

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

Address: 12Fl, No. 105, Sec. 2, Tun Hwa S. Rd., Taipei 106, Taiwan
Telephone: 886-2-2700-0898

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666

Fax 傳真 + 886 2 8101 6667

Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of PChome Online Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the PChome Online Inc. and its subsidiaries (the "Group") of June 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,351,871 thousand and \$1,123,113 thousand, each constituting 8% and 7% of the consolidated total assets as of June 30, 2021 and 2020, respectively; the total liabilities amounting to \$398,509 thousand and \$238,078 thousand, each constituting 3% and 2% of the consolidated total liabilities as of June 30, 2021 and 2020, respectively, and the total comprehensive income (loss) amounting to loss \$31,011 thousand, loss \$21,902 thousand, loss \$19,624 thousand and loss \$42,396 thousand, constituting (62)%, (34)%, (9)% and (35)% of the consolidated total comprehensive income (loss) for the three months and the six months ended June 30, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$35,663 thousand and \$29,887 thousand as of June 30, 2021 and 2020, respectively, and its share of loss of associates and joint ventures accounted for using equity method on these investee companies of loss \$14 thousand, loss \$3,459 thousand, loss \$1,852 thousand and loss \$7,440 thousand for the three months and the six months ended June 30, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ review report are Yi-Chun Chen and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)

August 6, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditor’s report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditor’s report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF JUNE 30, 2021 AND 2020
PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021, December 31, 2020, and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

| ASSETS | | 2021.6.30 | | 2020.12.31 | | 2020.6.30 | | LIABILITIES AND STOCKHOLDERS' EQUITY | | 2021.6.30 | | 2020.12.31 | | 2020.6.30 | |
|----------------------------|---|----------------------|------------|-------------------|------------|-------------------|------------|--|--|----------------------|------------|-------------------|------------|-------------------|------------|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current Assets: | | | | | | | | Current Liabilities: | | | | | | | |
| 1100 | Cash and cash equivalents (Note (6)(a)) | \$ 9,816,583 | 55 | 8,147,763 | 50 | 7,754,793 | 50 | 2100 | Short-term borrowings (Note (6)(k)) | \$ 1,205,000 | 7 | 500,000 | 3 | 325,000 | 2 |
| 1110 | Current financial assets at fair value through profit or loss (Note (6)(b)) | 58,851 | - | 33,568 | - | - | - | 2130 | Current contract liabilities (Note (6)(l)) | 663,423 | 4 | 554,103 | 3 | 469,795 | 3 |
| 1150 | Notes receivable, net (Note (6)(d)) | 838 | - | 550 | - | 343 | - | 2150 | Notes payable | 2,801 | - | 2,099 | - | 3,430 | - |
| 1170 | Accounts receivable, net (Notes (6)(d) and (7)) | 616,416 | 4 | 497,242 | 3 | 489,757 | 3 | 2170 | Accounts payable | 4,239,876 | 24 | 3,866,869 | 24 | 3,501,947 | 23 |
| 1196 | Lease receivables (Notes (6)(d) and (7)) | 3,041 | - | 4,681 | - | 5,836 | - | 2200 | Other payables (Note (7)) | 974,090 | 5 | 908,483 | 6 | 883,656 | 6 |
| 1200 | Other receivables, net (Notes (6)(d) and (7)) | 1,192,301 | 7 | 1,361,315 | 8 | 1,177,704 | 8 | 2216 | Dividends payable (Note (6)(r)) | 153,737 | 1 | - | - | 82,012 | - |
| 1300 | Inventories (Note (6)(e)) | 1,225,112 | 7 | 1,806,418 | 11 | 1,100,310 | 8 | 2230 | Current tax liabilities | 146,407 | 1 | 69,416 | - | 122,880 | 1 |
| 1416 | Net defined benefit asset, current | - | - | 3,218 | - | - | - | 2280 | Current lease liabilities (Note (6)(o)) | 467,747 | 3 | 500,102 | 3 | 508,837 | 3 |
| 1476 | Other current financial assets (Note (8)) | 535,774 | 3 | 489,608 | 3 | 502,911 | 3 | 2300 | Other current liabilities (Note (6)(l)) | 314,804 | 2 | 402,264 | 2 | 442,173 | 3 |
| 1479 | Other current assets, others | 354,906 | 2 | 261,158 | 2 | 277,130 | 2 | 2320 | Long-term liabilities, current portion (Note (6)(m)) | 200,000 | 1 | 200,000 | 1 | 200,000 | 1 |
| 1481 | Current asset recognized as right to recover products from customers | 42,246 | - | 39,608 | - | 31,930 | - | 2335 | Receipts under custody (Note (6)(l)) | 1,601,450 | 9 | 1,408,473 | 9 | 1,678,495 | 11 |
| | | <u>13,846,068</u> | <u>78</u> | <u>12,645,129</u> | <u>77</u> | <u>11,340,714</u> | <u>74</u> | 2365 | Current refund liabilities (Note (6)(l)) | 46,001 | - | 42,999 | - | 34,514 | - |
| | | | | | | | | | | <u>10,015,336</u> | <u>57</u> | <u>8,454,808</u> | <u>51</u> | <u>8,252,739</u> | <u>53</u> |
| Non-Current Assets: | | | | | | | | Non-Current liabilities: | | | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (Note (6)(b)) | 126,393 | 1 | 68,245 | - | 72,113 | - | 2530 | Total bonds payable (Note (6)(n)) | 1,475,598 | 8 | 1,470,300 | 9 | - | - |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note (6)(c)) | 381,531 | 2 | 248,425 | 2 | 212,436 | 1 | 2541 | Long-term borrowings (Note (6)(m)) | 375,000 | 2 | 425,000 | 3 | 1,050,000 | 7 |
| 1550 | Investments accounted for using equity method (Note (6)(f)) | 35,663 | - | 34,432 | - | 29,887 | - | 2570 | Deferred tax liabilities | 1,651 | - | 1,651 | - | 779 | - |
| 1600 | Property, plant and equipment (Note (6)(h)) | 537,797 | 3 | 569,790 | 3 | 597,558 | 4 | 2580 | Non-current lease liabilities (Note (6)(o)) | 1,787,183 | 10 | 2,018,307 | 12 | 2,249,998 | 15 |
| 1755 | Right-of-use assets (Note (6)(i)) | 2,199,361 | 12 | 2,468,896 | 15 | 2,713,703 | 18 | 2640 | Net defined benefit liability, non-current | 2,243 | - | 2,337 | - | 6,665 | - |
| 1780 | Intangible assets (Note (6)(j)) | 136,773 | 1 | 141,516 | 1 | 151,151 | 1 | 2670 | Other non-current liabilities, others | 5,546 | - | 5,324 | - | 4,845 | - |
| 1840 | Deferred tax assets | 44,129 | - | 44,129 | - | 59,406 | - | | | <u>3,647,221</u> | <u>20</u> | <u>3,922,919</u> | <u>24</u> | <u>3,312,287</u> | <u>22</u> |
| 1975 | Net defined benefit asset, non-current | 8,818 | - | 8,234 | - | 4,467 | - | | Total liabilities | <u>13,662,557</u> | <u>77</u> | <u>12,377,727</u> | <u>75</u> | <u>11,565,026</u> | <u>75</u> |
| 1980 | Other non-current financial assets (Note (8)) | 147,189 | 1 | 149,592 | 1 | 150,147 | 1 | Equity attributable to owners of parent (Note (6)(r)): | | | | | | | |
| 1990 | Other non-current assets, others | 272,235 | 2 | 83,341 | 1 | 92,196 | 1 | Share capital: | | | | | | | |
| | | <u>3,889,889</u> | <u>22</u> | <u>3,816,600</u> | <u>23</u> | <u>4,083,064</u> | <u>26</u> | Ordinary share | | 1,182,595 | 7 | 1,182,595 | 7 | 1,171,595 | 8 |
| | | | | | | | | Capital surplus | | 1,943,536 | 11 | 1,938,916 | 12 | 1,721,906 | 11 |
| | | | | | | | | Retained earnings: | | | | | | | |
| | | | | | | | | Legal reserve | | 16,244 | - | 16,244 | - | 16,244 | - |
| | | | | | | | | Unappropriated retained earnings | | 332,778 | 2 | 286,101 | 2 | 158,075 | 1 |
| | | | | | | | | Other equity interest: | | | | | | | |
| | | | | | | | | Exchange differences on translation of foreign financial statements | | (137,488) | (1) | (116,979) | (1) | (53,554) | - |
| | | | | | | | | Unrealized gains from financial assets measured at fair value through other comprehensive income | | 145,352 | 1 | 76,811 | 1 | 71,132 | - |
| | | | | | | | | Other equity, unearned compensation | | (16,267) | - | (24,042) | - | - | - |
| | | | | | | | | Treasury shares | | (108,254) | (1) | - | - | - | - |
| | | | | | | | | Total equity attributable to owners of parent: | | 3,358,496 | 19 | 3,359,646 | 21 | 3,085,398 | 20 |
| | | | | | | | | Non-controlling interests (Notes 6(g) and 6(r)) | | 714,904 | 4 | 724,356 | 4 | 773,354 | 5 |
| | | | | | | | | Total equity | | <u>4,073,400</u> | <u>23</u> | <u>4,084,002</u> | <u>25</u> | <u>3,858,752</u> | <u>25</u> |
| Total assets | | <u>\$ 17,735,957</u> | <u>100</u> | <u>16,461,729</u> | <u>100</u> | <u>15,423,778</u> | <u>100</u> | Total liabilities and equity | | <u>\$ 17,735,957</u> | <u>100</u> | <u>16,461,729</u> | <u>100</u> | <u>15,423,778</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months and the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended June 30, | | | | For the six months ended June 30, | | | | |
|------|---|-------------------|------------|-------------------|-----------------------------------|-------------------|------------|-------------------|------------|
| | 2021 | | 2020 | | 2021 | | 2020 | | |
| | Amount | % | Amount | % | Amount | % | Amount | % | |
| 4111 | Sales revenue | \$ 11,971,989 | 102 | 10,419,974 | 101 | 23,616,153 | 102 | 21,262,138 | 101 |
| 4170 | Less: Sales returns | 239,623 | 2 | 126,351 | 1 | 393,437 | 2 | 288,997 | 1 |
| | Operating revenue, net (Note (6)(u)) | 11,732,366 | 100 | 10,293,623 | 100 | 23,222,716 | 100 | 20,973,141 | 100 |
| 5000 | Operating costs (Note (6)(e)) | 10,353,568 | 88 | 9,097,824 | 88 | 20,538,503 | 88 | 18,505,758 | 88 |
| | Gross profit from operations | 1,378,798 | 12 | 1,195,799 | 12 | 2,684,213 | 12 | 2,467,383 | 12 |
| | Operating expenses: | | | | | | | | |
| 6100 | Selling expenses | 1,018,824 | 9 | 900,110 | 9 | 1,925,503 | 9 | 1,795,195 | 9 |
| 6200 | Administrative expenses | 120,119 | 1 | 97,910 | 1 | 245,558 | 1 | 194,032 | 1 |
| 6300 | Research and development expenses | 135,498 | 1 | 135,326 | 1 | 266,397 | 1 | 270,135 | 1 |
| 6450 | Expected credit loss (Note (6)(d)) | (22) | - | 145 | - | 132 | - | 356 | - |
| | Total operating expenses | 1,274,419 | 11 | 1,133,491 | 11 | 2,437,590 | 11 | 2,259,718 | 11 |
| 6500 | Net other income | (6,116) | - | - | - | (5,984) | - | - | - |
| | Net operating income | 98,263 | 1 | 62,308 | 1 | 240,639 | 1 | 207,665 | 1 |
| | Non-operating income and expenses (Note (6)(w)): | | | | | | | | |
| 7100 | Interest income | 2,312 | - | 3,183 | - | 4,763 | - | 5,886 | - |
| 7010 | Other income | 15,555 | - | 28,028 | - | 19,803 | - | 31,719 | - |
| 7020 | Other gains and losses, net | (18,019) | - | (3,401) | - | 25,540 | - | 10,721 | - |
| 7050 | Finance costs | (13,855) | - | (13,322) | - | (26,623) | - | (28,477) | - |
| 7060 | Shares of loss of associates and joint ventures accounted for using equity method, net | (14) | - | (3,459) | - | (1,852) | - | (7,440) | - |
| | Total non-operating income and expenses | (14,021) | - | 11,029 | - | 21,631 | - | 12,409 | - |
| | Profit from continuing operations before tax | 84,242 | 1 | 73,337 | 1 | 262,270 | 1 | 220,074 | 1 |
| 7950 | Less: Tax expense (Note (6)(q)) | 43,117 | - | 24,773 | - | 78,915 | - | 68,510 | - |
| | Profit | 41,125 | 1 | 48,564 | 1 | 183,355 | 1 | 151,564 | 1 |
| | Other comprehensive income (loss): | | | | | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss | | | | | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (Note (6)(x)) | 47,341 | - | 53,258 | 1 | 68,541 | - | (1,893) | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| | Items that may not be reclassified subsequently to profit or loss | 47,341 | - | 53,258 | 1 | 68,541 | - | (1,893) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | | | | |
| 8361 | Exchange differences on translation | (38,256) | - | (37,746) | (1) | (23,376) | - | (29,737) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| | Items that may be reclassified subsequently to profit or loss | (38,256) | - | (37,746) | (1) | (23,376) | - | (29,737) | - |
| | Other comprehensive income (loss), net of tax | 9,085 | - | 15,512 | - | 45,165 | - | (31,630) | - |
| 8500 | Total comprehensive income | \$ 50,210 | 1 | 64,076 | 1 | 228,520 | 1 | 119,934 | 1 |
| | Profit (loss), attributable to: | | | | | | | | |
| 8610 | Profit, attributable to owners of parent | \$ 63,440 | 1 | 52,703 | 1 | 200,414 | 1 | 155,767 | 1 |
| 8620 | Loss, attributable to non-controlling interests | (22,315) | - | (4,139) | - | (17,059) | - | (4,203) | - |
| | | \$ 41,125 | 1 | 48,564 | 1 | 183,355 | 1 | 151,564 | 1 |
| | Comprehensive income attributable to: | | | | | | | | |
| 8710 | Comprehensive income, attributable to owners of parent | \$ 73,944 | 1 | 68,865 | 1 | 248,446 | 1 | 125,145 | 1 |
| 8720 | Comprehensive loss, attributable to non-controlling interests | (23,734) | - | (4,789) | - | (19,926) | - | (5,211) | - |
| | | \$ 50,210 | 1 | 64,076 | 1 | 228,520 | 1 | 119,934 | 1 |
| | Earnings per share (Note (6)(t)) | | | | | | | | |
| 9750 | Basic earnings per share (NT dollars) | \$ 0.55 | | 0.45 | | 1.72 | | 1.33 | |
| 9850 | Diluted earnings per share (NT dollars) | \$ 0.49 | | 0.45 | | 1.56 | | 1.33 | |

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of Parent | | | | | | | | | | |
|--|---|------------------|-------------------|----------------------------------|---|---|--------------------------------|------------------|---|---------------------------|------------------|
| | Share capital | | Retained Earnings | | | Other Equity Interest | | | Total Equity Attributable to Owners of Parent | Non-Controlling Interests | Total Equity |
| | Ordinary Capital | Capital Surplus | Legal Reserve | Unappropriated Retained Earnings | Exchange Differences on Translation of Foreign Statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Unearned Employee Compensation | Treasury shares | | | |
| Balance at January 1, 2020 | \$ 1,171,595 | 1,722,411 | - | 100,564 | (24,825) | 73,025 | - | - | 3,042,770 | 724,314 | 3,767,084 |
| Profit (loss) for the six months ended June 30, 2020 | - | - | - | 155,767 | - | - | - | - | 155,767 | (4,203) | 151,564 |
| Other comprehensive income (loss) for the six months ended June 30, 2020 | - | - | - | - | (28,729) | (1,893) | - | - | (30,622) | (1,008) | (31,630) |
| Total comprehensive income (loss) for the six months ended June 30, 2020 | - | - | - | 155,767 | (28,729) | (1,893) | - | - | 125,145 | (5,211) | 119,934 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 16,244 | (16,244) | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | (82,012) | - | - | - | - | (82,012) | - | (82,012) |
| Changes in ownership interests in subsidiaries | - | (505) | - | - | - | - | - | - | (505) | 21,426 | 20,921 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | 32,825 | 32,825 |
| Balance at June 30, 2020 | \$ 1,171,595 | 1,721,906 | 16,244 | 158,075 | (53,554) | 71,132 | - | - | 3,085,398 | 773,354 | 3,858,752 |
| Balance at January 1, 2021 | \$ 1,182,595 | 1,938,916 | 16,244 | 286,101 | (116,979) | 76,811 | (24,042) | - | 3,359,646 | 724,356 | 4,084,002 |
| Profit for the six months ended June 30, 2021 | - | - | - | 200,414 | - | - | - | - | 200,414 | (17,059) | 183,355 |
| Other comprehensive income (loss) for the six months ended June 30, 2021 | - | - | - | - | (20,509) | 68,541 | - | - | 48,032 | (2,867) | 45,165 |
| Total comprehensive income for the six months ended June 30, 2021 | - | - | - | 200,414 | (20,509) | 68,541 | - | - | 248,446 | (19,926) | 228,520 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Cash dividends of ordinary share | - | - | - | (153,737) | - | - | - | - | (153,737) | - | (153,737) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | 3,934 | - | - | - | - | - | - | 3,934 | - | 3,934 |
| Purchase of treasury share | - | - | - | - | - | - | - | (108,254) | (108,254) | - | (108,254) |
| Changes in ownership interests in subsidiaries | - | 686 | - | - | - | - | - | - | 686 | 10,474 | 11,160 |
| Share-based payment transactions | - | - | - | - | - | - | 7,775 | - | 7,775 | - | 7,775 |
| Balance at June 30, 2021 | \$ 1,182,595 | 1,943,536 | 16,244 | 332,778 | (137,488) | 145,352 | (16,267) | (108,254) | 3,358,496 | 714,904 | 4,073,400 |

The accompanying notes are an integral part of the consolidated financial statements.

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | For the six months ended June 30, | |
|---|-----------------------------------|------------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Profit before tax | \$ 262,270 | 220,074 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expenses | 353,289 | 353,002 |
| Amortization expenses | 12,453 | 14,938 |
| Expected credit losses | 132 | 356 |
| Net gain on financial assets at fair value through profit or loss | (29,808) | (12,494) |
| Interest expenses | 26,623 | 28,477 |
| Interest income | (4,763) | (5,886) |
| Dividend income | (12,531) | (2,210) |
| Share-based payment transactions | 8,023 | 1,191 |
| Shares of loss of associates and joint ventures accounted for using equity method | 1,852 | 7,440 |
| Gains on disposal of property, plant and equipment | (13) | - |
| Loss (Gain) on lease modification | 5,984 | (50) |
| Total adjustments to reconcile profit | <u>361,241</u> | <u>384,764</u> |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes receivable | (288) | 31 |
| Accounts receivable | (119,306) | 15,428 |
| Lease receivable | 1,640 | 1,272 |
| Other receivables | 168,914 | 12,403 |
| Inventories | 581,306 | 584,837 |
| Other current assets | (93,748) | 14,912 |
| Other financial assets | (46,166) | (36,077) |
| Current asset recognized as right to recover products from customers | (2,638) | 3,653 |
| Total changes in operating assets | <u>489,714</u> | <u>596,459</u> |
| Changes in operating liabilities: | | |
| Contract liabilities | 109,320 | 47,913 |
| Notes payable | 702 | 2,819 |
| Accounts payable | 373,007 | 468,159 |
| Other payables | 73,554 | 67,043 |
| Receipts under custody | 192,977 | 73,132 |
| Other current liabilities | (87,460) | (103,934) |
| Net defined benefit liabilities | 2,540 | (801) |
| Current refund liabilities | 3,002 | (3,812) |
| Other non-current liabilities | 222 | - |
| Total changes in operating liabilities | <u>667,864</u> | <u>550,519</u> |
| Total changes in operating assets and liabilities | <u>1,157,578</u> | <u>1,146,978</u> |
| Total adjustments | <u>1,518,819</u> | <u>1,531,742</u> |
| Cash flow generated from operations | 1,781,089 | 1,751,816 |
| Interest received | 4,599 | 5,875 |
| Dividends received | 12,531 | 2,210 |
| Interest paid | (15,861) | (28,893) |
| Income taxes paid | (1,660) | (30,762) |
| Net cash flows from operating activities | <u>1,780,698</u> | <u>1,700,246</u> |
| Cash flows used in investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (64,565) | - |
| Acquisition of financial assets designated at fair value through profit or loss | (53,623) | (1,020) |
| Acquisition of property, plant and equipment | (85,406) | (100,614) |
| Proceeds from disposal of property, plant and equipment | 805 | 3,261 |
| Decrease (increase) in refundable deposits | 2,403 | (7,606) |
| Acquisition of intangible assets | (6,237) | (16,905) |
| Other non-current assets | (189,110) | (83,510) |
| Net cash flows used in investing activities | <u>(395,733)</u> | <u>(206,394)</u> |
| Cash flows from financing activities: | | |
| Short-term borrowings | 705,000 | (215,000) |
| Repayments of long-term borrowings | (50,000) | (150,000) |
| Payments of lease liabilities | (252,174) | (252,274) |
| Payments to acquire treasury shares | (108,254) | - |
| Change in non-controlling interests | - | 32,825 |
| Net cash flows from (used in) financing activities | <u>294,572</u> | <u>(584,449)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (10,717) | (23,614) |
| Net increase in cash and cash equivalents | 1,668,820 | 885,789 |
| Cash and cash equivalents at beginning of period | 8,147,763 | 6,869,004 |
| Cash and cash equivalents at end of period | <u>\$ 9,816,583</u> | <u>7,754,793</u> |

The accompanying notes are an integral part of the consolidated financial statements.

PCHOME ONLINE INC. AND SUBSIDIARIES

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(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

(2) Approval Date and Procedures of the Consolidated Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors on August 6, 2021.

(3) New Standards and Interpretations Not Yet Adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| <u>Standards or Interpretations</u> | <u>Content of amendment</u> | <u>Effective date per IASB</u> |
|--|---|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |
| Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” | The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | January 1, 2023 |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(4) Summary of Significant Accounting Policies

- (a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

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These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|------------------|--|---|--------------|------------|-----------|--------|
| | | | 2021.6.30 | 2020.12.31 | 2020.6.30 | |
| The Company | PChome Store Inc. | Internet services | 34.35 % | 34.35 % | 34.35 % | Note 2 |
| " | Linktel Inc. | Type II Telecommunications Business | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PChomePay Inc. | Online payment processing services | - % | - % | 55.06 % | Note 4 |
| " | IT Home Publications Inc. | Magazine publication | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PChome US Inc. | E-commerce platform | 91.97 % | 91.97 % | 91.97 % | " |
| " | PC Home Online International Co., Ltd. | International trade and investment activities | 100.00 % | 100.00 % | 100.00 % | " |
| " | eCommerce Group Co., Ltd. | Investment activities | 100.00 % | 100.00 % | 100.00 % | Note 5 |
| " | Pi Mobile Technology Inc. | Online payment processing services | 81.04 % | 81.04 % | 100.00 % | Note 4 |
| " | PChome (Thailand) Co., Ltd. | E-commerce platform | 66.25 % | 66.25 % | 65.63 % | Note 1 |
| " | PChome Travel Inc. | Travel agency business | 100.00 % | 100.00 % | 100.00 % | " |
| " | PChome Financial Technology Inc. | Information service | 100.00 % | 100.00 % | 100.00 % | " |
| " | PChome Holding Inc. | Investment activities | 100.00 % | 100.00 % | 100.00 % | |

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| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|--|--------------------------------------|--|--------------|------------|-----------|--------|
| | | | 2021.6.30 | 2020.12.31 | 2020.6.30 | |
| The Company | PChome Express Co., Ltd. | Transportation and logistics | 100.00 % | 100.00 % | 100.00 % | |
| " | Chunghwa PChome Fund 1 Co., Ltd. | Investment activities | 50.00 % | 50.00 % | 50.00 % | Note 1 |
| " | Cornerstone Ventures Co., Ltd. | " | 51.00 % | 51.00 % | 51.00 % | " |
| " | PChome CB Co., Ltd. | E-commerce cross-border services | 70.00 % | 70.00 % | 70.00 % | " |
| " | Mitch Co., Ltd. | Clothing sales | 60.00 % | 60.00 % | 60.00 % | " |
| PChome eBay Co., Ltd. | PChomePay Inc. | Online payment processing services | - % | - % | 24.14 % | Note 4 |
| " | Pi Mobile Technology Inc. | " | 6.14 % | 6.14 % | - % | Note 2 |
| " | PChome Store Inc. | Internet services | 22.16 % | 22.16 % | 22.16 % | " |
| " | ECOSMOS PTE. LTD. | Information processing and provision of electronic information | 100.00 % | - % | - % | Note 6 |
| PChomePay Inc. | Pay and Link Inc. | Electronic payment business | - % | - % | 100.00 % | Note 4 |
| " | Yun Tung Bao International Co., Ltd. | Online payment processing services | - % | - % | 100.00 % | " |
| Pi Mobile Technology Inc. | Pay and Link Inc. | Electronic payment business | 100.00 % | 100.00 % | - % | |
| " | Yun Tung Bao International Co., Ltd. | Online payment processing services | 100.00 % | 100.00 % | - % | Note 1 |
| PC Home Online International Co., Ltd. | PChome Online Inc. | International trade and investment activities | 100.00 % | 100.00 % | 100.00 % | " |
| eCommerce Group Co., Ltd. | Ruten Global Inc. | Investment activities | 100.00 % | 100.00 % | 100.00 % | Note 5 |
| PChome Online Inc. | PC Home Online (HK) Ltd. | Information service and indirect investment activities | 100.00 % | 100.00 % | 100.00 % | Note 1 |

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| Name of investor | Name of subsidiary | Principal activity | Shareholding | | | Note |
|-------------------------|---------------------------|--|--------------|------------|-----------|--------|
| | | | 2021.6.30 | 2020.12.31 | 2020.6.30 | |
| Ruten Global Inc. | EC Global Limited | Investment activities | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PChome eBay Co., Ltd. | Information processing and provision of electronic information | 65.00 % | 65.00 % | 65.00 % | |
| " | Ruten Singapore Pte. Ltd. | " | - % | - % | 65.00 % | Note 3 |
| PChome Holding Inc. | PChome Marketplace Inc. | Investment activities | 100.00 % | 100.00 % | 100.00 % | |
| PChome Marketplace Inc. | PChome Japan KK | International trading E-commerce | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PChome Store Inc. | Internet services | 35.78 % | 35.78 % | 35.78 % | Note 2 |
| PChome CB Co., Ltd. | PChome CBS Co., Ltd. | " | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| " | PCHOME CB PTE. LTD. | " | 100.00 % | 100.00 % | 100.00 % | " |
| PCHOME CB PTE. LTD. | PChome Bibian Inc. | E-commerce cross-border services | 100.00 % | 100.00 % | 100.00 % | " |

Note 1: The financial statements of the non-significant subsidiaries have not been reviewed.

Note 2: The Group holds more than 50% of its outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 3: The subsidiary was dissolved on September 4, 2020.

Note 4: PChomePay Inc. and Pi Mobile Technology Inc. completed a share swap merger on November 2, 2020. After the merger, Pi Mobile Technology Inc. became the surviving company.

Note 5: On May 6, 2021, the Board of Directors of the Group decided to dissolve eCommerce Group Co., Ltd. and Ruten Global Inc., which is still in progress.

Note 6: The subsidiary was established on June 4, 2021.

2. List of subsidiaries which are not included in the consolidated interim financial statements:
None.

(c) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

PCHOME ONLINE INC. AND SUBSIDIARIES

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(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation to Significant Accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2020 consolidated financial statements. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|---|---------------------|-------------------|------------------|
| Cash on hand | \$ 2,721 | 1,184 | 800 |
| Checking accounts | 44,342 | 44,020 | 19,069 |
| Savings accounts | 8,100,444 | 6,534,858 | 6,131,197 |
| Foreign currency deposits | 125,556 | 42,230 | 173,856 |
| Time deposits | 1,530,769 | 1,520,852 | 1,415,686 |
| Cash equivalents | <u>12,751</u> | <u>4,619</u> | <u>14,185</u> |
| Cash and cash equivalents in consolidated statement of cash flows | <u>\$ 9,816,583</u> | <u>8,147,763</u> | <u>7,754,793</u> |

Please refer to Note 6(x) for the interest analysis and sensitivity analysis of the financial assets and liabilities of the Group.

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(b) Financial assets designated at fair value through profit or loss

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--|-------------------|-------------------|------------------|
| Mandatorily measured at fair value through profit or loss: | | | |
| Preferred stocks | \$ 124,443 | 66,745 | 72,113 |
| Foreign convertible bonds | 58,851 | 33,568 | - |
| Embedded derivative-call options | <u>1,950</u> | <u>1,500</u> | <u>-</u> |
| Total | <u>\$ 185,244</u> | <u>101,813</u> | <u>72,113</u> |

- 1.The Group acquired convertible bonds of Traveler Co., Ltd. and Aiello Inc. for \$5,910 thousand and \$10,339 thousand in the third quarter of 2020.
- 2.The Group acquired convertible bonds of Hard Core Technology Crop. and Tresl Inc for \$8,679 thousand and \$8,640 thousand in the fourth quarter of 2020.
- 3.The Group issued convertible bonds in the fourth quarter of 2020. As of June 30, 2021 and December 31, 2020, the fair value of embedded derivative-call options is \$1,950 thousand and \$1,500 thousand, respectively, please refer to Note (6)(n).
- 4.The Group acquired preferred stocks of Moovo Mobility Inc. for \$14,255 thousand in the first quarter of 2021.
- 5.The Group originally held preferred stocks of Tasitung Agriculture Co., Ltd.. Due to the shareholding structure adjustment of Tasitung Agriculture Co., Ltd., the Group acquired preferred stocks of Our Agriculture Inc., the parent company of Tasitung Agriculture Co., Ltd., for \$15,392 thousand through the share swap agreement in the first quarter of 2021.
- 6.The Group acquired preferred stocks of Pickupp Limited for \$14,085 thousand in the second quarter of 2021.
- 7.The Group acquired foreign convertible bonds of Hard Core Technology Corp. and Our Agriculture Inc. for \$14,055 thousand and \$11,228 thousand in the second quarter of 2021, respectively.
- 8.The Group holds preferred stocks issued by domestic and foreign unlisted companies, all of which are non-cumulative preferred stocks with shareholder voting rights, and the dividends are paid at the agreed annual rate, which is adjusted and reset periodically in accordance with the agreed period. Most of the shares have the liquidation preference. According to the ranking order of the preferred stocks, if the targets must be liquidated while the Group holds their preferred stocks, the Group will have the opportunity to get the dividends which are same as the investment amount.
- 9.The maturity period of the foreign convertible bonds, which are issued by the foreign companies and held by the Group, was from 2021 to 2022, while the conversion period will start from 2021 to 2023.
- 10.Relevant information for the price risk please refer to Note (6)(x).

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11. Abovementioned financial assets designated at fair value through profit or loss of the Group had not been pledged as collateral.

(c) Non-current financial assets at fair value through other comprehensive income

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|---|-------------------|-------------------|------------------|
| Equity instruments at fair value through other comprehensive income | | | |
| Stocks unlisted on domestic and foreign markets | \$ 373,195 | 248,425 | 212,436 |
| Foreign convertible bonds | 8,336 | - | - |
| Total | <u>\$ 381,531</u> | <u>248,425</u> | <u>212,436</u> |

1. The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.
2. The Group acquired common stocks of Taiwan Advance Intelligent Co., Ltd. for \$7,500 thousand during the third quarter of 2020.
3. The Group acquired common stocks of Readmoo Co., Ltd. for \$8,485 thousand during the fourth quarter of 2020.
4. The Group acquired preferred stocks of Pickup Limited for \$56,230 thousand in the second quarter of 2021.
5. The Group acquired foreign convertible bonds of Our Agriculture Inc. for \$8,335 thousand in the second quarter of 2021.
6. For the relevant information about preferred stocks and foreign convertible bonds that are held by the Group, please refer to Note (6)(b).
7. For the market price risk, please refer to Note (6)(x).
8. Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(d) Notes and accounts receivables, other receivables, and lease payments receivable, net

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--|---------------------|-------------------|------------------|
| Notes receivable-measured as amortized cost | \$ 838 | 550 | 343 |
| Trade receivable-measured as amortized cost | 617,314 | 498,130 | 491,140 |
| Other receivables-measured as amortized cost | 1,192,575 | 1,361,589 | 1,177,978 |
| Lease receivable | 3,041 | 4,681 | 5,836 |
| Less: Allowance for impairment losses | (1,172) | (1,162) | (1,657) |
| | <u>\$ 1,812,596</u> | <u>1,863,788</u> | <u>1,673,640</u> |

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, all receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

| | 2021.6.30 | | |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | \$ 1,752,757 | 0.004%~0.29% | 45 |
| Past under 180 days | 59,916 | 10%~100% | 320 |
| Over 181 days past due | 1,095 | 15%~100% | 807 |
| | \$ 1,813,768 | | 1,172 |

| | 2020.12.31 | | |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | \$ 1,858,372 | 0.004%~0.29% | 108 |
| Past under 180 days | 1,981 | 10%~100% | 374 |
| Over 181 days past due | 4,597 | 15%~100% | 680 |
| | \$ 1,864,950 | | 1,162 |

| | 2020.6.30 | | |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | \$ 1,666,735 | 0.002%~0.21% | 130 |
| Past under 180 days | 4,194 | 0.53%~10% | 713 |
| Over 181 days past due | 4,368 | 25%~100% | 814 |
| | \$ 1,675,297 | | 1,657 |

The movement in the allowance for notes and trade receivable was as follows:

| | For the six months ended June 30, | |
|------------------------------|--|--------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 1,162 | 1,412 |
| Impairment losses recognized | 132 | 356 |
| Amounts written off | (122) | (111) |
| Balance at June 30 | \$ 1,172 | 1,657 |

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(e) Inventories

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--|---------------------|-------------------|------------------|
| Merchandise inventories | \$ 1,248,269 | 1,823,632 | 1,110,514 |
| Less: Allowance for inventory valuation and obsolescence losses | <u>(23,157)</u> | <u>(17,214)</u> | <u>(10,204)</u> |
| | <u>\$ 1,225,112</u> | <u>1,806,418</u> | <u>1,100,310</u> |

As of June 30, 2021, December 31, 2020, and June 30, 2020 the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|---|--|------------------|--|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Cost of goods sold | \$ 10,351,725 | 9,095,526 | 20,531,396 | 18,504,621 |
| Provision for inventory market price decline and obsolescence | 1,843 | 2,298 | 5,943 | 679 |
| Loss on disposal of scrap | - | - | 1,164 | 458 |
| | <u>\$ 10,353,568</u> | <u>9,097,824</u> | <u>20,538,503</u> | <u>18,505,758</u> |

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|------------|------------------|-------------------|------------------|
| Associates | <u>\$ 35,663</u> | <u>34,432</u> | <u>29,887</u> |

1. Associates

Associates to the Group consisted of the followings:

| <u>Name of Associates</u> | <u>Nature of Relationship with the Group</u> | <u>Main operating location/ Registered Country of the Company</u> | <u>Proportion of shareholding and voting rights</u> | | |
|-------------------------------------|--|---|---|-------------------|------------------|
| | | | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
| Rakuya International Info. Co. Ltd. | Real estate business, and internet information rental service | Taiwan | 26.47 % | 26.47 % | 26.47 % |
| Ruten Japan KK | Information processing and provision of electronic information | Japan | 28.49 % | 49.00 % | 49.00 % |

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2. Collateral

As of June 30, 2021, December 31, 2020, and June 30, 2020, the Group did not provide any investment accounted for using equity method as collateral.

3. Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were recognized based on the financial statements that have not been reviewed.

(g) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

| Subsidiaries | Main operation place | Percentage of non-controlling interests | | |
|----------------------------------|----------------------|---|------------|-----------|
| | | 2021.6.30 | 2020.12.31 | 2020.6.30 |
| PChome Store Inc. | Taiwan | 7.71 % | 7.71 % | 7.71 % |
| PChomePay Inc. | Taiwan | - % | - % | 20.80 % |
| PChome eBay Co., Ltd. | Taiwan | 35.00 % | 35.00 % | 35.00 % |
| Chunghwa PChome Fund 1 Co., Ltd. | Taiwan | 50.00 % | 50.00 % | 50.00 % |

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Intra-group transactions were not eliminated in this information.

1. PChome Store Inc.'s collective financial information:

| | 2021.6.30 | 2020.12.31 | 2020.6.30 |
|---------------------------|---------------------|------------------|------------------|
| Current assets | \$ 539,623 | 612,317 | 720,450 |
| Non-current assets | 17,808 | 24,755 | 30,548 |
| Current liabilities | (886,594) | (901,337) | (977,226) |
| Non-current liabilities | (375,000) | (428,929) | (460,799) |
| Net assets | <u>\$ (704,163)</u> | <u>(693,194)</u> | <u>(687,027)</u> |
| Non-controlling interests | <u>\$ (98,497)</u> | <u>(97,651)</u> | <u>(97,176)</u> |

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| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|-------------------------------------|----------------|-----------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sales revenue | \$ <u>181,120</u> | <u>232,169</u> | <u>366,634</u> | <u>508,103</u> |
| Net (loss) gain | \$ (4,899) | 3,488 | (10,969) | (6,198) |
| Other comprehensive loss | - | - | - | - |
| Comprehensive (loss) gain | \$ <u>(4,899)</u> | <u>3,488</u> | <u>(10,969)</u> | <u>(6,198)</u> |
| (Loss) Gain, attributable to non-controlling interests | \$ <u>(378)</u> | <u>269</u> | <u>(846)</u> | <u>(478)</u> |
| Comprehensive (loss) gain, attributable to non-controlling interests | \$ <u>(378)</u> | <u>269</u> | <u>(846)</u> | <u>(478)</u> |

2.PChomePay Inc.'s collective financial information:

| | | |
|---|--|--|
| | | 2020.6.30 |
| Current assets | | \$ 1,175,635 |
| Non-current assets | | 359,256 |
| Current liabilities | | (1,055,920) |
| Non-current liabilities | | (2,182) |
| Net assets | | \$ <u>476,789</u> |
| Non-controlling interests | | \$ <u>99,172</u> |
| | | |
| | For the three months ended June 30, | For the six months ended June 30, |
| | 2020 | 2020 |
| Sales revenue | \$ <u>12,614</u> | <u>24,318</u> |
| Net loss | \$ (15,732) | (30,542) |
| Other comprehensive loss | - | - |
| Comprehensive loss | \$ <u>(15,732)</u> | <u>(30,542)</u> |
| Loss, attributable to non-controlling interests | \$ <u>(3,272)</u> | <u>(6,353)</u> |
| Comprehensive loss, attributable to non-controlling interests | \$ <u>(3,272)</u> | <u>(6,353)</u> |

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3.PChome eBay Co., Ltd.'s collective financial information:

| | <u>2021.6.30</u> | | <u>2020.12.31</u> | | <u>2020.6.30</u> | |
|---|------------------|--|-------------------|--|------------------|----------------|
| Current assets | \$ | 1,149,932 | | 912,730 | | 888,629 |
| Non-current assets | | 73,697 | | 86,610 | | 172,380 |
| Current liabilities | | (437,184) | | (246,590) | | (266,024) |
| Non-current liabilities | | - | | (5,763) | | (12,641) |
| Net assets | \$ | <u>786,445</u> | | <u>746,987</u> | | <u>782,344</u> |
| Non-controlling interests | \$ | <u>275,256</u> | | <u>261,446</u> | | <u>273,820</u> |
| | | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | | |
| | | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | |
| Sales revenue | \$ | <u>241,328</u> | <u>225,944</u> | <u>465,163</u> | <u>458,752</u> | |
| Net gain | \$ | 24,315 | 20,643 | 39,359 | | 37,672 |
| Other comprehensive income | | 39 | - | 39 | | - |
| Comprehensive income | \$ | <u>24,354</u> | <u>20,643</u> | <u>39,398</u> | | <u>37,672</u> |
| Gain, attributable to non-controlling interests | \$ | <u>8,511</u> | <u>7,225</u> | <u>13,776</u> | | <u>13,185</u> |
| Comprehensive income, attributable to non-controlling interests | \$ | <u>8,524</u> | <u>7,225</u> | <u>13,789</u> | | <u>13,185</u> |

4.Chunghwa PChome Fund 1 Co., Ltd.'s collective financial information:

| | <u>2021.6.30</u> | | <u>2020.12.31</u> | | <u>2020.6.30</u> | |
|---------------------------|------------------|----------------|-------------------|----------------|------------------|----------------|
| Current assets | \$ | 286,182 | | 319,322 | | 324,251 |
| Non-current assets | | 124,443 | | 66,745 | | 72,113 |
| Current liabilities | | (471) | | (354) | | (381) |
| Net assets | \$ | <u>410,154</u> | | <u>385,713</u> | | <u>395,983</u> |
| Non-controlling interests | \$ | <u>205,077</u> | | <u>192,856</u> | | <u>197,992</u> |

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| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|-------------------------------------|----------------|-----------------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net (loss) gain | \$ (19,817) | (2,306) | 24,441 | 7,820 |
| Other comprehensive income | - | - | - | - |
| Comprehensive (loss) income | <u>\$ (19,817)</u> | <u>(2,306)</u> | <u>24,441</u> | <u>7,820</u> |
| (Loss) Gain, attributable to non-controlling interests | <u>\$ (9,909)</u> | <u>(1,153)</u> | <u>12,220</u> | <u>3,910</u> |
| Comprehensive (loss) income, attributable to non-controlling interests | <u>\$ (9,909)</u> | <u>(1,153)</u> | <u>12,220</u> | <u>3,910</u> |

(h) Property, plant and equipment

| | Transportation equipment | Furniture and office equipment | Leasehold improvements | Leased assets | Total |
|----------------------------|--------------------------|--------------------------------|------------------------|---------------|----------------|
| Carrying amounts: | | | | | |
| Balance at January 1, 2021 | <u>\$ 72,944</u> | <u>339,901</u> | <u>152,365</u> | <u>4,580</u> | <u>569,790</u> |
| Balance at June 30, 2021 | <u>\$ 67,196</u> | <u>317,174</u> | <u>150,999</u> | <u>2,428</u> | <u>537,797</u> |
| Balance at January 1, 2020 | <u>\$ 52,768</u> | <u>358,682</u> | <u>165,723</u> | <u>7,803</u> | <u>584,976</u> |
| Balance at June 30, 2020 | <u>\$ 70,288</u> | <u>354,867</u> | <u>166,211</u> | <u>6,192</u> | <u>597,558</u> |

As of June 30, 2021, December 31, 2020, and June 30, 2020, the property, plant and equipment were not pledged as collateral.

There were no significant additions, disposal, or impairment in property, plant and equipment for the six months ended June 30, 2021 and 2020. The details of depreciation are disclosed in Note 12(a). For other information about the property, plant and equipment, please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2020.

(i) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group were as follows:

| | Buildings | Machinery and equipment | Transportation equipment | Total |
|---|---------------------|-------------------------|--------------------------|------------------|
| Cost: | | | | |
| Balance as of January 1, 2021 | \$ 3,403,486 | 73,079 | 1,165 | 3,477,730 |
| Additions | 23,447 | - | 4,242 | 27,689 |
| Decrease | (61,796) | (73,079) | - | (134,875) |
| Effect of changes in foreign exchange rates | (1,135) | - | - | (1,135) |
| Balance as of June 30, 2021 | <u>\$ 3,364,002</u> | <u>-</u> | <u>5,407</u> | <u>3,369,409</u> |

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| | <u>Buildings</u> | <u>Machinery and equipment</u> | <u>Transportation equipment</u> | <u>Total</u> |
|---|---------------------|--------------------------------|---------------------------------|------------------|
| Balance as of January 1, 2020 | \$ 3,402,610 | 73,079 | 1,165 | 3,476,854 |
| Additions | 18,180 | - | - | 18,180 |
| Decrease | (10,552) | - | - | (10,552) |
| Effect of changes in foreign exchange rates | (225) | - | - | (225) |
| Balance as of June 30, 2020 | <u>\$ 3,410,013</u> | <u>73,079</u> | <u>1,165</u> | <u>3,484,257</u> |
| Accumulated depreciation: | | | | |
| Balance as of January 1, 2021 | \$ 981,088 | 26,983 | 763 | 1,008,834 |
| Depreciation for the year | 245,982 | 5,621 | 330 | 251,933 |
| Other decrease | (57,527) | (32,604) | - | (90,131) |
| Effect of changes in foreign exchange rates | (588) | - | - | (588) |
| Balance as of June 30, 2021 | <u>\$ 1,168,955</u> | <u>-</u> | <u>1,093</u> | <u>1,170,048</u> |
| Balance as of January 1, 2020 | \$ 503,592 | 13,491 | 281 | 517,364 |
| Depreciation for the year | 251,096 | 6,746 | 241 | 258,083 |
| Other decrease | (4,800) | - | - | (4,800) |
| Effect of changes in foreign exchange rates | (93) | - | - | (93) |
| Balance as of June 30, 2020 | <u>\$ 749,795</u> | <u>20,237</u> | <u>522</u> | <u>770,554</u> |
| Carrying amount: | | | | |
| Balance as of January 1, 2021 | <u>\$ 2,422,398</u> | <u>46,096</u> | <u>402</u> | <u>2,468,896</u> |
| Balance as of June 30, 2021 | <u>\$ 2,195,047</u> | <u>-</u> | <u>4,314</u> | <u>2,199,361</u> |
| Balance as of January 1, 2020 | <u>\$ 2,899,018</u> | <u>59,588</u> | <u>884</u> | <u>2,959,490</u> |
| Balance as of June 30, 2020 | <u>\$ 2,660,218</u> | <u>52,842</u> | <u>643</u> | <u>2,713,703</u> |

(j) Intangible assets

| | <u>Software</u> | <u>Goodwill</u> | <u>Total</u> |
|----------------------------|------------------|-----------------|----------------|
| Carrying amounts: | | | |
| Balance at January 1, 2021 | <u>\$ 42,158</u> | <u>99,358</u> | <u>141,516</u> |
| Balance at June 30, 2021 | <u>\$ 37,415</u> | <u>99,358</u> | <u>136,773</u> |
| Balance at January 1, 2020 | <u>\$ 54,352</u> | <u>99,358</u> | <u>153,710</u> |
| Balance at June 30, 2020 | <u>\$ 51,793</u> | <u>99,358</u> | <u>151,151</u> |

There were no significant additions, disposal, or impairment in intangible assets for the six months ended June 30, 2021 and 2020. The details of amortization expenses are disclosed in Note 12(a). For other information about the intangible assets, please refer to Notes 6(g) and 6(k) of the consolidated financial statements for the year ended December 31, 2020.

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(k) Short-term borrowings

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|-------------------------------|---------------------|--------------------|--------------------|
| Unsecured bank loans | \$ <u>1,205,000</u> | <u>500,000</u> | <u>325,000</u> |
| Unused short-term credit line | \$ <u>3,225,000</u> | <u>2,629,080</u> | <u>-</u> |
| Range of interest rates | <u>1.10%~1.30%</u> | <u>1.10%~1.20%</u> | <u>1.10%~1.20%</u> |

The Group for the collateral for short-term borrowings, please refer to Note (8).

(l) Current contract liabilities, Other current liabilities, Receipts under custody and Current refund liabilities

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|---|---------------------|-------------------|------------------|
| Current contract liabilities | \$ 663,423 | 554,103 | 469,795 |
| Receipts under custody-online payment processing service mainly | 1,601,450 | 1,408,473 | 1,678,495 |
| Other | 314,804 | 402,264 | 442,173 |
| Current refund liabilities | <u>46,001</u> | <u>42,999</u> | <u>34,514</u> |
| | \$ <u>2,625,678</u> | <u>2,407,839</u> | <u>2,624,977</u> |

The Group received the advance receipts from consumers who purchased goods or online service points.

Agreements were entered into between the Group and its online sellers for entrusting the Group to collect sellers' online transaction payments. Collections were recognized under receipts under custody and were accounted for as payables to the sellers.

Current refund liabilities were expected to be paid to customers due to their right to refund the goods.

(m) Long-term borrowings

The details were as follows:

| | <u>2021.6.30</u> | | | |
|-------------------------------|------------------|-------------|----------------------|-------------------|
| | <u>Currency</u> | <u>Rate</u> | <u>Maturity year</u> | <u>Amount</u> |
| Unsecured bank loans | TWD | 1.15%~1.16% | 2022 | \$ 125,000 |
| Secured bank loans | TWD | 1.35% | 2025 | 450,000 |
| Less: current portion | | | | <u>(200,000)</u> |
| Total | | | | \$ <u>375,000</u> |
| Unused long-term credit lines | | | | <u>-</u> |

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| | 2020.12.31 | | | |
|-------------------------------|-------------------|-------------|----------------------|-------------------|
| | Currency | Rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.15% | 2022 | \$ 125,000 |
| Secured bank loans | TWD | 1.35% | 2025 | 500,000 |
| Less: current portion | | | | (200,000) |
| Total | | | | <u>\$ 425,000</u> |
| Unused long-term credit lines | | | | <u>\$ 50,000</u> |

| | 2020.6.30 | | | |
|-------------------------------|------------------|-------------|----------------------|---------------------|
| | Currency | Rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.20% | 2028 | \$ 700,000 |
| Secured bank loans | TWD | 1.59% | 2025 | 550,000 |
| Less: current portion | | | | (200,000) |
| Total | | | | <u>\$ 1,050,000</u> |
| Unused long-term credit lines | | | | <u>\$ -</u> |

For the collateral for long-term borrowings, please refer to Note 8.

The subsidiary PChome Store Inc. entered into the syndicated credit agreement with the financial institution. According to the terms of the agreement, PChome Store Inc. should maintain certain financial ratios during bank loan period. As of June 30, 2021, PChome Store Inc. was in compliance with the financial covenants mentioned above.

The Company is the joint guarantor of the unsecured bank loans of the subsidiaries, PChome Store Inc. and Pi Mobile Technology Inc., as of June 30, 2021. For the information about guarantees and endorsements for other parties, please refer to Note 13(a).

(n) Bonds payable

The details of secured convertible bonds were as follows:

| | 2021.6.30 | 2020.12.31 |
|---|---------------------|-------------------|
| Total convertible corporate bonds issued | \$ 1,500,000 | 1,500,000 |
| Unamortized discounted corporate bonds payable | (24,402) | (29,700) |
| Balance of corporate bonds issued | <u>\$ 1,475,598</u> | <u>1,470,300</u> |
| Embedded derivative – call options, included in financial assets at fair value through profit or loss | <u>\$ 1,950</u> | <u>1,500</u> |
| Equity component – conversion options, included in capital surplus– stock options | <u>\$ 141,121</u> | <u>141,121</u> |

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Convertible bonds that were recognized in profit or loss were as follows:

| | For the three months ended June 30, 2021 | For the six months ended June 30, 2021 |
|--|---|---|
| The amounts of embedded derivative instruments – call options, included in other gains or losses | \$ <u>1,500</u> | <u>450</u> |
| Interest expense | \$ <u>2,666</u> | <u>5,298</u> |

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand and was issued at 107.42% of the face value. Therefore, the actual borrowing amount was \$1,611,304 thousand. The issuance period was from October 7, 2020, to October 7, 2023, while the conversion period started from January 8, 2021, to October 7, 2023. The Company will repay the convertible corporate bonds at face value in one lump sum in cash upon maturity.

The conversion price was set at \$112 at the time of issuance. When the common shares qualify for conversion price adjustments in accordance to the terms of issuance, such adjustments will be made based on a formula in accordance with the terms of issuance. There are no reset terms for this bond. Relevant information would be available at the Market Observation Post System website.

The Company has entered into an agreement to guarantee the issuance of corporate bonds with KGI Bank, Chang Hwa Commercial Bank Ltd. and Far Eastern International Bank Co., Ltd.. During the guarantee period (the same as the issuance period of the secured convertible bonds), these financial institutions are responsible for assuming main and subordinated debts such as the principal balance of convertible bonds and interest compensation payables. The guarantee ratio of KGI Bank, Chang Hwa Commercial Bank, Ltd., and Far Eastern International Bank Co., Ltd is 40%, 40% and 20%, respectively.

Relevant information for the price risk of embedded derivative – call options please refer to Note (6)(x).

(o) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

| | 2021.6.30 | 2020.12.31 | 2020.6.30 |
|-------------|---------------------|-------------------|------------------|
| Current | \$ <u>467,747</u> | <u>500,102</u> | <u>508,837</u> |
| Non-current | \$ <u>1,787,183</u> | <u>2,018,307</u> | <u>2,249,998</u> |

Maturity analysis please refer to Note (6)(x).

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The amounts recognized in profit or loss were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|--------------|-----------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Interests on lease liabilities | \$ <u>7,094</u> | <u>8,392</u> | <u>14,478</u> | <u>17,114</u> |
| Expenses relating to short-term leases | \$ <u>9,788</u> | <u>9,390</u> | <u>19,687</u> | <u>18,926</u> |
| Expenses relating to leases of low-value, excluding short-term leases of low-value assets | \$ <u>1,206</u> | <u>3,369</u> | <u>2,797</u> | <u>7,240</u> |

The amounts recognized in the statement of cash flows for the Group were as follows:

| | For the six months ended June 30, | |
|-------------------------------|-----------------------------------|----------------|
| | 2021 | 2020 |
| Total cash outflow for leases | \$ <u>289,136</u> | <u>295,554</u> |

The Group leases buildings for its office space and warehouses. The leases of office space typically run of a period for 3 to 5 years, and of warehouses for 3 to 12 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(p) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2020 and 2019.

The details of the Group's expenses were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------------------------|-------------------------------------|-----------|-----------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating cost | \$ (1) | (1) | (1) | (1) |
| Selling expenses | (13) | (9) | (26) | (19) |
| Administration expenses | 50 | 58 | 99 | 116 |
| Research and development expenses | (2) | (1) | (4) | (3) |
| | \$ <u>34</u> | <u>47</u> | <u>68</u> | <u>93</u> |

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2. Defined contribution plans

The Group deposited the amounts as follows under the pension plans to the Bureau of Labor Insurance:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------------------------|-------------------------------------|---------------|-----------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating cost | \$ 2,743 | 2,273 | 5,385 | 4,398 |
| Selling expenses | 11,815 | 11,536 | 23,785 | 22,913 |
| Administration expenses | 2,892 | 2,643 | 5,657 | 5,268 |
| Research and development expenses | 4,070 | 3,980 | 8,195 | 7,978 |
| | <u>\$ 21,520</u> | <u>20,432</u> | <u>43,022</u> | <u>40,557</u> |

(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|---------------|-----------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current income tax expenses: | | | | |
| Current period | \$ 44,381 | 29,291 | 80,179 | 72,912 |
| 5% surtax on unappropriated earnings | 3,968 | - | 3,968 | - |
| Adjustment for prior periods | (5,232) | (8,070) | (5,232) | (7,949) |
| | <u>43,117</u> | <u>21,221</u> | <u>78,915</u> | <u>64,963</u> |
| Deferred tax benefit: | | | | |
| Origination and reversal of temporary differences | - | 3,552 | - | 3,547 |
| Income tax expenses | <u>\$ 43,117</u> | <u>24,773</u> | <u>78,915</u> | <u>72,057</u> |

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2. The amounts of income tax expenses recognized in other comprehensive income for the six months ended June 30, 2021 and 2020, both were zero.

3. The Company's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

(r) Capital and other equity

As of June 30, 2021, December 31, 2020, and June 30, 2020, the total value of nominal ordinary shares amounted to \$1,500,000 thousand. The face value of each share is \$10. In total, there were 118,259 thousand, 118,259 thousand, and 117,159 thousand ordinary shares issued, respectively. All issued shares were paid up upon issuance. There were both 1,100 thousand employee restricted shares included in the issued ordinary shares as of June 30, 2021 and as of December 31, 2020, respectively.

1. Capital surplus

The balances of additional paid-in capital were as follows:

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--|---------------------|-------------------|------------------|
| Share capital | \$ 1,694,160 | 1,694,160 | 1,694,160 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 8,643 | 8,643 | 8,643 |
| Changes in equity of subsidiaries | 78,625 | 77,939 | 19,103 |
| Changes in equity of investment in associates and joint ventures accounted for using the equity method | 3,934 | - | - |
| Issuance of convertible bonds | 141,121 | 141,121 | - |
| Share based payment transactions— employee restricted shares | 17,053 | 17,053 | - |
| | <u>\$ 1,943,536</u> | <u>1,938,916</u> | <u>1,721,906</u> |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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2. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficit, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. However, this restriction is not applied when the legal reserve has reached the paid-in capital of the Company; In addition, according to the operation needs of the Company and the provisions of laws and regulations, if there is a balance of the special surplus reserve, priority may be given to the distribution of dividends of the special shares of the current year. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for proposal.

The Company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company adopts the residual dividend policy; the residual earnings will be distributed by cash dividends before the Company fulfills the funding needs, and the ratio for stock dividend shall not exceed 80% of the total distribution. The amount, type and ratio of such dividend distribution, may be approved by the Board of Directors based on the actual profit and financial situation of the current year and submitted to the shareholders' meeting for decision.

The amount of cash dividends of appropriations of earnings for 2020 that had been approved in the meeting of the board of directors on March 26, 2021 was \$153,737 thousand. The amount of cash dividends of appropriations of earnings for 2019 that had been approved in the shareholders' meeting on June 24, 2020 was \$82,012 thousand. Relevant information would be available at the Market Observation Post System website.

3. Treasury shares

On March 16, 2021, the Board of Directors of the Company resolved to repurchase its ordinary shares from the centralized securities exchange market, in order to transfer to employees, at price between \$60 and \$110 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of June 30, 2021, a total of 1,230 thousand shares have been bought back at a cost of \$108,254 thousand. The cost does not exceed the upper limit amount \$108,440 thousand approved by the Board of Directors.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

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4. Other equity, net of tax

| | <u>Exchange difference on translation of foreign financial statements</u> | <u>Unrealized gains from financial assets measured at fair value through other comprehensive income</u> | <u>Unearned Employee Compensation</u> |
|---|---|---|---|
| Balance at January 1, 2021 | \$ (116,979) | 76,811 | (24,042) |
| Exchange differences on foreign operations | (20,509) | - | - |
| Unrealized gain from financial assets measured at fair value through other comprehensive income | - | 68,541 | - |
| Share-based payment transactions | - | - | 7,775 |
| Balance at June 30, 2021 | <u>\$ (137,488)</u> | <u>145,352</u> | <u>(16,267)</u> |
| Balance at January 1, 2020 | \$ (24,825) | 73,025 | - |
| Exchange differences on foreign operations | (28,729) | - | - |
| Unrealized losses from financial assets measured at fair value through other comprehensive income | - | (1,893) | - |
| Balance at June 30, 2020 | <u>\$ (53,554)</u> | <u>71,132</u> | <u>-</u> |

5. Non-controlling Interests

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|----------------|
| Balance at January 1 | \$ 724,356 | 724,314 |
| Shares of non-controlling interests | | |
| Losses for the six months ended June 30 | (17,059) | (4,203) |
| Foreign currency translation differences for foreign operations | (2,867) | (1,008) |
| Changes in ownership interests in subsidiaries | 10,474 | 21,426 |
| Changes in non-controlling interests | - | 32,825 |
| Balance at June 30 | <u>\$ 714,904</u> | <u>773,354</u> |

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(s) Share-based payment

The Group had two share-based payment arrangements as follows as of June 30, 2021:

1. Employee restricted shares

The issuance of the employee restricted shares amounting to \$1,100 thousand shares with par value of \$10 per share, was approved by the board of directors of the Group on September 29, 2020. This issuance of the employee restricted shares had received approval and was taken effect by the Financial Supervisory Commission on September 11, 2020, and October 22, 2020, was the base date for the capital increase.

Employees who are granted the above-mentioned employee restricted shares and continue to work in the Group for one year, two years and three years from the date of acquisition can receive 40%, 30% and 30% of employee restricted shares, respectively. The employees who are allocated the employee restricted shares, they should deliver the shares to the Group's designated institutional trust for safekeeping before they meet the vested conditions. The shares shall not be sold, pledged, transferred, gifted or otherwise dispensed. During the period which the shares are delivered to the trust for safekeeping, the voting rights of the shareholders meeting shall be vested in the trust. The custodial institution shall implement it in accordance with relevant laws and regulations. If the employees who are granted the above-mentioned restricted employee rights do not meet the acquired conditions after obtaining the new shares, their shares shall be fully recovered and canceled by the Group.

2. Employee stock options

| | <u>Equity-settled</u> <u>Employee stock options</u> |
|--------------------------|--|
| Fair value at grant date | May 25, 2017 |
| Number of shares granted | 33,372,000 units |
| Contract term | 4 years |
| Vesting conditions | Note 1 |

Note 1: The Group provides 25% share option to its employee annually according to their years of service, with a maximum of 4 years and a minimum of 1 year.

1) Determining the fair value of equity instruments granted

The Group adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

| | <u>Employee stock</u> <u>option plan 1</u> |
|-------------------------------------|---|
| Exercise price | USD 0.09 |
| Expected volatility (%) | 28.78%~60.78% |
| Expected life of the option (years) | 5 years |
| Risk-free interest rate (%) | 0.95%~1.31% |

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2) Information on employee stock options

(Unit: Thousands)

| | For the six months ended June 30, | | | |
|-------------------------------------|--|-----------------------|--|-----------------------|
| | 2021 | | 2020 | |
| | Weighted- average exercise price | Numbers of options | Weighted- average exercise price | Numbers of options |
| Balance, beginning of January 1 | USD 0.09 | 17,468 | USD 0.09 | 18,954 |
| Options granted | - | - | - | - |
| Options forfeited | - | (682) | - | (37) |
| Options exercised | - | - | - | - |
| Options expired | - | - | - | - |
| Balance, end of June 30 | 0.09 | <u>16,786</u> | 0.09 | <u>18,917</u> |
| Options exercisable, end of June 30 | - | <u>16,786</u> | - | <u>14,188</u> |

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions for the three months and the six months ended June 30, 2021 and 2020, were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------|-------------------------------------|------------|-----------------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Salary expenses | \$ <u>4,056</u> | <u>533</u> | <u>8,023</u> | <u>1,191</u> |

(t) Earnings per share

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|----------------|-----------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit attributable to common stockholders of the Company | \$ <u>63,440</u> | <u>52,703</u> | <u>200,414</u> | <u>155,767</u> |
| Weighted-average number of ordinary shares | <u>116,005</u> | <u>117,159</u> | <u>116,555</u> | <u>117,159</u> |
| Basic earnings per share (New Taiwan Dollars) | \$ <u>0.55</u> | <u>0.45</u> | <u>1.72</u> | <u>1.33</u> |

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| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|-------------------------------------|----------------|-----------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit attributable to common stockholders of the Company (basic) | \$ 63,440 | 52,703 | 200,414 | 155,767 |
| Influence on related profit or loss of convertible bonds, net of tax | 932 | - | 3,878 | - |
| Profit attributable to common stockholders of the Company (diluted) | <u>\$ 64,372</u> | <u>52,703</u> | <u>204,292</u> | <u>155,767</u> |
| Weighted-average number of ordinary shares (basic) | 116,005 | 117,159 | 116,555 | 117,159 |
| Unvested employee restricted shares | 559 | - | 932 | - |
| Influence of conversion of convertible bonds | 13,393 | - | 13,393 | - |
| Effect of employee stock compensation | 181 | 139 | 273 | 210 |
| Weighted-average number of ordinary shares (diluted) | <u>130,138</u> | <u>117,298</u> | <u>131,153</u> | <u>117,369</u> |
| Diluted earnings per share (New Taiwan Dollars) | <u>\$ 0.49</u> | <u>0.45</u> | <u>1.56</u> | <u>1.33</u> |

(u) Revenue from contracts with customers

| | For the three months ended June 30, | | For the six months ended June 30, | |
|------------------------------------|-------------------------------------|-------------------|-----------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue of electronic commerce | \$ 11,691,504 | 10,253,860 | 23,155,983 | 20,901,922 |
| Revenue of non-electronic commerce | 40,862 | 39,763 | 66,733 | 71,219 |
| | <u>\$ 11,732,366</u> | <u>10,293,623</u> | <u>23,222,716</u> | <u>20,973,141</u> |

For details on accounts receivables and allowance for impairment, please refer to Note (6)(d).

The amount of revenue recognized for the six months ended June 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$428,013 thousand and \$306,563 thousand, respectively.

(v) Remunerations to employees, directors and supervisors

According to the Articles of the Company, once the Company has annual profit, it should appropriate 1%~15% of the profit to its employees and 1.5% or less to its directors and supervisors as remuneration. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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The remunerations to employees amounted to \$7,312 thousand, \$5,890 thousand, \$19,815 thousand and \$16,427 thousand; and the remunerations to directors and supervisors amounted to \$821 thousand, \$661 thousand, \$2,224 thousand and \$1,844 thousand, respectively, for the three-months period and the six-months period ended June 30, 2021 and 2020. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the reporting date, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the year ended December 31, 2020, the remunerations to employees, and directors and supervisors amounted to \$24,777 thousand and \$2,781 thousand, respectively. Upon the resolution of the Board of Directors, the remunerations will be distributed in full. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|-------------------------------------|--|--------------|--|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Interest income from bank deposits | \$ 2,244 | 3,157 | 4,657 | 5,822 |
| Other interest income | | | | |
| Interest income on lease receivable | 4 | 19 | 24 | 40 |
| Other | 64 | 7 | 82 | 24 |
| Total interest income | <u>\$ 2,312</u> | <u>3,183</u> | <u>4,763</u> | <u>5,886</u> |

2. Other income

The details of other income were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|----------------------|--|---------------|--|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Dividend income | \$ 12,531 | 2,210 | 12,531 | 2,210 |
| Other income, others | 3,024 | 25,818 | 7,272 | 29,509 |
| Total other income | <u>\$ 15,555</u> | <u>28,028</u> | <u>19,803</u> | <u>31,719</u> |

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3. Other gains and losses, net

The details of other gains and losses were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|---|--|----------------|--|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Gains on disposal of property, plant and equipment | \$ - | - | 13 | - |
| Foreign currency exchange losses | (1,135) | (2,251) | (3,158) | (612) |
| (Losses) Gains on current financial assets at fair value through profit or loss | (15,849) | - | 29,808 | 12,494 |
| Others | (1,035) | (1,150) | (1,123) | (1,161) |
| Other gains and losses, net | <u>\$ (18,019)</u> | <u>(3,401)</u> | <u>25,540</u> | <u>10,721</u> |

4. Finance costs

The details of finance cost were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|------------------|--|---------------|--|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Interest expense | <u>\$ 13,855</u> | <u>13,322</u> | <u>26,623</u> | <u>28,477</u> |

(x) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to Note (6)(y) of the consolidated financial statements for the year ended December 31, 2020.

1. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>More than 5 years</u> |
|--------------------------------------|------------------------|-------------------------------|------------------------|--------------------|------------------|------------------|--------------------------|
| Balance at June 30, 2021 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Short-term borrowings | \$ 1,205,000 | 1,205,000 | 1,205,000 | - | - | - | - |
| Notes payable | 2,801 | 2,801 | 411 | 2,390 | - | - | - |
| Accounts payable | 4,239,876 | 4,239,876 | 4,239,876 | - | - | - | - |
| Other payables | 1,045,244 | 1,045,244 | 1,029,163 | 16,081 | - | - | - |
| Receipts under custody | 1,601,450 | 1,601,450 | 1,601,450 | - | - | - | - |
| Lease liability | 2,254,930 | 2,254,930 | 236,897 | 230,850 | 389,625 | 1,052,855 | 344,703 |
| Long-term borrowings | 575,000 | 575,000 | 100,000 | 100,000 | 225,000 | 150,000 | - |
| Bonds payable | 1,475,598 | 1,500,000 | - | - | - | 1,500,000 | - |
| | <u>\$ 12,399,899</u> | <u>12,424,301</u> | <u>8,412,797</u> | <u>349,321</u> | <u>614,625</u> | <u>2,702,855</u> | <u>344,703</u> |

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| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>More than 5 years</u> |
|--------------------------------------|------------------------|-------------------------------|------------------------|--------------------|------------------|------------------|--------------------------|
| Balance at December 31, 2020 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Short-term borrowings | \$ 500,000 | 500,000 | 500,000 | - | - | - | - |
| Notes payable | 2,099 | 2,099 | 2,099 | - | - | - | - |
| Accounts payable | 3,866,869 | 3,866,869 | 3,866,869 | - | - | - | - |
| Other payables | 869,606 | 869,606 | 869,586 | 20 | - | - | - |
| Receipts under custody | 1,408,473 | 1,408,473 | 1,408,473 | - | - | - | - |
| Lease liability | 2,518,409 | 2,518,409 | 257,407 | 242,695 | 422,810 | 1,189,533 | 405,964 |
| Long-term borrowings | 625,000 | 625,000 | 100,000 | 100,000 | 225,000 | 200,000 | - |
| Bonds payable | 1,470,300 | 1,500,000 | - | - | - | 1,500,000 | - |
| | <u>\$ 11,260,756</u> | <u>11,290,456</u> | <u>7,004,434</u> | <u>342,715</u> | <u>647,810</u> | <u>2,889,533</u> | <u>405,964</u> |
| Balance at June 30, 2020 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Short-term borrowings | \$ 325,000 | 325,000 | 325,000 | - | - | - | - |
| Notes payable | 3,430 | 3,430 | 2,269 | 1,161 | - | - | - |
| Accounts payable | 3,501,947 | 3,501,947 | 3,501,947 | - | - | - | - |
| Other payables | 856,502 | 856,502 | 856,502 | - | - | - | - |
| Receipts under custody | 1,678,495 | 1,678,495 | 1,678,495 | - | - | - | - |
| Lease liability | 2,758,835 | 2,758,835 | 253,030 | 255,807 | 475,712 | 1,243,716 | 530,570 |
| Long-term borrowings | 1,250,000 | 1,250,000 | 50,000 | 150,000 | 300,000 | 650,000 | 100,000 |
| | <u>\$ 10,374,209</u> | <u>10,374,209</u> | <u>6,667,243</u> | <u>406,968</u> | <u>775,712</u> | <u>1,893,716</u> | <u>630,570</u> |

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

2. Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

| | <u>2021.6.30</u> | | | <u>2020.12.31</u> | | | <u>2020.6.30</u> | | |
|------------------------------|--|----------------------|------------|--|----------------------|------------|--|----------------------|------------|
| | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency (thousands of dollars)</u> | <u>Exchange rate</u> | <u>TWD</u> |
| <u>Financial assets</u> | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | \$ 1,775 | 27.85 | 49,422 | 2,270 | 28.10 | 63,773 | 1,685 | 29.49 | 49,691 |
| <u>Financial liabilities</u> | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | 142 | 27.85 | 3,955 | 335 | 28.10 | 9,427 | 242 | 29.49 | 7,137 |

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The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the TWD against the USD as at June 30, 2021 and 2020, would have increased or decreased net income by \$1,819 thousand and \$1,702 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the six months ended June 30, 2021 and 2020.

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the six months ended June 30, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized) were loss \$3,158 thousand and loss \$612 thousand, respectively.

2) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note (6)(x) on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date.

If the interest rate had increased or decreased by 0.1%, the Group's net income would have increased or decreased by \$6,376 thousand and \$5,972 thousand for the six months ended June 30, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings and deposits at variable rates.

3. Other market price risk

For the six months ended June 30, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

| Prices of securities at the reporting date | 2021 | | 2020 | |
|--|--------------------------------------|------------|--------------------------------------|------------|
| | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 1% | \$ 2,986 | 1,011 | 1,699 | 577 |
| Decreasing 1% | (2,986) | (1,011) | (1,699) | (577) |

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4. Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets, including the information on fair value hierarchy were as follows:

| | Book Value | 2021.6.30 | | | Total |
|--|-------------------|-------------------|----------------|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 | |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ 124,443 | - | - | 124,443 | 124,443 |
| Foreign convertible bonds | 58,851 | - | - | 58,851 | 58,851 |
| Embedded derivative-call option | 1,950 | - | - | 1,950 | 1,950 |
| | <u>\$ 185,244</u> | <u>-</u> | <u>-</u> | <u>185,244</u> | <u>185,244</u> |
| Fair value through other comprehensive income | | | | | |
| Domestic stock of non-listed company | \$ 373,196 | - | - | 373,196 | 373,196 |
| Foreign convertible bonds | 8,335 | - | - | 8,335 | 8,335 |
| | <u>\$ 381,531</u> | <u>-</u> | <u>-</u> | <u>381,531</u> | <u>381,531</u> |
| | | 2020.12.31 | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ 66,745 | - | - | 66,745 | 66,745 |
| Foreign convertible bonds | 33,568 | - | - | 33,568 | 33,568 |
| Embedded derivative-call options | 1,500 | - | - | 1,500 | 1,500 |
| | <u>\$ 101,813</u> | <u>-</u> | <u>-</u> | <u>101,813</u> | <u>101,813</u> |
| Fair value through other comprehensive income | | | | | |
| Domestic stock of non-listed company | \$ 248,425 | - | - | 248,425 | 248,425 |

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| | 2020.6.30 | | | | |
|--|-------------------|----------|----------|----------------|----------------|
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| Fair value through profit or loss | | | | | |
| Preferred stock | \$ <u>72,113</u> | <u>-</u> | <u>-</u> | <u>72,113</u> | <u>72,113</u> |
| Fair value through other comprehensive income | | | | | |
| Domestic stock of non-listed company | \$ <u>212,436</u> | <u>-</u> | <u>-</u> | <u>212,436</u> | <u>212,436</u> |

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Reconciliation of Level 3 fair values

| | Fair value through profit or loss | Fair value through other comprehensive income |
|---|-----------------------------------|---|
| Opening balance, January 1, 2021 | \$ 101,813 | 248,425 |
| Purchased | 53,623 | 64,565 |
| Total gains and losses recognized: | | |
| In profit or loss | 29,808 | - |
| In other comprehensive income | - | 68,541 |
| Ending Balance, June 30, 2021 | <u>\$ 185,244</u> | <u>381,531</u> |
| Opening balance, January 1, 2020 | \$ 58,599 | 214,329 |
| Purchased | 1,020 | - |
| Total gains and losses recognized: | | |
| In profit or loss | 12,494 | - |
| In other comprehensive loss | - | (1,893) |
| Ending Balance, June 30, 2020 | <u>\$ 72,113</u> | <u>212,436</u> |

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For the three months and the six months ended June 30, 2021 and 2020, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from fair value through other comprehensive income” were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|--------|-----------------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Total gains and losses recognized: | | | | |
| In other gains and losses | \$ (15,849) | - | 29,808 | 12,494 |
| In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income” | 47,341 | 53,258 | 68,541 | (1,893) |

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – derivative financial instruments” and “fair value through other comprehensive income available-for-sale financial assets – equity investments”.

Most of the Group’s financial instruments categorized as Level 3 and have only one significant unobservable input. Derivative financial instruments and equity investments, which have no active market price, have more than one significant unobservable inputs, and those inputs have no correlation between each other.

Quantified information of significant unobservable inputs was as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|---|---------------------------------|--|
| Fair value through profit or loss – Embedded derivative – call options | Binomial tree pricing convertible bonds model | ·Volatility (43.93%) | ·The estimated fair value would increase (decrease) if the volatility were higher (lower). |
| Fair value through profit or loss – Derivate financial instrument | Comparable listed company market approach | ·EV/sales (1.9~21.3) | ·The estimated fair value would increase (decrease) if the enterprise value were higher (lower). |

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| <u>Item</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|---|---|---|---|
| Fair value through other comprehensive income – Equity investments without an active market | Comparable listed company market approach | ·Market value ratio (1.31~6.53) ·Liquidity discounted rate (15.37%~30.00%) | ·The estimated fair value would increase (decrease) if the market value were higher (lower). ·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher). |

5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

Sensitivity analysis for fair values of financial instruments using Level 3 Inputs, the Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, the impact on the net income or loss and other comprehensive income or loss will be as follows if the valuation parameters changed:

| | <u>Input</u> | <u>Variation</u> | <u>Profit or loss</u> | | <u>Other comprehensive income</u> | |
|---|---------------------------|------------------|-----------------------|---------------------|-----------------------------------|---------------------|
| | | | <u>Favor-able</u> | <u>Unfavor-able</u> | <u>Favor-able</u> | <u>Unfavor-able</u> |
| June 30, 2021 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Embedded derivative – call options | Volatility | 5% | \$ 98 | (98) | - | - |
| Derivative financial instruments | P/S ratio | 5% | 2,493 | (2,493) | - | - |
| Equity investments without an active market | P/S ratio | 5% | 6,222 | (6,222) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market value ratio | 5% | - | - | 14,953 | (14,878) |
| ” | Liquidity discounted rate | 5% | - | - | 17,401 | (17,260) |
| | | | <u>\$ 8,813</u> | <u>(8,813)</u> | <u>32,354</u> | <u>(32,138)</u> |

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| | Input | Variation | Profit or loss | | Other comprehensive income | |
|---|---------------------------|-----------|-----------------|----------------|----------------------------|-----------------|
| | | | Favor-able | Unfavor-able | Favor-able | Unfavor-able |
| December 31, 2020 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Embedded derivative – call options | Volatility | 5% | \$ 75 | (75) | - | - |
| Derivative financial instruments | P/S ratio | 5% | 1,678 | (1,678) | - | - |
| Equity investments without an active market | P/S ratio | 5% | 3,337 | (3,337) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market value ratio | 5% | - | - | 12,234 | (12,336) |
| " | Liquidity discounted rate | 5% | - | - | 17,789 | (17,753) |
| | | | <u>\$ 5,090</u> | <u>(5,090)</u> | <u>30,023</u> | <u>(30,089)</u> |
| June 30, 2020 | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Equity investments without an active market | P/S ratio | 5% | 3,606 | (3,606) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market value ratio | 5% | - | - | 10,769 | (10,750) |
| " | Liquidity discounted rate | 5% | - | - | 14,762 | (14,823) |
| | | | <u>\$ 3,606</u> | <u>(3,606)</u> | <u>25,531</u> | <u>(25,573)</u> |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note (6)(z) of the annual consolidated financial statements for the year ended December 31, 2020.

(z) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2020. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2020. For other information about the capital management, please refer to Note (6)(aa) of the consolidated financial statements for the year ended December 31, 2020.

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(7) Related-Party Transactions

(a) Names and relationships with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated interim financial statements.

| <u>Names of related party</u> | <u>Relationships with the Group</u> |
|---------------------------------------|-------------------------------------|
| Rakuya International Info. Co. Ltd. | Associate of the Company |
| Ruten Japan KK | " |
| Miho International Cosmetic Co., Ltd. | Other related party of the Company |

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Group to related parties were as follows:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|------------|--|-------------|--|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Associates | \$ <u>722</u> | <u>72</u> | <u>793</u> | <u>143</u> |

2. Receivables from related parties

The receivables from related parties were as follows:

| <u>Item</u> | <u>Related party categories</u> | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|---------------------|---------------------------------|------------------|-------------------|------------------|
| Accounts receivable | Associates | \$ 25 | 25 | 25 |
| Other receivables | Associates | 27 | 31 | 41 |
| Lease receivable | Associates | 3,041 | 4,681 | 5,836 |
| | | \$ <u>3,093</u> | <u>4,737</u> | <u>5,902</u> |

3. Payables to related parties

| <u>Item</u> | <u>Related party categories</u> | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|----------------|---------------------------------|------------------|-------------------|------------------|
| Other payables | Associates | \$ - | 2 | 12 |

4. Other operating income

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|------------|--|-------------|--|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Associates | \$ <u>16</u> | <u>17</u> | <u>35</u> | <u>52</u> |

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5. Loans to related parties

The loans to related parties were as follows:

| | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--|------------------|-------------------|------------------|
| Other related parties-Miho International | | | |
| Cosmetic Co., Ltd. | \$ <u>8,500</u> | <u>-</u> | <u>-</u> |

The loans to related parties were secured. There are no provisions for doubtful debt required after the assessment.

For the three months and the six months ended June 30, 2021, interest revenue from loans receivable from related parties amounted to \$35 thousand and \$46 thousand, respectively.

(c) Transactions with key management personnel

Key management personnel compensation comprised:

| | <u>For the three months ended June 30,</u> | | <u>For the six months ended June 30,</u> | |
|---------------------------------|--|---------------|--|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Short-term employee benefits \$ | <u>22,132</u> | <u>16,881</u> | <u>49,503</u> | <u>36,016</u> |

(8) **Restricted Assets**

The following assets were restricted in use:

| <u>Assets</u> | <u>Purpose of Pledge</u> | <u>2021.6.30</u> | <u>2020.12.31</u> | <u>2020.6.30</u> |
|--------------------------------|---|-------------------|-------------------|------------------|
| Other current financial assets | Security for performance, purchase guarantee and loans with certificate of deposits | \$ 535,774 | 489,608 | 502,911 |
| Refundable deposit | Security for provisional seizure, etc. and deposits for office rental | <u>147,189</u> | <u>149,592</u> | <u>150,147</u> |
| | | <u>\$ 682,963</u> | <u>639,200</u> | <u>653,058</u> |

(9) **Significant Contingencies and Commitments**

- (a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.
- (b) As of June 30, 2021, December 31, 2020, and June 30, 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$102,605 thousand, \$248,140 thousand, and \$174,909 thousand, respectively.

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- (c) According to the “Standardized contract for telecom product or service”, the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Group entered into an agreement with a financial institution, with having a guarantee limit of \$50,000 thousand as of June 30, 2021, December 31, 2020, and June 30, 2020.
- (d) As of June 30, 2021, December 31, 2020, and June 30, 2020, the Group has entered into an agreement with a financial institution for providing performance guarantee for the Group on the balance amount received through the Group’s online payment processing services to online sellers; the amount of performance guarantee agreed therein are \$4,310,000 thousand, \$4,119,000 thousand, and \$4,080,000 thousand, respectively.
- (e) The Group will rent 15 warehouse units located in The Post Logistic Center, Post Logic Park from Chunghwa Post Co., Ltd. on November 1, 2021 because the Group has won the bidding of the contract of the park in the second quarter, 2019. The lease term is 15 years and the annual rental fee is \$331,094 thousand. The rental fee will be adjusted yearly based on the Price Index of the year.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

The proposal for the Company to issue common stocks by either conducting a private placement or having a public offering, or with the issuance of common stock for cash, has been approved by the shareholders’ meeting on July 29, 2021. The upper limit of newly issued shares will be 21 million shares.

(12) Others

- (a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

| Categorized as | For the three months ended June 30, 2021 | | | For the three months ended June 30, 2020 | | |
|----------------------------|--|-------------------|---------|--|-------------------|---------|
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Nature | | | | | | |
| Employee benefits | | | | | | |
| Salary | 61,505 | 397,828 | 459,333 | 50,657 | 396,576 | 447,233 |
| Labor and health insurance | 6,648 | 37,957 | 44,605 | 5,088 | 33,605 | 38,693 |
| Pension | 2,742 | 18,812 | 21,554 | 2,272 | 18,207 | 20,479 |
| Others employee benefits | 3,016 | 25,942 | 28,958 | 1,847 | 9,223 | 11,070 |
| Depreciation | 15,329 | 158,864 | 174,193 | 14,265 | 163,958 | 178,223 |
| Amortization | 77 | 6,350 | 6,427 | 63 | 7,400 | 7,463 |

| Categorized as | For the six months ended June 30, 2021 | | | For the six months ended June 30, 2020 | | |
|----------------------------|--|-------------------|---------|--|-------------------|---------|
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Nature | | | | | | |
| Employee benefits | | | | | | |
| Salary | 115,590 | 769,003 | 884,593 | 97,508 | 794,450 | 891,958 |
| Labor and health insurance | 12,776 | 75,284 | 88,060 | 9,932 | 69,453 | 79,385 |
| Pension | 5,384 | 37,706 | 43,090 | 4,397 | 36,253 | 40,650 |
| Others employee benefits | 4,901 | 46,214 | 51,115 | 3,620 | 27,371 | 30,991 |
| Depreciation | 30,352 | 322,937 | 353,289 | 28,474 | 324,528 | 353,002 |
| Amortization | 130 | 12,323 | 12,453 | 213 | 14,725 | 14,938 |

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(b) Seasonality of operations:

The factors of season or cycle have no impact on the operations of the Group.

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2021:

1. Fund financing to other parties:

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| Number (Note 1) | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other party during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (Note 2) | Transaction amount for business between two parties | Reasons for short- term financing | Allowance for bad debt | Collateral | | Individual funding loan limits (Note 3) | Maximum limitation on fund financing (Note 3) |
|--------------------|-------------------|--|----------------------|------------------|--|-------------------|---|--|--|---|--|------------------------------|---------------------------------------|-------|--|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | Miho International Cosmetic Co., Ltd. | Other receivables | Yes | 8,500 | 8,500 | 8,500 | 1.65 % | 2 | - | Business turnover | - | Repayment of promissory note | 8,500 | 1,343,398 | 1,343,398 |

Note 1: For those companies with business contact, please fill in 1. For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 40% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

| No. (Note 1) | Name of company | Counter-party | | Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2) | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged on guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements (Note 2) | Parent Company endorsement/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsement/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----------------|--------------------|--------------------------------|---|--|---|--|--|---|---|---|---|---|---|
| | | Name | Relationship with the Company (Note 3) | | | | | | | | | | |
| 0 | The Company | Linktel Inc. | 2 | 1,679,248 | 8,552 | - | - | - | - % | 3,358,496 | Y | N | N |
| 0 | " | Pi Mobile Technology Inc | 2 | 1,679,248 | 300,000 | 300,000 | 300,000 | - | 8.93 % | 3,358,496 | Y | N | N |
| 0 | " | PChome Store Inc. | 2 | 1,679,248 | 440,000 | 400,000 | 325,000 | - | 11.91 % | 3,358,496 | Y | N | N |

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: Relationship with the Company

1. The companies with which it has business relations.

2. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.

3. The parent company which directly or indirectly holds more than 50% of its voting rights.

4. Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.

5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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3. Information regarding securities held at balance sheet date:

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| Name of holder | Category and name of security | Category and name of security | Account title | Ending balance | | | | Note |
|----------------------------------|--|-------------------------------|---------------|----------------|------------|------------|--------------|------|
| | | | | Number | Book value | Percentage | Market value | |
| PChome Online Inc. | Common Stock: | | | | | | | |
| | Syspower Ltd. | - | FVOCI | 906,335 | 28,296 | 3.72 % | 28,296 | |
| " | Openfind Information Technology, Inc. | - | " | 800,000 | 35,832 | 6.22 % | 35,832 | |
| " | Career Consulting Co., Ltd. | - | " | 113,005 | 1,939 | 0.72 % | 1,939 | |
| " | Readmoo Co., Ltd. | - | " | 3,725,645 | 38,560 | 18.39 % | 38,560 | |
| " | IPEVO Corp. | - | " | 1,958,018 | 97,118 | 7.19 % | 97,118 | |
| " | Famicloud Inc. | - | " | 500,000 | 10,025 | 2.83 % | 10,025 | |
| " | Taiwan Advance Intelligent Tech. Co., Ltd. | - | " | 1,732,102 | 6,495 | 4.75 % | 6,495 | |
| " | Miho International Cosmetic Co., Ltd. | - | " | 7,500,000 | 98,700 | 8.09 % | 98,700 | |
| | Preferred stocks: | | | | | | | |
| " | Pickupp Limited | - | " | 524,714 | 56,230 | 3.17 % | 56,230 | |
| | Convertible bonds: | | | | | | | |
| " | Our Agriculture Inc. | - | " | - | 8,336 | - % | 8,336 | |
| | Common Stock: | | | | | | | |
| Linktel Inc. | Eastern Online Co., Ltd. | - | FVTPL | 118,750 | - | - % | - | |
| " | Taiwan Star Telecom Co., Ltd. | - | " | 3,942 | - | - % | - | |
| " | PayEasy Ltd. | - | " | 5,437,762 | - | 12.51 % | - | |
| " | 17Life Ltd. | - | " | 1,126,049 | - | 6.26 % | - | |
| | Convertible bonds: | | | | | | | |
| Chunghwa PChome Fund 1 Co., Ltd. | Traveler Co., Ltd. | - | " | - | 5,910 | - % | 5,910 | |
| " | Aiello Inc. | - | " | - | 10,339 | - % | 10,339 | |
| " | Hard Core Technology Corp. | - | " | - | 22,734 | - % | 22,734 | |
| " | Tresl Inc. | - | " | - | 8,640 | - % | 8,640 | |
| " | Our Agriculture Inc. | - | " | - | 11,228 | - % | 11,228 | |
| | Preferred stocks: | | | | | | | |
| Chunghwa PChome Fund 1 Co., Ltd. | FP International Limited | - | " | 42,037 | 17,095 | 1.94 % | 17,095 | |
| " | Ecommerce Enablers Pte. Ltd. | - | " | 68,188 | 11,165 | 0.12 % | 11,165 | |
| " | USPACE Tech Co., Ltd. | - | " | 1,695,873 | 53,487 | 17.20 % | 53,487 | |
| " | Our Agriculture Inc. | - | " | 7,400,000 | 14,356 | 8.05 % | 14,356 | |
| " | Moovo Mobility Inc. | - | " | 294,118 | 14,255 | 2.04 % | 14,255 | |
| " | Pickupp Limited | - | " | 131,179 | 14,085 | 0.72 % | 14,085 | |

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
5. Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
6. Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.

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7. Buying/selling products with the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.
8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

| Name of company | Related party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Loss allowance |
|--------------------|---------------------------|------------------------|----------------|---------------|---------|--------------|---------------------------------------|----------------|
| | | | | | Amount | Action taken | | |
| PChome Online Inc. | Pi Mobile Technology Inc. | Subsidiary | 384,903 | - % | - | | 384,903 | - |

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

| No. (Note 1) | Name of company | Name of counter-party | Existing relationship with the counter-party (Note 2) | Transaction | | | |
|--------------|--------------------|---------------------------|---|--------------------|---------|----------------------------|--|
| | | | | Account name | Amount | Terms of trading | Percentage of the total consolidated revenue or total assets |
| 0 | PChome Online Inc. | Pi Mobile Technology Inc. | 1 | Account receivable | 384,903 | Usual terms and conditions | 2.17 % |

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:

- Parent company labeled 0.
- Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

- Parent company to subsidiary
- Subsidiary to parent company
- Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose other transactions for which the proportion did not reach one percentage of the consolidated revenue or assets.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

- (b) Information on investees:

For the six months ended June 30, 2021, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

| Name of investor | Name of investee | Location | Major operations | Initial investment (Amount) | | Ending balance | | | Net income (loss) of the investee | Investment income (losses) | Note |
|--------------------|---------------------------|----------|-------------------------------------|-----------------------------|-------------------|----------------|-----------------|------------|-----------------------------------|----------------------------|------|
| | | | | Ending balance | Beginning balance | Shares | Ratio of shares | Book value | | | |
| PChome Online Inc. | IT Home Publications Inc. | Taiwan | Magazine publication | 30,000 | 30,000 | 5,014,802 | 100.00 % | 52,443 | (2,401) | (2,401) | Note |
| " | Linktel Inc. | " | Type II Telecommunications Business | 125,000 | 125,000 | 6,831,604 | 100.00 % | 51,477 | (16,839) | (16,839) | " |

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(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

| Name of investor | Name of investee | Location | Major operations | Initial investment (Amount) | | Ending balance | | | Net income (loss) of the investee | Investment income (losses) | Note |
|--|--|--------------------------|--|-----------------------------|-------------------|----------------|-----------------|------------|-----------------------------------|----------------------------|------|
| | | | | Ending balance | Beginning balance | Shares | Ratio of shares | Book value | | | |
| PChome Online Inc. | PC Home Online International Co., Ltd. | British Virgin Islands | International trade and investment activities | 25,485 | 25,485 | 122,328 | 100.00 % | 2,695 | (696) | (696) | Note |
| " | Rakuya International Info. Co. Ltd. | Taiwan | Real estate business, and internet information rental service | 47,439 | 47,439 | 3,035,115 | 26.47 % | 24,873 | 20,558 | 5,442 | |
| " | PChome Store Inc. | Taiwan | Internet services | 326,494 | 326,494 | 18,435,220 | 34.35 % | (241,876) | (10,969) | (3,768) | Note |
| " | PChome US Inc. | United States of America | E-commerce platform | 134,065 | 134,065 | 45,800,000 | 91.97 % | 5,801 | (1,185) | (1,090) | " |
| " | eCommerce Group Co., Ltd. | British Virgin Islands | Investment activities | 1,069,297 | 1,069,297 | 349,508,366 | 100.00 % | 522,187 | 16,257 | 16,257 | " |
| " | Pi Mobile Technology Inc. | Taiwan | Online payment processing services | 530,319 | 530,319 | 34,488,513 | 81.04 % | 267,842 | (158,277) | (128,268) | " |
| " | PChome (Thailand) Co., Ltd. | Thailand | E-commerce platform | 131,875 | 131,875 | 13,249,999 | 66.25 % | 43,575 | (16,220) | (10,746) | " |
| " | PChome Travel Inc. | Taiwan | Travel agency business | 36,000 | 36,000 | 3,600,000 | 100.00 % | 18,795 | (2,718) | (2,718) | " |
| " | PChome Financial Technology Inc. | " | Information service | 10,000 | 10,000 | 1,000,000 | 100.00 % | 4,010 | (38) | (38) | " |
| " | PChome Holding Inc. | British Virgin Islands | Investment activities | 1,169,090 | 1,169,090 | 385,000,000 | 100.00 % | (230,281) | (12,697) | (12,697) | " |
| " | PChome Express Co., Ltd. | Taiwan | Transportation and logistics | 200,000 | 200,000 | 20,000,000 | 100.00 % | 148,559 | (8,929) | (8,929) | " |
| " | Chunghwa PChome Fund 1 Co., Ltd. | " | Investment activities | 200,000 | 200,000 | 20,000,000 | 50.00 % | 205,077 | 24,441 | 12,221 | " |
| " | Cornerstone Ventures Co., Ltd. | " | Investment activities | 5,100 | 5,100 | 510,000 | 51.00 % | 6,731 | 834 | 425 | " |
| " | PChome CB Co., Ltd. | " | E-commerce cross-border services | 140,000 | 140,000 | 14,000,000 | 70.00 % | 132,686 | 9,393 | 6,575 | " |
| " | Mitch Co., Ltd. | " | Clothing sales | 162,000 | 162,000 | 16,200,000 | 60.00 % | 87,219 | (48,938) | (29,363) | " |
| PChome eBay Co., Ltd. | Pi Mobile Technology Inc. | " | Online payment processing services | 205,200 | 205,200 | 2,611,531 | 6.14 % | 20,293 | (158,277) | (9,718) | " |
| " | PChome Store Inc. | " | Internet services | 632,258 | 632,258 | 11,896,486 | 22.16 % | (29,750) | (10,969) | (2,431) | " |
| " | ECOSMOS PTE. LTD. | Singapore | Information processing and provision of electronic information | 9,153 | - | 3,300,000 | 100.00 % | 8,900 | (292) | (292) | " |
| Pi Mobile Technology Inc. | Pay and Link Inc. | Taiwan | Electronic payment business | 500,388 | 500,388 | 50,100,000 | 100.00 % | 309,591 | (19,025) | (19,025) | " |
| " | Yun Tung Bao International Co., Ltd. | " | Online payment processing services | 3,000 | 3,000 | 300,000 | 100.00 % | 2,559 | (22) | (22) | " |
| PC Home Online International Co., Ltd. | PCHOME ONLINE INC. | Cayman Islands | International trade and investment activities | 25,311 | 25,311 | 10,000,000 | 100.00 % | 4,134 | (630) | (630) | " |
| PCHOME ONLINE INC. | PC HOME ONLINE (HK) LTD. | Hong Kong | Information service and indirect investment activities | 25,140 | 25,140 | 5,641,239 | 100.00 % | 6,431 | (497) | (497) | " |
| PC HOME ONLINE (HK) LTD. | Ruten Japan KK | Japan | Information processing and provision of electronic information | 5,438 | 5,438 | 2,000,000 | 1.67 % | 633 | (16,276) | (429) | " |

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| Name of investor | Name of investee | Location | Major operations | Initial investment (Amount) | | Ending balance | | | Net income (loss) of the investee | Investment income (losses) | Note |
|---------------------------|-------------------------|----------------|--|-----------------------------|-------------------|----------------|-----------------|------------|-----------------------------------|----------------------------|------|
| | | | | Ending balance | Beginning balance | Shares | Ratio of shares | Book value | | | |
| ECOMMERCE GROUP CO., LTD. | RUTEN GLOBAL INC. | Cayman Islands | Investment activities | 831,606 | 831,606 | 266,063,307 | 100.00 % | 604,491 | 16,318 | 16,318 | Note |
| RUTEN GLOBAL INC. | EC Global Limited | Hong Kong | " | 22,740 | 22,740 | 7,494,642 | 100.00 % | 6,357 | (130) | (130) | " |
| " | PChome eBay Co., Ltd. | Taiwan | Information processing and provision of electronic information | 779,688 | 779,688 | 27,300,000 | 65.00 % | 516,192 | 39,359 | 25,583 | " |
| " | Ruten Japan KK | Japan | " | 68,124 | 68,124 | 19,794,850 | 26.82 % | 10,157 | (16,276) | (6,865) | " |
| PChome Holding Inc. | PChome Marketplace Inc. | Cayman Islands | Investment activities | 1,169,090 | 1,169,090 | 38,335,000 | 100.00 % | 1,111,665 | (12,608) | (12,608) | Note |
| PChome Marketplace Inc. | PChome Japan KK | Japan | Internet services | 119,330 | 119,330 | 43,500,000 | 100.00 % | 15,469 | (3,206) | (3,206) | " |
| " | PChome Store Inc. | Taiwan | Internet services | 998,758 | 998,758 | 19,206,893 | 35.78 % | (334,039) | (10,969) | (3,924) | " |
| PChome CB Co., Ltd. | PChome CBS Co., Ltd. | " | International trading E commerce | 127,000 | 127,000 | 2,900,000 | 100.00 % | 132,992 | 4,602 | 4,602 | " |
| " | PCHOME CB PTE. LTD. | Singapore | Internet services | 59,698 | 59,698 | 190,000 | 100.00 % | 43,665 | 4,804 | 4,804 | " |
| PCHOME CB PTE. LTD. | PChome Bibian Inc. | Japan | E commerce cross border services | 51,069 | 51,069 | 18,000,000 | 100.00 % | 37,747 | 4,845 | 4,845 | " |

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China: None.
2. Limitation on investment in Mainland China:

| Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3) | Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3) | Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission |
|--|--|---|
| - | 53,750 | 2,444,040 |

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 27.85 at the six months ended June 30, 2021.

Note 2: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 3: Shanghai Todo Inc. and PChome Trading (Shenzhen) Ltd. were dissolved in the fourth quarter of 2019. As of June 30, 2021, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

3. Significant transactions: None.

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(d) Major shareholders:

(Unit: Share)

| Shareholder's Name | Shareholding | Shares | Percentage |
|--------------------|--------------|------------|------------|
| Site Co., Ltd. | | 18,907,864 | 15.99 % |

Note: (1) The information on major shareholders is based on the number of ordinary shares and special shares held by shareholders with ownership of 5% or more that have been issued without physical registration (including treasury shares) by the Company as of June 30, 2021. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration due to different preparation basis.

(2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who opened the trust account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The information of insider trading would be available at the Market Observation Post System website.

(14) Segment Information

The Group's regional financial information was as follows:

| For the three months ended June 30, 2021 | E-Commerce- Sales | Market Place | Other | Adjustments and Eliminations | Consolidated |
|---|----------------------|-----------------|------------------|------------------------------------|-------------------|
| Revenue: | | | | | |
| Non-inter-company revenue | \$ 11,188,548 | 404,662 | 139,156 | - | 11,732,366 |
| Inter-company revenue | 9,726 | 18,396 | 130,471 | (158,593) | - |
| Total Revenue | \$ 11,198,274 | 423,058 | 269,627 | (158,593) | 11,732,366 |
| Reportable Segment net operating income (loss) | \$ 186,057 | 32,728 | (124,942) | 4,420 | 98,263 |

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| <u>For the three months ended June 30, 2020</u> | <u>E-Commerce- Sales</u> | <u>Market Place</u> | <u>Other</u> | <u>Adjustments and Eliminations</u> | <u>Consolidated</u> |
|---|------------------------------|-------------------------|------------------|---|---------------------|
| Revenue: | | | | | |
| Non-inter-company revenue | \$ 9,740,128 | 457,684 | 95,811 | - | 10,293,623 |
| Inter-company revenue | 9,212 | 3,209 | 114,104 | (126,525) | - |
| Total Revenue | \$ 9,749,340 | 460,893 | 209,915 | (126,525) | 10,293,623 |
| Reportable Segment net operating income (loss) | \$ 129,303 | 19,298 | (92,465) | 6,172 | 62,308 |
| | | | | | |
| <u>For the six months ended June 30, 2021</u> | | | | | |
| Revenue: | | | | | |
| Non-inter-company revenue | \$ 22,167,353 | 804,604 | 250,759 | - | 23,222,716 |
| Inter-company revenue | 19,972 | 28,490 | 261,242 | (309,704) | - |
| Total Revenue | \$ 22,187,325 | 833,094 | 512,001 | (309,704) | 23,222,716 |
| Reportable Segment net operating income (loss) | \$ 436,667 | 51,419 | (258,419) | 10,972 | 240,639 |
| | | | | | |
| <u>For the six months ended June 30, 2020</u> | | | | | |
| Revenue: | | | | | |
| Non-inter-company revenue | \$ 19,843,447 | 966,109 | 163,585 | - | 20,973,141 |
| Inter-company revenue | 18,996 | 4,692 | 203,189 | (226,877) | - |
| Total Revenue | \$ 19,862,443 | 970,801 | 366,774 | (226,877) | 20,973,141 |
| Reportable Segment net operating income (loss) | \$ 335,572 | 39,607 | (177,424) | 9,910 | 207,665 |