

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

For the Nine Months Ended September 30, 2023 and 2022

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

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

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

Certified

Public

Accountants:

Certified and	Jin-Guan-Cheng-Shen-Zi No.
Approved No. :	1040003949
of the	Jin-Guan-Cheng-Liu-Zi No.
Securities	0960069825
Competent	
Authority:	
November 10, 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 September 30, 2023 and 2022
Wellell Inc. and Subsidiaries
Consolidated Balance Sheet

September 30, 2023, December 31, 2022, and September 30, 2022

Unit: New Taiwan Dollars in thousands

Assets		2023.9.30		2022.12.31		2022.9.30		Liabilities and Equity		2023.9.30		2022.12.31		2022.9.30										
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%									
Current Assets:																								
1100	Cash and Cash Equivalents(Note 6 (1) and (18))	\$	551,819	17	445,280	15	406,868	13	2100	Short term Borrowings (Note 6 (9) and (18))	\$	213,982	7	295,357	9	398,237	13							
1137	Financial Asset at Amortized Cost – Current (Note 6 (2) (18) and 8)		89,438	3	105,162	3	92,762	3	2150	Notes Payable		49	-	566	-	50	-							
1150	Notes Receivable, net (Note 6 (3) (15) (18))		26,833	1	16,065	-	17,061	1	2170	Accounts Payable		156,926	5	174,493	5	192,049	6							
1170	Accounts Receivable, net (Note 6 (3) (15) (18))		489,536	15	491,942	15	472,100	15	2200	Other Payables (including related parties) (Note 6 (18) and 7)		196,559	6	210,431	7	161,751	5							
1200	Other Receivable (Note 6 (4))		31,365	1	29,118	1	33,502	1	2230	Current Income Tax Liability		53,516	2	33,539	1	34,422	1							
130X	Inventories (Note 6 (5))		436,504	14	552,506	17	622,266	19	2280	Lease Liabilities – Current (Note 6 (18))		16,279	-	16,154	1	14,017	-							
1410	Prepayments		35,467	1	36,098	1	38,035	1	2300	Other Current Liabilities (including related parties) (Note 7)		42,561	2	30,276	1	31,681	1							
1470	Other Current Assets		2,962	-	1,145	-	2,731	-	2322	Long-term Borrowings, current portion (Note 6 (10) (18))		13,013	-	10,261	-	9,312	-							
Total Current Assets			1,663,924	52	1,677,316	52	1,685,325	53	Total Current Liabilities			692,885	22	771,077	24	841,519	26							
Non-current Assets:																								
1535	Financial Asset at Amortized Cost – Non-Current (Note 6 (2) (18) and 8)		15,000	-	-	-	15,000	-	2540	Long term Borrowings (Note 6 (10) and (18))		114,792	4	121,265	4	115,566	4							
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (18))		20,594	1	19,165	1	16,612	1	2570	Deferred income tax liability		8,838	-	9,993	-	8,436	1							
1550	Investment accounted under the equity method (Note 6(6))		3,000	-	-	-	-	-	2580	Lease Liabilities – Non-Current (Note 6 (18))		32,226	1	42,399	2	39,425	1							
1600	Property, Plant and Equipment (Note 6 (7) and 8)		721,973	23	736,063	23	718,175	23	2640	Net Defined Benefit Liabilities – Non-Current		1,089	-	1,043	-	5,478	-							
1755	Right-of-use Assets		57,071	2	67,438	2	62,645	2	2670	Other Non-current Liabilities		35,251	1	33,959	1	32,288	1							
1780	Intangible Assets (Note 6 (8))		667,856	21	650,513	21	634,402	20	Total Non-Current Liabilities			192,196	6	208,659	7	201,193	7							
1840	Deferred income tax assets		42,426	1	40,169	1	39,114	1	Total Liabilities			885,081	28	979,736	31	1,042,712	33							
1920	Refundable deposits		15,914	-	15,862	-	15,531	-	Equity attributable to owners of the parent company (Note 6 (13)):															
1990	Other non-current Assets		769	-	768	-	768	-	3100	Capital		1,009,116	31	1,009,116	31	1,009,116	32							
Total Non-current Assets			1,544,603	48	1,529,978	48	1,502,247	47	3200	Capital Reserve		345,635	11	345,635	11	345,635	11							

(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

July 1 - September 30, 2023 and 2022, and January 1 - September 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	July to September, 2023		July to September, 2022		January to September, 2023		January to September, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Sales Revenue (Note 6 (15))	\$ 564,869	100	691,564	100	1,968,244	100	1,967,093	100
5000 Operating Costs (Note 6 (5) (7) (8) (11) and (16))	319,740	57	405,455	59	1,137,082	58	1,165,990	59
Gross Margin	245,129	43	286,109	41	831,162	42	801,103	41
6000 Operating Expenses (Note 6 (3) (7) (8) (11) (16) and 7):								
6100 Selling Expenses	88,543	16	95,458	14	282,083	14	272,819	14
6200 General and Administrative Expenses	95,320	17	86,568	13	286,080	15	247,160	13
6300 Research & Development Expenses	38,350	6	38,686	5	118,336	6	114,307	6
6450 Expected Credit Impairment Losses (Gains)	105	-	1,462	-	(813)	-	350	-
Total Operating Expenses	222,318	39	222,174	32	685,686	35	634,636	33
6900 Net Operating Profit	22,811	4	63,935	9	145,476	7	166,467	8
Non-operating income and expenditures (Note (6) 6 (17) and 7):								
7100 Interest Income	1,125	-	551	-	3,094	-	1,804	-
7130 Other Income	20	-	101	-	118	-	189	-
7020 Other Profits and Losses	16,687	3	11,174	2	38,734	2	20,602	1
7050 Financial Costs	(3,375)	(1)	(2,771)	-	(10,376)	-	(6,948)	-
7060 Share of profit or loss of affiliated companies under the equity method	(185)	-	-	-	(185)	-	-	-
Total non-operating income and expenses	14,272	2	9,055	2	31,385	2	15,647	1
Profit before Tax	37,083	6	72,990	11	176,861	9	182,114	9
7950 Less: Income Tax Expenses (Note 6 (12))	12,946	2	12,783	2	50,823	3	39,197	2
Net Income Current Period	24,137	4	60,207	9	126,038	6	142,917	7
8300 Other comprehensive income:								
8310 Items not to be reclassified into profit or loss								
8316 Unrealized Evaluation Profit and Loss on Equity Instruments	1,403	-	1,924	-	1,428	-	746	-
Investments Measured at Fair Value Through Other								
Comprehensive Income								
8349 Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
Total items not to be reclassified into profit or loss	1,403	-	1,924	-	1,428	-	746	-
8360 Items that may be subsequently reclassified into profit or loss:								
8361 Financial statements translation differences of foreign operations	10,373	2	6,737	1	54,197	3	(7,780)	-
8399 Less: Income tax relating to items that may be reclassified	-	-	-	-	-	-	-	-
subsequently								
Total Items that may be subsequently reclassified into profit	10,373	2	6,737	1	54,197	3	(7,780)	-
or loss								
8300 Other comprehensive Income Current Period	11,776	2	8,661	1	55,625	3	(7,034)	-
Total Comprehensive Income Current Period	\$ 35,913	6	68,868	10	181,663	9	135,883	7
Net Income attributed to:								
Owner of the parent company	\$ 23,959	4	59,688	9	125,548	6	142,040	7
8620 Non-controlling interests	178	-	519	-	490	-	877	-
	\$ 24,137	4	60,207	9	126,038	6	142,917	7
Comprehensive Income attributed to:								
Owner of the parent company	\$ 35,737	6	68,362	10	183,517	9	134,948	7
Non-controlling interests	176	-	506	-	(1,854)	-	935	-
	\$ 35,913	6	68,868	10	181,663	9	135,883	7
9750 Basic EPS (Unit: NT\$) (Note 6 (14))	\$ 0.24		0.59		1.24		1.41	
9850 Diluted EPS (Unit: NT\$) (Note 6 (14))	\$ 0.24		0.59		1.24		1.40	

(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 September 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	Equity attributable to owners of the parent company						Total Other Equities			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Retained Earnings					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	Undistribut ed 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	-	-	-	-	142,040	142,040	-	-	-	142,040	877	142,917
Other comprehensive Income Current Period	-	-	-	-	-	-	(7,838)	746	(7,092)	(7,092)	58	(7,034)
Total Comprehensive Income Current Period	-	-	-	-	142,040	142,040	(7,838)	746	(7,092)	134,948	935	135,883
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 September 30, 2022	\$ 1,009,116	345,635	294,712	252,634	496,366	1,043,712	(266,231)	6,505	(259,726)	2,138,737	6,123	2,144,860
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	-	-	-	-	125,548	125,548	-	-	-	125,548	490	126,038
Other comprehensive Income Current Period	-	-	-	-	-	-	56,541	1,428	57,969	57,969	(2,344)	55,625
Total Comprehensive Income Current Period	-	-	-	-	125,548	125,548	56,541	1,428	57,969	183,517	(1,854)	181,663
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 September 30, 2023	\$ 1,009,116	345,635	311,210	252,634	542,581	1,106,425	(152,656)	10,486	(142,170)	2,319,006	4,440	2,323,446

(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 September 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	January to September, 2023	January to September, 2022
Cash flow from operating activities:		
Profit before Tax current period	\$ 176,861	182,114
Adjustment items:		
Income and expenses item		
Depreciation	54,862	57,191
Amortization	14,916	13,400
Expected Credit Impairment Losses (Reversal)	(813)	350
Interest Expense	10,376	6,948
Interest Income	(3,094)	(1,804)
Dividend Income	-	(88)
Share of profit or loss of affiliated companies under the equity method	185	-
Profit or loss from disposal and obsolesce of property, plants and equipment	424	93
Property, plants and equipment reclassified as expenses	502	-
Gain on lease modification	(2)	-
Total Incomes and Expenses	77,356	76,090
Changes of assets and liabilities relating to operating activities:		
Increase (decrease) of Notes Receivable	(10,768)	2,933
Decrease (Increase) of Accounts Receivable	3,017	(120,049)
Increase of Other Receivable	(158)	(6,067)
Decrease (Increase) of Inventories	116,002	(65,558)
Increase in prepayments	(1,171)	(2,722)
Increase of Other current Assets	(1,817)	(665)
Increase of Other Non-current Assets	(1)	-
Total Net changes of assets relating to operating activities	105,104	(192,128)
Decrease (Increase) of Notes Payable	(517)	16
Decrease of Accounts Payable	(17,567)	(13,574)
Decrease of Other Payables (including related parties)	(13,998)	(53,393)
Increase (decrease) of Other Current Liabilities (including related parties)	12,285	(21,693)
Increase of Net defined benefit liabilities	46	117
Increase of other non-current Liabilities	1,292	39
Total Net changes of liabilities relating to operating activities	(18,459)	(88,488)
Total Net changes of assets and liabilities relating to operating activities	86,645	(280,616)
Total adjustments	164,001	(204,526)

(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 September 30, 2023 and 2022

Unit: New Taiwan Dollars in thousands

	January to September, 2023	January to September, 2022
Cash inflow (outflow) from operating	\$ 340,862	(22,412)
Interest received	3,337	1,954
Dividends received	-	88
Interest paid	(10,250)	(7,022)
Income Taxes Paid	(34,789)	(25,806)
Cash Inflow (outflow) from operating activities	299,160	(53,198)
Cash flow from investing activities:		
Acquisition of Financial assets at amortized cost	(15,000)	-
Disposal of Financial assets at amortized cost	15,724	12,825
Investment accounted for under the equity method	(3,208)	-
Investment in real estate properties, plants and equipment	(22,239)	(20,296)
Disposal of property, plants and equipment	1,109	573
Increase of refundable deposits	(52)	(580)
Investment in intangible assets	(2,998)	(2,373)
Cash outflow from investing activities	(26,664)	(9,851)
Cash flow from financing activities:		
Application for short-term borrowings	464,969	1,077,496
Repayment of short-term borrowings	(540,918)	(1,039,389)
Repayment of long-term borrowings	(3,721)	(13,617)
Repayment of principal portion of the lease	(13,368)	(13,244)
Cash dividends paid	(85,775)	(55,501)
Net Cash outflow from financing activities	(178,813)	(44,255)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent	12,856	20,945
Increase (Decrease) of cash and cash equivalents – current period	106,539	(86,359)
Cash and cash equivalents at beginning of year	445,280	493,227
Cash and cash equivalents at the end of year	\$ 551,819	406,868

(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 Nine Months Ended September 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 November 10, 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\$13 thousand in income tax expenses for January 1 to September 30, 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) Impact on not adopting the IFRSs endorsed by the FSC

The company in evaluating the newly revised amendment to the IFRSs into effect with an effective date starting from January 1, 2024, will not significantly influence the consolidated financial statement.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”
- The amendments to IAS 1 “Classification of Liabilities with Covenants”

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

- The amendments to IFRS 16 “Lease Liabilities for Leasebacks”

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

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 IFRS 17, “Comparative information for initial application of IFRS 17 and IFRS 9
- IAS No. 21 “Lack of Exchangeability”

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
			2023.9.30	2022.12.31	2022.9.30	
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 Cooperatie 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)
The Company	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%	

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

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) Investment in affiliated companies

Affiliates companies refer to those that have significant impact on the financial and operating policies of the consolidated company, but do not have controlling or joint controlling power.

The consolidated company should adopt the equity method to account for investments in the affiliated companies. Under the equity method, investment is recognized by cost when initially acquired, and the investment costs contain the transaction costs. The carrying amount of the affiliated company invested includes goodwill identified at time of investment, less the accumulated impairment loss, if there is any.

The consolidated financial reports include profit and loss and other comprehensive income recognized by the consolidated company in proportion to equity interest it has in the affiliated company invested, from the date the consolidated company obtains significant impact in the affiliate company until the date it loses such impact. The amounts adjusted should be in line with the accounting policy of the consolidated company. For changes of equity interests in affiliated companies that do not relate to profit and loss or other comprehensive income and affect proportion of shares held by the consolidated company, the consolidated company shall recognize these changes in equity interests as capital reserve in proportion to shares it holds in the affiliated company.

The unrealized gains and losses arising from the transactions between the consolidated company and the affiliated company are only recognized in the company's financial statements within the scope of a non-related party investor's interests in the affiliated company.

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

When the loss proportionally recognized by the consolidated company equals to or exceeds the equity interest of the consolidated company in the affiliated company, the consolidated company shall cease to recognize the loss. Additional loss and relevant liability will be recognized only to the extent of the consolidated company's legal obligation, presumed obligation, or payments on behalf of the company being invested.

(IV) 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.

(V) 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.

(I) Cash and cash equivalents

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash on hand	\$ 1,267	1,316	1,442
Checks and demand deposits	508,913	415,499	378,584
Time Deposit	30,902	26,441	26,842
Cash in transit	10,737	2,024	-
Cash and cash equivalents listed on the Consolidated Statements of Cash Flows	<u>\$ 551,819</u>	<u>445,280</u>	<u>406,868</u>

As of September 30, 2023, December 31, 2022, and September 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>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
<u>Current</u>			
Domestic investment			
Time deposit with original maturity date for more than 3 months	\$ 47,500	50,500	52,500
Pledged time deposit certificate	-	15,000	-
Foreign investment			
Time deposit with original maturity date for more than 3 months	41,938	39,662	40,262
Total	<u>\$ 89,438</u>	<u>105,162</u>	<u>92,762</u>

Non-current

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 September 30, 2023, December 31, 2022, and September 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.

(III) Notes Receivable and Accounts Receivable

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes Receivable	\$ 26,833	16,065	17,061
Accounts Receivable	495,887	499,065	478,370
Less: Loss Allowance	(6,351)	(7,123)	(6,270)
Accounts Receivable, net	<u>\$ 516,369</u>	<u>508,007</u>	<u>489,161</u>

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

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:

	2023.9.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 159,087	0.74%	1,176
Overdue Less Than 60 Days	3,801	7.81%	297
Over 61-90 Days	117	25.64%	30
Over 91-180 Days	48	35.42%	17
Total	<u>\$ 163,053</u>		<u>1,520</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>

	2022.9.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 109,646	0.75%	820
Overdue Less Than 60 Days	5,305	12.23%	649
Over 61-90 Days	647	33.85%	219
Over 91-180 Days	166	46.39%	77
Total	<u>\$ 115,764</u>		<u>1,765</u>

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

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

2023.9.30			
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	\$ 354,836	-	-
Those Who Have Financial Difficulties	4,831	100%	4,831
Total	<u>\$ 359,667</u>		<u>4,831</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	4,975	100%	4,975
Total	<u>\$ 374,969</u>		<u>4,975</u>
2022.9.30			
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	\$ 375,162	-	-
Those Who Have Financial Difficulties	4,505	100%	4,505
Total	<u>\$ 379,667</u>		<u>4,505</u>

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

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

	2023.9.30	2022.12.31	2022.9.30
Not Overdue	\$ 331,503	336,926	364,082
Overdue Less Than 60 Days	22,824	36,399	10,841
Over 61-90 Days	1,145	481	1,510
Over 91-180 Days	2,140	439	2,080
Over 181-365 Days	1,168	523	1,154
Over 366 days	887	201	-
	\$ 359,667	374,969	379,667

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

	January to September, 2023	January to September, 2022
Beginning balance	\$ 7,123	6,113
Recognized Impairment Loss	-	350
Gain on reversal of impairment loss	(813)	-
Amount Written off due to amount not recovered	(161)	(156)
Foreign exchange translation gain and loss	202	(37)
Ending balance	\$ 6,351	6,270

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

(IV) Other Receivable and Overdue Receivable

	2023.9.30	2022.12.31	2022.9.30
Other Receivable	\$ 31,365	29,118	33,502
Overdue Receivable	16,087	16,563	16,563
Less: Loss Allowance	(16,087)	(16,563)	(16,563)
	\$ 31,365	29,118	33,502

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

	January to September, 2023	January to September, 2022
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

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

(V) Inventories

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Finished goods	\$ 17,742	23,851	41,041
Work in Process	61,762	98,364	115,727
Raw Materials	71,868	114,924	132,604
Products	285,132	315,367	332,894
	<u>\$ 436,504</u>	<u>552,506</u>	<u>622,266</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 September 30, 2023 and 2022, are NT\$23,503 thousand and NT\$5,179 thousand respectively, and are both recognized as costs of sales.

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

(VI) Investment accounted for using the equity method

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Wellell Japan	\$ <u>3,000</u>	-	-

1. Affiliate companies

The consolidated company acquired 49% equity of Wellell Japan on July 3, 2023 for JPY 14,700 thousand. Profits and losses on investments in affiliated companies accounted for using equity method recognized in 2023 was NT\$185 thousand.

(VII) 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:					
September 30, 2023	\$ <u>280,387</u>	<u>359,310</u>	<u>33,733</u>	<u>48,543</u>	<u>721,973</u>
December 31, 2022	\$ <u>279,492</u>	<u>366,610</u>	<u>32,279</u>	<u>57,682</u>	<u>736,063</u>
September 30, 2022	\$ <u>278,393</u>	<u>364,531</u>	<u>30,665</u>	<u>44,586</u>	<u>718,175</u>

- 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 to September 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 September 30, 2023, December 31, 2022, and September 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.

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

(VIII) Intangible Assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amount:				
September 30, 2023	<u>\$ 522,366</u>	<u>10,102</u>	<u>135,388</u>	<u>667,856</u>
December 31, 2022	<u>\$ 503,395</u>	<u>7,403</u>	<u>139,715</u>	<u>650,513</u>
September 30, 2022	<u>\$ 489,565</u>	<u>7,489</u>	<u>137,348</u>	<u>634,402</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 September 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.

(IX) Short-term notes

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Secured bank borrowings	\$ 51,053	34,650	34,739
Unsecured bank borrowings	162,929	260,707	363,498
Total	<u>\$ 213,982</u>	<u>295,357</u>	<u>398,237</u>
Unused credit term	<u>\$ 947,605</u>	<u>829,877</u>	<u>798,330</u>
Interest rate range	<u>1.83%~6.66%</u>	<u>1.30%~5.59%</u>	<u>0.90%~4.27%</u>

1. New borrowings and repayments

For the period from January 1 to September 30, 2023 and 2022, new borrowings amounted to NT\$464,969 thousand and NT\$71,077,496 thousand, respectively, and repayments amounted to NT\$540,918 thousand and NT\$1,039,389 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.

(X) Long-term borrowings

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

	<u>2023.9.30</u>		
	<u>Currency</u>	<u>Interest rate range</u>	<u>Maturity Date</u>
Secured bank borrowings	Euro	1.97%~3.13%	111.9.30~126.6.30
Less: Mature Within One Year			
Total			<u>\$ 114,792</u>
Unused credit term			<u>\$ -</u>

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

2022.12.31				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	112.2.21~126.6.30	\$ 131,526
Less: Mature Within One Year				<u>(10,261)</u>
Total				<u>\$ 121,265</u>
Unused credit term				<u>\$ -</u>

2022.9.30				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	Euro	1.97%~3.92%	112.2.21~126.6.30	\$ 124,878
Less: Mature Within One Year				<u>(9,312)</u>
Total				<u>\$ 115,566</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.

(XI) 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:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Operating Expenses	<u>\$ 15</u>	<u>39</u>	<u>43</u>	<u>117</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:

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

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Operating costs	\$ 898	1,782	6,248	5,501
Operating Expenses	<u>4,484</u>	<u>4,225</u>	<u>14,421</u>	<u>12,777</u>
	<u>\$ 5,382</u>	<u>6,007</u>	<u>20,669</u>	<u>18,278</u>

(XII) Income Taxes

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

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Tax expenses in current period	\$ 10,594	15,080	54,195	37,109
Expense of deferred income tax (benefit)	<u>2,352</u>	<u>(2,297)</u>	<u>(3,372)</u>	<u>2,088</u>
Income tax expenses	<u>\$ 12,946</u>	<u>12,783</u>	<u>50,823</u>	<u>39,197</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.

(XIII) Capital and other equity interests

For the period from January 1 to September 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 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.
- (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.

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

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><u>85,775</u></u>	0.55	<u><u>55,501</u></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	-	1,428	1,428
Share of translation difference of associates for using equity method	56,541	-	56,541
Balance as of September 30, 2023	<u><u>\$ (152,656)</u></u>	<u><u>10,486</u></u>	<u><u>(142,170)</u></u>
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	-	746	746
Share of translation difference of associates for using equity method	(7,838)	-	(7,838)
Balance as of September 30, 2022	<u><u>\$ (266,231)</u></u>	<u><u>6,505</u></u>	<u><u>(259,726)</u></u>

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

(XIV) Earnings per share

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

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Basic earnings per share				
Net income attributable to common stock shareholders of the Company	<u>\$ 23,959</u>	<u>59,688</u>	<u>125,548</u>	<u>142,040</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>\$ 0.24</u>	<u>0.59</u>	<u>1.24</u>	<u>1.41</u>
Diluted earnings per share				
Net income attributable to common stock shareholders of the Company (Basic)	<u>\$ 23,959</u>	<u>59,688</u>	<u>125,548</u>	<u>142,040</u>
Net income attributable to common stock shareholders of the Company (diluted)	<u>\$ 23,959</u>	<u>59,688</u>	<u>125,548</u>	<u>142,040</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>101</u>	<u>223</u>	<u>607</u>	<u>563</u>
Weighted average number of common stock shares outstanding (After the adjustment of potential diluted shares)	<u>101,013</u>	<u>101,135</u>	<u>101,519</u>	<u>101,475</u>
Diluted EPS (Dollars)	<u>\$ 0.24</u>	<u>0.59</u>	<u>1.24</u>	<u>1.40</u>

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

(XV) Revenue from Contracts with Customers

1. Details of Revenue

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Major Market:				
Spain	\$ 112,217	137,949	469,125	438,759
Germany	152,515	111,867	421,959	323,584
Japan	37,877	36,487	113,917	92,860
Italy	26,575	43,398	158,137	91,357
Other Country	235,685	361,863	805,106	1,020,533
	\$ 564,869	691,564	1,968,244	1,967,093
Major Product:				
Support	\$ 248,653	319,668	927,690	932,668
Surface Systems				
Respiratory	104,148	180,520	442,084	492,224
Therapy Devices				
Others	212,068	191,376	598,470	542,201
	\$ 564,869	691,564	1,968,244	1,967,093

2. Contract Balance

	2023.9.30	2022.12.31	2022.9.30
Notes Receivable	\$ 26,833	16,065	17,061
Accounts Receivable	495,887	499,065	478,370
Less: Loss Allowance	(6,351)	(7,123)	(6,270)
Total	\$ 516,369	508,007	489,161

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

(XIV) 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

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

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:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Remuneration to employee	\$ 2,775	5,500	12,025	11,250
Remuneration to Directors	616	1,850	2,706	3,050
	\$ 3,391	7,350	14,731	14,300

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.

(XVII) Non-operating income and expenditures

1. Interest Income

Details of interest income of the consolidated company as follows:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Bank deposits interest	\$ 555	521	2,068	1,757
other interest Income	570	30	1,026	47
Interest Income	\$ 1,125	551	3,094	1,804

2. Other Income

Details of other income of the consolidated company as follows:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Dividend Income	\$ -	-	-	88
Rental income	-	11	11	11
Commission income	20	90	107	90
Other Income	\$ 20	101	118	189

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

3. Other Profits and Losses

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

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Profit or Loss on Disposal of Real Estate Property, Plant and Equipment	\$ 495	(64)	(424)	(93)
Gain on lease modification	2	-	2	-
Foreign Exchange Gains	4,735	6,122	8,098	513
Others	11,455	5,116	31,058	20,182
Net of Other Gains and Losses	\$ 16,687	11,174	38,734	20,602

4. Financial Costs

Details of financial costs of the consolidated company as follows:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Lease liabilities interest amortization	\$ (223)	(195)	(707)	(611)
Bank Borrowings	(3,152)	(2,576)	(9,669)	(6,337)
Financial Costs	\$ (3,375)	(2,771)	(10,376)	(6,948)

(XVIII) 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:

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

2023.9.30			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$	2,799	32.2700
Euro		4,063	33.9100
GBP		221	39.2300
RMB		459	4.4150
<u>Financial liability</u>			
<u>Monetary item</u>			
USD		918	32.2700
Euro		3,145	33.9100
GBP		343	39.2300
2022.12.31			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$	4,018	30.7100
Euro		3,827	32.7200
GBP		316	37.0900
RMB		498	4.4080
<u>Financial liability</u>			
<u>Monetary item</u>			
USD	\$	1,487	30.7100
Euro		5,282	32.7200
GBP		618	37.0900
2022.9.30			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary item</u>			
USD	\$	4,482	31.7500
Euro		3,127	31.2600
GBP		135	35.5300
RMB		682	4.4730
<u>Financial liability</u>			
<u>Monetary item</u>			
USD		2,276	31.7500
Euro		6,196	31.2600
GBP		621	35.5300

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

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 September 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 September 30, 2023 and 2022, of the consolidated company would increase or decrease by NT\$1,781 thousand and NT\$802 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 on foreign currency exchange (including realized and unrealized) for the period from January 1 to September 30, 2023 and 2022, were NT\$8,098 thousand and NT\$513 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:

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

	2023.9.30				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
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	\$ 20,594	-	-	20,594	20,594
Financial assets measured with amortized cost					
Cash and cash equivalents	551,819	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	104,438	-	-	-	-
Notes receivable and accounts receivable	516,369	-	-	-	-
Other Receivable	31,365	-	-	-	-
Sub total	1,203,991	-	-	-	-
Total	<u>\$ 1,224,585</u>	<u>-</u>	<u>-</u>	<u>20,594</u>	<u>20,594</u>
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 213,982	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	127,805	-	-	-	-
Notes payable and accounts payable	156,975	-	-	-	-
Other Payables (including related parties)	196,559	-	-	-	-
Lease Liabilities – Non-Current	48,505	-	-	-	-
Total	<u>\$ 743,826</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	\$ 19,165	-	-	19,165	19,165
Fair Value Without Quoted					
Market Price					
Financial assets measured with					
amortized cost					
Cash and cash equivalents	445,280	-	-	-	-
Financial assets measured with	105,162	-	-	-	-
amortized cost - certificate of					
time deposit					
Notes receivable and accounts	508,007	-	-	-	-
receivable					
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	131,526	-	-	-	-
(including the long-term					
borrowings maturing within					
one year)					
Notes payable and accounts	175,059	-	-	-	-
payable					
Other Payables	210,431	-	-	-	-
(including related parties)					
Lease Liabilities – Non-Current	58,553	-	-	-	-
Total	\$ 870,926	-	-	-	-

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

	2022.9.30				
	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	\$ 16,612	-	-	16,612	16,612
Fair Value Without Quoted					
Market Price					
Financial assets measured with					
amortized cost					
Cash and cash equivalents	406,868	-	-	-	-
Financial assets measured with	107,762	-	-	-	-
amortized cost - certificate					
of time deposit					
Notes receivable and accounts	489,161	-	-	-	-
receivable					
Other Receivable	33,502	-	-	-	-
Sub total	1,037,293	-	-	-	-
Total	\$ 1,053,905	-	-	16,612	16,612
Financial liabilities measured					
with amortized cost					
Short-Term borrowings	\$ 398,237	-	-	-	-
Long-term Borrowings	124,878	-	-	-	-
(including the long-term					
borrowings maturing within					
one year)					
Notes payable and accounts	192,099	-	-	-	-
payable					
Other Payable	161,751	-	-	-	-
Lease Liabilities – Non-Current	53,442	-	-	-	-
Total	\$ 930,407	-	-	-	-

(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

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

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 financial assets measured at fair value through other comprehensive income – equity security investment.

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

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 2023.9.30, 2022.12.31 and 2022.9.30)	• The higher the discount for lack of marketability is, the lower the fair value is.

(5) From January 1 to September 30, 2023 and January 1 to September 30, 2022, there is no transfer in the fair value hierarchy of the financial assets.

(XIX) 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.

(XX) 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:

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

<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>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Other Payable - Related Party	Other related parties	<u>\$ 47</u>	<u>30</u>	<u>29</u>

2. Other transactions

	<u>Operating Expenses</u>				<u>Other Income (Listed as Other Profits and Losses)</u>			
	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Other related parties - Studio88 Design Corp.	\$ -	-	-	15,000	-	-	-	-
Other related parties	122	89	339	177	-	-	11	11
	<u>\$ 122</u>	<u>89</u>	<u>339</u>	<u>15,177</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>

	<u>Receipts in advance (Listed as Other Current Liabilities)</u>		
	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Other related parties	<u>\$ 11</u>	<u>23</u>	<u>-</u>

(III) Transactions regarding key management

Remuneration to Key management includes:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Short term employee benefits	\$ 5,483	3,288	12,238	10,240
Benefits after resignation	81	54	225	234
	<u>\$ 5,564</u>	<u>3,342</u>	<u>12,463</u>	<u>10,474</u>

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

VIII. Pledged Assets

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

Assets	Objectives of the pledged assets	2023.9.30	2022.12.31	2022.9.30
Time deposit certificate (financial assets measured with amortized cost)	Export bill negotiation facility	\$ 15,000	15,000	15,000
Land	Bank Borrowings	280,387	279,492	278,393
Building and construction, net	Bank Borrowings	157,426	158,526	156,281
Transportation vehicles, net	Bank Borrowings	8,611	11,190	8,353
		<u>\$ 461,424</u>	<u>464,208</u>	<u>458,027</u>

IX. Significant contingent liabilities and unrecognized contract commitments

As of September 30, 2023, December 31, 2022, and September 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 after the balance sheet date: 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	July to September, 2023			July to September, 2022		
	Included in Operating Costs	Attributed to operating expenses	Total	Included in Operating Costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	38,112	114,497	152,609	42,169	91,545	133,714
Labor Insurance and Health Insurance Expenses	2,864	8,838	11,702	3,032	7,341	10,373
Pension Fund Expenses	898	4,499	5,397	1,782	4,264	6,046
Remuneration to Directors	-	1,843	1,843	-	3,072	3,072
Other Employee Benefit Expenses	4,881	5,572	10,453	3,461	4,563	8,024
Depreciation	8,810	9,626	18,436	9,869	8,796	18,665
Amortization	3	5,696	5,699	12	4,385	4,397

By Function By Nature	January to September, 2023			January to September, 2022		
	Included in Operating Costs	Attributed to operating expenses	Total	Included in Operating Costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	115,452	344,375	459,827	125,654	298,093	423,747
Labor Insurance and Health Insurance Expenses	10,383	26,620	37,003	9,274	22,528	31,802
Pension Fund Expenses	6,248	14,464	20,712	5,501	12,894	18,395
Remuneration to Directors	-	6,351	6,351	-	6,762	6,762
Other Employee Benefit Expenses	9,532	12,785	22,317	9,803	12,230	22,033
Depreciation	26,843	28,019	54,862	30,922	26,269	57,191
Amortization	8	14,908	14,916	36	13,364	13,400

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 September 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 (Note 6)	Amount of transactions with the borrowers	Reason for short term business financing	Allowance for bad debt	Collateral		Limit on individual funding loan granted to a single party limits	Maximum limit of fund financing
													Name	Value		
1	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,005 (RMB9,000)	39,735 (RMB9,000)	39,735 (RMB9,000)	-	2	-	Operation turnover	-	No	-	132,928	265,856
1	ComfortPro Investment Corp.	Wellell France S.A.S	Other Receivable	Yes	12,149 (EUR350)	11,869 (EUR350)	11,869 (EUR350)	-	2	-	Operation turnover	-	No	-	132,928	265,856
2	Apex Medical Respiratory Ltd.	Wellell Germany GmbH	Other Receivable	Yes	29,504 (EUR850)	28,824 (EUR850)	26,111 (EUR770)	1	2	-	Operation turnover	-	No	-	383,009	766,017
2	Apex Medical Respiratory Ltd.	Wellell France S.A.S	Other Receivable	Yes	20,826 (EUR600)	20,346 (EUR600)	20,346 (EUR600)	-	2	-	Operation turnover	-	No	-	383,009	766,017
2	Apex Medical Respiratory Ltd.	Wellell America Corp.	Other Receivable	Yes	16,135 (EUR500)	16,135 (EUR500)	16,135 (EUR500)	2	2	-	Operation turnover	-	No	-	383,009	766,017
3	Apex Global Investment Ltd.	Wellell France S.A.S	Other Receivable	Yes	17,355 (EUR500)	16,955 (EUR500)	16,955 (EUR500)	-	2	-	Operation turnover	-	No	-	176,886	353,772
3	Apex Global Investment Ltd.	Wellell UK Limited	Other Receivable	Yes	20,260 (GBP500)	19,615 (GBP500)	19,615 (GBP500)	-	2	-	Operation turnover	-	No	-	176,886	353,772
4	SLK Vertriebs GmbH	Wellell Germany GmbH	Other Receivable	Yes	16,661 (EUR480)	16,277 (EUR480)	16,277 (EUR480)	1	2	-	Operation turnover	-	No	-	100,226	200,452

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	2	1,159,503	213,119 (EUR6,140)	208,207 (EUR6,140)	149,056 (EUR4,396)	-	8.98%	1,159,503	Y	N	N
0	Wellell Inc.	Wellell America Corp.	2	1,159,503	48,405 (USD1,500)	48,405 (USD1,500)	7,422 (USD 230)	-	2.09%	1,159,503	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

Company that holds the securities	Category and name of securities	Relationship with the securities issuer	General Ledger Accounts	End of Period				Maximum shares held or 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	17,190	18.95 %	17,190	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	-	3,404	5.00 %	3,404	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:

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

Unit: New Taiwan Dollars in thousands

Purchaser (seller)	Name of counterparty	Relationship	Status of transaction				Differences in transaction terms compared to third party transactions		Notes receivable and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Prices	Credit Terms	Balance	Percentage of total notes receivable and accounts receivable (payable)	
Wellell Inc.	Apex Medical S.L.	Parent and subsidiary	(Sales)	(113,082)	(13.92)%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	73,100	22.15%	No
Apex Medical S.L.	Wellell Inc.	Parent and subsidiary	Purchase	113,082	31.57%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(73,130)	(67.93)%	No

Note: Eliminated when preparing consolidated financial statements

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	Related Party Relationship	Status of transactions				% of total consolidated revenues or total assets
				Account	Amount	Terms of transactions		
0	Wellell Inc.	Apex Medical S.L.	1	Sales revenues	113,082	The sales price is comparatively lower than the general customers due to larger sales volumes.		5.75%
0	Wellell Inc.	Wellell (Thailand) Ltd.	1	Sales revenues	22,598	The same as those provided to the non-related parties		1.15%
0	Wellell Inc.	APEX MEDICAL CORP.	1	Sales revenues	40,088	The same as those provided to the non-related parties		2.04%
0	Wellell Inc.	Wellell France S.A.S.	1	Sales revenues	46,269	The same as those provided to the non-related parties		2.35%
0	Wellell Inc.	Wellell UK Limited	1	Sales revenues	32,918	The same as those provided to the non-related parties		1.67%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Sales revenues	32,355	The same as those provided to the non-related parties		1.64%
1	Apex (Kunshan) Medical Corp.	Wellell Inc.	2	Sales revenues	96,090	The sales price is comparatively lower than the general customers due to larger sales volumes.		4.88%
1	Apex (Kunshan) Medical Corp.	APEX MEDICAL CORP.	3	Sales revenues	58,301	The same as those provided to the non-related parties		2.96%
1	Apex (Kunshan) Medical Corp.	Wellell (Kunshan) Co., Ltd	3	Sales revenues	24,189	The same as those provided to the non-related parties		1.23%
2	APEX MEDICAL CORP.	Wellell America Corp.	3	Sales revenues	20,470	The same as those provided to the non-related parties		1.04%
0	Wellell Inc.	Apex Medical S.L.	1	Accounts Receivable	73,100	The collection term is 180 days after the monthly cut-off day		2.28%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Accounts Receivable	33,971	The collection term is 180 days after the monthly cut-off day		1.06%
3	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	3	Other Receivable	39,735	In accordance with the contract		1.24%

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

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 1 to September 30, 2023 is as follows (not including investment to Mainland China):

Unit: NTD in thousand/USD in thousand

Name of investor	Name of the investee	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%	352,417	100%	1,517	1,517	Subsidiary
"	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(10,902)	100%	(3,725)	(3,725)	"
"	Apex Medical S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	292,588	100%	52,024	52,024	"
"	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	309,590	100%	10,016	10,098	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	828	99.82%	(435)	(434)	"
The Company	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	712	49%	961	471	Subsidiary
"	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	691,344	780,354	7,180	100%	739,909	100%	3,617	3,176	"
"	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	69,833	100%	3,409	3,409	"
"	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	23,932	100%	22,017	22,017	"
"	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	-	3,000	100%	29,029	100%	(399)	(399)	"
"	Wellell Japan	Japan	Sales of medical supplies	3,208	-	-	49%	3,000	49%	(377)	(185)	"
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%	261,539	100%	(6,794)	(6,794)	"
"	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	47,827	100%	8,501	8,501	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	2	0.18%	(435)	(1)	"
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	274,070	100%	(9,456)	(9,456)	"
"	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	416,911	100%	31,064	21,156	"
"	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	34,229	100%	597	98	"
"	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	-	100%	(17,766)	100%	(7,866)	(7,866)	"

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

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

(III) Information regarding investment in Mainland China:

1. Information on investment in Mainland China:

Unit: NTD in thousand/USD in thousand

Name of the 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 to Taiwan 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)	(6,785)	100.00%	100.00%	(6,767)	201,318	-
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)	8,500	100.00%	100.00%	8,500	29,432	-

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)	1,391,404

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 September 30, 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

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

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:

July to September, 2023					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 369,052	34,350	161,467	-	564,869
Revenues between segments	70,222	7,768	86,948	(164,938)	-
Total revenue	<u>\$ 439,274</u>	<u>42,118</u>	<u>248,415</u>	<u>(164,938)</u>	<u>564,869</u>
Profit and loss from reportable segment	<u>\$ 29,464</u>	<u>4,877</u>	<u>28,023</u>	<u>(25,281)</u>	<u>37,083</u>
July to September, 2022					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 391,397	130,043	170,124	-	691,564
Revenues between segments	138,166	73,342	102,810	(314,318)	-
Total revenue	<u>\$ 529,563</u>	<u>203,385</u>	<u>272,934</u>	<u>(314,318)</u>	<u>691,564</u>
Profit and loss from reportable segment	<u>\$ 40,670</u>	<u>17,278</u>	<u>46,040</u>	<u>(30,998)</u>	<u>72,990</u>

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

January to September, 2023					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 1,309,735	165,180	493,329	-	1,968,244
Revenues between segments	252,521	20,914	296,254	(569,689)	-
Total revenue	<u>\$ 1,562,256</u>	<u>186,094</u>	<u>789,583</u>	<u>(569,689)</u>	<u>1,968,244</u>
Profit and loss from reportable segment	<u>\$ 148,394</u>	<u>27,726</u>	<u>99,643</u>	<u>(98,902)</u>	<u>176,861</u>
January to September, 2022					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 1,219,386	289,908	457,799	-	1,967,093
Revenues between segments	333,168	146,597	267,350	(747,115)	-
Total revenue	<u>\$ 1,552,554</u>	<u>436,505</u>	<u>725,149</u>	<u>(747,115)</u>	<u>1,967,093</u>
Profit and loss from reportable segment	<u>\$ 99,233</u>	<u>25,088</u>	<u>136,996</u>	<u>(79,203)</u>	<u>182,114</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.