

**momo.com Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 Pei-De Chen and Chun-Hung Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

April 28, 2023

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)**

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 29)	\$ 7,508,641	30	\$ 8,044,437	30	\$ 8,410,972	37
Financial assets at fair value through other comprehensive income - current (Note 8)	875	-	4,217	-	10,498	-
Notes and accounts receivable, net (Note 9)	139,376	-	178,680	1	75,448	-
Accounts receivable from related parties (Note 29)	320,364	1	286,633	1	252,346	1
Other receivables, net (Notes 9 and 29)	1,585,968	7	2,259,749	9	1,504,269	6
Inventories (Note 10)	4,185,078	17	4,479,408	17	3,487,363	15
Prepayments (Note 29)	140,044	-	69,661	-	119,228	1
Other financial assets - current (Notes 11, 29 and 30)	163,164	1	134,752	-	219,216	1
Other current assets	21,471	-	16,505	-	18,550	-
Right to recover products - current (Note 21)	163,571	1	175,124	1	124,175	1
Total current assets	14,228,552	57	15,649,166	59	14,222,065	62
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	241,310	1	237,546	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	405,406	2	403,487	2	58,381	-
Investments accounted for using equity method (Note 13)	483,810	2	486,008	2	694,610	3
Property, plant and equipment (Note 14)	7,393,898	30	7,322,583	28	5,291,195	23
Right-of-use assets (Notes 15 and 29)	1,467,453	6	1,588,102	6	1,720,449	8
Intangible assets (Notes 26 and 29)	48,212	-	57,354	-	63,881	-
Deferred tax assets	26,435	-	27,716	-	60,001	-
Prepayments for equipment	91,379	-	91,692	-	317,553	2
Refundable deposits (Note 29)	239,161	1	239,774	1	191,757	1
Net defined benefit assets - non-current	4,011	-	3,952	-	807	-
Other financial assets - non-current (Notes 11, 29 and 30)	243,829	1	233,329	1	233,287	1
Total non-current assets	10,644,904	43	10,691,543	41	8,631,921	38
<b>TOTAL</b>	<b>\$ 24,873,456</b>	<b>100</b>	<b>\$ 26,340,709</b>	<b>100</b>	<b>\$ 22,853,986</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current	\$ 58,599	-	\$ 203,414	1	\$ 63,639	-
Accounts payable (Note 16)	9,235,996	37	10,659,957	40	8,023,355	35
Accounts payable to related parties (Note 29)	254,149	1	344,214	1	266,760	1
Other payables (Notes 17 and 29)	901,430	4	1,580,298	6	819,494	4
Current tax liabilities	638,457	3	427,759	2	787,958	3
Lease liabilities - current (Notes 15, 27 and 29)	598,222	2	628,254	2	616,740	3
Refund liabilities - current (Note 21)	180,299	1	191,002	1	138,992	1
Other current liabilities (Note 18)	959,709	4	990,389	4	927,871	4
Total current liabilities	12,826,861	52	15,025,287	57	11,644,809	51
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	27,544	-	26,709	-	25,720	-
Deferred tax liabilities	23,097	-	28,302	-	20,950	-
Lease liabilities - non-current (Notes 15, 27 and 29)	900,936	4	997,045	4	1,129,845	5
Guarantee deposits received	356,847	1	359,770	1	344,396	2
Total non-current liabilities	1,308,424	5	1,411,826	5	1,520,911	7
Total liabilities	14,135,285	57	16,437,113	62	13,165,720	58
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Common stock	2,184,913	9	2,184,913	8	1,820,761	8
Capital surplus	2,188,419	9	2,259,399	9	2,446,415	11
Retained earnings						
Legal reserve	1,461,632	5	1,461,632	6	1,128,868	5
Special reserve	206,677	1	206,677	1	142,530	1
Unappropriated earnings	4,720,681	19	3,913,139	15	4,251,370	18
Total retained earnings	6,388,990	25	5,581,448	22	5,522,768	24
Other equity	(112,100)	-	(210,385)	(1)	(190,727)	(1)
Total equity attributable to owners of the Company	10,650,222	43	9,815,375	38	9,599,217	42
<b>NON-CONTROLLING INTERESTS (Note 20)</b>	<b>87,949</b>	<b>-</b>	<b>88,221</b>	<b>-</b>	<b>89,049</b>	<b>-</b>
Total equity	10,738,171	43	9,903,596	38	9,688,266	42
<b>TOTAL</b>	<b>\$ 24,873,456</b>	<b>100</b>	<b>\$ 26,340,709</b>	<b>100</b>	<b>\$ 22,853,986</b>	<b>100</b>

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)

	<b>For the Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Notes 21 and 29)	\$ 25,120,040	100	\$ 22,937,441	100
OPERATING COSTS (Notes 10, 19, 22 and 29)	<u>22,564,231</u>	<u>90</u>	<u>20,562,038</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>2,555,809</u>	<u>10</u>	<u>2,375,403</u>	<u>10</u>
OPERATING EXPENSES (Notes 9, 19, 22 and 29)				
Marketing expenses	826,072	3	765,625	3
Administrative expenses	628,455	3	573,874	2
Research and development expenses	62,021	-	52,324	-
Expected credit loss	<u>457</u>	<u>-</u>	<u>904</u>	<u>-</u>
Total operating expenses	<u>1,517,005</u>	<u>6</u>	<u>1,392,727</u>	<u>5</u>
NET OTHER INCOME AND EXPENSES (Note 29)	<u>53,267</u>	<u>-</u>	<u>56,191</u>	<u>-</u>
OPERATING INCOME	<u>1,092,071</u>	<u>4</u>	<u>1,038,867</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	23,061	-	8,596	-
Other income	830	-	1,201	-
Other gains and losses, net (Note 22)	3,105	-	4,140	-
Finance costs (Note 22)	(3,149)	-	(3,538)	-
Share of loss of associates accounted for using equity method	<u>(3,914)</u>	<u>-</u>	<u>(18,813)</u>	<u>-</u>
Total non-operating income and expenses	<u>19,933</u>	<u>-</u>	<u>(8,414)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,112,004	4	1,030,453	5
INCOME TAX EXPENSE (Note 23)	<u>223,346</u>	<u>-</u>	<u>206,003</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>888,658</u>	<u>4</u>	<u>824,450</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	17,665	-	(7,477)	-

(Continued)

## momo.com Inc. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<b>For the Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ 3,449	-	\$ 24,581	-
Share of other comprehensive loss of associates accounted for using equity method	<u>(1,676)</u>	<u>-</u>	<u>(1,057)</u>	<u>-</u>
Other comprehensive income, net of tax	<u>19,438</u>	<u>-</u>	<u>16,047</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 908,096</u>	<u>4</u>	<u>\$ 840,497</u>	<u>4</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 888,441	4	\$ 825,520	4
Non-controlling interests	<u>217</u>	<u>-</u>	<u>(1,070)</u>	<u>-</u>
	<u>\$ 888,658</u>	<u>4</u>	<u>\$ 824,450</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 907,866	4	\$ 841,470	4
Non-controlling interests	<u>230</u>	<u>-</u>	<u>(973)</u>	<u>-</u>
	<u>\$ 908,096</u>	<u>4</u>	<u>\$ 840,497</u>	<u>4</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 4.07</u>		<u>\$ 3.78</u>	
Diluted	<u>\$ 4.07</u>		<u>\$ 3.78</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, 2022	\$ 1,820,761	\$ 2,446,415	\$ 1,128,868	\$ 142,530	\$ 3,427,094	\$ (107,892)	\$ (98,785)	\$ 8,758,991	\$ 90,022	\$ 8,849,013
Changes in equity of associates accounted for using equity method	-	-	-	-	(1,244)	-	-	(1,244)	-	(1,244)
Net profit (loss) for the three months ended March 31, 2022	-	-	-	-	825,520	-	-	825,520	(1,070)	824,450
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	23,427	(7,477)	15,950	97	16,047
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	825,520	23,427	(7,477)	841,470	(973)	840,497
BALANCE AT MARCH 31, 2022	\$ 1,820,761	\$ 2,446,415	\$ 1,128,868	\$ 142,530	\$ 4,251,370	\$ (84,465)	\$ (106,262)	\$ 9,599,217	\$ 89,049	\$ 9,688,266
BALANCE AT JANUARY 1, 2023	\$ 2,184,913	\$ 2,259,399	\$ 1,461,632	\$ 206,677	\$ 3,913,139	\$ (69,576)	\$ (140,809)	\$ 9,815,375	\$ 88,221	\$ 9,903,596
Net profit for the three months ended March 31, 2023	-	-	-	-	888,441	-	-	888,441	217	888,658
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	1,760	17,665	19,425	13	19,438
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	888,441	1,760	17,665	907,866	230	908,096
Reorganization	-	(70,980)	-	-	-	-	-	(70,980)	-	(70,980)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(2,039)	-	-	(2,039)	(502)	(2,541)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(78,860)	-	78,860	-	-	-
BALANCE AT MARCH 31, 2023	\$ 2,184,913	\$ 2,188,419	\$ 1,461,632	\$ 206,677	\$ 4,720,681	\$ (67,816)	\$ (44,284)	\$ 10,650,222	\$ 87,949	\$ 10,738,171

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 Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,112,004	\$ 1,030,453
Adjustments for:		
Depreciation expenses	273,335	249,240
Amortization expenses	11,291	14,573
Expected credit loss	457	904
Gain on financial assets at fair value through profit or loss	(3,764)	-
Finance costs	3,149	3,538
Interest income	(23,061)	(8,596)
Share of loss of associates accounted for using equity method	3,914	18,813
Loss on disposal of property, plant and equipment	778	2
Others	(18)	(1,628)
Changes in operating assets and liabilities		
Notes and accounts receivable	39,270	40,950
Accounts receivable from related parties	(33,731)	(147,563)
Other receivables	674,591	185,232
Inventories	294,330	241,047
Prepayments	(70,383)	(49,984)
Other current assets	(4,966)	(3,106)
Right to recover products	11,553	38,344
Contract liabilities	(144,815)	(22,277)
Accounts payable	(1,423,961)	(513,776)
Accounts payable to related parties	(90,065)	(180,535)
Other payables	(683,568)	(537,022)
Other current liabilities	(30,680)	129,483
Net defined benefit plans	(59)	(4)
Refund liabilities	(10,703)	(41,112)
Cash (used in) generated from operations	(95,102)	446,976
Interest received	45	18
Income tax (paid) refunded	(1,569)	66
Net cash (used in) generated from operating activities	<u>(96,626)</u>	<u>447,060</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	4,028	-
Acquisition of property, plant and equipment	(220,086)	(567,587)
Increase in refundable deposits	(4,207)	(51,374)
Decrease in refundable deposits	4,923	2,362
Acquisition of intangible assets	(1,982)	(6,141)
Increase in other financial assets	(40,005)	(30,031)
Decrease in other financial assets	1,256	739

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## momo.com Inc. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2023	2022
Increase in prepayments for equipment	\$ (12,258)	\$ (47,288)
Interest received	<u>21,452</u>	<u>7,791</u>
Net cash used in investing activities	<u>(246,879)</u>	<u>(691,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	8,020	17,470
Decrease in guarantee deposits received	(10,943)	(8,028)
Repayment of the principal portion of lease liabilities	(183,760)	(154,994)
Acquisition of additional interests in subsidiary	(2,541)	-
Interest paid	<u>(3,109)</u>	<u>(3,446)</u>
Net cash used in financing activities	<u>(192,333)</u>	<u>(148,998)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>42</u>	<u>315</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(535,796)	(393,152)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>8,044,437</u>	<u>8,804,124</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,508,641</u>	<u>\$ 8,410,972</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 THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **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 commercial, video program distribution, issuing of magazine, and retailing.

The consolidated financial statements 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 approved by the Company’s Board of Directors on April 28, 2023.

### **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)

Except for the following, 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.

Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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 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, 2022.

See Note 12, Table 5 and Table 6 for detailed information of subsidiaries (including percentage of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Business combination

Reorganization under common control is accounted for applying the book-value method.

2) 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.

3) Income tax expense

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. MATERIAL 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 on 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.

The same material 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, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand and revolving funds	\$ 3	\$ 3	\$ 17
Cash in banks	994,707	1,690,469	4,707,628
Time deposits	<u>6,513,931</u>	<u>6,353,965</u>	<u>3,703,327</u>
	<u>\$ 7,508,641</u>	<u>\$ 8,044,437</u>	<u>\$ 8,410,972</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Financial assets mandatorily classified as at fair value through profit or loss			
Domestic unlisted stock	\$ 241,310	\$ 237,546	\$ -

In July 2022, the Group acquired 8.02% equity interest of Gaius Automotive Inc. with the investment amount of \$230,000 thousand.

As of March 31, 2023 and December 31, 2022, the financial assets were not pledged.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Equity Instrument Investments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Foreign listed stock	\$ 875	\$ -	\$ -
Foreign unlisted stock	-	4,217	10,498
	\$ 875	4,217	10,498
<u>Non-current</u>			
Domestic unlisted stock	\$ 405,406	\$ 403,487	\$ 58,381

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 fair value through other comprehensive income 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.

In June, 2022, the Group acquired 2.5% equity interest of Line Bank Taiwan Limited. with the investment amount of \$375,000 thousand.

Media Asia Group Holdings Limited ("Media Asia")'s parent company is eSun Holdings Limited ("eSun"). In November, 2022, eSun's Board of Directors resolved the acquisition of 100% interest of Media Asia through a share exchange ratio of 6 shares of Media Asia for 1 share of eSun and HK\$0.24 per share. The effective date was March 16, 2023. The Group acquired 728 thousand shares of eSun and \$4,028 thousand in cash through this share exchange offered. The amount of \$78,860 thousand of other equity related to the original investment was reclassified from unrealized loss on financial assets at fair value through other comprehensive income to retained earnings.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the financial assets were not pledged.

## 9. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes and accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 140,854	\$ 180,166	\$ 77,531
Less: Allowance for impairment loss	<u>(1,478)</u>	<u>(1,486)</u>	<u>(2,083)</u>
	<u>\$ 139,376</u>	<u>\$ 178,680</u>	<u>\$ 75,448</u>
<u>Other receivables</u>			
Measured at amortized cost			
Gross carrying amount	\$ 1,591,432	\$ 2,265,218	\$ 1,514,832
Less: Allowance for impairment loss	<u>(5,464)</u>	<u>(5,469)</u>	<u>(10,563)</u>
	<u>\$ 1,585,968</u>	<u>\$ 2,259,749</u>	<u>\$ 1,504,269</u>

Notes and 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 notes and accounts receivable and other receivables at an amount equal to lifetime ECLs. The ECLs on notes and accounts receivable and other receivables are estimated using a provision matrix approach considering the past default experience and collecting experience of each debtor, an increase in the number of delayed payments in the portfolio past the average credit period, as well as the change rates of consumer price index and economic leading indicators. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due days of notes and accounts receivable and other receivables.

The Group writes off notes and accounts receivable and other receivables when there are evidences indicating that the counterparty is in severe financial difficulty and notes and accounts receivable and other receivables are considered uncollectible. For notes and 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 notes and accounts receivable and other receivables.

### March 31, 2023

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 1,676,826	\$ 47,145	\$ 2,270	\$ 6,045	\$ 1,732,286
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(26)</u>	<u>(871)</u>	<u>(6,045)</u>	<u>(6,942)</u>
Amortized cost	<u>\$ 1,676,826</u>	<u>\$ 47,119</u>	<u>\$ 1,399</u>	<u>\$ -</u>	<u>\$ 1,725,344</u>

December 31, 2022

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 2,415,056	\$ 21,417	\$ 3,254	\$ 5,657	\$ 2,445,384
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(226)</u>	<u>(1,072)</u>	<u>(5,657)</u>	<u>(6,955)</u>
Amortized cost	<u>\$ 2,415,056</u>	<u>\$ 21,191</u>	<u>\$ 2,182</u>	<u>\$ -</u>	<u>\$ 2,438,429</u>

March 31, 2022

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 1,539,704	\$ 36,038	\$ 6,096	\$ 10,525	\$ 1,592,363
Loss allowance (Lifetime ECLs)	<u>(19)</u>	<u>(173)</u>	<u>(1,929)</u>	<u>(10,525)</u>	<u>(12,646)</u>
Amortized cost	<u>\$ 1,539,685</u>	<u>\$ 35,865</u>	<u>\$ 4,167</u>	<u>\$ -</u>	<u>\$ 1,579,717</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 notes and accounts receivable and other receivables were as follows:

	For the Three Months Ended March 31	
	2023	2022
Beginning balance	\$ 6,955	\$ 12,772
Add: Provision	457	904
Recovery	2	-
Less: Write-off	<u>(472)</u>	<u>(1,030)</u>
Ending balance	<u>\$ 6,942</u>	<u>\$ 12,646</u>

**10. INVENTORIES**

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	<u>\$ 4,185,078</u>	<u>\$ 4,479,408</u>	<u>\$ 3,487,363</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 were \$21,465,673 thousand and \$19,499,866 thousand, respectively, which included inventory write-downs of \$1,999 thousand and \$7,081 thousand, respectively.

## 11. OTHER FINANCIAL ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Pledged time deposits and restricted deposits	\$ 65,200	\$ 65,200	\$ 65,191
Time deposits with original maturities of more than 3 months	<u>97,964</u>	<u>69,552</u>	<u>154,025</u>
	<u>\$ 163,164</u>	<u>\$ 134,752</u>	<u>\$ 219,216</u>
<u>Non-current</u>			
Pledged time deposits and restricted deposits	<u>\$ 243,829</u>	<u>\$ 233,329</u>	<u>\$ 233,287</u>

- a. 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.
- b. Refer to Note 30 for information relating to other financial assets pledged as security.

## 12. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Activities	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 Insurance Agent Co., Ltd.(former named Fuli Property Insurance Agent Co., Ltd.) (FI)	Comprehensive insurance agent	100.00	100.00	100.00	Note 1
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	90.26	88.68	85.00	Note 2
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	Prosperous Living Co., Ltd. (Prosperous Living)	Wholesale and retail sales	73.62	73.62	73.62	-
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	93.55	93.55	93.55	-
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	-

Note 1: Fuli Property Insurance Agent Co., Ltd. was renamed Fuli Insurance Agent Co., Ltd. in January 2023, which was approved by the Board of Directors. On February 4, 2023, the government approval has been successfully obtained.

Note 2: momo acquired equity interest of Bebe Poshe's non-controlling interests in March 2023 and October 2022. Please refer to Note 25 for the details.

- b. Subsidiaries excluded from the consolidated financial statements: None.



### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### Investments in Associates

Investee Company	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	\$ 483,810	20.00	\$ 486,008	20.00	\$ 596,658	20.00
TV Direct Public Company Limited (TV Direct)	-	-	-	-	97,952	21.35
	<u>\$ 483,810</u>		<u>\$ 486,008</u>		<u>\$ 694,610</u>	

Refer to Table 6 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 2020, momo acquired 24.99% equity interest of TV Direct.

In May 2022, momo's percentage of ownership interest in TV Direct decreased to 11.17% as momo did not exercise the rights to participate in any share issuance for cash. Subsequently, momo sold all shares of TV Direct during the period from June to August 2022.

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

Name of Associate	March 31, 2023	December 31, 2022	March 31, 2022
TV Direct	\$ -	\$ -	\$ 165,418

### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,338,155	\$ 1,776,262	\$ 1,774,390	\$ 160,793	\$ 346,305	\$ 137,159	\$ 344,303	\$ 6,877,367
Additions	-	-	11,428	8,037	19,630	2,113	266,788	307,996
Disposals	-	-	(322)	(726)	-	-	-	(1,048)
Reclassifications	-	-	-	698	2,445	-	(3,263)	(120)
Effect of foreign currency exchange differences	-	-	2,626	69	-	10	-	2,705
Balance at March 31, 2022	<u>\$ 2,338,155</u>	<u>\$ 1,776,262</u>	<u>\$ 1,788,122</u>	<u>\$ 168,871</u>	<u>\$ 368,380</u>	<u>\$ 139,282</u>	<u>\$ 607,828</u>	<u>\$ 7,186,900</u>

(Continued)

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 329,639	\$ 1,056,257	\$ 116,529	\$ 251,323	\$ 43,770	\$ -	\$ 1,797,518
Depreciation expenses	-	20,488	51,821	5,890	13,117	5,213	-	96,529
Disposals	-	-	(322)	(724)	-	-	-	(1,046)
Effect of foreign currency exchange differences	-	-	2,625	69	-	10	-	2,704
Balance at March 31, 2022	\$ -	\$ 350,127	\$ 1,110,381	\$ 121,764	\$ 264,440	\$ 48,993	\$ -	\$ 1,895,705
Carrying amount at January 1, 2022	\$ 2,338,155	\$ 1,446,623	\$ 718,133	\$ 44,264	\$ 94,982	\$ 93,389	\$ 344,303	\$ 5,079,849
Carrying amount at March 31, 2022	\$ 2,338,155	\$ 1,426,135	\$ 677,741	\$ 47,107	\$ 103,940	\$ 90,289	\$ 607,828	\$ 5,291,195
<u>Cost</u>								
Balance at January 1, 2023	\$ 3,659,184	\$ 1,777,404	\$ 1,915,829	\$ 189,595	\$ 395,483	\$ 174,093	\$ 1,398,101	\$ 9,509,689
Additions	-	-	27,024	3,975	5,036	6,196	112,223	154,454
Disposals	-	-	(86,913)	(3,374)	(1,820)	(303)	-	(92,410)
Reclassifications	-	-	12,314	-	-	257	-	12,571
Balance at March 31, 2023	\$ 3,659,184	\$ 1,777,404	\$ 1,868,254	\$ 190,196	\$ 398,699	\$ 180,243	\$ 1,510,324	\$ 9,584,304
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 409,091	\$ 1,266,493	\$ 139,376	\$ 305,984	\$ 66,162	\$ -	\$ 2,187,106
Depreciation expenses	-	12,890	53,494	6,531	14,742	7,275	-	94,932
Disposals	-	-	(86,186)	(3,337)	(1,808)	(301)	-	(91,632)
Balance at March 31, 2023	\$ -	\$ 421,981	\$ 1,233,801	\$ 142,570	\$ 318,918	\$ 73,136	\$ -	\$ 2,190,406
Carrying amount at January 1, 2023	\$ 3,659,184	\$ 1,368,313	\$ 649,336	\$ 50,219	\$ 89,499	\$ 107,931	\$ 1,398,101	\$ 7,322,583
Carrying amount at March 31, 2023	\$ 3,659,184	\$ 1,355,423	\$ 634,453	\$ 47,626	\$ 79,781	\$ 107,107	\$ 1,510,324	\$ 7,393,898

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the three months ended March 31, 2023 and 2022.

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 March 31, 2023, December 31, 2022 and March 31, 2022, the property, plant and equipment were not pledged as collateral.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 3,810	\$ -	\$ 1,039
Buildings	1,463,188	1,587,318	1,715,418
Office equipment	403	577	2,761
Transportation equipment	52	207	1,231
	<u>\$ 1,467,453</u>	<u>\$ 1,588,102</u>	<u>\$ 1,720,449</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 57,754</u>	<u>\$ 367,869</u>
Depreciation charge for right-of-use assets		
Land	\$ 346	\$ 347
Buildings	177,728	151,256
Office equipment	174	745
Transportation equipment	<u>155</u>	<u>363</u>
	<u>\$ 178,403</u>	<u>\$ 152,711</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 three months ended March 31, 2023 and 2022.

b. Lease liabilities

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 598,222</u>	<u>\$ 628,254</u>	<u>\$ 616,740</u>
Non-current	<u>\$ 900,936</u>	<u>\$ 997,045</u>	<u>\$ 1,129,845</u>

The range of discount rate for lease liabilities was 0.61%-1.02%, 0.61%-0.86% and 0.61%-0.86% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

c. Material lease activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 1.4 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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 8,054</u>	<u>\$ 8,214</u>
Expenses relating to low-value asset leases	<u>\$ 6,167</u>	<u>\$ 5,765</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 16,944</u>	<u>\$ 18,745</u>
Total cash outflow for leases	<u>\$ (218,034)</u>	<u>\$ (191,164)</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 \$12,750 thousand, \$20,400 thousand and \$11,850 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

#### 16. ACCOUNTS PAYABLE

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Suppliers	\$ <u>9,235,996</u>	\$ <u>10,659,957</u>	\$ <u>8,023,355</u>

#### 17. OTHER PAYABLES

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Payables for salaries and bonus	\$ 172,980	\$ 537,912	\$ 175,542
Payables for business tax	51,824	156,495	68,459
Payables for pension	35,678	35,087	28,698
Payables for equipment and construction	2,697	72,200	819
Others	<u>638,251</u>	<u>778,604</u>	<u>545,976</u>
	<u>\$ 901,430</u>	<u>\$ 1,580,298</u>	<u>\$ 819,494</u>

#### 18. OTHER CURRENT LIABILITIES

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Collection about travelling merchandise	\$ 136,888	\$ 161,798	\$ 119,519
Other financial liabilities	624,881	577,549	628,477
Others	<u>197,940</u>	<u>251,042</u>	<u>179,875</u>
	<u>\$ 959,709</u>	<u>\$ 990,389</u>	<u>\$ 927,871</u>

#### 19. 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.

For the three months ended March 31, 2023 and 2022, the pension expenses of defined contribution plans were \$33,521 thousand and \$29,725 thousand, respectively.

b. Defined benefit plans

For the three months ended March 31, 2023 and 2022, the deduction of pension expenses of defined benefit plans were \$59 thousand and \$4 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021.

## 20. EQUITY

a. Common stock

As of March 31, 2023, December 31, 2022 and March 31, 2022, momo had all authorized 300,000 thousand common shares, respectively, with 218,491 thousand, 218,491 thousand and 182,076 thousand shares issued and outstanding at par value \$10 per share.

On May 20, 2022, the Company's shareholders resolved in the shareholders' meeting to issue 36,415 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 \$2,184,913 thousand. On June 6, 2022, 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 8, 2022.

b. Capital surplus

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Issuance of common shares	\$ 2,062,958	\$ 2,133,938	\$ 2,316,014
Changes in percentage of ownership interests in subsidiaries	125,291	125,291	125,291
Share of changes in capital surplus of associates	-	-	4,940
Expired employee share options	<u>170</u>	<u>170</u>	<u>170</u>
	<u>\$ 2,188,419</u>	<u>\$ 2,259,399</u>	<u>\$ 2,446,415</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 22(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.

The appropriations of earnings for 2022 that were proposed by the Board of Directors on March 31, 2023 and the appropriations of earnings for 2021 that had been resolved by the shareholders in their meeting on May 20, 2022, were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 343,202	\$ 332,764
Special reserve	\$ 3,708	\$ 64,147
Cash dividends	\$ 3,277,369	\$ 2,366,989
Share dividends	\$ -	\$ 182,076
Cash dividends per share (NT\$)	\$ 15	\$ 13
Share dividends per share (NT\$)	\$ -	\$ 1

The Company's Board of Directors proposed on March 31, 2023 and shareholders had resolved in the shareholders' meeting on May 20, 2022 to issue share dividends of \$218,491 thousand and \$182,076 thousand, respectively, from capital surplus.

The appropriations of earnings for 2022 and share dividends from capital surplus will be resolved by the shareholders in their meeting to be held on May 19, 2023.

d. Other equity items

1) Exchange differences on translation

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ (69,576)	\$ (107,892)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	3,436	24,484
Share from associates accounted for using equity method	<u>(1,676)</u>	<u>(1,057)</u>
Other comprehensive income recognized for the period	<u>1,760</u>	<u>23,427</u>
Ending balance	\$ (67,816)	\$ (84,465)

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ (140,809)	\$ (98,785)
Recognized for the period		
Unrealized gain (loss) - equity instruments	17,665	(7,477)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>78,860</u>	<u>-</u>
Ending balance	\$ (44,284)	\$ (106,262)

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 88,221	\$ 90,022
Share in gain (loss) for the period	217	(1,070)
Other comprehensive income (loss) during the period		
Exchange differences on the translation of the financial statements of foreign entities	13	97
Acquisition of non-controlling interests in subsidiaries (Note 25)	<u>(502)</u>	<u>-</u>
Ending balance	\$ 87,949	\$ 89,049

## 21. OPERATING REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
TV and magazine	\$ 1,034,001	\$ 1,295,311
E-commerce	24,077,153	21,633,584
Others	<u>8,886</u>	<u>8,546</u>
	<u>\$ 25,120,040</u>	<u>\$ 22,937,441</u>

Please refer to Note 4(n) to the consolidated financial statements for the year ended December 31, 2022 and Note 35 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.

## 22. PROFIT BEFORE INCOME TAX

### a. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on financial assets at fair value through profit or loss	\$ 3,764	\$ -
Net foreign exchange gains	208	4,142
Loss on disposal of property, plant and equipment	(778)	(2)
Others	<u>(89)</u>	<u>-</u>
	<u>\$ 3,105</u>	<u>\$ 4,140</u>

### b. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 3,128	\$ 3,518
Others	<u>21</u>	<u>20</u>
	<u>\$ 3,149</u>	<u>\$ 3,538</u>



c. Employee benefits expense, depreciation and amortization

Nature \ Function	For the Three Months Ended March 31, 2023			For the Three Months Ended March 31, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 295,184	\$ 382,308	\$ 677,492	\$ 270,781	\$ 336,244	\$ 607,025
Insurance expense	33,525	39,395	72,920	28,993	36,171	65,164
Pension	15,358	18,104	33,462	13,467	16,254	29,721
Other employee benefits	18,693	20,678	39,371	17,149	17,958	35,107
Depreciation expenses	220,368	52,967	273,335	196,170	53,070	249,240
Amortization expenses	2,428	8,863	11,291	2,085	12,488	14,573

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 March 31, 2023 and 2022, the estimated compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended March 31	
	2023	2022
Compensation of employees	\$ 1,108	\$ 1,029
Remuneration of directors	\$ 1,662	\$ 1,543

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 2022 and 2021 that were resolved by the Board of Directors on February 17, 2023 and February 16, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 4,291	\$ 4,081
Remuneration of directors	\$ 6,437	\$ 6,122

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, 2022 and 2021.

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.

## 23. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current period	\$ 227,123	\$ 202,820
Adjustments for prior years	<u>141</u>	<u>-</u>
	<u>227,264</u>	<u>202,820</u>
Deferred tax		
In respect of the current period	<u>(3,918)</u>	<u>3,183</u>
Income tax expense recognized in profit or loss	<u>\$ 223,346</u>	<u>\$ 206,003</u>

### b. Income tax recognized directly in equity

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	\$ 14,997	\$ -
Deferred tax		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>(14,997)</u>	<u>-</u>
Income tax benefit (expense) recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

### c. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Deferred tax		
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>\$ 15,004</u>	<u>\$ -</u>
Income tax benefit recognized in other comprehensive income	<u>\$ 15,004</u>	<u>\$ -</u>

d. 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	2020
FST	2021
FLI	2021
FI	2021
Bebe Poshe	2021
FSL	2021
MFS	2021
Prosperous Living	2021

**24. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

**For the Three Months Ended  
March 31**

	<u>2023</u>	<u>2022</u>
Basic earnings per share	\$ <u>4.07</u>	\$ <u>3.78</u>
Diluted earnings per share	\$ <u>4.07</u>	\$ <u>3.78</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 8, 2022. The basic and diluted earnings per share adjusted retroactively for the three months ended March 31, 2022 were as follows:

**Unit: NT\$ Per Share**

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	\$ <u>4.53</u>	\$ <u>3.78</u>
Diluted earnings per share	\$ <u>4.53</u>	\$ <u>3.78</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**

**For the Three Months Ended  
March 31**

	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic and diluted earnings per share	\$ <u>888,441</u>	\$ <u>825,520</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of common shares used in the computation of basic earnings per share	218,491	218,491
Effect of potentially dilutive common shares:		
Compensation of employees	<u>4</u>	<u>3</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>218,495</u>	<u>218,494</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.

**25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

In March 2023, the Group acquired equity interests of Bebe Poshe, and consequently the shareholding in Bebe Poshe increased. Please refer to Note 12.

The above transactions were accounted for as equity transactions since it did not have effect on the Group's control over its subsidiary.

	<b>Bebe Poshe</b>
Consideration paid	\$ (2,541)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>502</u>
Differences recognized from equity transactions	<u>\$ (2,039)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (2,039)</u>

## 26. REORGANIZATION

In order to expand the Group's publisher business and strengthen the competitiveness of the services, the Group acquired the e-book of business from Taiwan Mobile Co., Ltd. in March, 2023. The above transaction is accounted for using the book-value method since it meets reorganization under common control.

	<b>E-Book of Business</b>
Consideration paid in cash	\$ (71,400)
Carrying amount of the acquired net assets	<u>420</u>
The impact recognized in equity	<u>\$ (70,980)</u>

The amount of the consideration paid that exceeds the carrying amount is adjusted to capital surplus from issued common shares.

## 27. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the three months ended March 31, 2023

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ 1,625,299	\$ (186,869)	\$ 57,600	\$ 3,128	\$ 1,499,158

For the three months ended March 31, 2022

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ 1,534,172	\$ (158,440)	\$ 367,335	\$ 3,518	\$ 1,746,585

## 28. FINANCIAL INSTRUMENTS

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

Management of the Group considers that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements that are not measured at fair value 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

March 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>241,310</u>	\$ <u>241,310</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Listed stock - foreign	\$ 875	\$ -	\$ -	\$ 875
Unlisted stock - domestic	<u>          -</u>	<u>          -</u>	<u>405,406</u>	<u>405,406</u>
	\$ <u>875</u>	\$ <u>          -</u>	\$ <u>405,406</u>	\$ <u>406,281</u>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>237,546</u>	\$ <u>237,546</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ -	\$ 4,217	\$ 4,217
Unlisted stock - domestic	<u>          -</u>	<u>          -</u>	<u>403,487</u>	<u>403,487</u>
	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>407,704</u>	\$ <u>407,704</u>

March 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ -	\$ 10,498	\$ 10,498
Unlisted stock - domestic	<u>          -</u>	<u>          -</u>	<u>58,381</u>	<u>58,381</u>
	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>68,879</u>	\$ <u>68,879</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and assumptions used in fair value determination

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including stocks of publicly traded companies).

b) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted stocks were determined using the market approach, asset approach or income approach. The evaluations were referenced to the valuation of the same type of companies, the transaction prices of recent financing activities, the information of companies or estimated free cash flows to measure its fair values. The unobservable inputs were the liquidity discount rates and the stock price volatility. At March 31, 2023, December 31, 2022 and March 31, 2022, the ranges of liquidity discount rates were 30%, 18.33%-30% and 16.58%-26.41%, and the ranges of stock price volatility were 39.05%, 38.91%-52.39% and 26.24%-43.03%.

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

Financial assets at fair value through profit or loss - equity instruments:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 237,546	\$ -
Recognized in profit or loss (gain on financial assets at fair value through profit or loss)	<u>3,764</u>	<u>-</u>
Ending balance	<u>\$ 241,310</u>	<u>\$ -</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 407,704	\$ 76,356
Recognized in other comprehensive income (loss) (unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	2,695	(7,477)
Disposal	<u>(4,993)</u>	<u>-</u>
Ending balance	<u>\$ 405,406</u>	<u>\$ 68,879</u>

c. Categories of financial instruments

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 241,310	\$ 237,546	\$ -
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	406,281	407,704	68,879
Financial assets at amortized cost (Note 1)	<u>10,200,503</u>	<u>11,377,354</u>	<u>10,887,295</u>
	<u>\$ 10,848,094</u>	<u>\$ 12,022,604</u>	<u>\$ 10,956,174</u>

(Continued)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	<u>\$ 11,373,303</u>	<u>\$ 13,521,788</u>	<u>\$ 10,082,482</u> (Concluded)

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 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 level of 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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group had unused bank facilities of \$50,000 thousand, \$50,000 thousand and \$150,000 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.

March 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 51,240	\$ 119,700	\$ 434,496	\$ 809,590	\$ 103,908

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 60,054	\$ 120,109	\$ 462,638	\$ 897,542	\$ 113,649

March 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	<u>\$ 53,082</u>	<u>\$ 108,817</u>	<u>\$ 465,834</u>	<u>\$1,012,904</u>	<u>\$ 143,432</u>

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 assets and liabilities exposed to significant exchange rate risk, please refer to Note 33.

Sensitivity analysis

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

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, notes and accounts receivable, other receivables, other financial assets and other payables, 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:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Appreciated 5%	<u>\$ (6,230)</u>	<u>\$ (6,388)</u>
Depreciated 5%	<u>\$ 6,230</u>	<u>\$ 6,388</u>

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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 6,445,815	\$ 4,712,559	\$ 2,112,484
Financial liabilities	1,499,158	1,625,299	1,746,585
Cash flow interest rate risk			
Financial assets	1,655,738	3,883,206	6,915,370

#### 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 three months ended March 31, 2023 and 2022 would have increased or decreased by \$2,070 thousand and \$8,644 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 profit for the three months ended March 31, 2023 would have increased or decreased by \$12,066 thousand, as a result of the change in fair value of financial assets at fair value through profit or loss, and the post-tax other comprehensive income for the three months ended March 31, 2023 and 2022 would have increased or decreased by \$20,314 thousand and \$3,444 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

## **29. 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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
Taipei New Horizon Co., Ltd.	Other related party
Taiwan Fixed Network Co., Ltd.	Other related party
Taiwan Digital Service Co., Ltd.	Other related party
TFN Media Co., Ltd.	Other related party
Win TV Broadcasting Co., Ltd.	Other related party
Taiwan Kuro Times Co., Ltd.	Other related party
Yeong Jia Leh Cable TV Co., Ltd.	Other related party
Mangrove Cable TV Co., Ltd.	Other related party
Phoenix Cable TV Co., Ltd.	Other related party
Union Cable TV Co., Ltd.	Other related party
Globalview Cable TV Co., Ltd.	Other related party
AppWorks Ventures Co., Ltd.	Other related party
Mistake Entertainment Co., Ltd.	Other related party
AppWorks School Co., Ltd.	Other related party
Nada Holdings Corp.	Other related party
Fubon Life Insurance Co., Ltd. (Fubon Life)	Other related party
Fubon Insurance Co., Ltd. (Fubon Ins.)	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Bank (China) Co., Ltd.	Other related party
Fubon Securities Co., Ltd.	Other related party
Fubon Securities Investment Trust Co., Ltd.	Other related party
Fubon Investment Services Co., Ltd.	Other related party
Fubon Financial Venture Capital Co., Ltd.	Other related party
Fubon Financial Holding Co., Ltd.	Other related party
Fubon Futures Co., Ltd.	Other related party
Fubon Marketing Co., Ltd.	Other related party
Fubon Sports & Entertainment Co., Ltd. (FSE)	Other related party
Fubon Gymnasium Co., Ltd.	Other related party
Fubon Asset Management Co., Ltd.	Other related party
Fubon Property Management Co., Ltd.	Other related party
Fubon Land Development Co., Ltd.	Other related party
Fubon Hospitality Management Co., Ltd.	Other related party
Fubon Insurance Agency Co., Ltd.	Other related party
P. League+ Co., Ltd.	Other related party
Jih Sun International Bank, Ltd.	Other related party
Jih Sun Securities Co., Ltd.	Other related party
Jih Sun Futures Co., Ltd.	Other related party
Chung Hsing Constructions Co., Ltd.	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party
kbro Co., Ltd.	Other related party

(Continued)

Related Party Name	Related Party Categories
One Production Film Co., Ltd.	Other related party
Daanwenshan CATV Co., Ltd.	Other related party
North Taoyuan CATV Co., Ltd.	Other related party
Yangmingshan CATV Co., Ltd.	Other related party
Hsin Taipei CATV Co., Ltd.	Other related party
Chinpingtao CATV Co., Ltd.	Other related party
Hsintangcheng CATV Co., Ltd.	Other related party
Chuanlien CATV Co., Ltd.	Other related party
Chen Tao Cable TV Co., Ltd.	Other related party
Fengmeng Cable TV Co., Ltd.	Other related party
Hsinpingtao CATV Co., Ltd.	Other related party
Kuansheng CATV Co., Ltd.	Other related party
Nantien CATV Co., Ltd.	Other related party
Taiwan Win TV Media Co., Ltd.	Other related party
Uospace Tech Co., Ltd.	Other related party
More Sounds Film Production Co., Ltd.	Other related party
Fubon Cultural & Educational Foundation	Other related party
Fubon Charity Foundation	Other related party
Fubon Art Foundation	Other related party
Taipei New Horizon Management Agency	Other related party

(Concluded)

b. Operating revenues

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2023	2022
Sales	Ultimate parent entity	\$ 59,398	\$ 55,171
	Associates	<u>-</u>	<u>201</u>
		<u>\$ 59,398</u>	<u>\$ 55,372</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 March 31	
	2023	2022
Ultimate parent entity	\$ 743,347	\$ 622,320
Other related parties	<u>57,697</u>	<u>58,489</u>
	<u>\$ 801,044</u>	<u>\$ 680,809</u>

The entities mentioned above provide sales, broadcast, and other services. The transaction terms with related parties were not significantly different from those with third parties.

d. Receivables from related parties

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Accounts receivable	Ultimate parent entity	<u>\$ 57,338</u>	<u>\$ 50,391</u>	<u>\$ 75,435</u>
	Associates	<u>-</u>	<u>2</u>	<u>294</u>
	Other related parties			
	TFCB	258,642	233,631	155,399
	Others	<u>4,384</u>	<u>2,609</u>	<u>21,218</u>
		<u>263,026</u>	<u>236,240</u>	<u>176,617</u>
		<u>\$ 320,364</u>	<u>\$ 286,633</u>	<u>\$ 252,346</u>
Other receivables	Ultimate parent entity	\$ 30,511	\$ 66,042	\$ 39,930
	Other related parties			
	TFCB	<u>167,721</u>	<u>279,206</u>	<u>163,326</u>
		<u>\$ 198,232</u>	<u>\$ 345,248</u>	<u>\$ 203,256</u>

The outstanding trade receivables from related parties are unsecured, and no impairment losses were recognized after assessment.

e. Payables to related parties

<b>Line Items</b>	<b>Related Party Categories</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Accounts payable	Ultimate parent entity	\$ 214,771	\$ 343,588	\$ 225,309
	Other related parties	<u>39,378</u>	<u>626</u>	<u>41,451</u>
		<u>\$ 254,149</u>	<u>\$ 344,214</u>	<u>\$ 266,760</u>
Other payables	Ultimate parent entity	<u>\$ 143,703</u>	<u>\$ 89,052</u>	<u>\$ 86,679</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash and cash equivalents	Other related parties			
	TFCB	\$ 666,434	\$ 772,798	\$ 1,421,583
	Others	<u>4,754</u>	<u>8,177</u>	<u>10,762</u>
		<u>\$ 671,188</u>	<u>\$ 780,975</u>	<u>\$ 1,432,345</u>
Other financial assets	Other related parties	<u>\$ 19,730</u>	<u>\$ 21,086</u>	<u>\$ 9,377</u>

g. Prepayments

<b>Related Party Categories/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other related parties			
Fubon Ins.	\$ 44,036	\$ 4,789	\$ 39,182
FSE	<u>-</u>	<u>-</u>	<u>18,900</u>
	<u>\$ 44,036</u>	<u>\$ 4,789</u>	<u>\$ 58,082</u>

h. Lease arrangements

<b>Related Party Categories/Name</b>		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Acquisition of right-of-use assets	Other related parties Fubon Life	\$ -	\$ 45,816
<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Lease liabilities	Ultimate parent entity	\$ 5,234	\$ 6,350
	Other related parties Fubon Life	<u>127,200</u>	<u>173,354</u>
		<u>\$ 132,434</u>	<u>\$ 179,704</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

<b>Related Party Categories</b>		<b>Purchase Price For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Ultimate parent entity	E-Book of business	\$ 71,400	\$ -

j. Others

1) Refundable deposits

<b>Related Party Categories/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other related parties			
Fubon Life	\$ 46,378	\$ 46,270	\$ 46,026

2) Operating expenses

<b>Related Party Categories/Name</b>	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Ultimate parent entity	\$ 14,498	\$ 16,773
Other related parties TFCB	<u>182,923</u>	<u>148,257</u>
	<u>\$ 197,421</u>	<u>\$ 165,030</u>

3) Other income and expenses

<b>Related Party Categories/Name</b>	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Other related parties TFCB	<u>\$ 14,720</u>	<u>\$ 13,006</u>

k. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 18,868	\$ 19,441
Post-employment benefits	<u>436</u>	<u>603</u>
	<u>\$ 19,304</u>	<u>\$ 20,044</u>

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

### 30. ASSETS PLEDGED

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other financial assets - current	\$ 65,200	\$ 65,200	\$ 65,191
Other financial assets - non-current	<u>243,829</u>	<u>233,329</u>	<u>233,287</u>
	<u>\$ 309,029</u>	<u>\$ 298,529</u>	<u>\$ 298,478</u>



### 31. 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 \$186,448 thousand, electronic tickets of \$127,934 thousand, and physical tickets of \$15,601 thousand as of March 31, 2023, respectively.
- b. As of March 31, 2023, December 31, 2022 and March 31, 2022, the amounts of lease commitments commencing after the balance sheet date were \$2,023,958 thousand, \$2,079,295 thousand and \$1,977,792 thousand, respectively.
- c. Due to the business development needs, momo's Board of Directors resolved the logistics warehouse construction and equipment procurement in Southern District in July 2020. As of March 31, 2023, contract amount not yet paid for the logistics warehouse construction and equipment were \$930,606 thousand and \$224,667 thousand.

### 32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In April 2023, momo resolved to sign the office lease agreement with Fubon Life, with lease terms of 5 years from August and September 2023. The expected amount of acquired right-of-use assets would be \$704,594 thousand.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 17,044	4.427 (RMB:NTD)	\$ 75,453
USD	1,515	30.455 (USD:NTD)	46,126
HKD	1,047	3.879 (HKD:NTD)	<u>4,061</u>
			<u>\$ 125,640</u>
Non-monetary items			
Investments accounted for using equity method			
RMB	109,286	4.427 (RMB:NTD)	<u>\$ 483,810</u>
<u>Foreign currency liabilities</u>			
Monetary items			
RMB	235	4.427 (RMB:NTD)	<u>\$ 1,039</u>

December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 16,951	4.401 (RMB:NTD)	\$ 74,603
USD	1,801	30.725 (USD:NTD)	55,333
EUR	60	32.65 (EUR:NTD)	<u>1,951</u>
			<u>\$ 131,887</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	1,070	3.942 (HKD:NTD)	\$ 4,217
Investments accounted for using equity method			
RMB	110,431	4.401 (RMB:NTD)	<u>486,008</u>
			<u>\$ 490,225</u>
<u>Foreign currency liabilities</u>			
Monetary items			
RMB	375	4.401 (RMB:NTD)	\$ 1,650
USD	111	30.725 (USD:NTD)	3,413
EUR	77	32.65 (EUR:NTD)	<u>2,501</u>
			<u>\$ 7,564</u>

March 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 25,674	4.489 (RMB:NTD)	\$ 115,251
USD	438	28.56 (USD:NTD)	<u>12,509</u>
			<u>\$ 127,760</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	2,878	3.648 (HKD:NTD)	\$ 10,498
Investments accounted for using equity method			
RMB	132,916	4.489 (RMB:NTD)	596,658
THB	113,226	0.865 (THB:NTD)	<u>97,952</u>
			<u>\$ 705,108</u>

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$208 thousand and \$4,142 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currencies transactions and functional currencies of the entities in the Group.

#### **34. SEPARATELY DISCLOSED ITEMS**

a. Information on 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. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 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 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 4)

b. Information on investees. (Table 5)

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 6)
- 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 7)

### 35. 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, FI - comprehensive insurance agent, Bebe Poshe - wholesale of cosmetics, FSL - logistics industry, MFS - wholesaling, Prosperous Living - wholesale and retail sales, Asian Crown (BVI) - investment, and Honest Development - investment; for the three months ended March 31, 2023 and 2022, 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.

#### a. Segment revenue and results

The following was an analysis of the Group's revenue and results by reportable segments:

	<b>TV and Magazine</b>	<b>E-commerce</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
For the three months ended <u>March 31, 2023</u>					
Revenue					
Non-inter-company revenue	<u>\$ 1,034,013</u>	<u>\$ 24,078,141</u>	<u>\$ 320,537</u>	<u>\$ (312,651)</u>	<u>\$ 25,120,040</u>
Segment profits	<u>\$ 61,934</u>	<u>\$ 1,018,405</u>	<u>\$ 41,672</u>	<u>\$ (10,007)</u>	<u>\$ 1,112,004</u>
For the three months ended <u>March 31, 2022</u>					
Revenue					
Non-inter-company revenue	<u>\$ 1,295,384</u>	<u>\$ 21,634,061</u>	<u>\$ 249,310</u>	<u>\$ (241,314)</u>	<u>\$ 22,937,441</u>
Segment profits	<u>\$ 126,447</u>	<u>\$ 901,395</u>	<u>\$ 36,902</u>	<u>\$ (34,291)</u>	<u>\$ 1,030,453</u>

#### b. Geographical information

The Group's mainly operating place and non-current assets are generated mostly located in Taiwan.

**momo.com Inc. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**MARCH 31, 2023**

**(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	March 31, 2023				Note
				Shares (Thousands)	Carrying Amount	% of Ownership	Fair Value	
momo	<u>Foreign listed stock</u> eSun	-	Financial assets at fair value through other comprehensive income - current	728	\$ 875	0.04	\$ 875	
	<u>Domestic unlisted stock</u> We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,073	76,222	7.68	76,222	
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - non-current	37,500	329,184	2.50	329,184	
	Gaius Automotive Inc.	-	Financial assets at fair value through profit or loss - non-current	5,750	241,310	8.02	241,310	

Note: Refer to Table 5 and Table 6 for the information on investment in subsidiaries and associates.

**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 THREE MONTHS ENDED MARCH 31, 2023**  
**(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 FSL	Ultimate parent entity Subsidiary	Purchase	\$ 742,983	3	Based on contract terms	-	-	\$ (214,771)	(2)	
			Purchase	249,577	1	Based on contract terms	-	-	(171,534)	(2)	

**momo.com Inc. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**MARCH 31, 2023**

**(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	Other related party	Accounts receivable	\$ 258,642	Note	\$ -	-	\$ 129,647	\$ -
			Other receivables	167,229	-	-	-	167,229	-
FSL	momo	Parent entity	Accounts receivable	172,148	4.71	-	-	72,558	-

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

**momo.com Inc. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Number	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Consolidated Total Operating Revenue or Total Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	momo	FSL	1	Accounts payable	\$ 171,534	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.69
				Operating costs	249,577		0.99
		MFS	1	Accounts payable	17,102		0.07
				Operating costs	33,299		0.13
		Prosperous Living	1	Operating costs	10,114		0.04

Note: No. 1 represents the transactions from parent entity to subsidiary.  
 No. 2 represents the transactions from subsidiary to parent entity.  
 No. 3 represents the transactions from subsidiary to subsidiary.



## momo.com Inc. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Shares (Thousands)	%	Carrying Amount			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 49,414	\$ 2,802	\$ 2,802	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	2,374	(548)	(548)	
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	100.00	12,386	(598)	(598)	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	16,542	(1,230)	(1,008)	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	559,007	(3,212)	(3,212)	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	93,421	90,880	9,026	90.26	28,560	117	104	
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	100.00	392,812	18,345	18,340	
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100.00	101,293	2,894	2,894	
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	225,226	1,892	1,393	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100.00	15,748	(1,218)	Note 2	
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100.00	15,748	(1,218)	Note 2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	559,007	(3,212)	Note 2	

Note 1: 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 it is not presented in this table.

Note 3: In March 2023, momo's percentage of ownership interest in Bebe Poshe increased to 90.26% due to the acquisition of non-controlling interest.

Note 4: Please refer to Table 6 for information on investments in mainland China.

## momo.com Inc. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Loss of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
FGE	Wholesaling	\$ 343,091 (RMB 77,500)	b.	\$ 821,553 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 821,553 (USD 14,000) (RMB 89,267)	\$ (1,148)	76.70	\$ (880)	\$ 6,139	\$ -	
Haobo	Investment	48,697 (RMB 11,000)	b.	-	-	-	-	(3,443)	100.00	(3,443)	530,152	-	
GHS	Wholesaling	221,349 (RMB 50,000)	b.	-	-	-	-	(13,278)	20.00	(3,914)	483,810	-	

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,475,317 (USD14,000, RMB89,267 and HKD168,539)	\$1,475,317 (USD14,000, RMB89,267 and HKD168,539)	\$6,442,903

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's subsidiary.
  - 3) GHS is Haobo's associate.
- c. Others.

Note 2: The exchange rates on March 31, 2023 are USD1=NT\$30.455, RMB1=NT\$4.427, and HKD1=NT\$3.879.

**TABLE 7****momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS  
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
WMT	98,353,639	45.01
TECO CAPITAL INVESTMENT Co., Ltd.	23,008,800	10.53
WOORI HOMESHOPPING Co., Ltd.	17,301,840	7.92

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