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## Operational highlights

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## Consolidated P&L

| P&L (NT\$ mn)                  | 3Q23            | 3Q22            | YoY           | 9M23            | 9M22            | YoY         |
|--------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|-------------|
| <b>Revenue **</b>              | <b>25,074.7</b> | <b>23,557.7</b> | <b>6.4%</b>   | <b>76,407.1</b> | <b>71,633.6</b> | <b>6.7%</b> |
| Gross profit                   | 3,525.3         | 3,450.5         | 2.2%          | 10,949.6        | 10,557.4        | 3.7%        |
| Operating costs                | (1,203.0)       | (1,220.1)       | (1.4%)        | (3,463.8)       | (3,472.8)       | (0.3%)      |
| Gross profit from operations   | 2,322.3         | 2,230.4         | 4.1%          | 7,485.8         | 7,084.6         | 5.7%        |
| <b>EBITDA</b>                  | <b>1,220.6</b>  | <b>1,159.4</b>  | <b>5.3%</b>   | <b>3,887.8</b>  | <b>3,776.3</b>  | <b>3.0%</b> |
| OPEX **                        | (1,440.1)       | (1,400.1)       | 2.9%          | (4,598.5)       | (4,297.6)       | 7.0%        |
| Net other income and expenses  | 30.9            | 47.8            | (35.4%)       | 118.4           | 149.2           | (20.6%)     |
| <b>Operating profit</b>        | <b>913.2</b>    | <b>878.1</b>    | <b>4.0%</b>   | <b>3,005.8</b>  | <b>2,936.2</b>  | <b>2.4%</b> |
| Income from LT investments     | 1.4             | (1.9)           | (173.7%)      | 2.5             | (60.8)          | (104.1%)    |
| Other non-op income            | 21.5            | 64.4            | (66.6%)       | 78.9            | 140.3           | (43.8%)     |
| Pretax profit                  | 936.1           | 940.7           | (0.5%)        | 3,087.3         | 3,015.7         | 2.4%        |
| Tax                            | 186.3           | 184.3           | 1.1%          | 606.2           | 603.0           | 0.5%        |
| Net income                     | 749.9           | 756.4           | (0.9%)        | 2,481.1         | 2,412.7         | 2.8%        |
| Less minorities                | (0.1)           | (0.1)           | 0.0%          | (0.2)           | (1.3)           | 84.6%       |
| <b>Net income to parent</b>    | <b>750.0</b>    | <b>756.4</b>    | <b>(0.9%)</b> | <b>2,481.3</b>  | <b>2,414.0</b>  | <b>2.8%</b> |
| Adjustments ^                  | 0.0             | (49.8)          |               | 0.0             | (109.8)         |             |
| Recurring net income to parent | 750.0           | 706.6           | 6.1%          | 2,481.3         | 2,304.2         | 7.7%        |
| <b>Basic EPS ^^</b>            | <b>3.12</b>     | <b>3.14</b>     | <b>(0.6%)</b> | <b>10.32</b>    | <b>10.04</b>    | <b>2.8%</b> |
| <b>Recurring basic EPS ^^</b>  | <b>3.12</b>     | <b>2.94</b>     | <b>6.1%</b>   | <b>10.32</b>    | <b>9.59</b>     | <b>7.6%</b> |
| Take rate                      | 14.1%           | 14.6%           | -0.5%         | 14.3%           | 14.7%           | -0.4%       |
| Gross margin from operations   | 9.3%            | 9.5%            | -0.2%         | 9.8%            | 9.9%            | -0.1%       |
| EBITDA margin                  | 4.9%            | 4.9%            | 0.0%          | 5.1%            | 5.3%            | -0.2%       |
| Operating margin               | 3.6%            | 3.7%            | -0.1%         | 3.9%            | 4.1%            | -0.2%       |
| Pretax margin                  | 3.7%            | 4.0%            | -0.3%         | 4.0%            | 4.2%            | -0.2%       |
| Net margin                     | 3.0%            | 3.2%            | -0.2%         | 3.2%            | 3.4%            | -0.2%       |

^ 3Q22/9M22 one-time gains were NT\$49.8mn/NT\$109.8mn on disposal of investment.

^^ Diluted outstanding shares were 240.34mn in 3Q23.

\*\*Starting in 3Q23, we implemented accounting adjustments for mo coins to better reflect the essentials of transaction. The changes have no material impact on the overall profits and the impact on company revenue is less than 1%. Using the same accounting treatment as last quarter, 3Q23 company revenue growth YoY would be higher at 6.8% and OPEX YoY would be higher at 10.1%.

## 3Q23 Operation Highlights

- momo.com company revenue was NT\$25,075mn (+6.4%YoY) in 3Q23, primarily impacted by ongoing reopening trends, weak consumer sentiment and increased macro volatility.
- EC revenue of NT\$24,103mn (+7.3%YoY) continued its trend of growing faster than total online industry +3.7%YoY. The major five product categories continued their growth runway but at more moderate pace than previous years: 3C & Home Appliances (+5.7%YoY), Household (+5%YoY), Beauty & Healthcare (+16.5%YoY), Fashion & Luxury (+8.9%YoY), Sports & Leisure (+11.2%YoY). EC OPM improved to 3.6% from 3.5% a year earlier driven by efficiency gains in logistics operation.
- 3Q23 company OPM came in at 3.6% from 3.7% a year earlier given TV structural decline and unfavorable EC/TV mix change largely offset EC OPM improvement. Net income to parent declined 0.9%YoY to NT\$750mn and basic EPS was NT\$3.12 (based on 240.34mn diluted outstanding shares), which can be attributed to company operating profit of NT\$913.2mn (+4%YoY) and non-op gains of NT\$22.9mn (-63.4%YoY).
- 1Q-3Q23 accumulated company revenue reached NT\$76,407mn (+6.7%YoY). 1Q-3Q23 EC revenue grew 8%YoY and continuously grew much faster than total online industry sales +2%YoY. Company operating profit increased 2.4%YoY to NT\$3,006mn and OPM was down to 3.9% given softer-than-expected topline growth leading to higher promotion cost. Based on diluted 240.34mn outstanding shares, basic/recurring EPS came in at NT\$10.32 and increased 2.8%YoY/ 7.6%YoY, respectively.

## I. Revenue Analysis

**Figure 1 – Consolidated Revenue Breakdown**

| (NT\$ mn)            | 3Q23            | 3Q22            | YoY         | 9M23            | 9M22            | YoY         |
|----------------------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|
| EC                   | 24,103.0        | 22,466.5        | 7.3%        | 73,409.4        | 67,984.6        | 8.0%        |
| TV home shopping     | 875.5           | 975.3           | (10.2%)     | 2,697.0         | 3,262.8         | (17.3%)     |
| Catalogue            | 85.3            | 106.5           | (19.9%)     | 271.6           | 347.9           | (21.9%)     |
| *Others              | 11.0            | 9.5             | 17.0%       | 29.1            | 38.3            | (24.0%)     |
| <b>Total Revenue</b> | <b>25,074.7</b> | <b>23,557.7</b> | <b>6.4%</b> | <b>76,407.1</b> | <b>71,633.6</b> | <b>6.7%</b> |

\*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

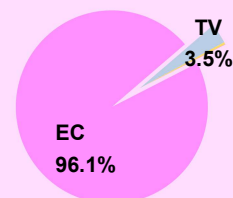
3Q23 EC revenue growth was 7.3%YoY, primarily impacted by ongoing reopening trends, weak consumer sentiment and increased macro volatility. Nevertheless, we continued the trend of growing faster than total online market 3.7%YoY.

The major five product categories continued their growth runway but at more moderate pace than previous years. Beauty & Healthcare (+16.5%YoY), Sports & Leisure (+11.2%YoY) and Fashion & Luxury (+8.9%YoY) delivered stronger momentum driven by our strong industry leadership and enhanced supply chain capability. Conversely, 3C & Home Appliances (+5.7%YoY) and Household (+5%YoY) reported tepid momentum largely due to Covid tough comparisons.

In terms of key customer metrics, MAU declined 4.5%YoY due to high base effect. However, number of active users and order frequency continued their upward trend +4%YoY and +4.4%YoY, respectively. Ticket size was down 1.1%YoY reflecting less purchasing in 3C & Home Appliances.

On user engagement, momo/Fubon co-branded credit card holders' spending rose nearly 30%YoY and contributed 34% of EC revenue vs. 29% in 3Q22, demonstrating growing customer loyalty and stickiness.

**3Q23 Revenue Breakdown**



Note: Catalogue 0.3%; Others 0.1%

**EC continued to outgrow total online sales and its peers**

**Number of active users/order frequency continued upward trend**

**momo/Fubon co-branded credit card spending rose 30%YoY, contributing 34% of EC revenue**

## II. EBITDA Analysis

Figure 3 – EBITDA Breakdown

| EBITDA (NT\$ mn)     | 3Q23           | 3Q22           | YoY         | 9M23           | 9M22           | YoY          |
|----------------------|----------------|----------------|-------------|----------------|----------------|--------------|
| EC                   | 1,118.9        | 1,027.2        | 8.9%        | 3,531.9        | 3,275.0        | 7.8%         |
| TV home shopping     | 68.4           | 83.9           | (18.5%)     | 243.6          | 380.8          | (36.0%)      |
| Catalogue            | 5.2            | 8.3            | (37.3%)     | 18.1           | 24.7           | (26.7%)      |
| Others <sup>1</sup>  | 28.2           | 39.9           | (29.3%)     | 94.2           | 95.7           | (1.6%)       |
| <b>Total EBITDA</b>  | <b>1,220.6</b> | <b>1,159.4</b> | <b>5.3%</b> | <b>3,887.8</b> | <b>3,776.3</b> | <b>3.0%</b>  |
| EBITDA margin        | 3Q23           | 3Q22           | YoY         | 9M23           | 9M22           | YoY          |
| EC                   | 4.6%           | 4.6%           | -0.0%       | 4.8%           | 4.8%           | -0.0%        |
| TV home shopping     | 7.8%           | 8.6%           | -0.8%       | 9.0%           | 11.7%          | -2.7%        |
| Catalogue            | 6.1%           | 7.8%           | -1.7%       | 6.7%           | 7.1%           | -0.4%        |
| Others <sup>1</sup>  | 256.4%         | 424.5%         | -168.1%     | 323.7%         | 249.9%         | +73.8%       |
| <b>EBITDA margin</b> | <b>4.9%</b>    | <b>4.9%</b>    | <b>0.0%</b> | <b>5.1%</b>    | <b>5.3%</b>    | <b>-0.2%</b> |

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

3Q23 company EBITDA came in at NT\$1,221mn (+5.3%YoY) and company EBITDA margin held well to 4.9%, primarily driven by logistics efficiency gains offsetting lower take-rate.

Operating cost in 3Q23 declined 1.4%YoY as we further improved operational efficiency across our island-wide logistics network. For instance, improved digitalization of demand forecasting & inventory allocation, optimized order fulfilment and minimized mid-mile transportation costs.

### TV Home Shopping & Live-streaming

TV shopping, accounting 3.5% of company revenue vs. 4.1% a year earlier, continuously suffered from industry structural decline and its EBITDA fell 18.5%YoY to NT\$68.4mn.

**Company EBITDA margin held well to 4.9%**

**Operating cost declined 1.4%YoY driven by efficiency gains**

### III. Balance Sheet Analysis

Figure 4 – Balance Sheet

| NT\$ mn                     | 3Q23            | 3Q22            | YoY%        | 2Q23            | QoQ%          |
|-----------------------------|-----------------|-----------------|-------------|-----------------|---------------|
| Cash & cash equivalents     | 4,570.5         | 5,085.9         | (10.1%)     | 5,214.4         | (12.3%)       |
| Accounts receivables        | 423.6           | 318.2           | 33.1%       | 380.5           | 11.3%         |
| Other receivables           | 1,944.3         | 1,496.1         | 30.0%       | 1,801.1         | 8.0%          |
| Inventories                 | 4,852.7         | 4,666.1         | 4.0%        | 4,389.3         | 10.6%         |
| Other current assets        | 389.8           | 558.9           | (30.3%)     | 438.1           | (11.0%)       |
| <b>Current assets</b>       | <b>12,180.9</b> | <b>12,125.2</b> | <b>0.5%</b> | <b>12,223.4</b> | <b>(0.3%)</b> |
| Long term investments       | 488.3           | 569.0           | (14.2%)     | 471.3           | 3.6%          |
| PP&E                        | 7,741.8         | 7,077.4         | 9.4%        | 7,534.8         | 2.7%          |
| Other non-current assets    | 3,979.3         | 3,492.8         | 13.9%       | 2,708.4         | 46.9%         |
| Total non-current assets    | 12,209.4        | 11,139.2        | 9.6%        | 10,714.5        | 14.0%         |
| <b>Total Assets</b>         | <b>24,390.3</b> | <b>23,264.4</b> | <b>4.8%</b> | <b>22,937.9</b> | <b>6.3%</b>   |
| Short term borrowings       | 0.0             | 0.0             | 0.0%        | 0.0             | 0.0%          |
| Accounts payable            | 9,707.8         | 9,475.7         | 2.4%        | 10,038.3        | (3.3%)        |
| Other payables              | 1,073.1         | 1,005.2         | 6.8%        | 1,031.5         | 4.0%          |
| Other current liabilities   | 2,211.5         | 1,943.9         | 13.8%       | 2,297.7         | (3.8%)        |
| Non-current liabilities     | 2,382.4         | 1,937.2         | 23.0%       | 1,275.3         | 86.8%         |
| <b>Total Liabilities</b>    | <b>15,374.8</b> | <b>14,362.0</b> | <b>7.1%</b> | <b>14,642.8</b> | <b>5.0%</b>   |
| Common stock                | 2,403.4         | 2,184.9         | 10.0%       | 2,403.4         | 0.0%          |
| Capital surplus             | 1,969.9         | 2,259.4         | (12.8%)     | 1,969.9         | 0.0%          |
| Retained earnings           | 4,700.0         | 4,562.6         | 3.0%        | 3,950.0         | 19.0%         |
| Other equity items          | (57.8)          | (104.5)         | (44.7%)     | (28.2)          | 105.0%        |
| <b>Shareholders' equity</b> | <b>9,015.5</b>  | <b>8,902.4</b>  | <b>1.3%</b> | <b>8,295.1</b>  | <b>8.7%</b>   |

#### Cash & Cash Equivalents

Cash position was NT\$4,570.5mn. 10%YoY decrease was primary due to higher cash dividend distribution (NT\$3,277mn cash dividend paid in 2Q23 vs. NT\$2,367mn in 3Q22).

#### PP&E

PP&E increased 9.4% YoY to NT\$7,742mn in relation to investment in SDC construction & equipment, solar power system and the others including warehousing facility, IT equipment and in-house vehicles.

#### Island-wide Logistics Infra

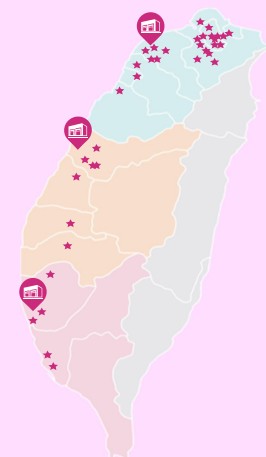
momo's self-owned island-wide logistics infra, which we have built up for years, is a key differentiating factor compared to other EC peers in Taiwan.

SDC (the second automated distribution center) will begin its trial run in 1Q24 and its operation will ramp up sequentially throughout 2024.

With SDC addition, we will focus more on process optimization and logistics network efficiency improvement; therefore, net warehouse increase in 2024 will be lower than 2023.

CDC (the third automated distribution center) began construction in Nov and for 2027 operation. Total capex for construction & automation is around NT\$7.6bn, with actual payments being spread till 2027 based on various phases of construction, engineering & spending timeline.

Cash position was NT\$4.57bn in 3Q23



SDC depreciation will begin in 2024 with depreciation period lasting around 10-15 years on average

## IV. Cashflow Analysis

Figure 5 – Cashflow

| NT\$ mn                      | 3Q23           | 3Q22             | YoY            | 9M23             | 9M22             | YoY            |
|------------------------------|----------------|------------------|----------------|------------------|------------------|----------------|
| (+) Operating profit         | 913.2          | 878.1            | 4.0%           | 3,005.8          | 2,936.2          | 2.4%           |
| (+) D&A                      | 307.4          | 281.2            | 9.3%           | 882.0            | 840.1            | 5.0%           |
| ΔWC*(-1) (during the period) | (965.4)        | (3,656.7)        | (73.6%)        | (1,774.6)        | (688.3)          | 157.8%         |
| Others                       | (375.6)        | 1,787.0          | n.m.           | (955.8)          | (1,019.1)        | (6.2%)         |
| <b>Operating cashflow*</b>   | <b>(120.4)</b> | <b>(710.3)</b>   | <b>(83.0%)</b> | <b>1,157.4</b>   | <b>2,068.8</b>   | <b>(44.1%)</b> |
| Capex**                      | (327.5)        | (310.8)          | 5.4%           | (801.9)          | (2,405.6)        | (66.7%)        |
| FCF                          | (447.9)        | (1,021.1)        | (56.1%)        | 355.6            | (336.7)          | n.m.           |
| <b>Investing cashflow**</b>  | <b>(327.3)</b> | <b>(335.9)</b>   | <b>(2.6%)</b>  | <b>(787.3)</b>   | <b>(2,950.2)</b> | <b>(73.3%)</b> |
| <b>Financing cashflow</b>    | <b>(196.2)</b> | <b>(2,529.9)</b> | <b>(92.2%)</b> | <b>(3,844.1)</b> | <b>(2,837.1)</b> | <b>35.5%</b>   |
| Change in cash               | (643.9)        | (3,576.2)        | (82.0%)        | (3,473.9)        | (3,718.4)        | (6.6%)         |

\*9M23 operating cash flow - 44.1%YoY resulted from decrease in A/P due to the bulk of 4Q22 accounts payable due at 1Q23.

\*\*9M23 Capex included around NT\$600mn SDC construction expenditure. 9M22 Capex NT\$2bn included CDC land and SDC construction expenditure, which was also the main reason for investing cash outflow during 9M22.

### Financing Cashflow

Financing cashflow decreased YoY given NT\$3,277mn cash dividend was paid in 2Q23 vs. NT\$2,367mn in 3Q22.

| WC (NT\$m)                                  | 3Q23         | 3Q22        | YoY           | 2Q23           | QoQ         |
|---|--------------|-------------|---------------|----------------|-------------|
| Accounts Receivables<br>+ Other Receivables | 2,367.8      | 1,814.3     | 30.5%         | 2,181.6        | 8.5%        |
| Inventories                                 | 4,852.7      | 4,666.1     | 4.0%          | 4,389.3        | 10.6%       |
| Accounts Payables<br>+ Other Payables*      | 10,753.7     | 10,479.5    | 2.6%          | 11,069.5       | (2.9%)      |
| Working Capital                             | (3,533.2)    | (3,999.1)   | (11.7%)       | (4,498.6)      | (21.5%)     |
| <b>ΔWC (YoY)</b>                            | <b>465.9</b> | <b>44.9</b> | <b>938.6%</b> |                |             |
| <b>ΔWC (QoQ)</b>                            | <b>965.4</b> |             |               | <b>(340.5)</b> | <b>n.m.</b> |

| CCC              | 3Q23          | 3Q22          | YoY        | 9M23          | 9M22          | YoY        |
|------------------|---------------|---------------|------------|---------------|---------------|------------|
| AR Days          | 8.2           | 7.4           | 0.8        | 9.1           | 7.1           | 2.0        |
| Inventory Days   | 18.3          | 17.2          | 1.1        | 18.6          | 17.8          | 0.8        |
| AP Days          | 43.2          | 49.9          | (6.7)      | 46.2          | 44.2          | 2.0        |
| <b>CCC(days)</b> | <b>(16.7)</b> | <b>(25.4)</b> | <b>8.7</b> | <b>(18.6)</b> | <b>(19.2)</b> | <b>0.6</b> |

9M23 FCF NT\$356mn