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Consolidated P&L

P&L (NT\$ mn)	2Q22	2Q21	YoY	1H22	1H21	YoY
Revenue	25,138.4	22,258.3	12.9%	48,075.9	40,619.5	18.4%
Gross profit	3,669.3	3,247.3	13.0%	7,106.9	6,054.6	17.4%
Operating costs	(1,190.4)	(978.1)	21.7%	(2,252.6)	(1,888.2)	19.3%
Gross profit from operations	2,478.9	2,269.2	9.2%	4,854.3	4,166.4	16.5%
EBITDA	1,314.3	1,335.1	(1.6%)	2,617.0	2,408.8	8.6%
OPEX	(1,504.8)	(1,189.1)	26.5%	(2,897.5)	(2,259.4)	28.2%
Net other income and expenses	45.2	21.9	106.4%	101.4	40.9	147.9%
Operating profit	1,019.2	1,102.0	(7.5%)	2,058.1	1,947.9	5.7%
Income from LT investments	(40.1)	0.3	n.m.	(58.9)	1.1	n.m.
Other non-op income	65.4	3.0	2080.0%	75.8	104.5	(27.5%)
Pretax profit	1,044.6	1,105.4	(5.5%)	2,075.0	2,053.5	1.0%
Tax	212.7	221.6	(4.0%)	418.7	390.4	7.2%
Net income	831.9	883.8	(5.9%)	1,656.3	1,663.1	(0.4%)
Less minorities	(0.2)	(1.1)	81.8%	(1.3)	(2.3)	43.5%
Net income to parent	832.1	884.9	(6.0%)	1,657.6	1,665.4	(0.5%)
Adjustments ^{^^}	(60.0)	(0.6)	(60.0)	(99.6)	(99.6)	
Recurring net income to parent	772.1	884.3	(12.7%)	1,597.6	1,565.8	2.0%
Basic EPS [^]	3.81	4.05	(5.9%)	7.59	7.62	(0.5%)
Recurring basic EPS [^]	3.53	4.05	(12.8%)	7.31	7.17	2.0%
Take rate	14.6%	14.6%	0.0%	14.8%	14.9%	-0.1%
Gross margin from operations	9.9%	10.2%	-0.3%	10.1%	10.3%	-0.2%
EBITDA margin	5.2%	6.0%	-0.8%	5.4%	5.9%	-0.5%
Operating margin	4.1%	5.0%	-0.9%	4.3%	4.8%	-0.5%
Pretax margin	4.2%	5.0%	-0.8%	4.3%	5.1%	-0.8%
Net margin	3.3%	4.0%	-0.7%	3.4%	4.1%	-0.7%

[^]Based on 218.49mn outstanding shares

^{^^} 2Q22 one-time gains NT\$60.0mn on disposal of investments. 1H21 one-time gains NT\$99.6mn, including NT\$99.1mn gain on disposal of investments.

2Q22 Operation Highlights

- momo.com delivered the 2nd highest group sales of NT\$25.1bn (+12.9%YoY) off a tough comp (+40.6%YoY in 2Q21), driven by B2C solid sales of NT\$23.9bn (+14.4%YoY) which grew much faster than Taiwan retail peers amid normalizing Covid situation and higher inflationary environment.
- 2Q22 group EBITDA was NT\$1.3bn (-1.6%YoY) owing to 1) higher logistics cost due to expanding warehouse spaces and rising labor cost, 2) a larger scale of promotional campaigns to reinvest in market share gains; 3) higher B2C mix in group EBITDA (88.3%/86.5% in 2Q22/2Q21).
- 2Q22 net income to parent/basic EPS decreased 6%YoY to NT\$832.1mn/NT\$3.81, respectively, which can be attributed to consolidated operating profit of NT\$1,019.2mn (-7.5%YoY) together with non-op gain of NT\$25.3m (+666.7%YoY). 2Q22 basic/recurring EPS came in at NT\$3.81 (-5.9%YoY)/NT\$3.53 (-12.8%YoY).
- 1H22 group sales achieved NT\$48.1bn (+18.4%YoY), with EBITDA/operating profit increased 8.6%YoY to NT\$2.6bn/ and 5.7%YoY to NT\$2.1bn, respectively. 1H22 OPM came in at 4.3% and basic/recurring EPS at NT\$7.59 (-0.5%YoY)/NT\$7.31 (+2.0%YoY) based on 218.49mn outstanding shares.



I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	2Q22	2Q21	YoY	1H22	1H21	YoY
B2C	23,890.0	20,891.5	14.4%	45,518.1	37,834.8	20.3%
TV home shopping	1,125.3	1,231.3	(8.6%)	2,287.6	2,471.3	(7.4%)
Catalogue	108.3	110.1	(1.6%)	241.4	259.3	(6.9%)
*Others	14.8	25.4	(41.7%)	28.8	54.1	(46.8%)
Total Revenue	25,138.4	22,258.3	12.9%	48,075.9	40,619.5	18.4%

*Other revenue consists of operating revenue from our B2B2C, 76.7%-held Fubon Gehua (Beijing), 85%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

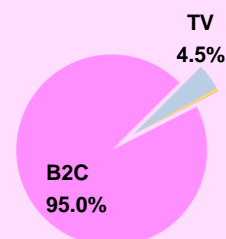
B2C:

B2C continued its above-industry revenue growth of 14.4%YoY off a tough comp +44.6%YoY in 2Q21. All of our categories across the board grew much faster than overall EC as we aggressively reinvested in share gains amid the normalizing Covid situation and higher inflationary environment. 3C & Home appliance/Household showed modest growth of +9.1%YoY/+13.7%YoY vs. +48.9%YoY/+54.9%YoY in 2Q21; while Beauty&Healthcare/Fashion&Luxury/Sports&Leisure remained strong +22.8%YoY/+28.2%YoY/+32.8%YoY driven by selection expansion, flexibility in bundles sales and improving user experience.

2Q22 average MAU (the number of unique users who visited momo.com with the past month) sustained at high level at 12.2mn vs. 12.8mn/13.3mn in 2Q21/4Q21, demonstrating strong user traction, customer stickiness and effective market leadership. On active user growth, 2021 annual active users were 5mn vs. 13mn estimated total online shopping population, signaling at least 1x growth potential over the coming years driven by a still low online penetration rate in Taiwan and our still low market share in the retail space. That said, TAM for momo to further tap into remains substantial despite already being the top 1 player in Taiwan EC space. On customer loyalty & retention, momoFubon co-branded credit card holders' spending contributed ~25% of B2C revenue, with 2x ARPU (average revenue per use) vs. average.

As we look ahead, inflationary pressure is likely to last in the near-term and all retailers face a more challenging environment in all aspects. We believe our favorable cost structure, improving bargaining power with suppliers as we scale and more flexibility for cross-sales campaigns should enable us to navigate through cost inflation better vs. other retail peers in Taiwan.

2Q22 Revenue Breakdown by BUS:



Note: Catalogue 0.4%; Others 0.1%

2Q22 B2C rev +14.4%YoY off a tough comp 2Q21 +44.6%YoY, outgrowing other retail peers amid normalizing Covid situation and higher inflationary environment

We believe we could navigate through cost inflation more smoothly vs. other retail peers



II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	2Q22	2Q21	YoY	1H22	1H21	YoY
B2C	1,160.5	1,154.3	0.5%	2,279.2	2,029.7	12.3%
TV home shopping	113.2	156.7	(27.8%)	264.9	346.8	(23.6%)
Catalogue	8.7	6.5	33.8%	17.1	26.6	(35.7%)
Others ¹	31.9	17.6	81.3%	55.8	5.7	878.9%
Total EBITDA	1,314.3	1,335.1	(1.6%)	2,617.0	2,408.8	8.6%
EBITDA margin	2Q22	2Q21	YoY	1H22	1H21	YoY
B2C	4.9%	5.5%	-0.6%	5.0%	5.4%	-0.4%
TV home shopping	10.1%	12.7%	-2.6%	11.6%	14.0%	-2.4%
Catalogue	8.0%	5.9%	+2.1%	7.1%	10.3%	-3.2%
Others ¹	215.5%	69.3%	+146.2%	193.8%	10.5%	+183.3%
EBITDA margin	5.2%	6.0%	-0.8%	5.4%	5.9%	-0.5%

Note 1: Other EBITDA consists of EBITDA from our B2B2C, 76.7%-held Fubon Gehua (Beijing), 85%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

2Q22 group EBITDA was NT\$1.3bn (-1.6%YoY) and the blended EBITDA margin came in at 5.2% vs. 6.0% in 2Q21 owing to 1) higher logistics cost due to expanding warehouses spaces and rising labor cost; 2) a larger scale of promotional campaigns to reinvest in market share gains; 3) higher B2C mix in group EBITDA (88.3%/86.5% in 2Q22/2Q21).

Non-op:

Non-operating gain was NT\$25.3mn (+666.7% YoY) largely due to one-time gains of NT\$60.0mn on disposal of investments.

Tax rate

momo's tax rate as a percentage of pretax profit was 20.2% in 2Q22.

Group EBITDA margin at 5.2% vs. 6.0% in 2Q21 on higher logistics cost, coupled with a larger scale of promotions to reinvest in market share gains

III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	2Q22	2Q21	YoY%	1Q22	QoQ%
Cash & cash equivalents	8,662.1	9,813.0	(11.7%)	8,411.0	3.0%
Accounts receivables	286.5	156.1	83.5%	327.8	(12.6%)
Other receivables	1,750.0	1,268.5	38.0%	1,504.3	16.3%
Inventories	3,471.2	2,241.8	54.8%	3,487.4	(0.5%)
Other current assets	706.6	515.3	37.1%	491.6	43.7%
Current assets	14,876.4	13,994.7	6.3%	14,222.1	4.6%
Long term investments	569.5	768.3	(25.9%)	694.6	(18.0%)
PP&E	6,899.5	4,766.1	44.8%	5,291.2	30.4%
Other non-current assets	3,403.7	2,123.1	60.3%	2,646.1	28.6%
Total non-current assets	10,872.7	7,657.5	42.0%	8,631.9	26.0%
Total Assets	25,749.1	21,652.2	18.9%	22,854.0	12.7%
Short term borrowings	0.0	0.0	0.0%	0.0	0.0%
Accounts payable	9,732.5	8,958.8	8.6%	8,290.1	17.4%
Other payables	3,449.2	2,359.1	46.2%	819.5	320.9%
Other current liabilities	2,359.0	1,700.4	38.7%	2,535.2	(7.0%)
Non-current liabilities	2,060.3	1,444.1	42.7%	1,520.9	35.5%
Total Liabilities	17,601.0	14,462.4	21.7%	13,165.7	33.7%
Common stock	2,184.9	1,820.8	20.0%	1,820.8	20.0%
Capital surplus	2,262.3	2,446.4	(7.5%)	2,446.4	(7.5%)
Retained earnings	3,806.1	3,083.5	23.4%	5,522.8	(31.1%)
Other equity items	(105.2)	(160.9)	(34.6%)	(101.7)	3.4%
Shareholders' equity	8,148.1	7,189.8	13.3%	9,688.3	(15.9%)

Cash & cash equivalents:

Cash position in 2Q22 was NT\$8.7bn, which made up 33.6% of total assets (up from 26.1% in 2019), thanks to strong cash generating B2C business. At the end of 2Q22, momo has approximately NT\$8.7bn in net cash, or NT\$39.65 per share based on 218.49mn outstanding shares.

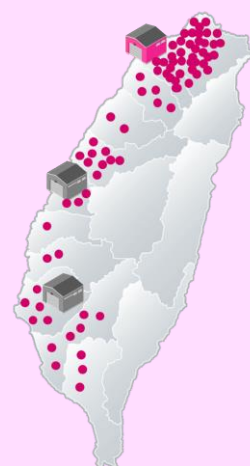
Logistics infra:

In the B2C space, we believe the success of the business depends on logistics capabilities and delivery efficiency given both are crucial to provide a high quality consumer experience and increase customer retention as well. momo's self-owned logistics infra is a key differentiating factor compared to other EC peers in Taiwan. momo's investment in building out its nationwide logistics network, in particular satellite warehouses which are located in the most densely populated cities, enables us to speed up the last-mile delivery efficiency by getting closer to our customers.

Compared to Northern Taiwan where fulfillment networks cover most areas, Central and Southern Taiwan are yet to enjoy the fast last-mile delivery service of EC service. We believe the completion of SDC and CDC, estimated by 2023 and 2025, are poised to further drive the online penetration rate outside Northern areas for the following 3-5 years, given online shopping benefits (more variety, better prices and convenience) and faster delivery service will provide incentives for customers to purchase online over offline.

Net cash position NT\$8.7bn

SDC and CDC poised to drive geography growth



IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	2Q22	2Q21	YoY	1H22	1H21	YoY
(+) Operating profit	1,019.2	1,102.0	(7.5%)	2,058.1	1,947.9	5.7%
(+) D&A	295.1	233.0	26.7%	558.9	461.0	21.2%
ΔWC * (-1) (during the period)	3,866.5	4,511.3	(14.3%)	2,968.4	4,076.8	(27.2%)
Others	(2,848.6)	(1,753.2)	62.5%	(2,806.1)	(1,842.5)	52.3%
Operating cashflow	2,332.1	4,093.1	(43.0%)	2,779.2	4,643.1	(40.1%)
Capex	(1,473.8)	(42.2)	3392.4%	(2,094.8)	(126.0)	1562.5%
FCF	858.4	4,050.9	(78.8%)	684.4	4,517.1	(84.8%)
Investing cashflow	(1,922.7)	(45.2)	4153.8%	(2,614.2)	348.1	n.m.
Financing cashflow	(158.2)	(118.8)	33.2%	(307.2)	(232.9)	31.9%
Change in cash	251.2	3,929.2	(93.6%)	(142.2)	4,758.3	n.m.

* As of 1Q22, Capex included increase in prepayments for equipment

FCF

momo has generated positive free cash flow and cash payout above 70% since 2015, boosted by strong B2C business. FCF in 1H22 was NT\$684.4mn, a decrease of -84.8% YoY, as a result of higher CAPEX and higher working capital requirement.

FCF NT\$684.4mn as of June

Investing cashflow

Net cash used in investing activities was -NT\$1.9bn in 2Q22, including 1) NT\$1.3bn CDC land expenditure and SDC construction expenditure, 2) NT\$375mn acquisition of financial assets at FVOCI (acquired 2.5% of LINE Bank shares together with Fubon group).

WC (NT\$mn)	2Q22	2Q21	YoY	1Q22	QoQ
Accounts Receivables + Other Receivables	2,036.5	1,424.6	42.9%	1,832.1	11.2%
Inventories	3,471.2	2,241.8	54.8%	3,487.4	(0.5%)
Accounts Payables + Other Payables*	13,163.5	11,316.1	16.3%	9,108.8	44.5%
Working Capital	(7,655.8)	(7,649.6)	0.1%	(3,789.4)	102.0%
ΔWC (YoY)	(6.2)	(4,181.4)	(99.9%)	-	-
ΔWC (QoQ)	(3,866.5)	-	-	898.1	n.m.

* Accounts Payables + Other Payables excluding Other Payables for equipment and construction.

CCC	2Q22	2Q21	YoY	1H22	1H21	YoY
AR Days	6.9	5.4	1.5	7.5	5.6	1.9
Inventory Days	13.8	11.0	2.8	15.2	14.1	1.1
AP Days	44.2	41.3	2.9	49.5	48.3	1.2
CCC(days)	(23.5)	(24.9)	1.4	(26.8)	(28.6)	1.8

Working Capital

Total working capital required for momo's operation was -NT\$7.6bn in 2Q22 due to the increase in accounts payable of 44.5% QoQ to NT\$13.2bn. The growth of accounts payable was driven by dividends payable occurred this quarter.

Working capital -NT\$7.6bn
CCC -23.5 days

Cash Conversion Cycle (days):

Cash Conversion Cycle (CCC) was -23.5 days as a result of lower accounts payable turnover ratio.