

**Wellell Inc. and Subsidiaries**  
**Consolidated Financial Statements**  
**With Independent Auditors' Review**  
**Report**  
**For the Three Months Ended March 31, 2023 and 2022**

**Address: No. 9, Minsheng St., Tucheng Dist., New Taipei City**  
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*The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.*

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## **Independent Auditors' Review Report**

Wellell Inc. and Subsidiaries:

### **Introduction**

We have reviewed the consolidated balance sheet of Wellell Inc. and its subsidiaries prepared on March 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of change in equity, the consolidated statements of cash flows, and the notes to the consolidated financial statements (including a summary of significant accounting policies) covering the periods of 2023 and 2022 until March 31 of the respective fiscal year. It is the management's responsibility to prepare consolidated financial statements that are present fairly pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to make a conclusion on the consolidated financial statements according to our review results.

### **Scope**

We performed the review pursuant to the TWSRE 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". When reviewing consolidated financial statements, we have made inquiries, primarily of persons responsible for financial and accounting matters, and performed analytical and other review procedures. The review is substantially less in scope than an audit and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit and that accordingly no audit opinion is expressed.

### **Conclusion**

According to our review results, we are not aware of any material respects in which the aforementioned consolidated financial statements were not prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IAS 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission that are not able to present fairly the consolidated financial position of Wellell Inc. and its subsidiaries as of March 31, 2023 and 2022, and the results of the consolidated financial performance and consolidated cash flows for the period from January 1 to March 31, 2023 and 2022,.

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

Certified Public  
Accountants:

Certified and	Jin-Guan-Cheng-Shen-Zi No.
Approved No. of the	: 1040003949
Securities Competent	Jin-Guan-Cheng-Liu-Zi No.
Authority:	0960069825
May 3, 2023	

*Notes to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.*

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022**  
**Wellell Inc. and Subsidiaries**  
**Consolidated Balance Sheet**  
**March 31, 2023, December 31, 2022, and March 31, 2022**

Unit: New Taiwan Dollars in thousands

		<b>2023.3.31</b>		<b>2022.12.31</b>		<b>2022.3.31</b>				<b>2023.3.31</b>		<b>2022.12.31</b>		<b>2022.3.31</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current Assets:</b>								<b>Current Liabilities:</b>							
1100	Cash and Cash Equivalents (Note 6 (1) (17))	\$ 456,314	14	445,280	15	473,612	15	2100	Short term Borrowings (Note 6 (8) and (17))	\$ 237,995	7	295,357	9	390,934	12
1137	Financial Asset at Amortized Cost – Current (Note 6 (2) (17) and 8)	110,374	3	105,162	3	113,050	3	2150	Notes Payable	261	-	566	-	22	-
1150	Notes Receivable, net (Note 6 (3) (14) (17))	16,509	1	16,065	-	18,490	1	2170	Accounts Payable	216,353	7	174,493	5	237,604	8
1170	Accounts Receivable, net (Note 6 (3) (14) (17))	454,978	14	491,942	15	375,564	12	2200	Other Payables (including related parties) (Note 6 (17) and 7)	155,357	5	210,431	7	164,802	5
1200	Other Receivable (Note 6 (4))	33,669	1	29,118	1	35,266	1	2230	Current Income Tax Liability	49,772	1	33,539	1	21,206	1
130X	Inventories (Note 6 (5))	546,160	17	552,506	17	612,813	19	2280	Lease Liabilities – Current (Note 6(17))	17,044	1	16,154	1	12,251	-
1410	Prepayments	49,973	2	36,098	1	32,486	1	2300	Other Current Liabilities (including related parties) (Note 7)	20,546	1	30,276	1	43,719	2
1470	Other Current Assets	2,432	-	1,145	-	1,051	-	2322	Long-term Borrowings, current portion (Note 6 (9) (17))	12,267	-	10,261	-	8,977	-
<b>Total Current Assets</b>		<b>1,670,409</b>	<b>52</b>	<b>1,677,316</b>	<b>52</b>	<b>1,662,332</b>	<b>52</b>	<b>Total Current Liabilities</b>		<b>709,595</b>	<b>22</b>	<b>771,077</b>	<b>24</b>	<b>879,515</b>	<b>28</b>
<b>Non-current Assets:</b>								<b>Non-current Liabilities:</b>							
1535	Financial Asset at Amortized Cost – Non-Current (Note 6 (2) (17) and 8)	-	-	-	-	15,000	-	2540	Long term Borrowings (Note 6 (9) and (17))	117,968	4	121,265	4	122,298	4
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (17))	17,073	1	19,165	1	17,335	1	2570	Deferred Income tax Liabilities (Note (11))	9,885	-	9,993	-	6,758	-
1600	Property, Plant and Equipment (Note 6 (6) and 8)	735,037	23	736,063	23	740,120	23	2580	Lease Liabilities – Non-Current (Note 6(17))	38,827	1	42,399	2	40,184	1
1755	Right-of-use Assets	64,691	2	67,438	2	61,849	2	2640	Net defined benefit liability – Non Current (Note (10))	1,058	-	1,043	-	5,400	-
1780	Intangible Assets (Note 6 (7))	653,481	20	650,513	21	668,883	21	2670	Other Non-current Liabilities	34,423	1	33,959	1	32,914	1
1840	Deferred Income Tax Assets (Note (11))	46,733	2	40,169	1	35,284	1	<b>Total Non-Current Liabilities</b>		<b>202,161</b>	<b>6</b>	<b>208,659</b>	<b>7</b>	<b>207,554</b>	<b>6</b>
1920	Refundable deposits	15,563	-	15,862	-	15,599	-	<b>Total Liabilities</b>		<b>911,756</b>	<b>28</b>	<b>979,736</b>	<b>31</b>	<b>1,087,069</b>	<b>34</b>
1990	Other non-current Assets	769	-	768	-	768	-	<b>Equity attributable to owners of the parent company (Note 6 (12)):</b>							
<b>Total Non-current Assets</b>		<b>1,533,347</b>	<b>48</b>	<b>1,529,978</b>	<b>48</b>	<b>1,554,838</b>	<b>48</b>	3100	Capital	1,009,116	32	1,009,116	31	1,009,116	31
								3200	Capital Reserve	345,635	11	345,635	11	345,635	11
								Retained Earnings:							
								3310	Statutory reserves	294,712	9	294,712	9	284,311	9
								3320	Special reserves	252,634	8	252,634	8	178,568	6
								3350	Undistributed earnings (Note (10))	570,037	18	519,306	16	524,972	16
								Subtotal of Retained Earnings		<b>1,117,383</b>	<b>35</b>	<b>1,066,652</b>	<b>33</b>	<b>987,851</b>	<b>31</b>
								3400	Other Equities	(186,613)	(6)	(200,139)	(6)	(218,368)	(7)
								Subtotal of equity attributable to owners of the parent company		<b>2,285,521</b>	<b>72</b>	<b>2,221,264</b>	<b>69</b>	<b>2,124,234</b>	<b>66</b>
								36XX	Non-controlling interests	6,479	-	6,294	-	5,867	-
								<b>Total Equity</b>		<b>2,292,000</b>	<b>72</b>	<b>2,227,558</b>	<b>69</b>	<b>2,130,101</b>	<b>66</b>
<b>Total Assets</b>		<b>\$ 3,203,756</b>	<b>100</b>	<b>3,207,294</b>	<b>100</b>	<b>3,217,170</b>	<b>100</b>	<b>Total liabilities and Equity</b>		<b>\$ 3,203,756</b>	<b>100</b>	<b>3,207,294</b>	<b>100</b>	<b>3,217,170</b>	<b>100</b>

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: Li, Yung Chuan

Manager: Li, Yung Chuan

Accounting Director: Wang, Wei Chuan

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

**Reviewed only, not audited in accordance with auditing standards**

**Wellell Inc. and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**From January 1 to March 31, 2023 and 2022**

**Unit: New Taiwan Dollars in thousands**

		<b>January to March, 2023</b>		<b>January to March, 2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Sales Revenue (Note 6 (14))</b>	\$ 699,765	100	595,393	100
5000	<b>Operating Costs (Note 6 (5) (6) (7) (10) and (15))</b>	402,400	58	347,303	58
	<b>Gross Margin</b>	297,365	42	248,090	42
6000	<b>Operating Expenses (Note 6 (3) (6) (7) (10) (15) and 7):</b>				
6100	Selling Expenses	98,943	14	90,114	15
6200	General and Administrative Expenses	102,581	14	79,931	14
6300	Research & Development Expenses	41,009	6	36,251	6
6450	Gain on Reversal of Expected Credit Impairment	(1,288)	-	(1,678)	-
	<b>Total Operating Expenses</b>	241,245	34	204,618	35
6900	<b>Net Operating Profit</b>	56,120	8	43,472	7
	<b>Non-operating income and expenditures (Note 6 (16) and 7):</b>				
7100	Interest Income	974	-	714	-
7130	Other Income	35	-	-	-
7020	Other Profits and Losses	11,356	2	(46)	-
7050	Financial Costs	(3,743)	(1)	(1,961)	-
	<b>Total non-operating income and expenses</b>	8,622	1	(1,293)	-
	<b>Profit before Tax</b>	64,742	9	42,179	7
7950	<b>Less: Income Tax Expenses (Note 6 (11))</b>	13,847	2	11,017	2
	<b>Net Income Current Period</b>	50,895	7	31,162	5
8300	<b>Other comprehensive income:</b>				
8310	<b>Items not to be reclassified into profit or loss</b>				
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	(2,091)	-	1,469	-
8349	Less: Income tax related to items not reclassified	-	-	-	-
	<b>Total items not to be reclassified into profit or loss</b>	(2,091)	-	1,469	-
8360	<b>Items that may be subsequently reclassified into profit or loss:</b>				
8361	Financial statements translation differences of foreign operations	15,638	2	32,992	6
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-
	<b>Total Items that may be subsequently reclassified into profit or loss</b>	15,638	2	32,992	6
8300	<b>Other comprehensive Income Current Period</b>	13,547	2	34,461	6
	<b>Total Comprehensive Income Current Period</b>	<b>\$ 64,442</b>	<b>9</b>	<b>65,623</b>	<b>11</b>
	<b>Net Income attributed to:</b>				
	Owner of the parent company	\$ 50,731	7	30,678	5
8620	Non-controlling interests	164	-	484	-
		<b>\$ 50,895</b>	<b>7</b>	<b>31,162</b>	<b>5</b>
	<b>Comprehensive Income attributed to:</b>				
	Owner of the parent company	\$ 64,257	9	64,944	11
	Non-controlling interests	185	-	679	-
		<b>\$ 64,442</b>	<b>9</b>	<b>65,623</b>	<b>11</b>
9750	<b>Basic EPS (Unit: NT\$) (Note 6 (13))</b>	<b>\$ 0.50</b>		<b>0.30</b>	
9850	<b>Diluted EPS (Unit: NT\$) (Note 6 (13))</b>	<b>\$ 0.50</b>		<b>0.30</b>	

(For details please refer to the attached consolidated balance sheets notes)

**Chairman of the board:**  
**Li, Yung Chuan**

**Manager:**  
**Li, Yung Chuan**

**Accounting Director:**  
**Wang, Wei Chuan**

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**Wellell Inc. and Subsidiaries**

**Consolidated Statements of Change in Equity**  
**From January 1 to March 31, 2023 and 2022**

**Unit: New Taiwan Dollars in thousands**

	Equity attributable to owners of the parent company											
	Retained Earnings						Total Other Equities			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
							Financial statements translation differences of foreign operations	Unrealized Valuation Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total			
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed Retained Earnings	Total						
Balance as of January 1, 2022	\$ 1,009,116	345,635	284,311	178,568	494,106	956,985	(258,393)	5,759	(252,634)	2,059,102	5,188	2,064,290
Retrospective Adjustment for New Standard Applied	-	-	-	-	188	188	-	-	-	188	-	188
Beginning Balance of Restatement	1,009,116	345,635	284,311	178,568	494,294	957,173	(258,393)	5,759	(252,634)	2,059,290	5,188	2,064,478
Net Income Current Period	-	-	-	-	30,678	30,678	-	-	-	30,678	484	31,162
Other comprehensive Income Current Period	-	-	-	-	-	-	32,797	1,469	34,266	34,266	195	34,461
Total Comprehensive Income Current Period	-	-	-	-	30,678	30,678	32,797	1,469	34,266	64,944	679	65,623
Balance as of March 31, 2022	\$ 1,009,116	345,635	284,311	178,568	524,972	987,851	(225,596)	7,228	(218,368)	2,124,234	5,867	2,130,101
Balance as of January 1, 2023	\$ 1,009,116	345,635	294,712	252,634	519,306	1,066,652	(209,197)	9,058	(200,139)	2,221,264	6,294	2,227,558
Net Income Current Period	-	-	-	-	50,731	50,731	-	-	-	50,731	164	50,895
Other comprehensive Income Current Period	-	-	-	-	-	-	15,617	(2,091)	13,526	13,526	21	13,547
Total Comprehensive Income Current Period	-	-	-	-	50,731	50,731	15,617	(2,091)	13,526	64,257	185	64,442
Earnings appropriation and distribution:												
Balance as of March 31, 2023	\$ 1,009,116	345,635	294,712	252,634	570,037	1,117,383	(193,580)	6,967	(186,613)	2,285,521	6,479	2,292,000

(For details please refer to the attached consolidated balance sheets notes)

Chairman of the board: Li, Yung Chuan

Manager: Li, Yung Chuan

Accounting Director: Wang, Wei Chuan

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
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**Wellell Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**From January 1 to March 31, 2023 and 2022**

**Unit: New Taiwan Dollars in thousands**

	<b>January to March, 2023</b>	<b>January to March, 2022</b>
<b>Cash flow from operating activities:</b>		
<b>Profit before Tax current period</b>	\$ 64,742	42,179
<b>Adjustment items:</b>		
Income and expenses item		
Depreciation	18,513	19,301
Amortization	4,472	4,496
Gain on Reversal of Expected Credit Impairment	(1,288)	(1,678)
Interest Expense	3,743	1,961
Interest Income	(974)	(714)
Profit or loss from disposal and obsolesce of property, plants and equipment	332	-
Property, plants and equipment reclassified as expenses	39	-
Total Incomes and Expenses	<u>24,837</u>	<u>23,366</u>
<b>Changes of assets and liabilities relating to operating activities:</b>		
Increase (Decrease) of Notes Receivable	(444)	1,504
Decrease (Increase) of Accounts Receivable	38,189	(21,583)
Increase of Other Receivable	(4,882)	(10,631)
Decrease (Increase) of Inventories	6,345	(56,776)
(Increase) Decrease of prepayments	(13,926)	2,515
(Increase) Decrease of Other Current Assets	<u>(1,287)</u>	<u>1,015</u>
Total Net changes of assets relating to operating activities	<u>23,995</u>	<u>(83,956)</u>
Decrease of Notes Payable	(305)	(12)
Increase of Accounts Payable	41,860	31,981
Decrease of Other Payables (including related parties)	(54,716)	(50,284)
Decrease of Other Current Liabilities (including related parties)	(9,729)	(9,655)
Increase of Net defined benefit liabilities	15	39
Increase of other non-current Liabilities	<u>464</u>	<u>665</u>
Total Net changes of liabilities relating to operating activities	<u>(22,411)</u>	<u>(27,266)</u>
Total Net changes of assets and liabilities relating to operating activities	<u>1,584</u>	<u>(111,222)</u>
<b>Total adjustments</b>	<u>26,421</u>	<u>(87,856)</u>

**(For details please refer to the attached consolidated balance sheets notes)**

**Chairman of the board:**  
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**Manager:**  
**Li, Yung Chuan**

**Accounting Director:**  
**Wang, Wei Chuan**



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**Wellell Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows (continued)**

**From January 1 to March 31, 2023 and 2022**

**Unit: New Taiwan Dollars in thousands**

	<b>January to March, 2023</b>	<b>January to March, 2022</b>
Cash inflow (outflow) from operating	\$ 91,163	(45,677)
Interest received	1,416	714
Interest paid	(4,101)	(2,093)
Income Taxes Paid	(4,346)	(5,428)
<b>Cash Inflow (outflow) from operating activities</b>	<b>84,132</b>	<b>(52,484)</b>
<b>Cash flow from investing activities:</b>		
Acquisition of Financial assets at amortized cost	(5,212)	(7,463)
Investment in properties, plants and equipment	(10,584)	(6,238)
Disposal of property, plants and equipment	886	-
Decrease (Increase) of Refundable Deposits	299	(648)
Investment in intangible assets	(143)	(1,047)
<b>Cash outflow from investing activities</b>	<b>(14,754)</b>	<b>(15,396)</b>
<b>Cash flow from financing activities:</b>		
Application for short-term borrowings	188,905	305,575
Repayment of short-term borrowings	(248,874)	(270,513)
Repayment of long-term borrowings	(1,292)	(7,219)
Repayment of principal portion of the lease	(4,486)	(4,339)
<b>Net Cash (Outflow) Inflow from financing activities</b>	<b>(65,747)</b>	<b>23,504</b>
Net effect of changes in foreign currency exchange rates on cash and cash equivalent	7,403	24,761
Increase (Decrease) of cash and cash equivalents – current period	11,034	(19,615)
Cash and cash equivalents at beginning of year	445,280	493,227
Cash and cash equivalents at the end of year	<b>\$ 456,314</b>	<b>473,612</b>

(For details please refer to the attached consolidated balance sheets notes)

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**Accounting Director:**  
**Wang, Wei Chuan**

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**Wellell Inc. and Subsidiaries**

**Notes to the Consolidated financial statements**

**For the Quarter Ended on March 31, 2023 and 2022**

**(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 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. the Company and its subsidiaries (referred as “the consolidated company” hereafter) are primarily engaged in the business of manufacturing and sale of medical supplies, import, and export as well as agency services.

**II. Financial Statements Authorization Date and Authorization Process**

The consolidated financial reports were approved for release by the Board of Directors on May 3, 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 consolidated company has adopted following new amendments to IFRSs since 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 but recognizes equal deferred income tax assets and deferred income tax liabilities. This change in accounting policy makes the deferred income tax assets, deferred income tax liabilities, and retained earnings as of January 1, 2022, increase by NT\$7,338 thousand, NT\$7,150 thousand, and NT\$188 thousand, respectively, and those as of December 31, 2022, increase by NT\$9,886 thousand, NT\$9,703 thousand, and NT\$183 thousand, respectively. It also leads to an increase of NT\$3 thousand in income tax expenses for Q1, 2022. There is not any material effect on the basic earnings per share, diluted earnings per share, and the statement of cash flows.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### 2. Other

Following new amendments to the standards have also been effective since January 1, 2023, but have no material effect on the consolidated financial statements:

- Amendments to IAS 1 on “Disclosure of Accounting Policies”
- Amendments to IAS 8 on “Definition of accounting estimates”

(II) Standards and interpretation newly released by IASB but not yet endorsed by 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 Consolidated Company:

<b>Newly announced or amended standards</b>	<b>Major amendments</b>	<b>Effective date of IASB announcement</b>
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 consolidated 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 consolidated company expected that the following new publish and amendment to the standards would not cause significant influence to the consolidated 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”.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### IV. Summary of Significant Accounting Policies

#### (I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Preparation Guidelines”) and the IAS 34, “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission. The accompanying quarterly consolidated financial statements do not include all required information that should be disclosed in annual consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as IFRSs, IASs, IFRICs, SIC, and announcements (hereinafter referred to as the “IFRSs” endorsed by FSC) endorsed and issued into effect by FSC.

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those used in the consolidated financial statements for the year 2022. Please refer to Note 4 to the 2022 Consolidated Financial Statements for related information.

#### (II) Basis of Consolidation

##### 1. Subsidiaries included in the consolidated financial statements.

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership			Description
			2023.3.31	2022.12.31	2022.3.31	
The Company	Apex Global Investment Ltd.	Investment on businesses engaging in manufacturing	100%	100%	100%	
"	Wellell America Corp.	Sales of medical supplies	100%	100%	100%	(Note 1)
"	Apex Medical S.L.	Sales of medical supplies	100%	100%	100%	
"	Sturdy Industrial Co., Ltd	Manufacturing and Sales of medical supplies	100%	100%	100%	
The Company	Apex Medical Global Cooperative UA	Investment on businesses engaging in manufacturing	- %	- %	100%	(Note 2)
"	Wellell India Private Limited	Sales of medical supplies	99.82%	99.82%	99.82%	(Note 1, 3)
"	Wellell (Thailand) Ltd.	Sales of medical supplies	49%	49%	49%	(Note 1)
"	Apex Medical Respiratory Ltd.	Investment on businesses engaging in manufacturing	100%	100%	100%	
"	Wellell Germany GmbH	Investments in various production businesses and leasing business	100%	100%	100%	(Note 1)
"	APEX MEDICAL CORP.	Sales of medical supplies	100%	100%	100%	
"	Wellell Taiwan Corp.	Sales of medical supplies	100%	- %	- %	(Note 4)
Apex Global Investment Ltd.	ComfortPro Investment Corp.	Investment on businesses engaging in manufacturing	100%	100%	100%	
"	Max Delight Holding Limited.	Investment on businesses engaging in manufacturing	100%	100%	100%	
"	Wellell India Private Limited	Sales of medical supplies	0.18%	0.18%	0.18%	(Note 1, 3)

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Manufacturing and Sales of medical supplies	100%	100%	100%
Max Delight Holdings Limited	Wellell (Kunshan) Co., Ltd	Sales of medical supplies	100%	100%	100%
Apex Medical Respiratory Ltd.	Wellell UK Limited	Sales of medical supplies	100%	100%	100% (Note 1)
"	SLK Vertriebs GmbH	Sales and leasing of medical supplies	100%	100%	100%
"	SLK Medical GmbH	Sales and leasing of medical supplies	100%	100%	100%
"	Wellell France S.A.S.	Sales of medical supplies	100%	100%	100% (Note 1)
Wellell UK Limited	Westmeria Healthcare Ltd.	Sales and leasing of medical supplies	100%	100%	100%

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

Note 2: The liquidation process was completed on September 5, 2022.

Note 3: The Company directly and indirectly holds 100% equity interests in Wellell India Private Limited.

Note 4: The Company invested in the establishment of Wellell Taiwan Corp. on March 17, 2023, and the relevant statutory establishment and registration procedures have been completed.

2. Subsidiaries not included in the consolidated financial statements: None.

### (III) Employee benefit

The "defined benefit plan - pension" for the interim period is calculated using the actuarially determined pension cost rate as of the prior year's reporting date, based on the beginning to the end of the current period, adjusted for significant market fluctuations, significant reductions, repayments, or other significant one-time events after that reporting date.

### (IV) Income Taxes

The consolidated company measures and discloses the income tax expenses for the interim period in accordance with the Appendix B12 of IAS 34, "Interim Financial Reporting".

The income tax expenses is measured at the profit before income tax for the interim reporting period multiplying the management's best estimate of the effective tax rate for the full year.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on the temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

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

The preparation of the consolidated financial statements shall be in conformity with the preparation guidelines and the IAS 34, "Interim Financial Reporting" endorsed by FSC and

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

management is required to make judgments, estimates and assumptions that will affect the application of the accounting policies and the amount reported on assets, liabilities, revenues and expenses. Actual results may differ from the estimates.

Critical judgements made by the management for adopting accounting policies when preparing the consolidated financial statements and key sources of estimation uncertainty are the same as Note 5 to the 2022 Consolidated Financial Statements.

### VI. Details of significant accounting items

Except as described below, there are no material differences between the description of critical accounts and those in the consolidated financial statements for the year 2022. Please refer to Note 6 to the 2022 Consolidated Financial Statements for related information.

#### (I) Cash and cash equivalents

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Cash on hand	\$ 1,534	1,316	1,621
Checks and demand deposits	428,197	417,523	458,980
Time Deposit	26,583	26,441	13,011
Cash and cash equivalents listed on the Consolidated Statements of Cash Flows	<u>\$ 456,314</u>	<u>445,280</u>	<u>473,612</u>

As of March 31, 2023, December 31, 2022, and March 31, 2022, the cash and cash equivalent of the consolidated company were not provided as loan guarantee or litigation collateral to a financial institute or court.

#### (II) Financial assets measured with amortized cost

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
<b><u>Current</u></b>			
Domestic investment			
Time deposit with original maturity date for more than 3 months	\$ 55,500	50,500	72,500
Pledged time deposit certificate	15,000	15,000	-
Foreign investment			
Time deposit with original maturity date for more than 3 months	39,874	39,662	40,550
Total	<u>\$ 110,374</u>	<u>105,162</u>	<u>113,050</u>
<b><u>Non-current</u></b>			
Domestic investment			
Pledged time deposit certificate	\$ -	-	<u>15,000</u>

The consolidated company assessed the holding of these assets to maturity to collect

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

contract cash-flow and the cash-flow from the financial asset is all for principal payment and outstanding principal generated interest. Thus they were reported as financial assets measured at amortized cost.

As of March 31, 2023, December 31, 2022, and March 31, 2022, the amortized cost financial assets of the consolidated company had been provided to financial institutions as collateral for guarantees, please refer to Note 8.

### (III) Notes Receivable and Accounts Receivable

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes receivable - from business operation	\$ 16,509	16,065	18,490
Accounts Receivable	460,877	499,065	380,060
Less: Loss Allowance	<u>(5,899)</u>	<u>(7,123)</u>	<u>(4,496)</u>
Accounts Receivable, net	<u><u>\$ 471,487</u></u>	<u><u>508,007</u></u>	<u><u>394,054</u></u>

The consolidated 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 analysis for expected credit loss on notes and accounts receivable of the Company is as below:

	<u>2023.3.31</u>		
	<u>Carrying Amount of Notes Receivable and Accounts Receivable</u>	<u>Weighted Average Expected Credit Loss Rate</u>	<u>Loss Allowance Lifetime Expected Credit Loss</u>
Not Overdue	\$ 116,445	0.76%	882
Overdue Less Than 60 Days	1,498	9.01%	135
Over 91-180 Days	<u>64</u>	35.94%	<u>23</u>
Total	<u><u>\$ 118,007</u></u>		<u><u>1,040</u></u>

**Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)**

	<b>2022.12.31</b>		
	<b>Carrying Amount of Notes Receivable and Accounts Receivable</b>	<b>Weighted average credit loss rate</b>	<b>Loss Allowance Lifetime Expected Credit Loss</b>
Not Overdue	\$ 133,528	1.00%	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	61.90%	13
Over 181-365 Days	26	100%	26
Total	<b><u>\$ 140,161</u></b>		<b><u>2,148</u></b>

	<b>2022.3.31</b>		
	<b>Carrying Amount of Notes Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Loss Allowance Lifetime Expected Credit Loss</b>
Not Overdue	\$ 79,307	0.51%	401
Overdue Less Than 60 Days	1,027	16.16%	166
Over 61-90 Days	16	50.00%	8
Over 91-180 Days	23	69.57%	16
Over 181-365 Days	5	100%	5
Total	<b><u>\$ 80,378</u></b>		<b><u>596</u></b>

The consolidated company analysis for expected credit loss on notes and accounts receivable other than the Company is as below:

	<b>2023.3.31</b>		
<b>Credit Rating Grade</b>	<b>Carrying Amount of Notes Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Loss Allowance Lifetime Expected Credit Loss</b>
Low Risk	\$ 354,520	-	-
Those Who Have Financial Difficulties	4,859	100%	4,859
Total	<b><u>\$ 359,379</u></b>		<b><u>4,859</u></b>



**Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)**

<b>Credit Rating Grade</b>	<b>2022.12.31</b>		
	<b>Carrying Amount of Notes Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Loss Allowance Lifetime Expected Credit Loss</b>
Low Risk	\$ 369,994	-	-
Those Who Have Financial Difficulties	4,975	100%	4,975
<b>Total</b>	<b><u>\$ 374,969</u></b>		<b><u>4,975</u></b>

<b>Credit Rating Grade</b>	<b>2022.3.31</b>		
	<b>Carrying Amount of Notes Receivable and Accounts Receivable</b>	<b>Weighted Average Expected Credit Loss Rate</b>	<b>Loss Allowance Lifetime Expected Credit Loss</b>
Low Risk	\$ 314,272	-	-
Those Who Have Financial Difficulties	3,900	100%	3,900
<b>Total</b>	<b><u>\$ 318,172</u></b>		<b><u>3,900</u></b>

The consolidated company's aging analysis for notes and accounts receivable other than the Company is as below:

	<b>2023.3.31</b>	<b>2022.12.31</b>	<b>2022.3.31</b>
Not Overdue	\$ 334,328	336,926	290,965
Overdue Less Than 60 Days	23,121	36,399	15,871
Over 61-90 Days	560	481	8,837
Over 91-180 Days	281	439	2,169
Over 181-365 Days	355	523	43
Over 366 days	734	201	287
	<b><u>\$ 359,379</u></b>	<b><u>374,969</u></b>	<b><u>318,172</u></b>

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

	<b>2023 January to March</b>	<b>2022 January to March</b>
Beginning balance	\$ 7,123	6,113
Gain on reversal of impairment loss	(1,288)	(1,678)
Foreign exchange translation gain and loss	64	61
<b>Ending balance</b>	<b><u>\$ 5,899</u></b>	<b><u>4,496</u></b>

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

As of March 31, 2023, December 31, 2022, and March 31, 2022, no notes receivable and accounts receivable of the consolidated company pledged as collateral.

### (IV) Other Receivable and Overdue Receivable

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Other Receivable	\$ 33,669	29,118	35,266
Overdue Receivable	16,563	16,563	16,563
Less: Loss Allowance	(16,563)	(16,563)	(16,563)
	<u>\$ 33,669</u>	<u>29,118</u>	<u>35,266</u>

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

	<u>2023 January to March</u>	<u>2022 January to March</u>
Balance at the end of the period (i.e. balance at the beginning of the period)	<u>\$ 16,563</u>	<u>16,563</u>

Please refer to Note 6 (17) for information on other credit risks

### (V) Inventories

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Finished goods	\$ 25,402	23,851	23,370
Work in Process	94,464	98,364	104,492
Raw Materials	97,818	114,924	144,111
Products	328,476	315,367	340,840
	<u>\$ 546,160</u>	<u>552,506</u>	<u>612,813</u>

Inventory valuation loss (or gain from inventory price recovery) recognized when measuring the inventory at lower of cost or net realizable value for the period from January 1 to March 31, 2023 and 2022, are NT\$24,474 thousand and NT\$(2,847) thousand respectively, and are both recognized as costs of sales.

On March 31, 2023, December 31, 2022, and March 31, 2022, no inventory of the consolidated company is pledged as collateral.

### (VI) Property, plants and equipment

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery Equipment</u>	<u>Others assets</u>	<u>Total</u>
Carrying amount:					
March 31, 2023	<u>\$ 279,815</u>	<u>367,401</u>	<u>35,258</u>	<u>52,563</u>	<u>735,037</u>
December 31, 2022	<u>\$ 279,492</u>	<u>366,610</u>	<u>32,279</u>	<u>57,682</u>	<u>736,063</u>
March 31, 2022	<u>\$ 278,890</u>	<u>379,477</u>	<u>32,126</u>	<u>49,627</u>	<u>740,120</u>

1. There is not any significant purchase, disposal, impairment recognition, or reversal in the property, plant, and equipment of the consolidated company for the period from January 1

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

to March 31, 2023 and 2022. For depreciation in current period, please refer to Note 12. Other related information please refer to Note 6 (6) to the 2022 Consolidated Financial Statements.

2.As of March 31, 2023, December 31, 2022, and March 31, 2022, details of the consolidated company's property, plant and equipment pledged as collateral for loans and financing facilities, please refer to Note 8.

### (VII) Intangible Assets

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Other intangible assets</b>	<b>Total</b>
Carrying amount:				
March 31, 2023	<u>\$ 508,537</u>	<u>6,973</u>	<u>137,971</u>	<u>653,481</u>
December 31, 2022	<u>\$ 503,395</u>	<u>7,403</u>	<u>139,715</u>	<u>650,513</u>
March 31, 2022	<u>\$ 508,094</u>	<u>7,813</u>	<u>152,976</u>	<u>668,883</u>

There is not any significant purchase, disposal, impairment recognition or reversal in the intangible assets of the consolidated company for the period from January 1 to March 31, 2023 and 2022. For amortization in current period, please refer to Note 12. Other related information please refer to Note 6 (7) to the 2022 Consolidated Financial Statements.

### (VIII) Short-term notes

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

	<b>2023.3.31</b>	<b>2022.12.31</b>	<b>2022.3.31</b>
Secured bank borrowings	\$ 25,856	34,650	55,613
Unsecured bank borrowings	212,139	260,707	335,321
Total	<u>\$ 237,995</u>	<u>295,357</u>	<u>390,934</u>
Unused credit term	<u>\$ 884,434</u>	<u>829,877</u>	<u>756,253</u>
Interest rate range	<u>1.725%~6.12%</u>	<u>1.30%~5.59%</u>	<u>0.85%~1.99%</u>

#### 1. New borrowings and repayments

For the period from January 1 to March 31, 2023 and 2022, new borrowings amounted to NT\$188,905 thousand and NT\$305,575 thousand, respectively, and repayments amounted to NT\$248,874 thousand and NT\$270,513 thousand, respectively. For interest expenses, please refer to Notes 6 (16). For other related information, please refer to Note 6 (8) to the 2022 consolidated financial statements.

#### 2. Collaterals for bank loans

For detail on assets used by the consolidated company as mortgage to guarantee borrowing from the bank or as the funding credit to the bank please refer to Note 8.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### (IX) Long-term borrowings

The detail of long-term borrowings of the consolidated company is as follows:

<b>2023.3.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Maturity Date</b>	<b>Amount</b>
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 130,235
Less: Mature Within One Year				(12,267)
Total				<b>\$ 117,968</b>
Unused credit term				<b>\$ -</b>
<b>2022.12.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Maturity Date</b>	<b>Amount</b>
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 131,526
Less: Mature Within One Year				(10,261)
Total				<b>\$ 121,265</b>
Unused credit term				<b>\$ -</b>
<b>2022.3.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Maturity Date</b>	<b>Amount</b>
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 131,275
Less: Mature Within One Year				(8,977)
Total				<b>\$ 122,298</b>
Unused credit term				<b>\$ -</b>

For detail on assets used by the consolidated company as mortgage to guarantee borrowing from the bank please refer to Note 8.

### (X) Employee benefit

#### 1. Defined benefit plan

Since there has not been any significant market fluctuations, significant reductions, repayments, or other significant one-time events after the prior year's reporting date, the consolidated company adopted the actuarially determined pension costs as of December 31, 2022 and 2021 to measure and disclose the pension costs for the interim period.

Detail of pensions reported as expenses by the consolidated company were as follows:

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Operating costs	\$ -	-
Operating Expenses	12	39
Operating Expenses	<b><u>\$ 12</u></b>	<b><u>39</u></b>

### 2. Defined contribution plans

The Consolidated Company's pension costs and expenses under the Defined Pension Contribution Plan were as follows and were contributed to the Bureau of Labor Insurance:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Operating costs	\$ 2,584	2,384
Operating Expenses	5,015	4,491
	<b><u>\$ 7,599</u></b>	<b><u>6,875</u></b>

## (XI) Income Taxes

1.Detail of the consolidated company's income tax expenses is as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Tax expenses in current period	\$ 20,509	6,685
Expense of deferred income tax (benefit)	(6,662)	4,332
Income tax expenses	<b><u>\$ 13,847</u></b>	<b><u>11,017</u></b>

2.As of 2021, all tax returns by the subsidiary - Sturdy have been authorized by the tax collection authority.

## (XII) Capital and other equity interests

For the period from January 1 to March 31, 2023 and 2022, there is not any material changes in consolidated company's in capital and capital surplus. Please refer to Note 6 (12) to the 2022 Consolidated Financial Statements for related information.

### 1. 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 statute.
- (4) Have the special reserve appropriated or reversed in accordance with applicable laws and regulations or competent authority.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

- (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.

If the above distribution of shareholders' bonus is made in the form of cash payment, the Board of Directors shall be authorized to make such proposal with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and report to the shareholders' meeting.

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. Earning 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.

### 2. Earnings Distribution

The Company's board of directors meeting on March 29, 2023, resolved the proposal of 2022 earnings distribution, and the shareholders' meeting resolved to distribute earnings of 2021 on June 20, 2022. The dividends distributed to the owners are as follows:

	2022		2021	
	Allotment rate (dollar)	Amount	Allotment rate (dollar)	Amount
Cash	\$ 0.85	<u>85,775</u>	0.55	<u>55,501</u>

### 3. Other equity (net of tax)

	Financial statements translation differences of foreign operations	Unrealized Valuation Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total
Balance as of January 1, 2023	\$ (209,197)	9,058	(200,139)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through			
Other Comprehensive Income	-	(2,091)	(2,091)
Share of translation difference of associates for using equity method	15,617	-	15,617
Balance as of March 31, 2023	<u>\$ (193,580)</u>	<u>6,967</u>	<u>(186,613)</u>

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

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		-	1,469	1,469
Share of translation difference of associates for using equity method		32,797	-	32,797
Balance as of March 31, 2022	\$	<u>(225,596)</u>	<u>7,228</u>	<u>(218,368)</u>

### (XIII) Earnings per share

The consolidated company's basic EPS and diluted EPS are calculated as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Basic earnings per share		
Net income attributable to common stock shareholders of the Company	<u>\$ 50,731</u>	<u>30,678</u>
Weighted average number of common stock shares outstanding	<u>100,912</u>	<u>100,912</u>
Basic EPS (Dollars)	<u>\$ 0.50</u>	<u>0.30</u>
Diluted earnings per share		
Net income attributable to common stock shareholders of the Company (Basic)	<u>\$ 50,731</u>	<u>30,678</u>
Net income attributable to common stock shareholders of the Company (diluted)	<u>\$ 50,731</u>	<u>30,678</u>
Weighted average number of common shares outstanding (basic)	100,912	100,912
Impact of potential diluted common shares		
Impact of employee stock compensation	<u>684</u>	<u>425</u>
Weighted average number of common stock shares outstanding (After the adjustment of potential diluted shares)	<u>101,596</u>	<u>101,337</u>
Diluted EPS (Dollars)	<u>\$ 0.50</u>	<u>0.30</u>

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### (XIV) Revenue from Contracts with Customers

#### 1. Details of Revenue

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Major Market:		
Spain	\$ 155,615	111,990
United States of America	40,221	61,981
United Kingdom	28,361	42,503
Taiwan	31,054	35,972
Germany	134,949	102,919
Japan	40,828	26,905
Other Country	268,737	213,123
	<b>\$ 699,765</b>	<b>595,393</b>
Major Product:		
Support Surface Systems	\$ 368,474	320,857
Respiratory Therapy Devices	156,769	109,591
Others	174,522	164,945
	<b>\$ 699,765</b>	<b>595,393</b>

#### 2. Contract Balance

	<b>2023.3.31</b>	<b>2022.12.31</b>	<b>2022.3.31</b>
Notes receivable-from business			
operation	\$ 16,509	16,065	18,490
Accounts Receivable	460,877	499,065	380,060
Less: Loss Allowance	(5,899)	(7,123)	(4,496)
Total	<b>\$ 471,487</b>	<b>508,007</b>	<b>394,054</b>

Please Refer to Note 6 (3) for Accounts Receivable and its' Impairment.

### (XV) Remuneration to employees and the directors

According to 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's remuneration to employees and Directors are estimated using the profit before tax and before netting of the remuneration in each period to multiply a designated percentage specified in the Article of Incorporation. The distribution would be recorded as operating costs or operating expenses of each period. Any difference between amount actually distributed and the estimate is treated as change of accounting estimate, and is



## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

recognized as profit or loss in the next year.

Detail of the abovementioned estimations are as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Remuneration to employee	\$ 4,950	2,550
Remuneration to Directors	1,100	600
	<b>\$ 6,050</b>	<b>3,150</b>

For the years 2022 and 2021, the Company appropriated NT\$15,634 thousand and NT\$9,429 thousand for employees' remuneration and NT\$3,518 thousand and NT\$2,121 thousand for directors' remuneration, respectively, which were not different from the actual distribution amounts. The relevant information can be found on the MOPS.

### (XVI) Non-operating income and expenditures

#### 1. Interest Income

Details of interest income of the consolidated company as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Bank deposits interest	\$ 532	706
other interest Income	442	8
Interest Income	<b>\$ 974</b>	<b>714</b>

#### 2. Other Income

Details of other income of the consolidated company as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Rental income	\$ 11	-
Commission income	24	-
Other Income	<b>\$ 35</b>	<b>-</b>

#### 3. Other Profits and Losses

Details of other profits and losses of the consolidated company, as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Loss on Disposal of Property, Plant and Equipment	\$ (332)	-
Foreign Exchange Losses	(609)	(5,775)
Others	12,297	5,729
Net of Other Gains and Losses	<b>\$ 11,356</b>	<b>(46)</b>

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### 4. Financial Costs

Details of financial costs of the consolidated company as follows:

	<b>2023</b>	<b>2022</b>
	<b>January to</b>	<b>January to</b>
	<b>March</b>	<b>March</b>
Lease liabilities interest amortization	\$ (249)	(208)
Bank Borrowings	(3,494)	(1,753)
Financial Costs	<b>\$ (3,743)</b>	<b>(1,961)</b>

### (XVII) Financial Instruments

Except for the following, there were no significant changes in the fair value of and the exposure to credit risk, liquidity risk, and market risk due to the consolidated company's financial instruments. For related information, please refer to Note 6 (17) to the 2022 Consolidated Financial Statements.

#### 1. Foreign exchange risk

##### (1) Risk Exposure of Exchange Rate Risk

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

		<b>2023.3.31</b>	
		<b>Foreign</b>	<b>Exchange</b>
		<b>currency</b>	<b>rate</b>
			<b>NTD</b>
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$	3,140	30.4500
Euro		4,508	33.1500
GBP		73	37.6700
RMB		696	4.4310
<u>Financial liability</u>			
<u>Monetary item</u>			
USD	\$	1,671	30.4500
Euro		3,406	33.1500
GBP		371	37.6700

# Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

		2022.12.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	4,018	30.7100	123,393
Euro		3,827	32.7200	125,219
GBP		316	37.0900	11,720
RMB		498	4.4080	2,195
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		1,487	30.7100	45,666
Euro		5,282	32.7200	172,827
GBP		618	37.0900	22,922
		2022.3.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	4,169	28.6250	119,338
Euro		1,005	31.9200	32,080
GBP		205	37.6200	7,712
RMB		1,978	4.5060	8,913
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		2,034	28.6250	58,223
Euro		4,059	31.9200	129,563
GBP		598	37.6200	22,497

The consolidated 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 March 31, 2023 and 2022, when NTD depreciated against USD, Euro, GBP and RMB by 2% and on the condition that all other factors remained the same, the net income before tax for the period from January 1 to March 31, 2023 and 2022, of the consolidated company would increase or decrease by NT\$1,462 thousand and NT\$845 thousand, respectively. Analyses of these two periods adopted the same basis.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

Since the consolidated 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 losses on foreign currency exchange (including realized and unrealized) for the period from January 1 to March 31, 2023 and 2022, were NT\$609 thousand and NT\$5,775 thousand, respectively.

### 2. Information on fair value

#### (1) Category and fair value of the financial instruments

The consolidated company through the financial assets measured at fair value and Financial Assets Measured at fair value through other comprehensive income 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:

	2023.3.31				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Financial assets					
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	\$ 17,073	-	-	17,073	17,073
Financial assets measured with amortized cost					
Cash and cash equivalents	456,314	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	110,374	-	-	-	-
Notes receivable and accounts receivable	471,487	-	-	-	-
Other Receivable	33,669	-	-	-	-
Sub total	1,071,844	-	-	-	-
Total	\$ 1,088,917	-	-	17,073	17,073

# Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

		2023.3.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured						
with amortized cost						
Short-Term borrowings	\$	237,995	-	-	-	-
Long-term Borrowings						
(including the long-term						
borrowings maturing within						
one year)		130,235	-	-	-	-
Notes payable and accounts						
payable		216,614	-	-	-	-
Other Payables						
(including related parties)						
		155,357	-	-	-	-
Lease Liabilities – Non-Current		55,871	-	-	-	-
Total	\$	796,072	-	-	-	-
		2022.12.31				
		Carrying Amount	Fair Value			
			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		445,280	-	-	-	-
Financial assets measured with						
amortized cost - certificate of						
time deposit		105,162	-	-	-	-
Notes receivable and accounts						
receivable		508,007	-	-	-	-
Other Receivable		29,118	-	-	-	-
Sub total		1,087,567	-	-	-	-
Total	\$	1,106,732	-	-	19,165	19,165

# Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

		2022.12.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured with						
amortized cost						
Short-Term borrowings	\$	295,357	-	-	-	-
Long-term Borrowings						
(including the long-term						
borrowings maturing within						
one year)		131,526	-	-	-	-
Notes payable and accounts						
payable		175,059	-	-	-	-
Other Payables						
(including related parties)						
		210,431	-	-	-	-
Lease Liabilities – Non-Current		58,553	-	-	-	-
Total	\$	870,926	-	-	-	-
		2022.3.31				
		Carrying Amount	Fair Value			
			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	\$	17,335	-	-	17,335	17,335
Financial assets measured with						
amortized cost						
Cash and cash equivalents		473,612	-	-	-	-
Financial assets measured with						
amortized cost - certificate						
of time deposit		128,050	-	-	-	-
Notes receivable and accounts						
receivable		394,054	-	-	-	-
Other Receivable		35,266	-	-	-	-
Sub total		1,030,982	-	-	-	-
Total	\$	1,048,317	-	-	17,335	17,335

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

		2022.3.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured						
with amortized cost						
Short-Term borrowings	\$	390,934	-	-	-	-
Long-term Borrowings						
(including the long-term						
borrowings maturing within						
one year)		131,275	-	-	-	-
Notes payable and accounts						
payable		237,626	-	-	-	-
Other Payable		164,802	-	-	-	-
Lease Liabilities – Non-Current		52,435	-	-	-	-
Total	\$	977,072	-	-	-	-

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

The methodology and assumptions the consolidated 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 assets measured at fair value.

(3.1) Non-derivative financial instruments

If quoted prices in active markets are available, they are used as fair value. Market prices announced by major exchanges are bases for fair value of the equity instruments listed in the market.

For financial instruments held by the consolidated 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:

As mutual fund beneficiary certificates are financial assets with standard terms and conditions and traded in an active market, their fair value is determined referencing the quoted price in the active market.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

Except for the above-mentioned financial instruments with an active market, the fair value of the remaining financial instruments is obtained by the valuation techniques. 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 consolidated balance sheet.

### (3.2) Derivative Financial Instruments

Valuated according to the valuation model widely accepted by the market users. The structured interest rate derivative financial instruments are based on appropriate pricing models or other valuation methods.

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

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

The consolidated company's fair value is classified as the third level provided with single significant unobservable input. The equity instrument investment without an active market only is provided with multiple significant unobservable inputs. 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 2023.3.31 and 2022.3.31)	• The higher the discount for lack of marketability is, the lower the fair value is.

(5) From January 1 to March 31, 2023 and January 1 to March 31, 2022, there is no transfer in the fair value hierarchy of the financial assets.

### (XVIII) Financial risk management

The consolidated company's financial risk management objectives and policies are not significantly different from those disclosed in Note 6 (18) to the 2022 Consolidated Financial



## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

Statements.

### (XIX) Capital Management

The consolidated company's capital management objectives, policies, and procedures are the same as those disclosed in the 2022 Consolidated Financial Statements. In addition, there were no significant changes to the aggregate quantitative information of the capital management items from those disclosed in the 2022 consolidated financial statements. Relevant information please refer to Notes 6 (19) in the 2022 consolidated financial statements.

## VII. Related Party Transactions

### (I) Names and relationships of related parties

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

<u>Names of related parties</u>	<u>Relation with the consolidated company</u>
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
Li, Chao Yi	The individual and the Chairman of the Company are first-degree relatives

### (II) Significant transactions with the related parties

#### 1. Accounts payable from related parties

The details of the consolidated company's accounts payable from the related parties is as follows:

<u>Items listed in the account</u>	<u>Category of the related parties</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Other Payable - Related Party	Other related parties	\$ 33	30	-

#### 2. Other transactions

	<u>Operating Expenses</u>		<u>Other Income (Listed as Other Profits and Losses)</u>	
	<u>2023 January to March</u>	<u>2022 January to March</u>	<u>2023 January to March</u>	<u>2022 January to March</u>
Other related parties - Studio88 Design Corp.	\$ -	2,500	-	-
Other related parties	83	-	11	11
	<u>\$ 83</u>	<u>2,500</u>	<u>11</u>	<u>11</u>

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

		Receipts in advance (Listed as Other Current Liabilities)		
		2023.3.31	2022.12.31	2022.3.31
Other related parties		\$ 11	23	-

(III) Transactions regarding key management

Remuneration to Key management includes:

	2023 January to March	2022 January to March
Short term employee benefits	\$ 3,109	4,800
Benefits after resignation	63	108
	<u>\$ 3,172</u>	<u>4,908</u>

### VIII. Pledged Assets

The book value of the pledged assets of the consolidated company is as follows:

Assets	Objectives of the pledged assets	2023.3.31	2022.12.31	2022.3.31
Time deposit certificate (financial assets measured with amortized cost - current)	Export bill negotiation facility	\$ 15,000	15,000	-
Time deposit certificate (financial assets measured with amortized cost - non-current)	Export bill negotiation facility	-	-	15,000
Land	Bank Borrowings	279,815	279,492	278,890
Building and construction, net	Bank Borrowings	158,255	158,526	160,442
Transportation vehicles, net	Bank Borrowings	10,064	11,190	9,042
		<u>\$ 463,134</u>	<u>464,208</u>	<u>463,374</u>

### IX. Significant contingent liabilities and unrecognized contract commitments

As of March 31, 2023, December 31, 2022 and March 31, 2022, the credit card guarantee

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

applied by the consolidated 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	January to March, 2023			January to March, 2022		
	Included in Operating Costs	Included in Operating Expenses	Total	Included in Operating Costs	Included in Operating Expenses	Total
Employee Benefit Expenses						
Salary Expenses	41,031	111,786	152,817	40,909	115,096	156,005
Labor Insurance and Health Insurance Expenses	3,669	8,749	12,418	3,390	7,851	11,241
Pension Fund Expenses	2,584	5,027	7,611	2,384	4,530	6,914
Remuneration to Directors	-	2,319	2,319	-	1,809	1,809
Other Employee Benefit Expenses	2,224	3,442	5,666	2,370	3,484	5,854
Depreciation	9,528	8,985	18,513	10,627	8,674	19,301
Amortization	3	4,469	4,472	12	4,484	4,496

### XIII. Additional Disclosure

#### (I) Information on significant transactions

Consolidated company as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers of January 1 to March 31, 2023, information of significant transaction that should be disclosed is as follows:

# Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

## 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 6)	Amount of transactions with the borrowers	Reason for short term business financing	Allowance for bad debt	Guarantee		Limit on loan granted to a single party	Maximum limit of fund financing
													Name	Value		
1	ComfortPro Investment Corp.(Note 2)	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,005 (RMB9,000)	39,879 (RMB9,000)	39,879 (RMB9,000)	-	2	-	Operation turnover	-	No	-	133,024	266,048
1	ComfortPro Investment Corp.(Note 2)	Wellell France S.A.S	Other Receivable	Yes	11,603 (EUR350)	11,603 (EUR350)	11,603 (EUR350)	-	2	-	Operation turnover	-	No	-	133,024	266,048
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell Germany GmbH	Other Receivable	Yes	28,178 (EUR850)	28,178 (EUR850)	25,526 (EUR770)	1	2	-	Operation turnover	-	No	-	367,037	734,073
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell France S.A.S	Other Receivable	Yes	19,890 (EUR600)	19,890 (EUR600)	19,890 (EUR600)	-	2	-	Operation turnover	-	No	-	367,037	734,073
2	Apex Medical Respiratory Ltd.(Note 3)	Wellell America Corp.	Other Receivable	Yes	15,240 (EUR500)	15,225 (EUR500)	15,225 (EUR500)	2	2	-	Operation turnover	-	No	-	367,037	734,073
3	Apex Global Investment Ltd.(Note 4)	Wellell France S.A.S	Other Receivable	Yes	16,575 (EUR500)	16,575 (EUR500)	16,575 (EUR500)	-	2	-	Operation turnover	-	No	-	179,104	358,209
3	Apex Global Investment Ltd.(Note 4)	Wellell UK Limited	Other Receivable	Yes	18,835 (GBP500)	18,835 (GBP500)	18,835 (GBP500)	-	2	-	Operation turnover	-	No	-	179,104	358,209
4	SLK Vertriebs GmbH(Note 5)	Wellell Germany GmbH	Other Receivable	Yes	15,912 (EUR480)	15,912 (EUR480)	15,912 (EUR480)	1	2	-	Operation turnover	-	No	-	87,606	175,213

Note 1: 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 2: 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 3: 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 4: 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 5: 1. Transaction with others. 2. short-term financing facility is necessary.

Note 6: The above transactions were eliminated when the consolidated financial reports were prepared.

## 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 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	1,142,669	203,541 (EUR6,140)	203,541 (EUR6,140)	150,688 (EUR4,546)	-	8.67%	1,142,669	Y	N	N
0	Wellell Inc.	Wellell America Corp. (Note 3)	2	1,142,669	45,720 (USD1,500)	45,675 (USD1,500)	7,004 (USD 230)	-	2%	1,142,669	Y	N	N

Note 1: The endorsement/guarantee for outsiders cannot exceed 50% of the net worth of the period. The

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

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	11,745	18.95 %	11,745	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	5,328	5.00 %	5,328	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: None.
8. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
9. Whether engaging in the transaction of derivative instruments: None.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

### 10. Business relationship between the parent and subsidiaries and status of the important transactions:

Unit: New Taiwan Dollars in thousands

No.	Name of counterparty	Party transacted with	Relationship with related parties	Status of transactions			
				Account	Amount	Terms of transactions	% of total consolidated revenues or total assets
0	Wellell Inc.	Apex Medical S.L.	1	Sales revenues	39,714	The sales price is comparatively lower than the general customers due to larger sales volumes.	5.68%
0	Wellell Inc.	APEX MEDICAL CORP.	1	Sales revenues	15,032	The same as those provided to the non-related parties	2.15%
0	Wellell Inc.	Wellell France S.A.S.	1	Sales revenues	25,806	The same as those provided to the non-related parties	3.69%
0	Wellell Inc.	Wellell UK Limited	1	Sales revenues	14,326	The same as those provided to the non-related parties	2.05%
0	Wellell Inc.	Apex (Kunshan) Medical Corp.	1	Sales revenues	10,186	The same as those provided to the non-related parties	1.46%
1	Apex (Kunshan) Medical Corp.	Wellell Inc.	2	Sales revenues	30,643	The sales price is comparatively lower than the general customers due to larger sales volumes.	4.38%
1	Apex (Kunshan) Medical Corp.	APEX MEDICAL CORP.	3	Sales revenues	23,482	The same as those provided to the non-related parties	3.36%
1	Apex (Kunshan) Medical Corp.	Wellell (Kunshan) Co., Ltd	3	Sales revenues	22,865	The same as those provided to the non-related parties	3.27%
2	APEX MEDICAL CORP.	Wellell America Corp.	3	Sales revenues	9,871	The same as those provided to the non-related parties	1.41%
0	Wellell Inc.	Apex Medical S.L.	1	Accounts Receivable	86,453	The collection term is 180 days after the monthly cut-off day	2.70%
0	Wellell Inc.	Wellell France S.A.S.	1	Accounts Receivable	61,876	The payment term is 180 days after bill of lading date.	1.93%
3	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	3	Other Receivable	39,879	In accordance with the contract	1.24%

Note 1. The number is filled out as follows:

1. 0 Representing Parent Company.

2. The subsidiary is numbered in the sequence of Arabic numerals starting from 1.

Note 2: The category of relationship with counterparty is marked as follows:

1. Parent to subsidiary.

2. Subsidiary to parent.

3. Subsidiary to subsidiary.

Note 3: For business relationships between the parent company and the subsidiary, only information of sales and accounts receivable are disclosed. The corresponding purchases and accounts payable are not addressed again.

Note 4: The above transactions were eliminated when the consolidated financial reports were eliminated.

### (II) Information on investees:

The information of reinvestment business of the consolidated company for January to March, 2023 is as follows (not including investment to Mainland China):

# Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

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%	357,604	100%	11,991	11,991	Subsidiaries
"	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(9,016)	100%	(685)	(685)	"
"	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	245,658	100%	12,228	12,228	"
"	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	300,716	100%	1,156	1,227	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	1,180	99.82%	(61)	(61)	"
"	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	3,668	49%	321	158	"
"	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	780,354	780,354	7,780	100%	702,349	100%	(854)	(854)	"
"	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	66,823	100%	1,897	1,897	"
The Company	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	14,112	100%	4,796	4,796	Subsidiaries
"	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	1,000	-	100	100%	1,000	100%	-	-	"
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%	266,048	100%	218	218	"
"	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	50,073	100%	11,775	11,775	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	2	0.18%	(61)	-	"
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	269,577	100%	(2,689)	(2,689)	"
"	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	389,528	100%	9,822	6,655	"
"	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	32,923	100%	106	(54)	"
"	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	(14,182)	100%	(4,448)	(4,448)	"

Note 1: The above transactions were eliminated when the consolidated financial reports were prepared.

Note 2: The liquidation process was completed on September 5, 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	(1)	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	(1)	231,103 (USD7,100)	-	-	231,103 (USD7,100)	2,445	100.00%	100.00%	228	209,207	-
Kunshan Co Wei Plastic Product Corp.	Manufacturing and sales of plastic products	25,316	(1)	25,487 (USD842)	-	-	25,487 (USD842)	- (Note 1)	-% (Note 1)	-% (Note 1)	- (Note 1)	- (Note 1)	-
Wellell (Kunshan) Co., Ltd	Sales of medical supplies	8,041	(1)	8,041 (USD250)	-	-	8,041 (USD250)	11,775	100.00%	100.00%	11,775	32,716	-

Note: Investment methods can be classified as follows:

(I): Investment by 100% owned subsidiary set up in the third area.

## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

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

Note 2: The above transactions were eliminated when the consolidated financial reports were prepared.

### 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)	1,371,313

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

For the significant transactions conducted with investees in Mainland China directly or indirectly for January 1 to March 31, 2023 (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

The consolidated company is mainly engaged in the manufacture, import, export as well as sales of medical supplies. The company is operating in just one industry and all sales department of the medical supplies and associated activities were used as a whole as basis for decision making and performance evaluation. As a consequence, the operating segments and reportable segments are divided by regions:



## Wellell Inc. and Subsidiaries Consolidated financial statement Notes (continued)

The consolidated company operating departments and adjustment are listed below:

<b>January to March, 2023</b>					
	<b>Europe</b>	<b>America</b>	<b>Asia</b>	<b>Adjustment and elimination</b>	<b>Total</b>
Revenue:					
Revenue from outside customers	\$ 464,507	64,626	170,632	-	699,765
Revenues between segments	93,135	9,863	88,617	(191,615)	-
Total revenue	<u>\$ 557,642</u>	<u>74,489</u>	<u>259,249</u>	<u>(191,615)</u>	<u>699,765</u>
Profit and loss from reportable segment	<u>\$ 51,459</u>	<u>10,423</u>	<u>33,484</u>	<u>(30,624)</u>	<u>64,742</u>

<b>January to March, 2022</b>					
	<b>Europe</b>	<b>America</b>	<b>Asia</b>	<b>Adjustment and elimination</b>	<b>Total</b>
Revenue:					
Revenue from outside customers	\$ 372,268	80,139	142,986	-	595,393
Revenues between segments	104,816	-	128,342	(233,158)	-
Total revenue	<u>\$ 477,084</u>	<u>80,139</u>	<u>271,328</u>	<u>(233,158)</u>	<u>595,393</u>
Profit and loss from reportable segment	<u>\$ 17,727</u>	<u>(2,301)</u>	<u>50,694</u>	<u>(23,941)</u>	<u>42,179</u>

As the assets/liabilities measures of the consolidated company's reportable segments were not provided for operational decision making, the measures of assets/liabilities were not disclosed.