

April 28, 2023

Operational highlights

- P&L Analysis
- Revenue Analysis
- EBITDA Analysis
- Balance Sheet Analysis
- Cashflow Analysis

IR contact:

Gina Lu
CFO
yplu@fmt.com.tw

Terrisa Liu
Head of Investor
Relations
hyliu@fmt.com.tw

Clair Chou
IR Manager
yh2chou@fmt.com.tw

Consolidated P&L

P&L (NT\$ mn)	1Q23	1Q22	YoY	2022	2021	YoY
Revenue	25,120.0	22,937.4	9.5%	103,436.4	88,396.7	17.0%
Gross profit	3,654.4	3,437.6	6.3%	15,028.1	13,053.7	15.1%
Operating costs	(1,098.6)	(1,062.2)	3.4%	(4,756.1)	(4,108.9)	15.8%
Gross profit from operations	2,555.8	2,375.4	7.6%	10,272.0	8,944.8	14.8%
EBITDA	1,376.7	1,302.7	5.7%	5,393.3	4,991.9	8.0%
OPEX	(1,517.0)	(1,392.7)	8.9%	(6,198.9)	(5,026.3)	23.3%
Net other income and expenses	53.3	56.2	(5.2%)	211.7	123.6	71.3%
Operating profit	1,092.1	1,038.9	5.1%	4,284.8	4,042.1	6.0%
Income from LT investments	(3.9)	(18.8)	(79.3%)	(63.9)	(72.4)	(11.7%)
Other non-op income	23.8	10.4	128.8%	90.8	115.1	(21.1%)
Pretax profit	1,112.0	1,030.5	7.9%	4,311.8	4,084.7	5.6%
Tax	223.3	206.0	8.4%	877.9	809.4	8.5%
Net income	888.7	824.5	7.8%	3,433.9	3,275.3	4.8%
Less minorities	0.2	(1.1)	118.2%	(0.7)	(5.0)	86.0%
Net income to parent	888.4	825.5	7.6%	3,434.6	3,280.3	4.70%
Adjustments ^a	0.0	0.0	.	(27.6)	(42.8)	
Recurring net income to parent	888.4	825.5	7.6%	3,407.1	3,237.5	5.2%
Basic EPS	4.07	3.78	7.7%	15.72	15.01	4.7%
Recurring basic EPS	4.07	3.78	7.7%	15.59	14.82	5.2%
Take rate	14.5%	15.0%	-0.5%	14.5%	14.8%	-0.3%
Gross margin from operations	10.2%	10.4%	-0.2%	9.9%	10.1%	-0.2%
EBITDA margin	5.5%	5.7%	-0.2%	5.2%	5.6%	-0.4%
Operating margin	4.3%	4.5%	-0.2%	4.1%	4.6%	-0.5%
Pretax margin	4.4%	4.5%	-0.1%	4.2%	4.6%	-0.4%
Net margin	3.5%	3.6%	-0.1%	3.3%	3.7%	-0.4%

^a 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.

1Q23 Operation Highlights

- momo.com group revenue reached NT\$25,120mn (+9.5%YoY) amidst a high base, a re-opening impact (due to strong recovery in service and overseas spending coming out of the Covid era), more public holidays (negative impact on product commerce spending) and economic uncertainties globally that affect consumer sentiment.
- B2C revenue of NT\$24,077mn (+11.3%YoY) continued to compound and grow much faster than total online sales of 1.5%YoY. B2C take rate held well to 13.14% (vs. 13.15% in 1Q22) owing to product mix. More importantly, OPM was up to 4.2% (vs. 4.1% in 1Q22) driven by efficiency improvement.
- 1Q23 group EBITDA came in at NT\$1,376mn (+5.7%YoY) and EBITDA margin was down to 5.5% (vs. 5.7% in 1Q22), primarily because of business mix change.
- 1Q23 group net income to parent increased 7.6%YoY to NT\$888mn and basic EPS was NT\$4.07, which can be attributed to group operating profit of NT\$1,092mn (+5.1%YoY) and non-op gains of NT\$19.9mn including NT\$23.1mn interest income.



I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	1Q23	1Q22	YoY	2022	2021	YoY
B2C	24,077.1	21,628.1	11.3%	98,596.1	83,015.5	18.8%
TV home shopping	937.0	1,162.3	(19.4%)	4,333.2	4,768.8	(9.1%)
Catalogue	97.0	133.0	(27.1%)	459.4	512.8	(10.4%)
*Others	8.9	14.0	(36.4%)	47.7	99.6	(52.1%)
Total Revenue	25,120.0	22,937.4	9.5%	103,436.4	88,396.7	17.0%

*Other revenue consists of operating revenue from our B2B2C, 76.7%-held Fubon Gehua (Beijing), 90.26%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

B2C:

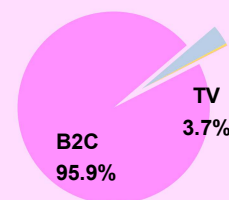
B2C revenue was NT\$24,077mn (+11.3%YoY) on the back of its major five categories: 3C & Home Appliance (+10.5%YoY), Household (+9.4%YoY), Beauty & Healthcare (+15.6%YoY), Fashion & Luxury (+8.5%YoY) and Sports & Leisure (+16.7%YoY) amidst a high base, a re-opening impact (due to strong recovery in service and overseas spending coming out of the Covid era), more public holidays (negative impact on product commerce spending) and economic uncertainties globally that affect consumer sentiment. Demand was slower than expected; however, each category continued growing at multiple of the segment, indicating that we are still at the early stages of product ecommerce growth cycle.

Take rate held well to 13.14% (vs. 13.15% in 1Q22) owing to product mix. More importantly, B2C operation profit increased 12.9%YoY and OPM was up to 4.2% (vs. 4.1% in 1Q22) driven by operational improvements such as scale economies, supply chain optimization, process innovation, including automation, and efficiency gains..etc.

In terms of the retention of Covid gains, active user numbers increased year-over-year for the 68th straight quarter and grew 7.3% YoY. Revenue per active user also continued to increase 3.7% YoY to NT\$7,446. On growing customer loyalty and stickiness, momo/Fubon co-branded credit card holders' spending contributed 32% of B2C revenue vs. 26% in 1Q22. Our co-branded credit card holders purchased with 2x higher frequency and across more categories than normal user.

Online retail penetration in Taiwan remains lower at roughly 13~14%, as compared to 30-50% by Asian peers especially China and South Korea, suggesting very positive TAM (total addressable market) growth opportunities for momo to capture as an ecommerce market leader in Taiwan. Specifically, momo currently holds ~ 20% of market shares in the EC space and slightly over 3% for the total retail sector (excluding sales of fuels, automobiles, construction material and tobacco). We believe our recent strategic initiative in selection extension to long-tail under our hybrid 3P business will help accelerate per customer spending over the long term, in the meantime amplifying our differentiation in service and price for customers. With that, driving higher levels of customer experiences and stickiness, which in turn will unlock more monetization opportunity in the coming years.

1Q23 Revenue Breakdown



Note: Catalogue 0.4%; Others 0.0%

B2C softer demand due to a reopening impact and weak consumer sentiment

B2C OPM up to 4.2% from 4.1% in 1Q22

Co-branded holders' spending ~ 32% (vs. 26% in 1Q22) of B2C revenue

Hybrid 3P model to accelerate per customer spending and to unlock more monetization opportunity in the coming years



II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	1Q23	1Q22	YoY	2022	2021	YoY
B2C	1,242.2	1,104.4	12.5%	4,700.2	4,287.1	9.6%
TV home shopping	94.8	166.3	(43.0%)	507.6	598.0	(15.1%)
Catalogue	5.4	8.1	(33.3%)	33.9	51.5	(34.2%)
Others ¹	34.3	23.9	43.5%	151.6	55.3	174.1%
Total EBITDA	1,376.7	1,302.7	5.7%	5,393.3	4,991.9	8.0%
EBITDA margin	1Q23	1Q22	YoY	2022	2021	YoY
B2C	5.2%	5.1%	+0.1%	4.8%	5.2%	-0.4%
TV home shopping	10.1%	14.3%	-4.2%	11.7%	12.5%	-0.8%
Catalogue	5.6%	6.1%	-0.5%	7.4%	10.0%	-2.6%
Others ¹	385.4%	170.7%	+214.7%	317.8%	55.5%	+262.3%
EBITDA margin	5.5%	5.7%	-0.2%	5.2%	5.6%	-0.4%

Note 1: Other EBITDA consists of EBITDA from our B2B2C, 76.7%-held Fubon Gehua (Beijing), 90.26%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

EBITDA

1Q23 group EBITDA came in at NT\$1,376mn (+5.7%YoY) and group EBITDA margin was down to 5.5% (vs. 5.7% in 1Q22), primarily because of business mix change. More importantly, B2C EBITDA increased 12.5% to NT\$1,242mn and EBITDA margin was up to 5.2% vs. 5.1% in 1Q22 driven by operational improvements.

Non-op:

Non-op gain was \$19.9mn including NT\$23.1mn interest income.

**B2C EBITDA up 12.5%YoY,
EBITDA margin up to 5.2%
from 5.1% in 1Q22**

III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	1Q23	1Q22	YoY%	4Q22	QoQ%
Cash & cash equivalents	7,508.6	8,411.0	(10.7%)	8,044.4	(6.7%)
Accounts receivables	459.7	327.8	40.2%	465.3	(1.2%)
Other receivables	1,586.0	1,504.3	5.4%	2,259.7	(29.8%)
Inventories	4,185.1	3,487.4	20.0%	4,479.4	(6.6%)
Other current assets	489.2	491.6	(0.5%)	400.4	22.2%
Current assets	14,228.6	14,222.1	0.0%	15,649.2	(9.1%)
Long term investments	483.8	694.6	(30.3%)	486.0	(0.5%)
PP&E	7,393.9	5,291.2	39.7%	7,322.6	1.0%
Other non-current assets	2,767.2	2,646.1	4.6%	2,882.9	(4.0%)
Total non-current assets	10,644.9	8,631.9	23.3%	10,691.5	(0.4%)
Total Assets	24,873.5	22,854.0	8.8%	26,340.7	(5.6%)
Short term borrowings	0.0	0.0	0.0%	0.0	0.0%
Accounts payable	9,490.1	8,290.1	14.5%	11,004.2	(13.8%)
Other payables	901.4	819.5	10.0%	1,580.3	(43.0%)
Other current liabilities	2,435.4	2,535.2	(3.9%)	2,440.8	(0.2%)
Non-current liabilities	1,308.4	1,520.9	(14.0%)	1,411.8	(7.3%)
Total Liabilities	14,135.3	13,165.7	7.4%	16,437.1	(14.0%)
Common stock	2,184.9	1,820.8	20.0%	2,184.9	0.0%
Capital surplus	2,188.4	2,446.4	(10.5%)	2,259.4	(3.1%)
Retained earnings	6,389.0	5,522.8	15.7%	5,581.4	14.5%
Other equity items	(24.1)	(101.7)	(76.3%)	(122.1)	(80.3%)
Shareholders' equity	10,738.2	9,688.3	10.8%	9,903.6	8.4%

Cash & cash equivalents:

Cash position in 1Q23 was NT\$7,509mn. The -6.7%QoQ was the result of the bulk of 4Q22 accounts payable due at 1Q23. A decrease of 10.7%YoY was primary owing to NT\$2,100mn PP&E acquisition and NT\$2,367mn cash dividend paid.

Inventory

Inventory level was down 6.6%QoQ to NT\$4,185mn because of high sales base of 4Q22.

DCs expansion in coming years supporting next stage of growth

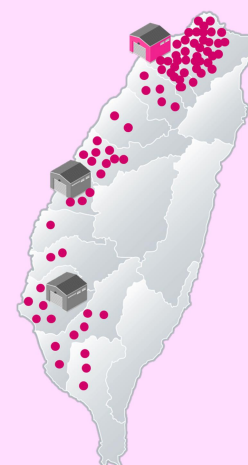
1Q23 net warehouse numbers totaled 55 vs. 54 as of 4Q22. After aggressive expansion in 2019-21, 2023 net warehouse increase will slow to 7 (+1 main and +6 satellites) vs. 10 in 2022. This year we focus more on operating efficiency, such as technology, process improvement, including automation, and supply chain optimization..etc.

On distribution center, we have budgeted a total capex of NT\$7.5 bn for the next few years for the prospective central distribution center (CDC) establishment with construction to be kicked off from later this year for 2026 operation. Aside from the CDC, the SDC establishment is also ongoing for 2024 operation.

With the support from these new DCs plus the existing NDC, along with ongoing satellite warehouses expansion, competitive threshold of our warehousing and fulfillment capability should be further raised through the offering of same-day delivery service (with access to millions of items from computers to FMCG) to majority of population in Taiwan vs. only the Northern population now. Meanwhile, having a more comprehensive logistics footprint in the coming years, our infrastructure will simultaneously serve the faster ramp of hybrid 3P businesses in the mid to long term and offering logistics services for both branded suppliers and 3P customers.

Net cash NT\$7.5bn

Competitive threshold to be further raised through same-day delivery service to majority of population vs. only Northern now





IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	1Q23	1Q22	YoY	2022	2021	YoY
(+) Operating profit	1,092.1	1,038.9	5.1%	4,284.8	4,042.1	6.0%
(+) D&A	284.6	263.8	7.9%	1,108.5	949.8	16.7%
ΔWC * (-1) (during the period)	(1,149.7)	(898.1)	28.0%	620.3	1,114.6	(44.3%)
Others	(323.6)	42.5	n.m.	(681.6)	(385.7)	76.7%
Operating cashflow	(96.6)	447.1	n.m.	5,332.0	5,720.8	(6.8%)
Capex	(234.3)	(621.0)	(62.3%)	(2,693.1)	(636.4)	323.2%
FCF	(331.0)	(174.0)	90.2%	2,638.9	5,084.4	(48.1%)
Investing cashflow	(246.9)	(691.5)	(64.3%)	(3,084.9)	(158.0)	1852.5%
Financing cashflow	(192.3)	(149.0)	29.1%	(3,007.0)	(1,813.5)	65.8%
Change in cash	(535.8)	(393.5)	36.2%	(759.9)	3,749.4	n.m.

FCF

In 1Q23, FCF of -NT\$331mn was resulting from operating cashflow of -NT\$96.6mn (given the bulk of 4Q22 accounts payable due at 1Q23) and capex spent of NT\$234mn (including NT\$173mn the construction payment for SDC, 17mn for IT equipment & software, NT\$15mn for warehouse facility, NT\$15mn in-house vehicles..etc.)

FCF of -NT\$331mn primary due to 4Q22 AP due at 1Q23 and SDC construction payment

WC (NT\$mn)	1Q23	1Q22	YoY	4Q22	QoQ
Accounts Receivables + Other Receivables	2,045.7	1,832.1	11.7%	2,725.1	(24.9%)
Inventories	4,185.1	3,487.4	20.0%	4,479.4	(6.6%)
Accounts Payables + Other Payables*	10,388.9	9,108.8	14.1%	12,512.3	(17.0%)
Working Capital	(4,158.1)	(3,789.4)	9.7%	(5,307.8)	(21.7%)
ΔWC (YoY)	(368.7)	(651.0)	(43.4%)		
ΔWC (QoQ)	1,149.7			(1,308.7)	(187.9%)

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

CCC	1Q23	1Q22	YoY	2022	2021	YoY
AR Days	8.5	7.3	1.2	8.2	6.1	2.1
Inventory Days	17.3	15.8	1.5	16.1	16.4	(0.3)
AP Days	45.7	42.5	3.2	44.7	42.1	2.6
CCC(days)	(19.9)	(19.4)	(0.5)	(20.4)	(19.6)	(0.8)

Working Capital

Total working capital for momo's operation was -NT\$4,158mn, mainly owing to the increase in accounts payable of 14.1% YoY to NT\$10.4bn.

-NT\$4,158mn working capital

Cash Conversion Cycle (days):

Cash Conversion Cycle (CCC) remained healthy at -19.9 days.

-19.9 days CCC