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Consolidated P&L

P&L (NT\$ mn)	3Q22	3Q21	YoY	9M22	9M21	YoY
Revenue	23,557.7	20,907.4	12.7%	71,633.6	61,526.9	16.4%
Gross profit	3,450.5	3,199.4	7.8%	10,557.4	9,254.0	14.1%
Operating costs	(1,220.1)	(1,076.4)	13.4%	(3,472.8)	(2,964.6)	17.1%
Gross profit from operations	2,230.4	2,123.0	5.1%	7,084.6	6,289.4	12.6%
EBITDA	1,159.4	1,197.4	(3.2%)	3,776.3	3,606.3	4.7%
OPEX	(1,400.1)	(1,190.2)	17.6%	(4,297.6)	(3,449.6)	24.6%
Net other income and expenses	47.8	25.4	87.9%	149.2	66.3	124.9%
Operating profit	878.1	958.2	(8.4%)	2,936.2	2,906.1	1.0%
Income from LT investments	(1.9)	(72.6)	(97.4%)	(60.8)	(71.6)	(15.1%)
Other non-op income	64.4	3.9	1551.3%	140.3	108.4	29.4%
Pretax profit	940.7	889.5	5.8%	3,015.7	2,943.0	2.5%
Tax	184.3	192.6	(4.3%)	603.0	583.0	3.4%
Net income	756.4	696.9	8.5%	2,412.7	2,360.0	2.2%
Less minorities	(0.1)	(1.5)	93.3%	(1.3)	(3.8)	65.8%
Net income to parent	756.4	698.4	8.3%	2,414.0	2,363.8	2.12%
Adjustments ^{^^}	(49.8)	56.9	(109.8)	(42.8)	(42.8)	
Recurring net income to parent	706.6	755.3	(6.4%)	2,304.2	2,321.1	(0.7%)
Basic EPS [^]	3.46	3.20	8.1%	11.05	10.82	2.1%
Recurring basic EPS [^]	3.23	3.46	(6.6%)	10.55	10.62	(0.7%)
Take rate	14.6%	15.3%	-0.7%	14.7%	15.0%	-0.3%
Gross margin from operations	9.5%	10.2%	-0.7%	9.9%	10.2%	-0.3%
EBITDA margin	4.9%	5.7%	-0.8%	5.3%	5.9%	-0.6%
Operating margin	3.7%	4.6%	-0.9%	4.1%	4.7%	-0.6%
Pretax margin	4.0%	4.3%	-0.3%	4.2%	4.8%	-0.6%
Net margin	3.2%	3.3%	-0.1%	3.4%	3.8%	-0.4%

[^]Based on 218.49mn outstanding shares

^{^^} 3Q22 one-time gains NT\$49.8mn on disposal of investments. 9M22 one-time gains NT\$109.8mn on disposal of investments.

3Q21 one-time loss NT\$56.9mn from Global Mall impairment of goodwill. 9M21 one-time gains NT\$42.8mn, including NT\$99mn gain on disposal of investments in 1Q21

3Q22 Operation Highlights

- Group revenue achieved the third highest in company's history of NT\$23.56bn (+12.7%YoY). Despite facing tough comparisons, post-Covid reopening and increased macro volatilities, we continue the trend of growing significantly faster than the overall EC segment in Taiwan.
- B2C grew 14.3%YoY to NT\$22.47bn, significantly higher than Taiwan online retail sales growth of 5.4%YoY. B2C take rate was recorded the second highest at 13.15% driven by robust non-3C product growth and increasing bargaining power with suppliers as we scaled.
- 3Q22 group EBITDA was NT\$1.16bn (-3.2%YoY) primary due to higher logistics costs, including warehouse expansion (with additional 12) and labor cost increase (to reflect more headcounts and the rising cost of new hires in light of the national shortage of labor), together with a large scale of marketing campaigns, compared to the same period last year, to boost sales. Higher B2C mix also attributed to EBITDA margin at 4.9% (vs. 5.7% in 3Q21).
- 3Q22 net income to parent increased 8.3%YoY to NT\$756mn and basic EPS reached NT\$3.46, which can be attributed to consolidated operating profit of NT\$878mn (-8.4%YoY) and non-op income of NT\$62.5mn including we recognized one-time disposable investment gain of NT\$49.8mn during the quarter.
- 1Q-3Q22 group revenue achieved NT\$71.63bn (+16.4%YoY), with EBITDA/operating profit grew 4.7 YoY to NT\$3.78bn/ and 1%YoY to NT\$2.94bn, respectively. 1Q-3Q22 OPM came in at 4.1% and basic/recurring EPS at NT\$11.05 (+2.1%YoY)/NT\$10.55 (-0.7%YoY) based on 218.49mn outstanding shares.



I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	3Q22	3Q21	YoY	9M22	9M21	YoY
B2C	22,466.5	19,664.3	14.3%	67,984.6	57,499.0	18.2%
TV home shopping	975.3	1,091.9	(10.7%)	3,262.8	3,563.2	(8.4%)
Catalogue	106.5	124.0	(14.1%)	347.9	383.3	(9.2%)
*Others	9.4	27.2	(65.4%)	38.3	81.4	(52.9%)
Total Revenue	23,557.7	20,907.4	12.7%	71,633.6	61,526.9	16.4%

*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:

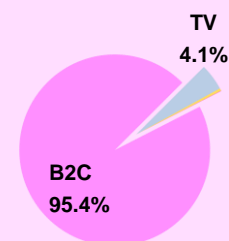
B2C grew 14.3%YoY to NT\$22.47bn vs. 37.8%YoY, a very high base, in 3Q21. The decelerating growth can also be attributed to macro uncertainties, with rising interest rate, rising inflation and post-Covid reopening in Taiwan. However, all of our categories across the board grew much faster than overall EC segment on the back of our strengthening leadership in improving customer experience, such as widest assortments, better pricings, and faster delivery service.

B2C take rate was recorded the second highest at 13.15% (vs.13.4%/12.8%/12.2% in 3Q22/2021/2020) driven by robust non-3C product growth and increasing bargaining power with suppliers as we scaled. Beauty & Healthcare (+19.1%YoY), Fashion & Luxury (+20.1%YoY) and Sports & Leisure (+33.4%YoY) posted stronger momentum driven by our investments behind engagement with our underserved user base. While, 3C & Home appliances (+10.6%) and Household (+10.6%YoY) saw moderation on high base effect.

3Q22 average MAU (the number of unique users who visited momo.com with the past month) sustained at high level at 12.13mn vs. 12.13mn/11.18mn in 3Q21/3Q20. That was primarily due to strong user traction, network effect and effective market leadership. Although facing tough YoY comparisons, the number of active users rose YoY for the 66nd consecutive quarter, increased 5.9%YoY, demonstrating a secular structural growth in B2C consumption. That said, in 9M22, general retail sales (including department store, supermarket CVS) increased 8.9%YoY due to a low base. Non-store retail sales growth decelerated to 7.7%YoY in 9M22 (vs. 14%YoY in 2021), while momo's share remained stable at 9.1% of total non-store retail sales and higher than 7.6% in 2019, according to government's data. On customer loyalty & retention, momoFubon co-branded credit card holders' spending contributed ~30% of B2C revenue (vs. 25% in 2021), with 2x ARPU (average revenue per use) vs. average.

In terms of new initiatives, we are encouraged by the accelerating growth from 1P+3P hybrid model in apparel. The new hybrid model allows mid-small brands to leverage momo's traffic, easy payment system and logistics infra for growth. For momo, we can rapidly expand SKUs and tap into in-season retail. Moreover, enable us to tap into younger generation beyond our core customers. Another promising initiative is Live streaming that target additional customer spend beyond our current B2C. Leveraging TV shopping's program & presentation capability, live streaming has the potential to expand TAMs for momo beyond the current business model. Last, momo supermarket, with 3hrs express delivery speed and ~10k product offerings (vs. existing players' 3-5k), is in the progress to provide an optimal online grocery shopping experience for more districts in Greater Taipei.

3Q22 Revenue Breakdown by BUs:



Note: Catalogue 0.5%; Others 0.0%

B2C take rate at 13.15% vs. 12.8% in 2021 driven by strong non-3C growth momentum

Number of active user rose YoY for 66nd consecutive quarter, demonstrating strong user traction

momo's share at 9.1%/9.4% of Taiwan non-store retail sales in 9M22/2021, higher than 7.6% in 2019



II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	3Q22	3Q21	YoY	9M22	9M21	YoY
B2C	1,027.2	1,073.8	(4.3%)	3,275.0	3,103.5	5.5%
TV home shopping	83.9	93.8	(10.6%)	380.9	440.6	(13.5%)
Catalogue	8.4	10.7	(21.5%)	24.7	37.3	(33.8%)
Others ¹	39.9	19.1	108.9%	95.7	24.9	284.3%
Total EBITDA	1,159.4	1,197.4	(3.2%)	3,776.3	3,606.3	4.7%
EBITDA margin	3Q22	3Q21	YoY	9M22	9M21	YoY
B2C	4.6%	5.5%	-0.9%	4.8%	5.4%	-0.6%
TV home shopping	8.6%	8.6%	+0.0%	11.7%	12.4%	-0.7%
Catalogue	7.9%	8.6%	-0.7%	7.1%	9.7%	-2.6%
Others ¹	424.5%	70.2%	+354.3%	249.9%	30.6%	+219.3%
EBITDA margin	4.9%	5.7%	-0.8%	5.3%	5.9%	-0.6%

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).

EBITDA

3Q22 group EBITDA was NT\$1.16bn (-3.2%YoY) primary due to higher logistics costs, including warehouse expansion (with additional 12) and labor cost increase (to reflect more headcounts and the rising costs of new hire in light of the national shortage of labor), together with a large scale of marketing campaigns, compared to the same period last year, to boost sales. With that, higher B2C mix also attributed to EBITDA margin at 4.9% (vs. 5.7% in 3Q21).

Non-op:

Non-op income was \$62.5mn including we recognized one-time disposable investment gain of NT\$49.8mn during the quarter.

Tax rate

momo's tax rate as a percentage of pretax profit was 19.6% in 3Q22.

3Q22 EBITDA decreased 3%YoY due to higher logistics cost and a larger scale of marketing activities to boost sales

III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	3Q22	3Q21	YoY%	2Q22	QoQ%
Cash & cash equivalents	5,085.9	6,916.3	(26.5%)	8,662.1	(41.3%)
Accounts receivables	318.2	165.4	92.4%	286.5	11.1%
Other receivables	1,496.1	1,095.6	36.6%	1,750.0	(14.5%)
Inventories	4,666.1	3,952.6	18.1%	3,471.2	34.4%
Other current assets	558.9	474.9	17.7%	706.6	(20.9%)
Current assets	12,125.2	12,604.8	(3.8%)	14,876.4	(18.5%)
Long term investments	569.0	685.9	(17.0%)	569.5	(0.1%)
PP&E	7,077.4	4,751.0	49.0%	6,899.5	2.6%
Other non-current assets	3,492.8	2,256.8	54.8%	3,403.7	2.6%
Total non-current assets	11,139.2	7,693.7	44.8%	10,872.7	2.5%
Total Assets	23,264.4	20,298.5	14.6%	25,749.1	(9.6%)
Short term borrowings	0.0	0.0	0.0%	0.0	0.0%
Accounts payable	9,475.7	8,391.7	12.9%	9,732.5	(2.6%)
Other payables	1,005.2	868.3	15.8%	3,449.2	(70.9%)
Other current liabilities	1,943.9	1,735.9	12.0%	2,359.0	(17.6%)
Non-current liabilities	1,937.2	1,419.0	36.5%	2,060.3	(6.0%)
Total Liabilities	14,362.0	12,414.9	15.7%	17,601.0	(18.4%)
Common stock	2,184.9	1,820.8	20.0%	2,184.9	0.0%
Capital surplus	2,259.4	2,446.4	(7.6%)	2,262.3	(0.1%)
Retained earnings	4,562.6	3,781.9	20.6%	3,806.1	19.9%
Other equity items	(104.5)	(165.5)	(36.9%)	(105.2)	(0.7%)
Shareholders' equity	8,902.4	7,883.6	12.9%	8,148.1	9.3%

Cash & cash equivalents:

Cash position in 3Q22 was NT\$5bn. At the end of 3Q22, momo has approximately NT\$5bn in net cash, or NT\$23.28per share based on 218.49mn outstanding shares.

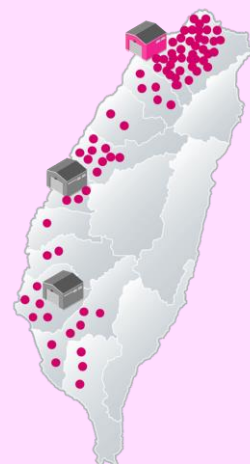
Logistics infra:

The construction of Southern Distribution Center is on track as well as the planning for Central Distribution Center. As of Sept, momo has 51 warehouses country-wide, including 32 satellite warehouses located in the populated big cities throughout Taiwan to support our short-chain logistics strategy. Once the consumer makes an online purchase, their goods can quickly be shipped from a nearby warehouse. Our aim is creating the best zero-distance and zero-lag shopping experience for consumers.

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 (comfort and convenience) and faster delivery service will provide incentives for customers to purchase online over offline.

Net cash position NT\$5bn

SDC and CDC, completion by 2023 and 2025, poised to drive geography growth outside Northern Taiwan





IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	3Q22	3Q21	YoY	9M22	9M21	YoY
(+) Operating profit	878.1	958.2	(8.4%)	2,936.2	2,906.1	1.0%
(+) D&A	281.2	239.2	17.6%	840.1	700.2	20.0%
ΔWC* (-1) (during the period)	(3,656.7)	(3,605.6)	1.4%	(688.3)	471.1	n.m.
Others	1,787.0	1,255.2	42.4%	(1,019.1)	(587.3)	73.5%
Operating cashflow	(710.3)	(1,153.0)	(38.4%)	2,068.8	3,490.1	(40.7%)
Capex	(310.8)	(223.8)	38.9%	(2,405.6)	(349.9)	587.5%
FCF	(1,021.1)	(1,376.9)	(25.8%)	(336.7)	3,140.2	n.m.
Investing cashflow	(335.9)	(219.5)	53.0%	(2,950.2)	128.5	n.m.
Financing cashflow	(2,529.9)	(1,524.1)	66.0%	(2,837.1)	(1,757.0)	61.5%
Change in cash	(3,576.2)	(2,896.6)	23.5%	(3,718.4)	1,861.7	n.m.

* 9M22 CAPEX mainly includes around NT\$2bn CDC land expenditure together with SDC construction expenditure throughout the 3 quarters.

** 9M22 net cash used in investing activities mainly includes NT\$0.4bn investment in Line Bank and around NT\$2bn CDC land expenditure together with SDC construction expenditure throughout the 3 quarters.

Operating cashflow

9M22 operating cash flow decreased 40.7%YoY. That was primary due to higher corporate income tax for last year.

Investing cashflow

In 3Q22, the net outflow from investing activities was NT\$336mn, including NT\$267.8mn construction expenses for SDC/Southern Distribution Center. We paid down NT\$2.9bn in 9M22, mainly including 1) NT\$375mn acquisition of financial assets at FVOCI (acquired 2.5% of LINE Bank shares together with Fubon group), 2) ~NT\$2bn for SDC/CDC expenses (NT\$1.3bn for CDC land, NT\$0.7bn for SDC construction expenditure).

Financing cashflow

Net outflow from financing activities was the result of dividend payment made during the quarter. Momo.com paid NT\$13 per share for 182.08mn shares, or NT\$2.37bn in total.

WC (NT\$mn)	3Q22	3Q21	YoY	2Q22	QoQ
Accounts Receivables + Other Receivables	1,814.3	1,261.1	43.9%	2,036.5	(10.9%)
Inventories	4,666.1	3,952.6	18.1%	3,471.2	34.4%
Accounts Payables + Other Payables*	10,479.5	9,257.7	13.2%	13,163.5	(20.4%)
Working Capital	(3,999.1)	(4,044.0)	(1.1%)	(7,655.8)	(47.8%)
ΔWC (YoY)	44.9	(1,153.6)	n.m.		
ΔWC (QoQ)	3,656.7			(3,866.5)	n.m.

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

CCC	3Q22	3Q21	YoY	9M22	9M21	YoY
AR Days	7.4	5.8	1.6	7.1	5.2	1.9
Inventory Days	17.2	14.8	2.4	17.8	18.2	(0.4)
AP Days	49.9	49.3	0.6	44.2	42.8	1.4
CCC(days)	(25.4)	(28.7)	3.3	(19.2)	(19.5)	0.3

Working Capital

Total working capital required for momo's operation was -NT\$4.0bn in 3Q22 due to the decrease in accounts payable of 20.4% QoQ to NT\$10.5bn. The decreasing of accounts payable was driven by dividends payable occurred previous quarter.

Cash Conversion Cycle (days):

Cash Conversion Cycle (CCC) was -25.4 days as a result of lower inventory turnover ratio.

9M22 Operating cash flow decreased 40% YoY mainly due to higher corporate income for last year.

9M22 Net outflow from investing activities included NT\$375 investment in LINE bank, and ~NT\$2bn for SDC, CDC expenses