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Consolidated P&L

P&L (NT\$ mn)	2Q23	2Q22	YoY	1H23	1H22	YoY
Revenue	26,212.4	25,138.4	4.3%	51,332.5	48,075.9	6.8%
Gross profit	3,769.9	3,669.3	2.7%	7,424.3	7,106.9	4.5%
Operating costs	(1,162.2)	(1,190.4)	(2.4%)	(2,260.8)	(2,252.6)	0.4%
Gross profit from operations	2,607.7	2,478.9	5.2%	5,163.5	4,854.3	6.4%
EBITDA	1,290.5	1,314.3	(1.8%)	2,667.2	2,617.0	1.9%
OPEX	(1,641.4)	(1,504.8)	9.1%	(3,158.4)	(2,897.5)	9.0%
Net other income and expenses	34.2	45.2	(24.3%)	87.5	101.4	(13.7%)
Operating profit	1,000.5	1,019.2	(1.8%)	2,092.6	2,058.1	1.7%
Income from LT investments	5.0	(40.1)	(112.5%)	1.1	(58.9)	(101.9%)
Other non-op income	33.6	65.4	(48.6%)	57.4	75.8	(24.3%)
Pretax profit	1,039.1	1,044.6	(0.5%)	2,151.1	2,075.0	3.7%
Tax	196.6	212.7	(7.6%)	419.9	418.7	0.3%
Net income	842.5	831.9	1.3%	1,731.2	1,656.3	4.5%
Less minorities	(0.3)	(0.2)	(50.0%)	(0.1)	(1.3)	92.3%
Net income to parent	842.9	832.1	1.3%	1,731.3	1,657.6	4.4%
Adjustments [^]	0.0	(60.0)		0.0	(60.0)	
Recurring net income to parent	842.9	772.1	9.2%	1,731.3	1,597.6	8.4%
Basic EPS ^{^^}	3.85	3.81	1.0%	7.92	7.59	4.3%
Recurring basic EPS ^{^^}	3.85	3.53	9.1%	7.92	7.31	8.3%
Take rate	14.4%	14.6%	-0.2%	14.5%	14.8%	-0.3%
Gross margin from operations	9.9%	9.9%	-0.0%	10.1%	10.1%	-0.0%
EBITDA margin	4.9%	5.2%	-0.3%	5.2%	5.4%	-0.2%
Operating margin	3.8%	4.1%	-0.3%	4.1%	4.3%	-0.2%
Pretax margin	4.0%	4.2%	-0.2%	4.2%	4.3%	-0.1%
Net margin	3.2%	3.3%	-0.1%	3.4%	3.4%	0.0%

[^] 2Q22 one-time gains NT\$60mn on disposal of investment.

^{^^} Based on 218.49mn outstanding shares.

2Q23 Operation Highlights

- momo.com company revenue was NT\$26,212mn (+4.3%YoY) in 2Q23 impacted by overall soft consumption amid persisting macro headwinds and consumers' discretionary spending allocation more on travel, restaurant and entertainment out of home.
- EC revenue of NT\$25,229mn (+5.6%YoY) continued to grow faster than total online industry. EC take rate held well to 13.08% vs. 13.02% in 2Q22 driven by less low margin product mix. All major five product categories continued to grow but at a more moderate pace than previous years.
- 2Q23 company EBITDA came in at NT\$1,290mn (-1.8%YoY) and EBITDA margin was down to 4.9% from 5.2% in 2Q22, primarily because of higher marketing expenses and unfavorable revenue mix of EC and TV.
- 2Q23 company net income to parent increased 1.3%YoY to NT\$843mn and basic EPS was NT\$3.85, which can be attributed to company operating profit of NT\$1,001mn (-1.8%YoY) and non-op gains of NT\$38.6mn including NT\$32mn interest income. Recurring basic EPS increased 9.1% year-over-year.
- 1H23 accumulated company revenue reached 51,332mn (+6.8%YoY). EBITDA/operating profit grew 1.9% YoY to NT\$2,667mn/ 1.7%YoY to NT\$2,093mn, respectively. 1H23 OPM was down to 4.1% from 4.3% given softer-than-expected topline growth leading to lower leverage against fixed cost. Both basic/recurring EPS came in at NT\$7.92 and increased 4.3%YoY/ 8.3%YoY, respectively.

I. Revenue Analysis

Figure 1 – Consolidated Revenue Breakdown

(NT\$ mn)	2Q23	2Q22	YoY	2H23	2H22	YoY
EC	25,229.3	23,890.0	5.6%	49,306.4	45,518.1	8.3%
TV home shopping	884.5	1,125.3	(21.4%)	1,821.6	2,287.6	(20.4%)
Catalogue	89.4	108.3	(17.5%)	186.4	241.4	(22.8%)
*Others	9.2	14.8	(37.8%)	18.1	28.8	(37.2%)
Total Revenue	26,212.4	25,138.4	4.3%	51,332.5	48,075.9	6.8%

*Other revenue consists of operating revenue from our 76.7%-held Fubon Gehua (Beijing), 93.73%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

EC:

EC 2Q revenue growth was 5.6%YoY impacted by overall soft consumption amid persisting macro headwinds and consumers' discretionary spending allocation more on travel, restaurant and entertainment out of home. Nevertheless, we continued the trend of growing faster than total online market of 0.5%YoY.

During the quarter, all of major five product categories continued to grow:

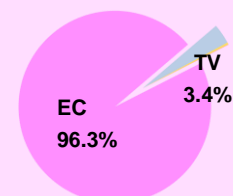
3C & Home Appliance (+3.1%YoY), Household (+1.4%YoY), Beauty & Healthcare (+10.3%YoY), Fashion & Luxury (+19.3%YoY) and Sports & Leisure (+14.1%YoY), supported by our compelling customer value proposition: competitive prices, fast delivery experience and abundant assortment, with SKU over 4.6mn (+23%YoY) that continue to expand rapidly.

Apparel, shoes, fashion accessories, luggage, and leisure consumption (such as travel, restaurant and entertainment) replaced consumer electronics, food, home improvement, kitchenware among the best selling items. Cosmetic, seen as an affordable luxury, also gained traction and became a rare bright spot with rising unit sales as people headed back to social activities.

In terms of key customer metrics, numbers of active user continued to inch up in spite of challenging market situation. However, order frequency and ticket size flattened due to more cautious spending behaviors. On momo/Fubon co-branded credit card, its card holders' spending contributed 34% of EC revenue vs. 28% in 2Q22, demonstrating growing customer loyalty and stickiness.

Across emerging business opportunities, 2Q23 monthly live-streaming viewership increased 13x on a YoY basis. The strong growth rate shows its potential in complementing our EC growth by targeting younger generation beyond our core customers. In addition, number of 3P suppliers grew rapidly and increased 1x on a YoY basis.

2Q23 Revenue Breakdown



Note: Catalogue 0.3%; Others 0.0%

1H23 EC sales +8.3%yoy vs. 1H23 total online industry +1.1%yoy

All five product categories continuing to grow (even 3C & Home appliance up 3.1% year-over-year) amid weak consumption

SKU over 4.6mn, +23%YoY

Co-branded credit card spending accounted 34% of EC sales vs. 28% in 2Q22



II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

EBITDA (NT\$ mn)	2Q23	2Q22	YoY	1H23	1H22	YoY
EC	1,170.8	1,143.4	2.4%	2,412.9	2,247.8	7.3%
TV home shopping	81.7	130.7	(37.5%)	176.6	297.0	(40.5%)
Catalogue	7.6	8.3	(8.4%)	12.9	16.4	(21.3%)
Others ¹	30.4	31.9	(4.7%)	64.8	55.8	16.1%
Total EBITDA	1,290.5	1,314.3	(1.8%)	2,667.2	2,617.0	1.9%
EBITDA margin	2Q23	2Q22	YoY	1H23	1H22	YoY
EC	4.6%	4.8%	-0.2%	4.9%	4.9%	-0.0%
TV home shopping	9.2%	11.6%	-2.4%	9.7%	13.0%	-3.3%
Catalogue	8.5%	7.7%	+0.8%	6.9%	6.8%	+0.1%
Others ¹	330.4%	215.5%	+114.9%	358.0%	193.8%	+164.2%
EBITDA margin	4.9%	5.2%	-0.3%	5.2%	5.4%	-0.2%

Note 1: Other EBITDA consists of EBITDA from our 76.7%-held Fubon Gehua (Beijing), 93.73%-held BÉBÉ POSHÉ, 73.62%-held Prosperous Living, and 100%-held supporting business units (travel agency, insurance distribution agent, logistics, and wholesaler subsidiary).

EBITDA

2Q23 company EBITDA came in at NT\$1,290mn (-1.8%YoY) and company EBITDA margin was down to 4.9% from 5.2% in 2Q22, primarily because of higher marketing expenses and unfavorable revenue mix of EC and TV.

TV home shopping

TV shopping remained as a cash cow to momo.com; however, it continuously suffered from industry structural decline, accounting 3.4% of company revenue vs. 4.5% in 2Q22. Its EBITDA was down 37.5%YoY to NT\$81.7mn.

We have sped up the transition from TV home shopping to live-streaming social commerce. Its monthly viewership, active users, revenue all have shown significant growth. Although its operation is still relatively small, we are very confident in its future potential.

Non-op:

Non-op gain was \$38.6mn including NT\$32mn interest income.

Company EBITDA margin down to 4.9% due to higher marketing expenses, unfavorable EC : TV mix

III. Balance Sheet Analysis

Figure 4 – Balance Sheet

NT\$ mn	2Q23	2Q22	YoY%	1Q23	QoQ%
Cash & cash equivalents	5,214.4	8,662.1	(39.8%)	7,508.6	(30.6%)
Accounts receivables	380.5	286.5	32.8%	459.7	(17.2%)
Other receivables	1,801.1	1,750.0	2.9%	1,586.0	13.6%
Inventories	4,389.3	3,471.2	26.4%	4,185.1	4.9%
Other current assets	438.1	706.6	(38.0%)	489.2	(10.4%)
Current assets	12,223.4	14,876.4	(17.8%)	14,228.6	(14.1%)
Long term investments	471.3	569.5	(17.2%)	483.8	(2.6%)
PP&E	7,534.8	6,899.5	9.2%	7,393.9	1.9%
Other non-current assets	2,708.4	3,403.7	(20.4%)	2,767.2	(2.1%)
Total non-current assets	10,714.5	10,872.7	(1.5%)	10,644.9	0.7%
Total Assets	22,937.9	25,749.1	(10.9%)	24,873.5	(7.8%)
Short term borrowings	0.0	0.0	0.0%	0.0	0.0%
Accounts payable	10,038.3	9,732.5	3.1%	9,490.1	5.8%
Other payables	1,031.5	3,449.2	(70.1%)	901.4	14.4%
Other current liabilities	2,297.7	2,359.0	(2.6%)	2,435.4	(5.7%)
Non-current liabilities	1,275.3	2,060.3	(38.1%)	1,308.4	(2.5%)
Total Liabilities	14,642.8	17,601.0	(16.8%)	14,135.3	3.6%
Common stock	2,403.4	2,184.9	10.0%	2,184.9	10.0%
Capital surplus	1,969.9	2,262.3	(12.9%)	2,188.4	(10.0%)
Retained earnings	3,950.0	3,806.1	3.8%	6,389.0	(38.2%)
Other equity items	(28.2)	(105.2)	(73.2%)	(24.1)	17.0%
Shareholders' equity	8,295.1	8,148.1	1.8%	10,738.2	(22.8%)

Cash & cash equivalents:

Cash position was NT\$5,214mn. QoQ and YoY decrease were primary due to NT\$3,277mn cash dividend paid in 2Q23.

DCs expansion in coming years supporting next stage of growth

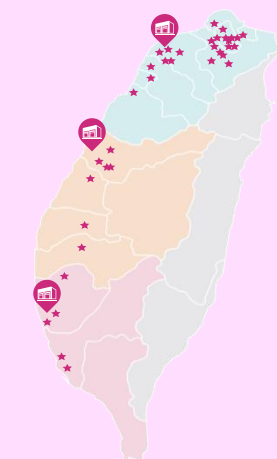
2Q23 net warehouse numbers remained 55, same as last quarter. After aggressive expansion in 2019-21, 2023 net warehouse increase will slow to 7 (+1 main and +6 satellites) vs. 10 in 2022. This year we focus more on operating efficiency, such as process improvement, automation and supply chain optimization..etc.

On distribution center, we have budgeted a total capex of NT\$7.5 bn for the next few years for central distribution center (CDC) with construction to be kicked off from later this year. Aside from the CDC, the SDC establishment is on track 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 the best delivery service to majority of population in Taiwan.

Total 55 warehouses

SDC on track to launch in 2024



IV. Cashflow Analysis

Figure 5 – Cashflow

NT\$ mn	2Q23	2Q22	YoY	1H23	1H22	YoY
(+) Operating profit	1,000.5	1,019.2	(1.8%)	2,092.6	2,058.1	1.7%
(+) D&A	290.0	295.1	(1.7%)	574.6	558.9	2.8%
ΔWC* (-1) (during the period)	340.5	3,866.5	(91.2%)	(809.2)	2,968.4	n.m.
Others	(256.6)	(2,848.6)	(91.0%)	(580.2)	(2,806.1)	(79.3%)
Operating cashflow	1,374.4	2,332.1	(41.1%)	1,277.8	2,779.2	(54.0%)
Capex	(240.1)	(1,473.8)	(83.7%)	(474.4)	(2,094.8)	(77.4%)
FCF	1,134.4	858.4	32.2%	803.4	684.4	17.4%
Investing cashflow	(213.1)	(1,922.7)	(88.9%)	(460.0)	(2,614.2)	(82.4%)
Financing cashflow	(3,455.5)	(158.2)	2084.3%	(3,647.8)	(307.2)	1087.4%
Change in cash	(2,294.2)	251.2	n.m.	(2,830.0)	(142.2)	1890.2%

FCF

FCF in 1H23 was NT\$803.4mn, an increase of +17.4% YoY, was primary because of higher CAPEX paid down in 2Q22 for CDC land expenditure

Financing cashflow

NT\$3,277mn cash dividend was paid in 2Q23 vs. cash dividends payout of NT\$2,367mn in 3Q22.

WC (NT\$mn)	2Q23	2Q22	YoY	1Q23	QoQ
Accounts Receivables + Other Receivables	2,181.6	2,036.5	7.1%	2,045.7	6.6%
Inventories	4,389.3	3,471.2	26.5%	4,185.1	4.9%
Accounts Payables + Other Payables*	11,069.5	13,163.5	(15.9%)	10,388.9	6.6%
Working Capital	(4,498.6)	(7,655.8)	(41.2%)	(4,158.1)	8.2%
ΔWC (YoY)	3,157.2	(6.2)	n.m.		
ΔWC (QoQ)	(340.5)			1,149.7	n.m.

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

CCC	2Q23	2Q22	YoY	1H23	1H22	YoY
AR Days	7.3	6.9	0.4	8.7	7.5	1.2
Inventory Days	16.3	13.8	2.5	17.5	15.2	2.3
AP Days	40.9	44.2	(3.3)	46.5	49.5	(3.0)
CCC(days)	(17.3)	(23.5)	6.2	(20.3)	(26.8)	6.5

Due to earlier cash dividend payout this year vs. 3Q last year, total working capital for momo's operation was -NT\$4,498.6mn vs. -NT\$7,655.8mn in 2Q22 and cash conversion cycle was -17.3 days vs. -23.5 days in 2Q22.

FCF +17%YoY