
Pension Fund Expenses	2,950	7,454	10,404	2,839	7,865	10,704
Remuneration to Directors	-	8,481	8,481	-	7,030	7,030
Other Employee Benefit Expenses	3,902	6,594	10,496	3,751	6,636	10,387
Depreciation	15,003	10,273	25,276	17,662	8,524	26,186
Amortization	-	1,660	1,660	-	1,387	1,387

Additional information on the number of employees and employee benefit expenses for fiscal 2022 and 2021 is as follows:

	2022	2021
Number of employees	282	279
Number of directors who are not concurrently serving as employees	8	8
Average Employee Benefit Expenses	$ 880	995
Average Employee Salary Expenses	$ 731	843
Adjustments to Average Employee Salary Expenses	(13.29)%	7.66%
Supervisors' remuneration	$ -	-

Information on the salary and remuneration policy of the Company (including directors, managerial officers, and employees) is as follows:

The Company's remuneration package for directors, managerial officers, and employees is based on a prudent salary structure that takes into account shareholders' equity and the sustainable management of the Company, with variable bonuses that are linked to the overall performance of the Company's operations, job attributes and individual performance as an incentive by a solid and motivating remuneration package. The Company has also established the relevant rules and regulations as the basis for implementation, and will review and revise them periodically according to the operating conditions in order to maintain the competitiveness of the Company's remuneration.

XIII. Additional Disclosure

(I) Information on significant transactions

The Company as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers of 2022, information of significant transaction that should be disclosed is as follows:

1. Loan to others:

Unit: New Taiwan Dollars in thousands

No.	Company making the loan	Borrower	General Ledger account	Related Party	Maximum outstanding balance during the Period	Ending balance	Actual amount drawn down	Interest rate range	Nature of Loan (Note 5)	Amount of transactions with the borrowers	Reason for short term business financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Name	Value		
0	Wellell Inc. (Note 1)	Wellell France S.A.S	Other Receivable	Yes	36,133 (EUR1,150)	- (EUR0)	- (EUR0)	0	2	-	Operation turnover	-	No	-	444,216	888,432
1	ComfortPro Investment Corp.(Note 2)	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,554 (RMB9,000)	39,672 (RMB9,000)	39,672 (RMB9,000)	-	2	-	Operation turnover	-	No	-	132,593	265,186
1	ComfortPro Investment Corp.(Note 2)	Wellell France S.A.S	Other Receivable	Yes	11,452 (EUR350)	11,452 (EUR350)	11,452 (EUR350)	-	2	-	Operation turnover	-	No	-	132,593	265,186
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell Germany GmbH	Other Receivable	Yes	27,812 (EUR850)	27,812 (EUR850)	25,194 (EUR770)	1	2	-	Operation turnover	-	No	-	362,032	724,064
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell France S.A.S	Other Receivable	Yes	19,632 (EUR600)	19,632 (EUR600)	19,632 (EUR600)	-	2	-	Operation turnover	-	No	-	362,032	724,064
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell America Corp.	Other Receivable	Yes	15,355 (USD500)	15,355 (USD500)	15,355 (USD500)	2	2	-	Operation turnover	-	No	-	362,032	724,064
3	Apex Global Investment Ltd.(Note 4)	Wellell France S.A.S	Other Receivable	Yes	16,360 (EUR500)	16,360 (EUR500)	16,360 (EUR500)	-	2	-	Operation turnover	-	No	-	172,998	345,994
3	Apex Global Investment Ltd.(Note 4)	Wellell UK Limited	Other Receivable	Yes	18,810 (GBP500)	18,545 (GBP500)	18,545 (GBP500)	-	2	-	Operation turnover	-	No	-	172,998	345,994
4	SLK Vertriebs GmbH(Note 5)	Wellell Germany GmbH	Other Receivable	Yes	15,706 (EUR480)	15,706 (EUR480)	15,706 (EUR480)	1	2	-	Operation turnover	-	No	-	81,545	163,089

Note 1: As per the "Operation procedures for lending to others" stipulated by Wellell Inc., if intercompany or inter-company business transaction calls for such lending arrangement and amount lent should not exceed 20% of the net value of the Company. Moreover, the amount lent to each individual should not exceed the transaction amount of inter-firm business. The amount of business referred herein is the purchase or sales amount between the two parties in the previous year or the estimated amount in the next year, whichever is higher. For loan made to companies or sole proprietorships that need short term operating funds, total amount of loan shall not exceed 40% of the net value of the Company; loan made specifically shall not exceed 20% of the net value of the Company.

Note 2: ComfortPro Investment Corp. according to the "operation procedures for lending to others", the amount of lending of funds to a 100%-owned subsidiary of the Group shall not exceed 100% of the amount of the net worth of the company; also, the amount of each lending of funds should not exceed 50% of the net worth of the company.

Note 3: Apex Medical Respiratory Ltd. according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 4: In the case of Apex Global Investment Limited lending the fund to a 100% owned subsidiary of the Group, in accordance with its "Operation procedures for lending to others", the total amount of such lending shall not exceed 100% of the net value of the company; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 5: SLK Vertriebs GmbH, according to the "Operation procedures for lending to others," when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 6: 1. Transaction with others. 2. short-term financing facility is necessary.

2. Endorsement/guarantee provided for others:

Unit: New Taiwan Dollars in thousands

No.	Name of Company Provided Endorsement/Guarantee	Endorsed/Guaranteed Party		Endorsement/Guarantee Limit to Single Enterprise	Maximum Endorsement/Guarantee Balance of Current Period	Endorsement/Guarantee Balance at Period End	Actual amount drawn down	Endorsement/Guarantee Amount collateralized by assets	Percentage of Accumulated Endorsement/Guarantee Amount to the most recent Net Financial Statement	Maximum Endorsement/Guarantee Amount	Endorsement/Guarantee Attributable to the Parent Company Provided to the Subsidiary	Endorsement/Guarantee Attributable to the Subsidiary Provided to the Parent Company	Attributed to the Endorsement/Guarantee for the China Area
		Name of the Company	Relationship (Note 4)										
0	Wellell Inc.	Wellell Germany GmbH(Note 2)	2	1,110,541	200,901 (EUR6,140)	200,901 (EUR6,140)	151,187 (EUR4,621)	-	9.39%	1,110,541	Y	N	N
0	Wellell Inc.	Wellell America Corp.(Note 3)	2	1,110,541	48,323 (USD1,500)	46,065 (USD1,500)	7,063 (USD 230)	-	2.15%	1,110,541	Y	N	N

Note 1: The endorsement/guarantee for outsiders cannot exceed 50% of the net worth of the period. The endorsement/guarantee for a single enterprise cannot exceed 25% of the net worth of the period. But the endorsement/guarantee for the Company directly or indirectly hold 100% voting shares cannot exceed 50% of the net worth of the period.

Note 2: The Board of Directors approved the Company providing endorsement/guarantee to the 100% held subsidiary, Wellell Germany GmbH GmbH, within 6.14 million euros.

Note 3: The Board of Directors approved the Company providing endorsement/guarantee to the 100 % held subsidiary, Wellell America Corp., within 1.5 million US dollars.

Note 4: There are 7 types of relationships between guarantor and guarantee as below. Marking the type is sufficient:

1. Business related companies.
2. Over 50% voting shares directly or indirectly held by the Company.
3. Companies directly or indirectly have more than 50% of the voting shares.
4. Over 90% voting shares directly or indirectly held by the Company.
5. Mutual guarantee by peers or mutual builders per contract term based on contract constructions.
6. Company endorsed/guaranteed by all shareholders per share proportions for a mutual investment relationship.
7. Escrow joint guarantee between peers for pre-sold house contract under Consumer Protection Act.

3. The status of holding securities at the end of period (not including the portions by the invested subsidiaries, related parties and joint ventures):

Unit: New Taiwan Dollars in thousands / thousand shares

Securities held by	Category and name of securities	Relationship with the securities issuer	General Ledger Accounts	End of Period				Maximum shares held for capital investment in this period	Remark
				Numbers of shares	Carrying Amount	% of shares held	Fair Value		
Wellell Inc.	G Innings Medical Ltd.	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	900	15,138	18.95 %	15,138	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	4,027	5.00 %	4,027	5.00%	

4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital:

Unit: New Taiwan Dollars in thousands

Purchaser (seller)	Name of counterparty	Relationship	Status of transaction				Differences in transaction terms compared to third party transactions		Notes receivable and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Prices	Credit Terms	Balance	Percentage of total notes receivable and accounts receivable (payable)	
Wellell Inc.	Apex Medical S.L.	Parent and subsidiary	(Sales)	(210,737)	(16.69)%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	124,906	33.60%	No
Apex Medical S.L.	Wellell Inc.	Parent and subsidiary	Purchase	210,737	43.36%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(124,906)	(83.92)%	No
Wellell Inc.	Apex (Kunshan) Medical Corp.	Parent and subsidiary	Purchase	169,612	25.51%	Net 15 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	The same as those provided to the non-related parties	(10,779)	(11.72)%	No
Apex (Kunshan) Medical Corp.	Wellell Inc.	Parent and subsidiary	(Sales)	(169,615)	(52.57)%	Net 15 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	The same as those provided to the non-related parties	10,779	24.23%	No
Wellell Inc.	APEX MEDICAL CORP.	Parent and subsidiary	(Sales)	(174,440)	(13.81)%	Net 120 days	No significant difference with regular customers	Longer than general customers	16,660	4.55%	No
APEX MEDICAL CORP.	Wellell Inc.	Parent and subsidiary	Purchase	174,440	58.11%	Net 120 days	No significant difference with regular customers	Longer than general customers	(16,660)	(1.41)%	No

8. Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital:

Unit: New Taiwan Dollars in thousands

Companies with account receivables	Name of counterparty	Related parties	Related Party Receivable Accounts Balance (Note)	Turnover Rate	Related Party Receivable Accounts Overdue		Subsequent Collected Amount of Related Party Receivables Accounts	Provision for Loss Allowance
					Amount	Processing Method		
Wellell Inc.	Apex Medical S.L.	Parent and subsidiary	124,906	1.80	-		79,207	-

9. Whether engaging in the transaction of derivative instruments: None.

(II) Information on investees:

The information of reinvestment business of the Company for 2022 is as follows (not including investment to Mainland China):

Unit: NTD in thousand/USD in thousand

Name of investor	Investee Name	Location	Major operating items	Initial investment amount		Shares held as at the end of period			Maximum shares held or investment in this period	Net income of investee for this period	Investment income (loss) recognized by the company for the period	Remark
				End of current period	End of last year	Shares (thousand)	Percentage	Carrying Amount				
The Company	Apex Global Investment Ltd.	British Virgin Islands, Tortola	Investment on businesses engaging in manufacturing	354,319	354,319	10,534	100%	345,166	100%	18,332	18,332	Subsidiary
〃	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(7,678)	100%	(17,494)	(17,494)	〃
〃	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	231,657	100%	32,013	32,013	〃
〃	Apex Medical Global Cooperatie UA	The Netherlands	Investment on businesses engaging in manufacturing	-	836,494	-	- %	-	100%	(4,747)	(4,747)	Note 1
〃	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	331,893	100%	32,430	32,425	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	1,232	99.82%	(361)	(361)	〃
〃	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	4,279	49%	1,382	677	〃
〃	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	780,354	723,774	7,780	100%	693,470	100%	8,786	8,786	〃
〃	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	64,054	100%	4,164	4,164	〃
〃	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	9,315	100%	8,315	8,315	〃
Apex Global Investment Ltd.	ComfortPro Investment Corp.	Republic of Mauritius, Port Louis	Investment on businesses engaging in manufacturing	297,731	297,731	9,100	100%	265,186	100%	11,041	11,041	〃
〃	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	38,362	100%	7,367	7,367	〃
〃	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	2	0.18%	(361)	-	〃
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	268,129	100%	(2,290)	(2,290)	〃
〃	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	337,290	100%	10,141	(2,490)	〃
〃	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	32,499	100%	1,604	934	〃
〃	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	(9,536)	100%	12,643	12,643	〃

Note 1: The liquidation process was completed on October 14, 2022.

(III) Information regarding investment in Mainland China:

1. Information on investment in Mainland China:

Unit: NTD in thousand/USD in thousand

Investee in Mainland China	Major operating items	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan for the beginning of this period	Amount remitted or investment amount remitted back for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of the end of the period	Net income of investee for this period	Ownership held by the Company (direct or indirect)	Maximum shares held or investment in this period	Investment income (loss) recognized by the Company for the period (Note 2)	Book value of investments as of the end of the period	Accumulated amount of investment income remitted back as of the end of the period
					Remitting to	Remitting back							
Apex Medical (Shanghai) Corp.	Manufacturing and Sales of medical supplies	23,352	(I)	23,239 (USD710)	-	-	23,239 (USD710)	- (Note 1)	-% (Note 1)	-% (Note 1)	- (Note 1)	- (Note 1)	-
Apex (Kunshan) Medical Corp.	Manufacturing and Sales of medical supplies	231,103	(I)	231,103 (USD7,100)	-	-	231,103 (USD7,100)	12,133	100.00%	100.00%	11,266	207,849	-
Kunshan Co Wei Plastic Product Corp.	Manufacturing and sales of plastic products	25,316	(I)	25,487 (USD842)	-	-	25,487 (USD842)	- (Note 1)	-% (Note 1)	-% (Note 1)	- (Note 1)	- (Note 1)	-
Apex Medical (Kunshan) Co., Ltd.	Sales of medical supplies	8,041	(I)	8,041 (USD250)	-	-	8,041 (USD250)	9,278	100.00%	100.00%	9,278	20,857	-

Note: Investment methods can be classified as follows:
(I): Investment by 100% owned subsidiary set up in the third area.

Note 1: Shanghai Apex was liquidated in February 2013; Kunshan Kewei was liquidated in February 2016.

Note 2: The investment gain or loss is recognized in accordance with the CPA audited financial statements of the invested company.

2. Maximum amount to invest in Mainland China:

Accumulated amount of Remittance from Taiwan to Mainland China as of the end of the period	Investment Amounts approved by Investment Commission, MOEA	Limit of the Investment Commission, MOEA to invest in Mainland China
287,870 (US$8,902 thousand)	287,870 (US$8,902 thousand)	1,332,648

3. Significant transactions with the invested companies in Mainland China:

For the significant transactions conducted with investees in Mainland China directly or indirectly for 2021 (eliminated when preparing consolidated statements). Please refer to the explanations in "relevant information of the significant transactions" in the consolidated financial statements.

(IV) Information on major shareholders

Name of major shareholders / Shares	shareholding	% of shares held
CDIB Capital Growth Partners	11,526,000	11.42%
Ya Sheng Investment Development Co.	10,566,760	10.47%
Ya Shin Investment Development Co.	10,561,732	10.46%
National Development Fund, Executive Yuan	6,000,000	5.94%

Note:(1) The information of the major shareholders in this table is based on the TDCC's last business day of the end of each quarter. Counting the shareholders who exceed more than 5% of the total number of common stock and special stock of the company that has been non-physical registration(include treasury stock). The share capital indicated in the company's financial statement and the actual amount of non-physical registration delivered may be different due to the different counting basis.

(2) If the above-mentioned document was shareholders deliver to trust, the trustee should open up a trust account to show the individual trustee. When insiders who hold more than 10% of the shares report their shareholdings by the Securities and Exchange Act, their shareholdings should include shares hold under their name and shares under a trust in which they have the right to decide the use of the trust property. Please refer to the Market Observation Post System for insider shareholding reporting information.

XIV. Segment Information

Please refer to the consolidated financial statements for 2022 for details

Wellell Inc.

Statement of cash and cash equivalents

December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Summary	Amount
Cash on hand		$ 649
Petty cash		240
	Sub total	889
Bank deposits:	Checking deposit	112
	Demand deposits	57,029
	Foreign currency demand deposits (Note)	32,248
	Sub total	89,389
Total		**$ 90,278**

Note: Foreign currency demand deposits totaling	USD	516,004.22	Exchange rate	30.7100
	EUR	102,857.66	Exchange rate	32.7200
	JPY	117,400	Exchange rate	0.2324
	GBP	300,276.23	Exchange rate	37.0900
	RMB	424,561.95	Exchange rate	4.4080

Wellell Inc.

Statements of notes receivable and accounts receivable

December 31, 2022

Unit: New Taiwan Dollars in thousands

Customer name	Summary	Amount
Unrelated party:		
ZUCCATO HC SRL	Operations	$ 48,902
ZIBOCARE	〃	20,775
Others (Note)	〃	304,229
Less: Loss Allowance	〃	(2,148)
		$ 371,758

Note: The sum of those that did not reach 5% of the balance of this account (including receivable from related parties)

Wellell Inc.

Statement of inventories

December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Cost	Market price	Market price basis
Finished goods	$ 17,101		
Less: Loss Allowance	(2,370)		
Sub total	14,731	14,731	Net realizable value
Work in Process	55,460		
Less: Loss Allowance	(9,262)		
Sub total	46,198	46,198	〃
Raw Materials	76,348		
Less: Loss Allowance	(4,703)		
Sub total	71,645	71,645	〃
Products	10,283		
Less: Loss Allowance	(4,959)		
Sub total	5,324	5,324	〃
Inventories in transit	77	77	
Total	**$ 137,975**	**137,975**	

Wellell Inc.

Statement of changes in investments accounted for using the equity method

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Name	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance			Guarantee or pledge status
	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	% of shares held	Amount	
Apex Global Investment Ltd.(Note 1)	10,534	$ 314,139	-	31,173	-	146	10,534	100.00%	345,166	No
Wellell America Corp.(Note 2)	50	6,807	-	3,009	-	17,494	50	100.00%	(7,678)	No
Apex Medical S.L(Note 3)	-	198,543	-	43,101	-	9,987	-	100.00%	231,657	No
Apex Medical Global Cooperatie UA(Note 4)	-	398,813	-	44,961	-	443,774	-	- %	-	No
Sturdy Industrial Co., Ltd (Note 5)	10,000	334,197	-	32,425	-	34,729	10,000	100.00%	331,893	No
Wellell India Private Limited(Note 6)	3,875	1,616	-	-	-	384	3,875	99.82%	1,232	No
Wellell (Thailand) Ltd.(Note 7)	245	3,734	-	1,062	-	517	245	49.00%	4,279	No
Apex Medical Respiratory Ltd.(Note 8)	7,180	655,683	600	68,380	-	30,593	7,780	100.00%	693,470	No
Wellell Germany GmbH(Note 9)	25	57,155	-	6,899	-	-	25	100.00%	64,054	No
APEX MEDICAL CORP. (Note 10)	100	1,000	-	8,315	-	-	100	100.00%	9,315	No
Long term investments under equity method, net		1,971,687		239,325		537,624			1,673,388	

Note 1: The increase for the period was investment income of $18,332 thousand recognized using the equity method and cumulative translation adjustment of $12,841 thousand and the decrease for the period was unrealized gross profit on sales of goods to affiliates of $146 thousand.

Note 2: The increase for the period was realized gross profit on sales of goods to affiliates of $1,892 thousand and cumulative translation adjustment of $1,117 thousand, and the decrease was investment loss of $17,494 thousand recognized using the equity method.

Note 3: The increase for the period was investment income of $32,013 thousand recognized using the equity method and cumulative translation adjustment of $11,088 thousand and the decrease for the period was unrealized gross profit on sales of goods to affiliates of $9,987 thousand.

Note 4: The increase for the period was cumulative translation adjustment of $18,039 thousand and realized gross profit on sales of goods to affiliates of $26,922 and the decrease for the period was decrease in investment of $439,027 thousand and investment loss of $4,747 thousand recognized using the equity method.

Note 5: The increase for the period was investment income of $32,425 thousand recognized using the equity method and the decrease for the period was cash dividends of $34,712 thousand and unrealized gross profit on sales of goods to affiliates of $17 thousand.

Note 6: The decrease for the period was cumulative translation adjustment of $23 thousand and investment loss of $361 thousand recognized using the equity method.

Note 7: The increase for the period was investment income of $677 thousand recognized using the equity method and cumulative translation adjustment of $385 thousand and the decrease for the period was unrealized gross profit on sales of goods to affiliates of $517 thousand.

Note 8: The increase for the period was increase in investment of $56,580 thousand, investment income of $8,786 thousand recognized using the equity method and cumulative translation adjustment of $3,014 thousand and the decrease for the period was unrealized gross profit on sales of goods to affiliates of $30,593 thousand.

Note 9: The increase for the period was investment income of $4,164 thousand recognized using the equity method, and cumulative translation adjustment of $2,735 thousand.

Note 10: The increase for the period was investment income of $8,315 thousand recognized using the equity method.

Wellell Inc.

Statement of short-term borrowings

December 31, 2022 **Unit: New Taiwan Dollars in thousands**

Type of borrowings	Description	Ending balance	Term of contract	Interest rate range(%)	Financing facilities	Pledged or guaranteed	Remarks
Credit loans	Mizuho Bank	$ 182,353	Within a year	3.13~5.59	307,100	No	(Note)
Secured borrowing	Hua Nan Commercial Bank	34,650	Within a year	2.0~2.899	400,000	Land, plants	(Note)
Credit loans	Bank of Taiwan	50,000	Within a year	1.308~2.0	200,000	No	
Credit loans	CTBC Bank	21,291	Within a year	1.3~1.45	60,000	No	(Note)
		$ 288,294					

Note: Foreign currency borrowings totaling

USD	1,441Thousand	Exchange rate	30.7100
EUR	5,243Thousand	Exchange rate	32.7200
GBP	607Thousand	Exchange rate	37.0900

Wellell Inc.

Statement of accounts payable

December 31, 2022

Unit: New Taiwan Dollars in thousands

Customer name	Summary		Amount
Unrelated party:			
LIN KOU MEDICAL INDUSTRIAL CO., LTD.	Operations	$	17,329
HW HONG WAY INTERNATIONAL CO., LTD.	〃		4,545
Others (Note)	〃		58,598
Total		**$**	**80,472**

Note: The sum of those that did not reach 5% of the balance of this account

Wellell Inc.

Statement of operating revenue

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Amount
Support Surface Systems (SS)	$ 641,254
Respiratory devices (RT)	373,133
Welfare equipment (WF)	115,286
Electronic medical devices (EMD)	15,506
Other	83,007
	1,228,186
Other revenues	34,760
Net sales revenue	**$ 1,262,946**

Wellell Inc.

Statement of operating costs

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Amount
Manufacturing:	
Raw Materials:	
Raw materials at the beginning of the period	$ 105,307
Add: Purchase in the current period	316,591
Raw materials cycle count gain	353
Less: Raw materials at the end of the period	(76,348)
Sales of raw materials	(12,186)
Loss on scrap	(1,156)
Transfers to sample expenses	175
Direct raw materials consumed	332,736
Direct labour	37,226
Production overheads	108,962
Manufacturing costs	478,924
Work in Process at the beginning of the period	50,949
Add: Purchase in the current period	47,985
Work in Process cycle count gain	8
Less: Work in process at the end of the period	(55,460)
Sales of Work in Process	(38,646)
Transfers to expenses	(3,879)
Loss on scrap	(218)
Cost of finished goods for the period	479,663
Add: Finished goods at the beginning of the period	11,830
Purchase in the current period	162,283
Transfers from merchandises	11
Less: Finished good at the end of the period	(17,100)
Transfers to expenses	(2,539)
Loss on scrap	(1)
Cost of finished goods sold	634,147
Trading:	
Inventories at the beginning of the period (merchandises)	25,453
Add: Purchase in the current period	137,988
Less: Inventory at December 31	(10,283)
Merchandises in transit	(77)
Transfers to expenses	(392)
Others	(11)
Loss on scrap	(84)
Cost of goods sold (trading)	152,594
Add: cost of raw materials sold	12,186
Cost of work in process sold	38,646
Loss on market value decline of inventory	7,831
Loss on inventory scrap	1,458
Income from scrap and wastes	(26)
Inventory adjustment credits	(361)
Others	2,169
Operating costs	**$ 848,644**

Wellell Inc.

Statement of sales expenses

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 37,541
Service expenses	7,854
Advertising expenses	13,096
Export expenses	10,209
Other expenses (Note)	30,577
Total	**$ 99,277**

Note: The sum of those that did not reach 5% of the balance of this account.

Wellell Inc.

Statement of management expenses

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 41,679
Depreciation	5,733
Information service expenses	6,752
Service expenses	17,968
Department materials requisition	7,297
Miscellaneous expenses	9,362
Other expenses (Note)	24,961
Total	$ 113,752

Note: The sum of those that did not reach 5% of the balance of this account.

Wellell Inc.

Statement of research & development expenses

From January 1 to December 31, 2022

Unit: New Taiwan Dollars in thousands

Item	Amount
Salary expenses	$ 67,348
Outsourced research expenses	16,016
Personal Insurance	6,153
Other expenses (Note)	24,961
Total	**$ 114,478**

Note: The sum of those that did not reach 5% of the balance of this account.