

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

For the Nine Months Ended September 30, 2024 and 2023

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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

To Wellell Inc.,

Introduction

We have reviewed the consolidated balance sheet of Wellell Inc. and its subsidiaries prepared on September 30, 2024 and 2023, the consolidated comprehensive income statement covering the periods of July 1 to September 30, 2024 and 2023, and January 1 to September 30, 2024 and 2023, 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 2024 and 2023 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, 2024 and 2023, and the results of the consolidated financial performance for the period of July 1 to September 30, 2024 and 2023, and the period of January 1 to September 30, 2024 and 2023, and the consolidated cash flows for the period of January 1 to September 30, 2024 and 2023.

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

Certified Public : Hui Chin Kou

Accountants Pei Chi Chen

Certified and Approved : Tai Tsai Certified
No. of the Securities : No. 0930106739
Competent Authority : Jin-Guan-Cheng-Liu-Zi
No. 0960069825

November 11, 2024

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.

Unit: New Taiwan Dollars in thousands

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(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 Comprehensive Income

July 1 - September 30, 2024 and 2023, and January 1 - September 30, 2024 and 2023

Unit: New Taiwan Dollars in thousands

		July to September, 2024		July to September, 2023		January to September, 2024		January to September, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Sales Revenue (Note 6 (15) and 7)	\$ 541,946	100	564,869	100	1,772,986	100	1,968,244	100
5000	Operating Costs (Note 6 (5) (11) and (16))	307,484	57	319,740	57	979,831	55	1,137,082	58
	Gross Margin	234,462	43	245,129	43	793,155	45	831,162	42
6000	Operating Expenses (Note 6 (3) (11) (16) and 7):								
6100	Selling Expenses	99,749	18	88,543	16	294,871	17	282,083	14
6200	General and Administrative Expenses	88,855	16	95,320	17	286,048	16	286,080	15
6300	Research & Development Expenses	41,587	8	38,350	6	125,218	7	118,336	6
6450	Expected Credit Impairment Losses (Gains)	2,458	-	105	-	7,723	1	(813)	-
	Total Operating Expenses	232,649	42	222,318	39	713,860	41	685,686	35
6900	Net Operating Profit	1,813	1	22,811	4	79,295	4	145,476	7
	Non-operating income and expenditures (Note 6 (6), (17) and 7):								
7100	Interest Income	3,410	1	1,125	-	5,894	1	3,094	-
7010	Other Income	86	-	20	-	307	-	118	-
7020	Other Profits and Losses	11,434	2	16,687	3	18,548	1	38,734	2
7050	Financial Costs	(3,021)	(1)	(3,375)	(1)	(10,345)	(1)	(10,376)	-
7060	Share of profit or loss of affiliated companies under the equity method	(811)	-	(185)	-	(1,409)	-	(185)	-
	Total non-operating income and expenses	11,098	2	14,272	2	12,995	1	31,385	2
	Profit before Tax	12,911	3	37,083	6	92,290	5	176,861	9
7950	Less: Income Tax Expenses (Note 6 (12))	5,032	1	12,946	2	23,384	1	50,823	3
	Net Income Current Period	7,879	2	24,137	4	68,906	4	126,038	6
8300	Other comprehensive income:								
8310	Items not to be reclassified into profit or loss								
8316	Unrealized Evaluation Profit and Loss on Equity Instruments	(521)	-	1,403	-	(2,773)	-	1,428	-
	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	(521)	-	1,403	-	(2,773)	-	1,428	-
8360	Items that may be subsequently reclassified into profit or loss:								
8361	Financial statements translation differences of foreign operations	34,300	6	10,373	2	86,302	5	54,197	3
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	34,300	6	10,373	2	86,302	5	54,197	3
8300	Other comprehensive Income Current Period	33,779	6	11,776	2	83,529	5	55,625	3
8500	Total Comprehensive Income Current Period	<u>\$ 41,658</u>	<u>8</u>	<u>35,913</u>	<u>6</u>	<u>152,435</u>	<u>9</u>	<u>181,663</u>	<u>9</u>
	Net Income attributed to:								
8610	Owner of the parent company	\$ 7,783	2	23,959	4	69,039	4	125,548	6
8620	Non-controlling interests	96	-	178	-	(133)	-	490	-
		<u>\$ 7,879</u>	<u>2</u>	<u>24,137</u>	<u>4</u>	<u>68,906</u>	<u>4</u>	<u>126,038</u>	<u>6</u>
	Comprehensive Income attributed to:								
8710	Owner of the parent company	\$ 41,032	8	35,737	6	152,120	9	183,517	9
8720	Non-controlling interests	626	-	176	-	315	-	(1,854)	-
		<u>\$ 41,658</u>	<u>8</u>	<u>35,913</u>	<u>6</u>	<u>152,435</u>	<u>9</u>	<u>181,663</u>	<u>9</u>
9750	Basic EPS (Unit: NT\$) (Note 6 (14))	<u>\$ 0.08</u>		<u>0.24</u>		<u>0.68</u>		<u>1.24</u>	
9850	Diluted EPS (Unit: NT\$) (Note 6 (14))	<u>\$ 0.08</u>		<u>0.24</u>		<u>0.68</u>		<u>1.24</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: Chen, Shih-He

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Wellell Inc. and Subsidiaries
Consolidated Statement of Change in Equity
From January 1 to September 30, 2024 and 2023

Unit: New Taiwan Dollars in thousands

	Equity attributable to owners of the parent company											
	Retained Earnings						Total Other Equities					
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed earnings	Total	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 equity attributable to owners of the parent company	Non-controlling interests	Total equity
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
Balance as of January 1, 2024	\$ 1,009,116	345,635	311,210	252,634	569,448	1,133,292	(163,076)	11,013	(152,063)	2,335,980	4,889	2,340,869
Net Income Current Period	-	-	-	-	69,039	69,039	-	-	-	69,039	(133)	68,906
Other comprehensive Income Current Period	-	-	-	-	-	-	85,854	(2,773)	83,081	83,081	448	83,529
Total Comprehensive Income Current Period	-	-	-	-	69,039	69,039	85,854	(2,773)	83,081	152,120	315	152,435
Earnings appropriation and distribution:												
Provision of statutory reserves	-	-	15,260	-	(15,260)	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(80,729)	(80,729)	-	-	-	(80,729)	-	(80,729)
Balance as of September 30, 2024	\$ 1,009,116	345,635	326,470	252,634	542,498	1,121,602	(77,222)	8,240	(68,982)	2,407,371	5,204	2,412,575

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

Chairman of the board: Li, Yung Chuan

Manager: Li, Yung Chuan

Accounting Director: Chen, Shih-He

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

Consolidated Statement of Cash Flow

From January 1 to September 30, 2024 and 2023

Unit: New Taiwan Dollars in thousands

	January to September, 2024	January to September, 2023
Cash flow from operating activities:		
Profit before Tax current period	\$ 92,290	176,861
Adjustment items:		
Income and expenses item		
Depreciation	56,692	54,862
Amortization	14,402	14,916
Expected Credit Impairment Losses (Gains)	7,723	(813)
Interest Expense	10,345	10,376
Interest Income	(5,894)	(3,094)
Dividend Income	(34)	-
Share of profit or loss of affiliated companies under the equity method	1,409	185
Profit or loss from disposal and obsolesce of property, plants and equipment	842	424
Property, plants and equipment reclassified as expenses	43	502
Gain on lease modification	-	(2)
Total Incomes and Expenses	<u>85,528</u>	<u>77,356</u>
Changes of assets and liabilities relating to operating activities:		
Decrease (Increase) of Notes Receivable	6,140	(10,768)
Decrease of Accounts Receivable	104,919	3,017
Accounts Receivable - increase of Related Party	(5,685)	-
Decrease (Increase) of Other Receivables	15,457	(158)
(Increase) Decrease of Inventories	(28,407)	116,002
Increase In Prepayments	(6,252)	(1,171)
Increase of Other current Assets	(1,443)	(1,817)
Increase of Other Non-current Assets	(1)	(1)
Total Net changes of assets relating to operating activities	<u>84,728</u>	<u>105,104</u>
Decrease of Notes Payable	(37)	(517)
Decrease of Accounts Payable	(61,108)	(17,567)
Decrease of Other Payables (including related parties)	(32,551)	(13,998)
Increase of Other Current Liabilities (including related parties)	8,831	12,285
Increase of Net Defined Benefit Liabilities	42	46
(Decrease) Increase of Other Non-Current Liabilities	(33,836)	1,292
Total Net changes of liabilities relating to operating activities	<u>(118,659)</u>	<u>(18,459)</u>
Total Net changes of assets and liabilities relating to operating activities	<u>(33,931)</u>	<u>86,645</u>
Total adjustments	<u>51,597</u>	<u>164,001</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:

Chen, Shih-He

(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 Cash Flow (continued)

From January 1 to September 30, 2024 and 2023

Unit: New Taiwan Dollars in thousands

	January to September, 2024	January to September, 2023
Cash inflow from operating	\$ 143,887	340,862
Interest received	6,147	3,337
Dividends received	34	-
Interest paid	(10,370)	(10,250)
Income Taxes Paid	<u>(48,969)</u>	<u>(34,789)</u>
Net Cash inflow from operating activities	<u>90,729</u>	<u>299,160</u>
Cash flow from investing activities:		
Acquisition of Financial assets at amortized cost	-	(15,000)
Disposal of Financial assets at amortized cost	3,290	15,724
Investment accounted for under the equity method	-	(3,208)
Investment in real estate properties, plants and equipment	(34,919)	(22,239)
Disposal of property, plants and equipment	1,733	1,109
Increase of refundable deposits	(592)	(52)
Investment in intangible assets	<u>(2,464)</u>	<u>(2,998)</u>
Cash outflow from investing activities	<u>(32,952)</u>	<u>(26,664)</u>
Cash flow from financing activities:		
Application for short-term borrowings	631,793	464,969
Repayment of short-term borrowings	(609,222)	(540,918)
Repayment of long-term borrowings	(4,381)	(3,721)
Repayment of principal portion of the lease	(14,886)	(13,368)
Cash dividends paid	<u>(80,729)</u>	<u>(85,775)</u>
Net Cash outflow from financing activities	<u>(77,425)</u>	<u>(178,813)</u>
Net effect of changes in foreign currency exchange rates on cash and cash equivalent	<u>36,579</u>	<u>12,856</u>
Increase of cash and cash equivalents current period	16,931	106,539
Cash and cash equivalents at beginning of year	<u>648,379</u>	<u>445,280</u>
Cash and cash equivalents at the end of year	<u>\$ 665,310</u>	<u>551,819</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:

Chen, Shih-He

Wellell Inc. and Subsidiaries
Notes to the Consolidated financial statements
For the Nine Months Ended September 30, 2024 and 2023
(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 11, 2024.

III. Application of new standards, amendments, and interpretations

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

The application of the newly revised amendments to the IFRSs into effect by the consolidated company with an effective date starting from January 1, 2024 did 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
- Amendments to IFRS 16 “Lease Liabilities for Leasebacks”

(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, 2025, will not significantly influence the consolidated financial statement.

- Amendment to IAS No. 21 “Lack of Exchangeability”

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

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

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

Newly announced or amended standards	Major amendments	Effective date of IASB announcement
IFRS No. 18 “Presentation and Disclosures in Financial Statements”	The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management’s performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies.	January 1, 2027
IFRS No. 18 “Presentation and Disclosures in Financial Statements”	• More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of “operating income”, and stipulates that all income, expenses and losses are classified into three new different categories based on the company’s main operating activities. • Management Performance Measurement (MPM): Under the new standards, companies will be required to disclose information about management-defined performance measures in a single note to the financial statements, why each measure provides useful information about the company’s performance, how it is calculated, and how the measure is reconciled to the amounts recognized under the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes.	January 1, 2027

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

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
- Amendments to IFRS 19 “Subsidiaries without public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

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 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 2023. Please refer to Note 4 to the 2023 Consolidated Financial Statements for related information.

(II) Basis of Consolidation

1. Subsidiaries included in the consolidated financial statements.

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership			Description
			2024.9.30	2023.12.31	2023.9.30	
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%	
"	Wellell IBERIA S.L.	Sales of medical supplies	100%	100%	100%	(Note 2)
"	Sturdy Industrial Co., Ltd	Manufacturing and Sales of medical	100%	100%	100%	

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

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership			Description
			2024.9.30	2023.12.31	2023.9.30	
		supplies				
"	Wellell India Private Limited	Sales of medical supplies	99.82%	99.82%	99.82%	(Note 1)
"	Wellell (Thailand) Ltd.	Sales of medical supplies	49%	49%	49%	
"	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%	
"	APEX MEDICAL CORP.	Sales of medical supplies	100%	100%	100%	
"	Wellell Taiwan Corp.	Sales of medical supplies	100%	100%	100%	
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)
ComfortPro Investment Corp.	Apex Medical (Kunshan) 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%	
"	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%	
Wellell UK Limited	Westmeria Healthcare Ltd.	Sales and leasing of medical supplies	100%	100%	100%	

Note 1: The Company directly and indirectly holds 100% equity interests in Wellell India Private Limited.

Note 2: Apex Medical SL changed its name to Wellell IBERIA S.L. in 2024 in line with the Group's branding strategy.

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.

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

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.

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.

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

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 2023 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 2023. Please refer to Note 6 to the 2023 Consolidated Financial Statements for related information.

(I) Cash and cash equivalents

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Cash on hand	\$ 1,199	1,276	1,267
Checks and demand deposits	554,931	621,145	508,913
Time Deposit	108,018	25,958	30,902
Cash in transit	<u>1,162</u>	<u>-</u>	<u>10,737</u>
Cash and cash equivalents listed on the Consolidated Statements of Cash Flows	<u>\$ 665,310</u>	<u>648,379</u>	<u>551,819</u>

As of September 30, 2024, December 31, 2023, and September 30, 2023, the cash and cash equivalent of the consolidated company were not provided as loan guarantee or litigation collateral to a financial institute or court.

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

(II) Financial assets measured with amortized cost

	2024.9.30	2023.12.31	2023.9.30
<u>Current</u>			
Domestic investment			
Time deposit with original maturity date for more than 3 months	\$ 80,500	65,500	47,500
Pledged time deposit certificate	15,000	-	-
Foreign investment			
Time deposit with original maturity date for more than 3 months	27,137	45,427	41,938
Total	<u>\$ 122,637</u>	<u>110,927</u>	<u>89,438</u>
<u>Non-current</u>			
Domestic investment			
Pledged time deposit certificate	<u>\$ -</u>	<u>15,000</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, 2024, December 31, 2023, and September 30, 2023, 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

	2024.9.30	2023.12.31	2023.9.30
Notes receivable	\$ 12,523	18,663	26,833
Accounts Receivable	373,719	478,707	495,887
Related Party -of Account Receivable	5,685	-	-
Less: Loss Allowance	(14,752)	(6,838)	(6,351)
Accounts Receivable, net	<u>\$ 377,175</u>	<u>490,532</u>	<u>516,369</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:

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

	2024.9.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted average credit loss rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 88,957	0.69%	611
Overdue Less Than 60 Days	11,553	7.59%	877
Over 61-90 Days	7,352	22.50%	1,654
Over 91-180 Days	<u>17,705</u>	<u>33.84%</u>	<u>5,992</u>
Total	<u>\$ 125,567</u>		<u>9,134</u>

	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Not Overdue	\$ 167,621	0.74%	1,245
Overdue Less Than 60 Days	3,388	8.32%	282
Over 61-90 Days	22	22.73%	5
Over 91-180 Days	588	36.22%	213
Over 181-365 Days	<u>19</u>	<u>47.37%</u>	<u>9</u>
Total	<u>\$ 171,638</u>		<u>1,754</u>

	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	<u>48</u>	<u>35.42%</u>	<u>17</u>
Total	<u>\$ 163,053</u>		<u>1,520</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:

Credit Rating Grade	2024.9.30		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Low Risk	\$ 260,742	-	-
Those Who Have Financial Difficulties	<u>5,618</u>	100%	<u>5,618</u>
Total	<u><u>\$ 266,360</u></u>		<u><u>5,618</u></u>

Credit Rating Grade	2023.12.31		
	Carrying Amount of Notes Receivable and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Loss Allowance Lifetime Expected Credit Loss
Low Risk	\$ 320,648	-	-
Those Who Have Financial Difficulties	<u>5,084</u>	100%	<u>5,084</u>
Total	<u><u>\$ 325,732</u></u>		<u><u>5,084</u></u>

Credit Rating Grade	2023.9.30		
	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	<u>4,831</u>	100%	<u>4,831</u>
Total	<u><u>\$ 359,667</u></u>		<u><u>4,831</u></u>

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

	2024.9.30	2023.12.31	2023.9.30
Not Overdue	\$ 245,733	303,488	331,503
Overdue Less Than 60 Days	14,635	14,929	22,824
Over 61-90 Days	1,497	2,683	1,145
Over 91-180 Days	2,623	1,986	2,140
Over 181-365 Days	613	2,102	1,168

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

	2024.9.30	2023.12.31	2023.9.30
Over 366 days	<u>1,259</u>	<u>544</u>	<u>887</u>
	<u>\$ 266,360</u>	<u>325,732</u>	<u>359,667</u>

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

	January to September, 2024	January to September, 2023
Beginning balance	\$ 6,838	7,123
Recognized impairment loss (reversal gain)	7,723	(813)
Amount Written off due to amount not recovered	(139)	(161)
Recovered amount of written-off accounts	70	-
Foreign exchange translation gain and loss	<u>260</u>	<u>202</u>
Ending balance	<u>\$ 14,752</u>	<u>6,351</u>

As of September 30, 2024, December 31, 2023, and September 30, 2023, no notes receivable and accounts receivable of the consolidated company pledged as collateral.

(IV) Other Receivable and Overdue Receivable

	2024.9.30	2023.12.31	2023.9.30
Other Receivable	\$ 13,497	27,230	31,365
Other Receivable - Related Party-	24	-	-
Overdue Receivable	-	-	16,087
Less: Loss Allowance	<u>-</u>	<u>-</u>	<u>(16,087)</u>
	<u>\$ 13,521</u>	<u>27,230</u>	<u>31,365</u>

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

	January to September, 2024	January to September, 2023
Beginning balance	\$ -	16,563
Amount Written off due to amount not recovered	<u>-</u>	<u>(476)</u>
Ending balance	<u>\$ -</u>	<u>16,087</u>

Please refer to Note 6 (18) for information on other credit risks

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

(V) Inventories

	2024.9.30	2023.12.31	2023.9.30
Finished goods	\$ 16,725	6,774	17,742
Work in Process	54,658	57,435	61,762
Raw Materials	62,697	62,471	71,868
Products	314,616	293,609	285,132
	<u>\$ 448,696</u>	<u>420,289</u>	<u>436,504</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, 2024 and 2023, are NT\$(9,196) thousand and NT\$23,503 thousand respectively, and are both recognized as costs of sales.

On September 30, 2024, December 31, 2023, and September 30, 2023, 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:

	2024.9.30	2023.12.31	2023.9.30
Wellell Japan	<u>\$ 1,460</u>	<u>2,877</u>	<u>3,000</u>

Associate

The consolidated company acquired 49% equity of Wellell Japan on July 3, 2023 for JPY 14,700 thousand. For the period from January 1 to September 30, 2024 and 2023, the share of loss (gain) of the associate recognized for the investment accounted for using the equity method was NTD (1,409) thousand and NTD (185) thousand, respectively.

(VII) Property, plants and equipment

	Land	Buildings and constructions	Machinery Equipment	Other assets	Total
Carrying amount:					
September 30, 2024	<u>\$ 281,494</u>	<u>339,501</u>	<u>29,887</u>	<u>66,433</u>	<u>717,315</u>
December 31, 2023	<u>\$ 280,440</u>	<u>351,420</u>	<u>32,269</u>	<u>49,192</u>	<u>713,321</u>
September 30, 2023	<u>\$ 280,387</u>	<u>359,310</u>	<u>33,733</u>	<u>48,543</u>	<u>721,973</u>

1. There is not any significant purchase, disposal, impairment recognition, or reversal in the property, plant, and equipment of the consolidated company for the period from January 1 to September 30, 2024 and 2023. For depreciation in current period, please refer to Note 12. Other related information please refer to Note 6 (7) to the 2023 Consolidated Financial Statements.

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

2. As of September 30, 2024, December 31, 2023, and September 30, 2023, details of the consolidated company's property, plant and equipment pledged as collateral for loans and financing facilities, please refer to Note 8.

(VIII) Intangible Assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amount:				
September 30, 2024	<u>\$ 541,945</u>	<u>8,451</u>	<u>125,170</u>	<u>675,566</u>
December 31, 2023	<u>\$ 513,547</u>	<u>9,238</u>	<u>126,048</u>	<u>648,833</u>
September 30, 2023	<u>\$ 522,366</u>	<u>10,102</u>	<u>135,388</u>	<u>667,856</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, 2024 and 2023. For amortization in current period, please refer to Note 12. Other related information please refer to Note 6 (8) to the 2023 Consolidated Financial Statements.

(IX) Short-term notes

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured bank borrowings	\$ 193,988	155,384	162,929
Secured bank borrowings	26,644	40,377	51,053
Total	<u>\$ 220,632</u>	<u>195,761</u>	<u>213,982</u>
Unused credit term	<u>\$ 898,660</u>	<u>928,458</u>	<u>947,605</u>
Interest rate range	<u>1.95%~6.46%</u>	<u>1.83%~6.67%</u>	<u>1.83%~6.66%</u>

1. New borrowings and repayments

For the period from January 1 to September 30, 2024 and 2023, new borrowings amounted to NT\$631,793 thousand and NT\$464,969 thousand, respectively, and repayments amounted to NT\$609,222 thousand and NT\$540,918 thousand, respectively. For interest expenses, please refer to Notes 6 (17). For other related information, please refer to Note 6 (9) to the 2023 consolidated financial statements.

2. Collaterals for bank loans

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

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

(X) Long-term borrowings

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

2024.9.30				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	EUR	2%~2.75%	113.10.1~126.6.30	\$ 120,571
Less: Mature Within One Year				(9,851)
Total				\$ 110,720
Unused credit term				\$ -
2023.12.31				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	EUR	1.97%~3.13%	113.1.2~126.6.30	\$ 124,952
Less: Mature Within One Year				(11,973)
Total				\$ 112,979
Unused credit term				\$ -
2023.9.30				
	Currency	Interest rate range	Maturity Date	Amount
Secured bank borrowings	EUR	1.97%~3.13%	111.9.30~126.6.30	\$ 127,805
Less: Mature Within One Year				(13,013)
Total				\$ 114,792
Unused credit term				\$ -

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, 2023 and 2022 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)

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Operating expenses	\$ <u>14</u>	<u>15</u>	<u>42</u>	<u>43</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:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Operating costs	\$ 2,179	898	6,802	6,248
Operating expenses	6,907	4,484	21,867	14,421
	<u>\$ 9,086</u>	<u>5,382</u>	<u>28,669</u>	<u>20,669</u>

(XII) Income Taxes

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Tax expenses in current period	\$ 4,474	10,594	26,132	54,195
Expense of deferred income tax (benefit)	<u>558</u>	<u>2,352</u>	<u>(2,748)</u>	<u>(3,372)</u>
Income tax expenses	<u>\$ 5,032</u>	<u>12,946</u>	<u>23,384</u>	<u>50,823</u>

2. As of 2022, all tax returns by the Company, subsidiary - Sturdy Industrial Co., Ltd and APEX MEDICAL CORP. have been authorized by the tax collection authority.

(XIII) Capital and other equity interests

For the period from January 1 to September 30, 2024 and 2023, there is not any material changes in consolidated company's in capital and capital surplus. Please refer to Note 6 (13) to the 2023 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

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

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.

If the above distribution of shareholders' bonus is made in the form of cash payment, the Board of Directors shall be authorized to make the 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. Dividends may be distributed in the form of cash or shares, provided, however, that shares dividends distributed in respect of any fiscal year shall not exceed 50 percent of earnings distributed.

2. Earnings Distribution

The amount of cash dividends on the 2023 earnings distribution proposal was resolved by the Board of Directors on March 13, 2024; and the earnings distribution proposal was resolved at the AGM on June 19, 2023. The dividends paid to shareholders are as follows:

	2023		2022	
	Allotment rate (dollar)	Amount	Allotment rate (dollar)	Amount
Cash	\$ 0.80	<u><u>80,729</u></u>	0.85	<u><u>85,775</u></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, 2024	\$ (163,076)	11,013	(152,063)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	(2,773)	(2,773)
Share of translation difference of associates for using equity method	85,854	-	85,854
Balance as of September 30, 2024	<u>\$ (77,222)</u>	<u>8,240</u>	<u>(68,982)</u>
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>\$ (152,656)</u>	<u>10,486</u>	<u>(142,170)</u>

(XIV) Earnings per share

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Basic earnings per share				
Net income attributable to common stock shareholders of the Company	<u>\$ 7,783</u>	<u>23,959</u>	<u>69,039</u>	<u>125,548</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>\$ 0.08</u>	<u>0.24</u>	<u>0.68</u>	<u>1.24</u>

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Diluted earnings per share				
Net income attributable to common stock shareholders of the Company (Basic)	<u>\$ 7,783</u>	<u>23,959</u>	<u>69,039</u>	<u>125,548</u>
Net income attributable to common stock shareholders of the Company (diluted)	<u><u>\$ 7,783</u></u>	<u><u>23,959</u></u>	<u><u>69,039</u></u>	<u><u>125,548</u></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>232</u>	<u>101</u>	<u>375</u>	<u>607</u>
Weighted average number of common stock shares outstanding (After the adjustment of potential diluted shares)	<u><u>101,144</u></u>	<u><u>101,013</u></u>	<u><u>101,287</u></u>	<u><u>101,519</u></u>
Diluted EPS (Dollars)	<u><u>\$ 0.08</u></u>	<u><u>0.24</u></u>	<u><u>0.68</u></u>	<u><u>1.24</u></u>

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

(XV) Revenue from Contracts with Customers

1. Details of Revenue

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Major Market:				
Spain	\$ 114,595	112,217	437,465	469,125
United States of America	23,209	27,385	123,268	112,860
United Kingdom	23,667	29,208	70,553	80,138
Taiwan	30,626	36,917	83,958	98,392
Germany	144,090	152,515	426,050	421,959
Japan	36,839	37,878	100,696	113,917
France	48,446	30,402	136,469	109,342
Other Country	<u>120,474</u>	<u>138,347</u>	<u>394,527</u>	<u>562,511</u>
	<u>\$ 541,946</u>	<u>564,869</u>	<u>1,772,986</u>	<u>1,968,244</u>
Major Product:				
Support Surface Systems	\$ 254,824	248,653	798,790	927,690
Respiratory Therapy Devices	88,394	104,148	392,578	442,084
Others	<u>198,728</u>	<u>212,068</u>	<u>581,618</u>	<u>598,470</u>
	<u>\$ 541,946</u>	<u>564,869</u>	<u>1,772,986</u>	<u>1,968,244</u>

2. Contract Balance

	2024.9.30	2023.12.31	2023.9.30
Notes receivable	\$ 12,523	18,663	26,833
Accounts Receivable	373,719	478,707	495,887
Related Party -of Account Receivable	5,685	-	-
Less: Loss Allowance	<u>(14,752)</u>	<u>(6,838)</u>	<u>(6,351)</u>
Total	<u>\$ 377,175</u>	<u>490,532</u>	<u>516,369</u>

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

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

(XVI) Remuneration to employees and the Directors

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

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

Detail of the abovementioned estimations are as follows:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Remuneration to employee	\$ 500	2,775	6,050	12,025
Remuneration to Directors	<u>100</u>	<u>616</u>	<u>1,367</u>	<u>2,706</u>
	<u>\$ 600</u>	<u>3,391</u>	<u>7,417</u>	<u>14,731</u>

For the years 2023 and 2022, the Company appropriated NT\$15,425 thousand and NT\$15,634 thousand for employees' remuneration and NT\$3,486 thousand and NT\$3,518 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, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Bank deposits interest	\$ 974	555	2,715	2,068
other interest Income	<u>2,436</u>	<u>570</u>	<u>3,179</u>	<u>1,026</u>
Interest Income	<u>\$ 3,410</u>	<u>1,125</u>	<u>5,894</u>	<u>3,094</u>

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

2. Other Income

Details of other income of the consolidated company as follows:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Dividend Income	\$ -	-	34	-
Rental income	-	-	11	11
Commission income	86	20	262	107
Other Income	<u>\$ 86</u>	<u>20</u>	<u>307</u>	<u>118</u>

3. Other Profits and Losses

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

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Loss or Profit on Disposal of Real Estate Property, Plant and Equipment	\$ (15)	495	(842)	(424)
Gain on lease modification	-	2	-	2
Gain (Loss) on Foreign Currency Exchange	(522)	4,735	(984)	8,098
Others	11,971	11,455	20,374	31,058
Net of Other Gains and Losses	<u>\$ 11,434</u>	<u>16,687</u>	<u>18,548</u>	<u>38,734</u>

4. Financial Costs

Details of financial costs of the consolidated company as follows:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Lease liabilities interest amortization	\$ (193)	(223)	(590)	(707)
Bank Borrowings	(2,813)	(3,152)	(9,740)	(9,669)
Other financial expenses	(15)	-	(15)	-
Financial Costs	<u>\$ (3,021)</u>	<u>(3,375)</u>	<u>(10,345)</u>	<u>(10,376)</u>

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

(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 (18) to the 2023 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:

		2024.9.30		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	1,802	31.6500	57,033
EUR		3,292	35.3800	116,471
JPY		25,882	0.2223	5,754
GBP		15	42.4300	636
RMB		416	4.5230	1,882
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		778	31.6500	24,624
EUR		1,858	35.3800	65,736
GBP		265	42.4300	11,244
		2023.12.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	3,210	30.7050	98,563
EUR		4,729	33.9800	160,691
GBP		55	39.1500	2,153
RMB		608	4.3270	2,631

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

		Foreign currency	Exchange rate	NTD
<u>Financial liability</u>				
<u>Monetary item</u>				
USD	\$	720	30.7050	22,108
EUR		2,888	33.9800	98,134
GBP		352	39.1500	13,781
			2023.9.30	
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	2,799	32.2700	90,324
EUR		4,063	33.9100	137,776
GBP		221	39.2300	8,670
RMB		459	4.4150	2,026
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		918	32.2700	29,624
EUR		3,145	33.9100	106,647
GBP		343	39.2300	13,456

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, 2024 and 2023, when NTD depreciated against USD, EUR, 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, 2024 and 2023, of the consolidated company would increase or decrease by NT\$1,603 thousand and NT\$1,781 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 (losses) gain on foreign currency exchange (including realized and unrealized) for the period from January 1 to September 30, 2024 and 2023, were NT\$(984) thousand and NT\$8,098 thousand, respectively.

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

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:

	2024.9.30				
	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	\$ 18,347	-	-	18,347	18,347
Financial assets measured with amortized cost					
Cash and cash equivalents	665,310	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	122,637	-	-	-	-
Notes receivable and accounts receivable	371,490	-	-	-	-
Account Receivable - Related Party	5,685	-	-	-	-
Other Receivables (including related parties)	13,521	-	-	-	-
Sub total	1,178,643	-	-	-	-
Total	<u>\$ 1,196,990</u>	<u>-</u>	<u>-</u>	<u>18,347</u>	<u>18,347</u>
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 220,632	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	120,571	-	-	-	-
Notes payable and accounts payable	117,830	-	-	-	-
Other Payables (including related parties)	191,098	-	-	-	-
Lease Liabilities – Non-Current	42,528	-	-	-	-
Total	<u>\$ 692,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

2023.12.31					
	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	\$ 21,120	-	-	21,120	21,120
Financial assets measured with amortized cost					
Cash and cash equivalents	648,379	-	-	-	-
Financial assets measured with amortized cost - certificate of time deposit	125,927	-	-	-	-
Notes receivable and accounts receivable	490,532	-	-	-	-
Other Receivable	27,230	-	-	-	-
Sub total	1,292,068	-	-	-	-
Total	<u><u>\$ 1,313,188</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>21,120</u></u>	<u><u>21,120</u></u>
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 195,761	-	-	-	-
Long-term Borrowings (including the long-term borrowings maturing within one year)	124,952	-	-	-	-
Notes payable and accounts payable	178,975	-	-	-	-
Other Payables (including related parties)	223,674	-	-	-	-
Lease Liabilities – Non-Current	43,802	-	-	-	-
Total	<u><u>\$ 767,164</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
2023.9.30					
	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 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><u>\$ 1,224,585</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>20,594</u></u>	<u><u>20,594</u></u>

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

		2023.9.30				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured						
with amortized cost						
Short-Term borrowings	\$	213,982	-	-	-	-
Long-term Borrowings		127,805	-	-	-	-
(including the long-term						
borrowings maturing within						
one year)						
Notes payable and accounts		156,975	-	-	-	-
payable						
Other Payables		196,559	-	-	-	-
(including related parties)						
Lease Liabilities – Non-Current		48,505	-	-	-	-
Total	\$	743,826	-	-	-	-

- (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 instruments measured at fair value.

(3.1) Non-derivative financial instruments

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

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

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

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

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

(3.2) Derivative Financial Instruments

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

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

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

The consolidated company's fair value is classified as the third level provided with single significant unobservable input. The equity instrument investment without an active market only is provided with multiple significant unobservable inputs. The significant unobservable inputs of equity instrument investments without an active market are independent from each other, so no interrelationship exists.

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

Item	Technique Valuation	Significant Unobservable Inputs	Relationship Between Significant Unobservable Input and Fair Value
Financial Assets Measured at Fair Value Through Other Comprehensive Income - Equity Instrument Investment Without an Active Market	Analogy Listed and Over-the-counter Company Law	• Discount for lack of marketability (25% as of 2024.9.30 and 2023.9.30)	• The higher the discount for lack of marketability is, the lower the fair value is.

(5) From January 1 to September 30, 2024 and January 1 to September 30, 2023, there is no

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

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 (19) to the 2023 Consolidated Financial Statements.

(XX) Capital Management

The consolidated company's capital management objectives, policies, and procedures are the same as those disclosed in the 2023 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 2023 consolidated financial statements. Relevant information please refer to Notes 6 (20) in the 2023 consolidated financial statements.

VII. Related Party Transactions

(I) Names and relationships of related parties

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

<u>Names of related parties</u>	<u>Relation with the consolidated company</u>
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
Wellell Japan Ltd.	Associate

(II) Significant transactions with the related parties

1. Revenue

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

	<u>July to September, 2024</u>	<u>July to September, 2023</u>	<u>January to September, 2024</u>	<u>January to September, 2023</u>
Associate - Wellell Japan Ltd.	\$ <u>5,424</u>	<u>-</u>	<u>5,424</u>	<u>-</u>

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

There is no significant difference between the prices and conditions of the consolidated company's sales to the affiliated company and the general customer. The consolidated company does not hold any collateral on the receivables with the related parties. After the evaluation, no provisions for bad debt allowance will be necessary.

Items listed in the Category of the related

account	parties	2024.9.30	2023.12.31	2023.9.30
Accounts Receivable - Related parties	Associate - Wellell Japan Ltd.	\$ 5,685	-	-
Other Receivable - Related parties	Associate - Wellell Japan Ltd.	24	-	-
		<u>\$ 5,709</u>	<u>-</u>	<u>-</u>

2. Balance of accounts payable from related parties

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

Items listed in the Category of the related

account	parties	2024.9.30	2023.12.31	2023.9.30
Other Payable - Related parties	Other related parties - Li, Chao Yi	<u>\$ 62</u>	<u>50</u>	<u>47</u>

3. Other transactions

	Operating expenses				Other Income (Listed as Other Profits and Losses)			
	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Other related parties	\$ 158	122	429	339	-	-	11	11
Associate	-	-	-	-	6	-	6	-
	<u>\$ 158</u>	<u>122</u>	<u>429</u>	<u>339</u>	<u>6</u>	<u>-</u>	<u>17</u>	<u>11</u>

Advance Receipt (Listed as Other Current Liabilities)

	2024.9.30	2023.12.31	2023.9.30
Other related parties	<u>\$ -</u>	<u>11</u>	<u>11</u>

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

(III) Transactions regarding key management

Remuneration to Key management includes:

	July to September, 2024	July to September, 2023	January to September, 2024	January to September, 2023
Short term employee	\$ 5,089	5,483	15,068	12,238
benefits				
Benefits after	68	81	259	225
resignation				
	<u>\$ 5,157</u>	<u>5,564</u>	<u>15,327</u>	<u>12,463</u>

VIII. Pledged Assets

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

Assets	Objectives of the pledged assets	2024.9.30	2023.12.31	2023.9.30
Time deposit certificate (financial assets measured with amortized cost)	Export bill negotiation facility	\$ 15,000	15,000	15,000
Land	Bank Borrowings	281,494	280,440	280,387
Building and construction, net	Bank Borrowings	155,467	156,268	157,426
Transportation vehicles, net	Bank Borrowings	3,971	7,424	8,611
		<u>\$ 455,932</u>	<u>459,132</u>	<u>461,424</u>

IX. Significant contingent liabilities and unrecognized contract commitments

As of September 30, 2024, December 31, 2023, and September 30, 2023, 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, 2024			July to September, 2023		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	43,967	107,869	151,836	38,112	114,497	152,609
Labor Insurance and Health Insurance Expenses	3,312	12,673	15,985	2,864	8,838	11,702
Pension Fund Expenses	2,179	6,921	9,100	898	4,499	5,397
Remuneration to Directors	-	1,077	1,077	-	1,843	1,843
Other Employee Benefit Expenses	2,604	3,917	6,521	4,881	5,572	10,453
Depreciation	9,397	10,120	19,517	8,810	9,626	18,436
Amortization	3	4,908	4,911	3	5,696	5,699

By function By nature	January to September, 2024			January to September, 2023		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	128,924	333,018	461,942	115,452	344,375	459,827
Labor Insurance and Health Insurance Expenses	10,712	37,363	48,075	10,383	26,620	37,003
Pension Fund Expenses	6,802	21,909	28,711	6,248	14,464	20,712
Remuneration to Directors	-	4,280	4,280	-	6,351	6,351
Other Employee Benefit Expenses	9,919	13,946	23,865	9,532	12,785	22,317
Depreciation	27,707	28,985	56,692	26,843	28,019	54,862
Amortization	8	14,394	14,402	8	14,908	14,916

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, 2024, information of significant transaction that should be disclosed is as follows:

1. Loan to others:

Unit: New Taiwan Dollars in thousands

No.	Company making the loan	Borrower	General Ledger account	Related Party	Maximum outstanding balance during the Period	Ending balance	Actual amount drawn down	Interest rate range	Nature of Loan (Note 5)	Amount of transactions with the borrowers	Reason for short term business financing	Provision for Loss Allowance	Guarantee		Limit on loan granted to a single party	Maximum limit of fund financing
													Name	Value		
1	ComfortPro Investment Corp.	Apex (Kunshan) Medical Corp.	Other Receivable	Yes	40,383 (RMB9,000)	-	-	-	2	-	Operation turnover	-	No	-	127,237	254,473
1	ComfortPro Investment Corp.	Wellell France S.A.S	Other Receivable	Yes	12,432 (EUR350)	12,383 (EUR350)	12,383 (EUR350)	-	2	-	Operation turnover	-	No	-	127,237	254,473
2	Apex Medical Respiratory Ltd.	Wellell Germany GmbH	Other Receivable	Yes	30,192 (EUR850)	30,073 (EUR850)	27,243 (EUR770)	1	2	-	Operation turnover	-	No	-	408,861	817,722
2	Apex Medical Respiratory Ltd.	Wellell France S.A.S	Other Receivable	Yes	21,312 (EUR600)	21,228 (EUR600)	21,228 (EUR600)	-	2	-	Operation turnover	-	No	-	408,861	817,722
2	Apex Medical Respiratory Ltd.	Wellell America Corp.	Other Receivable	Yes	16,418 (USD500)	15,825 (USD500)	15,825 (USD500)	2	2	-	Operation turnover	-	No	-	408,861	817,722
3	Apex Global Investment Ltd.	Wellell France S.A.S	Other Receivable	Yes	17,760 (EUR500)	17,690 (EUR500)	17,690 (EUR500)	-	2	-	Operation turnover	-	No	-	170,146	340,292
3	Apex Global Investment Ltd.	Wellell UK Limited	Other Receivable	Yes	21,085 (GBP500)	21,215 (GBP500)	21,215 (GBP500)	-	2	-	Operation turnover	-	No	-	170,146	340,292
4	SLK Vertriebs GmbH	Wellell Germany GmbH	Other Receivable	Yes	17,050 (EUR480)	16,982 (EUR480)	16,982 (EUR480)	1	2	-	Operation turnover	-	No	-	116,442	232,884

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: Apex Global Investment Limited according to the “Operation procedures for lending to others,” when providing loans to the wholly-owned subsidiary of the Group, the amount of such financing facility shall not exceed 100% of the amount of the net worth of the lending enterprise; also the amount lent to each individual should not exceed 50% of the net worth of the company.

Note 4: 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 the most recent Net Financial Statement	Maximum Endorsement/Guarantee Amount	Endorsement/Guarantee Attributable to the Parent Company Provided to the Subsidiary	Endorsement/Guarantee Attributable to the Subsidiary Provided to the Parent Company	Attributed to the Endorsement/Guarantee for the China Area
		Name of the Company	Relationship (Note 4)										
0	Wellell Inc.	Wellell Germany GmbH	2	1,203,686	218,093 (EUR6,140)	217,233 (EUR6,140)	144,904 (EUR4,096)	-	9.02%	1,203,686	Y	N	N
0	Wellell Inc.	Wellell America Corp.	2	1,203,686	49,523 (USD1,500)	47,475 (USD1,500)	7,280 (USD 230)	-	1.97%	1,203,686	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, 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 15 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

Holding company name	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	17,253	18.95 %	17,253	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	70	1,094	5.00 %	1,094	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.

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

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

Unit: New Taiwan Dollars in thousands

Purchaser (seller)	Name of counterparty	Relationship	Status of transaction				Differences in transaction terms compared to third party transactions		Notes receivable and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit Terms	Unit Price	Credit Terms	balance	Percentage of total notes receivable and accounts receivable (payable)	
Wellell Inc.	Wellell IBERIA S.L.	Parent and subsidiary	(Sales)	(114,982)	17.15%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	22,789	8.08%	No
Wellell IBERIA S.L.	Wellell Inc.	Parent and subsidiary	Purchase	114,982	33.85%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(21,991)	42.22%	No
Wellell Inc.	Apex (Kunshan) Medical Corp.	Parent and subsidiary	Purchase	156,730	43.04%	15 days net	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	The same as those provided to the non-related parties	(17,326)	39.14%	No
Apex (Kunshan) Medical Corp.	Wellell Inc.	Parent and subsidiary	(Sales)	(156,865)	78.10%	15 days net	The sales price is comparatively lower than general customers because the sales volumes are larger.	The same as those provided to the non-related parties	17,326	79.66%	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.	Wellell IBERIA S.L.	1	Sales revenues	114,982	The sales price is comparatively lower than the general customers due to larger sales volumes.		6.49%
0	Wellell Inc.	APEX MEDICAL CORP.	1	Sales revenues	20,740	The same as those provided to the non-related parties		1.17%
0	Wellell Inc.	Wellell France S.A.S.	1	Sales revenues	94,074	The same as those provided to the non-related parties		5.31%
0	Wellell Inc.	Wellell UK Limited	1	Sales revenues	27,897	The same as those provided to the non-related parties		1.57%
0	Wellell Inc.	Wellell Taiwan Corp.	1	Sales revenues	43,292	The same as those provided to the non-related parties		2.44%
0	Wellell Inc.	SLK Vertriebs GmbH	1	Sales revenues	22,464	The same as those provided to the non-related parties		1.27%
0	Wellell Inc.	Wellell America Corp.	1	Sales revenues	18,130	The same as those provided to the non-related parties		1.02%

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

No.	Name of counterparty	Party transacted with	Related Party Relationship	Status of transactions			
				account	Amount	Terms of transactions	% of total consolidated revenues or total assets
1	Apex (Kunshan) Medical Corp.	Wellell Inc.	2	Sales revenues	156,865	The sales price is comparatively lower than the general customers due to larger sales volumes.	8.85%
1	Apex (Kunshan) Medical Corp.	APEX MEDICAL CORP.	3	Sales revenues	26,187	The same as those provided to the non-related parties	1.48%
0	Wellell Inc.	Wellell France S.A.S.	1	Accounts Receivable	61,323	The payment term is 180 days after bill of lading date.	1.93%

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, 2024 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%	339,632	100%	(12,895)	(12,895)	Note 1
"	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(13,319)	100%	(2,919)	(2,919)	"
"	Wellell IBERIA S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	362,046	100%	37,835	37,835	"
"	Sturdy Industrial Co., Ltd	Taiwan	Manufacturing and sales of medical supplies	328,294	328,294	10,000	100%	313,378	100%	13,799	13,799	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	27,741	27,741	6,458	99.82%	714	99.82%	(41)	(41)	"
"	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	2,271	2,271	245	49%	2,738	49%	(261)	(128)	"
"	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	792,510	780,354	7,905	100%	783,699	100%	8,151	8,152	"
"	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and leasing business	92,610	92,610	25	100%	74,326	100%	1,813	1,813	"
"	APEX MEDICAL CORP.	Taiwan	Sales of medical supplies	1,000	1,000	100	100%	3,044	100%	973	973	"
"	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	30,000	3,000	100%	25,480	100%	(175)	(175)	"
"	Wellell Japan Ltd.	Japan	Sales of medical supplies	3,208	3,208	-	49%	1,460	49%	(2,875)	(1,409)	Note 2
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%	254,473	100%	(11,356)	(11,356)	Note 1

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

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				
"	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	25,275	100%	(1,441)	(1,441)	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	55	55	12	0.18%	1	0.18%	(41)	-	"
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	262,268	100%	(13,481)	(13,481)	"
"	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	452,439	100%	21,333	10,803	"
"	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	36,010	100%	312	(213)	"
"	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	(6,207)	100%	13,380	13,380	"

Note 1: A subsidiary completely eliminated when the consolidated financial statements were prepared.

Note 2: Associate.

(III) Information on 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 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)	(5,586)	100.00%	100.00%	(4,877)	202,050	-
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)	(1,381)	100.00%	100.00%	(1,381)	24,423	-

Note: Investment methods can be classified as follows:

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

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

Note 2: The investment gains and losses are recognized based on the financial statements reviewed by the parent company's CPAs.

Note 3: The above transactions were eliminated when the consolidated financial reports were prepared.

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

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)	1,444,423

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, 2024 (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) This table is based on the information provided by the TDCC for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of every quarter. The share capital indicated in the company’s financial statement and the actual amount of non-physical registration delivered may be different due to the different counting basis.

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

XIV. Segment Information

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

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

The consolidated company operating departments and adjustment are listed below:

July to September, 2024					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 380,608	31,621	129,717	-	541,946
Revenues between segments	83,267	5,080	80,715	(169,062)	-
Total revenue	<u>\$ 463,875</u>	<u>36,701</u>	<u>210,432</u>	<u>(169,062)</u>	<u>541,946</u>
Profit and loss from reportable segment	<u>\$ 28,889</u>	<u>(7,000)</u>	<u>(11,627)</u>	<u>2,649</u>	<u>12,911</u>

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>

January to September, 2024					
	Europe	America	Asia	Adjustment and elimination	Total
Revenue:					
Revenue from outside customers	\$ 1,194,362	149,563	429,061	-	1,772,986
Revenues between segments	308,895	23,523	300,179	(632,597)	-
Total revenue	<u>\$ 1,503,257</u>	<u>173,086</u>	<u>729,240</u>	<u>(632,597)</u>	<u>1,772,986</u>
Profit and loss from reportable segment	<u>\$ 103,902</u>	<u>6,247</u>	<u>38,901</u>	<u>(56,760)</u>	<u>92,290</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	<u>252,521</u>	<u>20,914</u>	<u>296,254</u>	<u>(569,689)</u>	<u>-</u>
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>

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.