

Wellell Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review
Report

For the Six Months Ended June 30, 2023 and 2022

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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 June 30, 2023 and 2022, the consolidated comprehensive income statement covering the periods of April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, the 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 as of June 30 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 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 June 30, 2023 and 2022, and the results of the consolidated financial performance for the period of April 1 to June 30, 2023 and 2022, and the period of January 1 to June 30, 2023 and 2022, and the consolidated cash flows for the period of January 1 to June 30, 2023 and 2022.

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

Certified Public
Accountants:

Certified and	Jin-Guan-Cheng-Shen-Zi No.
Approved No. of	1040003949
the Securities	Jin-Guan-Cheng-Liu-Zi No.
Competent	0960069825
Authority:	
August 9, 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 June 30, 2023 and 2022
Wellell Inc. and Subsidiaries

Consolidated Balance Sheet

June 30, 2023, December 31, 2022, and June 30, 2022

Unit: New Taiwan Dollars in thousands

		2023.6.30		2022.12.31		2022.6.30				2023.6.30		2022.12.31		2022.6.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current Assets:								Current Liabilities:							
1100	Cash and Cash Equivalents(Note 6 (1) (17))	\$ 462,725	14	445,280	15	452,757	14	2100	Short term Borrowings (Note 6 (8) and (17))	\$ 224,577	7	295,357	9	420,535	13
1137	Financial Asset at Amortized Cost – Current (Note 6 (2) (17) and 8)	108,036	3	105,162	3	111,021	3	2150	Notes Payable	43	-	566	-	-	-
1150	Notes Receivable, net (Note 6 (3) (14) (17))	18,097	1	16,065	-	19,063	1	2170	Accounts Payable	123,407	4	174,493	5	208,595	7
1170	Accounts Receivable, net (Note 6 (3) (14) (17))	562,276	18	491,942	15	439,497	14	2200	Other Payables (including related parties) (Note 6 (17) and 7)	274,718	8	210,431	7	211,381	7
1200	Other Receivable (Note 6 (4))	25,005	1	29,118	1	20,558	1	2230	Current Income Tax Liability	52,587	2	33,539	1	30,914	1
130X	Inventories (Note 6 (5))	444,230	14	552,506	17	613,333	19	2280	Lease Liabilities – Current (Note 6(17))	16,814	1	16,154	1	14,846	-
1410	Prepayments	40,801	1	36,098	1	39,983	1	2300	Other Current Liabilities (including related parties) (Note 7)	27,372	1	30,276	1	41,563	1
1470	Other Current Assets	859	-	1,145	-	2,814	-	2322	Long-term Borrowings, current portion (Note 6 (9) (17))	13,455	-	10,261	-	8,781	-
Total Current Assets		1,662,029	52	1,677,316	52	1,699,026	53	Total Current Liabilities		732,973	23	771,077	24	936,615	29
Non-current Assets:								Non-current Liabilities:							
1535	Financial Asset at Amortized Cost – Non-Current (Note 6 (2) (17) and 8)	15,000	-	-	-	15,000	-	2540	Long term Borrowings (Note 6 (9) and (17))	116,481	4	121,265	4	116,751	4
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (17))	19,190	1	19,165	1	14,688	-	2570	Deferred Income tax Liabilities (Note (11))	9,246	-	9,993	-	8,661	-
1600	Property, Plant and Equipment (Note 6 (6) and 8)	726,549	23	736,063	23	724,519	23	2580	Lease Liabilities – Non-Current (Note 6(17))	35,827	1	42,399	2	42,933	1
1755	Right-of-use Assets	60,980	2	67,438	2	66,994	2	2640	Net defined benefit liability – Non Current (Note (10))	1,074	-	1,043	-	5,439	-
1780	Intangible Assets (Note 6 (7))	672,967	21	650,513	21	644,962	20	2670	Other Non-current Liabilities	35,092	1	33,959	1	32,050	1
1840	Deferred Income Tax Assets (Note (11))	44,964	1	40,169	1	37,041	1	Total Non-Current Liabilities		197,720	6	208,659	7	205,834	6
1920	Refundable deposits	15,778	-	15,862	-	15,443	1	Total Liabilities		930,693	29	979,736	31	1,142,449	35
1990	Other non-current Assets	769	-	768	-	768	-	Equity attributable to owners of the parent company (Note 6 (12)):							
Total Non-current Assets		1,556,197	48	1,529,978	48	1,519,415	47	3100	Capital	1,009,116	31	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	311,210	10	294,712	9	294,712	9
								3320	Special reserves	252,634	8	252,634	8	252,634	8
								3350	Undistributed earnings (Note (10))	518,622	16	519,306	16	436,678	14
								Subtotal of Retained Earnings		1,082,466	34	1,066,652	33	984,024	31
								3400	Other Equities	(153,948)	(5)	(200,139)	(6)	(268,400)	(8)
								Subtotal of equity attributable to owners of the parent company		2,283,269	71	2,221,264	69	2,070,375	65
								36XX	Non-controlling interests	4,264	-	6,294	-	5,617	-
								Total Equity		2,287,533	71	2,227,558	69	2,075,992	65
Total Assets		\$ 3,218,226	100	3,207,294	100	3,218,441	100	Total liabilities and Equity		\$ 3,218,226	100	3,207,294	100	3,218,441	100

(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

April 1 - June 30, 2023 and 2022, and January 1 - June 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

		April to June, 2023		April to June, 2022		January to June, 2023		January to June, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Sales Revenue (Note 6 (14))	\$ 703,610	100	680,136	100	1,403,375	100	1,275,529	100
5000	Operating Costs (Note 6 (5) (6) (7) (10) and (15))	414,942	59	413,232	61	817,342	58	760,535	60
	Gross Margin	288,668	41	266,904	39	586,033	42	514,994	40
6000	Operating Expenses (Note 6 (3) (6) (7) (10) (15) and 7):								
6100	Selling Expenses	94,597	13	87,247	13	193,540	14	177,361	14
6200	General and Administrative Expenses	88,179	13	80,661	12	190,760	13	160,592	12
6300	Research & Development Expenses	38,977	5	39,370	6	79,986	6	75,621	6
6450	Gain on Reversal of Expected Credit Impairment	370	-	566	-	(918)	-	(1,112)	-
	Total Operating Expenses	222,123	31	207,844	31	463,368	33	412,462	32
6900	Net Operating Profit	66,545	10	59,060	8	122,665	9	102,532	8
	Non-operating income and expenditures (Note 6 (16) and 7):								
7100	Interest Income	995	-	539	-	1,969	-	1,253	-
7130	Other Income	63	-	88	-	98	-	88	-
7020	Other Profits and Losses	10,691	1	9,474	1	22,047	1	9,428	-
7050	Financial Costs	(3,258)	-	(2,216)	-	(7,001)	-	(4,177)	-
	Total non-operating income and expenses	8,491	1	7,885	1	17,113	1	6,592	-
	Profit before Tax	75,036	11	66,945	9	139,778	10	109,124	8
7950	Less: Income Tax Expenses (Note 6 (11))	24,030	4	15,397	2	37,877	3	26,414	2
	Net Income Current Period	51,006	7	51,548	7	101,901	7	82,710	6
8300	Other comprehensive income:								
8310	Items not to be reclassified into profit or loss								
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	2,116	-	(2,647)	-	25	-	(1,178)	-
8349	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items not to be reclassified into profit or loss	2,116	-	(2,647)	-	25	-	(1,178)	-
8360	Items that may be subsequently reclassified into profit or loss:								
8361	Financial statements translation differences of foreign operations	28,186	4	(47,509)	(7)	43,824	3	(14,517)	(1)
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	28,186	4	(47,509)	(7)	43,824	3	(14,517)	(1)
8300	Other comprehensive Income Current Period	30,302	4	(50,156)	(7)	43,849	3	(15,695)	(1)
	Total Comprehensive Income Current Period	<u>\$ 81,308</u>	<u>11</u>	<u>1,392</u>	<u>-</u>	<u>145,750</u>	<u>10</u>	<u>67,015</u>	<u>5</u>
	Net Income attributed to:								
	Owner of the parent company	\$ 50,858	7	51,674	7	101,589	7	82,352	6
8620	Non-controlling interests	148	-	(126)	-	312	-	358	-
		<u>\$ 51,006</u>	<u>7</u>	<u>51,548</u>	<u>7</u>	<u>101,901</u>	<u>7</u>	<u>82,710</u>	<u>6</u>
	Comprehensive Income attributed to:								
	Owner of the parent company	\$ 83,523	11	1,642	-	147,780	10	66,586	5
	Non-controlling interests	(2,215)	-	(250)	-	(2,030)	-	429	-
		<u>\$ 81,308</u>	<u>11</u>	<u>1,392</u>	<u>-</u>	<u>145,750</u>	<u>10</u>	<u>67,015</u>	<u>5</u>
9750	Basic EPS (Unit: NT\$) (Note 6 (13))	<u>\$ 0.50</u>		<u>0.51</u>		<u>1.01</u>		<u>0.82</u>	
9850	Diluted EPS (Unit: NT\$) (Note 6 (13))	<u>\$ 0.50</u>		<u>0.51</u>		<u>1.00</u>		<u>0.81</u>	

(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 Statement of Change in Equity

From January 1 to June 30, 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	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
Effect of retrospective application and retrospective restatement	-	-	-	-	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	-	-	-	-	82,352	82,352	-	-	-	82,352	358	82,710
Other comprehensive Income Current Period	-	-	-	-	-	-	(14,588)	(1,178)	(15,766)	(15,766)	71	(15,695)
Total Comprehensive Income Current Period	-	-	-	-	82,352	82,352	(14,588)	(1,178)	(15,766)	66,586	429	67,015
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)	-	(55,501)
Balance as of June 30, 2022	\$ 1,009,116	345,635	294,712	252,634	436,678	984,024	(272,981)	4,581	(268,400)	2,070,375	5,617	2,075,992
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	-	-	-	-	101,589	101,589	-	-	-	101,589	312	101,901
Other comprehensive Income Current Period	-	-	-	-	-	-	46,166	25	46,191	46,191	(2,342)	43,849
Total Comprehensive Income Current Period	-	-	-	-	101,589	101,589	46,166	25	46,191	147,780	(2,030)	145,750
Earnings appropriation and distribution:												
Provision of statutory reserves	-	-	16,498	-	(16,498)	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(85,775)	(85,775)	-	-	-	(85,775)	-	(85,775)
Balance as of June 30, 2023	\$ 1,009,116	345,635	311,210	252,634	518,622	1,082,466	(163,031)	9,083	(153,948)	2,283,269	4,264	2,287,533

(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 Cash Flows

From January 1 to June 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	January to June, 2023	January to June, 2022
Cash flow from operating activities:		
Profit before Tax current period	\$ 139,778	109,124
Adjustment items:		
Income and expenses item		
Depreciation	36,426	38,706
Amortization	9,217	9,002
Gain on Reversal of Expected Credit Impairment	(918)	(1,112)
Interest Expense	7,001	4,177
Interest Income	(1,969)	(1,253)
Dividend Income	-	(88)
Profit or loss from disposal and obsolesce of property, plants and equipment	919	29
Property, plants and equipment reclassified as expenses	57	-
Property, plants and equipment reclassified as intangible assets	2,234	-
Total Incomes and Expenses	52,967	49,461
Changes of assets and liabilities relating to operating activities:		
Increase (Decrease) of Notes Receivable	(2,032)	931
Decrease (Increase) of Accounts Receivable	(69,607)	(85,970)
Decrease of Other Receivable	3,871	3,044
Decrease (Increase) of Inventories	108,276	(56,289)
Increase in prepayments	(7,641)	(4,872)
Decrease (increase) of Other Current Assets	286	(748)
Increase of Other Non-current Assets	(1)	-
Total Net changes of assets relating to operating activities	33,152	(143,904)
Decrease of Notes Payable	(523)	(34)
Decrease (Increase) of Account Payable	(51,086)	2,972
Decrease of Other Payables (including related parties)	(21,460)	(59,226)
Decrease of Other Current Liabilities (including related parties)	(2,904)	(11,811)
Increase of Net defined benefit liabilities	31	78
Increase (Decrease) of Other Non-Current Liabilities	1,133	(199)
Total Net changes of liabilities relating to operating activities	(74,809)	(68,220)
Total Net changes of assets and liabilities relating to operating activities	(41,657)	(212,124)
Total adjustments	11,310	(162,663)

(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 Cash Flows (continued)

From January 1 to June 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	January to June, 2023	January to June, 2022
Cash inflow (outflow) from operating	\$ 151,088	(53,539)
Interest received	2,256	1,403
Dividends received	-	88
Interest paid	(7,029)	(4,289)
Income Taxes Paid	(21,468)	(10,198)
Cash Inflow (outflow) from operating activities	124,847	(66,535)
Cash flow from investing activities:		
Acquisition of Financial assets at amortized cost	(17,874)	(5,434)
Investment in real estate properties, plants and equipment	(15,413)	(14,417)
Disposal of property, plants and equipment	552	578
Decrease (Increase) of Refundable Deposits	84	(492)
Investment in intangible assets	(2,979)	(1,684)
Cash outflow from investing activities	(35,630)	(21,449)
Cash flow from financing activities:		
Application for short-term borrowings	355,633	756,836
Repayment of short-term borrowings	(431,003)	(688,558)
Repayment of long-term borrowings	(1,590)	(12,962)
Repayment of principal portion of the lease	(8,830)	(8,578)
Net Cash Inflow (outflow) from financing activities	(85,790)	46,738
Net effect of changes in foreign currency exchange rates on cash and cash equivalent	14,018	776
Increase (Decrease) of cash and cash equivalents – current period	17,445	(40,470)
Cash and cash equivalents at beginning of year	445,280	493,227
Cash and cash equivalents at the end of year	\$ 462,725	452,757

(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

Wellell Inc. and Subsidiaries
Notes to the Consolidated financial statements
For the Six Months Ended June 30, 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 August 9, 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\$9 thousand in income tax expenses for January 1 to June 30, 2022. There is not any material effect on the basic earnings per share, diluted earnings per share, and the statement of cash flows.

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:

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 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 “Lease Liabilities for Leasebacks”

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

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.

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

(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
			2023.6.30	2022.12.31	2022.6.30	
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%	
"	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)
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

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

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 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.

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

(I) Cash and cash equivalents

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Cash on hand	\$ 1,514	1,316	1,446
Checks and demand deposits	418,772	415,499	438,430
Time Deposit	25,691	26,441	12,881
Cash in transit	16,748	2,024	-
Cash and cash equivalents listed on the Consolidated Statements of Cash Flows	<u>\$ 462,725</u>	<u>445,280</u>	<u>452,757</u>

As of June 30, 2023, December 31, 2022, and June 30, 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>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
<u>Current</u>			
Domestic investment			
Time deposit with original maturity date for more than 3 months	\$ 69,500	50,500	75,500
Pledged time deposit certificate	-	15,000	-
Foreign investment			
Time deposit with original maturity date for more than 3 months	38,536	39,662	35,521
Total	<u>\$ 108,036</u>	<u>105,162</u>	<u>111,021</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit certificate	<u>\$ 15,000</u>	<u>-</u>	<u>15,000</u>

The consolidated company assessed the holding of these assets to maturity to collect 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 June 30, 2023, December 31, 2022, and June 30, 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.

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

(III) Notes Receivable and Accounts Receivable

	2023.6.30	2022.12.31	2022.6.30
Notes receivable - from business operation	\$ 18,097	16,065	19,063
Accounts Receivable	568,484	499,065	444,289
Less: Loss Allowance	(6,208)	(7,123)	(4,792)
Accounts Receivable, net	<u>\$ 580,373</u>	<u>508,007</u>	<u>458,560</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:

	2023.6.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 155,723	0.78%	1,211
Overdue Less Than 60 Days	1,627	7.07%	115
Over 61-90 Days	28	25%	7
Over 91-180 Days	58	36.21%	21
Total	<u>\$ 157,436</u>		<u>1,354</u>

	2022.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
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	<u>\$ 140,161</u>		<u>2,148</u>

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

	2022.6.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 96,891	0.52%	508
Overdue Less Than 60 Days	4,093	8.70%	356
Over 61-90 Days	99	46.46%	46
Over 91-180 Days	<u>15</u>	<u>66.67%</u>	<u>10</u>
Total	<u>\$ 101,098</u>		<u>920</u>

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

	2023.6.30		
Credit Rating Grade	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Low Risk	\$ 424,291	-	-
Those Who Have Financial Difficulties	<u>4,854</u>	<u>100%</u>	<u>4,854</u>
Total	<u>\$ 429,145</u>		<u>4,854</u>

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

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

	2022.6.30		
Credit Rating Grade	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Low Risk	\$ 358,382	-	-
Those Who Have Financial Difficulties	<u>3,872</u>	100%	<u>3,872</u>
Total	<u>\$ 362,254</u>		<u>3,872</u>

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

	2023.6.30	2022.12.31	2022.6.30
Not Overdue	\$ 398,348	336,926	340,279
Overdue Less Than 60 Days	26,642	36,399	15,013
Over 61-90 Days	1,515	481	1,714
Over 91-180 Days	1,508	439	4,492
Over 181-365 Days	330	523	756
Over 366 days	<u>802</u>	<u>201</u>	<u>-</u>
	<u>\$ 429,145</u>	<u>374,969</u>	<u>362,254</u>

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

	2023 January to June	2022 January to June
Beginning balance	\$ 7,123	6,113
Gain on reversal of impairment loss	(918)	(1,112)
Amount Written off due to amount not recovered	(187)	(158)
Foreign exchange translation gain and loss	<u>190</u>	<u>(51)</u>
Ending balance	<u>\$ 6,208</u>	<u>4,792</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, no notes receivable and accounts receivable of the consolidated company pledged as collateral.

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

(IV) Other Receivable and Overdue Receivable

	2023.6.30	2022.12.31	2022.6.30
Other Receivable	\$ 25,005	29,118	20,558
Overdue Receivable	16,087	16,563	16,563
Less: Loss Allowance	(16,087)	(16,563)	(16,563)
	\$ 25,005	29,118	20,558

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

	2023 January to June	2022 January to June
Beginning balance	\$ 16,563	16,563
Amount Written off due to amount not recovered	(476)	-
Ending balance	\$ 16,087	16,563

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

(V) Inventories

	2023.6.30	2022.12.31	2022.6.30
Finished goods	\$ 16,987	23,851	38,364
Work in Process	53,192	98,364	134,533
Raw Materials	78,753	114,924	141,311
Products	295,298	315,367	299,125
	\$ 444,230	552,506	613,333

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 June 30, 2023 and 2022, are NT\$23,574 thousand and NT\$3,631 thousand respectively, and are both recognized as costs of sales.

On June 30, 2023, December 31, 2022, and June 30, 2022, no inventory of the consolidated company is pledged as collateral.

(VI) Property, plants and equipment

	Land	Buildings and constructions	Machinery Equipment	Others assets	Total
Carrying amount:					
June 30, 2023	\$ 280,312	361,347	33,868	51,022	726,549
December 31, 2022	\$ 279,492	366,610	32,279	57,682	736,063
June 30, 2022	\$ 278,235	369,278	30,727	46,279	724,519

1. There is not any significant purchase, disposal, impairment recognition, or reversal in the

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

property, plant, and equipment of the consolidated company for the period from January 1 to June 30, 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.

- As of June 30, 2023, December 31, 2022, and June 30, 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

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amount:				
June 30, 2023	\$ 523,696	8,897	140,374	672,967
December 31, 2022	\$ 503,395	7,403	139,715	650,513
June 30, 2022	\$ 494,353	7,668	142,941	644,962

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 June 30, 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:

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Secured bank borrowings	\$ 101,299	34,650	61,667
Unsecured bank borrowings	123,278	260,707	358,868
Total	\$ 224,577	295,357	420,535
Unused credit term	\$ 904,572	829,877	752,597
Interest rate range	<u>1.725%~6.12%</u>	<u>1.30%~5.59%</u>	<u>0.90%~2.72%</u>

1. New borrowings and repayments

For the period from January 1 to June 30, 2023 and 2022, new borrowings amounted to NT\$355,633 thousand and NT\$756,836 thousand, respectively, and repayments amounted to NT\$431,003 thousand and NT\$688,558 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.

(IX) Long-term borrowings

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

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

2023.6.30				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 129,936
Less: Mature Within One Year				<u>(13,455)</u>
Total				<u>\$ 116,481</u>
Unused credit term				<u>\$ -</u>
2022.12.31				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 131,526
Less: Mature Within One Year				<u>(10,261)</u>
Total				<u>\$ 121,265</u>
Unused credit term				<u>\$ -</u>
2022.6.30				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	2023.2.21~2037.6.30	\$ 125,532
Less: Mature Within One Year				<u>(8,781)</u>
Total				<u>\$ 116,751</u>
Unused credit term				<u>\$ -</u>

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)

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Operating costs	\$ -	-	-	-
Operating Expenses	16	39	28	78
Operating Expenses	<u>\$ 16</u>	<u>39</u>	<u>28</u>	<u>78</u>

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:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Operating costs	\$ 2,766	2,545	5,350	4,929
Operating Expenses	4,922	4,580	9,937	9,071
	<u>\$ 7,688</u>	<u>7,125</u>	<u>15,287</u>	<u>14,000</u>

(XI) Income Taxes

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

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Tax expenses in current period	\$ 23,092	15,344	43,601	22,029
Expense of deferred income tax (benefit)	938	53	(5,724)	4,385
Income tax expenses	<u>\$ 24,030</u>	<u>15,397</u>	<u>37,877</u>	<u>26,414</u>

2. As of 2021, all tax returns by the Company, subsidiary - Sturdy Industrial and Apex Medical have been authorized by the tax collection authority.

(XII) Capital and other equity interests

For the period from January 1 to June 30, 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

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

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 reserved 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.

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. Earnings 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>

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

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	-	25	25
Share of translation difference of associates for using equity method	46,166	-	46,166
Balance as of June 30, 2023	<u><u>\$ (163,031)</u></u>	<u><u>9,083</u></u>	<u><u>(153,948)</u></u>

	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, 2022	\$ (258,393)	5,759	(252,634)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	(1,178)	(1,178)
Share of translation difference of associates for using equity method	(14,588)	-	(14,588)
Balance as of June 30, 2022	<u><u>\$ (272,981)</u></u>	<u><u>4,581</u></u>	<u><u>(268,400)</u></u>

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

(XIII) Earnings per share

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

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Basic earnings per share				
Net income attributable to common stock shareholders of the Company	<u>\$ 50,858</u>	<u>51,674</u>	<u>101,589</u>	<u>82,352</u>
Weighted average number of common stock shares outstanding	<u>100,912</u>	<u>100,912</u>	<u>100,912</u>	<u>100,912</u>
Basic EPS (Dollars)	<u>\$ 0.50</u>	<u>0.51</u>	<u>1.01</u>	<u>0.82</u>
	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Diluted earnings per share				
Net income attributable to common stock shareholders of the Company (Basic)	<u>\$ 50,858</u>	<u>51,674</u>	<u>101,589</u>	<u>82,352</u>
Net income attributable to common stock shareholders of the Company (diluted)	<u>\$ 50,858</u>	<u>51,674</u>	<u>101,589</u>	<u>82,352</u>
Weighted average number of common shares outstanding (basic)	100,912	100,912	100,912	100,912
Impact of potential diluted common shares				
Impact of employee stock compensation	<u>112</u>	<u>133</u>	<u>498</u>	<u>404</u>
Weighted average number of common stock shares outstanding (After the adjustment of potential diluted shares)	<u>101,024</u>	<u>101,045</u>	<u>101,410</u>	<u>101,316</u>
Diluted EPS (Dollars)	<u>\$ 0.50</u>	<u>0.51</u>	<u>1.00</u>	<u>0.81</u>

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

(XIV) Revenue from Contracts with Customers

1. Details of Revenue

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Major Market:				
Spain	\$ 201,293	188,820	356,908	300,810
United States of America	23,496	55,834	63,717	117,815
United Kingdom	22,569	31,810	50,930	74,313
Taiwan	30,421	35,684	61,475	71,656
Germany	134,495	108,798	269,444	211,717
Japan	35,211	29,468	76,039	56,373
Other Country	256,125	229,722	524,862	442,845
	\$ 703,610	680,136	1,403,375	1,275,529
Major Product:				
Support Surface Systems	\$ 310,563	292,143	679,037	613,000
Respiratory Therapy Devices	181,167	202,113	337,936	311,704
Others	211,880	185,880	386,402	350,825
	\$ 703,610	680,136	1,403,375	1,275,529

2. Contract Balance

	2023.6.30	2022.12.31	2022.6.30
Notes receivable-from business operation	\$ 18,097	16,065	19,063
Accounts Receivable	568,484	499,065	444,289
Less: Loss Allowance	(6,208)	(7,123)	(4,792)
Total	\$ 580,373	508,007	458,560

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

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

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 recognized as profit or loss in the next year.

Detail of the abovementioned estimations are as follows:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Remuneration to employee	\$ 4,300	3,200	9,250	5,750
Remuneration to Directors	990	600	2,090	1,200
	\$ 5,290	3,800	11,340	6,950

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:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Bank deposits interest	\$ 981	530	1,513	1,236
other interest Income	14	9	456	17
Interest Income	\$ 995	539	1,969	1,253

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

2. Other Income

Details of other income of the consolidated company as follows:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Dividend Income	\$ -	88	-	88
Rental income	-	-	11	-
Commission income	63	-	87	-
Other Income	<u>\$ 63</u>	<u>88</u>	<u>98</u>	<u>88</u>

3. Other Profits and Losses

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

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Loss on Disposal of Property, Plant and Equipment	\$ (587)	(29)	(919)	(29)
Foreign exchange (loss) gain	3,972	166	3,363	(5,609)
Others	7,306	9,337	19,603	15,066
Net of Other Gains and Losses	<u>\$ 10,691</u>	<u>9,474</u>	<u>22,047</u>	<u>9,428</u>

4. Financial Costs

Details of financial costs of the consolidated company as follows:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Lease liabilities interest amortization	\$ (235)	(208)	(484)	(416)
Bank Borrowings	(3,023)	(2,008)	(6,517)	(3,761)
Financial Costs	<u>\$ (3,258)</u>	<u>(2,216)</u>	<u>(7,001)</u>	<u>(4,177)</u>

(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.

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

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:

2023.6.30				
	Foreign currency	Exchange rate	NTD	
Financial assets				
Monetary item				
USD	\$	3,361	31.1400	104,662
Euro		4,263	33.8100	144,132
GBP		107	39.3800	4,214
RMB		1,039	4.2820	4,449
Financial liability				
Monetary item				
USD		1,092	31.1400	34,005
Euro		4,414	33.8100	149,237
GBP		499	39.3800	19,651
2022.12.31				
	Foreign currency	Exchange rate	NTD	
Financial assets				
Monetary item				
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
2022.12.31				
	Foreign currency	Exchange rate	NTD	
Financial assets				
Monetary item				
USD	\$	1,487	30.7100	45,666
Euro		5,282	32.7200	172,827
GBP		618	37.0900	22,922

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

		2022.6.30		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	4,359	29.7200	129,549
Euro		2,901	31.0500	90,076
GBP		169	36.0700	6,096
RMB		1,759	4.4390	7,808
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		2,857	29.7200	84,910
Euro		4,375	31.0500	135,844
GBP		282	36.0700	10,172

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 June 30, 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 June 30, 2023 and 2022, of the consolidated company would increase or decrease by NT\$1,091 thousand and NT\$52 thousand, respectively. Analyses of these two periods adopted the same basis.

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 gain (losses) on foreign currency exchange (including realized and unrealized) for the period from January 1 to June 30, 2023 and 2022, were NT\$3,363 thousand and NT\$ (5,609) 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

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

be disclosed in accordance of rules) are listed as follows:

	2023.6.30				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	\$ 19,190	-	-	19,190	19,190
Financial assets measured with amortized cost					
Cash and cash equivalents	462,725	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	123,036	-	-	-	-
Notes receivable and accounts receivable	580,373	-	-	-	-
Other Receivable	25,005	-	-	-	-
Sub total	1,191,139	-	-	-	-
Total	<u>\$ 1,210,329</u>	<u>-</u>	<u>-</u>	<u>19,190</u>	<u>19,190</u>
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 224,577	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	129,936	-	-	-	-
Notes payable and accounts payable	123,450	-	-	-	-
Other Payables (including related parties)	274,718	-	-	-	-
Lease Liabilities – Non-Current	52,641	-	-	-	-
Total	<u>\$ 805,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	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
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	-	-	-	-

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

	2022.6.30				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets Through Other					
Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	\$ 14,688	-	-	14,688	14,688
Financial assets measured with amortized cost					
Cash and cash equivalents	452,757	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	126,021	-	-	-	-
Notes receivable and accounts receivable	458,560	-	-	-	-
Other Receivable	20,558	-	-	-	-
Sub total	1,057,896	-	-	-	-
Total	<u>\$ 1,072,584</u>	<u>-</u>	<u>-</u>	<u>14,688</u>	<u>14,688</u>
	2022.6.30				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 420,535	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	125,532	-	-	-	-
Notes payable and accounts payable	208,595	-	-	-	-
Other Payable	211,381	-	-	-	-
Lease Liabilities – Non-Current	57,779	-	-	-	-
Total	<u>\$ 1,023,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

- (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.

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

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

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 2023.6.30, 2022.12.31 and 2022.6.30)	• The higher the discount for lack of marketability is, the lower the fair value is.

(5) From January 1 to June 30, 2023 and January 1 to June 30, 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 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.

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

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>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Other Payable - Related Party	Other related parties	\$ 39	30	29

2. Other transactions

	<u>Operating Expenses</u>				<u>Other Income (Listed as Other Profits and Losses)</u>			
	<u>2023 April to June</u>	<u>2022 April to June</u>	<u>2023 January to June</u>	<u>2022 January to June</u>	<u>2023 April to June</u>	<u>2022 April to June</u>	<u>2023 January to June</u>	<u>2022 January to June</u>
Other related parties - Studio88 Design Corp.	\$ -	12,500	-	15,000	-	-	-	-
Other related parties	134	88	217	88	-	-	11	11
	<u>\$ 134</u>	<u>12,588</u>	<u>217</u>	<u>15,088</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>

<u>Receipts in advance (Listed as Other Current Liabilities)</u>			
<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>	
Other related parties	\$ 11	23	-

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

(III) Transactions regarding key management

Remuneration to Key management includes:

	2023	2022	2023	2022
	April to June	April to June	January to June	January to June
Short term employee	\$ 3,646	2,152	6,755	6,952
benefits				
Benefits after	81	72	144	180
resignation				
	\$ 3,727	2,224	6,899	7,132

VIII. Pledged Assets

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

Assets	Objectives of the pledged assets	2023.6.30	2022.12.31	2022.6.30
Time deposit certificate (financial assets measured with amortized cost)	Export bill negotiation facility	\$ 15,000	15,000	15,000
Land	Bank Borrowings	279,815	279,492	278,235
Building and construction, net	Bank Borrowings	156,950	158,526	157,034
Transportation vehicles, net	Bank Borrowings	9,124	11,190	8,211
		\$ 460,889	464,208	458,480

IX. Significant contingent liabilities and unrecognized contract commitments

As of June 30, 2023, December 31, 2022, and June 30, 2022, the credit card guarantee 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: None.

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

XII. Others

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

By Function By Nature	2023 April to June			2022 April to June		
	Included in Operating Costs	Included in Operating Expenses	Total	Included in Operating Costs	Included in Operating Expenses	Total
Employee Benefit Expenses						
Salary Expenses	36,309	118,092	154,401	42,576	91,452	134,028
Labor Insurance and	3,850	9,033	12,883	3,546	7,658	11,204
Health Insurance Expenses						
Pension Fund Expenses	2,766	4,938	7,704	2,545	4,619	7,164
Remuneration to	-	2,189	2,189	-	1,881	1,881
Directors						
Other Employee Benefit	2,427	3,771	6,198	2,068	3,342	5,410
Expenses						
Depreciation	8,505	9,408	17,913	10,606	8,799	19,405
Amortization	2	4,743	4,745	12	4,494	4,506

By Function By Nature	January to June, 2023			January to June, 2022		
	Included in Operating Costs	Included in Operating Expenses	Total	Included in Operating Costs	Included in Operating Expenses	Total
Employee Benefit Expenses						
Salary Expenses	77,340	229,878	307,218	83,485	206,548	290,033
Labor Insurance and	7,519	17,782	25,301	6,936	15,509	22,445
Health Insurance Expenses						
Pension Fund Expenses	5,350	9,965	15,315	4,929	9,149	14,078
Remuneration to	-	4,508	4,508	-	3,690	3,690
Directors						
Other Employee Benefit	4,651	7,213	11,864	4,438	6,826	11,264
Expenses						
Depreciation	18,033	18,393	36,426	21,233	17,473	38,706
Amortization	5	9,212	9,217	24	8,978	9,002

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

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 June 30, 2023, 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 (Note6)	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 1)	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,005 (RMB9,000)	38,538 (RMB9,000)	38,538 (RMB9,000)	-	2	-	Operation turnover	-	No	-	128,273	256,546
1	ComfortPro Investment Corp. (Note 1)	Wellell France S.A.S	Other Receivable	Yes	11,844 (EUR350)	11,834 (EUR350)	11,834 (EUR350)	-	2	-	Operation turnover	-	No	-	128,273	256,546
2	Apex Medical Respiratory Ltd.(Note 2)	Wellell Germany GmbH	Other Receivable	Yes	28,764 (EUR850)	28,739 (EUR850)	28,739 (EUR770)	1	2	-	Operation turnover	-	No	-	380,173	760,346
2	Apex Medical Respiratory Ltd.(Note 2)	Wellell France S.A.S	Other Receivable	Yes	20,304 (EUR600)	20,286 (EUR600)	20,286 (EUR600)	-	2	-	Operation turnover	-	No	-	380,173	760,346
2	Apex Medical Respiratory Ltd.(Note 2)	Wellell America Corp.	Other Receivable	Yes	15,570 (EUR500)	15,570 (EUR500)	15,570 (EUR500)	2	2	-	Operation turnover	-	No	-	380,173	760,346
3	Apex Global Investment Ltd.(Note 3)	Wellell France S.A.S	Other Receivable	Yes	16,920 (EUR500)	16,905 (EUR500)	16,905 (EUR500)	-	2	-	Operation turnover	-	No	-	173,599	347,198
3	Apex Global Investment Ltd.(Note 3)	Wellell UK Limited	Other Receivable	Yes	19,690 (GBP500)	19,690 (GBP500)	19,690 (GBP500)	-	2	-	Operation turnover	-	No	-	173,599	347,198
4	SLK Vertriebs GmbH(Note 4)	Wellell Germany GmbH	Other Receivable	Yes	16,243 (EUR480)	16,229 (EUR480)	16,229 (EUR480)	1	2	-	Operation turnover	-	No	-	93,373	186,745

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.

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

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	1,141,635	207,778 (EUR6,140)	207,593 (EUR6,140)	151,152 (EUR4,471)	-	9.09%	1,141,635	Y	N	N
0	Wellell Inc.	Wellell America Corp. (Note 3)	2	1,141,635	46,710 (USD1,500)	46,710 (USD1,500)	7,162 (USD 230)	-	2.05%	1,141,635	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	16,045	18.95 %	16,045	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	3,145	5.00 %	3,145	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

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

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.
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	81,751	The sales price is comparatively lower than the general customers due to larger sales volumes.	5.83%
0	Wellell Inc.	APEX MEDICAL CORP.	1	Sales revenues	28,287	The same as those provided to the non-related parties	2.02%
0	Wellell Inc.	Wellell France S.A.S.	1	Sales revenues	39,757	The same as those provided to the non-related parties	2.83%
0	Wellell Inc.	Wellell UK Limited	1	Sales revenues	23,269	The same as those provided to the non-related parties	1.66%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Sales revenues	14,241	The same as those provided to the non-related parties	1.01%
1	Apex (Kunshan) Medical Corp.	Wellell Inc.	2	Sales revenues	71,285	The sales price is comparatively lower than the general customers due to larger sales volumes.	5.08%
1	Apex (Kunshan) Medical Corp.	APEX MEDICAL CORP.	3	Sales revenues	42,866	The same as those provided to the non-related parties	3.05%
1	Apex (Kunshan) Medical Corp.	Wellell (Kunshan) Co., Ltd	3	Sales revenues	23,216	The same as those provided to the non-related parties	1.65%
0	Wellell Inc.	Apex Medical S.L.	1	Accounts Receivable	83,688	The collection term is 180 days after the monthly cut-off day	2.60%
0	Wellell Inc.	Wellell France S.A.S.	1	Accounts Receivable	40,983	The payment term is 180 days after bill of lading date.	1.27%
0	Wellell Inc.	Sturdy Industrial Co., Ltd	1	Other Receivable	32,430	According to regulations	1.00%
3	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	3	Other Receivable	38,538	In accordance with the contract	1.20%

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

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

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 1 to June 30, 2023 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%	346,314	100%	6,385	6,385	Subsidiary
"	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(9,561)	100%	(2,478)	(2,478)	"
"	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	282,873	100%	43,194	43,194	"
"	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	305,114	100%	5,551	5,633	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	879	99.82%	(370)	(370)	"
"	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	1,537	49%	612	300	"
"	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	691,344	780,354	7,180	100%	728,168	100%	(3,513)	(3,513)	"
"	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	68,733	100%	2,486	2,486	"
The Company	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	16,501	100%	14,585	14,585	Subsidiary
"	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	-	3,000	100%	29,334	100%	(666)	(666)	"
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%	256,546	100%	(3,493)	(3,493)	"
"	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	47,611	100%	9,880	9,880	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	2	0.18%	(370)	(1)	"
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	277,178	100%	(7,284)	(7,284)	"
"	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	407,410	100%	17,793	11,328	"
"	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	34,431	100%	574	248	"
"	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	-	100%	(16,589)	100%	(6,652)	(6,652)	"

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

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	(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)	(2,127)	100.00%	100.00%	(3,483)	198,417	-
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)	-
Wellell (Kunshan) Co., Ltd	Sales of medical supplies	8,041	(I)	8,041 (USD250)	-	-	8,041 (USD250)	9,879	100.00%	100.00%	9,879	29,860	-

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 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)	1,369,962

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 June 30, 2023 (eliminated when preparing consolidated statements). Please refer to the explanations in “relevant information of the significant transactions” in the consolidated financial statements.

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

(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:

The consolidated company operating departments and adjustment are listed below:

April to June, 2023					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 476,176	66,204	161,230	-	703,610
Revenues between segments	89,164	3,283	120,689	(213,136)	-
Total revenue	<u>\$ 565,340</u>	<u>69,487</u>	<u>281,919</u>	<u>(213,136)</u>	<u>703,610</u>
Profit and loss from reportable segment	<u>\$ 67,471</u>	<u>12,426</u>	<u>38,136</u>	<u>(42,997)</u>	<u>75,036</u>

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

April to June, 2022					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 455,721	79,726	144,689	-	680,136
Revenues between segments	90,186	73,255	36,198	(199,639)	-
Total revenue	<u>\$ 545,907</u>	<u>152,981</u>	<u>180,887</u>	<u>(199,639)</u>	<u>680,136</u>
Profit and loss from reportable segment	<u>\$ 40,836</u>	<u>10,111</u>	<u>40,262</u>	<u>(24,264)</u>	<u>66,945</u>

January to June, 2023					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 940,683	130,830	331,862	-	1,403,375
Revenues between segments	182,299	13,146	209,306	(404,751)	-
Total revenue	<u>\$ 1,122,982</u>	<u>143,976</u>	<u>541,168</u>	<u>(404,751)</u>	<u>1,403,375</u>
Profit and loss from reportable segment	<u>\$ 118,930</u>	<u>22,849</u>	<u>71,620</u>	<u>(73,621)</u>	<u>139,778</u>

January to June, 2022					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 827,989	159,865	287,675	-	1,275,529
Revenues between segments	195,002	73,255	164,540	(432,797)	-
Total revenue	<u>\$ 1,022,991</u>	<u>233,120</u>	<u>452,215</u>	<u>(432,797)</u>	<u>1,275,529</u>
Profit and loss from reportable segment	<u>\$ 58,563</u>	<u>7,810</u>	<u>90,956</u>	<u>(48,205)</u>	<u>109,124</u>

As the assets/liabilities measures of the consolidated company's reportable segments

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

were not provided for operational decision making, the measures of assets/liabilities were not disclosed.