

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

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

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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.

## Table Of Contents

<b>Contents</b>	<b>Page</b>
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Statement of Financial Position	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization and Business	8
(2) Approval Date and Procedures of the Consolidated Financial Statements	8
(3) New Standards and Interpretations Not Yet Adopted	8~9
(4) Summary of Significant Accounting Policies	9~13
(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty	13
(6) Explanation to Significant Accounts	14~44
(7) Related-Party Transactions	45~46
(8) Restricted Assets	47
(9) Significant Contingencies and Commitments	47~48
(10) Significant Catastrophic Losses	48
(11) Significant Subsequent Events	48
(12) Others	48
(13) Additional Disclosures	
a) Information on significant transactions	49~51
b) Information on investees	52~53
c) Information on investment in Mainland China	53
d) Major shareholders	54
(14) Segment Information	54~55



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## 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 September 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine 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 \$1,417,011 thousand and \$1,237,406 thousand, each constituting 8% and 8% of the consolidated total assets as of September 30, 2021 and 2020, respectively; the total liabilities amounting to \$397,925 thousand and \$267,744 thousand, each constituting 3% and 2% of the consolidated total liabilities as of September 30, 2021 and 2020, respectively, and the total comprehensive income (loss) amounting to loss \$5,284 thousand, loss \$35,103 thousand, loss \$24,908 thousand and loss \$77,499 thousand, constituting (6)%, (76)%, (8)% and (47)% of the consolidated total comprehensive income (loss) for the three months and the nine months ended September 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 \$37,518 thousand and \$125,094 thousand as of September 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 gain \$1,949 thousand, loss \$4,138 thousand, gain \$97 thousand and loss \$11,578 thousand for the three months and the nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the nine 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)  
November 3, 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 SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**September 30, 2021, December 31, 2020, and September 30, 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2021.9.30		2020.12.31		2020.9.30			2021.9.30		2020.12.31		2020.9.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>ASSETS</b>								<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Assets:</b>								<b>Current Liabilities:</b>					
1100 Cash and cash equivalents (Note (6)(a))	\$ 8,673,501	51	8,147,763	50	7,053,167	48	2100	\$ 743,612	4	500,000	3	500,000	3
1110 Current financial assets at fair value through profit or loss							2130	609,645	4	554,103	3	527,484	4
(Note (6)(b))	58,851	-	33,568	-	16,249	-	2150	1,690	-	2,099	-	2,209	-
1150 Notes receivable, net (Note (6)(d))	31	-	550	-	461	-	2170	3,798,359	22	3,866,869	24	3,137,968	21
1170 Accounts receivable, net (Notes (6)(d) and (7))	528,141	3	497,242	3	429,896	3	2200	960,455	6	908,483	6	840,325	6
1196 Lease receivables (Notes (6)(d) and (7))	2,217	-	4,681	-	5,083	-	2230	161,419	1	69,416	-	55,105	-
1200 Other receivables, net (Notes (6)(d) and (7))	1,209,630	7	1,361,315	8	1,279,337	9	2280	458,515	3	500,102	3	506,418	4
1300 Inventories (Note (6)(e))	1,238,415	7	1,806,418	11	1,332,705	9	2300	316,216	2	402,264	2	415,721	3
1416 Net defined benefit asset, current	-	-	3,218	-	-	-	2320	225,000	1	200,000	1	300,000	2
1476 Other current financial assets (Note (8))	758,794	5	489,608	3	498,634	3	2335	1,569,766	9	1,408,473	9	1,546,641	10
1479 Other current assets, others	365,149	2	261,158	2	342,586	2	2365	43,338	-	42,999	-	27,693	-
1481 Current asset recognized as right to recover products from customers	39,869	-	39,608	-	25,394	-		8,888,015	52	8,454,808	51	7,859,564	53
	<u>12,874,598</u>	<u>75</u>	<u>12,645,129</u>	<u>77</u>	<u>10,983,512</u>	<u>74</u>	2530						
<b>Non-Current Assets:</b>								<b>Non-Current liabilities:</b>					
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	144,365	1	68,245	-	66,323	-	2541	1,478,299	9	1,470,300	9	-	-
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	405,967	2	248,425	2	136,965	1	2570	694,700	4	425,000	3	1,025,000	7
1550 Investments accounted for using equity method (Note (6)(f))	37,518	-	34,432	-	125,094	1	2580	1,651	-	1,651	-	779	-
1600 Property, plant and equipment (Note (6)(i))	522,716	3	569,790	3	588,402	4	2640	1,751,922	10	2,018,307	12	2,139,667	14
1755 Right-of-use assets (Note (6)(j))	2,152,712	13	2,468,896	15	2,598,773	17	2670	2,196	-	2,337	-	6,549	-
1780 Intangible assets (Note (6)(k))	173,400	1	141,516	1	148,255	1	3110	5,590	-	5,324	-	4,931	-
1840 Deferred tax assets	44,129	-	44,129	-	59,426	-	3140	3,934,358	23	3,922,919	24	3,176,926	21
1975 Net defined benefit asset, non-current	8,997	-	8,234	-	4,746	-	3200	12,822,373	75	12,377,727	75	11,036,490	74
1980 Other non-current financial assets (Note (8))	142,524	1	149,592	1	151,622	1							
1990 Other non-current assets, others (Note (6)(c) and (9))	630,901	4	83,341	1	85,875	1							
	<u>4,263,229</u>	<u>25</u>	<u>3,816,600</u>	<u>23</u>	<u>3,965,481</u>	<u>26</u>							
<b>Total assets</b>	<u>\$ 17,137,827</u>	<u>100</u>	<u>16,461,729</u>	<u>100</u>	<u>14,948,993</u>	<u>100</u>							
								<b>Total liabilities and equity</b>					
								<b>Equity attributable to owners of parent (Note (6)(s)):</b>					
								Share capital:					
								Ordinary share					
								Advance receipts for share capital					
								Capital surplus					
								Retained earnings:					
								Legal reserve					
								Special reserve					
								Unappropriated retained earnings					
								Other equity interest:					
								Exchange differences on translation of foreign financial statements					
								Unrealized gains from financial assets measured at fair value through other comprehensive income					
								Other equity, unearned compensation					
								Treasury shares					
								<b>Total equity attributable to owners of parent:</b>					
								<b>Non-controlling interests (Notes 6(h) and 6(s))</b>					
								<b>Total equity</b>					
								<b>Total liabilities and equity</b>					
	<u>\$ 17,137,827</u>	<u>100</u>	<u>16,461,729</u>	<u>100</u>	<u>14,948,993</u>	<u>100</u>		<u>\$ 17,137,827</u>	<u>100</u>	<u>16,461,729</u>	<u>100</u>	<u>14,948,993</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 nine months ended September 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended September 30,				For the nine months ended September 30,				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4111	Sales revenue	\$ 11,596,304	102	10,469,787	102	35,212,457	102	31,731,925	101
4170	Less: Sales returns	186,206	2	157,119	2	579,643	2	446,116	1
	<b>Operating revenue, net (Note (6)(v))</b>	<b>11,410,098</b>	<b>100</b>	<b>10,312,668</b>	<b>100</b>	<b>34,632,814</b>	<b>100</b>	<b>31,285,809</b>	<b>100</b>
5000	<b>Operating costs (Note (6)(e))</b>	<b>10,033,157</b>	<b>88</b>	<b>9,139,554</b>	<b>88</b>	<b>30,571,660</b>	<b>88</b>	<b>27,645,312</b>	<b>88</b>
	<b>Gross profit from operations</b>	<b>1,376,941</b>	<b>12</b>	<b>1,173,114</b>	<b>12</b>	<b>4,061,154</b>	<b>12</b>	<b>3,640,497</b>	<b>12</b>
	<b>Operating expenses:</b>								
6100	Selling expenses	1,024,847	9	912,217	9	2,950,350	9	2,707,412	9
6200	Administrative expenses	147,990	1	93,925	1	393,548	1	287,957	1
6300	Research and development expenses	141,986	1	125,401	1	408,383	1	395,536	1
6450	Expected credit loss (Note (6)(d))	422	-	834	-	554	-	1,190	-
	<b>Total operating expenses</b>	<b>1,315,245</b>	<b>11</b>	<b>1,132,377</b>	<b>11</b>	<b>3,752,835</b>	<b>11</b>	<b>3,392,095</b>	<b>11</b>
6500	<b>Net other income</b>	<b>71</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>(5,913)</b>	<b>-</b>	<b>16</b>	<b>-</b>
	<b>Net operating income</b>	<b>61,767</b>	<b>1</b>	<b>40,753</b>	<b>1</b>	<b>302,406</b>	<b>1</b>	<b>248,418</b>	<b>1</b>
	<b>Non-operating income and expenses (Note (6)(x)):</b>								
7100	Interest income	2,390	-	2,490	-	7,153	-	8,376	-
7010	Other income	13,663	-	23,757	-	33,466	-	55,476	-
7020	Other gains and losses, net	31,643	-	(12,256)	-	57,183	-	(1,535)	-
7050	Finance costs	(13,545)	-	(12,325)	-	(40,168)	-	(40,802)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method, net	1,949	-	(4,138)	-	97	-	(11,578)	-
	<b>Total non-operating income and expenses</b>	<b>36,100</b>	<b>-</b>	<b>(2,472)</b>	<b>-</b>	<b>57,731</b>	<b>-</b>	<b>9,937</b>	<b>-</b>
	<b>Profit from continuing operations before tax</b>	<b>97,867</b>	<b>1</b>	<b>38,281</b>	<b>1</b>	<b>360,137</b>	<b>1</b>	<b>258,355</b>	<b>1</b>
7950	<b>Less: Tax expense (Note (6)(r))</b>	<b>23,295</b>	<b>-</b>	<b>(17,648)</b>	<b>-</b>	<b>102,210</b>	<b>-</b>	<b>50,862</b>	<b>-</b>
	<b>Profit</b>	<b>74,572</b>	<b>1</b>	<b>55,929</b>	<b>1</b>	<b>257,927</b>	<b>1</b>	<b>207,493</b>	<b>1</b>
	<b>Other comprehensive income (loss):</b>								
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (loss) (Note (6)(y))	16,436	-	16,329	-	84,977	-	14,436	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	<b>16,436</b>	<b>-</b>	<b>16,329</b>	<b>-</b>	<b>84,977</b>	<b>-</b>	<b>14,436</b>	<b>-</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation	(5,695)	-	(25,893)	-	(29,071)	-	(55,630)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(5,695)</b>	<b>-</b>	<b>(25,893)</b>	<b>-</b>	<b>(29,071)</b>	<b>-</b>	<b>(55,630)</b>	<b>-</b>
	<b>Other comprehensive income (loss), net of tax</b>	<b>10,741</b>	<b>-</b>	<b>(9,564)</b>	<b>-</b>	<b>55,906</b>	<b>-</b>	<b>(41,194)</b>	<b>-</b>
8500	<b>Total comprehensive income</b>	<b>\$ 85,313</b>	<b>1</b>	<b>46,365</b>	<b>1</b>	<b>313,833</b>	<b>1</b>	<b>166,299</b>	<b>1</b>
	<b>Profit (loss), attributable to:</b>								
8610	Profit, attributable to owners of parent	74,895	1	67,721	1	275,309	1	223,488	1
8620	Loss, attributable to non-controlling interests	(323)	-	(11,792)	-	(17,382)	-	(15,995)	-
		<b>\$ 74,572</b>	<b>1</b>	<b>55,929</b>	<b>1</b>	<b>257,927</b>	<b>1</b>	<b>207,493</b>	<b>1</b>
	<b>Comprehensive income attributable to:</b>								
8710	Comprehensive income, attributable to owners of parent	86,917	1	59,627	1	335,363	1	184,772	1
8720	Comprehensive loss, attributable to non-controlling interests	(1,604)	-	(13,262)	-	(21,530)	-	(18,473)	-
		<b>\$ 85,313</b>	<b>1</b>	<b>46,365</b>	<b>1</b>	<b>313,833</b>	<b>1</b>	<b>166,299</b>	<b>1</b>
	<b>Earnings per share (Note (6)(u))</b>								
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 0.65</b>		<b>0.58</b>		<b>2.37</b>		<b>1.91</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 0.57</b>		<b>0.58</b>		<b>2.13</b>		<b>1.91</b>	

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 nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent											Non-Controlling Interests	Total Equity	
	Share capital						Retained Earnings							Other Equity Interest
	Ordinary Capital	Advance receipts for share capital	Capital Surplus	Legal Reserve	Special 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	Total Equity Attributable to Owners of Parent			
<b>Balance at January 1, 2020</b>	\$ 1,171,595	-	1,722,411	-	-	100,564	(24,825)	73,025	-	-	3,042,770	724,314	3,767,084	
Profit (loss) for the nine months ended September 30, 2020	-	-	-	-	-	223,488	-	-	-	-	223,488	(15,995)	207,493	
Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	-	(53,152)	14,436	-	-	(38,716)	(2,478)	(41,194)	
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	223,488	(53,152)	14,436	-	-	184,772	(18,473)	166,299	
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	-	-	2,787	-	-	-	-	-	-	-	2,787	43,062	45,849	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,283	15,283	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	24,300	-	(24,300)	-	-	-	-	-	
<b>Balance at September 30, 2020</b>	<u>\$ 1,171,595</u>	<u>-</u>	<u>1,725,198</u>	<u>16,244</u>	<u>-</u>	<u>250,096</u>	<u>(77,977)</u>	<u>63,161</u>	<u>-</u>	<u>-</u>	<u>3,148,317</u>	<u>764,186</u>	<u>3,912,503</u>	
<b>Balance at January 1, 2021</b>	\$ 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 (Loss) for the nine months ended September 30, 2021	-	-	-	-	-	275,309	-	-	-	-	275,309	(17,382)	257,927	
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(24,924)	84,978	-	-	60,054	(4,148)	55,906	
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	275,309	(24,924)	84,978	-	-	335,363	(21,530)	313,833	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	-	28,379	-	(28,379)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	-	40,168	(40,168)	-	-	-	-	-	-	-	
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	
Issue of shares	-	100,000	-	-	-	-	-	-	-	-	100,000	-	100,000	
Purchase of treasury share	-	-	-	-	-	-	-	-	(108,254)	-	(108,254)	-	(108,254)	
Changes in ownership interests in subsidiaries	-	-	8,098	-	-	-	-	-	-	-	8,098	2,998	11,096	
Share-based payment transactions	-	-	1,785	-	-	-	-	-	11,724	29,307	42,816	-	42,816	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	21,764	21,764	
<b>Balance at September 30, 2021</b>	<u>\$ 1,182,595</u>	<u>100,000</u>	<u>1,952,733</u>	<u>44,623</u>	<u>40,168</u>	<u>339,126</u>	<u>(141,903)</u>	<u>161,789</u>	<u>(12,318)</u>	<u>(78,947)</u>	<u>3,587,866</u>	<u>727,588</u>	<u>4,315,454</u>	

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

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 360,137	258,355
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expenses	528,752	532,651
Amortization expenses	19,641	22,402
Expected credit losses	554	1,190
Net gain on financial assets at fair value through profit or loss	(59,052)	(6,704)
Interest expenses	40,168	40,802
Interest income	(7,153)	(8,376)
Dividend income	(15,467)	(8,495)
Share-based payment transactions	13,509	1,427
Shares of (loss) profit of associates and joint ventures accounted for using equity method	(97)	11,578
Gains on disposal of property, plant and equipment	(13)	-
Losses on disposal of investments accounted for using equity method	-	1,701
Loss (Gain) on lease modification	-	(16)
<b>Total adjustments to reconcile profit</b>	<u>5,913</u>	<u>588,160</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	519	(87)
Accounts receivable	(31,453)	63,681
Lease receivable	2,464	2,241
Other receivables	152,566	(98,696)
Inventories	568,003	352,442
Other current assets	(102,932)	(90,675)
Other financial assets	(269,186)	19,788
Current asset recognized as right to recover products from customers	(261)	10,189
<b>Total changes in operating assets</b>	<u>319,720</u>	<u>258,883</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	55,542	105,143
Notes payable	(409)	1,598
Accounts payable	(68,510)	104,606
Other payables	51,500	4,471
Receipts under custody	161,293	(58,722)
Other current liabilities	(86,081)	(130,386)
Net defined benefit liabilities	2,314	(1,196)
Current refund liabilities	339	(10,633)
Other non-current liabilities	266	-
<b>Total changes in operating liabilities</b>	<u>116,254</u>	<u>14,881</u>
<b>Total changes in operating assets and liabilities</b>	<u>435,974</u>	<u>273,764</u>
<b>Total adjustments</b>	<u>962,729</u>	<u>861,924</u>
Cash flow generated from operations	1,322,866	1,120,279
Interest received	6,271	7,757
Dividends received	15,467	8,495
Interest paid	(32,028)	(41,615)
Income taxes paid	(10,206)	(80,909)
<b>Net cash flows from operating activities</b>	<u>1,302,370</u>	<u>1,014,007</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(72,565)	(7,500)
Acquisition of financial assets designated at fair value through profit or loss	(65,391)	(17,269)
Proceeds from disposal of financial assets designated at fair value through profit or loss	23,040	-
Net cash flow from acquisition of subsidiaries	(21,827)	-
Acquisition of property, plant and equipment	(90,461)	(153,780)
Proceeds from disposal of property, plant and equipment	805	3,261
Decrease (increase) in refundable deposits	7,067	(9,081)
Acquisition of intangible assets	(10,966)	(21,135)
Other non-current assets	(570,018)	(78,174)
<b>Net cash flows used in investing activities</b>	<u>(800,316)</u>	<u>(283,678)</u>
<b>Cash flows from financing activities:</b>		
Short-term borrowings	243,612	(40,000)
Long-term borrowings	394,700	125,000
Repayments of long-term borrowings	(100,000)	(200,000)
Payments of lease liabilities	(373,441)	(380,156)
Cash dividends paid	(153,737)	(82,012)
Capital increase by cash	100,000	-
Payments to acquire treasury shares	(108,254)	-
Treasury shares sold to employees	29,307	-
Change in non-controlling interests	8,630	15,283
<b>Net cash flows from (used in) financing activities</b>	<u>40,817</u>	<u>(561,885)</u>
Effect of exchange rate changes on cash and cash equivalents	(17,133)	15,719
<b>Net increase in cash and cash equivalents</b>	<u>525,738</u>	<u>184,163</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>8,147,763</u>	<u>6,869,004</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,673,501</u>	<u>7,053,167</u>

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



**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

**(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 November 3, 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 "Onerous Contracts—Cost of Filling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

- (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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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
			2021.9.30	2020.12.31	2020.9.30	
The Company	PChome Store Inc.	Internet services	34.35 %	34.35 %	34.35 %	Note2
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note1
"	PChomePay Inc.	Online payment processing services	- %	- %	55.06 %	Note3
"	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	Note1
"	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 %	Note4
"	Pi Mobile Technology Inc.	Online payment processing services	80.85 %	81.04 %	89.72 %	Note3
"	PChome (Thailand) Co., Ltd.	E-commerce platform	66.25 %	66.25 %	66.25 %	Note1
"	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 %	
"	PChome Express Co., Ltd.	Transportation and logistics	100.00 %	100.00 %	100.00 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2021.9.30	2020.12.31	2020.9.30	
The Company	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	50.00 %	Note1
"	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 %	"
"	YunTan technology Inc.	Information processing and provision of electronic information	70.00 %	- %	- %	Note1&6
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	- %	- %	24.14 %	Note3
"	Pi Mobile Technology Inc.	"	6.12 %	6.14 %	- %	Note2
"	PChome Store Inc.	Internet services	22.16 %	22.16 %	22.16 %	"
"	ECOSMOS PTE. LTD.	Information processing and provision of electronic information	100.00 %	- %	- %	Note5
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	- %	- %	100.00 %	Note3
"	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 %	- %	Note1
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 %	Note4
PCHome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	Note1
Ruten Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	"
"	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	100.00 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2021.9.30	2020.12.31	2020.9.30	
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	100.00 %	Note1
"	PChome Store Inc.	Internet services	35.78 %	35.78 %	35.78 %	Note2
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	100.00 %	100.00 %	100.00 %	Note1
"	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 %	"
YunTan technology Inc.	einsure insurance broker Inc.	Insurance brokers	100.00 %	- %	- %	Note1&6

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: 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 4: 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 5: The subsidiary was established on June 4, 2021.

Note 6: The Company acquired 70% of YunTan technology Inc.'s share on July 1, 2021 and included it in the consolidated financial statements.

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

(c) Business combination

The Group accounts for the business combinations using the acquisition method. Goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

For each business combination, the Group measures any non-controlling interests in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(d) 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.

(e) 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

**(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>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Cash on hand	\$ 998	1,184	1,088
Checking accounts	42,049	44,020	43,333
Savings accounts	6,979,856	6,534,858	5,415,134
Foreign currency deposits	154,364	42,230	160,164
Time deposits	1,465,110	1,520,852	1,429,834
Cash equivalents	<u>31,124</u>	<u>4,619</u>	<u>3,614</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 8,673,501</u>	<u>8,147,763</u>	<u>7,053,167</u>

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

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$ 138,965	66,745	66,323
Foreign convertible bonds	58,851	33,568	16,249
Embedded derivative-call options	<u>5,400</u>	<u>1,500</u>	<u>-</u>
Total	<u>\$ 203,216</u>	<u>101,813</u>	<u>82,572</u>
	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current	\$ 58,851	33,568	16,249
Non-current	<u>144,365</u>	<u>68,245</u>	<u>66,323</u>
Total	<u>\$ 203,216</u>	<u>101,813</u>	<u>82,572</u>

1.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.

2.The Group issued convertible bonds in the fourth quarter of 2020. As of September 30, 2021 and December 31, 2020, the fair value of embedded derivative-call options is \$5,400 thousand and \$1,500 thousand, respectively, please refer to Note (6)(o).



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

3. The Group acquired preferred stocks of Moovo Mobility Inc. for \$14,255 thousand in the first quarter of 2021.
4. 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.
5. The Group acquired preferred stocks of Pickupp Limited for \$14,085 thousand in the second quarter of 2021.
6. 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.
7. In the third quarter of 2021, the Group acquired the preferred stocks of USPACE Tech Co., Ltd. for \$6,793 thousand and disposed the preferred stocks of the company for \$23,040 thousand.
8. The Group acquired the preferred stocks of Ecommerce Enablers Pte. Ltd. for \$4,975 thousand in the third quarter of 2021.
9. 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.
10. 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.
11. Relevant information for the price risk please refer to Note (6)(y).
12. 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>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Equity instruments at fair value through other comprehensive income			
Stocks unlisted on domestic and foreign markets	\$ 397,631	248,425	136,965
Foreign convertible bonds	8,336	-	-
Total	<u>\$ 405,967</u>	<u>248,425</u>	<u>136,965</u>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

- 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 the common stocks of Readmoo Co., Ltd. for \$8,485 thousand during the fourth quarter of 2020.
- 3.The Group acquired preferred stocks of Pickup Limited for \$56,229 thousand in the second quarter of 2021.
- 4.The Group acquired foreign convertible bonds of Our Agriculture Inc. for \$8,336 thousand in the second quarter of 2021.
- 5.The Group acquired the common stocks of Influenxio Limited for \$8,000 thousand during the third 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.On May 6, August 6, and September 9 2021, the Board of Directors of the Group resolved to invest Mdata Group Co., LTD., FunNow Ltd. and All Win Fintech Company Limited for \$20,000 thousand, \$13,860 thousand, and \$114,000 thousand, respectively. The investment funds have been remitted, recognized under other non-current assets.
- 8.For the market price risk, please refer to Note (6)(y).
- 9.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>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Notes receivable-measured as amortized cost	\$ 31	550	461
Trade receivable-measured as amortized cost	529,428	498,130	431,654
Other receivables-measured as amortized cost	1,209,892	1,361,589	1,279,611
Lease receivable	2,217	4,681	5,083
Less: Allowance for impairment losses	<u>(1,549)</u>	<u>(1,162)</u>	<u>(2,032)</u>
	<u>\$ 1,740,019</u>	<u>1,863,788</u>	<u>1,714,777</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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:

	<b>2021.9.30</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,710,697	0.004%~0.29%	33
Past under 180 days	29,788	10%~100%	815
Over 181 days past due	1,083	15%~100%	701
	<b>\$ 1,741,568</b>		<b>1,549</b>
	<b>2020.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 1,864,950</b>		<b>1,162</b>
	<b>2020.9.30</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,679,883	0.002%~0.21%	120
Past under 180 days	32,674	0.53%~10%	429
Over 181 days past due	4,252	25%~100%	1,483
	<b>\$ 1,716,809</b>		<b>2,032</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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

	For the nine months ended September 30,	
	2021	2020
Balance at January 1	\$ 1,162	1,412
Impairment losses recognized	554	1,190
Amounts written off	(167)	(570)
Balance at September 30	<u>\$ 1,549</u>	<u>2,032</u>

(e) Inventories

	2021.9.30	2020.12.31	2020.9.30
Merchandise inventories	\$ 1,266,810	1,823,632	1,348,288
Less: Allowance for inventory valuation and obsolescence losses	(28,395)	(17,214)	(15,583)
	<u>\$ 1,238,415</u>	<u>1,806,418</u>	<u>1,332,705</u>

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

The details of operating cost were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Cost of goods sold	\$ 10,027,458	9,133,459	30,558,854	27,638,080
Provision for inventory market price decline and obsolescence	5,217	5,379	11,160	6,058
Loss on disposal of scrap	482	716	1,646	1,174
	<u>\$ 10,033,157</u>	<u>9,139,554</u>	<u>30,571,660</u>	<u>27,645,312</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:

	2021.9.30	2020.12.31	2020.9.30
Associates	<u>\$ 37,518</u>	<u>34,432</u>	<u>125,094</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

1. Associates

Associates to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			2021.9.30	2020.12.31	2020.9.30
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 %
Miho International Cosmetic Co., Ltd.	Cosmetics and clothing sales	Taiwan	- %	- %	8.09 %

The Group has lost its significant influence on Miho International Cosmetic Co., Ltd. since December 9, 2020. The Group transferred this investment from investments accounted for using the equity method to non-current financial assets at fair value through other comprehensive income.

2. Collateral

As of September 30, 2021, December 31, 2020, and September 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) Acquisition of subsidiary

Acquisition of subsidiary

The Group acquired 70% shares of YunTan technology Inc. for \$54,250 thousand and gained control over it on July 1, 2021.

In the three-months period from the acquisition date to September 30, 2021, YunTan technology Inc. contributed its revenue and net loss amounting to \$1,913 thousand and \$2,769 thousand, respectively, to the Group. If the acquisition had occurred on January 1, 2021, the management estimated that the consolidated revenue would have been \$2,944 thousand, and the consolidated loss would have been \$7,808 thousand. In determining these amounts, the management assumed that if the acquisition had occurred on January 1, 2021, the adjustment for provisional fair value would have been the same.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

1) Acquisition of identifiable asset and liabilities assumed

The date of acquisition of identifiable asset and liabilities assumed is as follows:

Cash and cash equivalents	\$	32,423
Other current assets		1,059
Intangible assets (Note 6(k))		16,447
Other non-current assets		1,360
Other payables		(7,473)
Other current liabilities		<u>(33)</u>
The fair value of identifiable net assets	\$	<u><u>43,783</u></u>

The following fair values of the assets and liabilities have been determined on a provisional basis:

The fair value of intangible assets of \$16,447 thousand has been determined provisionally and it is still on pending for completion of an independent valuation.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

2) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$	54,250
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		13,135
Less: fair value of identifiable net assets		<u>(43,783)</u>
Goodwill	\$	<u><u>23,602</u></u>

Goodwill is attributable mainly to the insurance-relating technical services owned by YunTan technology Inc. for its future benefits.

(h) 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		
		2021.9.30	2020.12.31	2020.9.30
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %	50.00 %

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current assets	\$ 1,243,608	912,730	882,729
Non-current assets	61,088	86,610	169,972
Current liabilities	(489,854)	(246,590)	(239,445)
Non-current liabilities	-	(5,763)	(9,207)
Net assets	<u>\$ 814,842</u>	<u>746,987</u>	<u>804,049</u>
Non-controlling interests	<u>\$ 285,195</u>	<u>261,446</u>	<u>281,417</u>

  

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales revenue	<u>\$ 251,880</u>	<u>205,771</u>	<u>717,043</u>	<u>664,523</u>
Net gain	\$ 27,877	21,582	67,236	59,254
Other comprehensive income	-	-	39	-
Comprehensive income	<u>\$ 27,877</u>	<u>21,582</u>	<u>67,275</u>	<u>59,254</u>
Gain, attributable to non-controlling interests	<u>\$ 9,757</u>	<u>7,554</u>	<u>23,533</u>	<u>20,739</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 9,757</u>	<u>7,554</u>	<u>23,546</u>	<u>20,739</u>

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current assets	\$ 294,672	319,322	321,780
Non-current assets	138,964	66,745	66,323
Current liabilities	(254)	(354)	(283)
Net assets	<u>\$ 433,382</u>	<u>385,713</u>	<u>387,820</u>
Non-controlling interests	<u>\$ 216,691</u>	<u>192,856</u>	<u>193,910</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net gain (loss)	\$ 23,229	(8,163)	47,670	(343)
Other comprehensive income	-	-	-	-
Comprehensive income (loss)	<u>\$ 23,229</u>	<u>(8,163)</u>	<u>47,670</u>	<u>(343)</u>
Gain (Loss), attributable to non-controlling interests	<u>\$ 11,615</u>	<u>(4,081)</u>	<u>23,835</u>	<u>(171)</u>
Comprehensive income (loss), attributable to non-controlling interests	<u>\$ 11,615</u>	<u>(4,081)</u>	<u>23,835</u>	<u>(171)</u>

(i) Property, plant and equipment

	<u>Transportation equipment</u>	<u>Furniture and office equipment</u>	<u>Leasehold improvements</u>	<u>Leased assets</u>	<u>Total</u>
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 September 30, 2021	<u>\$ 64,322</u>	<u>316,072</u>	<u>140,537</u>	<u>1,785</u>	<u>522,716</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 September 30, 2020	<u>\$ 75,818</u>	<u>346,787</u>	<u>160,411</u>	<u>5,386</u>	<u>588,402</u>

As of September 30, 2021, December 31, 2020, and September 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 nine months ended September 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(j) Right-of-use assets

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 3,403,486	73,079	1,165	3,477,730
Additions	101,702	-	4,243	105,945
Decrease	(81,594)	(73,079)	-	(154,673)
Effect of changes in foreign exchange rates	(1,374)	-	-	(1,374)
Balance as of September 30, 2021	<u>\$ 3,422,220</u>	<u>-</u>	<u>5,408</u>	<u>3,427,628</u>
Balance as of January 1, 2020	\$ 3,402,610	73,079	1,165	3,476,854
Additions	32,889	-	-	32,889
Decrease	(31,805)	-	-	(31,805)
Effect of changes in foreign exchange rates	(249)	-	-	(249)
Balance as of September 30, 2020	<u>\$ 3,403,445</u>	<u>73,079</u>	<u>1,165</u>	<u>3,477,689</u>
Accumulated depreciation:				
Balance as of January 1, 2021	\$ 981,088	26,983	763	1,008,834
Depreciation for the year	368,951	5,621	716	375,288
Other decrease	(75,863)	(32,604)	-	(108,467)
Effect of changes in foreign exchange rates	(739)	-	-	(739)
Balance as of September 30, 2021	<u>\$ 1,273,437</u>	<u>-</u>	<u>1,479</u>	<u>1,274,916</u>
Balance as of January 1, 2020	\$ 503,592	13,491	281	517,364
Depreciation for the year	377,639	10,119	361	388,119
Other decrease	(26,441)	-	-	(26,441)
Effect of changes in foreign exchange rates	(126)	-	-	(126)
Balance as of September 30, 2020	<u>\$ 854,664</u>	<u>23,610</u>	<u>642</u>	<u>878,916</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 September 30, 2021	<u>\$ 2,148,783</u>	<u>-</u>	<u>3,929</u>	<u>2,152,712</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 September 30, 2020	<u>\$ 2,548,781</u>	<u>49,469</u>	<u>523</u>	<u>2,598,773</u>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(k) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Concession</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 193,571	99,358	-	292,929
Acquired through business combination	644	24,002	16,047	40,693
Acquired separately	10,955	-	-	10,955
Disposal and obsolescence	(666)	-	-	(666)
Effect of movements in exchange rates	(330)	-	-	(330)
Balance at September 30, 2021	<u>\$ 204,174</u>	<u>123,360</u>	<u>16,047</u>	<u>343,581</u>
Balance at January 1, 2020	\$ 170,400	99,358	-	269,758
Acquired separately	17,022	-	-	17,022
Disposal and obsolescence	(74)	-	-	(74)
Effect of movements in exchange rates	(256)	-	-	(256)
Balance at September 30, 2020	<u>\$ 187,092</u>	<u>99,358</u>	<u>-</u>	<u>286,450</u>
Amortization and impairment losses:				
Balance at January 1, 2021	\$ 151,413	-	-	151,413
Acquired through business combination	82	-	509	591
Amortization for the year	19,132	-	-	19,132
Disposal and obsolescence	(666)	-	-	(666)
Effect of movements in exchange rates	(290)	-	-	(290)
Balance at September 30, 2021	<u>\$ 169,671</u>	<u>-</u>	<u>509</u>	<u>170,180</u>
Balance at January 1, 2020	\$ 116,048	-	-	116,048
Amortization for the year	22,402	-	-	22,402
Disposal and obsolescence	(74)	-	-	(74)
Effect of movements in exchange rates	(181)	-	-	(181)
Balance at September 30, 2020	<u>\$ 138,195</u>	<u>-</u>	<u>-</u>	<u>138,195</u>
Carrying amounts:				
Balance at January 1, 2021	<u>\$ 42,158</u>	<u>99,358</u>	<u>-</u>	<u>141,516</u>
Balance at September 30, 2021	<u>\$ 34,502</u>	<u>123,360</u>	<u>15,538</u>	<u>173,400</u>
Balance at January 1, 2020	<u>\$ 54,352</u>	<u>99,358</u>	<u>-</u>	<u>153,710</u>
Balance at September 30, 2020	<u>\$ 48,897</u>	<u>99,358</u>	<u>-</u>	<u>148,255</u>

The Group acquired YunTan technology Inc. on July 1, 2021, resulting in the gain on goodwill and concession amounting to \$23,602 thousand and \$16,047 thousand, respectively. For other information, please refer to Notes 6(g).

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(l) Short-term borrowings

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Unsecured bank loans	\$ <u>743,612</u>	<u>500,000</u>	<u>500,000</u>
Unused short-term credit line	\$ <u>3,463,588</u>	<u>2,629,080</u>	<u>2,300,000</u>
Range of interest rates	<u>0.97%~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).

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current contract liabilities	\$ 609,645	554,103	527,484
Receipts under custody-online payment processing service mainly	1,569,766	1,408,473	1,546,641
Other	316,216	402,264	415,721
Current refund liabilities	<u>43,338</u>	<u>42,999</u>	<u>27,693</u>
	\$ <u>2,538,965</u>	<u>2,407,839</u>	<u>2,517,539</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.

(n) Long-term borrowings

The details were as follows:

	<u>2021.9.30</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.695%~1.16%	2028	\$ 519,700
Secured bank loans	TWD	1.35%	2025	400,000
Less: current portion				<u>(225,000)</u>
Total				\$ <u>694,700</u>
Unused long-term credit lines				\$ <u>1,425,300</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

	<b>2020.12.31</b>			
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
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>

  

	<b>2020.9.30</b>			
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	0.95%~1.15%	2028	\$ 825,000
Secured bank loans	TWD	1.59%	2025	500,000
Less: current portion				(300,000)
Total				<u>\$ 1,025,000</u>
Unused long-term credit lines				<u>\$ 75,000</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 September 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 September 30, 2021. For the information about guarantees and endorsements for other parties, please refer to Note 13(a).

(o) Bonds payable

The details of secured convertible bonds were as follows:

	<b>2021.9.30</b>	<b>2020.12.31</b>
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(21,701)	(29,700)
Balance of corporate bonds issued	<u>\$ 1,478,299</u>	<u>1,470,300</u>
Embedded derivative – call options, included in financial assets at fair value through profit or loss	<u>\$ 5,400</u>	<u>1,500</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 141,121</u>	<u>141,121</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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

	<b>For the three months ended September 30, 2021</b>	<b>For the nine months ended September 30, 2021</b>
The amounts of embedded derivative instruments – call options, included in other gains or losses	\$ <u>3,450</u>	<u>3,900</u>
Interest expense	\$ <u>2,700</u>	<u>7,998</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)(y).

(p) Lease liabilities

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

	<b>2021.9.30</b>	<b>2020.12.31</b>	<b>2020.9.30</b>
Current	\$ <u>458,515</u>	<u>500,102</u>	<u>506,418</u>
Non-current	\$ <u>1,751,922</u>	<u>2,018,307</u>	<u>2,139,667</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interests on lease liabilities	\$ <u>6,743</u>	<u>8,045</u>	<u>21,221</u>	<u>25,159</u>
Expenses relating to short-term leases	\$ <u>11,014</u>	<u>9,344</u>	<u>30,701</u>	<u>28,270</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>1,442</u>	<u>3,196</u>	<u>4,239</u>	<u>10,436</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>429,602</u>	<u>444,021</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.

(q) 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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating cost	\$ -	-	(1)	(1)
Selling expenses	(13)	(10)	(39)	(29)
Administration expenses	50	58	149	174
Research and development expenses	(2)	(2)	(6)	(5)
	\$ <u>35</u>	<u>46</u>	<u>103</u>	<u>139</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

2. Defined contribution plans

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating cost	\$ 2,946	2,464	8,331	6,862
Selling expenses	12,786	11,437	36,571	34,350
Administration expenses	3,013	2,842	8,670	8,110
Research and development expenses	4,176	3,880	12,371	11,858
	<u>\$ 22,921</u>	<u>20,623</u>	<u>65,943</u>	<u>61,180</u>

(r) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax expenses:				
Current period	\$ 35,209	(9,808)	115,388	63,104
5% surtax on unappropriated earnings	3,075	2,813	7,043	2,813
Adjustment for prior periods	(14,989)	(10,633)	(20,221)	(18,582)
	<u>23,295</u>	<u>(17,628)</u>	<u>102,210</u>	<u>47,335</u>
Deferred tax benefit:				
Origination and reversal of temporary differences	-	(20)	-	3,527
Income tax expenses	<u>\$ 23,295</u>	<u>(17,648)</u>	<u>102,210</u>	<u>50,862</u>

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

3. The Company's tax returns for the years through 2019 were examined and approved by the Taipei National Tax Administration.

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(s) Capital and other equity

1. Issuance of common stock

As of September 30, 2021, December 31, 2020, and September 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 September 30, 2021 and as of December 31, 2020, respectively.

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, and to authorize the Board of Directors with full power to manage, has been approved during the shareholders' meeting held on July 29, 2021. The maximum limit of the newly issued shares will be 21 million shares.

On September 17, 2021, the Board of Directors resolved to issue 10,000 thousand common shares at a private placement price of \$106.65 per share, and par value per share is \$10. As of September 30, 2021, a total of \$100,000 thousand of advanced receipts for share capital have been collected and recognized under equity. The Company determine the base date for the capital increase to be on October 1, 2021. The relevant statutory registration procedures have been completed.

2. Capital surplus

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Share capital	\$ 1,694,160	1,694,160	1,694,160
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,111	8,643	8,643
Changes in equity of subsidiaries	91,569	77,939	22,395
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	-
Share based payment transactions— treasury stock	1,785	-	-
	<u>\$ 1,952,733</u>	<u>1,938,916</u>	<u>1,725,198</u>

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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.

3. 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 16, 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.

4. 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 September 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.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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.

On August 6, 2021, the Board of the Directors of the Company resolved to transfer treasury shares to employees at the transfer price of \$88.01 per share, and the actual number of shares transferred were 333 thousand shares.

5. Other equity, net of tax

	Exchange difference on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation
Balance at January 1, 2021	\$ (116,979)	76,811	(24,042)
Exchange differences on foreign operations	(24,924)	-	-
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	84,978	-
Share-based payment transactions	-	-	11,724
Balance at September 30, 2021	<u>\$ (141,903)</u>	<u>161,789</u>	<u>(12,318)</u>
Balance at January 1, 2020	\$ (24,825)	73,025	-
Exchange differences on foreign operations	(53,152)	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	14,436	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(24,300)	-
Balance at September 30, 2020	<u>\$ (77,977)</u>	<u>63,161</u>	<u>-</u>

6. Non-controlling Interests

	2021	2020
Balance at January 1	\$ 724,356	724,314
Shares of non-controlling interests		
Losses for the nine months ended September 30	(17,382)	(15,995)
Foreign currency translation differences for foreign operations	(4,148)	(2,478)
Changes in ownership interests in subsidiaries	2,998	43,062
Changes in non-controlling interests	21,764	15,283
Balance at September 30	<u>\$ 727,588</u>	<u>764,186</u>

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(t) Share-based payment

The Group had two share-based payment arrangements as follows as of September 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. Share-based payment transactions

	Equity-settled	
	Treasury stocks transferred to employees	Employee stock options
Grant date	August 6, 2021	106.5.25
Number of shares granted	333,000 shares	33,372,000 units
Contract term	2 years	4 years
Vesting conditions	Immediately vested	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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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>Treasury stocks transferred to employees</u>	<u>Employee stock option plan1</u>
Fair value at grant date	4.88	-
Stock price at grant date	91.18	-
Exercise price	-	USD 0.09
Expected volatility (%)	4.682%	28.78%~60.78%
Expected life of the option (years)	-	5 years
Risk-free interest rate (%)	0.0484%	0.95%~1.31%

2) Information on employee stock options

(Unit: Thousands)

	<u>For the nine months ended September 30,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Weighted- average exercise price</u>	<u>Numbers of options</u>	<u>Weighted- average exercise price</u>	<u>Numbers of options</u>
Balance, beginning of January 1	USD 0.09	17,468	USD 0.09	18,954
Options granted	-	333	-	-
Options forfeited	-	(1,245)	-	(151)
Options exercised	-	(333)	-	-
Options expired	-	-	-	-
Balance, end of September 30	0.09	<u>16,223</u>	0.09	<u>18,803</u>
Options exercisable, end of September 30	-	<u>16,223</u>	-	<u>14,103</u>

3. Expenses and liabilities resulted from share-based payments

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salary expenses	\$ <u>5,734</u>	<u>236</u>	<u>13,757</u>	<u>1,427</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(u) Earnings per share

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit attributable to common stockholders of the Company	\$ <u>74,895</u>	<u>67,721</u>	<u>275,309</u>	<u>223,488</u>
Weighted-average number of ordinary shares	<u>115,929</u>	<u>117,159</u>	<u>116,344</u>	<u>117,159</u>
Basic earnings per share (New Taiwan Dollars)	\$ <u>0.65</u>	<u>0.58</u>	<u>2.37</u>	<u>1.91</u>
Profit attributable to common stockholders of the Company (basic)	\$ 74,895	67,721	275,309	223,488
Influence on related profit or loss of convertible bonds, net of tax	(600)	-	3,278	-
Profit attributable to common stockholders of the Company (diluted)	\$ <u>74,295</u>	<u>67,721</u>	<u>278,587</u>	<u>223,488</u>
Weighted-average number of ordinary shares (basic)	115,929	117,159	116,344	117,159
Unvested employee restricted shares	66	-	998	-
Influence of conversion of convertible bonds	13,393	-	13,393	-
Effect of employee stock compensation	<u>252</u>	<u>190</u>	<u>281</u>	<u>237</u>
Weighted-average number of ordinary shares (diluted)	<u>129,640</u>	<u>117,349</u>	<u>131,016</u>	<u>117,396</u>
Diluted earnings per share (New Taiwan Dollars)	\$ <u>0.57</u>	<u>0.58</u>	<u>2.13</u>	<u>1.91</u>

(v) Revenue from contracts with customers

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue of electronic commerce	\$ 11,338,114	10,262,161	34,494,097	31,164,083
Revenue of non-electronic commerce	<u>71,984</u>	<u>50,507</u>	<u>138,717</u>	<u>121,726</u>
	\$ <u>11,410,098</u>	<u>10,312,668</u>	<u>34,632,814</u>	<u>31,285,809</u>

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

The amount of revenue recognized for the nine months ended September 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$554,103 thousand and \$421,921 thousand, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(w) 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.

The remunerations to employees amounted to \$6,675 thousand, \$3,387 thousand, \$26,490 thousand and \$19,814 thousand; and the remunerations to directors and supervisors amounted to \$749 thousand, \$380 thousand, \$2,973 thousand and \$2,224 thousand, respectively, for the three-months period and the nine-months period ended September 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.

(x) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 2,336	2,429	6,993	8,251
Other interest income				
Interest income on lease receivable	8	29	32	69
Other	46	32	128	56
Total interest income	\$ 2,390	2,490	7,153	8,376

2. Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Dividend income	\$ 2,936	6,285	15,467	8,495
Other income, others	10,727	17,472	17,999	46,981
Total other income	\$ 13,663	23,757	33,466	55,476

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

3. Other gains and losses, net

The details of other gains and losses were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gains on disposal of property, plant and equipment	\$ -	-	13	-
Losses on disposal of investments	-	(1,701)	-	(1,701)
Foreign currency exchange gains (losses)	2,451	153	(707)	(459)
Gains (Losses) on current financial assets at fair value through profit or loss	29,244	(5,790)	59,052	6,704
Others	(52)	(4,918)	(1,175)	(6,079)
Other gains and losses, net	<u>\$ 31,643</u>	<u>(12,256)</u>	<u>57,183</u>	<u>(1,535)</u>

4. Finance costs

The details of finance cost were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expense	<u>\$ 13,545</u>	<u>12,325</u>	<u>40,168</u>	<u>40,802</u>

(y) 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>
<b>Balance at September 30, 2021</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 743,612	743,612	743,612	-	-	-	-
Notes payable	1,690	1,690	1,690	-	-	-	-
Accounts payable	3,798,359	3,798,359	3,798,359	-	-	-	-
Other payables	949,789	949,789	933,647	16,142	-	-	-
Receipts under custody	1,569,766	1,569,766	1,569,766	-	-	-	-
Lease liability	2,210,437	2,210,437	245,139	213,376	407,548	1,024,021	320,353
Long-term borrowings	919,700	919,700	125,000	100,000	200,000	100,000	394,700
Bonds payable	1,478,299	1,500,000	-	-	-	1,500,000	-
	<u>\$ 11,671,652</u>	<u>11,693,353</u>	<u>7,417,213</u>	<u>329,518</u>	<u>607,548</u>	<u>2,624,021</u>	<u>715,053</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

	<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>
<b>Balance at December 31, 2020</b>							
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>
<b>Balance at September 30, 2020</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 500,000	500,000	500,000	-	-	-	-
Notes payable	2,209	2,209	2,209	-	-	-	-
Accounts payable	3,137,968	3,137,968	3,137,968	-	-	-	-
Other payables	895,355	895,355	880,163	15,192	-	-	-
Receipts under custody	1,546,641	1,546,641	1,546,641	-	-	-	-
Lease liability	2,646,085	2,646,085	256,823	249,595	451,832	1,219,474	468,361
Long-term borrowings	1,325,000	1,325,000	100,000	200,000	325,000	600,000	100,000
	<u>\$ 10,053,258</u>	<u>10,053,258</u>	<u>6,423,804</u>	<u>464,787</u>	<u>776,832</u>	<u>1,819,474</u>	<u>568,361</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>2021.9.30</u>			<u>2020.12.31</u>			<u>2020.9.30</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	\$ 4,214	27.85	117,347	2,270	28.10	63,773	1,751	28.96	50,713
JPY	261,114	0.2488	64,965	-	-	-	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	239	27.85	6,648	335	28.10	9,427	246	28.96	7,132

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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 and JPY as at September 30, 2021 and 2020, would have increased or decreased net income by \$7,027 thousand and \$1,743 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the six months ended September 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 nine months ended June 30, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized) were loss \$707 thousand and loss \$459 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 \$5,303 thousand and \$5,020 thousand for the nine months ended September 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 nine months ended September 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%	\$ 3,181	1,155	1,096	531
Decreasing 1%	(3,181)	(1,155)	(1,096)	(531)



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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:

	2021.9.30				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 138,965	-	-	138,965	138,965
Domestic and foreign convertible bonds	58,851	-	-	58,851	58,851
Embedded derivative-call option	5,400	-	-	5,400	5,400
	<u>\$ 203,216</u>	<u>-</u>	<u>-</u>	<u>203,216</u>	<u>203,216</u>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 397,631	-	-	397,631	397,631
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<u>\$ 405,967</u>	<u>-</u>	<u>-</u>	<u>405,967</u>	<u>405,967</u>
2020.12.31					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Fair value through profit or loss</b>					
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>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 248,425	-	-	248,425	248,425

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

	2020.9.30				
	Book Value	Fair Value			Total
Level 1		Level 2	Level 3		
<b>Fair value through profit or loss</b>					
Preferred stock	\$ 66,323	-	-	66,323	66,323
Foreign convertible bonds	16,249	-	-	16,249	16,249
	<u>\$ 82,572</u>	<u>-</u>	<u>-</u>	<u>82,572</u>	<u>82,572</u>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ <u>136,965</u>	<u>-</u>	<u>-</u>	<u>136,965</u>	<u>136,965</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
<b>Opening balance, January 1, 2021</b>	\$ 101,813	248,425
Purchased	65,391	72,565
Derecognized	(23,040)	-
Total gains and losses recognized:		
In profit or loss	59,052	-
In other comprehensive income	-	84,977
<b>Ending Balance, September 30, 2021</b>	<u>\$ 203,216</u>	<u>405,967</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
<b>Opening balance, January 1, 2020</b>	\$ 58,599	214,329
Purchased	17,269	7,500
Derecognized	-	(99,300)
Total gains and losses recognized:		
In profit or loss	6,704	-
In other comprehensive loss	-	14,436
<b>Ending Balance, September 30, 2020</b>	<u>\$ 82,572</u>	<u>136,965</u>

For the three months and the nine months ended September 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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Total gains and losses recognized:				
In other gains and losses	\$ 29,244	(5,790)	59,052	6,704
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	16,436	16,329	84,977	14,436

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

Quantified information of significant unobservable inputs was as follows:

<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 profit or loss – Embedded derivative – call options	Binomial tree pricing convertible bonds model	·Volatility (51.06%)	·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 (1.8~21.3)	·The estimated fair value would increase (decrease) if the enterprise value were higher (lower).
Fair value through other comprehensive income – Equity investments without an active market	Comparable listed company market approach	·Market value ratio (0.83~7.24) ·Liquidity discounted rate (15.72%~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>	
<b>September 30, 2021</b>							
Financial assets at fair value through profit or loss							
	Embedded derivative – call options	Volatility	5%	\$ 270	(270)	-	-
	Derivative financial instruments	P/S ratio	5%	2,493	(2,493)	-	-
	Equity investments without an active market	P/S ratio	5%	6,948	(6,948)	-	-
Financial assets at fair value through other comprehensive income							
	Equity investments without an active market	Market value ratio	5%	-	-	15,005	(14,691)
	"	Liquidity discounted rate	5%	-	-	14,245	(14,056)
				<u>\$ 9,711</u>	<u>(9,711)</u>	<u>29,250</u>	<u>(28,747)</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

	Input	Variation	Profit or loss		Other comprehensive income		
			Favor-able	Unfavor-able	Favor-able	Unfavor-able	
<b>December 31, 2020</b>							
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>	
<b>September 30, 2020</b>							
Financial assets at fair value through profit or loss							
Derivative financial instruments	P/S ratio	-%	\$ 812	(812)	-	-	
Equity investments without an active market	P/S ratio	5%	3,316	(3,316)	-	-	
Financial assets at fair value through other comprehensive income							
Equity investments without an active market	Market value ratio	5%	-	-	6,542	(6,580)	
"	Liquidity discounted rate	5%	-	-	9,595	(9,473)	
			<u>\$ 4,128</u>	<u>(4,128)</u>	<u>16,137</u>	<u>(16,053)</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.

(z) 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.

(aa) 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

**(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.	Subsidiary of the Company
Ruten Japan KK	"
Miho International Cosmetic Co., Ltd.	Other related party of the Company
Eastern Online Co., Ltd.	"
Site Co., Ltd.	"
PayEasy Ltd.	"

(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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates	\$ <u>71</u>	<u>71</u>	<u>864</u>	<u>214</u>

2. Purchases

The amounts of significant purchase transactions and outstanding balances between the consolidated entity and related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>52</u>	<u>452</u>	<u>456</u>	<u>2,798</u>

Prices for the purchases above were negotiated, and there were no comparable prices with non-related parties.

3. Receivables from related parties

The receivables from related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Account receivables	Associates	\$ 25	25	25
Other receivables	Associates	39	31	49
Lease receivable	Associates	2,217	4,681	5,083
Accounts receivable (note)	Other related parties	22,410	21,452	18,759
Other receivables	Other related parties	12	-	-
		\$ <u>24,703</u>	<u>26,189</u>	<u>23,916</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

Note: For the nine months ended September 30, 2021 and 2020, the collections and payments generated by exchanging points of the Group amounted to \$92,780 thousand and \$81,822 thousand, respectively. As of September 30, 2021, the carrying amount was recognized under account receivables.

4. Payables to related parties

<u>Item</u>	<u>Related party categories</u>	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Other payables	Associates	\$ -	2	10
Other payables	Other related parties	290	429	550
		<u>\$ 290</u>	<u>431</u>	<u>560</u>

5. Operating expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>433</u>	<u>895</u>	<u>1,879</u>	<u>2,069</u>

6. Other operating income

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates	\$ 14	22	49	74
Other related parties	6	6	17	17
	<u>\$ 20</u>	<u>28</u>	<u>66</u>	<u>91</u>

7. Loans to related parties

The loans to related parties were as follows:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Other related parties-Miho International Cosmetic Co., Ltd.	\$ <u>8,500</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 nine months ended September 30, 2021, interest revenue from loans receivable from related parties amounted to \$35 thousand and \$81 thousand, respectively.

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ <u>25,817</u>	<u>13,193</u>	<u>75,320</u>	<u>49,209</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

**(8) Restricted Assets**

The following assets were restricted in use:

<u>Assets</u>	<u>Purpose of Pledge</u>	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Other current financial assets	Security for performance, purchase guarantee and loans with certificate of deposits	\$ 480,179	489,608	498,634
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	142,524	149,592	151,622
		<u>\$ 622,703</u>	<u>639,200</u>	<u>650,256</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 September 30, 2021, December 31, 2020, and September 30, 2020, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$166,205 thousand, \$248,140 thousand, and \$165,843 thousand, respectively.
- (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 September 30, 2021, December 31, 2020, and September 30, 2020.
- (d) As of September 30, 2021, December 31, 2020, and September 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 \$4,080,000 thousand, \$4,119,000 thousand, and \$4,111,800 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 August 1, 2022 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.
- (f) As of September 30, 2021, the Group has paid \$483,041 thousand for acquiring property, plant and equipment and recognized under other non-current assets, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting to \$252,969 thousand.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

- (g) As of September 30, 2021, the Group has entered into an agreement with a financial institution for providing trust account for the Group on the balance amount received through the Group's online payment processing services to online sellers; the amount of the trust account agreed therein is \$278,615 thousand.

**(10) Significant Catastrophic Losses: None.**

**(11) Significant Subsequent Events**

- (a) On September 17, 2021, the Company was approved by the resolution of the Board of Directors to integrate the resources of both parties, strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of both parties in line with the Group's development strategy. The Company invested \$2,160,626 thousand to acquire 13,720 thousand ordinary shares of 21st Century Digital Technology Co., Ltd., and exchanged 21,555 thousand shares of Pi Mobile Technology Inc. for newly issued 6,423 thousand shares of 21st Century Digital Technology Co., Ltd.. The base date of the transaction is October 1, 2021 and the registration procedures have been completed.

**(12) Others**

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

Categorized as Nature	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	65,128	410,009	475,137	52,523	336,376	388,899
Labor and health insurance	6,855	39,002	45,857	5,443	33,025	38,468
Pension	2,946	20,010	22,956	2,464	18,205	20,669
Others employee benefits	4,081	35,718	39,799	2,135	13,601	15,736
Depreciation	14,560	160,903	175,463	14,841	164,808	179,649
Amortization	86	7,102	7,188	91	7,373	7,464

Categorized as Nature	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	180,718	1,179,012	1,359,730	150,031	1,130,826	1,280,857
Labor and health insurance	19,631	114,286	133,917	15,375	102,478	117,853
Pension	8,330	57,716	66,046	6,861	54,458	61,319
Others employee benefits	8,982	81,932	90,914	5,755	40,972	46,727
Depreciation	44,912	483,840	528,752	43,315	489,336	532,651
Amortization	216	19,425	19,641	304	22,098	22,402

- (b) Seasonality of operations:

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

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

## PCHOME ONLINE INC. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

## (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 nine months ended September 30, 2021:

## 1. Fund financing to other parties:

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

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	1,435,146	1,435,146
1	PChome CB Co., Ltd.	PChome Bibian Inc.	Other receivables	Yes	10,000	-	-	1.30 %	2	-	Business turnover	-	-	-	77,198	77,198
2	YunTan technology Inc.	YunTan insurance broker Inc.	Other receivables	Yes	4,000	-	-	2.616 %	2	-	Business turnover	-	-	-	9,966	9,966
3	PChome eBay Co., Ltd.	PChome US Inc.	Other receivables	Yes	15,000	15,000	15,000	1.20 %	2	-	Business turnover	-	-	-	325,937	325,937

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	1,793,933	8,552	2,604	2,604	-	0.07 %	3,587,866	Y	N	N
0	"	Pi Mobile Technology Inc.	2	1,793,933	300,000	300,000	300,000	-	8.36 %	3,587,866	Y	N	N
0	"	PChome Store Inc.	2	1,793,933	440,000	200,000	125,000	-	5.57 %	3,587,866	Y	N	N
0	"	PChome Bibian Inc.	2	1,793,933	75,810	74,640	41,052	-	2.08 %	3,587,866	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

- The companies with which it has business relations.
- Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common stocks.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
- 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.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- 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.

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

## PCHOME ONLINE INC. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

## 3. Information regarding securities held at balance sheet date:

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

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	23,827	3.72 %	23,827	
	Openfind Information Technology, Inc.	-	"	800,000	37,152	6.22 %	37,152	
	Career Consulting Co., Ltd.	-	"	113,005	2,182	0.72 %	2,182	
	Readmoo Co., Ltd.	-	"	3,725,645	45,341	18.39 %	45,341	
	IPEVO Corp.	-	"	1,958,018	106,908	7.19 %	106,908	
	Famicloud Inc.	-	"	500,000	9,555	2.83 %	9,555	
	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	4,711	4.75 %	4,711	
	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	103,725	8.09 %	103,725	
	Influenxio Limited	-	"	9,915	8,000	3.98 %	8,000	
	Preferred stocks:							
	Pickupp Limited	-	"	524,714	56,230	3.17 %	56,230	
	Convertible bonds:							
Our Agriculture Inc.	-	"	-	8,336	- %	8,336		
Linktel Inc.	Common Stock:							
	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	- %	-	
	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	
	PayEasy Ltd.	-	"	5,437,762	-	12.51 %	-	
Chunghwa PChome Fund 1 Co., Ltd.	17Life Ltd.	-	"	1,126,049	-	6.26	-	
	Convertible bonds:							
	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.	-	"	-	-	- %	-	
	Preferred stocks:							
	FP International Limited	-	"	42,037	13,346	1.97 %	13,346	
	Ecommerce Enablers Pte. Ltd.	-	"	94,437	19,578	0.17 %	19,578	
USPACE Tech Co., Ltd.	USPACE Tech Co., Ltd.	-	"	1,695,873	61,051	17.20 %	61,051	
	Our Agriculture Inc.	-	"	7,400,000	16,650	8.05 %	16,650	
	Moovo Mobility Inc.	-	"	294,118	14,255	2.04 %	14,255	
	Pickupp Limited	-	"	131,179	14,085	0.72 %	14,085	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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.
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	491,880	- %	-		491,880	-

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	Accounts receivable	491,880	Usual terms and conditions	2.87 %

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

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

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. 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.

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

## PCHOME ONLINE INC. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

## (b) Information on investees:

For the nine months ended September 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 %	50,966	(3,878)	(3,878)	Note
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	43,135	(25,244)	(25,244)	"
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	2,507	(885)	(885)	"
"	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	28,313	33,551	8,881	"
"	PChome Store Inc.	"	Internet services	326,494	326,494	18,435,220	34.35 %	(243,229)	(14,909)	(5,121)	Note
"	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800,000	91.97 %	5,793	(1,194)	(1,098)	"
"	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	1,069,297	1,069,297	349,508,366	100.00 %	539,489	32,143	32,143	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	530,319	530,319	34,488,513	80.85 %	217,212	(228,810)	(185,425)	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	36,319	(23,893)	(15,829)	"
"	PChome Travel Inc.	Taiwan	Travel agencybusiness	36,000	36,000	3,600,000	100.00 %	17,552	(3,961)	(3,961)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	3,990	(58)	(58)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,169,090	335,680,846	100.00 %	(359,090)	(14,479)	(14,479)	"
"	PChome Express Co., Ltd.	Taiwan	Transportation andlogistics	200,000	200,000	20,000,000	100.00 %	144,347	(13,166)	(13,166)	"
"	Chunghwa PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	216,691	47,670	23,835	"
"	Cornerstone Ventures Co., Ltd.	"	Investment activities	5,100	5,100	510,000	51.00 %	6,909	1,183	603	"
"	PChome CB Co., Ltd.	"	E-commerce cross-borderservices	140,000	140,000	14,000,000	70.00 %	135,096	13,414	9,390	"
"	Mitch Co., Ltd.	"	Clothing sales	162,000	162,000	16,200,000	60.00 %	71,994	(74,313)	(44,588)	"
"	YunTan technology Inc.	"	Information processing and provision of electronicinformation	54,250	-	1,261,628	70.00 %	51,919	(2,769)	(2,294)	"
"	Ruten Japan KK	Japan	Information processing and provision of electronicinformation	9,830	-	36,044,850	28.49 %	9,205	(21,501)	(99)	"
PChome eBay Co., Ltd.	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	205,200	205,200	2,611,531	6.12 %	16,442	(228,810)	(14,042)	"
"	PChome Store Inc.	"	Internet services	632,258	632,258	11,896,486	22.16 %	(30,623)	(14,909)	(3,304)	"
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronicinformation	9,153	-	3,300,000	100.00 %	8,897	(295)	(295)	"

## (English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

## PCHOME ONLINE INC. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(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			
Pi Mobile Technology Inc.	Pay and Link Inc.	Taiwan	Electronic payment business	500,388	500,388	50,100,000	100.00 %	299,337	(29,318)	(29,318)	Note
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,557	(25)	(25)	"
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 %	3,959	(806)	(806)	"
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 %	6,307	(622)	(622)	"
PC Home Online (HK) Ltd.	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	5,438	-	- %	-	(21,501)	(512)	"
eCommerce Group Co., Ltd.	RUTEN GLOBAL INC.	Cayman Islands	Investment activities	831,606	831,606	266,063,307	100.00 %	621,970	32,406	32,406	Note
Ruten Global Inc.	EC Global Limited	Hong Kong	Investment activities	22,740	22,740	7,494,642	100.00 %	6,228	(241)	(241)	"
"	PCHome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	534,651	67,236	43,703	"
"	Ruten Japan KK	Japan	Information processing and provision of electronic information	-	68,124	-	- %	-	(21,501)	(8,173)	"
PCHome Holding Inc.	PCHome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,169,090	38,335,000	100.00 %	983,307	(13,935)	(13,935)	Note
PCHome Marketplace Inc.	PCHome Japan KK Inc.	Japan	International trading E-commerce	37,580	119,330	43,500,000	100.00 %	15,098	(3,367)	(3,367)	"
"	PCHome Store Inc.	Taiwan	Internet services	998,758	998,758	19,206,893	35.78 %	(382,902)	(14,909)	(5,335)	"
PCHome CB Co., Ltd.	PCHome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	134,057	5,666	5,666	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	46,045	7,763	7,763	"
PCHOME CB PTE. LTD.	PCHome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	40,137	7,814	7,814	"
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	8,600	4,500,000	100.00 %	20,153	(2,582)	(2,582)	"

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

## (c) Information on investment in Mainland China:

- Information on investment in Mainland China: None.
- 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	2,589,272

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 nine months ended September 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 September 30, 2021, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

## 3. Significant transactions: None.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
Site Co., Ltd.		18,907,864	15.98 %

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 September 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 September 30, 2021	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
<b>Revenue:</b>					
Non-inter-company revenue	\$ 10,831,523	403,009	175,566	-	11,410,098
Inter-company revenue	10,503	17,106	138,894	(166,503)	-
<b>Total Revenue</b>	<b>\$ 10,842,026</b>	<b>420,115</b>	<b>314,460</b>	<b>(166,503)</b>	<b>11,410,098</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ 152,473</b>	<b>30,347</b>	<b>(126,454)</b>	<b>5,401</b>	<b>61,767</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2021 AND 2020

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

<u>For the three months ended September 30, 2020</u>	<u>E-Commerce- Sales</u>	<u>Market Place</u>	<u>Other</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
<b>Revenue:</b>					
Non-inter-company revenue	\$ 9,767,310	430,015	115,343	-	10,312,668
Inter-company revenue	5,493	(878)	130,058	(134,673)	-
<b>Total Revenue</b>	<b>\$ 9,772,803</b>	<b>429,137</b>	<b>245,401</b>	<b>(134,673)</b>	<b>10,312,668</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ 90,230</b>	<b>20,756</b>	<b>(80,162)</b>	<b>9,929</b>	<b>40,753</b>
<u>For the nine months ended September 30, 2021</u>					
<b>Revenue:</b>					
Non-inter-company revenue	\$ 32,998,876	1,207,613	426,325	-	34,632,814
Inter-company revenue	30,475	45,596	400,136	(476,207)	-
<b>Total Revenue</b>	<b>\$ 33,029,351</b>	<b>1,253,209</b>	<b>826,461</b>	<b>(476,207)</b>	<b>34,632,814</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ 589,140</b>	<b>81,766</b>	<b>(384,873)</b>	<b>16,373</b>	<b>302,406</b>
<u>For the nine months ended September 30, 2020</u>					
<b>Revenue:</b>					
Non-inter-company revenue	\$ 29,610,757	1,396,124	278,928	-	31,285,809
Inter-company revenue	24,489	3,814	333,247	(361,550)	-
<b>Total Revenue</b>	<b>\$ 29,635,246</b>	<b>1,399,938</b>	<b>612,175</b>	<b>(361,550)</b>	<b>31,285,809</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ 425,802</b>	<b>60,363</b>	<b>(257,586)</b>	<b>19,839</b>	<b>248,418</b>