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## Operational highlights

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## Consolidated P&L

P&L (NT\$ mn)	4Q22	4Q21	YoY	2022	2021	YoY
<b>Revenue</b>	31,802.8	26,869.8	18.4%	103,436.4	88,396.7	17.0%
Gross profit	4,470.7	3,799.7	17.7%	15,028.1	13,053.7	15.1%
Operating costs	(1,283.3)	(1,144.3)	12.1%	(4,756.1)	(4,108.9)	15.8%
Gross profit from operations	3,187.4	2,655.4	20.0%	10,272.0	8,944.8	14.8%
<b>EBITDA</b>	1,617.0	1,385.6	16.7%	5,393.3	4,991.9	8.0%
OPEX	(1,901.3)	(1,576.6)	20.6%	(6,198.9)	(5,026.3)	23.3%
Net other income and expenses	62.6	57.2	9.4%	211.7	123.6	71.3%
<b>Operating profit</b>	1,348.6	1,136.0	18.7%	4,284.8	4,042.1	6.0%
Income from LT investments	(3.1) <sup>^</sup>	(0.9)	244.4%	(63.9)	(72.4)	(11.7%)
Other non-op income	(49.4) <sup>^</sup>	6.7	(837.3%)	90.8	115.1	(21.1%)
Pretax profit	1,296.1	1,141.7	13.5%	4,311.8	4,084.7	5.6%
Tax	274.9	226.5	21.4%	877.9	809.4	8.5%
Net income	1,021.2	915.3	11.6%	3,433.9	3,275.3	4.8%
Less minorities	0.6	(1.2)	150.0%	(0.7)	(5.0)	86.0%
<b>Net income to parent</b>	1,020.6	916.5	11.4%	3,434.6	3,280.3	4.70%
Adjustments <sup>^^</sup>	82.2	0.0	.	(27.6)	(42.8)	
Recurring net income to parent	1,102.8	916.5	20.3%	3,407.1	3,237.5	5.2%
<b>Basic EPS</b>	4.67	4.19	11.5%	15.72	15.01	4.7%
<b>Recurring basic EPS</b>	5.05	4.19	20.5%	15.59	14.82	5.2%
Take rate	14.1%	14.1%	0.0%	14.5%	14.8%	-0.3%
Gross margin from operations	10.0%	9.9%	+0.1%	9.9%	10.1%	-0.2%
EBITDA margin	5.1%	5.2%	-0.1%	5.2%	5.6%	-0.4%
Operating margin	4.2%	4.2%	0.0%	4.1%	4.6%	-0.5%
Pretax margin	4.1%	4.2%	-0.1%	4.2%	4.6%	-0.4%
Net margin	3.2%	3.4%	-0.2%	3.3%	3.7%	-0.4%

<sup>^</sup> The differences between non-op income and adjustments can be mainly attributable to interest income.

<sup>^^</sup> 4Q22 one-time loss NT\$82.2mn regarding Global Mall goodwill impairment.

2022 one-time gain NT\$27.6mn, including NT\$109.8mn gain on disposal of investment and NT\$82.2mn loss on Global Mall goodwill impairment. 2021 one-time gain NT\$42.8mn, combining NT\$99mn gain on disposal of investments in with one-time loss NT\$56.9mn on Global Mall's subsidiary goodwill impairment.

## 4Q22 Operation Highlights

- momo.com posted record group revenue of NT\$31,802mn (+18.4%YoY) driven by strong B2C sales growth of 20.0%YoY, further widening the deviation in growth performance with retail peers and continuing to grow much faster than non-store retail sales of 9.6% against a high base.
- B2C take rate improved to 12.80% from 12.43% in 4Q21 on the back of favorable mix and greater bargaining power with suppliers as we scaled. Meanwhile, we continued to see positive impact from increasing scale efficiency, helping B2C operating profit to grow 22.8%YoY and B2C OPM to reach 3.9% vs. 3.8% in 4Q21.
- 4Q22 group EBITDA recorded at NT\$1,617mn (+16.7%YoY) and EBITDA margin sustained at 5.1% (vs. 5.2% in 4Q21) to factor in improvement in fulfillment efficiency, despite additional investment in fulfillment and headcounts, and larger scale of marketing expenses to stimulate demand amid weak macro retail environment.
- 4Q22 group net income to parent increased 11.4%YoY to NT\$1,021mn and basic EPS was NT\$4.67, which can be attributed to group operating profit of NT\$1,349mn (+18.7%YoY) and non-op loss of NT\$52.5mn including we recognized one-time loss of NT\$82.2mn regarding Global Mall goodwill impairment. More importantly, 4Q22 group recurring net income to parent grew 20.3%YoY to NT\$1,103mn and recurring basic EPS came in at NT\$5.05 (+20.5%YoY).
- 2022 accumulated group revenue reached another milestone of NT\$103.4bn (+17%YoY) on track to meet our internal expectation. EBITDA/operating profit grew 8% YoY to NT\$5,393mn/ and 6%YoY to NT\$4,285mn, respectively. 2022 OPM sustained at 4.1%, despite facing tough comparisons, post-Covid reopening and increased macro uncertainties. Basic/recurring EPS came in at NT\$15.72 (+4.7%YoY)/NT\$15.59 (+5.2%YoY) based on 218.49mn outstanding shares.



## I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	4Q22	4Q21	YoY	2022	2021	YoY
B2C	30,611.5	25,516.4	20.0%	98,596.1	83,015.5	18.8%
TV home shopping	1,070.4	1,205.6	(11.2%)	4,333.2	4,768.8	(9.1%)
Catalogue	111.5	129.5	(13.9%)	459.4	512.8	(10.4%)
*Others	9.4	18.3	(48.6%)	47.7	99.6	(52.1%)
<b>Total Revenue</b>	<b>31,802.8</b>	<b>26,869.8</b>	<b>18.4%</b>	<b>103,436.4</b>	<b>88,396.7</b>	<b>17.0%</b>

\*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:

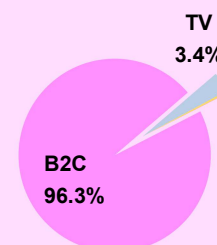
Even facing re-opening trends, inflationary macro and the threat of a recession turned consumers cautious on spending, our B2C grew strongly at 20%YoY in 4Q22, further widening the deviation in growth performance vs. retail peers and continuing to grow much faster than non-store retail sales of 9.6% against a high base.

The major five categories showed resiliently thanks to successful Double 11 online festival: 3C & Home Appliance (+17.4%YoY), Household (+23.3%YoY), Beauty & Healthcare (+22.0%YoY), Fashion & Luxury (+15.8%YoY) and Sports & Leisure (+23.3%YoY). Key drivers included consistently increasing selection, better deals, faster delivery service and engagement with users. Notably, B2C take rate increased to 12.8% from 12.43% in 4Q21 driven by favorable mix and stronger bargaining power with suppliers as we scaled.

We are pleased to see solid customer retention rates, and purchase frequencies are holding up well post-reopening. In 4Q22, active user increased 12%YoY to 3.57mn and customers spend continued to grow 7%YoY to NT\$8, 574, supported by growing customer stickiness and continued user experience optimization. In terms of momo/Fubon co-branded credit cards, with an industry-leading 5% momo-coins rebate for all purchases on the platform, cardholders' spending contributed ~33% of our B2C revenue in 4Q22, with 1.8x order frequency (vs. normal users) and 2.1x spending (vs. normal users).

Based on data points released by Taiwan Ministry of Economic Affairs, the implied e-commerce penetration was only 13.6% in 2022, remaining comparatively low versus other leading Asian peers. We maintain a structural positive view on the next 5 years industry growth outlook as we believe enduring global digitalization trend will further drive retail dynamics shift to online purchase and continue to expand Taiwan e-commerce market TAM.

4Q22 Revenue Breakdown by BUs:



Note: Catalogue 0.3%; Others 0.0%

**B2C sales +20%YoY vs. non-store retail sales +9.6%YoY**

**B2C take rate 12.8% vs. 12.43% in 4Q21**

**+12%YoY active user number; +7%YoY each customer spend**

**~2.1x momo/ Fubon co-branded credit cardholders' spend vs. normal users**

**~13.6% online retail penetration in Taiwan, based on gov't data**



## II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	4Q22	4Q21	YoY	2022	2021	YoY
B2C	1,425.2	1,183.6	20.4%	4,700.2	4,287.1	9.6%
TV home shopping	126.7	157.4	(19.5%)	507.6	598.0	(15.1%)
Catalogue	9.1	14.2	(35.9%)	33.9	51.5	(34.2%)
Others <sup>1</sup>	56.0	30.4	84.2%	151.6	55.3	174.1%
<b>Total EBITDA</b>	<b>1,617.0</b>	<b>1,385.6</b>	<b>16.7%</b>	<b>5,393.3</b>	<b>4,991.9</b>	<b>8.0%</b>
EBITDA margin	4Q22	4Q21	YoY	2022	2021	YoY
B2C	4.7%	4.6%	+0.1%	4.8%	5.2%	-0.4%
TV home shopping	11.8%	13.1%	-1.3%	11.7%	12.5%	-0.8%
Catalogue	8.2%	11.0%	-2.8%	7.4%	10.0%	-2.6%
Others <sup>1</sup>	595.7%	166.1%	+429.6%	317.8%	55.5%	+262.3%
<b>EBITDA margin</b>	<b>5.1%</b>	<b>5.2%</b>	<b>+0.1%</b>	<b>5.2%</b>	<b>5.6%</b>	<b>-0.4%</b>

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

4Q22 group EBITDA recorded at NT\$1.617bn (+16.7%YoY) and EBITDA margin reached 5.1% vs. 5.2% in 4Q21. 4Q22 B2C EBITDA margin improved to 4.7% from 4.6% driven by greater economies of scale and improvement in fulfillment efficiency, despite additional investment in fulfillment and headcounts, and larger scale of marketing expenses to stimulate demand amid weak macro retail environment.

### Non-op:

Non-op loss was \$52.8mn including that we recognized one-time loss of NT\$82.2mn on Global Mall goodwill impairment.

**B2C EBITDA margin at 4.7% vs. 4.6% in 4Q21**

**NT\$82.2mn one-time loss**

### III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	4Q22	4Q21	YoY%	3Q22	QoQ%
Cash & cash equivalents	8,044.4	8,804.1	(8.6%)	5,085.9	58.2%
Accounts receivables	465.3	221.5	110.1%	318.2	46.2%
Other receivables	2,259.7	1,689.6	33.7%	1,496.1	51.0%
Inventories	4,479.4	3,728.4	20.1%	4,666.1	(4.0%)
Other current assets	400.4	479.9	(16.6%)	558.9	(28.4%)
<b>Current assets</b>	<b>15,649.2</b>	<b>14,923.5</b>	<b>4.9%</b>	<b>12,125.2</b>	<b>29.1%</b>
Long term investments	486.0	691.6	(29.7%)	569.0	(14.6%)
PP&E	7,322.6	5,079.8	44.2%	7,077.4	3.5%
Other non-current assets	2,882.9	2,320.1	24.3%	3,492.8	(17.5%)
Total non-current assets	10,691.5	8,091.5	32.1%	11,139.2	(4.0%)
<b>Total Assets</b>	<b>26,340.7</b>	<b>23,015.0</b>	<b>14.5%</b>	<b>23,264.4</b>	<b>13.2%</b>
Short term borrowings	0.0	0.0	0.0%	0.0	0.0%
Accounts payable	11,004.2	8,984.4	22.5%	9,475.7	16.1%
Other payables	1,580.3	1,623.4	(2.7%)	1,005.2	57.2%
Other current liabilities	2,440.8	2,185.8	11.7%	1,943.9	25.6%
Non-current liabilities	1,411.8	1,372.4	2.9%	1,937.2	(27.1%)
<b>Total Liabilities</b>	<b>16,437.1</b>	<b>14,166.0</b>	<b>16.0%</b>	<b>14,362.0</b>	<b>14.4%</b>
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%)	2,259.4	0.0%
Retained earnings	5,581.4	4,698.5	18.8%	4,562.6	22.3%
Other equity items	(122.1)	(116.7)	4.6%	(104.5)	16.8%
<b>Shareholders' equity</b>	<b>9,903.6</b>	<b>8,849.0</b>	<b>11.9%</b>	<b>8,902.4</b>	<b>11.2%</b>

#### Cash & cash equivalents:

Cash position in 4Q22 was NT\$8,044mn, a decrease of 8.6%YoY. That was primary due to NT\$4,312mn pretax income plus NT\$1,108mn D&A expenses, minus NT\$375mn acquisition of financial assets at FVOCI, ~NT\$2.4bn for SDC/CDC expenses, NT\$2,367mn cash dividends paid and NT\$994mn Income tax paid.

At the end of 4Q22, momo has approximately NT\$8bn in net cash, or NT\$36.82per share based on 218.49mn outstanding shares.

#### Logistics infrastructure :

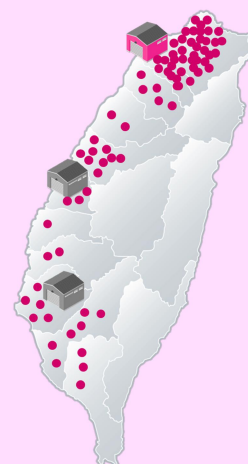
In 2023, we plan to add three more main warehouses and six more satellite warehouses. Meanwhile, the second automated distribution center/ SDC, with ~82k m2 warehouse spaces, will be completed toward the later part of 2023 for operation. With that, ~NT\$150mn depreciation for its construction & equipment will kick in 2024.

The third automated distribution center/ CDC, with ~128k m2 warehouse spaces, in Changhua in central Taiwan will begin construction in 2H23 and for 2026 operation. 2023 budgeted Capex for its construction, engineering, 1<sup>st</sup> phase of automated equipment and solar power system is NT\$6,329mn; while, the actual cash payments will be spread from 2H23 to 2026 depends on actual phases of construction, engineering together with spending timeline. It's depreciation will kick in after 2026 operation.

NT\$8bn net cash

~NT\$150mn annual depreciation to kick in next year after SDC operation

NT\$6,329mn for CDC budgeted capex in 2023





## IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	4Q22	4Q21	YoY	2022	2021	YoY
(+) Operating profit	1,348.6	1,136.0	18.7%	4,284.8	4,042.1	6.0%
(+) D&A	268.4	249.6	7.5%	1,108.5	949.8	16.7%
ΔWC*(-1) (during the period)	1,308.7	643.5	103.4%	620.3	1,114.6	(44.3%)
Others	337.5	201.6	67.4%	(681.6)	(385.7)	76.7%
<b>Operating cashflow</b>	<b>3,263.2</b>	<b>2,230.7</b>	<b>46.3%</b>	<b>5,332.0</b>	<b>5,720.8</b>	<b>(6.8%)</b>
Capex	(287.5)	(286.6)	0.3%	(2,693.1)	(636.4)	323.2%
FCF	2,975.7	1,944.2	53.1%	2,638.9	5,084.4	(48.1%)
<b>Investing cashflow</b>	<b>(134.8)</b>	<b>(286.5)</b>	<b>(52.9%)</b>	<b>(3,084.9)</b>	<b>(158.0)</b>	<b>1852.5%</b>
<b>Financing cashflow</b>	<b>(169.9)</b>	<b>(56.5)</b>	<b>200.7%</b>	<b>(3,007.0)</b>	<b>(1,813.5)</b>	<b>65.8%</b>
Change in cash	2,958.5	1,887.7	56.7%	(759.9)	3,749.4	n.m.

FCF +53%YoY in 4Q22

### Operating cashflow

4Q22 operating cash flow increased 46.3% for elevated accounts payable at the end of the year due to larger business scale. 2022 operating cash flow decreased 6.8%YoY. That was primary due to higher corporate income tax for last year.

### Investing cashflow

For 2022, we paid down NT\$3.1bn, mainly including 1) NT\$375mn acquisition of financial assets at FVOCI (acquired 2.5% of LINE Bank shares), 2) ~NT\$2.4bn based on actual spending timeline for SDC/CDC (NT\$1.1bn remaining payment for CDC land, NT\$1.3bn for SDC construction expenditure).

NT\$2.4bn cash capex we paid down in 2022 based on actual spending timeline for SDC/CDC construction

### Financing cashflow

Net outflow from financing activities was the result of change in non-controlling interests from Prosperous Living occurred in 4Q21.

WC (NT\$m)	4Q22	4Q21	YoY	3Q22	QoQ
Accounts Receivables + Other Receivables	2,725.1	1,911.1	42.6%	1,814.3	50.2%
Inventories	4,479.4	3,728.4	20.1%	4,666.1	(4.0%)
Accounts Payables + Other Payables*	12,512.3	10,326.9	21.2%	10,479.5	19.4%
Working Capital	(5,307.8)	(4,687.5)	13.2%	(3,999.1)	32.7%
ΔWC (YoY)	(620.3)	(1,114.7)	(44.3%)		
ΔWC (QoQ)	(1,308.7)			3,656.7	n.m.

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

CCC	4Q22	4Q21	YoY	2022	2021	YoY
AR Days	6.4	5.3	1.1	8.2	6.1	2.1
Inventory Days	14.4	14.3	0.1	16.1	16.4	(0.3)
AP Days	36.2	36.4	(0.2)	44.7	42.1	2.6
<b>CCC(days)</b>	<b>(15.4)</b>	<b>(16.8)</b>	<b>1.4</b>	<b>(20.4)</b>	<b>(19.6)</b>	<b>(0.8)</b>

### Working Capital

Total working capital for momo's operation was -NT\$5.3bn in 4Q22 due to the increase in accounts payable of 19.4% QoQ to NT\$12.5bn.

-NT\$5,307 working capital  
-15.4 days CCC

### Cash Conversion Cycle (days):

Cash Conversion Cycle (CCC) was -15.4 days in 4Q22 as a result of lower AR turnover ratio.