

Stock symbol: 4106

Wellell Inc.

**Parent Company Only Financial
Statements and Independent Auditors’
Report**

Year 2025 and 2024

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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 financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

Wellell Inc. and Subsidiaries:

Audit opinion

We have audited the balance sheet of Wellell Inc. prepared on December 31, 2025 and December 31, 2024, and the comprehensive income statement, statement of change in shareholders' equity, the statement of cash flow, and the notes to the parent company only financial statements (including a summary of significant accounting policies) covering the periods of 2025 and 2024 until December 31 of the respective fiscal year.

In our opinion, the parent company only financial statements as referred in the first paragraph are prepared, in all material respects, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and present fairly the financial position of the Group as of December 31, 2025 and 2024, and the results of the financial performance and cash flows for the year ending December 31, 2025 and 2024.

Basis of Audit opinion

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

Key audit matters

Key audit matters refer to the most important matters, per our judgment, when auditing the 2025 parent company only financial reports of the Wellell Inc. These matters were addressed in the context of our audit of the unconsolidated financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Per our judgment, the key audit matters that should be communication in the audit report are as follows:

I. Appropriate timing of the revenue recognition

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

Description of the key audit matters:

Wellell Inc.'s operating revenue primarily includes the R/D, production and sales of wound care, respiratory therapy, welfare equipment, and other electronic medical device. Because the revenue recognition is subject to the transaction terms agreed upon with customers, there is a risk that the revenue may not be recorded accurately around the balance sheet date. Therefore, verifying the appropriate timing of the revenue recognition is a key matter of focus for the auditor during the audit of the Wellell Inc.'s financial statements.

Response to Audit procedures:

Our major audit procedures for the above key audit matter include understanding the main revenue models, contract terms, and transaction conditions; checking sales contracts with major customers and assessing the internal control methods for the shipping and revenue recognition processes; selecting shipments for a period before and after the balance sheet date of Wellell Inc., and verifying relevant supporting documents to assess whether sales revenue should be recognized in the appropriate accounting period in the financial statements.

II. Valuation of inventory

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

Description of the key audit matters:

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

Response to Audit procedures:

Our major audit procedures for the above key audit matter include examining whether the provision for loss on inventory valuation and obsolescence had been made in accordance with the provisions of the relevant accounting standards. We also evaluated whether inventories had been

correctly attributed to the correct ageing period and analyzed the changes in inventory ageing from period to period to assess the reasonableness of the policy on the provision of inventory obsolescence and whether it was in accordance with the Company's established accounting policies and evaluated the provision of allowance for inventory obsolescence by comparing the information with the actual loss on disposal, and assessed the appropriateness of management's disclosure of the allowance for inventory.

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

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

Description of the key audit matters:

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

Response to Audit procedures:

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

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

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

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

WELLELL charged with governance, Including the Audit Committee, are responsible for

overseeing the Company's financial reporting process.

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

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

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

1. Identify and assess the risk of material misstatement of the unconsolidated financial reports due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. As frauds may involve conspiracy, forgery, deliberate omission, misstatement, or beyond the internal control, the risk of not being able to detect misstatement due to fraud is higher than that caused by the error.
2. Obtained necessary understanding of internal control relevant to the audit so to design appropriate audit procedures commensurate with what is needed at the time of audit. However, please note the purpose is not to express opinion as to whether the internal control of Wellell Inc. is effective.
3. To assess appropriateness of the accounting policies adopted by the management, as well as whether the accounting estimates and related disclosures are reasonable.
4. Made a conclusion based on audit evidence obtained, determined whether the accounting basis used by the management to carry out business is appropriate, and if there was any event, circumstance, or significant uncertainty, would affect Wellell Inc. to continue its business. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial reports are required to be provided in our audit report to allow users of unconsolidated financial reports to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained at the date of the auditor's independent report. However future events or circumstances may cause Wellell Inc. not to have the capability to operate.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial reports, including relevant notes, and whether the unconsolidated financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence from financial information of investees accounted for using the equity method to express opinions on the parent company only financial reports. We are responsible for the guidance, supervision and implementation of the Company's audit, as well as

the forming of audit opinions.

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

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

We have decided the key audit matters for the Company's 2025 parent company only financial reports for matters communicated with the governing unit. We will make known such matters in the audit report unless the laws and regulations do not allow public disclosure of any particular matter or, in rare cases, we decide not to communicate a particular matter in the audit report, as we can reasonably expect the negative impact from such communication will outweigh the benefit to increase the public interest.

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

Certified Public Accountants:

Certified and Approved No. of the Securities	Tai Tsai Certified No. 0930106739
Competent Authority:	: Jin-Guan-Cheng-Shen-Zi No. 1140131922
March 10, 2026	

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.

Wellell Inc.
Balance sheet
December 31, 2025 and 2024

Unit: New Taiwan Dollars in thousands

Assets		2025.12.31		2024.12.31		Liabilities and Equity		2025.12.31		2024.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:						Current Liabilities:					
1100	Cash and Cash Equivalents(Note 6 (1) and (16))	\$ 100,814	4	47,031	2	2100	Short term Borrowings (Note 6 (8) and (16))	\$ 118,622	4	148,806	6
1170	Accounts Receivable, net (Note 6 (2), (13) (16))	66,374	2	117,847	4	2170	Accounts Payable (Note 6 (16))	32,123	1	24,073	1
1181	Account Receivable - Related Party (Note 6 (2), (13), (16) and 7)	153,406	6	166,451	6	2180	Accounts Payable - Related Party (Note 6 (16) and 7)	31,097	1	31,626	1
1200	Other Receivable (Note 6 (3) and (16))	2,852	-	4,517	-	2200	Other Payable (Note 6 (16))	92,640	3	88,188	3
1210	Other Account Receivable - Related Party (Note 6 (3), (16) and 7)	1,279	-	1,828	-	2220	Other Payable - Related Party (Note 6 (16) and 7)	4,476	-	4,917	-
130X	Inventories (Note 6 (4))	50,504	2	45,790	2	2230	Current Income Tax Liability	9,033	1	10,634	-
1410	Prepayments	7,820	-	11,891	-	2280	Lease Liabilities – Current (Note 6 (16))	477	-	412	-
1470	Other Current Assets	830	-	469	-	2300	Other Current Liabilities (Note 7)	5,322	-	19,442	1
Total Current Assets		<u>383,879</u>	<u>14</u>	<u>395,824</u>	<u>14</u>	Total Current Liabilities		<u>293,790</u>	<u>10</u>	<u>328,098</u>	<u>12</u>
Non-current Assets:						Non-current Liabilities:					
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 6 (16))	17,651	1	20,482	1	2570	Deferred Income tax Liabilities (Note 6 (10))	883	-	-	-
1550	Investments accounted for using equity method (Note 6 (5))	1,955,268	69	1,881,443	68	2580	Lease Liabilities – Non-Current (Note 6 (16))	482	-	1,051	-
1600	Property, Plant and Equipment (Note 6 (6) and 8)	423,285	15	411,325	15	Total Non-Current Liabilities		<u>1,365</u>	<u>-</u>	<u>1,051</u>	<u>-</u>
1755	Right-of-use Assets	1,093	-	1,606	-	Total Liabilities		<u>295,155</u>	<u>10</u>	<u>329,149</u>	<u>12</u>
1780	Intangible Assets (Note 6 (7))	8,893	-	3,864	-	Equity (Note 6 (11)):					
1840	Deferred Income Tax Assets (Note 6 (10))	30,431	1	29,200	2	3100	Capital	1,009,116	36	1,009,116	37
1920	Refundable deposits	137	-	137	-	3200	Capital Reserve	345,736	12	345,736	12
1975	Net defined benefit assets – Non Current (Note 6 (9))	3,781	-	2,512	-	Retained Earnings:					
1990	Other non-current Assets	758	-	757	-	3310	Statutory reserves	338,244	12	326,470	12
Total Non-current Assets		<u>2,441,297</u>	<u>86</u>	<u>2,351,326</u>	<u>86</u>	3320	Special reserves	252,634	9	252,634	9
						3350	Undistributed earnings (Note 6 (9))	620,841	22	591,196	22
						Subtotal of Retained Earnings		<u>1,211,719</u>	<u>43</u>	<u>1,170,300</u>	<u>43</u>
						3400	Other Equities	(36,550)	(1)	(107,151)	(4)
						Total Equity		<u>2,530,021</u>	<u>90</u>	<u>2,418,001</u>	<u>88</u>
						Total liabilities and Equity		<u>\$ 2,825,176</u>	<u>100</u>	<u>2,747,150</u>	<u>100</u>
Total Assets		<u>\$ 2,825,176</u>	<u>100</u>	<u>2,747,150</u>	<u>100</u>						

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

Chairman of the Board: Li, Yung Chuan

Manager: Li, Wen-Te

Accounting Director: Chen, Shih-He

Wellell Inc.
Statement of comprehensive income
From January 1 to December 31, 2025 and 2024

Unit: New Taiwan Dollars in thousands

		2025		2024	
		Amount	%	Amount	%
4000	Sales Revenue (Note 6 (13) and 7)	\$ 956,770	100	925,249	100
5000	Operating Costs (Note 6 (4), (6), (7), (9), (14) and 7)	615,944	64	591,064	64
	Gross Margin	340,826	36	334,185	36
5910	Less: Unrealized profit or loss on sales of goods	(65,841)	(7)	(69,217)	(7)
5920	Add: Realized profit or loss on sales of goods	69,217	7	58,791	6
	Net operating gross profit	344,202	36	323,759	35
6000	Operating Expenses (Note 6 (2), (6), (7), (9), (14) and 7):				
6100	Selling Expenses	74,425	8	86,312	10
6200	General and Administrative Expenses	117,977	12	94,518	10
6300	Research & Development Expenses	121,066	13	121,221	13
6450	Expected Credit Impairment Losses	8,524	1	11,929	1
	Total Operating Expenses	321,992	34	313,980	34
6900	Net Operating Profit	22,210	2	9,779	1
	Non-operating income and expenditures (Note 6 (5), (15) and 7):				
7010	Interest Income	2,081	-	5,223	-
7130	Other Income	4,781	1	4,461	-
7020	Other Profits and Losses	14,908	2	34,293	4
7050	Financial Costs	(6,751)	(1)	(8,613)	(1)
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method	87,939	9	71,773	8
	Total non-operating income and expenses	102,958	11	107,137	11
	Profit before Tax	125,168	13	116,916	12
7951	Less: Income Tax Expenses (Note 6 (10))	4,044	-	1,677	-
	Net Income Current Period	121,124	13	115,239	12
8300	Other comprehensive income (Note 6 (9), (10) and (11)):				
8310	Items not to be reclassified into profit or loss				
8311	Remeasurement of defined benefit plan	1,281	-	3,122	-
8316	Unrealized Evaluation Profit and Loss on Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income	(2,831)	-	(638)	-
8349	Less: Income tax related to items not reclassified	257	-	624	-
	Total items not to be reclassified into profit or loss	(1,807)	-	1,860	-
8360	Items that may be subsequently reclassified into profit or loss				
8361	Financial statements translation differences of foreign operations	73,432	7	45,550	5
8399	Less: Income tax relating to items that may be reclassified subsequently	-	-	-	-
	Total Items that may be subsequently reclassified into profit or loss	73,432	7	45,550	5
8300	Other comprehensive Income Current Period	71,625	7	47,410	5
	Total Comprehensive Income Current Period	<u>\$ 192,749</u>	<u>20</u>	<u>162,649</u>	<u>17</u>
9750	Basic EPS (Unit: NT\$) (Note 6 (12))	<u>\$ 1.20</u>		<u>1.14</u>	
9850	Diluted EPS (Unit: NT\$) (Note 6 (12))	<u>\$ 1.19</u>		<u>1.14</u>	

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

Chairman of the Board:
Li, Yung Chuan

Manager:
Li, Wen-Te

Accounting Director:
Chen, Shih-He

Wellell Inc.
Statement of changes in equity
From January 1 to December 31, 2025 and 2024

Unit: New Taiwan Dollars in thousands

	Retained Earnings						Financial statements translation differences of foreign operations	Total Other Equities		
	Capital	Capital Reserve	Statutory reserves	Special reserves	Undistributed earnings	Total		Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Total equity
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
Net Income Current Period	-	-	-	-	115,239	115,239	-	-	-	115,239
Other comprehensive Income Current Period	-	-	-	-	2,498	2,498	45,550	(638)	44,912	47,410
Total Comprehensive Income Current Period	-	-	-	-	117,737	117,737	45,550	(638)	44,912	162,649
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	15,260	-	(15,260)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(80,729)	(80,729)	-	-	-	(80,729)
Changes of other capital reserves:										
Unclaimed overdue shareholder dividends	-	101	-	-	-	-	-	-	-	101
Balance as of December 31, 2024	1,009,116	345,736	326,470	252,634	591,196	1,170,300	(117,526)	10,375	(107,151)	2,418,001
Net Income Current Period	-	-	-	-	121,124	121,124	-	-	-	121,124
Other comprehensive Income Current Period	-	-	-	-	1,024	1,024	73,432	(2,831)	70,601	71,625
Total Comprehensive Income Current Period	-	-	-	-	122,148	122,148	73,432	(2,831)	70,601	192,749
Earnings appropriation and distribution:										
Provision of statutory reserves	-	-	11,774	-	(11,774)	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(80,729)	(80,729)	-	-	-	(80,729)
Balance as of December 31, 2025	\$ 1,009,116	345,736	338,244	252,634	620,841	1,211,719	(44,094)	7,544	(36,550)	2,530,021

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

Chairman of the Board: Li, Yung Chuan

Manager: Li, Wen-Te

Accounting Director: Chen, Shih-He

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2025 and 2024

Wellell Inc.

Statement of cash flows

From January 1 to December 31, 2025 and 2024

Unit: New Taiwan Dollars in thousands

	2025	2024
Cash flow from operating activities:		
Profit before Tax current period	\$ 125,168	116,916
Adjustment items:		
Income and expenses item		
Depreciation	21,747	19,339
Amortization	1,378	1,882
Expected Credit Impairment Losses	8,524	11,929
Interest Expense	6,751	8,613
Interest Income	(2,081)	(5,223)
Dividend Income	(39)	(34)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	(87,939)	(71,773)
Loss on disposal of investment	37	-
Unrealized profit on sales of goods	65,841	69,217
Realized profit on sales of goods	(69,217)	(58,791)
Realized exchange gains and losses	767	-
Transfer out expenses of property, plant and equipment	-	42
Total Incomes and Expenses	(54,231)	(24,799)
Changes of assets and liabilities relating to operating activities:		
Notes receivable	-	10,526
Accounts Receivable	42,949	29,582
Account Receivable - Related Party	13,045	30,936
Other Receivable	1,665	(1,035)
Other Receivable - Related Party	549	20,004
Inventories	(4,714)	7,145
Prepaid Expenses (including related parties)	4,071	(4,811)
Other Current Assets	(361)	5
Other non-current Assets	(1)	1
Total Net changes of assets relating to operating activities	57,203	92,353
Accounts Payable	8,050	(22,519)
Account Payable - Related Party	(529)	16,274
Other Payable	4,059	(21,708)
Other Payable - Related Party	(441)	(902)
Other Current Liabilities	(14,120)	9,264
Net defined benefit liabilities	(245)	(752)
Deferred credits	(32)	(32)
Total Net changes of liabilities relating to operating activities	(3,258)	(20,375)
Total Net changes of assets and liabilities relating to operating activities	53,945	71,978

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

Chairman of the Board:
Li, Yung Chuan

Manager:
Li, Wen-Te

Accounting Director:
Chen, Shih-He

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2025 and 2024
Wellell Inc.

Statement of Cash Flow (continued)
From January 1 to December 31, 2025 and 2024

Unit: New Taiwan Dollars in thousands

Cash inflow from operating	\$ 124,882	164,095
Interest received	2,081	5,223
Dividends received	39	34
Interest paid	(6,358)	(9,124)
Income Taxes Paid	(5,993)	(25,611)
Net Cash inflow from operating activities	114,651	134,617
Cash flow from investing activities:		
Investment accounted for under the equity method	-	(12,156)
Disposal of Investment accounted for using the equity method	574	-
Return of share payments after liquidation of the investee company under the equity method	2,273	-
Return of share payments after capital reduction of the investee company under the equity method	60,000	-
Investment in properties, plants and equipment	(38,960)	(45,624)
Decrease of guarantee Deposits	-	3,000
Investment in intangible assets	(565)	-
Dividends received	27,303	24,009
Cash inflow (outflow) from investing activities	50,625	(30,771)
Cash flow from financing activities:		
Application for short-term borrowings	620,823	575,185
Repayment of short-term borrowings	(654,807)	(616,308)
Repayment of principal portion of the lease	(580)	(542)
Cash dividends paid	(80,729)	(80,729)
Unclaimed overdue shareholder dividends	-	101
Net cash outflow from financing activities	(115,293)	(122,293)
Net effect of changes in foreign currency exchange rates on cash and cash equivalent	3,800	1,230
Increase (Decrease) of cash and cash equivalents – current period	53,783	(17,217)
Cash and cash equivalents at beginning of year	47,031	64,248
Cash and cash equivalents at the end of year	\$ 100,814	47,031

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

Chairman of the Board:
Li, Yung Chuan

Manager:
Li, Wen-Te

Accounting Director: Chen,
Shih-He

Wellell Inc.
Notes to the parent company only financial statements
2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

I. Company History

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

II. Financial Statements Authorization Date and Authorization Process

The parent company only financial reports were approved for release by the Board of Directors on March 10, 2026.

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 Company has assessed that the amendments to the IFRSs which came into effect on January 1, 2025 did not significantly influence the parent company only financial statements.

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

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

The Company has assessed that the application of the following newly amended IFRSs effective on January 1, 2026 will not have a significant impact on the parent company only financial statements.

- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

Newly announced or amended standards	Major amendments	Effective date of IASB announcement
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. • 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 (MPMs): 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 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will align with IFRS 18 starting from the 2028 financial year. If the Company has a need for early adoption, it may choose to do so upon approval by the FSC.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

- Amendments to IFRS 10 and IAS 28 on “Sale or Contribution of assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 19 “Subsidiaries without public Accountability: Disclosures” and the amendments to IFRS 19
- Amendments to IAS 21 on “Translation into a Hyperinflationary Presentation Currency”

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

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

(II) Basis of Preparation

1. Basis of measurement

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

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive profit or loss; and
- (3) Net defined benefit liability (assets) is recognized by the fair value of the pension fund assets net of the present value of the defined benefit obligation and the upper limit effects measurement referred by Note 4 (14).

2. Functional Currency and Representing Currency

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(III) Foreign currency

1. Foreign currency transactions

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

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

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

- (1) Equity instruments designated measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as hedges of a net investment in a foreign operation within the range of hedge effectiveness; or
- (3) Qualified cash flows hedged within the range of hedge effectiveness.

2. Foreign Operation

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

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

For the monetary receivable or payable items with foreign operating units, if there is no settlement plan and they will not be paid in the foreseeable future, the exchange gain

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

from foreign exchange will be deemed as part of the net investment to that foreign operation and recognized under other comprehensive income.

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

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

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within its normal operating cycle;
2. Assets held mainly for sales;
3. Assets that are expected to be realized within twelve months from the reporting date; or
4. These assets are cash or cash equivalents (as defined in IAS 7), excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting date.

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

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities held mainly for sales;
3. Liabilities that are expected to be paid off within twelve months from the reporting date; or
4. Liabilities that do not have the right at the end of the reporting period to defer settlement for at least twelve months after the reporting period.

(V) Cash and cash equivalent

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

(VI) Financial Instruments

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

1. Financial assets

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

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

(1) Financial assets measured with amortized cost

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

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

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

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

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

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

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

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

(4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

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

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

(5) Derecognition of financial assets

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

2. Financial Liabilities and Equity Instruments

(1) Financial liability

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

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

(2) Derecognition of financial liabilities

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

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

(3) Offsetting financial assets with financial liabilities

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

(VII) Inventories

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(VIII) Investments in subsidiaries

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

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

(IX) Real estate properties, plants and equipment

1. Recognition and measurement

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

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

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

2. Subsequent costs

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

3. Depreciation

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

Land is not depreciated.

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

- (1) Buildings and constructions 5-50 years
- (2) Machinery equipment 3-13 years
- (3) Other assets 2-10 years

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(X) Leasing

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

1. Lessee

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

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

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

The lease payments included in the lease liabilities are:

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

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

- (1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

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

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

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

2. Lessor

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

(XI) Intangible Assets

1. Recognition and measurement

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

2. Subsequent Expenditure

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

3. Amortization

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

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

Computer software 3-5 years

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

(XII) Impairment of non-financial assets

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

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

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

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

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

(XIII) Revenue Recognition

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

Revenue from Contracts with Customers

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

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

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

(XIV) Employee benefit

1. Defined contribution plans

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

2. Defined benefit plan

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

3. Short term employee benefits

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

(XV) Income Taxes

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

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

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

1. From an asset or liability originally recognized in a transaction other than a business combination and at the time of the transaction it would not affect either accounting or taxable profit (loss);
2. The Company is able to control the timing of the reversal of the temporary difference arising from investments in subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

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

(XVI) Earnings per share

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

(XVII) Segment Information

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

When management of the Company prepares the parent company only financial statements, it is necessary to make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the amount of assets, liabilities, revenues and expenses reported. Actual results may differ from the estimates.

Management continues to review the estimates and basic assumptions to ensure they remain consistent with the Company's risk management and climate-related commitments. Changes in estimated values are deferred and recognized in the future period of the affected period.

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

(I) Valuation of inventory

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

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

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

VI. Details of significant accounting items

(I) Cash and cash equivalents

	<u>2025.12.31</u>	<u>2024.12.31</u>
Cash on hand	\$ 522	542
Checks and demand deposits	100,292	46,489
Cash and cash equivalents listed on the cash flow statement	<u><u>\$ 100,814</u></u>	<u><u>47,031</u></u>

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

As of December 31, 2025 and 2024, the cash and cash equivalent of the Company were not provided as loan guarantee or litigation collateral to a financial institute or court.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(II) Accounts Receivable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Accounts Receivable	\$ 88,581	131,530
Account Receivable - Related Party	153,406	166,451
Less: Loss Allowance	<u>(22,207)</u>	<u>(13,683)</u>
	<u>\$ 219,780</u>	<u>284,298</u>

The Company adopted the simplified method to estimate credit loss of all notes and accounts receivable, e.g. adopting the lifetime expected credit loss measurement method. For measurement purposes, the notes and accounts receivable are classified per the common credit risk characteristic of customers' ability to pay the total amount due under contract terms and included as prospective information. The Company expected credit loss analysis of notes and accounts receivable as of December 31, 2025 and 2024 are as below:

	<u>2025.12.31</u>		
	<u>Carrying Amount of Notes Receivable and Accounts Receivable</u>	<u>Weighted Average Expected Credit Loss Rate</u>	<u>Loss Allowance Lifetime Expected Credit Loss</u>
Not Overdue	\$ 205,724	0.05%	93
Overdue Less Than 60 Days	547	3.11%	17
Over 91~180 days	1,456	33.52%	488
Over 181-365 Days	19,782	36.05%	7,131
Over 366 days	<u>14,478</u>	100%	<u>14,478</u>
	<u>\$ 241,987</u>		<u>22,207</u>
	<u>2024.12.31</u>		
	<u>Carrying Amount of Notes Receivable and Accounts Receivable</u>	<u>Weighted Average Expected Credit Loss Rate</u>	<u>Loss Allowance Lifetime Expected Credit Loss</u>
Not Overdue	\$ 262,560	0.27%	706
Overdue Less Than 60 Days	3,643	13.70%	499
Over 61~90 days	7,290	26.69%	1,946
Over 91-180 Days	10,932	34.34%	3,754
Over 181-365 Days	<u>13,556</u>	50.00%	<u>6,778</u>
	<u>\$ 297,981</u>		<u>13,683</u>

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 13,683	1,754
Recognized Impairment Loss	8,524	11,929
Ending balance	<u><u>\$ 22,207</u></u>	<u><u>13,683</u></u>

As of December 31, 2025 and 2024, no notes receivable and accounts receivable of the Company were pledged as collateral.

As of September 30, 2025, information on the collateral obtained by the Company from a certain customer is provided in Note 6 (17).

(III) Other Receivable

	<u>2025.12.31</u>	<u>2024.12.31</u>
Other Receivable	\$ 2,852	4,517
Other Receivable - Related Party	1,279	1,828
	<u><u>\$ 4,131</u></u>	<u><u>6,345</u></u>

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

(IV) Inventories

	<u>2025.12.31</u>	<u>2024.12.31</u>
Finished goods	\$ 5,545	3,058
Work in Process	20,815	12,709
Raw materials	24,144	28,911
Merchandise	-	1,112
	<u><u>\$ 50,504</u></u>	<u><u>45,790</u></u>

Details of the inventory related expenses loss under operating costs recognized in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Costs of sales	\$ 610,706	592,342
Loss on inventory scrap	1,234	3,754
Loss on inventory decline and slow-moving	4,049	(4,970)
Inventory adjustment credits	(15)	(33)
Income from scrap and wastes	(30)	(29)
Total Operating Costs	<u><u>\$ 615,944</u></u>	<u><u>591,064</u></u>

As of December 31, 2025 and 2024, no inventory of the Company pledged as collateral.

(V) Investment accounted for using the equity method

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiary	\$ 1,954,822	1,879,822
Associate - Wellell Japan	446	1,621
Total	<u>\$ 1,955,268</u>	<u>1,881,443</u>

1. In order to strengthen the strategic deployment, the Company increased the investment in Apex Medical Respiratory Ltd. by NT\$12,156 thousand on January 24, 2024.
2. On February 20, 2025, the subsidiary, Sturdy Industrial Co., Ltd., passed a resolution through its Board of Directors to reduce its capital in cash and refund the share payments. The amount of the capital reduction was NT\$60,000 thousand, and the relevant share payments were refunded in 2025.
3. The subsidiary, Wellell India Private Limited, completed its liquidation process on October 22, 2025.
4. The liquidation base date for the subsidiary, Wellell (Thailand) Ltd., is set to December 26, 2025. As of December 31, 2025, the liquidation process has not yet been completed. The investment amount of THB 2,450 thousand was recovered on December 30, 2025.
5. As of December 31, 2025 and 2024, no investments accounted for using the equity method of the Company were pledged as collateral.

(VI) Property, plants and equipment

Details of the changes in costs and accumulated depreciation of the Company's property, plant and equipment for 2025 and 2024 are as follows:

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery Equipment</u>	<u>Others assets</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2025 \$	254,863	191,218	27,909	55,768	529,758
Addition	-	13,535	2,502	22,923	38,960
Reclassification	-	21,996	1,190	(29,028)	(5,842)
Balance as of December 31, 2025	<u>\$ 254,863</u>	<u>226,749</u>	<u>31,601</u>	<u>49,663</u>	<u>562,876</u>
2024					
Balance as of January 1, 2024 \$	254,863	188,536	21,004	19,773	484,176
Addition	-	2,563	4,271	38,790	45,624
Reclassification	-	119	2,634	(2,795)	(42)
Balance as of December 31, 2024	<u>\$ 254,863</u>	<u>191,218</u>	<u>27,909</u>	<u>55,768</u>	<u>529,758</u>
Accumulated Depreciation:					
Balance as of January 1, 2025 \$	-	90,243	15,445	12,745	118,433
Depreciation in current period	-	11,324	2,925	6,909	21,158

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	Land	Buildings and constructions	Machinery Equipment	Others assets	Total
Balance as of December 31,	\$ -	101,567	18,370	19,654	139,591
2025					
Balance as of January 1, 2024	\$ -	79,996	12,844	6,780	99,620
Depreciation in current period	-	10,247	2,601	5,965	18,813
Balance as of December 31,	\$ -	90,243	15,445	12,745	118,433
2024					
Carrying Value:					
December 31, 2025	\$ 254,863	125,182	13,231	30,009	423,285
December 31, 2024	\$ 254,863	100,975	12,464	43,023	411,325

1. The 2025 amounts reclassified and transferred out to intangible assets amounted to NT\$5,8424 thousand; the 2024 amounts reclassified and transferred out to expenses amounted to NT\$42 thousand.
2. For details of financing guarantees as of December 31, 2025 and 2024, please refer to Note 8.

(VII) Intangible Assets

Detail of costs and accumulated amortization of the intangible assets of the Company for 2025 and 2024 are as follows:

	Computer Software
Cost:	
Balance as of January 1, 2025	\$ 9,481
Obtained individually	565
Reclassified to	5,842
Balance as of December 31, 2025	<u>\$ 15,888</u>
Balance as of December 31, 2024 (beginning balance)	<u>\$ 9,481</u>
Accumulated Amortization:	
Balance as of January 1, 2025	\$ 5,617
Amortization in current period	1,378
Balance as of December 31, 2025	<u>\$ 6,995</u>
Balance as of January 1, 2024	\$ 3,735
Amortization in current period	1,882
Balance as of December 31, 2024	<u>\$ 5,617</u>
Carrying Value:	
Balance as of December 31, 2025	<u>\$ 8,893</u>
Balance as of December 31, 2024	<u>\$ 3,864</u>

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(VIII) Short-term notes

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

	<u>2025.12.31</u>	<u>2024.12.31</u>
Unsecured bank borrowings	\$ 90,684	148,806
Secured bank borrowings	27,938	-
Total	<u>\$ 118,622</u>	<u>148,806</u>
Unused credit term	<u>\$ 978,178</u>	<u>919,544</u>
Interest rate range	<u>2.93%~5.4%</u>	<u>1.95%~6.11%</u>

1. New borrowings and repayments

For the period from January 1 to March 31, 2025 and 2024, new borrowings amounted to NT\$620,823 thousand and NT\$575,185 thousand, respectively, and repayments amounted to NT\$654,807 thousand and NT\$616,308 thousand, respectively. Please refer to Note 6 (15) for the interest expense.

2. Collaterals for bank loans

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

(IX) Employee benefits

1. Defined benefit plan

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

	<u>2025.12.31</u>	<u>2024.12.31</u>
Present value of defined benefit obligation	\$ 9,585	9,326
Fair value of the plan assets	(13,366)	(11,838)
Net defined benefit net asset	<u>\$ (3,781)</u>	<u>(2,512)</u>

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

(1) Composition of plan assets

The pension fund contributed in accordance with the Labor Standards Act is controlled and managed by the Bureau of Labor Funds of the Ministry of Labor (referred to as "Bureau of Labor Funds"). In accordance with the "Regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund", with

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

respect to the utilization of funds, the minimum yield distributed at year closing shall not be lower than earnings calculated on the two-year time deposits with interest rates compatible with those of local banks.

As of the reporting date, the Bank of Taiwan labor pension reserve account balance of the Company amounted to NT\$13,366 thousand. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds.

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

Changes in the value of the defined benefit obligations of the Company for 2025 and 2024 were as follows:

	2025	2024
Defined benefit obligations on January 1	\$ 9,326	23,658
Current service costs and interests	175	342
Remeasurement of net defined benefit liability		
- Actuarial loss (gain) due to adjustment on experiences	84	(673)
- Actuarial gain due to changes in financial assumption	-	(284)
Income (Loss) of past service cost and settlement	-	(7,728)
Payment of planned assets	-	(5,989)
Defined benefit obligations on December 31	<u><u>\$ 9,585</u></u>	<u><u>9,326</u></u>

(3) Movement in fair value of plan assets

The changes in fair value of the defined benefit plan assets of the Company for 2025 and 2024 were as follows:

	2025	2024
Fair value of the plan assets as of January 1	\$ 11,838	22,920
Interest Income	163	286
Remeasurement of net defined benefit liability		
- Returns on plan assets (no current interests included)	1,365	2,165
Payment of planned benefits	-	(5,989)
Income (Loss) of past service cost and settlement	-	(7,544)
Fair value of the plan assets as of December 31	<u><u>\$ 13,366</u></u>	<u><u>11,838</u></u>

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(4) Expenses recognized in profit or loss

Detail of expenses of the Company for 2025 and 2024 were as follows:

	2025	2024
Service costs in current period	\$ 47	47
Net interests of the net defined benefit liability	(35)	9
Income (Loss) of past service cost and settlement	-	(184)
	\$ 12	(128)
General and Administrative Expenses	\$ 12	(128)

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

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

	2025	2024
Accumulated Balance, January 1	\$ 2,858	(264)
Recognized in current period	1,281	3,122
Accumulated Balance, December 31	\$ 4,139	2,858

(6) Actuarial assumptions

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

	2025.12.31	2024.12.31
Discount rate	1.125%	1.375%
Future salary rate increase	2.000%	2.250%

The weighted average duration of the defined benefit plan is 1 years.

(7) Sensitivity analysis

As of December 31, 2025 and 2024, the impact due to change on major actuarial assumption of the defined benefit obligation is as follows:

	The impact of the defined benefit obligations	
	<u>Amount increased</u>	<u>Amount decreased</u>
December 31, 2025		
Discount rate (0.25% changed)	\$ (24)	24
Increase in the future salary level (0.25% changed)	23	(23)
December 31, 2024		
Discount rate (0.25% changed)	(69)	69
Increase in the future salary level (0.25% changed)	69	(68)

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

2. Defined contribution plans

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

The Company pension fund expenses under the defined contribution method are NT\$9,415 thousand and NT\$10,046 thousand for the year for 2025 and 2024, respectively.

(X) Income Taxes

1. Income tax expense

Details of the income tax expenses of the Company for 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Tax expenses in current period		
Incurred in current Period	\$ 5,749	11,724
Income tax in current period due to	<u>(1,100)</u>	<u>(5,883)</u>
adjustments from prior periods	4,649	5,841
Expense of deferred income tax		
Origination and reversal of temporary	<u>(605)</u>	<u>(4,164)</u>
difference		
Income tax expenses	<u><u>\$ 4,044</u></u>	<u><u>1,677</u></u>

Details of income tax expenses recognized by the Company under other comprehensive income for 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Remeasurement of defined benefit plan	<u><u>\$ 257</u></u>	<u><u>624</u></u>

Reconciliation of income tax expenses and profit before tax by the Company for 2025 and 2024 were as follows:

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	<u>2025</u>	<u>2024</u>
Profit before Tax	<u>\$ 125,168</u>	<u>116,916</u>
Income tax expenses calculated with the statutory \$ rate enforced in the country where the Company is located	25,034	23,383
Impact on tax rate difference of foreign jurisdiction	756	(2,472)
Tax imposed on undistributed earnings	1,262	2,831
Tax incentive	(1,437)	(2,931)
Other adjustments per tax laws	(20,471)	(13,251)
Estimated Income tax Difference	<u>(1,100)</u>	<u>(5,883)</u>
Total	<u>\$ 4,044</u>	<u>1,677</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized Deferred Income Tax Liabilities

The related temporary difference between the Company and its invested subsidiaries as of December 31, 2025 and 2024 is not recognized as the Company controls the time to reverse the temporary difference and believes the reversal will not take place in the foreseeable future. Therefore not recognized as deferred income tax liabilities. Relevant amount is as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Summary of the temporary difference between the company and its subsidiaries	<u>\$ 689,017</u>	<u>577,162</u>
Amount yet to be recognized as deferred income tax liabilities	<u>\$ 137,803</u>	<u>115,432</u>

(2) Unrecognized deferred income tax assets

As of December 31, 2025 and 2024, the Company did not recognize any deferred income tax assets.

(3) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2025 and 2024 are as follows:

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

Deferred income tax assets:

	Defined benefit plan	Unrealized goes margin from sales to affiliated companies	Unrealized loss for market price decline of inventory	Loss Allowance	Others	Total
January 1, 2025	\$ (629)	20,129	6,519	2,141	1,040	29,200
(Debit) / Credit income	5	(1,438)	810	1,817	(587)	607
(Debit) / Credit other	624	-	-	-	-	624
comprehensive income						
December 31, 2025	<u>\$ -</u>	<u>18,691</u>	<u>7,329</u>	<u>3,958</u>	<u>453</u>	<u>30,431</u>
January 1, 2024	\$ 21	15,579	7,513	-	2,746	25,859
(Debit) / Credit income	(26)	4,550	(994)	2,141	(1,706)	3,965
(Debit) / Credit other	(624)	-	-	-	-	(624)
comprehensive income						
December 31, 2024	<u>\$ (629)</u>	<u>20,129</u>	<u>6,519</u>	<u>2,141</u>	<u>1,040</u>	<u>29,200</u>

Deferred income tax liability:

	Defined benefit plan	Loss Allowance	Total
January 1, 2025	\$ -	-	-
Debit / (Credit) income	2	-	2
Debit / (Credit) other	881	-	881
comprehensive income			
December 31, 2025	<u>\$ 883</u>	<u>-</u>	<u>883</u>
January 1, 2024	\$ -	199	199
Debit / (Credit) income	-	(199)	(199)
December 31, 2024	<u>\$ -</u>	<u>-</u>	<u>-</u>

3. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities through 2023.

(XI) Capital and other equity

1. Issuance of common shares

As of December 31, 2025 and 2024, the authorized capital of the Company amounted to NT\$ 1,500,000 thousand, with each share at NT\$10 par value and 150,000 thousand shares authorized. The authorized shares mentioned above are all common shares. The outstanding shares are 100,912 thousand shares and the subscription amount for the shares was fully received.

2. Capital Reserve

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Additional paid-in capital in excess of par issued \$	335,111	335,111
Lapsed stock options	10,523	10,523
Unclaimed overdue shareholder dividends	101	101
Consolidated additional paid in capital	<u>1</u>	<u>1</u>
	<u>\$ 345,736</u>	<u>345,736</u>

Pursuant to the Company Act, the company may transfer realized capital reserve to capital or distributes cash dividends to shareholders in proportion to their share ownership only after the capital reserve has been used to offset a deficit. Realized capital reserve includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve to be used to increase capital shall not exceed 10% of total paid-in capital.

3. Retained Earnings

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

- (1) Pay for income taxes.
- (2) Restore cumulative losses.
- (3) Set aside 10% as a legal reserve, except if the statutory reserve has reached the amount as capital of the Company then it is not bound by this statute.
- (4) Have the special reserve appropriated or reserved in accordance with applicable laws and regulations or competent authority.
- (5) The Board of Directors should add the remainder with the accumulated undistributed earnings from previous years and submit a proposal to the shareholders' meeting for them to agree the distribution of earnings.

If the above distribution of shareholders' bonus is made in the form of cash payment, the Board of Directors shall be authorized to make 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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

shareholders' meeting for their resolution to distribute the earnings. Dividends may be distributed in the form of cash or shares, provided, however, that shares dividends distributed in respect of any fiscal year shall not exceed 50 percent of earnings distributed.

(1) Statutory reserves

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

(2) Special reserves

When the Company first adopted IFRSs endorsed by the FSC, it chose to apply IFRS 1 "First time Adoption of International Financial Reporting Standards", and recorded the exempts items as accumulated translation adjustment (benefits) under shareholders' equity and have the retained earnings increased by NT\$9,477 thousand. As the amount did not exceed NT\$8,852 thousand the net increase of retained earnings as adopting the IFRSs endorsed by FSC on the conversion date, in accordance with the regulation by FSC, the Company is only required to appropriate special reserve on the net increase of retained earnings due to the conversion to IFRSs endorsed by FSC, and may reverse a percentage of the original appropriated special reserve for the distribution of earnings upon utilizing, deposing or reclassifying relevant assets. As of December 31, 2025 and 2024, the special reserve was NT\$252,634 thousand.

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

(3) Earnings Distribution

The Board of Directors resolved the 2024 and 2023 earnings distribution on March 13, 2025 and March 13, 2024, respectively. The dividends distributed to the owners were as follows:

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	2024		2023	
	Allotment rate (dollar)	Amount	Allotment rate (dollar)	Amount
Cash	\$ 0.80	<u>80,729</u>	0.80	<u>80,729</u>

On March 10, 2026, the Company's Board of Directors resolved to distribute cash dividends of NT\$100,912 thousand to the shareholders from the earnings of 2025.

4. Other equity (net of tax)

	Financial statements translation differences of foreign operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
Balance as of January 1, 2025	\$ (117,526)	10,375	(107,151)
Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	(2,831)	(2,831)
Share of translation difference of associates for using equity method	73,479	-	73,479
Share of translation of associates for using equity method	(47)	-	(47)
Balance as of December 31, 2025	<u>\$ (44,094)</u>	<u>7,544</u>	<u>(36,550)</u>
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	-	(638)	(638)
Share of translation difference of associates for using equity method	45,642	-	45,642
Share of translation difference of associates for using equity method	(92)	-	(92)
Balance as of December 31, 2024	<u>\$ (117,526)</u>	<u>10,375</u>	<u>(107,151)</u>

(XII) Earnings per share

For 2025 and 2024, relevant calculations of the basic EPS and diluted EPS of the Company were as follows:

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

1. Basic EPS

	2025	2024
(1) Net income attributable to common stock shareholders of the Company	<u>\$ 121,124</u>	<u>115,239</u>
(2) Weighted average number of common shares outstanding		
Weighted average number of common stock shares outstanding	<u>100,912</u>	<u>100,912</u>
Basic EPS (Dollars)	<u>\$ 1.20</u>	<u>1.14</u>

2. Diluted EPS

	2025	2024
Net income attributable to common stock shareholders of the Company (Basic)	<u>\$ 121,124</u>	<u>115,239</u>
Net income attributable to common stock shareholders of the Company (diluted)	<u>\$ 121,124</u>	<u>115,239</u>
Weighted average number of common shares outstanding (basic)	100,912	100,912
Impact of remuneration to employees	655	523
Weighted average number of common shares outstanding(diluted) on December 31	<u>101,567</u>	<u>101,435</u>
Diluted EPS (Dollars)	<u>\$ 1.19</u>	<u>1.14</u>

(XIII) Revenue from Contracts with Customers

1. Details of Revenue

	2025	2024
Major Market:		
Spain	\$ 133,011	131,913
USA	82,042	101,305
UK	62,216	37,737
Japan	157,454	138,424
France	115,288	152,876
Other Country	406,759	362,994
	<u>\$ 956,770</u>	<u>925,249</u>
Major Product:		
Support Surface Systems	\$ 594,945	601,227
Respiratory Therapy Devices	184,433	179,032
Others	177,392	144,990
	<u>\$ 956,770</u>	<u>925,249</u>

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

2. Contract Balance

	2025.12.31	2024.12.31	2024.1.1
Notes receivable	\$ -	-	10,526
Accounts Receivable	241,987	297,981	358,499
(including related parties)			
Less: Loss Allowance	(22,207)	(13,683)	(1,754)
Total	<u>\$ 219,780</u>	<u>284,298</u>	<u>367,271</u>

Please refer to Note 6 (2) for the disclosure of notes and accounts receivable (including related parties) and their impairment.

(XIV) Remuneration to employees and directors

On June 24, 2025, the Company's Shareholders' Meeting resolved to amend its Articles of Incorporation. According to the Article of Incorporation after the amendments, if the Company has profits, it shall appropriate 5% ~ 15% as remuneration to employees and no more than 2% as remuneration to directors and supervisors. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements. In addition, 1% ~ 2% of the profit shall be allocated for salary adjustments or bonus distribution to entry-level employees. Eligible recipients may include employees of the company's parents or subsidiaries meeting specific requirements. If the company has accumulated losses, the profit shall first be reserved to offset those losses before being allocated according to the aforementioned ratio. According to the Article of Incorporation before amendments, if the Company has profits, it shall appropriate 5% ~ 15% as remuneration to employees and not more than 2% as remuneration to the directors. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements.

The Company estimated the remuneration to employees at NT\$12,629 thousand and NT\$10,369 thousand in 2025 and 2024, respectively, and the remuneration to directors at NT\$2,526 thousand and NT\$2,333 thousand in 2025 and 2024, respectively. The amount was estimated using the profits before tax and remuneration in each period and the distribution ratios stated within the Articles of Incorporation. The distribution was recorded as an operating expense. For relevant information, please log on to MOPS for inquiry. The actual distribution of the above remuneration to employees and directors for 2025 and 2024, as adopted by a resolution of the Board of Directors, was not different from the estimated amounts from the Company's Parent Company Only Financial Statements for 2025 and 2024.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(XV) Non-operating income and expenses

1. Interest Income

Details of interest income of the Company as follows:

	<u>2025</u>	<u>2024</u>
Bank deposits interest	\$ 330	430
other interest Income	1,751	4,793
Interest Income	<u><u>\$ 2,081</u></u>	<u><u>5,223</u></u>

2. Other Income

Details of other income of the Company as follows:

	<u>2025</u>	<u>2024</u>
Rental income	\$ 4,742	4,427
Dividend Income	39	34
Other Income	<u><u>\$ 4,781</u></u>	<u><u>4,461</u></u>

3. Other Profits and Losses

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

	<u>2025</u>	<u>2024</u>
Loss on disposal of investment	(37)	-
Foreign Exchange Gains	\$ 8,492	5,786
Others	6,453	28,507
Net of Other Gains and Losses	<u><u>\$ 14,908</u></u>	<u><u>34,293</u></u>

4. Financial Costs

Details of financial costs of the Company as follows:

	<u>2025</u>	<u>2024</u>
Interest amortized from lease liabilities	\$ (26)	(7)
Interest on bank loans	(6,671)	(8,590)
Other financial expenses	(54)	(16)
Financial Costs, net	<u><u>\$ (6,751)</u></u>	<u><u>(8,613)</u></u>

(XVI) Financial Instruments

1. Credit risk

(1) Credit Risk Exposure

Credit risk refers to the risk of financial loss suffered by the Company as its counterparty breaches contractual obligations. The credit risk of the Company is mainly from operating activities (accounts receivable).

(2) Concentration of credit risk

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

2. Liquidity risk

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

		Cash flow					
	Carrying	from the	Within 6	Within 6 ~			Over 5
	value	agreement	months	12 months	1~2 years	2~5 years	years
December 31, 2025							
Non derivative financial liabilities							
Non -interest bearing liability	\$ 160,336	(160,336)	(160,336)	-	-	-	-
Lease liabilities	959	(1,124)	(319)	(319)	(486)	-	-
Instrument with floating interests	55,615	(55,792)	(55,792)	-	-	-	-
Instrument with fixed interests	63,007	(63,381)	(63,381)	-	-	-	-
	\$ 279,917	(280,633)	(279,828)	(319)	(486)	-	-
December 31, 2024							
Non derivative financial liabilities							
Non -interest bearing liability	\$ 148,804	(148,804)	(148,804)	-	-	-	-
Lease liabilities	1,463	(1,651)	(291)	(291)	(583)	(486)	-
Instrument with floating interests	48,707	(48,714)	(48,714)	-	-	-	-
Instrument with fixed interests	100,099	(100,252)	(100,252)	-	-	-	-
	\$ 299,073	(299,421)	(298,061)	(291)	(583)	(486)	-

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

3. Foreign exchange risk

(1) Risk Exposure of Exchange Rate Risk

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

		2025.12.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	2,783	31.4300	87,470
EUR		3,421	36.9000	126,235
Japanese Yen		55,847	0.2008	11,214
GBP		940	42.3300	39,790
RMB		2,642	4.4960	11,878
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		1,510	31.4300	47,459
EUR		1,471	36.9000	54,280
GBP		606	42.3300	25,652
RMB		6,749	4.4960	30,344
		2024.12.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$	1,934	32.7850	63,406
EUR		2,178	34.1400	74,357
Japanese Yen		48,494	0.2099	10,179
<u>Financial liability</u>				
<u>Monetary item</u>				
USD		1,019	32.7850	33,408
EUR		1,475	34.1400	50,357
GBP		192	41.1900	7,908

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(2) Sensitivity analysis

The Company's exchange rate risk is mainly from cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables denominated in foreign currency and the foreign exchange gain or loss upon translation to NTD. If the NTD depreciated or appreciated by 2% against USD, EUR and GBP on December 31, 2025 and 2024, and all other factors remained unchanged, the net profit before tax for 2025 and 2024 would have increased or decreased by NT\$2,377 thousand and NT\$1,125 thousand, respectively. Analyses of these two periods adopted the same basis.

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

Since the Company has a wide variety of functional currencies, it adopts the aggregated exposures of the exchange gains and losses of the monetary items. The gains on foreign currency exchange (realized and unrealized) in 2025 and 2024 were NT\$8,492 thousand and NT\$5,786 thousand, respectively.

4. Interest rate analysis

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

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

If the interest rate increased or decreased by 2%, on the condition that all other factors remained the same, the Company's net income before tax for 2025 and 2024 would decrease or increase by NT\$1,112 thousand and NT\$974 thousand respectively. This is because the loan borrowed by the Company is with a floating interest rate.

5. Other price risks

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	2025		2024	
Security price of the reporting date	Amount of other comprehensive income after tax	Income (Loss) after tax	Amount of other comprehensive income after tax	Income (Loss) after tax
Increased by 1%	\$ 177	-	205	-
Decreased by 1%	\$ (177)	-	(205)	-

6. Information on fair value

(1) Category and fair value of the financial instruments

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

	2025.12.31				
	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets Through Other Comprehensive Income measured at Fair Value					
Equity Instrument Measured at Fair Value Without Quoted Market Price	\$ 17,651	-	-	17,651	17,651
Financial assets measured with amortized cost					
Cash and cash equivalents	100,814	-	-	-	-
Notes receivable and accounts receivable (including related parties)	219,780	-	-	-	-
Other Receivables (including related parties)	4,131	-	-	-	-
Sub total	324,725	-	-	-	-
Total	\$ 342,376	-	-	17,651	17,651
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 118,622	-	-	-	-
Account Payable (including related parties)	63,220	-	-	-	-
Other Payables (including related parties)	97,116	-	-	-	-
Lease liabilities	959	-	-	-	-
Total	\$ 279,917	-	-	-	-

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	2024.12.31				
	Carrying value	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	\$ 20,482	-	-	20,482	20,482
Financial assets measured with amortized cost					
Cash and cash equivalents	47,031	-	-	-	-
Notes receivable and accounts receivable (including related parties)	284,298	-	-	-	-
Other Receivables (including related parties)	6,345	-	-	-	-
Sub total	337,674	-	-	-	-
Total	<u>\$ 358,156</u>	<u>-</u>	<u>-</u>	<u>20,482</u>	<u>20,482</u>
Financial liabilities measured with amortized cost					
Short-Term borrowings	\$ 148,806	-	-	-	-
Account Payable (including related parties)	55,699	-	-	-	-
Other Payables (including related parties)	93,105	-	-	-	-
Lease liabilities	1,463	-	-	-	-
Total	<u>\$ 299,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

Financial liabilities measured with amortized cost

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

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

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

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

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

(4) Transfer between Level 1 and Level 2

There were no transfers in 2025 and 2024.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

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

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

<u>Item</u>	<u>Technique Valuation</u>	<u>Significant Unobservable Inputs</u>	<u>Relationship Between Significant Unobservable Input and Fair Value</u>
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 2025.12.31 and 2024.12.31)	• The higher the discount for lack of marketability is, the lower the fair value is.

(XVII) Financial risk management

1. Overview

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

- (1) Credit risk
- (2) Liquidity risk
- (3) Market Risk

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

2. Framework of the risk management

The financial management department of the Company provides services to all business units. It organizes and coordinates to operate in the domestic and international

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

3. Credit risk

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

(1) Accounts receivable and other Receivables

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

As of December 31, 2025, the consolidated company's accounts receivable from a certain customer amounted to EUR 1,054 thousand. The customer provided a property located in Italy as collateral and granted the consolidated company first-ranking mortgage rights. The appraised value of the property was approximately EUR 1,824 thousand. The Company has assessed the credit risk of the receivable using the expected credit loss model and recognized an appropriate loss allowance. The Company will continue to evaluate its recoverability based on the subsequent collection status and the realization of the collateral.

(2) Investment

Credit risk from bank deposits and other financial instruments is regularly monitored by the financial department of the Company. Considering the counterparties to the Company's transactions and performance of contracts are banks with good

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

credit; and financial institutions, corporate organizations, and government agencies with a certain level of credit ratings or above, on which there is no significant doubt about the performance of contracts; there is no significant credit risk.

(3) Guarantee

It is the Company's policy allow the Company to provide financial guarantees to companies with which the Company has business dealings and to companies in which the Company directly or indirectly holds more than 50% of the voting shares. Please refer to Note 7(3) for the Company's endorsement and guarantee to its subsidiaries as of December 31, 2025 and 2024.

4. Liquidity risk

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

The Company manages and maintains adequate cash and cash equivalents to fund the operation and to mitigate the impact on cash fluctuation. The management of the Company monitors the usage of bank credit terms to ensure the terms of the loan contract being complied accordingly. For the unused credit line of the Company as of December 31, 2025 and 2024, please refer to Note 6 (8) for details.

5. Market Risk

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

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

(1) Foreign exchange risk

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

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

Interest from the borrowing is denominated using that of the principal. Cash flow currencies are mainly NTD, EUR, USD, JYP, GBP, and RMB.

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

(2) Interest rate risk

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

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

(XVIII) Capital Management

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

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

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Total liability	\$ 295,155	329,149
Less: cash and cash equivalent	<u>(100,814)</u>	<u>(47,031)</u>
Net liability	<u>\$ 194,341</u>	<u>282,118</u>
Total equity	<u>\$ 2,530,021</u>	<u>2,418,001</u>
Adjusted Capital	<u>\$ 2,724,362</u>	<u>2,700,119</u>
Debt/capital ratio	<u>7.13%</u>	<u>10.45%</u>

(XIX) Non-cash investments and financing activities

	<u>2025.1.1</u>	<u>Cash flow</u>	<u>Changes in non-cash Increase</u>	<u>2025.12.31</u>
Short-Term borrowings	\$ 148,806	(33,984)	3,800	118,622
Lease liabilities	\$ 1,463	(580)	76	959
Total liabilities from financing activities	<u>\$ 150,269</u>	<u>(34,564)</u>	<u>3,876</u>	<u>119,581</u>

	<u>2024.1.1</u>	<u>Cash flow</u>	<u>Changes in non-cash Increase</u>	<u>2024.12.31</u>
Short-Term borrowings	\$ 188,699	(41,123)	1,230	148,806
Lease liabilities	\$ 305	(542)	1,700	1,463
Total liabilities from financing activities	<u>\$ 189,004</u>	<u>(41,665)</u>	<u>2,930</u>	<u>150,269</u>

VII. Related Party Transactions

(I) Parent Company and the ultimate controller

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

(II) Names and relationships of related parties

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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Wellell IBERIA S.L.	Subsidiary of the Company (Note 1)
Wellell America Corp.	"
Wellell (Thailand) Ltd.	"
Wellell France S.A.S.	"
Wellell UK Limited	"

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

Wellell Germany GmbH	Subsidiary of the Company
SLK Vertriebs GmbH	"
Sturdy Industrial Co., Ltd.	"
Apex (Kunshan) Medical Corp.	"
Wellell (Kunshan) Co., Ltd.	"
APEX MEDICAL CORP.	"
Wellell Taiwan Corp.	"
Wellell Japan Ltd.	The Company's associates
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
Li, Wen-Te	Key management personnel of the Company

Note 1: Apex Medical SL changed its name to Wellell IBERIA S.L. in 2024 in line with the Group's branding strategy.

(III) Significant transactions with the related parties

1. Revenue

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

	2025	2024
Subsidiary — Wellell IBERIA S.L.	\$ 135,492	132,961
Subsidiary — Wellell France S.A.S.	106,151	147,072
Subsidiary — Wellell UK Limited	61,703	35,807
Subsidiary - Wellell Taiwan Corp.	54,345	50,671
Other subsidiaries (amount less than 10%)	107,196	124,502
Associate - Wellell Japan Ltd.	37,823	15,667
	<u>\$ 502,710</u>	<u>506,680</u>

The selling prices of the Company's sales to related parties were better than those of sales to unrelated parties, except for some transactions which do not have comparable transactions with unrelated parties. The collection terms are 50% in advance of shipment and 30 to 180 days for the rest.

2. Purchase

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

	2025	2024
Subsidiary - Apex (Kunshan) Medical Corp.	\$ 198,178	216,131
Subsidiary	4,114	5,098
	<u>\$ 202,292</u>	<u>221,229</u>

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

3. Balance of accounts receivable from related parties

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

Items listed in the account	Category of the related parties	2025.12.31	2024.12.31
Account Receivable - Related Party	Subsidiary - Wellell Taiwan Corp.	\$ 24,173	19,990
Account Receivable - Related Party	Subsidiary — Wellell France S.A.S.	50,908	73,512
Account Receivable - Related Party	Subsidiary — Wellell UK Limited	34,438	13,396
Account Receivable - Related Party	Subsidiary — Wellell IBERIA S.L.	18,412	10,263
Account Receivable - Related Party	Subsidiary - Wellell America Corp.	17,834	22,592
Account Receivable - Related Party	Subsidiary	2,367	16,641
Account Receivable - Related Party	Associate - Wellell Japan Ltd.	5,274	10,057
Sub total		<u>153,406</u>	<u>166,451</u>
Other Receivable - Related Party	Subsidiary - Wellell Taiwan Corp.	821	627
Other Receivable - Related Party	Subsidiary — Sturdy Industrial Co., Ltd.	409	-
Other Receivable - Related Party	Subsidiary	49	1,144
Other Receivable - Related Party	Associate - Wellell Japan Ltd.	-	57
Sub total		<u>1,279</u>	<u>1,828</u>
Total		<u>\$ 154,685</u>	<u>168,279</u>

The Company does not hold any collateral on the receivables with the related parties. After the evaluation, no provisions for impairment loss will be necessary.

4. Accounts payable from related parties

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

Items listed in the account	Category of the related parties	2025.12.31	2024.12.31
Account Payable - Related Party	Subsidiary - Apex (Kunshan) Medical Corp.	\$ 30,310	30,551
Account Payable - Related Party	Subsidiary	787	1,075
Sub total		<u>31,097</u>	<u>31,626</u>
Other Payable - Related Party	Subsidiary - Wellell America Corp.	602	1,575

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

Items listed in the account	Category of the related parties	2025.12.31	2024.12.31
Other Payable - Related Party	Subsidiary – Wellell Germany GmbH	3,815	3,148
Other Payable - Related Party	Subsidiary	-	151
Other Payable - Related Party	Other related party - Li, Chao Yi	59	43
Sub total		4,476	4,917
Total		<u>\$ 35,573</u>	<u>36,543</u>

5. Property Transactions

The price summary of the Company acquired real estate property, plants, and equipment from related parties is as below:

	Real estate properties, plants, and equipment	
	2025	2024
Key management personnel of the Company	<u>\$ 1,648</u>	<u>-</u>

6. Other transactions

	Manufacturing Expenses and Operating Expenses		Other Income (other profits and losses)	
	2025	2024	2025	2024
Subsidiary - Wellell Taiwan Corp.	\$ -	-	5,410	5,424
Subsidiary	22,295	21,566	1,212	13,230
Associate - Wellell Japan Ltd.	-	-	3	-
Other related parties	565	568	11	11
	<u>\$ 22,860</u>	<u>22,134</u>	<u>6,636</u>	<u>18,665</u>

	Advance Receipt (Listed as Other Current Liabilities)	
	2025.12.31	2024.12.31
Other related parties	<u>\$ 11</u>	<u>23</u>

7. Endorsement/guarantee

The amounts of endorsements and guarantees by the Company for related parties as of December 31, 2025 and 2024 were as follows:

	2025.12.31		2024.12.31	
	(Thousand)	Converted to NTD	(Thousand)	Converted to NTD
Wellell Germany GmbH	EUR 6,140	226,566	EUR 6,140	209,620
Wellell America Corp.	USD 1,500	47,145	USD 1,500	49,178
	<u>\$</u>	<u>273,711</u>		<u>258,798</u>

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

(IV) Remuneration to key management

Remuneration to Key management includes:

	<u>2025</u>	<u>2024</u>
Short term employee benefits	\$ 20,385	17,479
Benefits after resignation	324	312
	<u><u>\$ 20,709</u></u>	<u><u>17,791</u></u>

VIII. Pledged Assets

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

<u>Assets</u>	<u>Objectives of the pledged assets</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Land	Bank	\$ 254,863	254,863
	Borrowings		
Building and construction, net	Bank	72,347	74,842
	Borrowings		
		<u><u>\$ 327,210</u></u>	<u><u>329,705</u></u>

IX. Significant contingent liabilities and unrecognized contract commitments

As of December 31, 2025 and 2024, the credit card guarantees applied by the Company to the bank for the use of credit cards amounted to NT\$2,500 and NT\$1,500 thousand.

X. Significant Disaster Loss: None.

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

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

XII. Others

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

By nature	2025			2024		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Employee Benefit Expenses						
Salary Expenses	44,020	153,673	197,693	59,040	144,927	203,967
Labor Insurance and Health Insurance Expenses	4,719	13,727	18,446	5,912	13,816	19,728
Pension Fund Expenses	2,246	7,181	9,427	2,817	7,101	9,918
Remuneration to Directors	-	6,812	6,812	-	6,277	6,277
Other Employee Benefit Expenses	2,841	7,238	10,079	3,971	7,135	11,106
Depreciation	11,851	9,896	21,747	10,674	8,665	19,339
Amortization	-	1,378	1,378	-	1,882	1,882

Additional information on the number of employees and employee benefit expenses for 2025 and 2024 is as follows:

	2025	2024
Number of employees	<u>218</u>	<u>252</u>
Number of directors who are not concurrently serving as employees	<u>9</u>	<u>8</u>
Average Employee Benefit Expenses	<u>\$ 1,127</u>	<u>1,003</u>
Average Employee Salary Expenses	<u>\$ 946</u>	<u>836</u>
Adjustments to Average Employee Salary Expenses	<u>13.16%</u>	<u>(0.36)%</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

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

The Company's remuneration package for directors, managerial officers, and employees is based on a prudent salary structure that takes into account shareholders' equity and the sustainable management of the Company, with variable bonuses that are linked to the overall

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

performance of the Company's operations, job attributes and individual performance as an incentive by a solid and motivating remuneration package. The Company has also established the relevant rules and regulations as the basis for implementation, and will review and revise them periodically according to the operating conditions in order to maintain the competitiveness of the Company's remuneration.

XIII. Additional Disclosure

(I) Information on significant transactions

The Company as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers of 2025, 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 balance during the period	Ending balance	Actual amount drawn down	Interest rate range	Nature of the loan (Note 5)	Amount of transactions with the borrowers	Reason for short term business financing	Provision for Loss Allowance	Collateral Name	Collateral Value	Limits on Individual funding loan granted to a single party	Maximum limit of fund financing
1	ComfortPro Investment Corp.	Wellell France S.A.S	Other Receivable	Yes	12,915 (EUR350)	12,915 (EUR350)	12,915 (EUR350)	-	2	-	Operation turnover	-	No	-	125,838	251,676
2	Apex Medical Respiratory Ltd.	Wellell Germany GmbH	Other Receivable	Yes	31,365 (EUR850)	31,365 (EUR850)	28,413 (EUR770)	1	2	-	Operation turnover	-	No	-	453,046	906,091
2	Apex Medical Respiratory Ltd.	Wellell France S.A.S	Other Receivable	Yes	22,140 (EUR600)	22,140 (EUR600)	22,140 (EUR600)	-	2	-	Operation turnover	-	No	-	453,046	906,091
2	Apex Medical Respiratory Ltd.	Wellell America Corp.	Other Receivable	Yes	16,603 (USD500)	15,715 (USD500)	15,715 (USD500)	2	2	-	Operation turnover	-	No	-	453,046	906,091
3	Apex Global Investment Ltd.	Wellell France S.A.S	Other Receivable	Yes	18,450 (EUR500)	18,450 (EUR500)	18,450 (EUR500)	-	2	-	Operation turnover	-	No	-	162,606	325,211
3	Apex Global Investment Ltd.	Wellell UK Limited	Other Receivable	Yes	21,525 (GBP500)	21,165 (GBP500)	21,165 (GBP500)	-	2	-	Operation turnover	-	No	-	162,606	325,211
3	Apex Global Investment Ltd.	Wellell America Corp.	Other Receivable	Yes	9,429 (USD300)	9,429 (USD300)	9,429 (USD300)	2	2	-	Operation turnover	-	No	-	162,606	325,211
3	Apex Global Investment Ltd.	Wellell America Corp.	Other Receivable	Yes	7,229 (USD230)	7,229 (USD230)	7,229 (USD230)	2	2	-	Operation turnover	-	No	-	162,606	325,211
4	SLK Vertriebs GmbH	Wellell Germany GmbH	Other Receivable	Yes	17,712 (EUR480)	17,712 (EUR480)	17,712 (EUR480)	1	2	-	Operation turnover	-	No	-	160,284	320,567

Note 1: ComfortPro Investment Corp. according to the "operating procedures for lending to others", the amount of loans to a 100%-owned subsidiary of the Group shall not exceed 100% of the net worth of the company; also the amount of each loan 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.

Notes to the Parent Company Only Financial Statements of Wellell Inc. (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 with property pledged as collateral	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	1,265,011	226,566 (EUR6,140)	226,566 (EUR6,140)	128,435 (EUR3,481)	-	8.96%	1,265,011	Y	N	N
0	Wellell Inc.	Wellell America Corp.	2	1,265,011	49,808 (USD1,500)	47,145 (USD1,500)	- (USD 0)	-	1.86%	1,265,011	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 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. Mutual 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. Major securities held at the end of the period (excluding the portions by the invested subsidiaries, associates and joint ventures):

Unit: New Taiwan Dollars in thousands / thousand shares

Holding company	Category and name of securities	Relationship with the issuers	General Ledger Accounts	End of period				Maximum shares held or investment in this period	Remark
				Numbers of shares	Carrying value	% of shares held	Fair Value		
Wellell Inc.	G Innings Medical Ltd.	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	900	16,299	18.95 %	16,299	18.95%	
Wellell Inc.	MAGnet	No	Financial Assets through Other Comprehensive Income measured at Fair Value - Non-current	0.07	1,352	5.00 %	1,352	5.00%	

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

4. 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)	(135,492)	14.16%	Net 180 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	Longer than general customers	18,412	8.38%	No
Wellell IBERIA S.L.	Wellell Inc.	Parent and subsidiary	Purchase	135,478	34.36%	Net 180 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	Longer than general customers	(18,429)	39.60%	No
Wellell Inc.	Apex (Kunshan) Medical Corp.	Parent and subsidiary	Purchase	198,178	37.99%	Net 45 days	The purchase price is comparatively lower than the general customer because the purchase volumes are larger.	The same as those provided to the non-related parties	(30,310)	47.94%	No
Apex (Kunshan) Medical Corp.	Wellell Inc.	Parent and subsidiary	(Sales)	(198,820)	95.15%	Net 45 days	The sales price is comparatively lower than general customers because the sales volumes are larger.	The same as those provided to the non-related parties	30,310	94.49%	No
Wellell Inc.	Wellell France S.A.S.	Parent and subsidiary	(Sales)	(106,151)	11.09%	180 days after shipment	No significant difference with regular customers	Longer than general customers	50,908	23.16%	No
Wellell France S.A.S.	Wellell Inc.	Parent and subsidiary	Purchase	106,122	88.99%	180 days after shipment	No significant difference with regular customers	Longer than general customers	(50,908)	79.39%	No

5. Accounts receivable from related parties of at least NT\$100 million or 20% of the paid-in capital: None.

(II) Information on investees:

The information of reinvestment business of the Company for 2025 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	Name of the investee Income (Loss) 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 value				
The Company	Apex Global Investment Ltd.	British Virgin Islands, Tortola	Investment on businesses engaging in manufacturing	354,319	354,319	10,534	100%	324,848	100%	(15,965)	(15,965)	Subsidiary
"	Wellell America Corp.	U.S.A., California, Orange	Sales of medical supplies	16,564	16,564	50	100%	(24,439)	100%	(6,823)	(6,823)	"
"	Wellell IBERIA S.L.	Spain, Vizcaya	Sales of medical supplies	4,855	4,855	-	100%	413,665	100%	23,189	23,189	"
"	Sturdy Industrial Co., Ltd.	Taiwan	Manufacturing and sales of medical supplies	268,294	328,294	4,000	100%	246,704	100%	7,112	7,112	Note 3
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	-	27,741	-	- %	-	99.82%	-	-	Note 1
"	Wellell (Thailand) Ltd.	Thailand	Sales of medical supplies	-	2,271	245	49%	290	49%	1,360	666	Note 2
"	Apex Medical Respiratory Ltd.	United Kingdom	Investment on businesses engaging in manufacturing	792,510	792,510	7,905	100%	870,885	100%	68,223	68,223	Subsidiary
"	Wellell Germany GmbH	Germany Dortmund	Investments in various production businesses and	92,610	92,610	25	100%	88,790	100%	8,908	8,908	"

Notes to the Parent Company Only Financial Statements of Wellell Inc. (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	Name of the investee Income (Loss) 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 value				
"	APEX MEDICAL CORP.	Taiwan	leasing business	1,000	1,000	100	100%	3,889	100%	460	460	"
"	Wellell Taiwan Corp.	Taiwan	Sales of medical supplies	30,000	30,000	3,000	100%	30,190	100%	3,297	3,297	"
"	Wellell Japan Ltd.	Japan	Sales of medical supplies	3,208	3,208	-	49%	446	49%	(2,302)	(1,128)	Associate
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%	251,676	100%	(3,226)	(3,226)	Subsidiary
"	Max Delight Holding Limited	Apia, Samoa	Investment on businesses engaging in manufacturing	8,686	8,686	270	100%	13,167	100%	(13,038)	(13,038)	"
"	Wellell India Private Limited	India, Delhi	Sales of medical supplies	-	55	-	- %	-	0.18%	-	-	Note 1
Apex Medical Respiratory Ltd.	Wellell UK Limited	United Kingdom	Sales of medical supplies	767,718	767,718	-	100%	251,910	100%	(6,272)	(6,272)	Subsidiary
"	SLK-Vertriebs	Germany Dortmund	Sales and leasing of medical supplies	391,891	391,891	1,048	100%	521,450	100%	64,557	50,468	"
"	SLK-Medical	Germany Dortmund	Sales and leasing of medical supplies	22,549	22,549	25	100%	34,534	100%	(277)	(978)	"
"	Wellell France S.A.S.	France, Ecouflant	Sales of medical supplies	394	394	14	100%	22,313	100%	23,072	23,072	"

Note 1: The liquidation process was completed on October 22, 2025.

Note 2: The liquidation base date for the subsidiary, Wellell (Thailand) Ltd., is set to December 26, 2025. As of December 31, 2025, the liquidation process has not been completed. The investment amount of THB 2,450 thousand was recovered on December 30, 2025.

Note 3. On February 20, 2015, the subsidiary, Sturdy Industrial Co., Ltd., passed a resolution through its Board of Directors to reduce its capital in cash and refund the share payments. The amount of the capital reduction was NT\$60,000 thousand, and the relevant share payments were refunded in 2025.

(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)	(5,043)	100.00%	100.00%	(4,689)	197,801	-
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)	(12,993)	100.00%	100.00%	(12,993)	12,368	-

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 audited by the parent company's CPAs.

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)	1,518,013

Notes to the Parent Company Only Financial Statements of Wellell Inc. (continued)

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

For the significant transactions conducted with investees in Mainland China directly or indirectly for 2025 (eliminated when preparing consolidated statements). Please refer to the explanations in “relevant information of the significant transactions” in the consolidated financial statements.

XIV. Segment Information

Please refer to the consolidated financial statements for 2025 for details.

Wellell Inc.
Statement of cash and cash equivalents

December 31, 2025

**Unit: New Taiwan
Dollars in thousands**

Item	Summary	Amount
Cash on hand		\$ 292
Petty Cash		230
	Sub total	522
Bank deposits:		
	Checking deposit	5
	Demand deposits	42,682
	Foreign currency demand deposits (Note)	57,605
	Sub total	100,292
Total		<u>\$ 100,814</u>

Note: Foreign currency demand deposits totaling	USD 793,613.19	Exchan	31.4300
		ge rate	
	EUR 326,095.05	Exchan	36.9000
		ge rate	
	GBP 123,570.06	Exchan	42.3300
		ge rate	
	RMB 2,107,878.15	Exchan	4.4960
		ge rate	
	JPY 29,346,779.00	Exchan	0.2008
		ge rate	
	THB 28,495.93 NT\$	Exchan	1.0019
		ge rate	

Wellell Inc.
Statements of notes receivable and accounts
receivable

December 31, 2025

Unit: New Taiwan
Dollars in thousands

Customer name	Summary	Amount
Related parties:		
Wellell France S.A.S.	Business	\$ 50,908
Wellell UK Limited	"	34,438
Wellell Taiwan Corp.	"	24,173
Wellell IBERIA S.L.	"	18,412
Wellell America Corp.	"	17,834
Others (Note)	"	7,641
Unrelated party:		
ZUCCATO HC SRL	"	38,915
DIENER AG PRECISION MACHINING	"	10,293
Others (Note)	"	39,373
Less: Loss Allowance	"	(22,207)
		<u>\$ 219,780</u>

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

Wellell Inc.

Statement of inventories

December 31, 2025

**Unit: New Taiwan
Dollars in thousands**

Item	Amount		Market price basis
	Cost	Net realizable value	
Finished goods	\$ 6,106	8,518	Net realizable value
Work in Process	28,901	30,234	Net realizable value
Raw materials	50,346	72,140	Net realizable value
Merchandise	1,794	1,041	Net realizable value
Sub total	87,147	<u>111,933</u>	
Less: Loss on allowance for market value decline of inventory	<u>(36,643)</u>		
Total	<u>\$ 50,504</u>		

Wellell Inc.

Statement of changes in investments accounted for using the equity method

January 1 to December 31, 2025

Unit: New Taiwan Dollars in thousands

Name	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance			Guarantee or pledge status
	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	% of shares held	Amount	
Apex Global Investment Ltd. (Note 1)	10,534	\$ 345,570	-	56	-	20,778	10,534	100.00%	324,84	No
Wellell America Corp. (Note 2)	50	(18,339)	-	723	-	6,823	50	100.00%	(24,43	No
WELLELL IBERIA S. L. (Note 3)	-	363,046	-	55,038	-	4,419	-	100.00%	413,66	No
Sturdy Industrial Co., Ltd. (Note 4)	10,000	322,493	-	7,127	6,000	82,916	4,000	100.00%	246,70	No
Wellell India Private Limited (Note 5)	6,458	636	-	742	6,458	1,378	-	- %	-	No
Wellell (Thailand) Ltd. (Note 6)	245	2,372	-	3,816	-	5,898	245	49.00%	25	No
Apex Medical Respiratory Ltd. (Note 7)	7,905	758,246	-	112,639	-	-	7,905	100.00%	870,88	No
Wellell Germany GmbH (Note 8)	25	73,503	-	15,287	-	-	25	100.00%	88,79	No
APEX MEDICAL CORP. (Note 9)	100	3,429	-	460	-	-	100	100.00%	3,88	No
Wellell Taiwan Corp. (Note 10)	3,000	28,866	-	3,297	-	1,973	3,000	100.00%	30,19	No
Wellell Japan Ltd. (Note 11)	-	1,621	-	-	-	1,175	-	49.00%	44	No
Long term investments under equity method, net		<u>1,881,443</u>		<u>199,185</u>		<u>125,360</u>			<u>1,955,26</u>	

Note 1: The increase in the current period was due to the gain on the sale of fixed assets of \$32 thousand, the realized gross profit of the sales of affiliated companies of \$24 thousand, and the decrease in the current period was due to the accumulated conversion adjustment of \$4,813 thousand and the investment loss recognized under the equity method of \$15,965 thousand.

Note 2: The increase for the period was realized gross profit on sales of goods to affiliates of \$278 thousand and cumulative translation adjustment of \$445 thousand, and the decrease was investment loss of \$6,823 thousand recognized using the equity method.

Note 3: The increase for the period was investment income of \$23,189 thousand recognized using the equity method and cumulative translation adjustment of \$31,849 thousand and the decrease for the period was unrealized gross profit on sales of goods to affiliates of \$4,419 thousand.

Note 4: The increase in the current period is due to investment income recognized under equity method of \$7,112 thousand and the realized gross profit of the sales of affiliated companies of \$15 thousand, and the decrease in the current period was due to the cash dividend of \$22,916 thousand received and the capital refund of NT\$60,000 thousand from capital reduction.

Note 5: The increase in the current period is the cumulative translation adjustment of \$742 thousand. The decrease in the current period is the decrease in investment of \$1,378 thousand.

Note 6: The increase for the period was due to the cumulative translation adjustment of \$93 thousand, the investment income recognized under the equity method of NT\$666 thousand and the realized gross profit of the sales of affiliated companies of \$3,057 thousand, and the decrease in the current period was due to the cash dividend of \$3,625 thousand received and the capital refund of NT\$2,273 thousand from liquidation.

Note 7: The increase in the current period was due to the accumulated conversion adjustment of \$38,784 thousand, and investment income recognized under the equity method of \$68,223 thousand, and the realized gross profit of the sales amounted to \$5,632 thousand.

Note 8: The increase for the period was investment income of \$8,908 thousand recognized using the equity method, and cumulative translation adjustment of \$6,379 thousand.

Note 9: The increase for the period was investment income of \$460 thousand recognized using the equity method.

Note 10: The increase in the current period was due to the increase in investment of \$3,297 thousand. The decrease in the current period was due to the unrealized gross profit of sales of the affiliated company of \$1,211 thousand and the cash dividend of \$762 thousand received.

Note 11: The decrease for the period was due to cumulative translation adjustment of \$47 thousand and investment loss of \$1,128 thousand recognized using the equity method.

Wellell Inc.
Statement of short-term borrowings
December 31, 2025

Unit: New Taiwan
Dollars in thousands

Type of borrowings	Description	Ending balance	Term of contract	Interest rate range(%)	Financing facilities	Pledged or guaranteed	Remark
Credit loans	Mizuho Bank	\$ 55,615	Within a year	2.93~5.14	314,300	No	(Note)
Credit loans	CTBC Bank	35,069	Within a year	3~5.16	101,000	No	(Note)
	Sub total	90,684		-			
Secured borrowing	Hua Nan Commercial Bank	27,938	Within a year	4.85~5.4	400,000	Land, plants	(Note)
		<u>\$ 118,622</u>					

Note: Foreign currency borrowings totaling

USD	1,390Thousand	Exchange rate	31.4300
EUR	1,339Thousand	Exchange rate	36.9000
GBP	603Thousand	Exchange rate	42.3300

Wellell Inc.
Statement of accounts payable
December 31, 2025

Unit: New Taiwan
Dollars in thousands

Customer name	Summary	Amount
Related parties:		
Apex (Kunshan) Medical Corp.	Business	\$ 30,310
Others (Note)	"	787
Unrelated party:		
Anest Iwata Sparmax Co., Ltd.	"	2,828
Hsiner Co., Ltd	"	2,162
He Hung Co., Ltd.	"	1,877
Sing Bee Enterprise Co., Ltd.	"	1,663
Others (Note)	"	23,593
Total		<u><u>\$ 63,220</u></u>

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

Wellell Inc.
Statement of operating revenue
January 1 to December 31, 2025

Unit: New Taiwan
Dollars in thousands

<u>Item</u>	<u>Amount</u>
Support Surface Systems	\$ 594,945
Respiratory Therapy Devices	184,433
Others	<u>177,392</u>
Net sales revenue	<u><u>\$ 956,770</u></u>

Wellell Inc.

Statement of operating costs

January 1 to December 31, 2025

**Unit: New Taiwan
Dollars in thousands**

<u>Item</u>	<u>Amount</u>
Manufacturing:	
Raw materials:	
Raw materials at the beginning of the period	\$ 53,884
Add: Purchase in the current period	168,128
Raw materials cycle count gain	21
Less: Raw materials at the end of the period	(50,346)
Sales of raw materials	(18,020)
Loss on scrap	(599)
Transfers to sample expenses	665
Direct raw materials consumed	153,733
Direct labour	30,187
Production overheads	71,632
Manufacturing costs	255,552
Work in Process at the beginning of the period	19,822
Add: Purchase in the current period	27,913
Less: Work in process at the end of the period	(28,901)
Sales of Work in Process	(35,507)
Work in Process cycle count losses	(6)
Transfers to expenses	(2,917)
Loss on scrap	(431)
Cost of finished goods for the period	235,525
Add: Finished goods at the beginning of the period	3,294
Purchase in the current period	186,103
Transfers from merchandises	95
Less: Finished good at the end of the period	(6,106)
Transfers to expenses	(2,121)
Cost of finished goods sold	416,790
Trading:	
Inventories at the beginning of the period (merchandises)	1,384
Add: Purchase in the current period	139,506
Less: Inventory at December 31	(1,794)
Transfers to expenses	(9)
Others	(95)
Loss on scrap	(204)
Cost of goods sold (trading)	138,788
Add: cost of raw materials sold	18,020
Cost of work in process sold	35,507
Loss on Inventory Valuation and Obsolescence	4,049
Loss on inventory scrap	1,234
Income from scrap and wastes	(30)
Inventory adjustment credits	(15)
Others	1,601
Operating costs	<u><u>\$ 615,944</u></u>

Wellell Inc.
Statement of sales expenses
January 1 to December 31, 2025

Unit: New Taiwan
Dollars in thousands

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 23,687
Service expenses	19,119
Advertising expense	4,336
Export expenses	4,322
Other expenses (Note)	<u>22,961</u>
Total	<u><u>\$ 74,425</u></u>

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

Wellell Inc.
Statement of management expenses
January 1 to December 31, 2025

Unit: New Taiwan
Dollars in
thousands

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 58,336
Service expenses	15,646
Other expenses (Note)	<u>43,995</u>
Total	<u><u>\$ 117,977</u></u>

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

Wellell Inc.
Statement of research & development
expenses

January 1 to December 31, 2025

Unit: New Taiwan
Dollars in thousands

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 75,150
Personal Insurance	6,815
Other expenses (Note)	<u>39,101</u>
Total	<u><u>\$ 121,066</u></u>

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