

momo.com Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
momo.com Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of momo.com Inc. and its subsidiaries (the "Group") as of September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Li-Wen Kuo and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

October 29, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

momo.com Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2021		December 31, 2020		September 30, 2020	
	(Reviewed)		(Audited)		(Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 26)	\$ 6,916,329	34	\$ 5,054,973	29	\$ 3,612,359	23
Financial assets at fair value through other comprehensive income - current (Note 7)	19,180	-	8,533	-	3,609	-
Accounts receivable, net (Note 8)	99,051	-	149,191	1	104,872	1
Notes and accounts receivable from related parties (Note 26)	66,384	-	31,547	-	26,241	-
Other receivables, net (Note 8)	969,715	5	673,771	4	530,571	4
Other receivables from related parties (Note 26)	125,900	1	199,619	1	190,832	1
Inventories (Note 9)	3,952,644	19	3,390,012	19	3,022,880	20
Prepayments (Note 26)	116,172	1	53,995	-	132,411	1
Other financial assets - current (Notes 10 and 27)	214,899	1	214,999	1	219,204	1
Other current assets	18,330	-	20,703	-	17,259	-
Right to recover products - current (Note 20)	<u>106,204</u>	<u>1</u>	<u>135,337</u>	<u>1</u>	<u>104,360</u>	<u>1</u>
Total current assets	<u>12,604,808</u>	<u>62</u>	<u>9,932,680</u>	<u>56</u>	<u>7,964,598</u>	<u>52</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	92,958	-	70,252	-	53,256	-
Investments accounted for using equity method (Note 12)	685,852	3	1,184,893	7	1,117,440	7
Property, plant and equipment (Note 13)	4,750,975	24	4,873,389	27	4,854,788	31
Right-of-use assets (Notes 14 and 26)	1,548,078	8	1,282,411	7	1,062,005	7
Goodwill	-	-	-	-	13,332	-
Other intangible assets	77,732	-	94,071	1	88,908	1
Deferred tax assets	36,811	-	36,322	-	32,591	-
Prepayments for equipment (Note 26)	159,240	1	6,290	-	-	-
Refundable deposits (Note 26)	136,942	1	124,531	1	121,194	1
Net defined benefit assets - non-current (Note 18)	667	-	-	-	-	-
Other financial assets - non-current (Notes 10 and 27)	<u>204,495</u>	<u>1</u>	<u>204,195</u>	<u>1</u>	<u>155,962</u>	<u>1</u>
Total non-current assets	<u>7,693,750</u>	<u>38</u>	<u>7,876,354</u>	<u>44</u>	<u>7,499,476</u>	<u>48</u>
TOTAL	<u>\$ 20,298,558</u>	<u>100</u>	<u>\$ 17,809,034</u>	<u>100</u>	<u>\$ 15,464,074</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current	\$ 66,695	-	\$ 35,452	-	\$ 38,202	-
Notes and accounts payable (Note 15)	8,044,892	39	6,619,620	37	5,973,117	39
Accounts payable to related parties (Note 26)	346,791	2	437,630	3	204,743	1
Other payables (Note 16)	825,938	4	955,170	5	567,411	4
Other payables to related parties (Note 26)	42,388	-	30,341	-	26,251	-
Current tax liabilities	344,180	2	294,890	2	143,744	1
Lease liabilities - current (Notes 14, 24 and 26)	518,602	3	426,417	2	378,714	2
Refund liabilities - current (Note 20)	119,713	1	152,601	1	119,978	1
Other current liabilities (Note 17)	<u>686,720</u>	<u>3</u>	<u>699,354</u>	<u>4</u>	<u>663,392</u>	<u>4</u>
Total current liabilities	<u>10,995,919</u>	<u>54</u>	<u>9,651,475</u>	<u>54</u>	<u>8,115,552</u>	<u>52</u>
NON-CURRENT LIABILITIES						
Provisions - non-current	23,323	-	20,914	-	19,663	-
Deferred tax liabilities	10,180	-	7,548	-	6,258	-
Lease liabilities - non-current (Notes 14, 24 and 26)	1,058,489	5	877,867	5	700,150	5
Net defined benefit liabilities - non-current (Note 18)	-	-	279	-	165	-
Guarantee deposits received	<u>327,003</u>	<u>2</u>	<u>300,971</u>	<u>2</u>	<u>296,657</u>	<u>2</u>
Total non-current liabilities	<u>1,418,995</u>	<u>7</u>	<u>1,207,579</u>	<u>7</u>	<u>1,022,893</u>	<u>7</u>
Total liabilities	<u>12,414,914</u>	<u>61</u>	<u>10,859,054</u>	<u>61</u>	<u>9,138,445</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Common stock	<u>1,820,761</u>	<u>9</u>	<u>1,400,585</u>	<u>8</u>	<u>1,400,585</u>	<u>9</u>
Capital surplus	<u>2,446,415</u>	<u>12</u>	<u>2,624,386</u>	<u>15</u>	<u>2,624,386</u>	<u>17</u>
Retained earnings						
Legal reserve	1,128,868	6	934,425	5	934,425	6
Special reserve	142,530	1	172,693	1	172,693	1
Unappropriated earnings	<u>2,510,500</u>	<u>12</u>	<u>1,944,434</u>	<u>11</u>	<u>1,333,712</u>	<u>9</u>
Total retained earnings	<u>3,781,898</u>	<u>19</u>	<u>3,051,552</u>	<u>17</u>	<u>2,440,830</u>	<u>16</u>
Other equity	<u>(177,501)</u>	<u>(1)</u>	<u>(142,530)</u>	<u>(1)</u>	<u>(157,609)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>7,871,573</u>	<u>39</u>	<u>6,933,993</u>	<u>39</u>	<u>6,308,192</u>	<u>41</u>
NON-CONTROLLING INTERESTS (Note 19)	<u>12,071</u>	<u>-</u>	<u>15,987</u>	<u>-</u>	<u>17,437</u>	<u>-</u>
Total equity	<u>7,883,644</u>	<u>39</u>	<u>6,949,980</u>	<u>39</u>	<u>6,325,629</u>	<u>41</u>
TOTAL	<u>\$ 20,298,558</u>	<u>100</u>	<u>\$ 17,809,034</u>	<u>100</u>	<u>\$ 15,464,074</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

momo.com Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 26)	\$ 20,907,386	100	\$ 15,582,993	100	\$ 61,526,877	100	\$ 46,522,804	100
OPERATING COSTS (Notes 9, 18, 21 and 26)	<u>18,784,374</u>	<u>90</u>	<u>14,155,437</u>	<u>91</u>	<u>55,237,460</u>	<u>90</u>	<u>42,172,241</u>	<u>91</u>
GROSS PROFIT FROM OPERATIONS	<u>2,123,012</u>	<u>10</u>	<u>1,427,556</u>	<u>9</u>	<u>6,289,417</u>	<u>10</u>	<u>4,350,563</u>	<u>9</u>
OPERATING EXPENSES (Notes 8, 18, 21 and 26)								
Marketing expenses	644,062	3	570,348	4	1,896,096	3	1,643,117	4
Administrative expenses	495,128	2	379,357	2	1,402,916	2	1,165,978	2
Research and development expenses	50,401	-	43,709	-	148,621	-	128,513	-
Expected credit loss	<u>633</u>	<u>-</u>	<u>901</u>	<u>-</u>	<u>2,011</u>	<u>-</u>	<u>3,908</u>	<u>-</u>
Total operating expenses	<u>1,190,224</u>	<u>5</u>	<u>994,315</u>	<u>6</u>	<u>3,449,644</u>	<u>5</u>	<u>2,941,516</u>	<u>6</u>
NET OTHER INCOME AND EXPENSES (Note 26)	<u>25,446</u>	<u>-</u>	<u>24,457</u>	<u>-</u>	<u>66,335</u>	<u>-</u>	<u>71,558</u>	<u>-</u>
OPERATING INCOME	<u>958,234</u>	<u>5</u>	<u>457,698</u>	<u>3</u>	<u>2,906,108</u>	<u>5</u>	<u>1,480,605</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	7,518	-	4,829	-	18,842	-	17,376	-
Other income	1,908	-	2,285	-	3,573	-	10,494	-
Other gains and losses, net (Notes 12 and 21)	(2,271)	-	17,075	-	95,491	-	72,003	-
Finance costs (Notes 21 and 26)	(3,289)	-	(2,336)	-	(9,500)	-	(7,086)	-
Share of profit or loss of associates accounted for using equity method (Note 12)	<u>(72,647)</u>	<u>(1)</u>	<u>22,587</u>	<u>-</u>	<u>(71,550)</u>	<u>-</u>	<u>56,073</u>	<u>-</u>
Total non-operating income and expenses	<u>(68,781)</u>	<u>(1)</u>	<u>44,440</u>	<u>-</u>	<u>36,856</u>	<u>-</u>	<u>148,860</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	889,453	4	502,138	3	2,942,964	5	1,629,465	3
INCOME TAX EXPENSE (Note 22)	<u>192,550</u>	<u>1</u>	<u>83,616</u>	<u>-</u>	<u>582,974</u>	<u>1</u>	<u>300,558</u>	<u>-</u>
NET PROFIT	<u>696,903</u>	<u>3</u>	<u>418,522</u>	<u>3</u>	<u>2,359,990</u>	<u>4</u>	<u>1,328,907</u>	<u>3</u>

(Continued)

momo.com Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 5,567	-	\$ 3,870	-	\$ 33,353	-	\$ 286	-
Share of remeasurement of defined benefit plans of associates accounted for using equity method	-	-	-	-	-	-	(522)	-
Share of unrealized gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using equity method	-	-	2,144	-	17,700	-	35,683	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	(9,633)	-	6,041	-	(33,487)	-	(14,282)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	1,047	-	(3,479)	-	(1,790)	-	(1,385)	-
Other comprehensive income (loss), net of tax	(3,019)	-	8,576	-	15,776	-	19,780	-
TOTAL COMPREHENSIVE INCOME	\$ 693,884	3	\$ 427,098	3	\$ 2,375,766	4	\$ 1,348,687	3
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 698,383	3	\$ 419,586	3	\$ 2,363,815	4	\$ 1,331,654	3
Non-controlling interests	(1,480)	-	(1,064)	-	(3,825)	-	(2,747)	-
	<u>\$ 696,903</u>	<u>3</u>	<u>\$ 418,522</u>	<u>3</u>	<u>\$ 2,359,990</u>	<u>4</u>	<u>\$ 1,328,907</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 695,387	3	\$ 427,999	3	\$ 2,379,682	4	\$ 1,351,507	3
Non-controlling interests	(1,503)	-	(901)	-	(3,916)	-	(2,820)	-
	<u>\$ 693,884</u>	<u>3</u>	<u>\$ 427,098</u>	<u>3</u>	<u>\$ 2,375,766</u>	<u>4</u>	<u>\$ 1,348,687</u>	<u>3</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 3.83</u>		<u>\$ 2.30</u>		<u>\$ 12.98</u>		<u>\$ 7.31</u>	
Diluted	<u>\$ 3.83</u>		<u>\$ 2.30</u>		<u>\$ 12.98</u>		<u>\$ 7.31</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

momo.com Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	\$ 1,400,585	\$ 2,647,360	\$ 803,491	\$ 167,894	\$ 1,309,339	\$ (80,273)	\$ (92,420)	\$ 6,155,976	\$ 20,257	\$ 6,176,233
Distribution of 2019 earnings										
Legal reserve	-	-	130,934	-	(130,934)	-	-	-	-	-
Special reserve	-	-	-	4,799	(4,799)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,173,606)	-	-	(1,173,606)	-	(1,173,606)
Changes in equity of associates accounted for using equity method	-	-	-	-	(2,711)	-	-	(2,711)	-	(2,711)
Issue of cash dividends from capital surplus	-	(16,891)	-	-	-	-	-	(16,891)	-	(16,891)
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	1,331,654	-	-	1,331,654	(2,747)	1,328,907
Other comprehensive income (loss) for the nine months ended September 30, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>(15,594)</u>	<u>35,969</u>	<u>19,853</u>	<u>(73)</u>	<u>19,780</u>
Total comprehensive income (loss) for the nine months ended September 30, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331,132</u>	<u>(15,594)</u>	<u>35,969</u>	<u>1,351,507</u>	<u>(2,820)</u>	<u>1,348,687</u>
Disposal of investments accounted for using equity method	-	(6,083)	-	-	4,879	-	(4,879)	(6,083)	-	(6,083)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412</u>	<u>-</u>	<u>(412)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE AT SEPTEMBER 30, 2020	<u>\$ 1,400,585</u>	<u>\$ 2,624,386</u>	<u>\$ 934,425</u>	<u>\$ 172,693</u>	<u>\$ 1,333,712</u>	<u>\$ (95,867)</u>	<u>\$ (61,742)</u>	<u>\$ 6,308,192</u>	<u>\$ 17,437</u>	<u>\$ 6,325,629</u>
BALANCE AT JANUARY 1, 2021	\$ 1,400,585	\$ 2,624,386	\$ 934,425	\$ 172,693	\$ 1,944,434	\$ (79,312)	\$ (63,218)	\$ 6,933,993	\$ 15,987	\$ 6,949,980
Distribution of 2020 earnings										
Legal reserve	-	-	194,443	-	(194,443)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,400,585)	-	-	(1,400,585)	-	(1,400,585)
Stock dividends	280,117	-	-	-	(280,117)	-	-	-	-	-
Reversal of special reserve	-	-	-	(30,163)	30,163	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4,940	-	-	(3,605)	-	-	1,335	-	1,335
Issue of stock dividends from capital surplus	140,059	(140,059)	-	-	-	-	-	-	-	-
Net profit (loss) for the nine months ended September 30, 2021	-	-	-	-	2,363,815	-	-	2,363,815	(3,825)	2,359,990
Other comprehensive income (loss) for the nine months ended September 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,186)</u>	<u>51,053</u>	<u>15,867</u>	<u>(91)</u>	<u>15,776</u>
Total comprehensive income (loss) for the nine months ended September 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,363,815</u>	<u>(35,186)</u>	<u>51,053</u>	<u>2,379,682</u>	<u>(3,916)</u>	<u>2,375,766</u>
Disposal of investments accounted for using equity method	<u>-</u>	<u>(42,852)</u>	<u>-</u>	<u>-</u>	<u>50,838</u>	<u>-</u>	<u>(50,838)</u>	<u>(42,852)</u>	<u>-</u>	<u>(42,852)</u>
BALANCE AT SEPTEMBER 30, 2021	<u>\$ 1,820,761</u>	<u>\$ 2,446,415</u>	<u>\$ 1,128,868</u>	<u>\$ 142,530</u>	<u>\$ 2,510,500</u>	<u>\$ (114,498)</u>	<u>\$ (63,003)</u>	<u>\$ 7,871,573</u>	<u>\$ 12,071</u>	<u>\$ 7,883,644</u>

The accompanying notes are an integral part of the consolidated financial statements.

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,942,964	\$ 1,629,465
Adjustments for:		
Depreciation expenses	654,304	541,420
Amortization expenses	45,850	48,701
Expected credit loss	2,011	3,908
Finance costs	9,500	7,086
Interest income	(18,842)	(17,376)
Share of loss (profit) of associates accounted for using equity method	71,550	(56,073)
Loss on disposal of property, plant and equipment	119	85
Gain on disposal of investments accounted for using equity method	(97,762)	(73,859)
Others	1,039	(4,975)
Changes in operating assets and liabilities		
Accounts receivable	49,801	(10,266)
Notes and accounts receivable from related parties	(14,243)	9,533
Other receivables	(297,306)	196,360
Other receivables from related parties	45,077	(57,117)
Inventories	(562,632)	(616,946)
Prepayments	(62,177)	(69,928)
Other current assets	2,830	(578)
Right to recover products	29,133	20,334
Contract liabilities	31,243	(4,460)
Notes and accounts payable	1,425,272	919,211
Accounts payable to related parties	(90,839)	(75,649)
Other payables	(107,306)	(122,021)
Other payables to related parties	8,937	(889)
Refund liabilities	(32,888)	(23,584)
Other current liabilities	(12,634)	92,352
Net defined benefit plans	(946)	(1,042)
Cash generated from operations	4,022,055	2,333,692
Interest received	33	33
Income tax paid	(531,998)	(377,160)
Net cash generated from operating activities	<u>3,490,090</u>	<u>1,956,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(7,419)
Acquisition of investments accounted for using equity method	-	(152,516)
Disposal of investments accounted for using equity method	466,547	219,742
Repayment of capital reduction from associates	-	33,298

(Continued)

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
Acquisition of property, plant and equipment	\$ (161,882)	\$ (520,776)
Increase in refundable deposits	(40,746)	(34,019)
Decrease in refundable deposits	28,003	5,923
Acquisition of intangible assets	(27,290)	(21,897)
Increase in other financial assets	(47,386)	(146,869)
Decrease in other financial assets	46,319	51,142
Increase in prepayments for equipment	(160,702)	(156,761)
Interest received	17,758	16,931
Dividends received	<u>7,914</u>	<u>20,164</u>
Net cash generated from (used in) investing activities	<u>128,535</u>	<u>(693,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	51,654	44,599
Decrease in guarantee deposits received	(25,231)	(25,334)
Repayment of the principal portion of lease liabilities	(373,458)	(284,659)
Cash dividends paid	(1,400,585)	(1,190,497)
Interest paid	<u>(9,355)</u>	<u>(6,904)</u>
Net cash used in financing activities	<u>(1,756,975)</u>	<u>(1,462,795)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(294)</u>	<u>(196)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,861,356	(199,483)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,054,973</u>	<u>3,811,842</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 6,916,329</u>	<u>\$ 3,612,359</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

momo.com Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

momo.com Inc. (“momo” or the “Company”), a ROC corporation was incorporated on September 27, 2004. The Company’s shares were listed on the ROC Over-the-Counter Securities Exchange on February 27, 2014. On December 19, 2014, the Company’s shares were shifted to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in TV and radio production, radio and TV program distribution, radio and TV advertising, issuing of magazine, and retailing.

The consolidated financial statements of the Company as of and for the nine months ended September 30, 2021, comprise the Company and its subsidiaries (collectively, the “Group”).

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars (NTD).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Company’s Board of Directors and issued on October 29, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applicable prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Asset between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The basis for the consolidated financial statements applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2020.

See Note 11, Table 7 and Table 8 for detailed information of subsidiaries (including percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and revolving funds	\$ 16	\$ 16	\$ 16
Cash in banks	3,932,563	3,361,735	998,390
Time deposits	<u>2,983,750</u>	<u>1,693,222</u>	<u>2,613,953</u>
	<u>\$ 6,916,329</u>	<u>\$ 5,054,973</u>	<u>\$ 3,612,359</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instrument Investments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Foreign unlisted stock	<u>\$ 19,180</u>	<u>\$ 8,533</u>	<u>\$ 3,609</u>
<u>Non-current</u>			
Domestic unlisted stock	<u>\$ 92,958</u>	<u>\$ 70,252</u>	<u>\$ 53,256</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

As of September 30, 2021, December 31, 2020 and September 30, 2020, the financial assets were not pledged.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 100,874	\$ 151,586	\$ 107,211
Less: Allowance for impairment loss	<u>(1,823)</u>	<u>(2,395)</u>	<u>(2,339)</u>
	<u>\$ 99,051</u>	<u>\$ 149,191</u>	<u>\$ 104,872</u>
<u>Other receivables</u>			
Measured at amortized cost			
Gross carrying amount	\$ 980,563	\$ 683,830	\$ 542,427
Less: Allowance for impairment loss	<u>(10,848)</u>	<u>(10,059)</u>	<u>(11,856)</u>
	<u>\$ 969,715</u>	<u>\$ 673,771</u>	<u>\$ 530,571</u>

Accounts receivable and other receivables mainly include amounts that customers has paid through banks and logistics companies but not yet received by the Group.

The Group measures the loss allowance for accounts receivable and other receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable and other receivables are estimated by reference to the past default experience and collecting experience of each debtor as well as an increase in the number of delayed payments in the portfolio past the average credit period. Furthermore, the Group considers both its own trading records and observable changes in national or local economic conditions that correlate with defaults on receivables as factors affecting the expected credit losses. The Group estimates expected credit loss rate, based on different loss patterns for different customer segments, by past due status and actual situation.

The Group writes off accounts receivable and other receivables when there are evidences indicating that the counterparty is in severe financial difficulty and accounts receivable and other receivables are considered uncollectible. For accounts receivable and other receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable and other receivables.

September 30, 2021

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 1,011,802	\$ 51,246	\$ 8,263	\$ 10,126	\$ 1,081,437
Loss allowance (Lifetime ECLs)	<u>(14)</u>	<u>(130)</u>	<u>(2,414)</u>	<u>(10,113)</u>	<u>(12,671)</u>
Amortized cost	<u>\$ 1,011,788</u>	<u>\$ 51,116</u>	<u>\$ 5,849</u>	<u>\$ 13</u>	<u>\$ 1,068,766</u>

December 31, 2020

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 751,907	\$ 67,977	\$ 5,749	\$ 9,783	\$ 835,416
Loss allowance (Lifetime ECLs)	<u>(258)</u>	<u>(293)</u>	<u>(2,208)</u>	<u>(9,695)</u>	<u>(12,454)</u>
Amortized cost	<u>\$ 751,649</u>	<u>\$ 67,684</u>	<u>\$ 3,541</u>	<u>\$ 88</u>	<u>\$ 822,962</u>

September 30, 2020

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 585,205	\$ 46,921	\$ 5,640	\$ 11,872	\$ 649,638
Loss allowance (Lifetime ECLs)	<u>(128)</u>	<u>(383)</u>	<u>(1,949)</u>	<u>(11,735)</u>	<u>(14,195)</u>
Amortized cost	<u>\$ 585,077</u>	<u>\$ 46,538</u>	<u>\$ 3,691</u>	<u>\$ 137</u>	<u>\$ 635,443</u>

The expected credit loss rate of each period above, excluding abnormal transactions which have been recognized 100% credit loss, is lower than 10% when the aging of the receivables not past due or within 120 days and is between 10%-100% when the aging period past due over 121 days.

The movements of the loss allowance of accounts receivable and other receivables were as follows:

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ 12,454	\$ 11,776
Add: Provision	2,011	3,908
Less: Write-off	<u>(1,794)</u>	<u>(1,489)</u>
Ending balance	<u>\$ 12,671</u>	<u>\$ 14,195</u>

9. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Merchandise	<u>\$ 3,952,644</u>	<u>\$ 3,390,012</u>	<u>\$ 3,022,880</u>

The cost of inventories recognized as cost of goods sold for the three months and the nine months ended September 30, 2021 were \$17,707,989 thousand and \$52,272,860 thousand, respectively, which included inventory write-downs of \$6,233 thousand and \$5,667 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and the nine months ended September 30, 2020 were \$13,244,337 thousand and \$39,531,328 thousand, respectively, which included reversal of inventory write-downs of \$9,486 thousand and inventory write-downs of \$13,999 thousand, respectively.

10. OTHER FINANCIAL ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Pledged time deposits and restricted deposits	\$ 64,200	\$ 64,187	\$ 69,360
Time deposits with original maturities of more than 3 months	<u>150,699</u>	<u>150,812</u>	<u>149,844</u>
	<u>\$ 214,899</u>	<u>\$ 214,999</u>	<u>\$ 219,204</u>

Non-current

Pledged time deposits and restricted deposits	<u>\$ 204,495</u>	<u>\$ 204,195</u>	<u>\$ 155,962</u>
-----------------------------------------------	-------------------	-------------------	-------------------

- The Group estimates the expected credit risks of the above financial assets are not significant, and all the credit risks did not increase after initial recognition.
- Refer to Note 27 for information relating to other financial assets pledged as security.

11. SUBSIDIARIES

- Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Activities	% of Ownership			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	100.00	-
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00	85.00	85.00	-
momo	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics industry	100.00	100.00	100.00	-
momo	MFS Co., Ltd. (MFS)	Wholesaling	100.00	100.00	100.00	-
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99	81.99	81.99	-
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.548	93.548	93.548	-
momo	Honest Development Co. Ltd. (Honest Development)	Investment	100.00	100.00	100.00	-
Honest Development	Hong Kong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00	100.00	100.00	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00	100.00	100.00	-

- Subsidiaries excluded from the consolidated financial statements: None.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

Investee Company	September 30, 2021		December 31, 2020		September 30, 2020	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	\$ 548,295	20.00	\$ 606,376	20.00	\$ 577,080	20.00
TV Direct Public Company Limited (TV Direct)	137,557	21.35	192,103	24.99	152,376	20.00
Taiwan Pelican Express Co., Ltd. (TPE)	<u>-</u>	-	<u>386,414</u>	15.50	<u>387,984</u>	15.50
	<u>\$ 685,852</u>		<u>\$ 1,184,893</u>		<u>\$ 1,117,440</u>	

Refer to Table 7 and Table 8 for the nature of activities, principal places of business and countries of incorporation of the associates.

a. GHS

In June 2015, momo acquired 20% equity interests of GHS through its subsidiary - Honest Development.

b. TV Direct

During the period from June to July 2020, momo acquired 20% equity interest of TV Direct. In November 2020, momo's shareholding in TV Direct increased to 24.99% due to the acquisition of additional 4.99% equity interest of TV Direct.

In January and April 2021, momo's shareholding in TV Direct decreased to 21.35%, due to non-subscription to the exercise of the share options, which were granted by TV Direct. The portion that had previously been recognized in other comprehensive income relating to the deduction in ownership interest has reclassified to loss on the disposal of investment was \$1,290 thousand.

c. TPE

During the period from May to July 2020, momo's shareholding in TPE decreased from 17.70% to 15.50%, due to the selling of 2,100 thousand shares of TPE for \$72,970 thousand, and gain on the disposal of investment was \$24,844 thousand.

In March 2021, momo sold all of its remaining shares of TPE for \$466,547 thousand, and gain on the disposal of investment was \$99,052 thousand.

d. TVD Shopping Co., Ltd.

In January 2020, TVD Shopping Co., Ltd. (collectively, the "TVD Shopping") held an interim shareholders meeting to resolve a capital reduction. In March 2020, momo has received the refund of the capital reduction of \$33,298 thousand (equal to THB35,000 thousand).

In June 2020, momo sold all of its shares in TVD Shopping to TV Direct for \$146,772 thousand, and gain on the disposal of investment was \$49,015 thousand.

e. Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	September 30, 2021	December 31, 2020	September 30, 2020
TV Direct	<u>\$ 175,825</u>	<u>\$ 197,341</u>	<u>\$ 151,332</u>
TPE	<u>\$ -</u>	<u>\$ 503,702</u>	<u>\$ 488,169</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,717,927	\$ 1,769,264	\$ 1,574,431	\$ 119,149	\$ 284,365	\$ 79,527	\$ 21,610	\$ 5,566,273
Additions	431,785	-	26,420	11,969	21,613	13,839	16,429	522,055
Disposals	-	-	(29,455)	(164)	(181)	-	-	(29,800)
Reclassifications	188,443	-	17,490	-	-	9,923	-	215,856
Effect of foreign currency exchange differences	-	-	(587)	(14)	(20)	(2)	-	(623)
Balance at September 30, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,769,264</u>	<u>\$ 1,588,299</u>	<u>\$ 130,940</u>	<u>\$ 305,777</u>	<u>\$ 103,287</u>	<u>\$ 38,039</u>	<u>\$ 6,273,761</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 166,898	\$ 778,970	\$ 69,234	\$ 168,670	\$ 17,632	\$ -	\$ 1,201,404
Depreciation expenses	-	60,834	127,480	20,531	30,299	8,703	-	247,847
Disposals	-	-	(29,450)	(147)	(118)	-	-	(29,715)
Effect of foreign currency exchange differences	-	-	(533)	(15)	(13)	(2)	-	(563)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 227,732</u>	<u>\$ 876,467</u>	<u>\$ 89,603</u>	<u>\$ 198,838</u>	<u>\$ 26,333</u>	<u>\$ -</u>	<u>\$ 1,418,973</u>
Carrying amount at January 1, 2020	<u>\$ 1,717,927</u>	<u>\$ 1,602,366</u>	<u>\$ 795,461</u>	<u>\$ 49,915</u>	<u>\$ 115,695</u>	<u>\$ 61,895</u>	<u>\$ 21,610</u>	<u>\$ 4,364,869</u>
Carrying amount at September 30, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,541,532</u>	<u>\$ 711,832</u>	<u>\$ 41,337</u>	<u>\$ 106,939</u>	<u>\$ 76,954</u>	<u>\$ 38,039</u>	<u>\$ 4,854,788</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 2,338,155	\$ 1,770,464	\$ 1,718,419	\$ 134,374	\$ 311,973	\$ 103,318	\$ 5,016	\$ 6,381,719
Additions	-	5,714	45,618	17,782	24,570	3,515	48,266	145,465
Disposals	-	-	(72,513)	(548)	(2,602)	(625)	-	(76,288)
Reclassifications	-	-	148	-	-	4,933	-	5,081
Effect of foreign currency exchange differences	-	-	(1,367)	(36)	(47)	(4)	-	(1,454)
Balance at September 30, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,776,178</u>	<u>\$ 1,690,305</u>	<u>\$ 151,572</u>	<u>\$ 333,894</u>	<u>\$ 111,137</u>	<u>\$ 53,282</u>	<u>\$ 6,454,523</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 248,058	\$ 924,842	\$ 96,180	\$ 209,687	\$ 29,563	\$ -	\$ 1,508,330
Depreciation expenses	-	61,094	152,893	15,637	32,798	10,387	-	272,809
Disposals	-	-	(72,488)	(454)	(2,602)	(625)	-	(76,169)
Effect of foreign currency exchange differences	-	-	(1,338)	(35)	(45)	(4)	-	(1,422)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 309,152</u>	<u>\$ 1,003,909</u>	<u>\$ 111,328</u>	<u>\$ 239,838</u>	<u>\$ 39,321</u>	<u>\$ -</u>	<u>\$ 1,703,548</u>
Carrying amount at January 1, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,522,406</u>	<u>\$ 793,577</u>	<u>\$ 38,194</u>	<u>\$ 102,286</u>	<u>\$ 73,755</u>	<u>\$ 5,016</u>	<u>\$ 4,873,389</u>
Carrying amount at September 30, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,467,026</u>	<u>\$ 686,396</u>	<u>\$ 40,244</u>	<u>\$ 94,056</u>	<u>\$ 71,816</u>	<u>\$ 53,282</u>	<u>\$ 4,750,975</u>

No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2021 and 2020.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-50 years
Machinery	1-12 years
Office equipment	2-10 years
Lease improvement	1-10 years
Other equipment	2-15 years

As of September 30, 2021, December 31, 2020 and September 30, 2020, the property, plant and equipment were not pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amount</u>			
Land	\$ 1,732	\$ 2,772	\$ 3,119
Buildings	1,540,098	1,269,844	1,047,820
Office equipment	4,291	6,748	7,656
Transportation equipment	<u>1,957</u>	<u>3,047</u>	<u>3,410</u>
	<u>\$ 1,548,078</u>	<u>\$ 1,282,411</u>	<u>\$ 1,062,005</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u> <u>2020</u>
Additions to right-of-use assets			<u>\$ 502,167</u> <u>\$ 268,074</u>
Depreciation charge for right-of-use assets			
Land	\$ 347	\$ 347	\$ 1,040
Buildings	131,554	99,905	376,908
Office equipment	794	927	2,457
Transportation equipment	<u>363</u>	<u>363</u>	<u>1,090</u>
	<u>\$ 133,058</u>	<u>\$ 101,542</u>	<u>\$ 381,495</u> <u>\$ 293,573</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amount</u>			
Current	<u>\$ 518,602</u>	<u>\$ 426,417</u>	<u>\$ 378,714</u>
Non-current	<u>\$ 1,058,489</u>	<u>\$ 877,867</u>	<u>\$ 700,150</u>

The ranges of discount rate for lease liabilities were 0.61%-0.86%, 0.74%-0.86% and 0.74%-0.86% per annum, as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

c. Material leasing activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 1.8 to 10.1 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	<u>\$ 8,241</u>	<u>\$ 9,057</u>	<u>\$ 25,032</u>	<u>\$ 25,842</u>
Expenses relating to low-value asset leases	<u>\$ 401</u>	<u>\$ 317</u>	<u>\$ 1,216</u>	<u>\$ 969</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 24,595</u>	<u>\$ 21,070</u>	<u>\$ 66,778</u>	<u>\$ 64,820</u>
Total cash outflow for leases			<u>\$ (475,839)</u>	<u>\$ (383,194)</u>

The Group's leases of certain buildings qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The amounts of lease commitments for short-term leases for which the recognition exemption is applied (including lease commitments for short-term leases with lease terms commencing after the balance sheet dates) were \$26,826 thousand, \$20,098 thousand and \$26,639 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

15. NOTES AND ACCOUNTS PAYABLE

	September 30, 2021	December 31, 2020	September 30, 2020
Notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,596</u>
Accounts payable Suppliers	<u>\$ 8,044,892</u>	<u>\$ 6,619,620</u>	<u>\$ 5,971,521</u>

16. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Payable for salaries and bonus	\$ 383,558	\$ 441,611	\$ 314,199
Payable for pension	26,163	24,408	23,673
Payable for equipment and construction	2,347	25,780	5,728
Payable for business tax	1,475	122,287	1,242
Others	<u>412,395</u>	<u>341,084</u>	<u>222,569</u>
	<u>\$ 825,938</u>	<u>\$ 955,170</u>	<u>\$ 567,411</u>

17. OTHER CURRENT LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
Collection about travelling merchandise	\$ 98,374	\$ 117,436	\$ 109,266
Other financial liabilities	336,575	309,348	249,962
Others	<u>251,771</u>	<u>272,570</u>	<u>304,164</u>
	<u>\$ 686,720</u>	<u>\$ 699,354</u>	<u>\$ 663,392</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The employees of the Group’s subsidiaries in other countries are members of state-managed retirement benefit plans operated by local governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Accordingly, the Group recognized expenses of \$26,378 thousand and \$24,089 thousand for the three months ended September 30, 2021 and 2020, respectively, and \$77,522 thousand and \$70,811 thousand for the nine months ended September 30, 2021 and 2020, respectively.

b. Defined benefit plans

For the three months and nine months ended September 30, 2021, the deduction of pension expenses of defined benefit plans were \$0 thousand and \$2 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020.

For the three months and nine months ended September 30, 2020, the pension expenses of defined benefit plans were \$1 thousand and \$4 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2019.

19. EQUITY

a. Common stock

As of September 30, 2021, December 31, 2020 and September 30, 2020, momo had authorized 300,000 thousand, 200,000 thousand and 200,000 thousand common shares, respectively, with 182,076 thousand, 140,059 thousand and 140,059 thousand shares issued and outstanding at par value \$10 per share.

On May 18, 2021, the Company’s shareholders resolved in the shareholders’ meeting to issue 42,017 thousand common shares with a par value of \$10 from earnings and capital surplus. After the issuance, the Company’s paid-in capital increased to \$1,820,761 thousand. On June 9, 2021, the above transaction was approved by the Securities and Futures Bureau, FSC, and the subscription base date was determined by the Board of Directors on July 11, 2021.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
Issuance of common shares	\$ 2,316,014	\$ 2,456,073	\$ 2,456,073
Changes in percentage of ownership interests in subsidiaries	125,291	125,291	125,291
Share of changes in capital surplus of associates	4,940	42,852	42,852
Expired employee share options	<u>170</u>	<u>170</u>	<u>170</u>
	<u>\$ 2,446,415</u>	<u>\$ 2,624,386</u>	<u>\$ 2,624,386</u>

Under the ROC Company Act, the capital surplus generated from the excess of the issuance price over the par value of common stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of momo's paid-in capital. Changes in percentage of ownership interests in subsidiaries, share of changes in capital surplus of associates and expired employee share options may be used to offset a deficit.

c. Retained earnings and dividends policy

momo's Articles of Incorporation provide that, in the event that momo, according to the financial report, earns profits in a fiscal year, such profits shall first be applied to pay the applicable taxes, recover losses, set aside legal reserve pursuant to laws and regulations until the accumulated legal reserves equal momo's paid-in capital, and set aside or reverse a special reserve in accordance with the law or to satisfy the business needs of momo. The remaining balance and any unappropriated earnings of the previous fiscal years shall be distributed to the shareholders with more than 10% as dividends in accordance with resolutions of the shareholders' meetings. For information about the accrual basis of the compensation of employees and remuneration of directors and the actual appropriations, please refer to Note 21(d).

Based on the consideration of the needs of the Company's operations and to maximize shareholders' interest, the Board of Directors proposed, for approval in the shareholder's meeting, to distribute dividends per residual dividend policy. The Board makes the decision based on the Company's future capital budget-planning and funding needs for the following fiscal year, in addition to factors such as the Company's profitability, financial structure and diluted earnings per share.

Dividends are distributed in the form of stock dividends or cash dividends, of which, cash dividends shall amount to at least to 10%, in order to sustain company operations and growth while balancing the need for dividend distribution and shareholders rights.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals momo's paid-in capital. The legal reserve may be used to offset a deficit. If momo has no deficit and the legal reserve has exceeded 25% of momo's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, momo is required to set aside and reverse additional special reserve equivalent to the net debit balance of other equity items, such as exchange differences on the translation of the financial statements of foreign operations and unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations of earnings for 2020 and 2019 that had been resolved by the shareholders in their meetings on May 18, 2021 and May 15, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 194,443	\$ 130,934
Special reserve	\$ (30,163)	\$ 4,799
Cash dividends	\$ 1,400,585	\$ 1,173,606
Share dividends	\$ 280,117	\$ -
Cash dividends per share (NT\$)	\$ 10	\$ 8.3794
Share dividends per share (NT\$)	\$ 2	\$ -

The Company's shareholders resolved in the shareholders' meeting on May 18, 2021 and May 15, 2020 to issue share dividends of \$140,059 thousand and cash dividends of \$16,891 thousand, respectively, from capital surplus.

d. Other equity items

1) Exchange differences on translation

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ (79,312)	\$ (80,273)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	(33,396)	(14,209)
Share from associates accounted for using equity method	(1,790)	(1,385)
Other comprehensive loss recognized for the period	(35,186)	(15,594)
Ending balance	\$ (114,498)	\$ (95,867)

2) Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ (63,218)	\$ (92,420)
Recognized for the period		
Unrealized gain - equity instruments	33,353	286
Share from associates accounted for using equity method	17,700	35,683
Other comprehensive income recognized for the period	51,053	35,969
Disposal of associates accounted for using equity method	(50,838)	(4,879)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(412)
Ending balance	\$ (63,003)	\$ (61,742)

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ 15,987	\$ 20,257
Share in loss for the period	(3,825)	(2,747)
Other comprehensive loss during the period		
Exchange differences on the translation of the financial statements of foreign entities	<u>(91)</u>	<u>(73)</u>
Ending balance	<u>\$ 12,071</u>	<u>\$ 17,437</u>

20. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Sales revenue	\$ 20,829,930	\$ 15,477,136	\$ 61,244,456	\$ 46,255,707
Other operating revenues	<u>77,456</u>	<u>105,857</u>	<u>282,421</u>	<u>267,097</u>
	<u>\$ 20,907,386</u>	<u>\$ 15,582,993</u>	<u>\$ 61,526,877</u>	<u>\$ 46,522,804</u>

Please refer to Note 4(o) to the consolidated financial statements for the year ended December 31, 2020 and Note 31 for the details of revenue.

Contract Information

The Group's customary business practice allows customers to return the goods within 10 days for a full refund. The rate of return is estimated on a portfolio level using the expected value method, taking into account the Group's accumulated historical experience. The refund liabilities and the related right to recover products from customers are recorded accordingly.

21. PROFIT BEFORE INCOME TAX

a. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
(Loss) gain on disposal of investments accounted for using equity method (Note 12)	\$ (1,290)	\$ 15,365	\$ 97,762	\$ 73,859
Net foreign exchange (losses) gains	(932)	1,715	(2,158)	(1,771)
Loss on disposal of property, plant and equipment, net	(49)	(5)	(119)	(85)
Others	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
	<u>\$ (2,271)</u>	<u>\$ 17,075</u>	<u>\$ 95,491</u>	<u>\$ 72,003</u>

b. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 3,270	\$ 2,325	\$ 9,448	\$ 7,055
Others	<u>19</u>	<u>11</u>	<u>52</u>	<u>31</u>
	<u>\$ 3,289</u>	<u>\$ 2,336</u>	<u>\$ 9,500</u>	<u>\$ 7,086</u>

c. Employee benefits expense, depreciation and amortization

Function Nature	For the Three Months Ended September 30, 2021			For the Three Months Ended September 30, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 236,802	\$ 343,259	\$ 580,061	\$ 203,238	\$ 285,881	\$ 489,119
Insurance expense	25,008	31,496	56,504	21,060	27,172	48,232
Pension	11,424	14,954	26,378	10,124	13,966	24,090
Other employee benefits	14,785	16,983	31,768	13,446	20,959	34,405
Depreciation	173,966	49,678	223,644	144,704	40,270	184,974
Amortization	2,102	13,450	15,552	2,095	15,200	17,295

Function Nature	For the Nine Months Ended September 30, 2021			For the Nine Months Ended September 30, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 675,569	\$ 952,176	\$ 1,627,745	\$ 593,658	\$ 844,068	\$ 1,437,726
Insurance expense	71,291	95,538	166,829	61,919	80,991	142,910
Pension	32,459	45,061	77,520	29,797	41,018	70,815
Other employee benefits	42,458	55,993	98,451	39,084	52,395	91,479
Depreciation	506,284	148,020	654,304	419,565	121,855	541,420
Amortization	5,652	40,198	45,850	7,034	41,667	48,701

d. Compensation of employees and remuneration of directors

According to momo's Articles, if the Company earns profits in a fiscal year, such profits shall be appropriated as follows:

- 1) A maximum of 0.3% as director remuneration.
- 2) 0.1% to 1% as employee compensation.

Before allocating the profits for above shall first offset its losses in previous years.

Compensation of employees may be distributed to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons.

The Company's estimated compensation of employees and remuneration of directors were made by applying the rates to the aforementioned regulation. For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, the estimated compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Compensation of employees	<u>\$ 887</u>	<u>\$ 505</u>	<u>\$ 2,942</u>	<u>\$ 1,633</u>
Remuneration of directors	<u>\$ 887</u>	<u>\$ 505</u>	<u>\$ 2,942</u>	<u>\$ 1,633</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2020 and 2019 that were resolved by the Board of Directors on February 18, 2021 and February 12, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	<u>\$ 2,420</u>	<u>\$ 1,632</u>
Remuneration of directors	<u>\$ 2,420</u>	<u>\$ 1,632</u>

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by momo's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 193,585	\$ 92,554	\$ 581,410	\$ 320,844
Adjustments for prior years	<u>-</u>	<u>(10,591)</u>	<u>(579)</u>	<u>(16,565)</u>
	<u>193,585</u>	<u>81,963</u>	<u>580,831</u>	<u>304,279</u>
Deferred tax				
In respect of the current period	<u>(1,035)</u>	<u>1,653</u>	<u>2,143</u>	<u>(3,721)</u>
Income tax expense recognized in profit or loss	<u>\$ 192,550</u>	<u>\$ 83,616</u>	<u>\$ 582,974</u>	<u>\$ 300,558</u>

b. Income tax assessments

The Group's income tax returns which have been assessed by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
momo	2019
FST	2019
FLI	2019
FPI	2019
Bebe Poshe	2019

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Basic earnings per share	<u>\$ 3.83</u>	<u>\$ 2.30</u>	<u>\$ 12.98</u>	<u>\$ 7.31</u>
Diluted earnings per share	<u>\$ 3.83</u>	<u>\$ 2.30</u>	<u>\$ 12.98</u>	<u>\$ 7.31</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 11, 2021. The basic and diluted earnings per share adjusted retroactively for the three months and nine months ended September 30, 2020 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>For the Three Months Ended September 30, 2020</u>	<u>For the Nine Months Ended September 30, 2020</u>	<u>For the Three Months Ended September 30, 2020</u>	<u>For the Nine Months Ended September 30, 2020</u>
Basic earnings per share	<u>\$ 3.00</u>	<u>\$ 9.51</u>	<u>\$ 2.30</u>	<u>\$ 7.31</u>
Diluted earnings per share	<u>\$ 3.00</u>	<u>\$ 9.51</u>	<u>\$ 2.30</u>	<u>\$ 7.31</u>

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 698,383</u>	<u>\$ 419,586</u>	<u>\$ 2,363,815</u>	<u>\$ 1,331,654</u>

Weighted Average Number of Common Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of common shares used in the computation of basic earnings per share	182,076	182,076	182,076	182,076
Effect of potentially dilutive common shares:				
Compensation of employees	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>182,077</u>	<u>182,077</u>	<u>182,078</u>	<u>182,079</u>

If the Group may settle compensation of employees in cash or shares, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the nine months ended September 30, 2021

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ <u>1,304,284</u>	\$ <u>(382,813)</u>	\$ <u>501,186</u>	\$ <u>154,434</u>	\$ <u>1,577,091</u>

For the nine months ended September 30, 2020

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ <u>1,096,361</u>	\$ <u>(291,563)</u>	\$ <u>267,588</u>	\$ <u>6,478</u>	\$ <u>1,078,864</u>

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management of the Group believes the carrying amount of financial assets and financial liabilities not measured at fair value recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ 19,180	\$ -	\$ 19,180
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>92,958</u>	<u>92,958</u>
	<u>\$ -</u>	<u>\$ 19,180</u>	<u>\$ 92,958</u>	<u>\$ 112,138</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ 8,533	\$ -	\$ 8,533
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>70,252</u>	<u>70,252</u>
	<u>\$ -</u>	<u>\$ 8,533</u>	<u>\$ 70,252</u>	<u>\$ 78,785</u>

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ 3,609	\$ -	\$ 3,609
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>53,256</u>	<u>53,256</u>
	<u>\$ -</u>	<u>\$ 3,609</u>	<u>\$ 53,256</u>	<u>\$ 56,865</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2021 and 2020.

2) Valuation techniques and assumptions used in fair value determination

- a) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values on the observable closing price of the stocks, volatility, risk-free interest rate and liquidity risk at the end of the period.
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The Group uses price-book ratio approach, comparing the net value per share with other public companies among the similar industries or evaluating stock price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments:

	For the Nine Months Ended September 30	
	2021	2020
Beginning balance	\$ 70,252	\$ 49,584
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at fair value through other comprehensive income)	<u>22,706</u>	<u>3,672</u>
Ending balance	<u>\$ 92,958</u>	<u>\$ 53,256</u>

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	\$ 112,138	\$ 78,785	\$ 56,865
Financial assets at amortized cost (Note 1)	<u>8,733,715</u>	<u>6,652,826</u>	<u>4,961,235</u>
	<u>\$ 8,845,853</u>	<u>\$ 6,731,611</u>	<u>\$ 5,018,100</u>

Financial liabilities

Financial liabilities at amortized cost (Note 2)	<u>\$ 9,923,587</u>	<u>\$ 8,653,080</u>	<u>\$ 7,318,141</u>
--------------------------------------------------	---------------------	---------------------	---------------------

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise notes and accounts payable, other payables, other financial liabilities and guarantee deposits received.

d. Financial risk management objectives and policies

1) The Group is exposed to the following risks due to usage of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

2) Risk management framework

a) Decision-making mechanism:

The highest decision-making authority is the Board of Directors. The Board of Directors assesses material risks in accordance with operation strategy while monitoring the overall risks and their strategy execution steadily. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

b) Risk management policies:

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.
- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism:

The Internal Audit Office regularly monitors and assesses the potential risks that the Group may face and use this information as a reference for drafting its annual audit plan. The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from the Group's receivables from customers and financial instruments. The Group deals with customers with good reputation and monitors customers' credit risk and credit ratings continuously. The Group transacts with a large number of unrelated customers and, thus, credit risk is not highly concentrated.

The Group's maximum exposure to credit risk of all kinds of financial instruments is equal to the carrying amount.

4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash and cash equivalents or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group manages and maintains sufficient capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had unused bank facilities of \$100,000 thousand, \$600,000 thousand and \$600,000 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 46,268	\$ 92,342	\$ 390,343	\$ 898,477	\$ 177,594

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 40,730	\$ 76,829	\$ 319,843	\$ 830,652	\$ 53,712

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 35,236	\$ 70,472	\$ 281,832	\$ 688,363	\$ 17,829

The Group's working capital is sufficient to meet the cash flow demand; therefore, liquidity risk is not considered to be significant.

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range and to optimize the return.

The Group engages in financial instrument transactions without involving any significant risk such as exchange rate risk, interest rate risk, and other price risk; therefore, the Group's market risk is insignificant.

a) Exchange rate risk

Most of the operating revenues and expenses are measured in the Group's functional currency. Overall, exchange rate risk is not significant.

For the Group's foreign-currency financial assets and liabilities exposed to significant exchange rate risk, please refer to Note 29.

Sensitivity analysis

The Group was mainly exposed to the USD, GBP and RMB.

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, other financial assets and accounts payable, etc. If the NTD, when compared with the relevant foreign currencies, had appreciated or depreciated by 5% on the reporting date, profit would have increased (decreased) as follows:

	For the Nine Months Ended September 30	
	2021	2020
Appreciated 5%	\$ (6,496)	\$ (7,420)
Depreciated 5%	\$ 6,496	\$ 7,420

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group carried cash in banks, time deposits, interest receivable, other financial assets, refundable deposits, and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 3,393,449	\$ 1,959,435	\$ 2,866,742
Financial liabilities	1,577,091	1,304,284	1,078,864
Cash flow interest rate risk			
Financial assets	4,050,607	3,514,335	1,119,737

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the nine months ended September 30, 2021 and 2020 would have increased or decreased by \$15,190 thousand and \$4,199 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments. The Group supervises the equity price risk actively and manages the risk based on fair value.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher or lower, the post-tax other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased or decreased by \$5,607 thousand and \$2,843 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

26. TRANSACTIONS WITH RELATED PARTIES

momo's parent is Wealth Media Technology Co., Ltd. (WMT), which held 45.01% of common stocks of momo as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd. (TWM).

Balances and transactions between momo and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Taiwan Mobile Co., Ltd. (TWM)	Ultimate parent entity
Wealth Media Technology Co., Ltd. (WMT)	Parent entity
GHS	Associates
Beijing Global JiuSha Media Technology Co., Ltd.	Associates
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associates
GHS Trading Ltd.	Associates
Citruss Saudi Trading Company LLC	Associates
TPE	Associates (Note 1)
TV Direct	Associates
TVD Shopping	Associates (Note 2)
Taipei New Horizon Co., Ltd.	Same ultimate parent entity
Taiwan Fixed Network Co., Ltd. (TFN)	Same ultimate parent entity
Taiwan Teleservices & Technologies Co., Ltd.	Same ultimate parent entity
Taiwan Digital Service Co., Ltd.	Same ultimate parent entity
TFN Media Co., Ltd.	Same ultimate parent entity
Win TV Broadcasting Co., Ltd.	Same ultimate parent entity
Taiwan Kuro Times Co., Ltd.	Same ultimate parent entity
Yeong Jia Leh Cable TV Co., Ltd.	Same ultimate parent entity
Mangrove Cable TV Co., Ltd.	Same ultimate parent entity
Phoenix Cable TV Co., Ltd.	Same ultimate parent entity
Union Cable TV Co., Ltd.	Same ultimate parent entity
Globalview Cable TV Co., Ltd.	Same ultimate parent entity
AppWorks Ventures Co., Ltd.	Related party in substance

(Continued)

Related Party Name	Related Party Categories
kbro Media Co., Ltd.	Related party in substance
Mistake Entertainment Co., Ltd.	Related party in substance
AppWorks School Co., Ltd.	Related party in substance
Good Image Co., Ltd.	Related party in substance
Fubon Life Insurance Co., Ltd. (Fubon Life)	Related party in substance
Fubon Insurance Co., Ltd.	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Bank (China) Co., Ltd.	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Fubon Securities Investment Services Co., Ltd.	Related party in substance
Fubon Financial Holding Venture Capital Corporation	Related party in substance
Fubon Financial Holding Co., Ltd.	Related party in substance
Fubon Futures Co., Ltd.	Related party in substance
Fubon Direct Marketing Consulting Co., Ltd.	Related party in substance
Fubon Sports & Entertainment Co., Ltd.	Related party in substance
Fubon Stadium Co., Ltd.	Related party in substance
Fubon AMC, Ltd.	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Fubon Hospitality Management Co., Ltd.	Related party in substance
Fubon Insurance Agency Co., Ltd. (formerly known as Fu-Sheng General Insurance Agency Co., Ltd.)	Related party in substance
Fu-Sheng Insurance Agency Co., Ltd. (formerly known as Fu-Sheng Life Insurance Agency Co., Ltd.)	Related party in substance
TFB Capital Co., Ltd.	Related party in substance
P. League+ Co., Ltd.	Related party in substance
Jih Sun Securities Co., Ltd.	Related party in substance
Jih Sun International Bank, Ltd.	Related party in substance
Jih Sun Futures Co., Ltd.	Related party in substance
Jih Sun Securities Investment Consulting Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fu Yi Health Management Co., Ltd.	Related party in substance
Chen Feng Investment Ltd.	Related party in substance
Chen Yun Co., Ltd.	Related party in substance
Cho Pharma Inc.	Related party in substance
kbro Co., Ltd. (kbro)	Related party in substance
One Production Film Co., Ltd.	Related party in substance
Daanwenshan CATV Co., Ltd.	Related party in substance
North Taoyuan CATV Co., Ltd.	Related party in substance
Yangmingshan CATV Co., Ltd.	Related party in substance
Hsin Taipei CATV Co., Ltd.	Related party in substance
Chinpingtao CATV Co., Ltd.	Related party in substance
Hsintangcheng CATV Co., Ltd.	Related party in substance
Chuanlien CATV Co., Ltd.	Related party in substance
Chen Tao Cable TV Co., Ltd.	Related party in substance
Fengmeng Cable TV Co., Ltd.	Related party in substance
Hsinpingtao CATV Co., Ltd.	Related party in substance
Kuansheng CATV Co., Ltd.	Related party in substance

(Continued)

Related Party Name	Related Party Categories
Nantien CATV Co., Ltd.	Related party in substance
Taiwan Win TV Media Co., Ltd.	Related party in substance
Far Eastern Memorial Hospital	Related party in substance (Note 3)
Taiwan Mobile Foundation	Related party in substance
Fubon Cultural & Educational Foundation	Related party in substance
Fubon Charity Foundation	Related party in substance
Fubon Art Foundation	Related party in substance
Taipei Fubon Bank Charity Foundation	Related party in substance
Taipei New Horizon Management Agency	Related party in substance (Concluded)

Note 1: In March 2021, momo sold all of its shares in TPE.

Note 2: TVD Shopping was originally a subsidiary of TV Direct, and not a related party since November 2020.

Note 3: Not a related party since September 2021.

b. Operating revenues

Line Items	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Sales	Ultimate parent entity	\$ 69,130	\$ 48,455	\$ 170,829	\$ 186,985
	Associates	<u>3,266</u>	<u>8,413</u>	<u>6,478</u>	<u>23,338</u>
		<u>\$ 72,396</u>	<u>\$ 56,868</u>	<u>\$ 177,307</u>	<u>\$ 210,323</u>

The Group renders sales service to other related parties.

The transaction terms with related parties were not significantly different from those with third parties.

c. Purchases

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Ultimate parent entity	\$ 491,863	\$ 366,028	\$ 1,587,861	\$ 1,098,641
Associates	-	206,749	127,694	593,392
Other related parties	<u>82,640</u>	<u>46,705</u>	<u>206,977</u>	<u>93,574</u>
	<u>\$ 574,503</u>	<u>\$ 619,482</u>	<u>\$ 1,922,532</u>	<u>\$ 1,785,607</u>

The entities mentioned above provide sales, logistics, play video program and other services.

The transaction terms with related parties were not significantly different from those with third parties.

d. Receivables from related parties

Line Items	Related Party Categories/Name	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	Ultimate parent entity	\$ 43,589	\$ 19,897	\$ 20,031
	Associates	<u>356</u>	<u>787</u>	<u>3,244</u>
	Other related parties			
	TFCB	20,517	682	-
	Others	<u>1,922</u>	<u>2,109</u>	<u>2,966</u>
		<u>22,439</u>	<u>2,791</u>	<u>2,966</u>
		<u>\$ 66,384</u>	<u>\$ 23,475</u>	<u>\$ 26,241</u>
Other receivables	Ultimate parent entity	\$ 36,897	\$ 27,060	\$ 22,732
	Associates	-	63,168	54,742
	Other related parties			
	TFCB	<u>89,003</u>	<u>109,391</u>	<u>113,358</u>
		<u>\$ 125,900</u>	<u>\$ 199,619</u>	<u>\$ 190,832</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

Receivables from related parties mentioned above exclude notes receivable arising from non-operating activities.

e. Payables to related parties

Line Items	Related Party Categories	September 30, 2021	December 31, 2020	September 30, 2020
Accounts payable	Ultimate parent entity	\$ 222,497	\$ 337,324	\$ 116,667
	Associates	-	99,280	86,157
	Other related parties	<u>124,294</u>	<u>1,026</u>	<u>1,919</u>
		<u>\$ 346,791</u>	<u>\$ 437,630</u>	<u>\$ 204,743</u>
Other payables	Ultimate parent entity	\$ 23,578	\$ 9,143	\$ 7,623
	Parent entity	-	1,376	-
	Associates	-	481	463
	Other related parties	<u>18,810</u>	<u>19,341</u>	<u>18,165</u>
		<u>\$ 42,388</u>	<u>\$ 30,341</u>	<u>\$ 26,251</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	September 30, 2021	December 31, 2020	September 30, 2020
Cash and cash equivalents	Other related parties			
	TFCB	\$ 541,867	\$ 608,772	\$ 311,974
	Others	<u>13,494</u>	<u>24,798</u>	<u>24,837</u>
		<u>\$ 555,361</u>	<u>\$ 633,570</u>	<u>\$ 336,811</u>

g. Prepayments

Related Party Categories	September 30, 2021	December 31, 2020	September 30, 2020
Ultimate parent entity	\$ 28	\$ 162	\$ -
Associates	574	571	570
Other related parties	<u>19,325</u>	<u>2,593</u>	<u>15,915</u>
	<u>\$ 19,927</u>	<u>\$ 3,326</u>	<u>\$ 16,485</u>

h. Lease arrangements

	Related Party Categories/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Acquisitions of right-of-use assets	Ultimate parent entity	\$ 13,405	\$ -	\$ 13,405	\$ -
	Other related parties				
	Fubon Life	<u>-</u>	<u>2,276</u>	<u>64,999</u>	<u>2,276</u>
		<u>\$ 13,405</u>	<u>\$ 2,276</u>	<u>\$ 78,404</u>	<u>\$ 2,276</u>

Line Items	Related Party Categories/Name	September 30, 2021	December 31, 2020	September 30, 2020
Lease liabilities	Ultimate parent entity	\$ 12,283	\$ 2,139	\$ 3,205
	Other related parties			
	Fubon Life	<u>311,565</u>	<u>358,247</u>	<u>364,301</u>
		<u>\$ 323,848</u>	<u>\$ 360,386</u>	<u>\$ 367,506</u>

Line Items	Related Party Categories/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Finance costs	Ultimate parent entity	\$ 20	\$ 8	\$ 25	\$ 32
	Other related parties				
	Fubon Life	<u>690</u>	<u>829</u>	<u>2,161</u>	<u>2,685</u>
		<u>\$ 710</u>	<u>\$ 837</u>	<u>\$ 2,186</u>	<u>\$ 2,717</u>

The leases are conducted by referring to general market prices, and all the terms and conditions conform to normal business practices.

i. Acquisition of other assets

Line Items	Related Party Categories/Name	Purchase Price			
		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Prepayments for equipment	Other related parties TFN	<u>\$ 3,257</u>	<u>\$ -</u>	<u>\$ 3,257</u>	<u>\$ 18,762</u>

j. Others

1) Refundable deposits

Related Party Categories/Name	September 30, 2021	December 31, 2020	September 30, 2020
Ultimate parent entity	<u>\$ 735</u>	<u>\$ 747</u>	<u>\$ 745</u>
Associates	<u>1,540</u>	<u>6,308</u>	<u>6,270</u>
Other related parties			
Fubon Life	40,900	38,757	38,724
Others	<u>571</u>	<u>541</u>	<u>541</u>
	<u>41,471</u>	<u>39,298</u>	<u>39,265</u>
	<u>\$ 43,746</u>	<u>\$ 46,353</u>	<u>\$ 46,280</u>

2) Operating expenses

Related Party Categories/ Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Ultimate parent entity	<u>\$ 14,619</u>	<u>\$ 10,389</u>	<u>\$ 34,131</u>	<u>\$ 29,395</u>
Associates	<u>472</u>	<u>2,220</u>	<u>2,324</u>	<u>6,084</u>
Other related parties				
FPM	3,748	3,484	10,986	10,463
Others	<u>45,280</u>	<u>36,849</u>	<u>114,667</u>	<u>81,599</u>
	<u>49,028</u>	<u>40,333</u>	<u>125,653</u>	<u>92,062</u>
	<u>\$ 64,119</u>	<u>\$ 52,942</u>	<u>\$ 162,108</u>	<u>\$ 127,541</u>

3) Other income and expenses

Related Party Categories/ Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Ultimate parent entity	<u>\$ 243</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ -</u>
Associates				
GHS	3,673	3,504	11,112	6,878
Others	<u>-</u>	<u>29</u>	<u>24</u>	<u>154</u>
	<u>3,673</u>	<u>3,533</u>	<u>11,136</u>	<u>7,032</u>

(Continued)

Related Party Categories/ Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Other related parties				
TFCB	\$ 8,136	\$ 16,219	\$ 24,702	\$ 47,427
Others	<u>-</u>	<u>1</u>	<u>-</u>	<u>11</u>
	<u>8,136</u>	<u>16,220</u>	<u>24,702</u>	<u>47,438</u>
	<u>\$ 12,052</u>	<u>\$ 19,753</u>	<u>\$ 36,488</u>	<u>\$ 54,470</u>
				(Concluded)

k. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 17,197	\$ 12,571	\$ 48,414	\$ 38,502
Post-employment benefits	<u>606</u>	<u>524</u>	<u>1,763</u>	<u>1,526</u>
	<u>\$ 17,803</u>	<u>\$ 13,095</u>	<u>\$ 50,177</u>	<u>\$ 40,028</u>

The compensation of directors and key executives were determined by the remuneration committee in accordance with individual performance and market trends.

27. ASSETS PLEDGED

The assets pledged as collateral for performance guarantee, lawsuits and purchases were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Other financial assets - current	\$ 64,200	\$ 64,187	\$ 69,360
Other financial assets - non-current	<u>204,495</u>	<u>204,195</u>	<u>155,962</u>
	<u>\$ 268,695</u>	<u>\$ 268,382</u>	<u>\$ 225,322</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with DBS Bank (Taiwan) Ltd., which provided performance guarantee for advance receipts from prepaid bonus of \$165,003 thousand, electronic tickets of \$43,579 thousand, and physical tickets of \$42,977 thousand as of September 30, 2021, respectively.

- b. As of September 30, 2021, December 31, 2020 and September 30, 2020, the amounts of lease commitments commencing after the balance sheet date were \$1,675,027 thousand, \$324,574 thousand and \$496,935 thousand, respectively.
- c. Due to the business development needs, the Company's Board of Directors resolved the logistics warehouse construction in Southern District in July 2020. As of September 30, 2021, contract amount not yet paid for the logistics warehouse construction was \$2,242,225 thousand. In September 2021, the Company's Board of Directors resolved the land procurement for the logistics warehouse in Central District with total contract price of \$1,321,137 thousand. As of September 30, 2021, contract amount not yet paid for the land was \$1,189,023 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 25,198	4.295 (RMB:NTD)	\$ 108,224
USD	832	27.795 (USD:NTD)	<u>23,125</u>
			<u>\$ 131,349</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	5,371	3.571 (HKD:NTD)	\$ 19,180
Investments accounted for using equity method			
RMB	127,659	4.295 (RMB:NTD)	548,295
THB	166,052	0.828 (THB:NTD)	<u>137,557</u>
			<u>\$ 705,032</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	51	27.795 (USD:NTD)	<u>\$ 1,420</u>

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 23,994	4.372 (RMB:NTD)	\$ 104,900
USD	877	28.48 (USD:NTD)	<u>24,971</u>
			<u>\$ 129,871</u>

Foreign currency assets

Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	2,323	3.673 (HKD:NTD)	\$ 8,533
Investments accounted for using equity method			
RMB	138,695	4.372 (RMB:NTD)	606,376
THB	201,029	0.956 (THB:NTD)	<u>192,103</u>
			<u>\$ 807,012</u>

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 23,261	4.266 (RMB:NTD)	\$ 99,232
USD	1,722	29.12 (USD:NTD)	<u>50,136</u>
			<u>\$ 149,368</u>

Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	961	3.757 (HKD:NTD)	\$ 3,609
Investments accounted for using equity method			
RMB	135,274	4.266 (RMB:NTD)	577,080
THB	164,873	0.924 (THB:NTD)	<u>152,376</u>
			<u>\$ 733,065</u>

Financial liabilities

Monetary items			
GBP	26	37.51 (GBP:NTD)	<u>\$ 964</u>

For the three months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$(932) thousand and \$1,715 thousand, respectively, and for the nine months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange losses were \$2,158 thousand and \$1,771 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transaction and the functional currencies of the Group's foreign entities.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)

b. Information on investees. (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

31. SEGMENT INFORMATION

The Group has two reporting segments: Television and magazine department and E-commerce department.

Other segments include FST - travel agent, FLI - life insurance agent, FPI - property insurance agent, Bebe Poshe - wholesale of cosmetics, FSL - logistics industry, MFS - wholesaling, Asian Crown (BVI) - investment, and Honest Development - investment; for the nine months ended September 30, 2021 and 2020, the above segments did not exceed the quantitative threshold for separate reporting.

The Group's reporting segments provide different goods and services and require different techniques and strategies; thus, they were reported separately.

The Group has not apportioned income tax expense (benefit) on non-regular gains and losses to reporting segments. The reported amounts are the same with those used in making operating decision.

The segments' assets and liabilities are not provided to key management as reference in making decision; thus, the segments' assets and liabilities were not disclosed in the consolidated financial statements.

The Group's reporting segments information and adjustments are as follows:

	TV and Magazine	E-commerce	Others	Adjustments and Eliminations	Total
For the nine months ended September 30, 2021					
Revenues					
Non-inter-company revenues	<u>\$ 3,952,058</u>	<u>\$ 57,541,721</u>	<u>\$ 438,526</u>	<u>\$ (405,428)</u>	<u>\$ 61,526,877</u>
Segment profits	<u>\$ 370,627</u>	<u>\$ 2,529,947</u>	<u>\$ (109,275)</u>	<u>\$ 151,665</u>	<u>\$ 2,942,964</u>
For the nine months ended September 30, 2020					
Revenues					
Non-inter-company revenues	<u>\$ 4,077,106</u>	<u>\$ 42,370,955</u>	<u>\$ 220,588</u>	<u>\$ (145,845)</u>	<u>\$ 46,522,804</u>
Segment profits	<u>\$ 392,214</u>	<u>\$ 1,132,120</u>	<u>\$ 106,051</u>	<u>\$ (920)</u>	<u>\$ 1,629,465</u>

TABLE 1

momo.com Inc. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Units/Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
momo	<u>Stock</u> Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	4,367	\$ 19,180	0.15	\$ 19,180	
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,140	92,958	7.85	92,958	

Note: Refer to Table 7 and Table 8 for the information on investment in subsidiaries and associates.

TABLE 2

momo.com Inc. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
momo	<u>Stock</u> TPE	Investments accounted for using equity method	Note 1	Note 1	14,793	\$ 386,414	-	\$ -	14,793	\$ 466,547	\$ 410,229	\$ 99,052 (Note 2)	-	\$ -

Note 1: Sold in open market.

Note 2: The amounts included capital surplus derecognized and other comprehensive income transferred in.

TABLE 3

momo.com Inc. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Warehousing	2021.05.05	\$2,276,190	\$33,965 has been paid, the remaining payment will be settled monthly in accordance with the construction process and acceptance	Li Jin Engineering Co., Ltd.	-	-	-	-	\$ -	According to the budget commitments approved by the Board of Directors, determined by the price comparison and price negotiation	Business development needs	-
	Land	2021.09.03	1,321,137	\$132,114 has been paid, the remaining payment will be settled in accordance with the contract	Tung Chin Textile Co., Ltd.	-	-	-	-	-	According to the professional appraisal report and market condition	Increase the logistics warehouse in response to the operational needs	-

TABLE 4

momo.com Inc. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
momo	TWM	Ultimate parent entity	Sale	\$ 170,403	-	Based on contract terms	-	-	\$ 43,589	27	Note
	TWM	Ultimate parent entity	Purchase	1,587,861	3	Based on contract terms	-	-	(222,497)	(3)	
	TPE	Associates	Purchase	127,694	-	Based on contract terms	-	-	-	-	
	FSL	Subsidiaries	Purchase	259,325	-	Based on contract terms	-	-	(81,701)	(1)	
	MFS	Subsidiaries	Purchase	102,751	-	Based on contract terms	-	-	(13,516)	-	
	kbro	Related party in substance	Purchase	103,242	-	Based on contract terms	-	-	(84,697)	(1)	

Note: momo sold all of its shares of TPE in March 2021.

TABLE 5

momo.com Inc. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% of THE PAID-IN CAPITAL
SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
momo	TFCB	Related party in substance	Accounts receivable	\$ 20,517	Note -	\$ -	-	\$ 20,509 88,993	\$ - -
			Other receivables	88,993		-	-		

Note: It is not applicable due to the nature of the transaction.

TABLE 6

momo.com Inc. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Number	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Consolidated Total Operating Revenues or Total Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	momo	Bebe Poshe	1	Operating costs	\$ 33,146	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.05
		FSL	1	Accounts payable	81,701		0.40
		FSL	1	Operating costs	259,325		0.42
		MFS	1	Accounts payable	13,516		0.07
		MFS	1	Operating costs	102,751		0.17

Note: No. 1 represents the transactions from parent company to subsidiary.

TABLE 7**momo.com Inc. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Shares (Thousands)	%	Carrying Value			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 42,850	\$ 2,125	\$ 2,125	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	5,849	(1,270)	(1,270)	
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100.00	10,685	2,956	2,956	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	22,794	(10,064)	(8,251)	
	TPE	Taiwan	Logistics industry	-	295,860	-	-	-	-	6,114	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	619,956	(46,442)	(46,442)	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85.00	33,744	(9,003)	(7,653)	Note 4
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	100.00	281,409	34,864	34,851	
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100.00	105,566	5,385	5,385	
	TV Direct	Thailand	Wholesale and retail sales	174,089	174,089	191,213	21.35	137,557	(122,516)	(31,884)	
				(THB 210,151)	(THB 210,151)						
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100.00	23,731	(9,893)	Note 2	
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100.00	23,731	(9,893)	Note 2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	619,956	(46,442)	Note 2	

Note 1: Except for TPE and TV Direct, share of profit (loss) was eliminated in consolidation.

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: momo sold all of its shares of TPE in March 2021.

Note 4: momo's shareholding in TV Direct decreased to 21.35% due to the exercise of the stock options, which were granted by TV Direct, in January and April 2021.

Note 5: The exchange rate on September 30, 2021 is THB1=NT\$0.828.

Note 6: Please refer to Table 8 for information on investments in mainland China.

TABLE 8**momo.com Inc. AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance For Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance For Investment from Taiwan as of September 30, 2021	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
FGE	Wholesaling	\$ 332,861 (RMB 77,500)	b.	\$ 772,530 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 772,530 (USD 14,000) (RMB 89,267)	\$ (10,261)	76.70	\$ (7,870)	\$ 13,186	\$ -	
Haobo	Investment	47,245 (RMB 11,000)	b.	-	-	-	-	(46,140)	100.00	(46,140)	592,332	-	
GHS	Wholesaling	214,749 (RMB 50,000)	b.	-	-	-	-	56,070	20.00	(45,780)	548,295	-	

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,374,383 (USD14,000, RMB89,267 and HKD168,539)	\$1,374,383 (USD14,000, RMB89,267 and HKD168,539)	\$4,730,186

Note 1: Methods of investment are as follows:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through a subsidiary in a third place.
 - 1) FGE is HK Fubon Multimedia's subsidiary.
 - 2) Haobo is HK Yue Numerous' subsidiary.
 - 3) GHS is Haobo's associate.
- c. Others.

Note 2: The exchange rates on September 30, 2021 are USD1=NT\$27.795, RMB1=NT\$4.295, and HKD1=NT\$3.571.

TABLE 9**momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
Wealth Media Technology Co, Ltd.	81,961,366	45.01
TECO CAPITAL INVESTMENT CO., LTD.	19,174,000	10.53
WOORI HOMESHOPPING CO., LTD.	14,418,200	7.91

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of common stocks and preferred stocks held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury stocks) by the Company as of the last business day for the current quarter. The capital stock in the consolidated financial statements may differ from the actual number of stocks that have been issued without physical registration because of different preparation basis.