

momo.com Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including material accounting policy information. 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 September 30, 2023 and 2022, its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 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

November 7, 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)

	September 30, 2023		December 31, 2022		September 30, 2022	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 29)	\$ 4,570,512	19	\$ 8,044,437	30	\$ 5,085,931	22
Financial assets at fair value through other comprehensive income - current (Note 8)	615	-	4,217	-	6,130	-
Notes and accounts receivable, net (Note 9)	173,783	1	178,680	1	87,319	-
Accounts receivable from related parties (Note 29)	249,791	1	286,633	1	230,840	1
Other receivables, net (Notes 9 and 29)	1,944,254	8	2,259,749	9	1,496,102	6
Inventories (Note 10)	4,852,670	20	4,479,408	17	4,666,111	20
Prepayments (Note 29)	111,080	-	69,661	-	123,227	1
Other financial assets - current (Notes 11, 29 and 30)	127,401	-	134,752	-	283,879	1
Other current assets	16,176	-	16,505	-	18,516	-
Right to recover products - current (Note 21)	<u>134,577</u>	<u>1</u>	<u>175,124</u>	<u>1</u>	<u>127,151</u>	<u>1</u>
Total current assets	<u>12,180,859</u>	<u>50</u>	<u>15,649,166</u>	<u>59</u>	<u>12,125,206</u>	<u>52</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	252,131	1	237,546	1	230,000	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	376,430	2	403,487	2	422,617	2
Investments accounted for using equity method (Note 13)	488,263	2	486,008	2	569,047	3
Property, plant and equipment (Note 14)	7,741,782	32	7,322,583	28	7,077,412	30
Right-of-use assets (Notes 15 and 29)	2,651,569	11	1,588,102	6	2,207,606	10
Intangible assets (Notes 26 and 29)	46,905	-	57,354	-	65,825	-
Deferred tax assets	32,895	-	27,716	-	28,425	-
Prepayments for equipment	118,517	-	91,692	-	86,237	-
Refundable deposits (Note 29)	223,983	1	239,774	1	218,006	1
Net defined benefit assets - non-current	4,011	-	3,952	-	807	-
Other financial assets - non-current (Notes 11, 29 and 30)	<u>272,906</u>	<u>1</u>	<u>233,329</u>	<u>1</u>	<u>233,288</u>	<u>1</u>
Total non-current assets	<u>12,209,392</u>	<u>50</u>	<u>10,691,543</u>	<u>41</u>	<u>11,139,270</u>	<u>48</u>
TOTAL	<u>\$ 24,390,251</u>	<u>100</u>	<u>\$ 26,340,709</u>	<u>100</u>	<u>\$ 23,264,476</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current	\$ 58,517	-	\$ 203,414	1	\$ 90,654	-
Accounts payable (Note 16)	9,372,699	38	10,659,957	40	9,288,928	40
Accounts payable to related parties (Note 29)	335,096	1	344,214	1	186,799	1
Other payables (Notes 17 and 29)	1,073,103	4	1,580,298	6	1,005,206	5
Current tax liabilities	192,069	1	427,759	2	159,101	1
Lease liabilities - current (Notes 15, 27 and 29)	717,960	3	628,254	2	725,774	3
Refund liabilities - current (Note 21)	146,440	1	191,002	1	140,331	1
Other current liabilities (Note 18)	<u>1,096,566</u>	<u>5</u>	<u>990,389</u>	<u>4</u>	<u>828,015</u>	<u>3</u>
Total current liabilities	<u>12,992,450</u>	<u>53</u>	<u>15,025,287</u>	<u>57</u>	<u>12,424,808</u>	<u>54</u>
NON-CURRENT LIABILITIES						
Provisions - non-current	28,324	-	26,709	-	27,701	-
Deferred tax liabilities	16,688	-	28,302	-	23,701	-
Lease liabilities - non-current (Notes 15, 27 and 29)	1,961,603	8	997,045	4	1,531,388	6
Guarantee deposits received	<u>375,736</u>	<u>2</u>	<u>359,770</u>	<u>1</u>	<u>354,445</u>	<u>2</u>
Total non-current liabilities	<u>2,382,351</u>	<u>10</u>	<u>1,411,826</u>	<u>5</u>	<u>1,937,235</u>	<u>8</u>
Total liabilities	<u>15,374,801</u>	<u>63</u>	<u>16,437,113</u>	<u>62</u>	<u>14,362,043</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Common stock	2,403,404	10	2,184,913	8	2,184,913	9
Capital surplus	1,969,928	8	2,259,399	9	2,259,399	10
Retained earnings						
Legal reserve	1,804,834	8	1,461,632	6	1,461,632	6
Special reserve	210,385	1	206,677	1	206,677	1
Unappropriated earnings	2,684,798	11	3,913,139	15	2,894,260	13
Total retained earnings	<u>4,700,017</u>	<u>20</u>	<u>5,581,448</u>	<u>22</u>	<u>4,562,569</u>	<u>20</u>
Other equity	<u>(143,338)</u>	<u>(1)</u>	<u>(210,385)</u>	<u>(1)</u>	<u>(193,202)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>8,930,011</u>	<u>37</u>	<u>9,815,375</u>	<u>38</u>	<u>8,813,679</u>	<u>38</u>
NON-CONTROLLING INTERESTS (Note 20)	<u>85,439</u>	<u>-</u>	<u>88,221</u>	<u>-</u>	<u>88,754</u>	<u>-</u>
Total equity	<u>9,015,450</u>	<u>37</u>	<u>9,903,596</u>	<u>38</u>	<u>8,902,433</u>	<u>38</u>
TOTAL	<u>\$ 24,390,251</u>	<u>100</u>	<u>\$ 26,340,709</u>	<u>100</u>	<u>\$ 23,264,476</u>	<u>100</u>

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

momo.com Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 29)	\$ 25,074,675	100	\$ 23,557,744	100	\$ 76,407,130	100	\$ 71,633,611	100
OPERATING COSTS (Notes 10, 19, 22 and 29)	<u>22,752,330</u>	<u>91</u>	<u>21,327,382</u>	<u>90</u>	<u>68,921,310</u>	<u>90</u>	<u>64,548,991</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>2,322,345</u>	<u>9</u>	<u>2,230,362</u>	<u>10</u>	<u>7,485,820</u>	<u>10</u>	<u>7,084,620</u>	<u>10</u>
OPERATING EXPENSES (Notes 9, 19, 22 and 29)								
Marketing expenses	705,274	3	730,124	3	2,440,144	3	2,302,973	3
Administrative expenses	664,880	2	609,513	3	1,958,163	3	1,825,698	3
Research and development expenses	70,049	-	59,104	-	198,549	-	166,787	-
Expected credit (gain) loss	<u>(120)</u>	<u>-</u>	<u>1,331</u>	<u>-</u>	<u>1,597</u>	<u>-</u>	<u>2,133</u>	<u>-</u>
Total operating expenses	<u>1,440,083</u>	<u>5</u>	<u>1,400,072</u>	<u>6</u>	<u>4,598,453</u>	<u>6</u>	<u>4,297,591</u>	<u>6</u>
NET OTHER INCOME AND EXPENSES (Note 29)	<u>30,937</u>	<u>-</u>	<u>47,825</u>	<u>-</u>	<u>118,431</u>	<u>-</u>	<u>149,175</u>	<u>-</u>
OPERATING INCOME	<u>913,199</u>	<u>4</u>	<u>878,115</u>	<u>4</u>	<u>3,005,798</u>	<u>4</u>	<u>2,936,204</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	19,157	-	12,743	-	74,122	-	33,370	-
Other income	533	-	1,126	-	2,021	-	2,447	-
Other gains and losses, net (Notes 13 and 22)	7,438	-	55,021	-	14,728	-	116,677	-
Finance costs (Note 22)	(5,639)	-	(4,443)	-	(11,960)	-	(12,209)	-
Share of profit or loss of associates accounted for using equity method	<u>1,435</u>	<u>-</u>	<u>(1,889)</u>	<u>-</u>	<u>2,546</u>	<u>-</u>	<u>(60,797)</u>	<u>-</u>
Total non-operating income and expenses	<u>22,924</u>	<u>-</u>	<u>62,558</u>	<u>-</u>	<u>81,457</u>	<u>-</u>	<u>79,488</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	936,123	4	940,673	4	3,087,255	4	3,015,692	4
INCOME TAX EXPENSE (Note 23)	<u>186,264</u>	<u>1</u>	<u>184,317</u>	<u>1</u>	<u>606,190</u>	<u>1</u>	<u>603,001</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>749,859</u>	<u>3</u>	<u>756,356</u>	<u>3</u>	<u>2,481,065</u>	<u>3</u>	<u>2,412,691</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(45,163)	-	(11,587)	-	(11,518)	-	(22,609)	-
Share of remeasurement of defined benefit plans of associates accounted for using equity method	-	-	-	-	-	-	367	-

(Continued)

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	\$ 16,143	-	\$ 10,518	-	\$ 1,051	-	\$ 32,819	-
Share of other comprehensive (loss) income of associates accounted for using equity method	(496)	-	1,930	-	(1,348)	-	3,325	-
Other comprehensive (loss) income, net of tax	(29,516)	-	861	-	(11,815)	-	13,902	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 720,343	3	\$ 757,217	3	\$ 2,469,250	3	\$ 2,426,593	3
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 749,984	3	\$ 756,420	3	\$ 2,481,304	3	\$ 2,414,019	3
Non-controlling interests	(125)	-	(64)	-	(239)	-	(1,328)	-
	\$ 749,859	3	\$ 756,356	3	\$ 2,481,065	3	\$ 2,412,691	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 720,445	3	\$ 757,282	3	\$ 2,469,491	3	\$ 2,427,861	3
Non-controlling interests	(102)	-	(65)	-	(241)	-	(1,268)	-
	\$ 720,343	3	\$ 757,217	3	\$ 2,469,250	3	\$ 2,426,593	3
EARNINGS PER SHARE (Note 24)								
Basic	\$ 3.12		\$ 3.14		\$ 10.32		\$ 10.04	
Diluted	\$ 3.12		\$ 3.14		\$ 10.32		\$ 10.04	

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)

	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
Distribution of 2021 earnings										
Legal reserve	-	-	332,764	-	(332,764)	-	-	-	-	-
Special reserve	-	-	-	64,147	(64,147)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,366,989)	-	-	(2,366,989)	-	(2,366,989)
Stock dividends	182,076	-	-	-	(182,076)	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	(1,244)	-	-	(1,244)	-	(1,244)
Issue of stock dividends from capital surplus	182,076	(182,076)	-	-	-	-	-	-	-	-
Net profit (loss) for the nine months ended September 30, 2022	-	-	-	-	2,414,019	-	-	2,414,019	(1,328)	2,412,691
Other comprehensive income (loss) for the nine months ended September 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>36,084</u>	<u>(22,609)</u>	<u>13,842</u>	<u>60</u>	<u>13,902</u>
Total comprehensive income (loss) for the nine months ended September 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,414,386</u>	<u>36,084</u>	<u>(22,609)</u>	<u>2,427,861</u>	<u>(1,268)</u>	<u>2,426,593</u>
Changes in equity of non-current assets held for sale	<u>-</u>	<u>(4,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,940)</u>	<u>-</u>	<u>(4,940)</u>
BALANCE AT SEPTEMBER 30, 2022	<u>\$ 2,184,913</u>	<u>\$ 2,259,399</u>	<u>\$ 1,461,632</u>	<u>\$ 206,677</u>	<u>\$ 2,894,260</u>	<u>\$ (71,808)</u>	<u>\$ (121,394)</u>	<u>\$ 8,813,679</u>	<u>\$ 88,754</u>	<u>\$ 8,902,433</u>
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
Distribution of 2022 earnings										
Legal reserve	-	-	343,202	-	(343,202)	-	-	-	-	-
Special reserve	-	-	-	3,708	(3,708)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,277,369)	-	-	(3,277,369)	-	(3,277,369)
Issue of stock dividends from capital surplus	218,491	(218,491)	-	-	-	-	-	-	-	-
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	2,481,304	-	-	2,481,304	(239)	2,481,065
Other comprehensive income (loss) for the nine months ended September 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295)</u>	<u>(11,518)</u>	<u>(11,813)</u>	<u>(2)</u>	<u>(11,815)</u>
Total comprehensive income (loss) for the nine months ended September 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,481,304</u>	<u>(295)</u>	<u>(11,518)</u>	<u>2,469,491</u>	<u>(241)</u>	<u>2,469,250</u>
Reorganization	-	(70,980)	-	-	-	-	-	(70,980)	-	(70,980)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(6,506)	-	-	(6,506)	(1,579)	(8,085)
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(962)	(962)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,860)</u>	<u>-</u>	<u>78,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE AT SEPTEMBER 30, 2023	<u>\$ 2,403,404</u>	<u>\$ 1,969,928</u>	<u>\$ 1,804,834</u>	<u>\$ 210,385</u>	<u>\$ 2,684,798</u>	<u>\$ (69,871)</u>	<u>\$ (73,467)</u>	<u>\$ 8,930,011</u>	<u>\$ 85,439</u>	<u>\$ 9,015,450</u>

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

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,087,255	\$ 3,015,692
Adjustments for:		
Depreciation expenses	850,039	794,256
Amortization expenses	31,970	45,856
Expected credit loss	1,597	2,133
Gain on financial assets at fair value through profit or loss	(14,585)	-
Finance costs	11,960	12,209
Interest income	(74,122)	(33,370)
Share of (profit) loss of associates accounted for using equity method	(2,546)	60,797
Loss on disposal of property, plant and equipment	978	140
Gain on disposal of non-current assets held for sale	-	(109,805)
Others	(823)	(240)
Changes in operating assets and liabilities		
Notes and accounts receivable	5,100	28,570
Accounts receivable from related parties	36,842	(126,057)
Other receivables	313,525	194,254
Inventories	(373,262)	(937,701)
Prepayments	(41,419)	(53,983)
Other current assets	519	(1,942)
Right to recover products	40,547	35,368
Contract liabilities	(144,897)	4,738
Accounts payable	(1,287,258)	751,797
Accounts payable to related parties	(9,118)	(260,496)
Other payables	(492,221)	(350,646)
Provisions	(519)	(26)
Other current liabilities	106,177	29,627
Net defined benefit plans	(59)	(4)
Refund liabilities	(44,562)	(39,773)
Cash generated from operations	2,001,118	3,061,394
Interest received	102	46
Income tax paid	(843,807)	(992,592)
Net cash generated from operating activities	<u>1,157,413</u>	<u>2,068,848</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(375,000)
Disposal of financial assets at fair value through other comprehensive income	4,028	-
Acquisition of financial assets at fair value through profit or loss	-	(230,000)
Disposal of non-current assets held for sale	-	200,156
		(Continued)

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
Acquisition of property, plant and equipment	\$ (712,226)	\$ (2,141,255)
Disposal of property, plant and equipment	750	-
Increase in refundable deposits	(71,190)	(81,928)
Decrease in refundable deposits	82,185	5,794
Acquisition of intangible assets	(9,420)	(33,585)
Increase in other financial assets	(120,510)	(346,651)
Decrease in other financial assets	89,010	252,735
Increase in prepayments for equipment	(80,205)	(230,729)
Interest received	73,327	30,311
Net cash outflow on acquisition of e-book business	<u>(43,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(787,251)</u>	<u>(2,950,152)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	48,246	49,890
Decrease in guarantee deposits received	(32,280)	(30,398)
Repayment of the principal portion of lease liabilities	(562,321)	(477,727)
Cash dividends paid (including paid to non-controlling interests)	(3,278,331)	(2,366,989)
Acquisition of additional interests in subsidiary	(8,085)	-
Interest paid	<u>(11,306)</u>	<u>(11,870)</u>
Net cash used in financing activities	<u>(3,844,077)</u>	<u>(2,837,094)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(10)</u>	<u>205</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,473,925)	(3,718,193)
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>\$ 4,570,512</u>	<u>\$ 5,085,931</u>

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

(Concluded)

momo.com Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, retailing, and retail sale no storefront.

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 November 7, 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 a 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 endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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 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 on 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 3	\$ 3	\$ 3
Cash in banks	1,330,182	1,690,469	1,033,848
Time deposits	<u>3,240,327</u>	<u>6,353,965</u>	<u>4,052,080</u>
	<u>\$ 4,570,512</u>	<u>\$ 8,044,437</u>	<u>\$ 5,085,931</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Financial assets mandatorily classified as at fair value through profit or loss			
Domestic unlisted stock	<u>\$ 252,131</u>	<u>\$ 237,546</u>	<u>\$ 230,000</u>

In July 2022, the Group acquired 8.02% equity interest of Gaius Automotive Inc. with the investment amount of \$230,000 thousand. In August 2023, momo's percentage of ownership interest in Gaius Automotive Inc. decreased to 7.61% as momo did not exercise the rights to participate in any share issuance for cash.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the financial assets were not pledged.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instrument Investments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Foreign listed stock	\$ 615	\$ -	\$ -
Foreign unlisted stock	<u>-</u>	<u>4,217</u>	<u>6,130</u>
	<u>\$ 615</u>	<u>\$ 4,217</u>	<u>\$ 6,130</u>
<u>Non-current</u>			
Domestic unlisted stock	<u>\$ 376,430</u>	<u>\$ 403,487</u>	<u>\$ 422,617</u>

These investments in equity instruments 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 September 30, 2023, December 31, 2022 and September 30, 2022, the financial assets were not pledged.

9. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes and accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 174,903	\$ 180,166	\$ 89,315
Less: Allowance for impairment loss	<u>(1,120)</u>	<u>(1,486)</u>	<u>(1,996)</u>
	<u>\$ 173,783</u>	<u>\$ 178,680</u>	<u>\$ 87,319</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Other receivables</u>			
Measured at amortized cost			
Gross carrying amount	\$ 1,946,962	\$ 2,265,218	\$ 1,503,616
Less: Allowance for impairment loss	<u>(2,708)</u>	<u>(5,469)</u>	<u>(7,514)</u>
	<u>\$ 1,944,254</u>	<u>\$ 2,259,749</u>	<u>\$ 1,496,102</u> (Concluded)

Notes and accounts receivable and other receivables mainly include amounts that customers have 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 is evidence 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.

September 30, 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	\$ 1,997,441	\$ 119,744	\$ 2,211	\$ 2,469	\$ 2,121,865
Loss allowance (Lifetime ECLs)	<u>(7)</u>	<u>(540)</u>	<u>(812)</u>	<u>(2,469)</u>	<u>(3,828)</u>
Amortized cost	<u>\$ 1,997,434</u>	<u>\$ 119,204</u>	<u>\$ 1,399</u>	<u>\$ -</u>	<u>\$ 2,118,037</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>

September 30, 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	\$ 1,562,900	\$ 18,167	\$ 3,955	\$ 7,909	\$ 1,592,931
Loss allowance (Lifetime ECLs)	<u>(153)</u>	<u>(244)</u>	<u>(1,204)</u>	<u>(7,909)</u>	<u>(9,510)</u>
Amortized cost	<u>\$ 1,562,747</u>	<u>\$ 17,923</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 1,583,421</u>

The expected credit loss rate of each period above, excluding abnormal transactions which have been recognized 100% credit loss, is lower than 2.15% when the aging of the receivables not past due or within 120 days and is between 3.49%-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 Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 6,955	\$ 12,772
Add: Provision	1,597	2,133
Recovery	2	-
Less: Write-off	<u>(4,726)</u>	<u>(5,395)</u>
Ending balance	<u>\$ 3,828</u>	<u>\$ 9,510</u>

10. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	<u>\$ 4,852,670</u>	<u>\$ 4,479,408</u>	<u>\$ 4,666,111</u>

The cost of inventories recognized as cost of goods sold for the three months and the nine months ended September 30, 2023 were \$21,549,410 thousand and \$65,457,567 thousand, respectively, which included inventory write-downs of \$6,983 thousand and \$2,501 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and the nine months ended September 30, 2022 were \$20,107,250 thousand and \$61,076,251 thousand, respectively, which included inventory write-downs \$964 thousand and \$7,722 thousand, respectively.

11. OTHER FINANCIAL ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Pledged time deposits and restricted deposits	\$ 65,200	\$ 65,200	\$ 65,197
Time deposits with original maturities of more than 3 months	<u>62,201</u>	<u>69,552</u>	<u>218,682</u>
	<u>\$ 127,401</u>	<u>\$ 134,752</u>	<u>\$ 283,879</u>

Non-current

Pledged time deposits and restricted deposits	<u>\$ 272,906</u>	<u>\$ 233,329</u>	<u>\$ 233,288</u>
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- 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
			September 30, 2023	December 31, 2022	September 30, 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	Note 2
momo	Fuli Insurance Agent Co., Ltd. (formerly known as Fuli Property Insurance Agent Co., Ltd.) (FI)	Comprehensive insurance agent	100.00	100.00	100.00	Notes 1 and 2
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	93.73	88.68	85.00	Note 3
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	Note 4
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: In order to integrate organizational resources, maximize operational synergies, and enhance competitiveness, the Board of Directors of FI resolved to merge with FLI on October 2023, and FI will be the surviving company. The base date of merge will be November 30, 2023.

Note 3: momo acquired equity interest of Bebe Poshe's non-controlling interests in March and May 2023 and October 2022. Please refer to Note 25 for the details.

Note 4: FGE is no longer viable as a going concern due to long-term losses. The Board of Directors resolved the liquidation on October 2023, currently in process of liquidation.

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

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

Investee Company	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	% of Owner-ship	Amount	% of Owner-ship	Amount	% of Owner-ship
Global Home Shopping Co., Ltd. (GHS)	<u>\$ 488,263</u>	20.00	<u>\$ 486,008</u>	20.00	<u>\$ 569,047</u>	20.00

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 Public Company Limited

During 2020, momo acquired 24.99% equity interest of TV Direct Public Company Limited (“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 resolved to sell all of its shares in TV Direct and reclassified its investments to non-current assets held for sale.

During the period from June to August 2022, momo sold all shares of TV Direct for \$200,156 thousand, and gain on disposal of non-current assets held for sale was \$109,805 thousand.

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	924,481	390	58,311	23,596	39,739	5,962	830,570	1,883,049
Disposals	-	-	(434)	(1,911)	(983)	(4)	-	(3,332)
Reclassifications	396,548	-	-	698	2,445	12,329	(3,263)	408,757
Effects of foreign currency exchange differences	-	-	1,384	37	-	5	-	1,426
Balance at September 30, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,776,652</u>	<u>\$ 1,833,651</u>	<u>\$ 183,213</u>	<u>\$ 387,506</u>	<u>\$ 155,451</u>	<u>\$ 1,171,610</u>	<u>\$ 9,167,267</u>
<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	-	61,471	156,984	18,528	41,185	15,937	-	294,105
Disposals	-	-	(434)	(1,771)	(983)	(4)	-	(3,192)
Effects of foreign currency exchange differences	-	-	1,383	36	-	5	-	1,424
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 391,110</u>	<u>\$ 1,214,190</u>	<u>\$ 133,322</u>	<u>\$ 291,525</u>	<u>\$ 59,708</u>	<u>\$ -</u>	<u>\$ 2,089,855</u>
Carrying amount at January 1, 2022	<u>\$ 2,338,155</u>	<u>\$ 1,446,623</u>	<u>\$ 718,133</u>	<u>\$ 44,264</u>	<u>\$ 94,982</u>	<u>\$ 93,389</u>	<u>\$ 344,303</u>	<u>\$ 5,079,849</u>
Carrying amount at September 30, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,385,542</u>	<u>\$ 619,461</u>	<u>\$ 49,891</u>	<u>\$ 95,981</u>	<u>\$ 95,743</u>	<u>\$ 1,171,610</u>	<u>\$ 7,077,412</u>

(Continued)

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property under Construction	Total
<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	-	-	57,847	20,121	12,777	15,738	564,690	671,173
Disposals	-	-	(95,780)	(4,764)	(2,162)	(2,597)	-	(105,303)
Reclassifications	-	-	23,665	-	-	17,780	-	41,445
Balance at September 30, 2023	<u>\$ 3,659,184</u>	<u>\$ 1,777,404</u>	<u>\$ 1,901,561</u>	<u>\$ 204,952</u>	<u>\$ 406,098</u>	<u>\$ 205,014</u>	<u>\$ 1,962,791</u>	<u>\$ 10,117,004</u>
<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	-	38,670	166,257	20,801	42,443	23,520	-	291,691
Disposals	-	-	(95,053)	(4,722)	(1,879)	(1,921)	-	(103,575)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 447,761</u>	<u>\$ 1,337,697</u>	<u>\$ 155,455</u>	<u>\$ 346,548</u>	<u>\$ 87,761</u>	<u>\$ -</u>	<u>\$ 2,375,222</u>
Carrying amount at January 1, 2023	<u>\$ 3,659,184</u>	<u>\$ 1,368,313</u>	<u>\$ 649,336</u>	<u>\$ 50,219</u>	<u>\$ 89,499</u>	<u>\$ 107,931</u>	<u>\$ 1,398,101</u>	<u>\$ 7,322,583</u>
Carrying amount at September 30, 2023	<u>\$ 3,659,184</u>	<u>\$ 1,329,643</u>	<u>\$ 563,864</u>	<u>\$ 49,497</u>	<u>\$ 59,550</u>	<u>\$ 117,253</u>	<u>\$ 1,962,791</u>	<u>\$ 7,741,782</u>

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 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	1-15 years

As of September 30, 2023, December 31, 2022 and September 30, 2022, the property, plant and equipment were not pledged as collateral.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 3,442	\$ -	\$ 346
Buildings	2,644,221	1,587,318	2,205,601
Office equipment	162	577	1,296
Transportation equipment	<u>3,744</u>	<u>207</u>	<u>363</u>
	<u>\$ 2,651,569</u>	<u>\$ 1,588,102</u>	<u>\$ 2,207,606</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ 1,627,063</u>	<u>\$ 1,202,782</u>
Depreciation charge for right-of-use assets				
Land	\$ 364	\$ 347	\$ 1,075	\$ 1,040
Buildings	198,712	162,926	556,223	495,986
Office equipment	112	733	415	2,210
Transportation equipment	<u>278</u>	<u>188</u>	<u>635</u>	<u>915</u>
	<u>\$ 199,466</u>	<u>\$ 164,194</u>	<u>\$ 558,348</u>	<u>\$ 500,151</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 717,960</u>	<u>\$ 628,254</u>	<u>\$ 725,774</u>
Non-current	<u>\$ 1,961,603</u>	<u>\$ 997,045</u>	<u>\$ 1,531,388</u>

The range of discount rate for lease liabilities was 0.61%-1.32%, 0.61%-0.86% and 0.61%-0.86% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022.

c. Material leasing activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 2 to 10.1 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 8,357</u>	<u>\$ 8,043</u>	<u>\$ 24,914</u>	<u>\$ 23,945</u>
Expenses relating to low-value asset leases	<u>\$ 6,441</u>	<u>\$ 5,829</u>	<u>\$ 20,008</u>	<u>\$ 17,378</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 14,469</u>	<u>\$ 18,566</u>	<u>\$ 47,688</u>	<u>\$ 55,743</u>
Total cash outflow for leases			<u>\$ (666,237)</u>	<u>\$ (586,663)</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 \$28,437 thousand, \$20,400 thousand and \$28,104 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

16. ACCOUNTS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Suppliers	<u>\$ 9,372,699</u>	<u>\$ 10,659,957</u>	<u>\$ 9,288,928</u>

17. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries and bonus	\$ 419,449	\$ 537,912	\$ 399,422
Payables for pension	33,814	35,087	11,994
Payables for equipment and construction	27,188	72,200	1,450
Payables for business tax	4,855	156,495	1,644
Others	<u>587,797</u>	<u>778,604</u>	<u>590,696</u>
	<u>\$ 1,073,103</u>	<u>\$ 1,580,298</u>	<u>\$ 1,005,206</u>

18. OTHER CURRENT LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
Collection about travelling merchandise	\$ 138,338	\$ 161,798	\$ 118,030
Other financial liabilities	751,807	577,549	545,863
Others	<u>206,421</u>	<u>251,042</u>	<u>164,122</u>
	<u>\$ 1,096,566</u>	<u>\$ 990,389</u>	<u>\$ 828,015</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 and nine months ended September 30, 2023 and 2022, the pension expenses of defined contribution plans were \$32,508 thousand, \$31,689 thousand, \$99,693 thousand and \$96,709 thousand, respectively.

b. Defined benefit plans

For the three months and nine months ended September 30, 2023 and 2022, the deduction of pension expenses of defined benefit plans were \$0 thousand, \$0 thousand, \$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 September 30, 2023, December 31, 2022 and September 30, 2022, momo had authorized 300,000 thousand common shares, with 240,340 thousand, 218,491 thousand and 218,491 thousand shares issued and outstanding, respectively, at par value \$10 per share.

On May 19, 2023, the Company's shareholders resolved in the shareholders' meeting to issue 21,849 thousand common shares with a par value of \$10 from capital surplus. After the issuance, the Company's paid-in capital increased to \$2,403,404 thousand. On July 17, 2023, the above transaction was approved by the Securities and Futures Bureau, FSC, and the subscription base date was determined to be August 21, 2023 by the Board of Directors.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Issuance of common shares	\$ 1,844,467	\$ 2,133,938	\$ 2,133,938
Changes in percentage of ownership interests in subsidiaries	125,291	125,291	125,291
Expired employee share options	<u>170</u>	<u>170</u>	<u>170</u>
	<u>\$ 1,969,928</u>	<u>\$ 2,259,399</u>	<u>\$ 2,259,399</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 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 and unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income.

The appropriations of earnings for 2022 and 2021 that had been resolved by the shareholders in their meetings on May 19, 2023 and May 20, 2022, respectively, were as follows:

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

The Company's shareholders resolved in the shareholders' meeting on May 19, 2023 and May 20, 2022 to issue stock dividends of \$218,491 thousand and \$182,076 thousand, respectively, from capital surplus.

d. Other equity items

1) Exchange differences on translation

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ (69,576)	\$ (107,892)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	1,053	32,759
Share from associates accounted for using equity method	(1,348)	3,325
Other comprehensive (loss) income recognized for the period	(295)	36,084
Ending balance	\$ (69,871)	\$ (71,808)

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ (140,809)	\$ (98,785)
Recognized for the period		
Unrealized loss - equity instruments	(26,574)	(22,609)
Income tax effect	15,056	-
Other comprehensive loss recognized for the period	(11,518)	(22,609)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	78,860	-
Ending balance	\$ (73,467)	\$ (121,394)

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 88,221	\$ 90,022
Share in loss for the period	(239)	(1,328)
Other comprehensive (loss) income during the period		
Exchange differences on the translation of the financial statements of foreign entities	(2)	60
Acquisition of non-controlling interests in subsidiaries (Note 25)	(1,579)	-
Cash dividends for non-controlling interests of subsidiaries	(962)	-
Ending balance	\$ 85,439	\$ 88,754

21. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Multimedia business and magazine	\$ 960,715	\$ 1,081,803	\$ 2,968,611	\$ 3,610,730
E-commerce	24,102,992	22,468,459	73,409,411	67,995,544
Others	10,968	7,482	29,108	27,337
	<u>\$ 25,074,675</u>	<u>\$ 23,557,744</u>	<u>\$ 76,407,130</u>	<u>\$ 71,633,611</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Gain on financial assets at fair value through profit or loss	\$ 4,934	\$ -	\$ 14,585	\$ -
Gain on disposal of non-current assets held for sale (Note 13)	-	49,824	-	109,805
Net foreign exchange gains	2,503	5,273	971	7,009
Loss on disposal of property, plant and equipment	-	(79)	(978)	(140)
Others	<u>1</u>	<u>3</u>	<u>150</u>	<u>3</u>
	<u>\$ 7,438</u>	<u>\$ 55,021</u>	<u>\$ 14,728</u>	<u>\$ 116,677</u>

b. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 5,616	\$ 4,419	\$ 11,893	\$ 12,141
Others	<u>23</u>	<u>24</u>	<u>67</u>	<u>68</u>
	<u>\$ 5,639</u>	<u>\$ 4,443</u>	<u>\$ 11,960</u>	<u>\$ 12,209</u>

c. Employee benefits expense, depreciation and amortization

Function Nature	For the Three Months Ended September 30, 2023			For the Three Months Ended September 30, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 301,579	\$ 368,565	\$ 670,144	\$ 286,196	\$ 356,259	\$ 642,455
Insurance expense	33,200	37,451	70,651	31,589	36,081	67,670
Pension	15,059	17,449	32,508	14,560	17,129	31,689
Other employee benefits	18,525	23,466	41,991	18,108	20,566	38,674
Depreciation expenses	241,512	56,769	298,281	210,449	53,436	263,885
Amortization expenses	2,414	6,729	9,143	2,501	14,860	17,361

Function Nature	For the Nine Months Ended September 30, 2023			For the Nine Months Ended September 30, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 890,389	\$ 1,115,928	\$ 2,006,317	\$ 831,745	\$ 1,046,584	\$ 1,878,329
Insurance expense	100,630	115,604	216,234	90,708	106,773	197,481
Pension	46,004	53,630	99,634	42,049	54,656	96,705
Other employee benefits	56,005	72,564	128,569	54,106	57,407	111,513
Depreciation expenses	684,786	165,253	850,039	634,346	159,910	794,256
Amortization expenses	7,269	24,701	31,970	7,039	38,817	45,856

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.

However, if the Company is operating at a loss, profits shall be retained to make up the losses of preceding 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 and nine months ended September 30, 2023 and 2022, the estimated compensation of employees and remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	\$ 933	\$ 934	\$ 3,075	\$ 3,004
Remuneration of directors	\$ 1,399	\$ 1,402	\$ 4,612	\$ 4,506

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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 200,306	\$ 162,611	\$ 632,784	\$ 570,410
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>(9,860)</u>	<u>(4,919)</u>
	<u>200,306</u>	<u>162,611</u>	<u>622,924</u>	<u>565,491</u>
Deferred tax				
In respect of the current period	<u>(14,042)</u>	<u>21,706</u>	<u>(16,734)</u>	<u>37,510</u>
Income tax expense recognized in profit or loss	<u>\$ 186,264</u>	<u>\$ 184,317</u>	<u>\$ 606,190</u>	<u>\$ 603,001</u>

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
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>-</u>	<u>-</u>	<u>(14,997)</u>	<u>-</u>
Income tax benefit (expense) recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Deferred tax				
Unrealized valuation loss on financial assets at fair value through other comprehensive income	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 15,056</u>	<u>\$ -</u>
Income tax benefit recognized in other comprehensive income	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 15,056</u>	<u>\$ -</u>

d. Income tax assessments

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

Company	Year
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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 3.12</u>	<u>\$ 3.14</u>	<u>\$ 10.32</u>	<u>\$ 10.04</u>
Diluted earnings per share	<u>\$ 3.12</u>	<u>\$ 3.14</u>	<u>\$ 10.32</u>	<u>\$ 10.04</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 August 21, 2023. The basic and diluted earnings per share adjusted retrospectively for the three months and nine months ended September 30, 2022 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Basic earnings per share	<u>\$ 3.46</u>	<u>\$ 11.05</u>	<u>\$ 3.14</u>	<u>\$ 10.04</u>
Diluted earnings per share	<u>\$ 3.46</u>	<u>\$ 11.05</u>	<u>\$ 3.14</u>	<u>\$ 10.04</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 749,984</u>	<u>\$ 756,420</u>	<u>\$ 2,481,304</u>	<u>\$ 2,414,019</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of common shares used in the computation of basic earnings per share	240,340	240,340	240,340	240,340
Effect of potentially dilutive common shares:				
Compensation of employees	<u>2</u>	<u>2</u>	<u>7</u>	<u>6</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>240,342</u>	<u>240,342</u>	<u>240,347</u>	<u>240,346</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 and May 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.

	Bebe Poshe
Consideration paid	\$ (8,085)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>1,579</u>
Differences recognized from equity transactions	<u>\$ (6,506)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated Earnings	<u>\$ (6,506)</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.

	E-Book of Business
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 nine months ended September 30, 2023

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	<u>\$ 1,625,299</u>	<u>\$ (573,627)</u>	<u>\$ 1,621,475</u>	<u>\$ 6,416</u>	<u>\$ 2,679,563</u>

For the nine months ended September 30, 2022

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ 1,534,172	\$ (489,597)	\$ 1,200,765	\$ 11,822	\$ 2,257,162

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	\$ -	\$ -	\$ 252,131	\$ 252,131
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Listed stock - foreign	\$ 615	\$ -	\$ -	\$ 615
Unlisted stock - domestic	-	-	376,430	376,430
	\$ 615	\$ -	\$ 376,430	\$ 377,045

December 31, 2022

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

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	\$ -	\$ -	\$ 230,000	\$ 230,000
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ -	\$ 6,130	\$ 6,130
Unlisted stock - domestic	-	-	422,617	422,617
	\$ -	\$ -	\$ 428,747	\$ 428,747

There were no transfers between the fair value measurements of Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

2) Valuation techniques and assumption 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 September 30, 2023, December 31, 2022 and September 30, 2022, the ranges of liquidity discount rates were 30%, 18.33%-30% and 16.63%-28.23%, and the ranges of stock price volatility were 37.6%, 38.91%-52.39% and 31.59%-47.57%.

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

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 237,546	\$ -
Recognized in profit or loss (gain on financial assets at fair value through profit or loss)	14,585	-
Purchase	-	230,000
Ending balance	\$ 252,131	\$ 230,000

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

	For the Nine Months Ended September 30	
	2023	2022
Beginning balance	\$ 407,704	\$ 76,356
Recognized in other comprehensive loss (unrealized valuation loss on financial assets at fair value through other comprehensive income)	(26,281)	(22,609)
Purchase	-	375,000
Disposal	<u>(4,993)</u>	<u>-</u>
Ending balance	<u>\$ 376,430</u>	<u>\$ 428,747</u>

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 252,131	\$ 237,546	\$ 230,000
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	377,045	407,704	428,747
Financial assets at amortized cost (Note 1)	<u>7,562,630</u>	<u>11,377,354</u>	<u>7,635,365</u>
	<u>\$ 8,191,806</u>	<u>\$ 12,022,604</u>	<u>\$ 8,294,112</u>

Financial liabilities

Financial liabilities at amortized cost (Note 2)	<u>\$ 11,908,441</u>	<u>\$ 13,521,788</u>	<u>\$ 11,381,241</u>
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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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had unused bank facilities of \$0 thousand, \$50,000 thousand and \$0 thousand, respectively.

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

September 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 54,953	\$ 136,097	\$ 544,946	\$ 1,584,186	\$ 423,348

December 31, 2022

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

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 64,009	\$ 126,746	\$ 555,146	\$ 1,212,942	\$ 347,865

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and 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 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, accounts payables 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 (decreased) increased as follows:

	For the Nine Months Ended September 30	
	2023	2022
Appreciated 5%	<u>\$ (5,354)</u>	<u>\$ (7,998)</u>
Depreciated 5%	<u>\$ 5,354</u>	<u>\$ 7,998</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 3,109,851	\$ 4,712,559	\$ 4,113,175
Financial liabilities	2,679,563	1,625,299	2,257,162
Cash flow interest rate risk			
Financial assets	2,069,740	3,883,206	1,660,768

Sensitivity analysis

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the nine months ended September 30, 2023 and 2022 would have increased or decreased by \$7,762 thousand and \$6,228 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 nine months ended September 30, 2023 and 2022 would have increased or decreased by \$12,607 thousand and \$11,500 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the other comprehensive income for the nine months ended September 30, 2023 and 2022 would have increased or decreased by \$18,852 thousand and \$21,437 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., which held 45.01% of common stocks of momo as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd.

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

Related Party Name	Related Party Categories
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 Teleservices & Technologies 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

(Continued)

Related Party Name	Related Party Categories
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 (Note 1)
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. (FPM)	Other related party
Fubon Land Development Co., Ltd.	Other related party
Fubon Real Estate Management Co., Ltd.	Other related party
Fubon Hospitality Management Co., Ltd.	Other related party
Fubon Insurance Agency Co., Ltd.	Other related party (Note 1)
Fubon Insurance Agency Co., Ltd.	Other related party (formerly known as Fu-Sheng Insurance Agency Co., Ltd.)
P. League+ Co., Ltd.	Other related party
Jih Sun International Bank, Ltd.	Other related party (Note 2)
Jih Sun Securities Co., Ltd.	Other related party (Note 2)
Jih Sun Futures Co., Ltd.	Other related party (Note 2)
Chung Hsing Constructions Co., Ltd.	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Hung Fu Investment Co., Ltd.	Other related party
Ming Dong Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party
kbro Co., Ltd.	Other related party
One Production Film Co., Ltd.	Other related party (Note 2)
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
Uspace 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
Taiwan Mobile Foundation	Other related party
Taipei Fubon Bank Charity Foundation	Other related party
Taipei New Horizon Management Agency	Other related party

(Concluded)

Note 1: Not a related party since the third quarter of 2023.

Note 2: Not a related party since the second quarter of 2023.

b. Operating revenue

Line Items	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Ultimate parent entity	\$ 59,007	\$ 67,196	\$ 185,346	\$ 184,542
	Associates	-	585	-	864
	Other related parties	<u>7,203</u>	<u>10,084</u>	<u>7,203</u>	<u>10,084</u>
		<u>\$ 66,210</u>	<u>\$ 77,865</u>	<u>\$ 192,549</u>	<u>\$ 195,490</u>

The Group renders sales service to other related parties. The transaction terms with related parties were not significantly different from those with third parties.

c. Purchases

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Ultimate parent entity	\$ 588,198	\$ 505,933	\$ 1,985,860	\$ 1,700,330
Other related parties	<u>76,937</u>	<u>74,503</u>	<u>206,253</u>	<u>206,099</u>
	<u>\$ 665,135</u>	<u>\$ 580,436</u>	<u>\$ 2,192,113</u>	<u>\$ 1,906,429</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

Line Items	Related Party Categories/Name	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Ultimate parent entity	<u>\$ 56,563</u>	<u>\$ 50,391</u>	<u>\$ 53,753</u>
	Associates	<u>-</u>	<u>2</u>	<u>494</u>
	Other related parties			
	TFCB	178,328	233,631	173,973
	Others	<u>14,900</u>	<u>2,609</u>	<u>2,620</u>
		<u>193,228</u>	<u>236,240</u>	<u>176,593</u>
		<u>\$ 249,791</u>	<u>\$ 286,633</u>	<u>\$ 230,840</u>
Other receivables	Ultimate parent entity	\$ 43,020	\$ 66,042	\$ 50,793
	Other related parties			
	TFCB	<u>336,560</u>	<u>279,206</u>	<u>162,384</u>
		<u>\$ 379,580</u>	<u>\$ 345,248</u>	<u>\$ 213,177</u>

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

e. Payables to related parties

Line Items	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Ultimate parent entity	\$ 218,520	\$ 343,588	\$ 183,628
	Other related parties	<u>116,576</u>	<u>626</u>	<u>3,171</u>
		<u>\$ 335,096</u>	<u>\$ 344,214</u>	<u>\$ 186,799</u>
Other payables	Ultimate parent entity	<u>\$ 78,142</u>	<u>\$ 89,052</u>	<u>\$ 103,270</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	September 30, 2023	December 31, 2022	September 30, 2022
Cash and Cash equivalents	Other related parties			
	TFCB	<u>\$ 1,054,249</u>	<u>\$ 772,798</u>	<u>\$ 503,886</u>
Other financial assets	Other related parties	<u>\$ 16,337</u>	<u>\$ 21,086</u>	<u>\$ 23,961</u>

g. Prepayments

Related Party Categories/Name	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties			
Fubon Ins.	\$ 18,402	\$ 4,789	\$ 16,217
FSE	<u>10,664</u>	<u>-</u>	<u>6,300</u>
	<u>\$ 29,066</u>	<u>\$ 4,789</u>	<u>\$ 22,517</u>

h. Lease arrangements

Line Items	Related Party Categories/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Acquisitions of right-of-use assets	Other related parties				
	Fubon Life	<u>\$ 704,594</u>	<u>\$ -</u>	<u>\$ 704,594</u>	<u>\$ 85,197</u>
Lease liabilities	Other related parties				
	Fubon Life	<u>\$ 737,829</u>	<u>\$ 173,354</u>	<u>\$ 219,415</u>	

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

i. Acquisition of other assets

Line Items	Related Party Categories	Purchase Price			
		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
E-Book of business	Ultimate parent entity	\$ -	\$ -	\$ 71,400	\$ -

j. Others

1) Refundable deposits

Related Party Categories/Name	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties			
Fubon Life	\$ 54,054	\$ 46,270	\$ 46,163

2) Operating expenses

Related Party Categories/ Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Ultimate parent entity	\$ 8,465	\$ 18,133	\$ 35,814	\$ 53,287
Other related parties				
TFCB	199,721	152,311	586,748	465,994
FPM	12,199	11,814	12,199	11,814
Others	15,845	6,300	29,360	23,367
	<u>227,765</u>	<u>170,425</u>	<u>628,307</u>	<u>501,175</u>
	\$ 236,230	\$ 188,558	\$ 664,121	\$ 554,462

3) Other income and expenses

Related Party Categories/ Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ 3,794	\$ 11,262	\$ 3,794	\$ 11,262
Other related parties				
TFCB	14,330	14,459	44,534	42,310
	<u>18,124</u>	<u>25,721</u>	<u>48,328</u>	<u>53,572</u>

k. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 15,664	\$ 17,538	\$ 50,168	\$ 54,102
Post-employment benefits	<u>424</u>	<u>493</u>	<u>1,272</u>	<u>6,314</u>
	<u>\$ 16,088</u>	<u>\$ 18,031</u>	<u>\$ 51,440</u>	<u>\$ 60,416</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 following assets were provided as collateral for performance guarantee, lawsuits, and purchases:

	September 30, 2023	December 31, 2022	September 30, 2022
Other financial assets - current	\$ 65,200	\$ 65,200	\$ 65,197
Other financial assets - non-current	<u>272,906</u>	<u>233,329</u>	<u>233,288</u>
	<u>\$ 338,106</u>	<u>\$ 298,529</u>	<u>\$ 298,485</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- 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 \$124,507 thousand, mo coins of \$42,322 thousand, electronic tickets of \$90,216 thousand, and physical tickets of \$11,383 thousand as of September 30, 2023, respectively.
- As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts of lease commitments commencing after the balance sheet date were \$1,296,886 thousand, \$2,079,295 thousand and \$1,275,805 thousand, respectively.
- 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 September 30, 2023, contract amount not yet paid for the logistics warehouse construction and equipment were \$505,465 thousand and \$175,000 thousand, respectively.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Due to the business development needs, momo's Board of Directors resolved the logistics warehouse construction in Central District in January 2023. In October, momo signed a construction contract with Li Jin Engineering Co., Ltd. with a total amount of \$5,568,000 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:

September 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 17,087	4.409 (RMB:NTD)	\$ 75,337
USD	1,175	32.245 (USD:NTD)	<u>37,872</u>
			<u>\$ 113,209</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	149	4.123 (HKD:NTD)	\$ 615
Investments accounted for using equity method			
RMB	110,742	4.409 (RMB:NTD)	<u>488,263</u>
			<u>\$ 488,878</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	190	32.245 (USD:NTD)	<u>\$ 6,127</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<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>
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
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> (Concluded)

September 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 16,908	4.419 (RMB:NTD)	\$ 74,716
USD	2,751	31.85 (USD:NTD)	<u>87,622</u>
			<u>\$ 162,338</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	1,511	4.057 (HKD:NTD)	\$ 6,130
Investments accounted for using equity method			
RMB	128,773	4.419 (RMB:NTD)	<u>569,047</u>
			<u>\$ 575,177</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	75	31.85 (USD:NTD)	<u>\$ 2,375</u>

For the three months and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains were \$2,503 thousand, \$5,273 thousand, \$971 thousand and \$7,009 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currencies transactions and the 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: Multimedia business 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 nine months ended September 30, 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:

	Multimedia Business and Magazine	E-commerce	Others	Adjustments and Eliminations	Total
<u>For the nine months ended September 30, 2023</u>					
Revenue					
Non-inter-company revenue	\$ 2,968,635	\$ 73,411,448	\$ 1,040,697	\$ (1,013,650)	\$ 76,407,130
Segment profits	\$ 149,437	\$ 2,837,128	\$ 166,422	\$ (65,732)	\$ 3,087,255
<u>For the nine months ended September 30, 2022</u>					
Revenue					
Non-inter-company revenue	\$ 3,611,299	\$ 67,996,827	\$ 855,552	\$ (830,067)	\$ 71,633,611
Segment profits	\$ 274,778	\$ 2,605,407	\$ 147,427	\$ (11,920)	\$ 3,015,692

b. Geographical information

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

TABLE 1

momo.com Inc. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 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	September 30, 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	\$ 615	0.04	\$ 615	
	<u>Domestic unlisted stock</u> We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,073	59,902	7.68	59,902	
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - non-current	37,500	316,528	2.50	316,528	
	Gaius Automotive Inc.	-	Financial assets at fair value through profit or loss - non-current	5,750	252,131	7.61	252,131	

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

TABLE 2

momo.com Inc. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Ultimate parent entity	Sale	\$ 184,660	-	Based on contract terms	\$ -	-	\$ 56,374	13	
			Purchase	1,984,673	3	Based on contract terms	-	-	(218,520)	(2)	
	FSL	Subsidiary	Purchase	808,616	1	Based on contract terms	-	-	(206,429)	(2)	
	MFS	Subsidiary	Purchase	120,241	-	Based on contract terms	-	-	(15,764)	-	

TABLE 3

momo.com Inc. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% of THE PAID-IN CAPITAL
SEPTEMBER 30, 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	\$ 178,328	Note	\$ -	-	\$ 118,428	\$ -
			Other receivables	336,432	-	-	-	336,432	-
FSL	momo	Parent entity	Accounts receivable	206,889	4.70	-	-	114,073	-

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

TABLE 4

momo.com Inc. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Bebe Poshe	1	Operating costs	\$ 13,730	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.02
		FSL	1	Accounts payable	206,429		0.85
		MFS	1	Operating costs	808,616		1.06
				Accounts payable	15,764		0.06
		Prosperous Living	1	Operating costs	120,241		0.16
				Operating costs	26,529		0.03

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.

TABLE 5**momo.com Inc. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Shares (Thousands)	%	Carrying Amount			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 50,262	\$ 8,669	\$ 8,669	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	1,634	(1,288)	(1,288)	
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	100.00	9,843	23	23	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	13,671	(4,672)	(3,831)	Note 4
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	563,523	3,312	3,312	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	98,965	90,880	9,373	93.73	27,542	(2,138)	(1,991)	
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	100.00	327,857	60,060	60,047	
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100.00	104,737	6,338	6,338	
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	224,265	4,234	3,117	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100.00	12,041	(4,866)	Note2	
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100.00	12,041	(4,866)	Note2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	563,523	3,312	Note2	

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 order to integrate organizational resources, maximize operational synergies, and enhance competitiveness, the Board of Directors of FI resolved to merge with FLI on October 2023, and FI will be the surviving company. The base date of merge will be November 30, 2023.

Note 4: In March and May 2023, momo's percentage of ownership interest in Bebe Poshe increased to 93.73% due to the acquisition of non-controlling interest.

Note 5: Please refer to Table 6 for information on investments in mainland China.

TABLE 6

momo.com Inc. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Note
					Outward	Inward							
FGE	Wholesaling	\$ 341,700 (RMB 77,500)	b.	\$ 845,011 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 845,011 (USD 14,000) (RMB 89,267)	\$ (5,692)	76.70	\$ (4,366)	\$ 2,606	\$ -	Note 2
Haobo	Investment	48,499 (RMB 11,000)	b.	-	-	-	-	3,070	100.00	3,070	534,658	-	
GHS	Wholesaling	220,451 (RMB 50,000)	b.	-	-	-	-	34,456	20.00	2,546	488,263	-	

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,539,897 (USD14,000, RMB89,267 and HKD168,539)	\$1,539,897 (USD14,000, RMB89,267 and HKD168,539)	\$5,409,270

Note 1: Methods of investment are as follows:

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

Note 2: FGE is no longer viable as a going concern due to long-term losses. The Board of Directors resolved the liquidation on October 2023, currently in process of liquidation.

Note 3: The exchange rates on September 30, 2023 are USD1=NT\$32.245, RMB1=NT\$4.409, and HKD1=NT\$4.123.

TABLE 7**momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
WMT	108,189,002	45.01
TECO CAPITAL INVESTMENT Co., Ltd.	25,309,680	10.53
WOORI HOMESHOPPING Co., Ltd.	19,032,024	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.