

**PCHOME ONLINE INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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

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

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安侯建業聯合會計師事務所  
KPMG

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

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Review Report

To the Board of Directors of PChome Online Inc.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of the PChome Online Inc. and its subsidiaries (the "Group") of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$1,716,540 thousand and \$1,444,677 thousand, each constituting 6% and 6% of the consolidated total assets as of March 31, 2023 and 2022, respectively; the total liabilities amounting to \$595,014 thousand and \$506,812 thousand, each constituting 3% and 3% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively, and the total comprehensive income (loss) amounting to loss \$65,976 thousand and loss \$52,465 thousand, constituting 129% and 74% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$270,901 thousand and \$42,130 thousand as of March 31, 2023 and 2022, respectively, and its share of gain or loss of associates and joint ventures accounted for using equity method on these investee companies of gain \$974 thousand and gain \$2,729 thousand for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three 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.

## Other Matter

We did not review the financial statements of some subsidiaries of the PChome Online Inc. and its subsidiaries. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for some subsidiaries, is based solely on the review report of another auditor. The financial statements of some subsidiaries reflect total assets amounting to \$7,517,974 thousand, constituting 26% of consolidated total assets at March 31, 2023 and 2022, respectively, and total revenues amounting to \$330,922 thousand, constituting 3% of consolidated total revenues for the three months ended March 31, 2023.

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)

May 15, 2023

## 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 Standards on Auditing**

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**March 31, 2023, December 31, 2022, and March 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

	2023.3.31		2022.12.31		2022.3.31			2023.3.31		2022.12.31		2022.3.31			
	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))	\$ 6,697,676	23	6,849,807	26	6,940,714	30	2100	Short-term borrowings (Notes (6)(l) and (7))	\$ 5,215,427	18	3,362,455	12	2,249,476	10
1110	Current financial assets at fair value through profit or loss							2130	Current contract liabilities (Note (6)(m))	529,474	2	629,463	2	506,742	2
	(Note (6)(b))	-	-	8,640	-	52,714	-	2170	Accounts and notes payable	2,469,341	8	3,925,764	15	3,258,401	14
1170	Accounts and notes receivable, net (Notes (6)(d) and (7))	2,990,030	10	3,323,951	13	2,700,944	12	2200	Other payables (Notes (6)(g) and (7))	1,259,756	4	1,798,731	7	1,070,413	4
1200	Other receivables, net (Notes (6)(d) and (7))	1,279,417	4	1,282,431	5	1,246,280	6	2230	Current tax liabilities	240,625	1	196,335	1	486,939	2
1300	Inventories (Note (6)(c))	1,739,107	6	1,983,183	7	1,474,173	6	2280	Current lease liabilities (Note (6)(p))	582,653	2	557,850	2	458,999	2
1476	Other current financial assets (Note (8))	1,490,063	5	1,156,475	4	912,497	4	2300	Other current liabilities (Note (6)(m))	2,149,574	7	2,278,226	9	2,249,278	10
1479	Other current assets, others	433,004	2	501,936	2	412,286	2	2320	Long-term liabilities, current portion(Notes (6)(n) and (o))	1,480,944	5	1,428,489	5	228,250	1
		<u>14,629,297</u>	<u>50</u>	<u>15,106,423</u>	<u>57</u>	<u>13,739,608</u>	<u>60</u>			<u>13,927,794</u>	<u>47</u>	<u>14,177,313</u>	<u>53</u>	<u>10,508,498</u>	<u>45</u>
<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))	421,402	1	412,790	1	199,704	1	2530	Bonds payable (Note (6)(o))	-	-	-	-	1,363,973	6
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	828,984	3	791,590	3	726,109	3	2540	Long-term borrowings (Notes (6)(n) and (7))	2,140,433	8	2,189,558	8	1,177,212	5
1550	Investments accounted for using equity method							2570	Deferred tax liabilities (Note (6)(q))	13,891	-	6,829	-	1,408	-
	(Note (6)(f))	270,901	1	271,852	1	42,130	-	2580	Non-current lease liabilities (Note (6)(p))	4,527,085	15	1,527,013	6	1,690,552	7
1600	Property, plant and equipment (Note (6)(i))	1,158,784	4	1,132,645	4	990,765	4	2612	Long-term other payable (Note (6)(g))	234,748	1	234,612	1	550,156	2
1755	Right-of-use assets (Note (6)(j))	5,045,005	17	2,016,683	8	2,101,669	9	2670	Other non-current liabilities, others	17,198	-	16,563	-	8,747	-
1780	Intangible assets (Note (6)(k))	5,780,420	20	5,807,608	22	4,141,817	18			<u>6,933,355</u>	<u>24</u>	<u>3,974,575</u>	<u>15</u>	<u>4,792,048</u>	<u>20</u>
1840	Deferred tax assets (Note (6)(q))	161,539	1	148,942	1	125,860	1	<b>Total liabilities</b>							
1930	Long-term notes and accounts receivable (Note (6)(d))	641,584	2	620,158	2	581,298	3			<u>20,861,149</u>	<u>71</u>	<u>18,151,888</u>	<u>68</u>	<u>15,300,546</u>	<u>65</u>
1980	Other non-current financial assets (Note (8))	249,110	1	217,762	1	217,851	1	<b>Equity attributable to owners of parent (Note (6)(r)):</b>							
1990	Other non-current assets, others	62,998	-	65,597	-	32,401	-	Share capital:							
		<u>14,620,727</u>	<u>50</u>	<u>11,485,627</u>	<u>43</u>	<u>9,159,604</u>	<u>40</u>	Ordinary share							
								1,281,629							
								4							
								1,281,629							
								5							
								1,285,139							
								6							
								Capital surplus							
								5,108,435							
								18							
								5,011,096							
								19							
								4,716,720							
								21							
								Retained earnings							
								27,763							
								-							
								148,993							
								1							
								147,616							
								1							
								Other equity interest							
								173,730							
								1							
								146,752							
								-							
								143,614							
								1							
								Treasury shares							
								(210,502)							
								(1)							
								(210,502)							
								(1)							
								(77,362)							
								-							
								<b>Total equity attributable to owners of parent:</b>							
								6,381,055							
								22							
								6,377,968							
								24							
								6,215,727							
								29							
								<b>Non-controlling interests (Notes (6)(h) and (6)(r))</b>							
								2,007,820							
								7							
								2,062,194							
								8							
								1,382,939							
								6							
								<b>Total equity</b>							
								8,388,875							
								29							
								8,440,162							
								32							
								7,598,666							
								35							
								<b>Total liabilities and equity</b>							
								\$ 29,250,024							
								100							
								26,592,050							
								100							
								22,899,212							
								100							
<b>Total assets</b>		<u>\$ 29,250,024</u>	<u>100</u>	<u>26,592,050</u>	<u>100</u>	<u>22,899,212</u>	<u>100</u>			<u>\$ 29,250,024</u>	<u>100</u>	<u>26,592,050</u>	<u>100</u>	<u>22,899,212</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.)**  
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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the three months ended March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

		<u>For the three months ended March 31,</u>			
		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4111	Sales revenue	\$ 10,316,045	102	11,842,487	101
4170	Less: Sales returns	160,145	2	133,050	1
	<b>Operating revenue, net (Note (6)(u))</b>	<u>10,155,900</u>	<u>100</u>	<u>11,709,437</u>	<u>100</u>
5000	<b>Operating costs (Note (6)(e))</b>	<u>8,956,648</u>	<u>88</u>	<u>10,276,244</u>	<u>88</u>
	<b>Gross profit from operations</b>	<u>1,199,252</u>	<u>12</u>	<u>1,433,193</u>	<u>12</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	929,715	9	1,047,761	9
6200	Administrative expenses	159,672	2	180,123	2
6300	Research and development expenses	147,742	1	151,842	1
6450	Expected credit loss (Note (6)(d))	80,204	1	52,266	-
	<b>Total operating expenses</b>	<u>1,317,333</u>	<u>13</u>	<u>1,431,992</u>	<u>12</u>
	<b>Net operating (loss) profit</b>	<u>(118,081)</u>	<u>(1)</u>	<u>1,201</u>	<u>-</u>
	<b>Non-operating income and expenses (Note (6)(w)):</b>				
7100	Interest income	10,329	-	2,847	-
7010	Other income	72,595	-	38,906	-
7020	Other gains and losses, net	30,045	-	1,735	-
7050	Finance costs	(36,905)	-	(14,477)	-
7060	Share of loss of associates and joint ventures accounted for using equity method, net	974	-	2,729	-
	<b>Total non-operating income and expenses</b>	<u>77,038</u>	<u>-</u>	<u>31,740</u>	<u>-</u>
	<b>Profit (Loss) from continuing operations before tax</b>	<u>(41,043)</u>	<u>(1)</u>	<u>32,941</u>	<u>-</u>
7950	<b>Less: Tax expense (Note (6)(q))</b>	<u>39,836</u>	<u>-</u>	<u>63,558</u>	<u>-</u>
	<b>Loss</b>	<u>(80,879)</u>	<u>(1)</u>	<u>(30,617)</u>	<u>-</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(253)	-	-	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(x))	37,394	-	(41,780)	-
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>	<u>37,141</u>	<u>-</u>	<u>(41,780)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign statements	(7,217)	-	1,919	-
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>	<u>(7,217)</u>	<u>-</u>	<u>1,919</u>	<u>-</u>
	<b>Other comprehensive income (loss), net of tax</b>	<u>29,924</u>	<u>-</u>	<u>(39,861)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ (50,955)</u>	<u>(1)</u>	<u>(70,478)</u>	<u>-</u>
	<b>(Loss) Profit attributable to:</b>				
8610	(Loss) Profit attributable to owners of parent	\$ (120,977)	(1)	(32,077)	
8620	Profit (Loss), attributable to non-controlling interests	40,098	-	1,460	-
		<u>\$ (80,879)</u>	<u>(1)</u>	<u>(30,617)</u>	<u>-</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive (loss) income, attributable to owners of parent	\$ (94,262)	(1)	(72,501)	-
8720	Comprehensive income (loss), attributable to non-controlling interests	43,307	-	2,023	-
		<u>\$ (50,955)</u>	<u>(1)</u>	<u>(70,478)</u>	<u>-</u>
	<b>Earnings per share (Note (6)(t))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>		<u>(0.96)</u>		<u>(0.25)</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 Standards on Auditing**

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the three months ended March 31, 2023 and 2022**  
**(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, 2022</b>	\$ 1,274,159	10,980	4,692,857	44,623	40,168	158,719	(12,414)	202,896	(7,896)	(77,362)	6,326,730	1,327,580	7,654,310
Profit (loss) for the three months ended March 31, 2022	-	-	-	-	-	(32,077)	-	-	-	-	(32,077)	1,460	(30,617)
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	1,356	(41,780)	-	-	(40,424)	563	(39,861)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	(32,077)	1,356	(41,780)	-	-	(72,501)	2,023	(70,478)
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	-	(63,817)	-	-	-	-	(63,817)	-	(63,817)
Conversion of convertible bonds	10,980	(10,980)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	23,863	-	-	-	-	-	-	-	23,863	(27,314)	(3,451)
Share-based payment transactions	-	-	-	-	-	-	-	-	1,452	-	1,452	-	1,452
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	80,650	80,650
<b>Balance at March 31, 2022</b>	<b>\$ 1,285,139</b>	<b>-</b>	<b>4,716,720</b>	<b>44,623</b>	<b>40,168</b>	<b>62,825</b>	<b>(11,058)</b>	<b>161,116</b>	<b>(6,444)</b>	<b>(77,362)</b>	<b>6,215,727</b>	<b>1,382,939</b>	<b>7,598,666</b>
<b>Balance at January 1, 2023</b>	\$ 1,281,629	-	5,011,096	54,113	-	94,880	(9,252)	156,045	(41)	(210,502)	6,377,968	2,062,194	8,440,162
Profit (Loss) for the three months ended March 31, 2023	-	-	-	-	-	(120,977)	-	-	-	-	(120,977)	40,098	(80,879)
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(253)	(7,379)	34,347	-	-	26,715	3,209	29,924
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(121,230)	(7,379)	34,347	-	-	(94,262)	43,307	(50,955)
Changes in ownership interests in subsidiaries	-	-	97,324	-	-	-	-	-	-	-	97,324	(97,687)	(363)
Share-based payment transactions	-	-	15	-	-	-	-	-	10	-	25	6	31
<b>Balance at March 31, 2023</b>	<b>\$ 1,281,629</b>	<b>-</b>	<b>5,108,435</b>	<b>54,113</b>	<b>-</b>	<b>(26,350)</b>	<b>(16,631)</b>	<b>190,392</b>	<b>(31)</b>	<b>(210,502)</b>	<b>6,381,055</b>	<b>2,007,820</b>	<b>8,388,875</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 Standards on Auditing

**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the three months ended March 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (41,043)	32,941
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expenses	229,305	188,070
Amortization expenses	31,471	22,976
Expected credit losses	80,204	52,266
Net loss on financial assets at fair value through profit or loss	-	6,073
Interest expenses	36,905	14,477
Interest income	(10,329)	(2,847)
Share-based payment transactions	31	1,452
Shares of profit of associates and joint ventures accounted for using equity method	(974)	(2,729)
Gain on disposal of property, plant and equipment	(7,775)	-
Loss on disposal of investments	2,999	-
(Gain) Loss on lease modification	(28,120)	-
<b>Total adjustments to reconcile profit</b>	<u>333,717</u>	<u>279,738</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts and notes receivable	232,291	(63,551)
Other receivables	6,060	85,653
Inventories	244,075	290,895
Other current assets	68,932	(25,563)
Other financial assets	25,738	(2,915)
<b>Total changes in operating assets</b>	<u>577,096</u>	<u>284,519</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(99,989)	(42,458)
Accounts and notes payable	(1,456,423)	(665,603)
Other payables	(316,406)	(173,867)
Other current liabilities	(128,652)	(144,695)
Other non-current liabilities	635	302
<b>Total changes in operating liabilities</b>	<u>(2,000,835)</u>	<u>(1,026,321)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(1,423,739)</u>	<u>(741,802)</u>
<b>Total adjustments</b>	<u>(1,090,022)</u>	<u>(462,064)</u>
Cash flow generated from operations	(1,131,065)	(429,123)
Interest received	7,285	2,229
Interest paid	(32,081)	(14,068)
Income taxes paid	(1,081)	(1,218)
<b>Net cash flows used in operating activities</b>	<u>(1,156,942)</u>	<u>(442,180)</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(7)
Acquisition of financial assets designated at fair value through profit or loss	-	(14,265)
Proceeds from capital reduction of investments accounted for using equity method	275	-
Acquisition of property, plant and equipment	(188,807)	(104,006)
Proceeds from disposal of property, plant and equipment	9,013	107
Acquisition of intangible assets	(2,529)	(6,291)
Other financial assets	(390,674)	(3,425)
Other non-current assets	(4,170)	9,118
Other payables	(104,194)	(525,179)
<b>Net cash flows used in investing activities</b>	<u>(681,086)</u>	<u>(643,948)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,852,972	-
Decrease in short-term loans	-	(14,191)
Increase in long-term borrowings	104,000	43,300
Repayments of long-term borrowings	(103,125)	(82,938)
Payments of lease liabilities	(159,270)	(145,676)
Change in non-controlling interests	-	80,650
<b>Net cash flows from (used in) financing activities</b>	<u>1,694,577</u>	<u>(118,855)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(8,680)</u>	<u>(1,542)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(152,131)</u>	<u>(1,206,525)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>6,849,807</u>	<u>8,147,239</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,697,676</u>	<u>6,940,714</u>

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



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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023 AND 2022**

(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 May 15, 2023.

**(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, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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- (b) 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”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(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.

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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.3.31	2022.12.31	2022.3.31	
The Company	PChome Store Inc.	Internet services	77.78 %	44.45 %	34.35 %	Note1&10
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note1
"	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	"
"	PCHOME US INC.	E-commerce platform	91.97 %	91.97 %	91.97 %	"

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.3.31	2022.12.31	2022.3.31	
The Company	PC HOME ONLINE INTERNATIONAL CO., LTD.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note1
"	PChome (Thailand) Co., Ltd.	E-commerce platform	66.25 %	66.25 %	66.25 %	"
"	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 %	Note1
"	Chunghwa PChome Fund 1 Co., Ltd.	Investment activities	50.00 %	50.00 %	50.00 %	"
"	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	100.00 %	60.00 %	60.00 %	Note1&11
"	YunTan technology Inc.	Information processing and provision of electronic information	70.00 %	70.00 %	70.00 %	Note1
"	21st Century Technology Co., Ltd.	Financial technology services	43.63 %	43.63 %	47.18 %	Note3
"	PChome Data Technology Co., Ltd.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	Note1
"	PIN technology Inc.	"	100.00 %	100.00 %	85.00 %	Note1&4
"	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	Note1
"	RUTEN GLOBAL INC.	"	- %	- %	100.00 %	Note2
"	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	- %	Note7
PChome eBay Co., Ltd.	PChome Store Inc.	Internet services	22.22 %	22.22 %	22.16 %	Note10
"	ECOSMOS PTE. LTD.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	Note1
"	21st Century Technology Co., Ltd.	Financial technology services	1.41 %	1.41 %	1.52 %	Note3

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
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Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.3.31	2022.12.31	2022.3.31	
PC HOME ONLINE INTERNATIONAL CO., LTD.	PCHOME ONLINE INC.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note1
PCHOME ONLINE INC.	PC HOME ONLINE (HK) LTD.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	"
RUTEN GLOBAL INC.	PChome eBay Co., Ltd.	Information processing and provision of electronic information	- %	- %	65.00 %	Note7
PChome Holding Inc.	PChome Marketplace Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
PChome Marketplace Inc.	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	100.00 %	Note1
"	PChome Store Inc.	Internet services	- %	33.33 %	35.78 %	Note10
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 CBS Co., 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 %	100.00 %	100.00 %	"
21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Financial technology services	- %	- %	100.00 %	Note8
"	Pi Mobile Technology Inc.	Online payment processing services	5.25 %	5.25 %	99.46 %	Note6&9
"	21st Financial Technology Co., Ltd	Investment activities	100.00 %	100.00 %	100.00 %	Note1&5
"	Cherri Tech, Inc.	Financial technology services and indirect investment activities	100.00 %	100.00 %	- %	Note1&3
21st Financial Technology Co., Ltd	21st Century Digital Technology Co., Ltd.	Financial technology services	100.00 %	100.00 %	- %	Note9
"	Pi Mobile Technology Inc.	Online payment processing services	94.24 %	94.24 %	- %	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	Travel agency business	100.00 %	100.00 %	100.00 %	Note1&8
"	Lianju Asset Management Co., Ltd.	Financial Institution Creditor's Right(Money) Purchase	100.00 %	- %	- %	Note1&12

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2023.3.31	2022.12.31	2022.3.31	
Pi Mobile Technology Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	100.00 %	
"	Yun Tung Bao International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	Note1
Cherri Tech, Inc.	Japan Cherri KK	Financial technology services	60.00 %	60.00 %	- %	"

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

Note 2: In response to the Group's strategy, RUTEN GLOBAL INC., which was directly owned by the Company since November 2021, had been dissolved and liquidated on August 3, 2022.

Note 3: 1. The Company purchased 1.12% equity of Pi Mobile Technology Inc. from external shareholders, resulting in an increase in its shareholding ratio from 30.32% to 31.44%, and exchanged 2.72% and 0.65% of 21st Century Technology Co., Ltd.'s shares with 31.44% and 3.06% of Pi Mobile Technology Inc.'s shares, held by the Company and PChome eBay Co., Ltd., respectively, on January 3, 2022.

2. 21st Century Technology Co., Ltd. acquired the entire shares of Cherri Tech Inc. in cash and newly issued shares (3,471 thousand ordinary shares and 1,111 thousand special shares), and included them in the Group's consolidated financial statements. However, the Group did not subscribe for the shares in proportion to its shareholding, resulting in the decrease in the Company's shareholding ratio from 47.18% to 43.63% and PChome eBay Co., Ltd.'s shareholding ratio from 1.52% to 1.41%.

Note 4: 1. The subsidiary was established on January 10, 2022.

2. The Company purchased 15% equity of PIN technology Inc. from external shareholders, resulting in an increase in its shareholding ratio from 85% to 100%

Note 5: The subsidiary was established on March 7, 2022.

Note 6: The Group subscribed all newly issued shares Pi Mobile Technology Inc. increasing cash capital for, resulting in a increase in the shareholding ratio from 99.46% to 99.49%.

Note 7: Organizational adjustment, to be directly held by the Company from August 2022.

Note 8: In March 2022, 21st Century Technology Co., Ltd. transferred its equity and related businesses in FAN7 TOUR CO., LTD. to 21st Century Digital Technology Co., Ltd.

Note 9: In October 2022, 21st Century Technology Co., Ltd. transferred 94.24% of its shares in Pi Mobile Technology Inc. and its entire shares in 21st Century Digital Technology Co., Ltd. to 21st Financial Technology Co., Ltd.

Note 10: 1. On December 7, 2022, the extraordinary meeting of shareholders had approved PChome Store Inc. to offset its deficit by using the legal reserve, capital surplus, as well as its capital. After the Company and PChome eBay Co., Ltd. bought the fractional shares of the external shareholders, the shareholding percentages of the Company, PChome eBay Co., Ltd. and PChome Marketplace Inc. became 44.45%, 22.22% and 33.33%, respectively.

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**PCHOME ONLINE INC. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2.Pchome Store Inc. issued a cash capital increase for new shares in March 2023, such shares are fully subscribed by the Company and PChome eBay Co. Ltd., respectively. The shareholding was changed, and the Company now owns 77.78% of the Company, PChome eBay Co. Ltd. Owns 22.22% and PChome Marketplace Inc. owns 0.00%, respectively.

Note 11: The Company purchased 40% equity of Mitch Co., Ltd. from external shareholders, resulting in an increase in its shareholding ratio from 60% to 100%

Note 12: The subsidiary was established on February 10, 2023.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2022.

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(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 2022 consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Cash on hand	\$ 2,186	2,195	2,023
Checking accounts	40,212	55,782	50,026
Savings accounts	5,310,550	5,032,370	5,499,950
Foreign currency deposits	129,087	130,096	52,477
Time deposits	1,192,835	1,606,007	1,326,442
Cash equivalents	<u>22,806</u>	<u>23,357</u>	<u>9,796</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 6,697,676</u>	<u>6,849,807</u>	<u>6,940,714</u>

Please refer to Note (6)(x) 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>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Mandatorily measured at fair value through profit or loss:			
Preferred stocks	\$ 390,074	390,074	184,060
Foreign convertible bonds	31,328	31,356	66,979
Embedded derivative-call options	<u>-</u>	<u>-</u>	<u>1,379</u>
Total	<u>\$ 421,402</u>	<u>421,430</u>	<u>252,418</u>
Current	\$ -	8,640	52,714
Non-current	<u>421,402</u>	<u>412,790</u>	<u>199,704</u>
Total	<u>\$ 421,402</u>	<u>421,430</u>	<u>252,418</u>



**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- 1.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.
- 2.The maturity period of the foreign convertible bonds, which are issued by the foreign companies and held by the Group, was from 2022 to 2023, while the conversion period will start from 2022 to 2023.
- 3.The Group issued secured convertible bonds in the fourth quarter, 2020. Relevant information please refer to Note (6)(o).
- 4.Relevant information for the price risk please refer to Note (6)(x).
- 5.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>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Equity instruments at fair value through other comprehensive income			
Stocks unlisted on domestic and foreign markets	\$ 828,984	791,590	717,773
Foreign convertible bonds	-	-	8,336
Total	<u>\$ 828,984</u>	<u>791,590</u>	<u>726,109</u>

- 1.The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes.
- 2.For the relevant information about preferred stocks and foreign convertible bonds that are held by the Group, please refer to Note (6)(b).
- 3.For the market price risk, please refer to Note (6)(x). For the credit risk and the market risk, please refer to Note (6)(y).
- 4.There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2023 and 2022.
- 5.Abovementioned financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(d) Notes and accounts receivables, other receivables and long-term receivables

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes receivable-measured as amortized cost	\$ 3	2	378
Trade receivable-measured as amortized cost	2,894,902	3,408,150	3,525,217
Trade receivable-fair value through other comprehensive income	1,604,810	1,409,991	821,530
Other receivables-measured as amortized cost	1,202,231	1,203,699	1,245,718
Operating lease receivable	7,320	8,153	562
Finance lease receivable	76,192	76,906	-
Less: Allowance for impairment losses	(109,604)	(107,815)	(302,194)
Less: Unrealized interest revenue	(764,823)	(772,546)	(762,689)
	<u>\$ 4,911,031</u>	<u>5,226,540</u>	<u>4,528,522</u>
Current	\$ 4,269,447	4,606,382	3,947,224
Non-current	<u>641,584</u>	<u>620,158</u>	<u>581,298</u>
	<u>\$ 4,911,031</u>	<u>5,226,540</u>	<u>4,528,522</u>

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 expected credit losses except for 21st Century Digital Technology Co., Ltd., were determined as follows:

	<u>2023.3.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Allowance for expected credit losses</u>
Current	\$ 1,548,087	0.002%~0.00026%	33
Past under 180 days	20,853	10%~45.12%	1,081
Over 181 days past due	<u>23,708</u>	25%~100%	<u>11,331</u>
	<u>\$ 1,592,648</u>		<u>12,445</u>

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**PCHOME ONLINE INC. AND SUBSIDIARIES**  
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	<b>2022.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 1,844,792	0.00005%~0.061%	24
Past under 180 days	63,299	10%~45.12%	924
Over 181 days past due	20,311	25%~100%	11,238
	<b>\$ 1,928,402</b>		<b>12,186</b>
	<b>2022.3.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 1,730,698	0.004%~0.29%	10
Past under 180 days	24,095	10%~100%	1,161
Over 181 days past due	304	15%~100%	280
	<b>\$ 1,755,097</b>		<b>1,451</b>

The expected credit losses of the Group's subsidiary, 21st Century Digital Technology Co., Ltd., were determined as follows:

	<b>2023.3.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 2,985,276	1.71%	49,814
Past under 180 days	412,034	1.71%~9.83%	18,329
Over 181 days past due	30,677	9.83%~100%	29,016
	<b>\$ 3,427,987</b>		<b>97,159</b>
	<b>2022.12.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	\$ 2,963,741	1.71%	49,433
Past under 180 days	411,114	1.71%~9.83%	17,139
Over 181 days past due	31,098	9.83%~100%	29,057
	<b>\$ 3,405,953</b>		<b>95,629</b>

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	<b>2022.3.31</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for expected credit losses</b>
Current	2,429,446	0.35%	8,811
Past under 180 days	393,475	0.35%~55%	39,234
Over 181 days past due	252,698	100%	252,698
	<b>\$ 3,075,619</b>		<b>300,743</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 107,815	249,975
Impairment losses recognized	80,204	52,266
Amounts written off	(78,415)	(47)
Balance at March 31	<b>\$ 109,604</b>	<b>302,194</b>

The Group entered into an agreement with different financial institutions to sell its accounts receivable. Under the agreement, the Group will guarantee all receivables that cannot be recovered (whether deferred payment or breach the contract) during a specified period. The Group retains all the risks and rewards of such receivables and does not qualify for derecognition of financial assets. As of March 31, 2023, the carrying amount of transferred receivables and related financial liabilities as follows:

<b>2023.3.31</b>					
<b>Purchaser</b>	<b>Foreclosed amount</b>	<b>Credit line</b>	<b>Amount advanced paid (reported on short-term borrowings)</b>	<b>Range of interest Rate</b>	<b>Collateral</b>
KGI Bank	\$ 718,738	800,000	660,000	3.726%	Promissory notes
Far Eastern International Bank	782,010	1,680,000	679,532	3.655%	Pledge deposits and promissory notes
CMI Credit LTD.	104,062	350,637	85,055	4.49%	Promissory notes

<b>2022.12.31</b>					
<b>Purchaser</b>	<b>Transferred amount</b>	<b>Credit line</b>	<b>Amount advanced paid (reported on short-term borrowings)</b>	<b>Range of interest Rate</b>	<b>Collateral</b>
KGI Bank	\$ 637,042	800,000	800,000	3.719%	Promissory notes
Far Eastern International Bank	647,206	840,000	584,654	3.655%	Pledge deposits and promissory notes
CMI Credit LTD.	125,743	500,000	104,566	4.36%	Promissory notes

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2022.3.31					
Purchaser	Transferred amount	Credit line	Amount advanced paid (reported on short-term borrowings)	Range of interest Rate	Collateral
KGI Bank	\$ 225,169	800,000	220,000	2.81%	Promissory notes
Far Eastern International Bank	367,995	840,000	346,851	2.97%	Pledge deposits and promissory notes
CMI Credit LTD.	228,366	500,000	207,142	3.86%	Promissory notes

As of March 31, 2023 and March 31, 2022, the Group provided promissory notes of \$1,740,000 thousand for guaranteed the performance of the above contracts with repurchase agreements to those companies and banks undertaking the sale of the accounts receivable.

In addition, part of the accounts receivable of the Group are installment payments of goods received from the distributors, and the parties agree to proceed by the agreed terms of the agreement with respect to the payment of all the formalities and expenses associated with the assignment of the debt. The sale of accounts receivable is a non-resource transaction, and the seller is not liable for the performance of the debtor's obligations after the transaction is completed.

(e) Inventories

	2023.3.31	2022.12.31	2022.3.31
Merchandise inventories	\$ 1,755,326	2,003,588	1,508,489
Less: Allowance for inventory valuation and obsolescence losses	(16,219)	(20,405)	(34,316)
	<u>\$ 1,739,107</u>	<u>1,983,183</u>	<u>1,474,173</u>

The details of operating cost were as follows:

	For the three months ended March 31,	
	2023	2022
Cost of goods sold	\$ 8,941,355	10,248,153
Interest cost	19,479	12,969
Provision for inventory market price decline and obsolescence (Reversal of write-downs)	(4,186)	14,813
Loss on disposal of scrap	-	309
	<u>\$ 8,956,648</u>	<u>10,276,244</u>

The factors that caused the net realizable value of inventories to be lower than the cost no longer exist, resulting in the net realizable value of inventory to increase and be recognized as profit or loss on inventory for the three months period ended March 31, 2023.

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Provision for inventory valuation and obsolescence loss was due to the write-down of inventory to net realizable value or obsolescence and included in cost of sales.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the inventories of the Group were not pledged as collateral.

(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 were as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Associates	\$ <u>270,901</u>	<u>271,852</u>	<u>42,130</u>

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		
			2023.3.31	2022.12.31	2022.3.31
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 %	28.49 %
UPN Information Co., Ltd.	Investment activities	Cayman islands	40.00 %	40.00 %	- %

The Group acquired 40% shares of UPN Information Co., Ltd. with \$226,000 thousand in cash in August 2022. As of March 31, 2023, \$145,061 thousand had not been paid for the related cash acquisition, which was recognized as other payables of \$79,782 thousand and long-term payables of \$65,279 thousand.

After Ruten Japan KK had been liquidated based on a resolution approved during its shareholders' meeting held on March 20, 2023, the Group received liquidation shares of \$275 thousand on March 24, 2023.

2. Collateral

As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group did not provide any investment accounted for using equity method as collateral.

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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

1. 21st Century Technology Co., Ltd.

1) 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 Group acquired 45.23% shares of 21st Century Technology Co., Ltd. with \$2,176,262 thousand in cash and 50.53% equity of Pi Mobile Technology Inc. at fair value of \$1,853,758 thousand, and gained control over it on October 1, 2021.

As of March 31, 2023 and December 31, 2022, the amount of \$159,960 thousand and \$265,282 thousand was not paid for the related cash acquisition, which was recorded as other payables.

21st Century Technology Co., Ltd. increased capital by share swap in December, 2021. PChome eBay Co., Ltd. transferred 3.06% of Pi Mobile Technology Inc. in exchange for newly issued common shares of 21st Century Technology Co., Ltd. The Company did not subscribe for the shares in proportion to its shareholding, resulting in a decrease in its shareholding ratio from 45.23% to 44.84%.

On January 3, 2022, the Company also conducted a second share swap by exchanging 13,413 thousand shares of Pi Mobile Technology Inc. for 3,996 thousand newly issued shares of 21st Century Technology Co., Ltd., resulting in an increase in the shareholding ratio from 44.84% to 47.56%, and the registration procedures have been completed.

21st Century Technology Co., Ltd. increased capital in 2022, resulting in the decrease in the Company's shareholding ratio from 47.56% to 43.63%.

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2) Acquisition of identifiable asset and liabilities assumed.

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

Cash and cash equivalents	\$	40,622
Accounts receivable		1,768,854
Other current assets		3,353
Long-term investments accounted for using equity method		135,754
Property, plant and equipment		5,240
Right-of-use assets		4,054
Intangible assets		556,851
Deferred tax assets		51,210
Other non-current assets		423,806
Short-term borrowings and notes		(1,105,231)
Current contract liabilities		(1,665)
Accounts payable		(85,369)
Current tax liabilities		(60,205)
Lease liabilities		(4,054)
Other current liabilities		(1,023)
Shareholder current account		<u>(371,000)</u>
The fair value of identifiable net assets	\$	<u><u>1,361,197</u></u>

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$	2,176,262
Consideration transferred (equity of Pi Mobile Technology Inc.)		1,853,758
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		745,527
Less: fair value of identifiable net assets		<u>(1,361,197)</u>
Goodwill	\$	<u><u>3,414,350</u></u>

Goodwill is attributable mainly to the digital financial services owned by 21st Century Technology Co., Ltd. for its future benefits.



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2. Cherri Tech Inc.

- 1) In order to strengthen the Group's layout in financial services, and enhance the competitiveness and business advantages of the Company and Cherri Tech Inc. in line with the Group's development strategy, the resources of both parties had been integrated based on the resolution approved during the board meeting held on April 12, 2022, wherein the Group acquired 20.82% shares of Cherri Tech Inc. at the amount of \$524,788 thousand in cash on April 27, 2022, as well as 59.26% shares of Cherri Tech Inc. at the amount of \$269,908 thousand in cash and 3,238 thousand newly issued shares of 21st Century Technology Co., Ltd. on July 29, 2022, resulting in the Group to gain control over Cherri Tech Inc.

The amount of \$360,471 thousand for the related cash acquisition has yet to be paid as of March 31, 2023, resulting in the recognition of other payables amounting to \$191,002 thousand and long-term payables amounting to \$169,469 thousand.

On September 14, 2022, 21st Century Technology Co., Ltd. conducted a share swap by exchanging 927 thousand of its newly issued shares and paying the amount of \$138,175 thousand in cash, resulting in an increase in its shareholding ratio from 80.08% to 100.00%.

- 2) Acquisition of identifiable asset and liabilities assumed.

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

Cash and cash equivalents	\$	96,350
Accounts receivable		21,837
Other receivables		11,778
Other current assets		3,381
Property, plant and equipment		2,422
Right-of-use assets		6,301
Intangible assets		227,635
Other non-current assets		2,353
Accounts payable		(73)
Other payables		(35,180)
Lease liabilities		(6,322)
Other current liabilities		(665)
Guarantee deposit received		(195)
The fair value of identifiable net assets	\$	<u><u>329,622</u></u>

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The Group will continue to review the above matters during the measurement period. If new information about the facts and circumstances that existed on the acquisition date is obtained within one year from the acquisition date, and is identified an adjustment to the above provisional amount or any additional provision for liabilities existing at the acquisition date, the accounting for acquisitions will be revised.

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred (cash)	\$	794,696
Consideration transferred (equity of 21st Century Technology Co., Ltd.)		949,388
Non-controlling interest (measured by proportionate share of the fair value of the identifiable net assets)		68,011
Less: fair value of identifiable net assets		<u>(329,622)</u>
Goodwill	<b>\$</b>	<b><u>1,482,473</u></b>

Goodwill is attributable mainly to the digital financial services owned by Cherri Tech Inc. for its future benefits.

(h) Material non-controlling interests of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
PChome eBay Co., Ltd.	Taiwan	35.00 %	35.00 %	35.00 %
Chunghwa PChome Fund 1 Co., Ltd.	Taiwan	50.00 %	50.00 %	50.00 %
21st Century Technology Co., Ltd.	Taiwan	54.96 %	54.96 %	51.30 %

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

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1.PChome eBay Co., Ltd.’s collective financial information:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current assets	\$ 1,244,485	1,438,034	1,323,014
Non-current assets	230,277	69,241	41,990
Current liabilities	(452,249)	(503,884)	(496,488)
Non-current liabilities	<u>(16,217)</u>	<u>(19,637)</u>	<u>-</u>
Net assets	<u>\$ 1,006,296</u>	<u>983,754</u>	<u>868,516</u>
Non-controlling interests	<u>\$ 352,204</u>	<u>344,314</u>	<u>303,981</u>
		<b>For the three months ended March 31,</b>	
		<u>2023</u>	<u>2022</u>
Operating revenue		<u>\$ 193,708</u>	<u>220,915</u>
Net profit		\$ 22,546	30,891
Other comprehensive income		(4)	287
Total comprehensive income		<u>\$ 22,542</u>	<u>31,178</u>
Profit, attributable to non-controlling interests		<u>\$ 7,891</u>	<u>10,812</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ 7,890</u>	<u>10,912</u>

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current assets	\$ 132,215	151,494	241,163
Non-current assets	421,402	412,790	198,325
Current liabilities	<u>(19,588)</u>	<u>(8,731)</u>	<u>(981)</u>
Net assets	<u>\$ 534,029</u>	<u>555,553</u>	<u>438,507</u>
Non-controlling interests	<u>\$ 267,015</u>	<u>277,777</u>	<u>219,254</u>
		<b>For the three months ended March 31,</b>	
		<u>2023</u>	<u>2022</u>
Net profit		\$ (2,377)	(5,809)
Other comprehensive income		-	-
Total comprehensive income		<u>\$ (2,377)</u>	<u>(5,809)</u>
Profit, attributable to non-controlling interests		<u>\$ (1,189)</u>	<u>(2,904)</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ (1,189)</u>	<u>(2,904)</u>

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3. Collective financial information of 21st Century Technology Co., Ltd. and its subsidiaries:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current assets	\$ 5,360,451	5,455,425	138,920
Non-current assets	3,278,210	3,206,138	2,003,225
Current liabilities	(5,009,873)	(5,113,409)	(420,658)
Non-current liabilities	<u>(1,032,336)</u>	<u>(1,031,399)</u>	<u>(172,750)</u>
Net assets	<u>\$ 2,596,452</u>	<u>2,516,755</u>	<u>1,548,737</u>
Non-controlling interests	<u>\$ 1,425,532</u>	<u>1,381,513</u>	<u>813,214</u>
		<b>For the three months ended March 31,</b>	
		<u>2023</u>	<u>2022</u>
Operating revenue		<u>\$ 385,857</u>	<u>236,091</u>
Net profit		\$ 89,506	29,189
Other comprehensive income		5,435	-
Total comprehensive income		<u>\$ 94,941</u>	<u>29,189</u>
Profit attributable to non-controlling interests		<u>\$ 41,032</u>	<u>6,932</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ 44,019</u>	<u>6,932</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>Testing equipment</u>	<u>Total</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 58,783</u>	<u>251,656</u>	<u>118,686</u>	<u>-</u>	<u>703,520</u>	<u>1,132,645</u>
Balance at March 31, 2023	<u>\$ 55,718</u>	<u>243,097</u>	<u>116,801</u>	<u>-</u>	<u>743,168</u>	<u>1,158,784</u>
Balance at January 1, 2022	<u>\$ 69,064</u>	<u>305,958</u>	<u>140,078</u>	<u>1,247</u>	<u>440,768</u>	<u>957,115</u>
Balance at March 31, 2022	<u>\$ 68,391</u>	<u>306,460</u>	<u>144,049</u>	<u>922</u>	<u>470,943</u>	<u>990,765</u>

The Group purchased relevant equipment for operation in 2023. For relevant significant contracts, please refer to Note (9)(e). As of March 31, 2023, December 31, 2022, and March 31, 2022, the property, plant and equipment were not pledged as collateral.

There were no significant additions, disposal, or recognition and reversal of impairment losses of property, plant and equipment for the three months ended March 31, 2023 and 2022. Information on depreciation for the period is discussed in Note (12)(a). Please refer to Note (6)(i) of the 2022 annual consolidated financial statements for other related information.

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(j) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the three months ended March 31, 2023 and 2022, were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 3,662,793	44,228	5,280	3,712,301
Additions	4,000,048	-	-	4,000,048
Decrease	(1,214,719)	-	-	(1,214,719)
Effect of changes in foreign exchange rates	(344)	-	-	(344)
Balance as of March 31, 2023	<u>\$ 6,447,778</u>	<u>44,228</u>	<u>5,280</u>	<u>6,497,286</u>
Balance as of January 1, 2022	\$ 3,479,716	-	6,255	3,485,971
Additions	113,748	44,228	-	157,976
Decrease	(6,634)	-	-	(6,634)
Effect of changes in foreign exchange rates	(30)	-	-	(30)
Balance as of March 31, 2022	<u>\$ 3,586,800</u>	<u>44,228</u>	<u>6,255</u>	<u>3,637,283</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 1,682,683	11,057	1,878	1,695,618
Depreciation for the year	180,443	2,764	501	183,708
Other decrease	(426,936)	-	-	(426,936)
Effect of changes in foreign exchange rates	(109)	-	-	(109)
Balance as of March 31, 2023	<u>\$ 1,436,081</u>	<u>13,821</u>	<u>2,379</u>	<u>1,452,281</u>
Balance as of January 1, 2022	\$ 1,404,896	-	702	1,405,598
Depreciation for the year	133,505	2,764	391	136,660
Other decrease	(6,634)	-	-	(6,634)
Effect of changes in foreign exchange rates	(10)	-	-	(10)
Balance as of March 31, 2022	<u>\$ 1,531,757</u>	<u>2,764</u>	<u>1,093</u>	<u>1,535,614</u>
Carrying amount:				
Balance as of January 1, 2023	<u>\$ 1,980,110</u>	<u>33,171</u>	<u>3,402</u>	<u>2,016,683</u>
Balance as of March 31, 2023	<u>\$ 5,011,697</u>	<u>30,407</u>	<u>2,901</u>	<u>5,045,005</u>
Balance as of January 1, 2022	<u>\$ 2,074,820</u>	<u>-</u>	<u>5,553</u>	<u>2,080,373</u>
Balance as of March 31, 2022	<u>\$ 2,055,043</u>	<u>41,464</u>	<u>5,162</u>	<u>2,101,669</u>

The Company rented buildings as warehouse from Chunghwa Post Co., Ltd. in February, 2023. 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.

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(k) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Concession</u>	<u>Others</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2023	\$ <u>70,409</u>	\$ <u>5,011,342</u>	\$ <u>433,548</u>	\$ <u>292,309</u>	\$ <u>5,807,608</u>
Balance at March 31, 2023	\$ <u>64,033</u>	\$ <u>5,011,342</u>	\$ <u>427,597</u>	\$ <u>277,448</u>	\$ <u>5,780,420</u>
Balance at January 1, 2022	\$ <u>30,818</u>	\$ <u>3,528,869</u>	\$ <u>487,742</u>	\$ <u>79,823</u>	\$ <u>4,127,252</u>
Balance at March 31, 2022	\$ <u>60,240</u>	\$ <u>3,528,869</u>	\$ <u>474,193</u>	\$ <u>78,515</u>	\$ <u>4,141,817</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Information on amortization for the period is discussed in Note (12)(a). Please refer to Note (6)(g) and (k) of the 2022 annual consolidated financial statements for other related information.

1. On July 29, 2022, The Group obtained the amounts of \$1,482,473 thousand, \$57,421 thousand and \$170,214 thousand, arising from the acquisition of Cherri Tech Inc., in goodwill, expertise and customer relationship, respectively. Please refer to the Note (6)(g) for relevant information.

2. Cash generating units of goodwill apportioned to the consolidated company

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
PChome CB Co., Ltd.	\$ 99,358	\$ 99,358	\$ 99,358
Yun Tan Technology Inc.	15,161	15,161	15,161
21st Century Technology Co., Ltd.	3,414,350	3,414,350	3,414,350
Cherri Tech Inc.	<u>1,482,473</u>	<u>1,482,473</u>	-
Total	\$ <u>5,011,342</u>	\$ <u>5,011,342</u>	\$ <u>3,528,869</u>

(l) Short-term borrowings

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Unsecured bank loans	\$ 3,340,840	\$ 1,860,735	\$ 833,708
Secured bank loans	1,689,532	1,384,654	594,351
Other short-term loans	85,055	117,066	357,142
Loans from related parties	-	-	434,275
Short-term notes and bills payable	<u>100,000</u>	-	<u>30,000</u>
	\$ <u>5,215,427</u>	\$ <u>3,362,455</u>	\$ <u>2,249,476</u>
Unused short-term credit line	\$ <u>3,356,770</u>	\$ <u>3,939,163</u>	\$ <u>6,562,395</u>
Range of interest rates	<u>0.97%~4.49%</u>	<u>0.97%~4.36%</u>	<u>0.97%~3.86%</u>

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

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The Group's guaranteed bank and other borrowings arising from the alienation of claims receivable, please refer to Note (6)(d) for relevant explanations.

For details of loans and guarantees provided by related parties, please refer to Note (7).

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

	<b>2023.3.31</b>	<b>2022.12.31</b>	<b>2022.3.31</b>
Current contract liabilities	\$ 529,474	629,463	506,742
Receipts under custody-online payment processing service mainly	1,783,596	1,914,837	1,776,668
Current refund liabilities	35,071	33,386	28,785
Other	330,907	330,003	443,825
	<b>\$ 2,679,048</b>	<b>2,907,689</b>	<b>2,756,020</b>

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 other current liabilities 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, and were recognized under other current liabilities.

The other major items are prepaid shopping credits, which are valid for 180 days, except for the shopping credits commissioned by Small and Medium Enterprise Administration, Ministry of Economic Affairs R.O.C. for the implementation of the "Shopping Discounts Measures for Economic Revitalization"; such shopping credits have no expiration date.

(n) Long-term borrowings

The details were as follows:

	<b>2023.3.31</b>			
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.445%~3.35%	2023, 2024, 2026, 2028	\$ 841,650
Secured bank loans	TWD	1.5%~2.25%	2025, 2028	530,300
Other long-term borrowings	TWD	3.99%	2023~2024	150,000
Loans from related parties	TWD	2.75%	2023~2024	725,525
Less: current portion				(107,042)
Total				<b>\$ 2,140,433</b>
Unused long-term credit lines				<b>\$ 2,423,800</b>

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<b>2022.12.31</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.320%~3.225%	2023, 2024, 2026, 2028	\$ 955,175
Secured bank loans	TWD	1.375%~1.970%	2025, 2028	419,900
Other long-term borrowings	TWD	3.99%	2023~2024	150,000
Loans from related parties	TWD	2.25%~2.75%	2023~2024	721,525
Less: current portion				(57,042)
Total				<b>\$ 2,189,558</b>
Unused long-term credit lines				<b>\$ 2,872,300</b>
<b>2022.3.31</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	0.155%~1.16%	2028	\$ 397,500
Secured bank loans	TWD	1.00%~1.595%	2028	469,900
Other long-term borrowings	TWD	3.99%	2024	150,000
Loans from related parties	TWD	2.25%	2024	388,062
Less: current portion				(228,250)
Total				<b>\$ 1,177,212</b>
Unused long-term credit lines				<b>\$ 2,731,600</b>

The circumstances of the Group setting mortgage on assets as a guarantee for bank 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 March 31, 2023, 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., Pi Mobile Technology Inc., PChome Bibian Inc., and Linktel Inc. as of March 31, 2023. For the information about guarantees and endorsements for other parties, please refer to Note (13)(a).

For details of loans and guarantees provided by related parties, please refer to Note (7).



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(o) Bonds payable

The details of secured convertible bonds were as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Total convertible corporate bonds issued	\$ 1,500,000	1,500,000	1,500,000
Unamortized discounted corporate bonds payable	(5,098)	(7,553)	(15,027)
Cumulative converted amount	(121,000)	(121,000)	(121,000)
Balance of corporate bonds issued	<u>\$ 1,373,902</u>	<u>1,371,447</u>	<u>1,363,973</u>
Embedded derivative – call options, included in financial assets at fair value through profit or loss	<u>\$ -</u>	<u>-</u>	<u>1,379</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 129,737</u>	<u>129,737</u>	<u>129,737</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Embedded derivative instruments – call options, included in other gains or losses	<u>\$ -</u>	<u>2,620</u>
Interest expense	<u>\$ 2,455</u>	<u>2,437</u>

As of March 31, 2023 and December 31, 2022, the amount of bonds payable were \$1,373,902 thousand and \$1,371,447 thousand, respectively, and the duration of the bonds payable was less than one year, amounted for one year or recognized as the long-term debt with one operating cycle.

The Company issued secured 3-year convertible bonds at October 7, 2020, the face value of this bond amounted to \$1,500,000 thousand, coupon rate is 0% 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.

After the bond has been issued for over 3 months and before 40 days, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price for 30 consecutive days, the Company will get the right to redeem the bonds with cash based on face value.

The face value of the convertible bonds amounting to \$121,000 thousand has been converted and recognized as \$10,980 thousand ordinary capital. Additionally, it caused the decrease of the initially recognized capital surplus—stock options of convertible bonds and discount on bonds payable amounting to \$11,384 thousand and \$1,606 thousand, respectively. The net converted amount exceeded the face value of converting common stocks and therefore the amount of \$119,798 thousand was recognized as capital surplus—premium on bonds payable conversion.

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

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

(p) Lease liabilities

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current	\$ <u>582,653</u>	<u>557,850</u>	<u>458,999</u>
Non-current	\$ <u>4,527,085</u>	<u>1,527,013</u>	<u>1,690,552</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interests on lease liabilities	\$ <u>13,665</u>	<u>6,642</u>
Expenses relating to short-term leases	\$ <u>11,320</u>	<u>10,268</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>2,566</u>	<u>2,271</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>186,821</u>	<u>164,857</u>

The Group leases buildings for its office space and warehouses. The leases of office space typically run of a period for 1 to 6 years, and of warehouses for 1 to 15 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.

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(q) Income taxes

1. Income tax expense recognized in profits or losses

The amounts of income tax were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expenses:		
Current period	\$ 45,371	67,939
Adjustment for prior periods	-	744
	<u>45,371</u>	<u>68,683</u>
Deferred tax expense:		
Origination and reversal of temporary differences	<u>(5,535)</u>	<u>(5,125)</u>
Income tax expenses	<u><b>\$ 39,836</b></u>	<u><b>63,558</b></u>

2. The amounts of income tax expenses recognized in other comprehensive income for the three months ended March 31, 2023 and 2022, both were zero.

3. The Company's tax returns for the years through 2020 were examined and approved by the Taipei National Tax Administration.

(r) Capital and other equity

1. Issuance of common stock

As of March 31, 2023, December 31, 2022, and March 31, 2022, the total value of nominal ordinary shares amounted to \$2,000,000 thousand. The face value of each share is \$10. There were 128,163 thousand, 128,163 thousand and 128,514 thousand of ordinary shares issued, respectively. (including the issuance of the employee restricted shares amounted to 529 thousand, 529 thousand and 880 thousand shares as of March 31, 2023, December 31, 2022, and March 31, 2022, respectively.) All issued shares were paid up upon issuance.

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. The Company determined the base date for the capital increase to be on October 1, 2021, and the actual issued shares are 9,377 shares. The relevant statutory registration procedures have been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities (November 18, 2021), and after applying for a public offering with the Financial Supervisory Commission.

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In November 2021, due to exercising the right to convert corporate bonds, the denomination of corporate bonds was reduced by \$121,000 thousand, and the Company applied for the conversion of 1,098 thousand ordinary shares. The relevant statutory registration procedures have been completed.

2. Capital surplus

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

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Share capital	\$ 2,600,396	2,600,396	2,600,396
Conversion premium	119,798	119,798	119,798
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,714,997	1,714,997	1,714,997
Changes in equity of subsidiaries	507,856	410,517	116,351
Changes in equity of investment in associates and joint ventures accounted for using the equity method	3,934	3,934	3,934
Issuance of convertible bonds	129,737	129,737	129,737
Share based payment transactions—employee restricted shares	29,579	29,579	29,369
Share based payment transactions—treasury stock	2,138	2,138	2,138
Total	<u>\$ 5,108,435</u>	<u>5,011,096</u>	<u>4,716,720</u>

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

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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 Board of Directors of the Company resolved not to distribute dividends for 2022 on March 20, 2023. On the other hand, the 2021 earnings distribution, by way of cash dividends, amounting to \$63,817 thousand, had been approved in the board meeting held on March 23, 2022. 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 March 31, 2023, a total of 1,230 thousand shares have been bought back at a cost of \$108,254 thousand, of which 351 thousand shares were transferred to employees in 2021, amounting to \$30,892 thousand. The cost does not exceed the upper limit amount \$108,440 thousand approved by the Board of Directors.

On May 11, 2022, 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 \$70 and \$125 per share, in accordance with the requirements under section 28(2) of the Securities and Exchange Act. As of March 31, 2023, a total of 1,900 thousand shares have been bought back at a cost of \$133,140 thousand. The cost does not exceed the upper limit amount \$286,781 thousand approved by the Board of Directors.

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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.

5. Other equity, net of tax

	<u>Exchange difference on translation of foreign financial statements</u>	<u>Unrealized gains from financial assets measured at fair value through other comprehensive income</u>	<u>Unearned Employee Compensation</u>
Balance at January 1, 2023	\$ (9,252)	156,045	(41)
Exchange differences on foreign operations	(7,379)	-	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	34,347	-
Share-based payment transactions	-	-	10
Balance at March 31, 2023	<u>\$ (16,631)</u>	<u>190,392</u>	<u>(31)</u>
Balance at January 1, 2022	\$ (12,414)	202,896	(7,896)
Exchange differences on foreign operations	1,356	-	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(41,780)	-
Share-based payment transactions	-	-	1,452
Balance at March 31, 2022	<u>\$ (11,058)</u>	<u>161,116</u>	<u>(6,444)</u>

6. Non-controlling Interests

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,062,194	1,327,580
Shares of non-controlling interests		
Gain (loss) for the ended March 31	40,098	1,460
Foreign currency translation differences for foreign operations	163	563
Unrealized gains from financial assets measured at fair value through other comprehensive income	3,046	-
Changes in ownership interests in subsidiaries	(97,687)	(27,314)
Changes in non-controlling interests	-	80,650
Share-based payment transactions	6	-
Balance at March 31	<u>\$ 2,007,820</u>	<u>1,382,939</u>

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(s) Share-based payment

The Group had two share-based payment arrangements as follows as of March 31, 2023:

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.

As of March 31, 2023, the employees who were granted the above-mentioned restricted employee rights but did not meet the acquired conditions their shares have been recovered, and canceled by the Company amounting to 571 thousand shares. The relevant statutory registration procedures have been completed.

2. Share-based payment transactions

	Equity-settled			
	Treasury stocks transferred to employees	Treasury stocks transferred to employees	Subsidiaries' employee stock options	Subsidiaries' employee stock options
Grant date	August 6, 2021	November 3, 2021	May 25, 2017	September 1, 2022
Number of shares granted	333,000 shares	18,000 shares	33,372,000 shares	55,000 shares
Contract term	2 years	2 years	4 years	6 years
Vesting conditions	Immediately vested	Immediately vested	Note 1	Note 2

Note 1: The Group provides 25%, 25%, 25% and 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.

Note 2: The Group provides 25% of its shares as employee stock options after the first year of service rendered by its employees, wherein an average of 2.08% of the shares can be realized monthly from the second to fourth year of their service.

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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>Treasury stocks transferred to employees</u>	<u>Subsidiaries' employee stock options</u>	<u>Subsidiaries' employee stock options</u>
Fair value at grant date	4.88	17.96	-	14.19
Stock price at grant date	91.18	105.64	-	14.19
Exercise price	-	-	USD 0.09	\$10
Expected volatility (%)	46.82%	42.65%	28.78%~60.78%	21.89%
Expected life of the option (years)	-	-	5 years	6 years
Risk-free interest rate (%)	0.0484%	0.0909%	0.95%~1.31%	1.0195%

2) Information on employee stock options

(Unit: Thousands)

	<u>For the three months ended March 31,</u>			
	<u>2023</u>		<u>2022</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 -	-	USD 0.09	15,990
Options granted	-	-	-	-
Options forfeited	-	-	-	(227)
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance, end of March 31	-	-	0.09	<u>15,763</u>
Options exercisable, end of March 31	-	-	-	<u>15,763</u>

On April 1, 2022, the Board of Directors resolved to repurchase the remaining employee stock options with \$19,271 thousand in cash.

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions for the three months ended March 31, 2023 and 2022, were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Salary expenses	<u>\$ 16</u>	<u>1,452</u>



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(t) Earnings per share

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
(Loss) Profit attributable to common stockholders of the Company	\$ <u>(120,977)</u>	<u>(32,077)</u>
Weighted-average number of ordinary shares	<u>125,384</u>	<u>127,538</u>
Basic earnings per share (New Taiwan Dollars)	\$ <u>(0.96)</u>	<u>(0.25)</u>

Due to the net loss after tax of the Group in for the three months ended March 31, 2023 and 2022, when calculating the potential items of diluted earnings per share, it will have an anti-dilutive effect. Therefore, the diluted earnings per share is excluded.

(u) Revenue from contracts with customers

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue of electronic commerce	\$ 9,844,034	11,478,418
Revenue of non-electronic commerce	<u>311,866</u>	<u>231,019</u>
	<u>\$ 10,155,900</u>	<u>11,709,437</u>

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

For details on contract liabilities, please refer to Note (6)(m).

The amount of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$412,642 thousand and \$320,957 thousand, respectively.

(v) Remunerations to employees, directors and supervisors

In accordance with the articles of the Company should contribute 1%~15% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. 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.

No remunerations to employees, and directors and supervisors were accrued by the Company due to net loss after tax for the three months ended March 31, 2023 and 2022.

For the year ended December 31, 2022 and 2021, the remunerations to employees amounted to \$2,352 thousand and \$23,702 thousand, respectively, and the remunerations to directors and supervisors amounted to \$264 thousand and \$2,660 thousand, respectively. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. Related information would be available at the Market Observation Post System website.

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(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 10,094	2,694
Other interest income		
Interest income on lease receivable	226	3
Other	9	150
Total interest income	<b>\$ 10,329</b>	<b>2,847</b>

2. Other income

The details of other income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Income from fines and penalties	\$ 46,986	37,855
Other income	25,609	1,051
Total other income	<b>\$ 72,595</b>	<b>38,906</b>

3. Other gains and losses, net

The details of other gains and losses were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Gains on disposal of property, plant and equipment	\$ 7,775	-
Loss on disposal of investments	(2,999)	-
Lease modification	28,120	-
Foreign currency exchange gains	90	7,811
Loss on current financial assets at fair value through profit or loss	-	(6,073)
Others	(2,941)	(3)
Other gains and losses, net	<b>\$ 30,045</b>	<b>1,735</b>

4. Finance costs

The details of finance cost were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$ 36,905</b>	<b>14,477</b>

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(x) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to Note (6)(x) of the consolidated financial statements for the year ended December 31, 2022.

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 March 31, 2023</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 5,215,427	5,215,427	4,027,635	1,187,792	-	-	-
Accounts and notes payable	2,469,341	2,469,341	2,467,895	1,446	-	-	-
Other payables	1,259,756	1,259,756	1,256,714	3,042	-	-	-
Receipts under custody	1,783,596	1,783,596	1,783,596	-	-	-	-
Lease liability	5,109,738	5,109,738	284,811	297,842	531,936	1,095,828	2,899,321
Long-term borrowings	2,247,475	2,247,475	53,792	553,250	1,057,025	159,208	424,200
Bonds payable	1,373,902	1,379,000	-	1,379,000	-	-	-
Long-term payables	234,748	234,748	-	-	150,174	84,574	-
	<u>\$ 19,693,983</u>	<u>19,699,081</u>	<u>9,874,443</u>	<u>3,422,372</u>	<u>1,739,135</u>	<u>1,339,610</u>	<u>3,323,521</u>
<b>Balance at December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 3,362,455	3,362,455	1,944,629	1,417,826	-	-	-
Accounts and notes payable	3,925,764	3,925,764	3,925,764	-	-	-	-
Other payables	1,798,731	1,798,731	1,704,307	94,424	-	-	-
Receipts under custody	1,914,837	1,914,837	1,914,837	-	-	-	-
Lease liability	2,084,863	2,084,863	282,998	274,852	500,684	730,398	295,931
Long-term borrowings	2,246,600	2,246,600	53,792	703,250	990,025	273,833	225,700
Bonds payable	1,371,447	1,379,000	-	1,379,000	-	-	-
Long-term payables	234,612	234,612	-	-	149,878	84,734	-
	<u>\$ 16,939,309</u>	<u>16,946,862</u>	<u>9,826,327</u>	<u>3,869,352</u>	<u>1,640,587</u>	<u>1,088,965</u>	<u>521,631</u>
<b>Balance at March 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,249,476	2,249,476	2,211,976	37,500	-	-	-
Accounts and notes payable	3,258,401	3,258,401	3,256,734	1,667	-	-	-
Other payables	1,070,413	1,070,413	1,038,215	32,198	-	-	-
Receipts under custody	1,776,668	1,776,668	1,776,666	2	-	-	-
Lease liability	2,149,551	2,149,551	231,722	227,277	447,843	1,068,790	173,919
Long-term borrowings	1,405,462	1,405,462	175,000	53,250	560,812	456,100	160,300
Bonds payable	1,363,973	1,379,000	-	-	1,379,000	-	-
Long-term payables	550,156	550,156	-	-	550,156	-	-
	<u>\$ 13,824,100</u>	<u>13,839,127</u>	<u>8,690,313</u>	<u>351,894</u>	<u>2,937,811</u>	<u>1,524,890</u>	<u>334,219</u>

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

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2. Currency risk

1) Currency risk exposure

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

	2023.3.31			2022.12.31			2022.3.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 4,807	30.45	146,366	4,843	30.73	148,824	2,336	28.63	66,886
JPY	62,827	0.2288	14,375	45,796	0.2319	10,620	28,303	0.2357	6,671
SGD	788	22.92	18,052	786	22.86	17,975	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	351	30.45	10,695	190	30.73	5,836	275	28.63	7,866

2) Sensitivity analysis

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, JPY and SGD as of March 31, 2023 and 2022, would have increased or decreased net loss by \$6,724 thousand and \$2,628 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the three months ended March 31, 2023 and 2022.

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the three months ended March 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized) were gain \$90 thousand and gain \$7,811 thousand, respectively.

3) 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 financial assets and liabilities 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 \$775 thousand and \$2,537 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings and deposits at variable rates.



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		<b>2022.12.31</b>			
		<b>Fair Value</b>			
<b>Fair value through other comprehensive income</b>	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Domestic and foreign stock of non-listed company	\$ <b>791,590</b>	-	-	791,590	791,590
		<b>2022.3.31</b>			
		<b>Fair Value</b>			
<b>Fair value through profit or loss</b>	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Preferred stock	\$ 184,060	-	-	184,060	184,060
Foreign convertible bonds	66,979	-	-	66,979	66,979
Embedded derivative-call option	1,379	-	-	1,379	1,379
	<b>\$ 252,418</b>	-	-	<b>252,418</b>	<b>252,418</b>
<b>Fair value through other comprehensive income</b>					
Domestic stock of non-listed company	\$ 717,773	-	-	717,773	717,773
Foreign convertible bonds	8,336	-	-	8,336	8,336
	<b>\$ 726,109</b>	-	-	<b>726,109</b>	<b>726,109</b>

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.

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3) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
<b>Opening balance, January 1, 2023</b>	\$ 421,430	791,590
Total gains and losses recognized:		
In profit or loss	(28)	-
In other comprehensive income	-	37,394
<b>Ending Balance, March 31, 2023</b>	<b>\$ 421,402</b>	<b>828,984</b>
<b>Opening balance, January 1, 2022</b>	\$ 244,226	767,882
Purchased	14,265	7
Total gains and losses recognized:		
In profit or loss	(6,073)	-
In other comprehensive loss	-	(41,780)
<b>Ending Balance, March 31, 2022</b>	<b>\$ 252,418</b>	<b>726,109</b>

For the three months ended March 31, 2023 and 2022, 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:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Total gains and losses recognized:		
In other gains and losses	\$ (28)	(6,073)
In other comprehensive income, and including “unrealized gains and losses from fair value through other comprehensive income”	37,394	(41,780)

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.

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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 (March 31, 2023, December 31, 2022 and March 31, 2022 were 46.13%, 49.21% and 58.66%, respectively.)	·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	·Liquidity discounted rate (March 31, 2023 and December 31, 2022 were 28.05%~30% and 28.05%~30%, respectively.) ·EV / sales (March 31, 2022 were 0.7~2333)	·The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher). ·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 (March 31, 2023, December 31, 2022 and March 31, 2022 were, 0.93~9.70, 0.73~9.34 and 1.33~10.06, respectively.) ·Liquidity discounted rate (March 31, 2023, December 31, 2022 and March 31, 2022 were 2.39%~30%, 8.85%~30% and 13.44%~30%, respectively.)	·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).



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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:

	Input	Variation	Profit or loss		Other comprehensive income	
			Favor-able	Unfavor-able	Favor-able	Unfavor-able
<b>March 31, 2023</b>						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,566	(1,566)	-	-
Equity investments without an active market	P/S ratio etc.	5%	19,504	(19,504)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	29,515	(31,550)
”	Liquidity discounted rate	5%	-	-	47,221	(46,535)
			<u>\$ 21,070</u>	<u>(21,070)</u>	<u>76,736</u>	<u>(78,085)</u>
<b>December 31, 2022</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ -	-	-	-
Derivative financial instruments	P/S ratio	5%	1,917	(1,917)	-	-
Equity investments without an active market	P/S ratio etc.	5%	21,415	(21,415)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	30,977	(30,980)
”	Liquidity discounted rate	5%	-	-	48,215	(47,621)
			<u>\$ 23,332</u>	<u>(23,332)</u>	<u>79,192</u>	<u>(78,601)</u>

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	<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>March 31, 2022</b>						
Financial assets at fair value through profit or loss						
Embedded derivative – call options	Volatility	5%	\$ 69	(69)	-	-
Derivative financial instruments	P/S ratio	5%	3,349	(3,349)	-	-
Equity investments without an active market	P/S ratio etc.	5%	9,203	(9,203)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market value ratio	5%	-	-	15,830	(15,803)
"	Liquidity discounted rate	5%	-	-	13,390	(13,355)
			<u>\$ 12,621</u>	<u>(12,621)</u>	<u>29,220</u>	<u>(29,158)</u>

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

(y) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note (6)(y) of the annual consolidated financial statements for the year ended December 31, 2022.

(z) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2022. 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, 2022. For other information about the capital management, please refer to Note (6)(z) of the consolidated financial statements for the year ended December 31, 2022.

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the March 31, 2023 and 2022, were as follows:

1. For right-of-use assets under lease, please refer to Note (6)(j).
2. For conversion of convertible bonds to ordinary shares, please refer to Note (6)(o).

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3. The reconciliation of liabilities arising from financing activities was as follows:

	<b>2023.1.1</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>2023.3.31</b>
Long-term borrowings	\$ 2,246,600	875	-	2,247,475
Short-term borrowings	3,362,455	1,852,972	-	5,215,427
Lease liabilities	2,084,863	(159,270)	3,184,145	5,109,738
Bonds payable	1,371,447	-	2,455	1,373,902
Total liabilities from financing activities	<b><u>\$ 9,065,365</u></b>	<b><u>1,694,577</u></b>	<b><u>3,186,600</u></b>	<b><u>13,946,542</u></b>
			<b>Non-cash changes Others</b>	
	<b>2022.1.1</b>	<b>Cash flows</b>	<b>Others</b>	<b>2022.3.31</b>
Long-term borrowings	\$ 1,445,100	(39,638)	-	1,405,462
Short-term borrowings	2,263,667	(14,191)	-	2,249,476
Lease liabilities	2,137,215	(145,676)	158,012	2,149,551
Bonds payable	1,361,536	-	2,437	1,363,973
Total liabilities from financing activities	<b><u>\$ 7,207,518</u></b>	<b><u>(199,505)</u></b>	<b><u>160,449</u></b>	<b><u>7,168,462</u></b>

**(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.

<b>Names of related party</b>	<b>Relationships with the Group</b>
Rakuya International Info. Co. Ltd.	Associate of the Company
Ruten Japan KK (Note)	"
SHANG-ENINFO CO., LTD	"
UPN Information Co., Ltd.	"
Miho International Cosmetic Co., Ltd.	Other related party of the Company
Eastern Online Co., Ltd.	"
EOLEMBRAIN ONLINE MARKETING RESEARCH CO., LTD.	"

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<u>Names of related party</u>	<u>Relationships with the Group</u>
SITE INC.	Other related party of the Company
PAYEASY DIGIATL INTERNATIONAL CO., LTD.	"

Note: The dissolution and liquidation procedures had completed on March 20, 2023.

The Group acquired 21st Century Technology Co., Ltd. on October 1, 2021. Please refer to the Note (6)(g) for relevant information. Cyu Wei Jin Rong Ke Ji Co., Ltd., 21St Century Co., Ltd., 21St Century Zi-Rong Co., Ltd., 21St Century Xin Yong Guan Li Co., Ltd., Yin Zhen Shi Ye Ltd., Jing Hua Co., Ltd., Yong Feng Co., Ltd., Lian Hong Shih Ye Ltd., Wei Ting Shi Ye Co., Ltd., Ming Pin Co., Ltd., Te Wei Co., Ltd., Yu Xin Guo Ji Co., Ltd., Tai Ding Shi Ye Co., Ltd., Ming Yu Qi Ye Co., Ltd., Jie Zuo Zi Ben Yi Shu Co., Ltd., Chou, Yi Ming, Zhang, Man Ling, Zhuang, Fan Jie and Liao, Zong Lun are regarded as other related parties of the Group.

(b) Significant transactions with related parties

1. 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 March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>-</u>	<u>18</u>

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

2. Receivables from related parties

The receivables from related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Lease receivable	Associates	\$ 7,320	8,153	-
Other receivables	Associates	416	86	634
Other receivables (Note)	Other related parties	<u>48,225</u>	<u>39,563</u>	<u>28,389</u>
		<u>\$ 55,961</u>	<u>47,802</u>	<u>29,023</u>

Note: For the three months ended March 31, 2023 and 2022, the collections and payments generated by exchanging points of the Group amounted to \$25,926 thousand and \$24,007 thousand, respectively. As of March 31, 2023 and 2022, the carrying amount was recognized under other receivables.

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3. Payables to related parties

<u>Item</u>	<u>Related party categories</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Other payables	Other related parties	\$ <u>340</u>	<u>419</u>	<u>550</u>

4. Other

<u>Item</u>	<u>Related party categories</u>	<u>For the three months ended March 31,</u>	
		<u>2023</u>	<u>2022</u>
Operating cost	Other related parties	\$ -	5
Operating expenses	Other related parties	519	522
Other operating income	Associates	21	9
Other operating income	Other related parties	188	243

5. Borrowings from Related Parties

The borrowings from related parties were as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Wei Ting Shi Ye Co., Ltd.	\$ 213,621	109,621	108,266
Te Wei Co., Ltd.	62,621	162,621	161,265
Ming Yu Qi Ye Co., Ltd.	197,965	197,965	164,744
Chou, Yi Ming	<u>251,318</u>	<u>251,318</u>	<u>388,062</u>
	<u>\$ 725,525</u>	<u>721,525</u>	<u>822,337</u>

The interest charged to the Group is calculated based on the average interest rate imposed on related parties' borrowings by external financial institutions. The interest-bearing borrowings provided from related parties are unsecured. As of March 31, 2023, December 31, 2022, and March 31, 2022, the amount of short-term borrowings were \$0 thousand, \$0 thousand and \$434,275 thousand, respectively, and the amount of long-term borrowings were \$725,525 thousand, \$721,525 thousand and \$388,062 thousand, respectively.

For the three months ended March 31, 2023 and 2022, interest cost and interest expenses of the Group were \$2,930 thousand, \$3,534 thousand, \$4,892 thousand and \$0 thousand, respectively.

6. Leases

In July 2021, the Group rented an office building in Taichung from Wei Ting Shi Ye Co., Ltd. A three-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$3,880 thousand. For the three months ended March 31, 2023 and 2022, the Group recognized the amounts of \$9 thousand and \$15 thousand, respectively as interest expenses. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of lease liabilities amounted to \$1,522 thousand, \$1,822 thousand and \$2,712 thousand, respectively, and refundable deposit all amounted to \$216 thousand.

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In January 2022, the Group rented an office building in Kaohsiung from 21st Century Zi-Rong Co., Ltd. A fourteen-month lease contract was signed, in which the rental fee is determined based on nearby office rental rates and the contract was extended for 2 years in March 2023. The total value of the contract was \$1,440 thousand. For the three months ended March 31, 2023 and 2022, the Group recognized the amounts of \$1 thousand and \$3 thousand, respectively, as interest expenses. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of lease liabilities amounted to \$1,339 thousand, \$80 thousand and \$436 thousand, respectively and refundable deposit amounted to \$120 thousand, \$84 thousand and \$84 thousand, respectively.

In January 2022, the Group rented an office building in Taipei from Yu Xin Guo Ji Co., Ltd. A one-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates and the contract was extended for 2 years in 2023. The total value of the contract was \$1,780 thousand. For the three months ended March 31, 2023 and 2022, the Group recognized the amounts of \$6 thousand and \$20 thousand, respectively as interest expenses. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of lease liabilities amounted to \$955 thousand, \$1,091 thousand and \$406 thousand, respectively.

In May 2022, the Group rented an office building in Taipei from Lian Hong Shih Ye Ltd. A one-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$2,134 thousand. For the three months ended March 31, 2023, the Group recognized the amounts of \$6 thousand as interest expenses. As of March 31, 2023 and December 31, 2022, the balance of lease liabilities amounted to \$1,088 thousand and \$1,336 thousand, respectively.

7. As of March 31, 2023, December 31, 2022, and March 31, 2022, the short-term borrowings, short-term notes payable and long-term borrowings of the Group are guaranteed by credit and real estate from other related parties, with a total amount of \$2,240,000 thousand, \$2,376,875 thousand and \$3,398,500 thousand, respectively.

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 25,434</u>	<u>34,313</u>

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**(8) Restricted Assets:**

The following assets were restricted in use:

<u>Assets</u>	<u>Purpose of Pledge</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Bank deposit-current (recognized under other current financial assets)	Security for performance, purchase guarantee, loans with certificate of deposits and corporate bonds guarantee	\$ 1,201,549	842,223	620,802
Refundable deposit (recognized under other non-current financial assets)	Security for provisional seizure, etc. deposits for office rental and bank loans	249,110	217,762	217,851
		<u>\$ 1,450,659</u>	<u>1,059,985</u>	<u>838,653</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) Notes payable deposited as guarantee for commercial vehicle and office and building leases were as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes payable deposited as guarantee	\$ <u>197,655</u>	<u>300,146</u>	<u>273,655</u>

- (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 were as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Guarantee limit	\$ <u>8,500</u>	<u>10,000</u>	<u>10,000</u>

- (d) The Group has entered into performance guarantee contracts with financial institutions for the purchase of goods from vendors, tariff guarantee, stored value in advance and payment on behalf of vendors, with guarantee amounts as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Guarantee limit	\$ <u>3,209,289</u>	<u>3,110,726</u>	<u>3,027,246</u>

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- (e) As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group has paid \$114,622 thousand, \$139,660 thousand and \$470,943 thousand, for acquiring property, plant and equipment, and unrecognized relevant contractual commitments of the acquisition of property, plant and equipment amounting were 1,129,798 thousand, \$1,244,421 thousand and \$1,314,054 thousand, respectively.
- (f) As of March 31, 2023 and March 31, 2022, 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 were \$288,514 thousand, \$314,251 thousand and \$291,695 thousand, respectively.
- (g) As of March 31, 2023, December 31, 2022, and March 31, 2022, due to the issuance of secured convertible bonds, the Group has entered into an agreement with a bank for providing guarantee; the amount of guarantee agreed therein were \$1,379,000 thousand, \$291,695 thousand and \$1,379,000 thousand, respectively.
- (h) Due to the performance of the contract, the guaranteed notes payable made by the Group were as follows:

	<b>2023.3.31</b>	<b>2022.12.31</b>	<b>2022.3.31</b>
Notes payable deposited as guarantee	\$ <b>2,240,000</b>	<b>2,360,000</b>	<b>2,190,000</b>

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

**(11) Significant Subsequent Events:**

The Company sold 58,724 thousand ordinary shares of PChome Store Inc. held by the Company to PChome eBay Co. Ltd.on April 28, 2023 at the sales price of\$89,900 thousand.

**(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 March 31, 2023			For the three months ended March 31, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	77,626	400,509	478,135	72,333	405,666	477,999
Labor and health insurance	9,178	41,883	51,061	8,697	40,970	49,667
Pension	4,102	20,532	24,634	3,811	20,824	24,635
Others employee benefits	5,038	24,538	29,576	3,551	25,411	28,962
Depreciation	17,417	211,888	229,305	18,142	169,928	188,070
Amortization	19	31,452	31,471	23	22,953	22,976

- (a) Seasonality of operations:

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



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**(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 three months ended March 31, 2023:

**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	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	21st Century Technology Co., Ltd.	Other receivables	Yes	350,000	350,000	-	- %	2	-	Business turnover	-	Repayment of promissory note	350,000	2,552,422	2,552,422
1	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Other receivables	Yes	450,000	450,000	407,350	2.75 %	2	-	Business turnover	-	Repayment of promissory note	100,000	581,888	581,888
1	21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	Other receivables	Yes	100,000	100,000	-	- %	2	-	Business turnover	-	-	-	849,170	849,170
1	"	21st Financial Technology Co., Ltd.	Other receivables	Yes	1,100	1,100	-	- %	2	-	Business turnover	-	-	-	849,170	849,170
1	Cherri Tech, Inc.	Japan Cherri KK	Other receivables	Yes	4,576	4,576	4,576	2.75 %	2	-	Business turnover	-	-	-	33,691	33,691

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	3,190,528	10,000	10,000	4,198	-	0.16 %	6,381,055	Y	N	N
0	"	PChome Express Co., Ltd.	2	3,190,528	50,000	50,000	-	-	0.78 %	6,381,055	Y	N	N
0	"	PChome Store Inc.	2	3,190,528	325,000	325,000	325,000	-	5.09 %	6,381,055	Y	N	N
0	"	PChome Bibian Inc.	2	3,190,528	345,900	343,200	125,840	-	5.38 %	6,381,055	Y	N	N
0	"	Pi Mobile Technology Inc	1	957,158	300,000	300,000	300,000	-	4.70 %	6,381,055	Y	N	N

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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	21st Century Digital Technology Co., Ltd.	1	1,454,721	350,000	350,000	350,000	350,000	5.48 %	6,381,055	Y	N	N
1	21st Century Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	2	6,368,772	2,440,000	2,440,000	799,532	-	114.94 %	10,614,620	Y	N	N
2	21st Century Digital Technology Co., Ltd.	21st Century Digital Technology Co., Ltd.	3	4,364,163	2,140,000	2,140,000	-	-	147.11 %	7,273,605	N	Y	N

Note 1: 0 is issuer. Subsidiaries labeled in number sequence from 1.

Note 2: 0. The total amount of guarantee and/or endorsements for any single entity shall not exceed 50% of the current net value.

1. Investee subsidiaries - the limit of endorsement and/or guarantees for individual entity by 21st Century Technology Co., Ltd. shall not exceed 300% of the entity's net worth as stated in its latest financial report. The total amount of guarantees and endorsements for others shall not exceed 500% of the Company's net worth in the latest financial statements. The board of directors of 21st Century Technology Co., Ltd. resolved on March 20, 2023 on the enactment of "endorsement and guarantees operational procedure".

2. Investee subsidiaries - the limit of endorsement and/or guarantees for individual entity by 21st Century Digital Technology Co., Ltd. shall not exceed 300% of the entity's net worth as stated in its latest financial report. The total amount of guarantees and endorsements for others shall not exceed 500% of the Company's net worth in the latest financial statements. The board of directors of 21st Century Digital Technology Co., Ltd. resolved on March 20, 2023 on the enactment of "endorsement and guarantees operational procedure".

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.

### 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 Corporation	-	FVOCI	906,335	25,413	3.72 %	25,413	
	Openfind Information Technology, Inc.	-	"	800,000	55,744	6.22 %	55,744	
	Career Consulting Co., Ltd.	-	"	113,005	3,458	0.72 %	3,458	
	ECROWD MEDIA INC.	-	"	3,725,645	46,161	18.39 %	46,161	
	IPEVO Corp.	-	"	1,958,018	66,710	7.19 %	66,710	
	Famicloud Inc.	-	"	57,000	918	0.81 %	918	
	Taiwan Advance Intelligent Tech. Co., Ltd.	-	"	1,732,102	402	4.75 %	402	
	Miho International Cosmetic Co., Ltd.	-	"	7,500,000	87,825	8.09 %	87,825	
	PayEasy Ltd.	-	"	1,376,668	37,551	12.52 %	37,551	
	l7Life Ltd.	-	"	1,126,049	1	6.26 %	1	
	Influenxio Limited	-	"	9,915	9,131	3.51 %	9,131	
	Mdata Group Co., LTD.	-	"	126,011	17,693	2.86 %	17,693	
AccuHit Tech Holdings Limited	-	"	416,667	19,493	3.66 %	19,493		

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
	Preferred stocks:							
PChome Online Inc.	Pickupp Limited	-	FVOCI	650,644	84,474	3.17 %	84,474	
"	FunNow Ltd.	-	"	130,662	42,157	2.71 %	42,157	
"	AccuHit Tech Holdings Limited	-	"	1,400,000	139,963	12.28 %	139,963	
"	Our Agriculture Inc.	-	"	3,212,121	13,138	2.49 %	13,138	
	Common Stock:							
Pi Mobile Technology Inc.	All Win Fintech Company Limited	-	"	11,400,000	178,752	15.00 %	178,752	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	2.46 %	-	
"	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	
	Convertible bonds:							
Chunghwa PChome Fund 1 Co., Ltd.	Tresl Inc.	-	"	-	8,640	- %	8,640	
"	WORCA INC.	-	"	-	22,688	- %	22,688	
	Preferred stocks:							
"	Instill Ai Ltd.	-	"	6,262	4,202	3.60 %	4,202	
"	FP International Limited	-	"	56,050	5,115	2.39 %	5,115	
"	Ecommerce Enablers Pte. Ltd.	-	"	142,813	29,606	0.15 %	29,606	
"	USPACE Tech Co., Ltd.	-	"	1,226,016	31,889	6.16 %	31,889	
"	Our Agriculture Inc.	-	"	11,682,828	25,541	8.92 %	25,541	
"	Green Future Tech Inc.	-	"	312,300	45,734	2.29 %	45,734	
"	Pickupp Limited	-	"	131,179	17,341	0.64 %	17,341	
"	Return Helper Limited	-	"	4,168	9,755	10.87 %	9,755	
"	Aiello Inc.	-	"	6,836,545	21,113	3.29 %	21,113	
"	Haulio Investment Holdings Pte. Ltd.	-	"	362,189	5,558	0.91 %	5,558	
"	GoFreight Inc.	-	"	165,020	179,503	5.02 %	179,503	
"	Traveler Co., Ltd.	-	"	10,000	14,717	0.61 %	14,717	

- 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.
- Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital:

Name of company	Type of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
The Company	Right-of-use asset	February 1, 2023	3,996,875	monthly payment	Chunghwa Post Co., Ltd.	None	-	-	-	-	Tender contract	Warehouse	None

- Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.

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

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

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	331,453	- %	-		331,453	-
21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	Parent company of sub-subsidiary	418,629	- %	-		95,223	-

9. Derivative transactions: Please refer to Note (6)(b).
10. Business relationships and significant inter-company transactions:

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

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	PChome Online Inc.	Pi Mobile Technology Inc.	1	Accounts receivable	331,453	Usual terms and conditions	1.13 %
0	21st Century Digital Technology Co., Ltd.	21st Century Technology Co., Ltd.	1	Other receivables	418,629	Usual terms and conditions	1.43 %

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.

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(b) Information on investees:

For the three months ended March 31, 2023, 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	5,223,281	100.00 %	52,212	(7,417)	(7,417)	Note 1
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	6,831,604	100.00 %	20,041	(5,375)	(5,375)	"
"	PC HOME ONLINE INTERNATIONAL CO., LTD.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	1,360	(245)	(245)	"
"	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	47,439	47,439	3,035,115	26.47 %	56,287	20,146	5,333	"
"	PChome Store Inc.	"	Internet services	913,733	326,494	58,723,908	77.78 %	(5,894)	(11,069)	(5,502)	Note 1
"	PCHOME US INC.	United States of America	E-commerce platform	134,065	134,065	45,800	91.97 %	6,444	1,261	1,160	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	131,875	131,875	13,249,999	66.25 %	15,481	(982)	(650)	"
"	PChome Travel Inc.	Taiwan	Travel agency business	36,000	36,000	3,600,000	100.00 %	12,345	(847)	(847)	"
"	PChome Financial Technology Inc.	"	Information service	10,000	10,000	1,000,000	100.00 %	3,831	(25)	(25)	"
"	PChome Holding Inc.	British Virgin Islands	Investment activities	1,043,763	1,043,763	335,680,846	100.00 %	22,647	(3,298)	(3,298)	"
"	PChome Express Co., Ltd.	Taiwan	Transportation and logistics	200,000	200,000	20,000,000	100.00 %	139,825	357	357	"
"	Chunghwa PChome Fund 1 Co., Ltd.	"	Investment activities	200,000	200,000	20,000,000	50.00 %	267,015	(2,377)	(1,779)	"
"	Cornerstone Ventures Co., Ltd.	"	Investment activities	5,100	5,100	510,000	51.00 %	7,273	280	255	"
"	PChome CB Co., Ltd.	"	E-commerce cross-border services	140,000	140,000	14,000,000	70.00 %	160,234	1,205	205	"
"	Mitch Co., Ltd.	"	Clothing sales	162,000	162,000	10,400,000	100.00 %	16,508	(11,215)	(6,740)	"
"	YunTan technology Inc.	"	Information processing and provision of electronic information	54,250	54,250	1,261,628	70.00 %	35,504	(5,567)	(4,399)	Note 1&2
"	21st Century Technology Co., Ltd.	"	Financial Technology Services	5,192,546	5,192,546	24,139,099	43.63 %	4,553,965	89,506	32,735	"
"	PChome Data Technology Co., Ltd.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	4,296	(133)	(133)	Note 1
"	PIN Technology Inc.	"	Information processing and provision of electronic information	10,000	10,000	1,000,000	100.00 %	9,700	(27)	(27)	"
"	UPN Information Co., Ltd.	Cayman Islands	Investment activities	224,262	224,262	400,001	40.00 %	214,614	(6,303)	(3,520)	"
"	EC Global Limited	Hong Kong	Investment activities	6,338	6,338	7,494,642	100.00 %	6,568	(42)	(42)	Note 1
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	659,096	22,546	14,655	"

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Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	Ruten Japan KK	Japan	Information processing and provision of electronic information	9,830	9,830	-	- %	-	(2,944)	(839)	
PChome eBay Co., Ltd.	PChome Store Inc.	Taiwan	Internet services	800,019	632,258	16,776,104	22.22 %	(42,295)	(11,069)	(1,601)	Note 1
"	ECOSMOS PTE. LTD.	Singapore	Information processing and provision of electronic information	9,153	9,153	3,300,000	100.00 %	8,694	(200)	(200)	"
"	21st Century Technology Co., Ltd.	Taiwan	Financial Technology Services	14,771	224,592	778,131	1.41 %	29,933	89,506	1,262	"
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 %	3,181	(191)	(191)	"
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 %	6,382	(11)	(11)	"
PChome Holding Inc.	PChome Marketplace Inc.	Cayman Islands	Investment activities	1,043,763	1,043,763	38,335,000	100.00 %	18,386	(3,121)	(3,121)	"
PChome Marketplace Inc.	PChome Japan KK	Japan	International trading E-commerce	37,580	37,580	43,500,000	100.00 %	12,541	(48)	(48)	"
"	PChome Store Inc.	Taiwan	Internet services	998,758	998,758	6	- %	-	(11,069)	(3,121)	"
PChome CB Co., Ltd.	PChome CBS Co., Ltd.	"	Internet services	127,000	127,000	2,900,000	100.00 %	138,319	(2,521)	(2,521)	"
"	PCHOME CB PTE. LTD.	Singapore	Internet services	59,698	59,698	190,000	100.00 %	83,755	5,386	9,941	"
PCHOME CB PTE. LTD.	PChome Bibian Inc.	Japan	E-commerce cross-border services	51,069	51,069	18,000,000	100.00 %	77,405	10,178	10,178	"
YunTan technology Inc.	einsure insurance broker Inc.	Taiwan	Insurance brokers	38,600	38,600	4,500,000	100.00 %	4,347	(5,563)	(5,563)	"
21st Century Technology Co., Ltd.	Pi Mobile Technology Inc.	"	Online payment processing services	133,206	133,206	2,441,860	5.25 %	12,834	18,168	(954)	"
"	21st Financial Technology Co., Ltd	Cayman Islands	Investment activities	1,468,741	1,468,741	51,167,407	100.00 %	1,685,101	116,199	116,199	"
"	Cherri Tech, Inc.	Taiwan	Financial technology services and indirect investment activities	2,155,114	2,155,114	2,136,310	100.00 %	1,776,258	(11,050)	(16,801)	Note 1&2
21st Financial Technology Co., Ltd	Pi Mobile Technology Inc.	"	Online payment processing services	6,438	6,438	43,819,006	94.24 %	230,380	(18,168)	(17,122)	Note 1
"	21st Century Digital Technology Co., Ltd.	"	Financial Technology Services	39,161	39,161	120,100,000	100.00 %	1,454,721	133,320	133,320	"
21st Century Digital Technology Co., Ltd.	FAN7 TOUR CO., LTD.	"	Travel agency business	6,000	6,000	600,000	100.00 %	4,172	(35)	(35)	"
"	Lianju Asset Management Co., Ltd.	"	Financial Institution Creditor's Right(Money) Purchase	3,000	-	300,000	100.00 %	2,691	(309)	(309)	"
Pi Mobile Technology Inc.	Pay and Link Inc.	"	Electronic payment business	710,388	710,388	50,100,000	100.00 %	451,568	(7,973)	(7,973)	"
"	Yun Tung Bao International Co., Ltd.	"	Online payment processing services	3,000	3,000	300,000	100.00 %	2,490	(9)	(9)	"
Cherri Tech, Inc.	Japan Cherri KK	Japan	Financial Technology Services	8,283	8,283	600	60.00 %	405	(1,741)	(1,044)	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: Investment gains and losses recognized for the period include the amortization of investment premiums.

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(c) Information on investment in Mainland China:

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

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
-	59,309	5,033,325

Note 1: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 30.45 at the three months ended March 31, 2023.

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 March 31, 2023, the accumulated investment amount of USD500 thousand remitted from Taiwan has not been repatriated.

3. Significant transactions: None.

(d) Major shareholders:

(Unit: Share)

Shareholder's Name	Shareholding	Shares	Percentage
SITE INC.		18,907,864	14.75 %
LGT Bank (Singapore) Investment Fund under the Custody of Standard Chartered		6,776,000	5.28 %

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 March 31, 2023. 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.

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**(14) Segment Information**

The Group's regional financial information was as follows:

<u>For the three months ended March 31, 2023</u>	<u>E-Commerce- Sales</u>	<u>Market Place</u>	<u>Fintech</u>	<u>Other segment</u>	<u>Adjustments and Eliminations</u>	<u>Others</u>	<u>Consolidated</u>
<b>Revenue:</b>							
Non-inter-company revenue	\$ 9,109,692	249,656	365,695	430,857	-	-	10,155,900
Inter-company revenue	34,264	50,319	22,023	111,326	(217,932)	-	-
<b>Total Revenue</b>	<b>\$ 9,143,956</b>	<b>299,975</b>	<b>387,718</b>	<b>542,183</b>	<b>(217,932)</b>	<b>-</b>	<b>10,155,900</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ (151,993)</b>	<b>14,804</b>	<b>66,974</b>	<b>(28,308)</b>	<b>(5,081)</b>	<b>(14,477)</b>	<b>(118,081)</b>
<u>For the three months ended March 31, 2022</u>							
<b>Revenue:</b>							
Non-inter-company revenue	\$ 10,955,208	336,512	269,224	148,493	-	-	11,709,437
Inter-company revenue	5,461	25,301	50,281	90,009	(171,052)	-	-
<b>Total Revenue</b>	<b>\$ 10,960,669</b>	<b>361,813</b>	<b>319,505</b>	<b>238,502</b>	<b>(171,052)</b>	<b>-</b>	<b>11,709,437</b>
<b>Reportable Segment net operating income (loss)</b>	<b>\$ 31,631</b>	<b>28,705</b>	<b>9,704</b>	<b>(54,992)</b>	<b>902</b>	<b>(14,749)</b>	<b>1,201</b>