

91APP, Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
91APP, Inc.

Qualified Opinion

We have audited the accompanying consolidated financial statements of 91APP, Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021 as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, and its consolidated financial performance for the three months ended June 30, 2022 and 2021, as well as its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Qualified Opinion

As disclosed in Note 10 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not audited. As of June 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$63,293 thousand and NT\$20,740 thousand, representing 1.68% and 0.59%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$41,359 thousand and NT\$8,599 thousand, representing 2.81% and 0.68%, respectively, of the consolidated total liabilities; for the three months and six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$1,179 thousand, NT\$(3,852) thousand, NT\$2,509 thousand and NT\$(3,883) thousand, representing 0.90%, (5.77%), 1.00% and (3.49%), respectively, of the consolidated comprehensive income.

Also, as disclosed in Note 11 to the consolidated financial statements, the investments accounted for using the equity method were NT\$184,798 thousand and NT\$85,985 thousand as of June 30, 2022 and 2021, respectively, and the share of profits or losses of associates and joint ventures accounted for using the equity method for the three months and six months ended June 30, 2022 and 2021 was NT\$(6,775) thousand, NT\$(555) thousand, NT\$(9,423) thousand and NT\$(980) thousand, respectively. Because we had no access to the financial information and management of these non-significant subsidiaries and associates and joint ventures, we were unable to obtain sufficient appropriate audit evidence regarding such amounts. Consequently, we were unable to exercise judgment on whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below as a key audit matter to be communicated in our report.

The key audit matter identified in the Group's consolidated financial statements for the six months ended June 30, 2022 is stated as follows:

Accuracy of Online Store Services Revenue

Refer to Notes 4 and 19 for the accounting policies related to revenue.

The online store services revenue of the Group includes third party fee revenue and digital marketing revenue. The Group enters into the services contract with the customer, the services revenue is determined according to the reconciliation period and the commission ratio stipulated in the contract based on performance which is recognized at a certain point in time. As the process of online store services revenue recognition involves manual confirmation of net performance amount and verification of relevant documents, it is likely that amount of revenue recognized at the end of the financial reporting period is inappropriate. Therefore, online store services revenue recognition was identified as a key audit matter.

Our key audit procedures performed in respect of the abovementioned key audit matter included the following:

1. We understood the key internal controls related to project sales revenue recognition and tested the operating effectiveness of these controls.
2. We took samples from the online store services revenue which had already been recognized as of the end of the reporting period, carried out a review of the contracts and reconciliation documents, and confirmed if the amounts and counterparties were the same.
3. We checked the post-period receipts and post-period sales returns or discounts, and confirmed that there was no write-off or reversal.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chien Ming Tseng and Pan Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 17, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

91APP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 27)	\$ 1,332,264	36	\$ 643,991	16	\$ 470,961	14
Financial assets at amortized cost - current (Notes 8, 27 and 29)	992,262	26	1,557,508	37	1,732,624	49
Notes receivable (Notes 9 and 27)	357	-	150	-	50	-
Trade receivables (Notes 9, 19 and 27)	51,294	1	53,547	1	35,723	1
Trade receivables from related parties (Notes 9, 19, 27 and 28)	429	-	814	-	94	-
Other receivables (Notes 9, 15 and 27)	314,303	8	277,097	7	332,967	10
Other receivables from related parties (Notes 9, 27 and 28)	339	-	254	-	305	-
Current tax assets	-	-	-	-	6,424	-
Other financial assets (Notes 15 and 27)	735,618	20	1,346,880	32	786,079	22
Other current assets (Note 15)	14,488	-	10,836	-	10,004	-
Total current assets	3,441,354	91	3,891,077	93	3,375,231	96
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 27)	59,440	2	-	-	-	-
Investments accounted for using the equity method (Note 11)	184,798	5	186,959	4	85,985	3
Property, plant and equipment (Note 12)	28,784	1	24,829	1	15,512	-
Right-of-use assets (Note 13)	37,846	1	23,591	1	20,538	1
Goodwill (Note 14)	3,188	-	2,969	-	2,988	-
Deferred tax assets	1	-	1,658	-	1,547	-
Other non-current assets (Notes 15 and 27)	7,175	-	60,765	1	4,315	-
Total non-current assets	321,232	9	300,771	7	130,885	4
TOTAL	\$ 3,762,586	100	\$ 4,191,848	100	\$ 3,506,116	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 19)	\$ 101,981	3	\$ 68,252	2	\$ 69,102	2
Notes payable (Note 27)	-	-	86	-	-	-
Other payables (Notes 16 and 27)	1,107,054	29	1,456,255	35	986,109	28
Other payables to related parties (Notes 16, 27 and 28)	396	-	83	-	52	-
Current tax liabilities	49,559	1	59,681	1	40,520	1
Lease liabilities - current (Notes 13 and 27)	18,197	1	12,419	-	11,901	1
Other current liabilities (Note 16)	160,076	4	163,891	4	139,210	4
Total current liabilities	1,437,263	38	1,760,667	42	1,246,894	36
NON-CURRENT LIABILITIES						
Contract liabilities - non-current (Note 19)	10,812	-	7,655	-	7,092	-
Deferred tax liabilities	430	-	-	-	-	-
Lease liabilities - non-current (Notes 13 and 27)	21,969	1	11,488	-	8,959	-
Deposits received (Note 27)	-	-	100	-	-	-
Total non-current liabilities	33,211	1	19,243	-	16,051	-
Total liabilities	1,470,474	39	1,779,910	42	1,262,945	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Ordinary shares	602,890	16	602,890	14	602,890	17
Capital surplus	1,222,521	33	1,221,152	29	1,219,566	35
Retained earnings						
Legal reserve	29,841	1	-	-	-	-
Unappropriated earnings	658,968	17	607,576	15	432,279	12
Total retained earnings	688,809	18	607,576	15	432,279	12
Other equity	86,820	2	(24,533)	-	(14,343)	-
Treasury shares	(314,569)	(8)	-	-	-	-
Total equity attributable to owners of the Company	2,286,471	61	2,407,085	58	2,240,392	64
NON-CONTROLLING INTERESTS	5,641	-	4,853	-	2,779	-
Total equity	2,292,112	61	2,411,938	58	2,243,171	64
TOTAL	\$ 3,762,586	100	\$ 4,191,848	100	\$ 3,506,116	100

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

(With Deloitte & Touche auditors' report dated August 17, 2022)

91APP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 28)	\$ 295,983	100	\$ 257,937	100	\$ 578,113	100	\$ 493,825	100
OPERATING COSTS (Notes 20 and 28)	<u>77,948</u>	<u>26</u>	<u>64,637</u>	<u>25</u>	<u>155,234</u>	<u>27</u>	<u>125,258</u>	<u>25</u>
GROSS PROFIT	<u>218,035</u>	<u>74</u>	<u>193,300</u>	<u>75</u>	<u>422,879</u>	<u>73</u>	<u>368,567</u>	<u>75</u>
OPERATING EXPENSES (Notes 20 and 28)								
Selling and marketing expenses	50,425	17	42,187	16	97,941	17	85,001	17
General and administrative expenses	49,252	17	42,389	16	96,261	17	79,521	16
Research and development expenses	30,465	10	29,515	12	60,673	10	58,738	12
Expected credit loss	<u>8</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>113</u>	<u>-</u>
Total operating expenses	<u>130,150</u>	<u>44</u>	<u>114,095</u>	<u>44</u>	<u>254,889</u>	<u>44</u>	<u>223,373</u>	<u>45</u>
PROFIT FROM OPERATIONS	<u>87,885</u>	<u>30</u>	<u>79,205</u>	<u>31</u>	<u>167,990</u>	<u>29</u>	<u>145,194</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 28)								
Interest income	3,857	1	697	-	5,808	1	1,607	-
Other income	3,444	1	767	-	4,591	1	2,339	1
Other gains and losses	6,789	2	1,835	1	11,034	2	2,030	-
Finance costs	(102)	-	(74)	-	(217)	-	(135)	-
Share of profit or loss of associates and joint ventures accounted for using equity method	<u>(6,775)</u>	<u>(2)</u>	<u>(555)</u>	<u>-</u>	<u>(9,423)</u>	<u>(2)</u>	<u>(980)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,213</u>	<u>2</u>	<u>2,670</u>	<u>1</u>	<u>11,793</u>	<u>2</u>	<u>4,861</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	95,098	32	81,875	32	179,783	31	150,055	31
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(22,546)</u>	<u>(8)</u>	<u>(4,724)</u>	<u>(2)</u>	<u>(40,226)</u>	<u>(7)</u>	<u>(28,861)</u>	<u>(6)</u>
NET PROFIT FOR THE PERIOD	<u>72,552</u>	<u>24</u>	<u>77,151</u>	<u>30</u>	<u>139,557</u>	<u>24</u>	<u>121,194</u>	<u>25</u>

(Continued)

91APP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	\$ 95,768	32	\$ (24,666)	(10)	\$ 179,611	31	\$ (22,759)	(5)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(37,081)</u>	<u>(12)</u>	<u>14,299</u>	<u>6</u>	<u>(67,917)</u>	<u>(12)</u>	<u>12,799</u>	<u>3</u>
Other comprehensive income (loss) for the period, net of income tax	<u>58,687</u>	<u>20</u>	<u>(10,367)</u>	<u>(4)</u>	<u>111,694</u>	<u>19</u>	<u>(9,960)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 131,239</u>	<u>44</u>	<u>\$ 66,784</u>	<u>26</u>	<u>\$ 251,251</u>	<u>43</u>	<u>\$ 111,234</u>	<u>23</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 72,359	24	\$ 78,700	31	\$ 139,110	24	\$ 123,112	25
Non-controlling interests	<u>193</u>	<u>-</u>	<u>(1,549)</u>	<u>(1)</u>	<u>447</u>	<u>-</u>	<u>(1,918)</u>	<u>-</u>
	<u>\$ 72,552</u>	<u>24</u>	<u>\$ 77,151</u>	<u>30</u>	<u>\$ 139,557</u>	<u>24</u>	<u>\$ 121,194</u>	<u>25</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 130,856	44	\$ 68,417	27	\$ 250,463	43	\$ 113,241	23
Non-controlling interests	<u>383</u>	<u>-</u>	<u>(1,633)</u>	<u>(1)</u>	<u>788</u>	<u>-</u>	<u>(2,007)</u>	<u>-</u>
	<u>\$ 131,239</u>	<u>44</u>	<u>\$ 66,784</u>	<u>26</u>	<u>\$ 251,251</u>	<u>43</u>	<u>\$ 111,234</u>	<u>23</u>
EARNINGS PER SHARE (Note 22)								
Basic	<u>\$ 0.60</u>		<u>\$ 0.70</u>		<u>\$ 1.16</u>		<u>\$ 1.12</u>	
Diluted	<u>\$ 0.60</u>		<u>\$ 0.70</u>		<u>\$ 1.16</u>		<u>\$ 1.12</u>	

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

(With Deloitte & Touche auditors' report dated August 17, 2022)

(Concluded)

91APP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Share Capital - Ordinary Shares		Capital Surplus	Retained Earnings		Other Equity Exchange Differences Arising on Translation of the Financial Statements of Foreign Operations	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	107,180	\$ 535,900	\$ 9,113	\$ -	\$ 309,167	\$ (4,472)	\$ -	\$ 849,708	\$ 4,786	\$ 854,494
Net income (loss) for the six months ended June 30, 2021	-	-	-	-	123,112	-	-	123,112	(1,918)	121,194
Other comprehensive loss for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(9,871)	-	(9,871)	(89)	(9,960)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	123,112	(9,871)	-	113,241	(2,007)	111,234
Issue of shares	13,398	66,990	1,203,406	-	-	-	-	1,270,396	-	1,270,396
Share-based payments	-	-	7,047	-	-	-	-	7,047	-	7,047
BALANCE AT JUNE 30, 2021	120,578	\$ 602,890	\$ 1,219,566	\$ -	\$ 432,279	\$ (14,343)	\$ -	\$ 2,240,392	\$ 2,779	\$ 2,243,171
BALANCE AT JANUARY 1, 2022	120,578	\$ 602,890	\$ 1,221,152	\$ -	\$ 607,576	\$ (24,533)	\$ -	\$ 2,407,085	\$ 4,853	\$ 2,411,938
Appropriation of 2021 earnings										
Legal reserve	-	-	-	29,841	(29,841)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(57,877)	-	-	(57,877)	-	(57,877)
Net income for the six months ended June 30, 2022	-	-	-	-	139,110	-	-	139,110	447	139,557
Other comprehensive income for six months ended June 30, 2022, net of income tax	-	-	-	-	-	111,353	-	111,353	341	111,694
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	139,110	111,353	-	250,463	788	251,251
Buy-back of ordinary shares	-	-	-	-	-	-	(314,569)	(314,569)	-	(314,569)
Share-based payments	-	-	1,369	-	-	-	-	1,369	-	1,369
BALANCE AT JUNE 30, 2022	120,578	\$ 602,890	\$ 1,222,521	\$ 29,841	\$ 658,968	\$ 86,820	\$ (314,569)	\$ 2,286,471	\$ 5,641	\$ 2,292,112

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

(With Deloitte & Touche auditors' report dated August 17, 2022)

91APP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 179,783	\$ 150,055
Adjustments for:		
Expected credit loss	14	113
Depreciation expenses	18,046	10,163
Share-based payments	1,369	7,047
Finance costs	217	135
Share of profit of associates and joint ventures accounted for using equity method	9,423	980
Interest income	(5,808)	(1,607)
Loss on disposal of property, plant and equipment	189	-
Changes in operating assets and liabilities		
Notes receivable	(207)	-
Trade receivables	2,637	5,301
Other receivables	(36,551)	(100,891)
Other financial assets	611,262	(786,079)
Other current assets	(3,652)	(2,980)
Other payables	(482,335)	237,218
Contract liabilities	36,886	17,298
Notes payable	(86)	-
Other current liabilities	(3,815)	31,256
Cash generated from (used in) operations	327,372	(431,991)
Interest received	5,055	2,600
Interest paid	(217)	(135)
Income tax paid	(48,261)	(31,414)
Net cash generated from (used in) operating activities	<u>283,949</u>	<u>(460,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,225,185)	(1,816,804)
Proceeds from sale of financial assets at amortized cost	1,790,431	726,972
Payments for property, plant and equipment	(9,424)	(3,951)
Proceeds from disposal of property, plant and equipment	11	-
Refundable deposits	(3,223)	(511)
Dividends received	3,779	2,552
Net cash generated from (used in) investing activities	<u>556,389</u>	<u>(1,091,742)</u>

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91APP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing shares	\$ -	\$ 1,270,396
Refund of guarantee deposits received	(100)	-
Repayment of the principal portion of lease liabilities	(8,770)	(5,879)
Payments for buy-back of ordinary shares	<u>(238,999)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(247,869)</u>	<u>1,264,517</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>95,804</u>	<u>(8,570)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	688,273	(296,735)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>643,991</u>	<u>767,696</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,332,264</u>	<u>\$ 470,961</u>

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

(With Deloitte & Touche auditors' report dated August 17, 2022)

(Concluded)

91APP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

91APP, Inc. (the “Company”) was incorporated in Cayman Islands in July 2013. The Company is mainly engaged in the general investment business, software design services, data processing services, information technology consultancy services and other related information technology businesses.

The Company’s functional currency is the U.S. dollar. However, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taipei Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 17, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 10 and Table 2 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 40	\$ 40	\$ 40
Checking accounts and demand deposits	916,144	574,751	401,271
Cash equivalents (investments with original maturities within 3 months)			
Time deposits	<u>416,080</u>	<u>69,200</u>	<u>69,650</u>
	<u>\$ 1,332,264</u>	<u>\$ 643,991</u>	<u>\$ 470,961</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits	1.12%-2.65%	0.25%-0.28%	0.25%-0.30%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Foreign investments			
Unlisted shares	<u>\$ 59,440</u>	<u>\$ -</u>	<u>\$ -</u>

In November 2021, the Group acquired preference shares of inline group Limited for cash of US\$2,000 thousand (listed in the prepaid investments). The equity interest was transferred on February 25, 2022.

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 982,862	\$ 1,548,108	\$ 1,715,724
Pledged time deposits (b)	<u>9,400</u>	<u>9,400</u>	<u>16,900</u>
	<u>\$ 992,262</u>	<u>\$ 1,557,508</u>	<u>\$ 1,732,624</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.22%-2.48%, 0.22%-0.81% and 0.25%-0.81% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 357	\$ 150	\$ 50
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 357</u>	<u>\$ 150</u>	<u>\$ 50</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 51,303	\$ 53,555	\$ 35,731
Less: Allowance for impairment loss	<u>(9)</u>	<u>(8)</u>	<u>(8)</u>
	<u>\$ 51,294</u>	<u>\$ 53,547</u>	<u>\$ 35,723</u>
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 429	\$ 814	\$ 94
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 429</u>	<u>\$ 814</u>	<u>\$ 94</u>
<u>Other receivables</u>			
At amortized cost			
Gross carrying amount	\$ 314,571	\$ 277,352	\$ 333,174
Less: Allowance for impairment loss	<u>(268)</u>	<u>(255)</u>	<u>(207)</u>
	<u>\$ 314,303</u>	<u>\$ 277,097</u>	<u>\$ 332,967</u>
<u>Other receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 339	\$ 254	\$ 305
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 339</u>	<u>\$ 254</u>	<u>\$ 305</u>

a. Notes receivable and trade receivables

The average credit period of sales was 30-130 days, and no interest was charged on trade receivables. When determining the recoverability of trade receivables, the Group considered if there were any changes in the credit quality of the trade receivables from the date credit was initially granted to the balance sheet date.

In order to control credit risk, the management of the Company has delegated the accounting department responsible for determining credit limits and monitoring various factors that may affect the customer's ability to pay, such as the historical transaction records and current economic conditions to ensure the recoverability of trade receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group applies the simplified approach prescribed by IFRS 9, which measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on the transaction date status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix (based on invoice date).

Notes receivable

June 30, 2022

	1 to 30 Days	31 to 90 Days	Total
Expected credit loss rate	0%	0%	-
Gross carrying amount	\$ 357	\$ -	\$ 357
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 357</u>

December 31, 2021

	1 to 30 Days	31 to 90 Days	Total
Expected credit loss rate	0%	0%	-
Gross carrying amount	\$ 100	\$ 50	\$ 150
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 100</u>	<u>\$ 50</u>	<u>\$ 150</u>

June 30, 2021

	1 to 30 Days	31 to 90 Days	Total
Expected credit loss rate	0%	0%	-
Gross carrying amount	\$ 50	\$ -	\$ 50
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 50</u>

The movements of the loss allowance of notes receivable as of June 30, 2022 and 2021 have not changed.

Trade receivablesJune 30, 2022

	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0%	0%	0%	100%	-
Gross carrying amount	\$ 45,099	\$ 6,474	\$ 150	\$ 9	\$ 51,732
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Amortized cost	<u>\$ 45,099</u>	<u>\$ 6,474</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 51,723</u>

December 31, 2021

	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0%	0%	0%	100%	-
Gross carrying amount	\$ 48,673	\$ 5,542	\$ 146	\$ 8	\$ 54,369
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(8)</u>
Amortized cost	<u>\$ 48,673</u>	<u>\$ 5,542</u>	<u>\$ 146</u>	<u>\$ -</u>	<u>\$ 54,361</u>

June 30, 2021

	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0%	0%	0%	100%	-
Gross carrying amount	\$ 29,210	\$ 6,552	\$ 55	\$ 8	\$ 35,825
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(8)</u>
Amortized cost	<u>\$ 29,210</u>	<u>\$ 6,552</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 35,817</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 8	\$ 7
Add: Net remeasurement of loss allowance	<u>1</u>	<u>1</u>
Balance at June 30	<u>\$ 9</u>	<u>\$ 8</u>

b. Other receivables (Note 15)

Other receivables are mainly derived from the contracts signed by the Group and online stores; the Group provides customers with store opening services and collects payment from general customers through collection agencies. On the date agreed in the contract, the Group collects the payment for goods from the collection agencies for each period. The average collection period for collection agencies is 0-15 days.

The Group recognized an allowance for 100% impairment of other doubtful receivables.

The movements of the allowance for doubtful other receivables were as follows:

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 255	\$ 95
Add: Net remeasurement of loss allowance	<u>13</u>	<u>112</u>
Balance at June 30	<u>\$ 268</u>	<u>\$ 207</u>

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
91APP, Inc.	91APP (Taiwan), Inc.	Internet related business	100	100	100	-
91APP, Inc.	Omni-channel Retail System Corporation	Internet related business	100	100	100	*
91APP, Inc.	91APP HK Limited	Internet related business	70	70	70	*

* The financial statements for the second quarter of 2022 and 2021 of the unimportant subsidiaries have not been audited.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates	June 30, 2022	December 31, 2021	June 30, 2021
Material associate			
EasyStore Commerce SDN. BHD.	\$ 101,208	\$ 100,615	\$ 51,830
Omnichat Limited	49,744	50,048	-
Associates that are not individually material	<u>33,846</u>	<u>36,296</u>	<u>34,155</u>
	<u>\$ 184,798</u>	<u>\$ 186,959</u>	<u>\$ 85,985</u>

a. Material associate

Investments in Associates	Proportion of Ownership and Voting Rights		
	June 30, 2022	December 31, 2021	June 30, 2021
EasyStore Commerce SDN. BHD.	36.35%	36.35%	27.30%
Omnichat Limited	35.80%	35.80%	-

Refer to Table 2 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associate.

EasyStore Commerce SDN. BHD. and Omnichat Limited are the Group’s strategic partner for acquiring new customers in Malaysia and Hongkong by entering into the market.

The summarized financial information below represents amounts shown in the associate’s financial statements prepared in accordance with the IFRSs adjusted by the Group for equity accounting purposes.

EasyStore Commerce SDN. BHD.

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 50,440	\$ 26,072	\$ 43,349
Non-current assets	16,087	19,322	15,915
Current liabilities	<u>(91,911)</u>	<u>(51,558)</u>	<u>(46,513)</u>
Equity	<u>\$ (25,384)</u>	<u>\$ (6,164)</u>	<u>\$ 12,751</u>
Proportion of the Group’s ownership	36.35%	36.35%	27.3%
Equity attributable to the Group	\$ (9,228)	\$ (2,241)	\$ 3,481
Goodwill	<u>110,436</u>	<u>102,856</u>	<u>48,349</u>
Carrying amount	<u>\$ 101,208</u>	<u>\$ 100,615</u>	<u>\$ 51,830</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenue	\$ <u>22,125</u>	\$ <u>17,432</u>	\$ <u>41,779</u>	\$ <u>32,794</u>
Net loss for the period	\$ (9,380)	\$ (2,626)	\$ (19,039)	\$ (5,894)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	\$ <u>(9,380)</u>	\$ <u>(2,626)</u>	\$ <u>(19,039)</u>	\$ <u>(5,894)</u>

Omnichat Limited

	June 30, 2022	December 31, 2021
Current assets	\$ 63,906	\$ 58,349
Non-current assets	12,548	11,755
Current liabilities	<u>(23,253)</u>	<u>(5,708)</u>
Equity	\$ <u>53,201</u>	\$ <u>64,396</u>
Proportion of the Group's ownership	35.80%	35.80%
Equity attributable to the Group	\$ 19,046	\$ 23,054
Goodwill	27,833	24,148
Customer relationships	<u>2,865</u>	<u>2,846</u>
Carrying amount	\$ <u>49,744</u>	\$ <u>50,048</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30
Operating revenue	\$ <u>2,058</u>	\$ <u>8,710</u>
Net loss for the period	\$ (10,832)	\$ (10,187)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	\$ <u>(10,832)</u>	\$ <u>(10,187)</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group's share of:				
Profit from continuing operations	\$ <u>697</u>	\$ <u>162</u>	\$ <u>1,329</u>	\$ <u>629</u>

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income of these investments were based on the associates' financial statements which have not been audited for the same periods.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2022	December 31, 2021	June 30, 2021
Assets used by the Group	<u>\$ 28,784</u>	<u>\$ 24,829</u>	<u>\$ 15,512</u>
<u>Assets used by the Group</u>			
	Office Equipment	Leasehold Improvements	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 40,873	\$ 31,995	\$ 72,868
Additions	4,525	4,899	9,424
Disposals	(4,127)	(4,267)	(8,394)
Reclassify	-	1,453	1,453
Effects of foreign currency exchange differences	<u>40</u>	<u>-</u>	<u>40</u>
Balance at June 30, 2022	<u>\$ 41,311</u>	<u>\$ 34,080</u>	<u>\$ 75,391</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 28,308	\$ 19,731	\$ 48,039
Disposals	(3,927)	(4,267)	(8,194)
Depreciation expenses	3,419	3,327	6,746
Effects of foreign currency exchange differences	<u>13</u>	<u>3</u>	<u>16</u>
Balance at June 30, 2022	<u>\$ 27,813</u>	<u>\$ 18,794</u>	<u>\$ 46,607</u>
Carrying amount at June 30, 2022	<u>\$ 13,498</u>	<u>\$ 15,286</u>	<u>\$ 28,784</u>
Carrying amount at January 1, 2022 and December 31, 2021	<u>\$ 12,565</u>	<u>\$ 12,264</u>	<u>\$ 24,829</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 35,621	\$ 21,041	\$ 56,662
Additions	3,680	271	3,951
Effects of foreign currency exchange differences	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Balance at June 30, 2021	<u>\$ 39,293</u>	<u>\$ 21,312</u>	<u>\$ 60,605</u>

(Continued)

	Office Equipment	Leasehold Improvements	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ 24,389	\$ 16,631	\$ 41,020
Depreciation expenses	2,787	1,288	4,075
Effects of foreign currency exchange differences	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance at June 30, 2021	<u>\$ 27,174</u>	<u>\$ 17,919</u>	<u>\$ 45,093</u>
Carrying amount at June 30, 2021	<u>\$ 12,119</u>	<u>\$ 3,393</u>	<u>\$ 15,512</u> (Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Office equipment	3-5 years
Leasehold improvement	3-5 years

The Group did not recognize any impairment loss for the six months ended June 30, 2022 and 2021 as there were no indications of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amounts</u>				
Buildings	\$ 35,823	\$ 23,591	\$ 20,160	
Transportation equipment	<u>2,023</u>	<u>-</u>	<u>378</u>	
	<u>\$ 37,846</u>	<u>\$ 23,591</u>	<u>\$ 20,538</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 6,904</u>	<u>\$ 24,438</u>	<u>\$ 15,259</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 5,464	\$ 2,866	\$ 10,843	\$ 5,368
Transportation equipment	<u>229</u>	<u>296</u>	<u>457</u>	<u>720</u>
	<u>\$ 5,693</u>	<u>\$ 3,162</u>	<u>\$ 11,300</u>	<u>\$ 6,088</u>

Except for the addition and recognition of depreciation expenses listed above, there was no major sublease or impairment of the right-of-use assets of the Group for the six months ended June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Current	\$ 18,197	\$ 12,419	\$ 11,901
Non-current	\$ 21,969	\$ 11,488	\$ 8,959

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	0.74%-2.66%	0.94%-2.66%	0.94%-2.66%
Transportation equipment	1.49%	-	2.50%-2.78%

c. Material leasing activities and terms

The Group leases buildings for the use of offices with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

14. GOODWILL

	<u>For the Six Months Ended June 30</u>	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 6,144	\$ 6,322
Effect of foreign currency exchange differences	<u>453</u>	<u>(67)</u>
Balance at June 30	<u>\$ 6,597</u>	<u>\$ 6,255</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ (3,175)	\$ (3,267)
Effect of foreign currency exchange differences	<u>(234)</u>	<u>-</u>
Balance at June 30	<u>\$ (3,409)</u>	<u>\$ (3,267)</u>
Carrying amount at June 30	<u>\$ 3,188</u>	<u>\$ 2,988</u>

The Group acquired Omni-channel Retail System Corporation and 91APP HK Limited in June 2016 and October 2019, respectively, and recognized goodwill relating to control premium.

15. OTHER ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other receivables			
Interest receivables	\$ 3,342	\$ 2,589	\$ 630
Receivables from receipts under custody (a)	305,092	261,427	323,015
Others	<u>5,869</u>	<u>13,081</u>	<u>9,322</u>
	<u>\$ 314,303</u>	<u>\$ 277,097</u>	<u>\$ 332,967</u>
Other financial assets			
Restricted trust deposits (b)	<u>\$ 735,618</u>	<u>\$ 1,346,880</u>	<u>\$ 786,079</u>
Other assets			
Prepayments	\$ 13,281	\$ 9,518	\$ 8,282
Others	<u>1,207</u>	<u>1,318</u>	<u>1,722</u>
	<u>\$ 14,488</u>	<u>\$ 10,836</u>	<u>\$ 10,004</u>
<u>Non-current</u>			
Prepaid investments (c)	\$ -	\$ 55,360	\$ -
Prepaid equipment	-	1,453	-
Refundable deposits	<u>7,175</u>	<u>3,952</u>	<u>4,315</u>
	<u>\$ 7,175</u>	<u>\$ 60,765</u>	<u>\$ 4,315</u>

- a. Receivables from receipts under custody are payments that third-party agencies collect from consumers.
- b. Amounts for receipts and payables under custody of payment and logistic services provided by the Group are guaranteed through trust which refers to a signed trust contract with a trust management bank, and a special deposit account is used as a special trust account for receipts and payables under custody and stored-value funds. The Group recognized the account as “other financial assets - restricted trust deposits”.
- c. In November 2021, the Group subscribed for 200,000 shares after the consolidation of inline group Limited for cash of US\$2,000 thousand; the procedure has not yet been completed, so it is listed in the prepaid investments. The equity interest was transferred on February 25, 2022 and reclassified to financial assets at fair value through other comprehensive income.

16. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other payables			
Payables for receipts under custody*	\$ 825,074	\$ 1,293,476	\$ 857,313
Payables for salaries or bonuses	63,869	72,295	55,386
Payables for annual leave	320	320	320
Payables for employees' compensation	6,160	13,208	4,174
Payables for insurance premiums	7,565	6,384	6,065
Payables for pension	7,017	6,340	5,958
Payables for VAT	23,443	29,271	31,410
Payables for dividend	57,877	-	-
Payables for treasury share buyback cost	75,570	-	-
Others	<u>40,159</u>	<u>34,961</u>	<u>25,483</u>
	<u>\$ 1,107,054</u>	<u>\$ 1,456,255</u>	<u>\$ 986,109</u>
Payables to related parties	<u>\$ 396</u>	<u>\$ 83</u>	<u>\$ 52</u>
Other liabilities			
Receipts under custody	\$ 157,027	\$ 157,608	\$ 130,737
Temporary receipts	<u>3,049</u>	<u>6,283</u>	<u>8,473</u>
	<u>\$ 160,076</u>	<u>\$ 163,891</u>	<u>\$ 139,210</u>

* Payables for receipts under custody of payment flow services are the amounts payable to stores for the amounts collected on behalf of these stores in accordance with the contracts which the Group signed with these stores. The amounts for receipts and payables under custody mentioned above are transferred into a trust, recognized as other financial assets; refer to Note 15.

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

91APP (Taiwan), Inc. and Omni-channel Retail System Corporation of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group recognized pension costs of \$7,133 thousand and \$6,024 thousand for the three months ended June 30, 2022 and 2021, respectively, and \$13,788 thousand and \$11,742 thousand for the six months ended June 30, 2022 and 2021, respectively.

The employees of the Group's subsidiaries 91APP HK Limited are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital - ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Shares authorized (in thousands of shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Shares issued and fully paid (in thousands of shares)	<u>120,578</u>	<u>120,578</u>	<u>120,578</u>
Shares issued and fully paid	<u>\$ 602,890</u>	<u>\$ 602,890</u>	<u>\$ 602,890</u>

For first listing on the Taipei Exchange, the Company's board of directors resolved to issue 13,398 thousand ordinary shares with a par value of \$5 on March 25, 2021; the cash capital increase from issuance of new shares includes public subscription, employee subscription and bidding auction with 2,412 thousand shares, 1,340 thousand shares, and 9,646 thousand shares, respectively, of which the public subscription and employee subscriptions are all issued at a premium of \$66 per share, and bidding auction was issued at a premium of \$106.76 per share at the weighted average price of the bid, and the base date of the increase in capital was May 21, 2021; the total proceeds amounted to \$1,277,396 thousand. After the capital increase, the paid-in capital was \$602,890 thousand, divided into 120,578 thousand ordinary shares.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Additional paid-in capital	\$ 1,215,858	\$ 1,215,858	\$ 1,207,885
<u>May not be used for any purpose</u>			
Employee share options	<u>6,663</u>	<u>5,294</u>	<u>11,681</u>
	<u>\$ 1,222,521</u>	<u>\$ 1,221,152</u>	<u>\$ 1,219,566</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Except as provided in the Company law of the Cayman Islands, the Group is currently in the growth stage. The board of directors should prepare a distribution plan which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders, with the future operational development plan in mind and in response to funding needs and long-term financial planning, at the same time taking into consideration shareholder interests.

Under the dividends policy as set forth in the Articles of the Company

- 1) Where based on the Company's final accounts in respect of a current year, when the Company proposes to make profit distribution, such distribution shall be calculated based on the after-tax net profit of that current fiscal year, and shall be distributable only after (i) covering accumulated losses (including any adjustment to the retained earnings), (ii) setting aside a sum for any capital reserve pursuant to these Articles, (iii) setting aside a sum equal to ten percent (10%) for any capital reserve pursuant to the Applicable Public Company Rules, unless the accumulated amount of such reserve equals to the total paid-up capital of the Company, and (iv) setting aside a sum for an additional special reserve or reversing the special reserve back to the undistributed profit in compliance with the requirements promulgated by applicable ROC authorities so long as the Shares are listed on any ROC Securities Exchange. After deducting the aforementioned amounts from the Company's net profit after tax, any remaining profit will be distributed as dividends to shareholders based on the shareholding ratios of the respective shareholders.
- 2) When the Company's shares are traded on any of the stock exchanges in the Republic of China, the Company's dividend distribution policy should be proposed by the board of directors and resolved in the shareholders' meeting whereby no less than 10% of the accumulated retained earnings for each year should be distributed as shareholder dividends., however, that if the accumulated retained earnings is less than 10% of the capital paid up, the Company may not declare dividends. Such dividends may be distributed by cash or by issuing shares, provided that the percentage of the cash dividend shall not be less than five (5) percent of the total dividend.

The shareholders of the Company held their regular meeting on April 16, 2021 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of year, the board of directors is authorized to adopt a resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

For information about the distribution policy of compensation of employees and remuneration of directors stipulated in the Company's Articles of Incorporation, refer to Note 20, g (employees' compensation and the remuneration of directors).

The Group held regular shareholders' meetings on April 16, 2021, and resolved to consider the Company's needs for future expansion of the scale of operations, and all surpluses for 2020 were retained without distribution.

The appropriation of earnings for 2021 was as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 29,841</u>
Cash dividends	<u>\$ 57,877</u>
Cash dividends per share (NT\$)	\$ 0.48

The above 2021 appropriation for cash dividends had been resolved by the Company's board of directors on March 10, 2022; the other appropriation for 2021 had been resolved by the shareholders in their meeting on June 9, 2022.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ (24,533)	\$ (4,472)
Exchange differences arising on translation of the financial statements of foreign operations	(67,917)	12,799
Exchange differences on translation to the presentation currency	<u>179,270</u>	<u>(22,670)</u>
Balance at June 30	<u>\$ 86,820</u>	<u>\$ (14,343)</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	-
Increase during the period	<u>2,345</u>
Number of shares at June 30, 2022	<u>2,345</u>

In order to motivate employees and enhance the cohesiveness, the board of directors resolved to buy back 2,500 thousand shares for transferring shares to employees on May 3, 2022. The buyback price range is from \$91.5 to \$229.5. When the share price is lower than the limit of the buyback price range, the Company can still buy back the shares. As of June 30, 2022, the Company has bought back 2,345 thousand shares at a total amount \$314,569 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

19. REVENUE

a. Revenue from contracts with customers

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 295,983</u>	<u>\$ 257,937</u>	<u>\$ 578,113</u>	<u>\$ 493,825</u>

b. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Trade receivables (Note 9)	<u>\$ 51,294</u>	<u>\$ 53,547</u>	<u>\$ 35,723</u>	<u>\$ 41,119</u>
Trade receivables from related parties (Note 9)	<u>\$ 429</u>	<u>\$ 814</u>	<u>\$ 94</u>	<u>\$ -</u>
Contract liabilities - current				
System services	\$ 101,981	\$ 68,252	\$ 69,102	\$ 53,803
Contract liabilities - non-current				
System services	<u>10,812</u>	<u>7,655</u>	<u>7,092</u>	<u>5,093</u>
	<u>\$ 112,793</u>	<u>\$ 75,907</u>	<u>\$ 76,194</u>	<u>\$ 58,896</u>

c. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Taiwan	\$ 280,901	\$ 251,116	\$ 548,370	\$ 480,540
Others	<u>15,082</u>	<u>6,821</u>	<u>29,743</u>	<u>13,285</u>
	<u>\$ 295,983</u>	<u>\$ 257,937</u>	<u>\$ 578,113</u>	<u>\$ 493,825</u>
Recurring revenue	\$ 267,821	\$ 240,270	\$ 528,102	\$ 457,769
Non-recurring revenue	<u>28,162</u>	<u>17,667</u>	<u>50,011</u>	<u>36,056</u>
	<u>\$ 295,983</u>	<u>\$ 257,937</u>	<u>\$ 578,113</u>	<u>\$ 493,825</u>

The Group's recurring revenues are generated from its system services and online store services. The Group's non-recurring revenue is generated from its set up and project services.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	<u>\$ 3,857</u>	<u>\$ 697</u>	<u>\$ 5,808</u>	<u>\$ 1,607</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Service revenue (Note 28)	\$ 847	\$ 767	\$ 1,876	\$ 1,529
Government grants (Note 24)	646	-	646	-
Rental income (Note 28)	1,065	-	1,183	-
Others	<u>886</u>	<u>-</u>	<u>886</u>	<u>810</u>
	<u>\$ 3,444</u>	<u>\$ 767</u>	<u>\$ 4,591</u>	<u>\$ 2,339</u>

c. Other gains and (losses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net foreign exchange gains	\$ 6,789	\$ 1,835	\$ 11,223	\$ 2,030
Losses on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>(189)</u>	<u>-</u>
	<u>\$ 6,789</u>	<u>\$ 1,835</u>	<u>\$ 11,034</u>	<u>\$ 2,030</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 102</u>	<u>\$ 74</u>	<u>\$ 217</u>	<u>\$ 135</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 3,451	\$ 1,975	\$ 6,746	\$ 4,075
Right-of-use assets	<u>5,693</u>	<u>3,162</u>	<u>11,300</u>	<u>6,088</u>
	<u>\$ 9,144</u>	<u>\$ 5,137</u>	<u>\$ 18,046</u>	<u>\$ 10,163</u>
An analysis of depreciation by function				
Operating costs	\$ 3,015	\$ 2,059	\$ 5,858	\$ 4,017
Operating expenses	<u>6,129</u>	<u>3,078</u>	<u>12,188</u>	<u>6,146</u>
	<u>\$ 9,144</u>	<u>\$ 5,137</u>	<u>\$ 18,046</u>	<u>\$ 10,163</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term benefits	\$ 159,378	\$ 130,696	\$ 311,963	\$ 258,567
Post-employment benefits				
Defined contribution plans (Note 17)	<u>7,133</u>	<u>6,024</u>	<u>13,788</u>	<u>11,742</u>
	166,511	136,720	325,751	270,309
Share-based payments				
Equity-settled (Note 23)	<u>688</u>	<u>5,802</u>	<u>1,369</u>	<u>7,047</u>
Total employee benefits expense	<u>\$ 167,199</u>	<u>\$ 142,522</u>	<u>\$ 327,120</u>	<u>\$ 277,356</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 59,537	\$ 47,763	\$ 115,122	\$ 92,362
Operating expenses	<u>107,662</u>	<u>94,759</u>	<u>211,998</u>	<u>184,994</u>
	<u>\$ 167,199</u>	<u>\$ 142,522</u>	<u>\$ 327,120</u>	<u>\$ 277,356</u>

g. Employees' compensation and remuneration of directors

According to the Articles of the Company, the Company shall accrue employees' compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. However, if the Company has accumulated losses, an amount should be set aside in advance to offset the losses. Employee's compensation can be distributed in the form of shares or cash, and should be distributed in accordance with the employee reward plan as set forth in the Company's Articles. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company.

For the six months ended June 30, 2022 and 2021, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2022	2021
Employees' compensation	3%	3%
Remuneration of directors	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employees' compensation	<u>\$ 2,010</u>	<u>\$ 2,540</u>	<u>\$ 4,250</u>	<u>\$ 3,960</u>
Remuneration of directors	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employee's compensation and remuneration to directors for the years ended December 31, 2021 and 2020 have been approved by the Company's board of directors on March 10, 2022 and March 25, 2021, respectively.

Amount

	<u>For the Year Ended December 31</u>	
	2021	2020
Employees' compensation	<u>\$ 9,290</u>	<u>\$ 6,270</u>
Remuneration of directors	<u>\$ -</u>	<u>\$ -</u>

There was no difference between the actual amounts of employee's compensation and remuneration of directors paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employee's compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System Website of Taiwan Stock Exchange.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	June 30		June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 18,812	\$ 16,579	\$ 35,539	\$ 31,393
Income tax on unappropriated earnings	14,065	-	14,065	9,275
Adjustments for prior year	(11,465)	(12,644)	(11,465)	(12,644)
Deferred tax				
In respect of the current period	<u>1,134</u>	<u>789</u>	<u>2,087</u>	<u>837</u>
Income tax expense recognized in profit or loss	<u>\$ 22,546</u>	<u>\$ 4,724</u>	<u>\$ 40,226</u>	<u>\$ 28,861</u>

b. Income tax assessments

Except for the Company which is exempt from paying income tax, income tax returns of 91APP (Taiwan), Inc. and Omni-channel Retail System Corporation have been assessed by the tax authorities of the ROC through 2020. The rest of the companies have completed the filing of income tax within the prescribed time limits set by the local governments of each country. The tax collection agencies will not voluntarily issue approval notices to enterprises. They will only issue tax payment notices for their respective years to enterprises when there is a tax dispute and reserve the right to propose additional taxation.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share from continuing operations	<u>\$ 0.60</u>	<u>\$ 0.70</u>	<u>\$ 1.16</u>	<u>\$ 1.12</u>
Diluted earnings per share from continuing operations	<u>\$ 0.60</u>	<u>\$ 0.70</u>	<u>\$ 1.16</u>	<u>\$ 1.12</u>

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 72,359</u>	<u>\$ 78,700</u>	<u>\$ 139,110</u>	<u>\$ 123,112</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 72,359</u>	<u>\$ 78,700</u>	<u>\$ 139,110</u>	<u>\$ 123,112</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,149	113,216	120,362	110,215
Effect of potentially dilutive ordinary shares				
Employees' compensation	<u>33</u>	<u>13</u>	<u>54</u>	<u>57</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,182</u>	<u>113,229</u>	<u>120,416</u>	<u>110,272</u>

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

The shareholders of the Company agreed in January 2020 that specific employees of subsidiaries are entitled to receive 1,088 thousand shares of the Company's stock for free. Equity-settled share-based payment arrangement granted to employees is measured by the fair value of the equity instrument on the grant date. The grant date is January 31, 2020, and the fair value per share on the grant date is \$10.34-\$12.62, and the vesting period is 1.5-4.5 years.

Compensation costs recognized were \$688 thousand and \$1,259 thousand for the three months ended June 30, 2022 and 2021, respectively; and \$1,369 thousand and \$2,504 thousand for the six months ended June 30, 2022 and 2021, respectively.

Issuance of shares from cash capital increase reserved for employees' subscription

On March 25, 2021, the Company's board of directors resolved to issue 13,398 thousand ordinary shares. The above transaction was approved by the FSC on April 21, 2021.

The cash capital increase from issuance of new shares will be subscribed by the employees of the Company and the employees of the affiliated companies, and the grant date is May 12, 2021.

Information on employee share options was as follows:

	For the Six Months Ended June 30, 2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	-	\$ -
Options granted	1,340	66
Options forfeited	-	-
Options exercised	<u>(1,340)</u>	
Balance at June 30	<u>-</u>	
Options exercisable, end of the period	<u>-</u>	
Weighted-average fair value of options granted (\$)		<u>\$ 3.39</u>

The weighted average exercise price of the employee share options exercised in 2021 was \$66 on the exercise date.

The Company employees' subscriptions were priced using the Black-Scholes option pricing model.

The inputs value used in the option pricing model are as follows:

	May 2021
Number of shares	1,340 thousand
Restricted transfer period	None
Fair value per share on grant date	\$69.24
Execution price	\$66
Expected volatility	33.655%
Duration	0.01 years
Risk-free interest rate	0.1427%

Compensation cost recognized was \$4,543 thousand for the six months ended June 30, 2021

24. GOVERNMENT GRANTS

The Group's subsidiaries in Hong Kong received a government grant of \$646 thousand for the six months ended June 30, 2022. The amount was recognized as other income as set out in Note 20.

25. CASH FLOW INFORMATION

a. Non-cash transactions

- 1) The cash dividends approved in the shareholders' meetings were not yet distributed as of June 30, 2022, which are accounted for as dividends payable (refer to Notes 16 and 18).
- 2) As of June 30, 2022, the Company bought back 2,345 thousand treasury shares at a total amount \$314,569 thousand, of which \$75,570 thousand has not yet been paid, which are accounted for as payables for treasury share buyback cost (see Notes 16 and 18).

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2022

	For the Six Months Ended June 30, 2022						
Total cash outflow from lease							<u>\$ (8,987)</u>

	January 1, 2022	Cash Flows	Non-cash Changes			Included in Operating Activities Interest Paid	June 30, 2022
			New Leases	Interest Expense	Effect of Foreign Currency Exchange Differences		
Lease liabilities	<u>\$ 23,907</u>	<u>\$ (8,770)</u>	<u>\$ 24,438</u>	<u>\$ 217</u>	<u>\$ 591</u>	<u>\$ (217)</u>	<u>\$ 40,166</u>

For the six months ended June 30, 2021

	For the Six Months Ended June 30, 2021						
Total cash outflow from lease							<u>\$ (6,014)</u>

	January 1, 2021	Cash Flows	Non-cash Changes			Included in Operating Activities Interest Paid	June 30, 2021
			New Leases	Interest Expense	Effect of Foreign Currency Exchange Differences		
Lease liabilities	<u>\$ 11,480</u>	<u>\$ (5,879)</u>	<u>\$ 15,259</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ (135)</u>	<u>\$ 20,860</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes that the book value of financial assets and financial liabilities approximate the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ -	\$ -	\$ 59,440	\$ 59,440

There were no transfers between Levels 1 and 2 in the June 30, 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

Financial Assets	<u>Financial Assets at FVTOCI Equity Instruments</u>
Balance at January 1, 2022	\$ -
Purchases	55,360
Foreign Currency Exchange Differences	<u>4,080</u>
Balance at June 30, 2022	<u>\$ 59,440</u>

3) Valuation techniques and inputs applied for fair value measurement

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to calculate the present value of the expected future economic benefits to be derived from the ownership of these investees; and to assess a reasonable fair value by preferential share equity value allocation.

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 3,434,041	\$ 3,884,193	\$ 3,363,118
Financial assets at FVTOCI	59,440	-	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	999,076	1,328,706	882,848

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade and other receivables (including related parties receivable), other financial assets - current and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise notes payable, other payables (including related parties payables) (excluding payables for salaries or bonuses, payables for annual leave, payables for employees' compensation, payables for insurance premiums, payables for pension, and payables for VAT) and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost - current, financial assets at fair value through other comprehensive income, notes receivable, trade and other receivables, other receivables, other financial assets - current, refundable deposits, notes payables, other payables and lease liabilities. The Group's corporate treasury function provides services to the business and manages the financial risks relating to the operations of the Group. These risks include market risk (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency denominated transactions, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The exposure to foreign currency fluctuations mainly relates to the Group's subsidiaries in the ROC, which was mainly impacted by U.S. dollar exchange rate fluctuations.

The following table details the sensitivity of the Group's subsidiaries in ROC to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit for a 1% weakening of the New Taiwan dollar against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar Impact			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Profit or loss	<u>\$ 53</u>	<u>\$ (11)</u>	<u>\$ 1,530</u>	<u>\$ 1,425</u>

The above impact was mainly attributable to the exposure on outstanding U.S. dollar cash, cash equivalents, time deposits with original maturities of more than 3 months and trade receivable of the Group's subsidiaries in the ROC which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is not exposed to interest rate risk because entities in the Group did not borrow funds.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	<u>\$ 1,408,342</u>	<u>\$ 1,626,708</u>	<u>\$ 1,802,274</u>
Financial liabilities	<u>\$ 40,166</u>	<u>\$ 23,907</u>	<u>\$ 20,860</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 1,651,762</u>	<u>\$ 1,921,631</u>	<u>\$ 1,187,350</u>

Sensitivity analysis

The fixed-rate financial assets and financial liabilities held by the Company are not included in the analysis because they are measured at amortized cost. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2022 and 2021 would decrease/increase by \$2,065 thousand and \$1,484 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in FVTOCI.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 10% higher/lower, other comprehensive income for the six months ended June 30, 2022 would have increased/decreased by \$5,944 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

Since the Group's counterparties are all creditworthy financial institutions and entities, no significant credit risk is expected.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

June 30, 2022

	Less than 1 Year	1-2 Years	2-5 Years	Total
<u>Non-derivative financial liabilities</u>				
Other payables	\$ 1,107,054	\$ -	\$ -	\$ 1,107,054
Other payable to related parties	396	-	-	396
Lease liabilities	18,477	15,278	6,846	40,601
Other current liabilities	<u>160,076</u>	<u>-</u>	<u>-</u>	<u>160,076</u>
	<u>\$ 1,286,003</u>	<u>\$ 15,278</u>	<u>\$ 6,846</u>	<u>\$ 1,308,127</u>

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	Total
<u>Non-derivative financial liabilities</u>				
Notes payable	\$ 86	\$ -	\$ -	\$ 86
Other payables	1,456,255	-	-	1,456,255
Other payable to related parties	83	-	-	83
Lease liabilities	12,617	7,049	4,564	24,230
Other current liabilities	<u>163,891</u>	<u>-</u>	<u>-</u>	<u>163,891</u>
	<u>\$ 1,632,932</u>	<u>\$ 7,049</u>	<u>\$ 4,564</u>	<u>\$ 1,644,545</u>

June 30, 2021

	Less than 1 Year	1-2 Years	2-5 Years	Total
<u>Non-derivative financial liabilities</u>				
Other payables	\$ 986,109	\$ -	\$ -	\$ 986,109
Other payable to related parties	52	-	-	52
Lease liabilities	12,091	6,988	2,014	21,093
Other current liabilities	<u>139,210</u>	<u>-</u>	<u>-</u>	<u>139,210</u>
	<u>\$ 1,137,462</u>	<u>\$ 6,988</u>	<u>\$ 2,014</u>	<u>\$ 1,146,464</u>

b) Financing facilities

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank loan facilities which may be extended by mutual agreement:			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>35,000</u>	<u>35,000</u>	<u>-</u>
	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
91APP SDN. BHD.	Associate
Omni-channel Retail System Corporation	Associate
Jinghong, Inc.	Associate
EasyStore Commerce SDN. BHD.	Associate
Omnichat Limited	Associate
MYDRESS HOLDINGS LIMITED	Related party in substance

b. Operating revenue

<u>Related Party Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
91APP SDN. BHD.	\$ 139	\$ 126	\$ 343	\$ 316
Omni-channel Retail System Corporation	677	-	1,178	-
Omnichat Limited	<u>37</u>	<u>-</u>	<u>37</u>	<u>-</u>
	<u>\$ 853</u>	<u>\$ 126</u>	<u>\$ 1,558</u>	<u>\$ 316</u>

The Company provides services to the related parties; the transaction terms with related parties were not significantly different from those with third parties.

c. Purchase of services

<u>Related Party Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Jinghong, Inc.	<u>\$ 258</u>	<u>\$ 197</u>	<u>\$ 366</u>	<u>\$ 299</u>

The companies listed above provide 91APP, Inc. with system connection services; the transaction terms with related parties were not significantly different from those with third parties.

d. Receivables from related parties

<u>Line Item</u>	<u>Related Party Name</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
		Trade receivables from related parties	Jinghong, Inc.	\$ 2
	91APP SDN. BHD.	94	103	92
	Omni-channel Retail System Corporation	240	709	-
	Omnichat Limited	<u>93</u>	<u>-</u>	<u>-</u>
		<u>\$ 429</u>	<u>\$ 814</u>	<u>\$ 94</u>

Line Item	Related Party Name	June 30, 2022	December 31,	
			2021	June 30, 2021
Other receivables from related parties	91APP SDN. BHD.	\$ 12	\$ -	\$ 50
	EasyStore Commerce SDN. BHD	<u>327</u>	<u>254</u>	<u>255</u>
		<u>\$ 339</u>	<u>\$ 254</u>	<u>\$ 305</u>

Receivables from related parties mentioned above were not guaranteed, and no provision for impairment loss was accrued for the six months ended June 30, 2022 and 2021.

e. Payables to related parties

Line Item	Related Party Name	June 30, 2022	December 31,	
			2021	June 30, 2021
Other payables to related parties	Jinghong, Inc.	\$ 396	\$ 83	\$ 17
	91APP SDN. BHD.	<u>-</u>	<u>-</u>	<u>35</u>
		<u>\$ 396</u>	<u>\$ 83</u>	<u>\$ 52</u>

The outstanding other payables to related parties are unsecured.

f. Others

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
		Service expenses	Jinghong, Inc.	<u>\$ 12</u>	<u>\$ -</u>
Service revenue	EasyStore Commerce SDN. BHD.	<u>\$ 847</u>	<u>\$ 767</u>	<u>\$ 1,876</u>	<u>\$ 1,529</u>
Rental revenue	EasyStore Commerce SDN. BHD.	\$ 56	\$ -	\$ 78	\$ -
	Mydress Holdings Limited	<u>1,009</u>	<u>-</u>	<u>1,009</u>	<u>-</u>
		<u>\$ 1,065</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ -</u>

g. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 11,252	\$ 9,777	\$ 22,785	\$ 19,177
Post-employment benefits	402	360	806	711
Share-based payments	<u>34</u>	<u>290</u>	<u>68</u>	<u>352</u>
	<u>\$ 11,688</u>	<u>\$ 10,427</u>	<u>\$ 23,659</u>	<u>\$ 20,240</u>

The remuneration of directors and other key executives was determined based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged as collateral for commercial credit cards and performance guarantees held by the Group:

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged deposits (classified as financial assets at amortized cost - current)	<u>\$ 9,400</u>	<u>\$ 9,400</u>	<u>\$ 16,900</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, had no significant contingencies and unrecognized commitments of the Group.

31. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, the Group assessed that there are no doubts in the aspects of the Group's ability to continue as a going concern, asset impairment, and financing risks.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items US\$	\$ 5,146	29.72 (US\$:NT\$)	<u>\$ 152,953</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items US\$	\$ 5,120	27.68 (US\$:NT\$)	<u>\$ 141,720</u>

June 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
US\$	\$ 5,116	27.86 (US\$:NT\$)	<u>\$ 142,538</u>

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

For the Six Months Ended June 30				
2022			2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
US\$	1 (NT\$:NT\$)	<u>\$ 731</u>	1 (NT\$:NT\$)	<u>\$ 5,102</u>
For the Three Months Ended June 30				
2022			2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
US\$	1 (NT\$:NT\$)	<u>\$ 912</u>	1 (NT\$:NT\$)	<u>\$ 5,106</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of total equity attributable to owners of the Company (None, Note)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of total equity attributable to owners of the Company (None, Note)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of total equity attributable to owners of the Company (None, Note)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 10% of total equity attributable to owners of the Company (None, Note)

- 8) Receivables from related parties amounting to at least NT\$100 million or 10% of total equity attributable to owners of the Company (None, Note)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 3)
- 11) Information on investees (Table 2)

Note: If the issuer's stock has no denomination or the denomination per share is not \$10, the aforementioned regulations listed in numbers 4 to 8 on the transaction amount of 20% of the paid-in capital amount shall be calculated based on 10% of total equity attributable to owners of the Company on the balance sheet.

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

34. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group's management identifies reportable segments based on regions of Taiwan. However, when preparing the consolidated financial report, the Group considers that operating segments outside of Taiwan have similar long-term operating margins. The Group summarizes these operating segments as a single segment, and takes the overall operating profit and loss as a consideration. As the Company focuses on the online merchandise sales and information system software design, the main income of the operating segments disclosed are based on the online merchandise sales and information system software design.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Taiwan	Others	Total
<u>For the six months ended June 30, 2022</u>			
Revenue from external customers	\$ 548,370	\$ 29,743	\$ 578,113
Inter-segment revenue	<u>1,020</u>	<u>-</u>	<u>1,020</u>
Segment revenue	549,390	29,743	579,133
Eliminations	<u>(1,020)</u>	<u>-</u>	<u>(1,020)</u>
Consolidated revenue	<u>\$ 548,370</u>	<u>\$ 29,743</u>	<u>\$ 578,113</u>
Segment income (excluding central administration costs)	\$ 173,446	\$ 1,036	\$ 174,482
Central administration costs			<u>(6,492)</u>
Segment income			167,990
Interest income			5,808
Other income			4,591
Other gains and losses			11,034
Finance costs			(217)
Share of profit of associates accounted for using the equity method			<u>(9,423)</u>
Profit before tax (continuing operations)			<u>\$ 179,783</u>
<u>For the six months ended June 30, 2021</u>			
Revenue from external customers	\$ 480,540	\$ 13,285	\$ 493,825
Inter-segment revenue	<u>3,238</u>	<u>-</u>	<u>3,238</u>
Segment revenue	483,778	13,285	497,063
Eliminations	<u>(3,238)</u>	<u>-</u>	<u>(3,238)</u>
Consolidated revenue	<u>\$ 480,540</u>	<u>\$ 13,285</u>	<u>\$ 493,825</u>
Segment income (excluding central administration costs)	\$ 157,779	\$ (3,880)	\$ 153,899
Central administration costs			<u>(8,705)</u>
Segment income			145,194
Interest income			1,607
Other income			2,339
Other gains and losses			2,030
Finance costs			(135)
Share of profit of associates accounted for using the equity method			<u>(980)</u>
Profit before tax (continuing operations)			<u>\$ 150,055</u>

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and share of profit of associates, gains recognized on disposal of interests in former associates, interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, rental revenue, finance costs and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Taiwan	\$ 2,294,469	\$ 2,609,700	\$ 1,912,638
Others	60,397	26,491	17,844
Headquarters	<u>1,407,720</u>	<u>1,555,657</u>	<u>1,575,634</u>
Consolidated total assets	<u>\$ 3,762,586</u>	<u>\$ 4,191,848</u>	<u>\$ 3,506,116</u>
<u>Segment liabilities</u>			
Taiwan	\$ 1,293,281	\$ 1,767,975	\$ 1,252,705
Others	41,322	10,162	8,562
Headquarters	<u>135,871</u>	<u>1,773</u>	<u>1,678</u>
Consolidated total liabilities	<u>\$ 1,470,474</u>	<u>\$ 1,779,910</u>	<u>\$ 1,262,945</u>

91APP, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
91APP, Inc.	Unlisted shares inline group Limited	-	Non-current financial assets at fair value through other comprehensive income	200,000	<u>\$ 59,440</u>	3.5	<u>\$ 59,440</u>	-

Note 1: The term “securities” in this table refers to stocks, bonds, beneficiary certificates and the securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: If the issuer of securities is not relationship with the holding company, this column is not required.

Note 3: The securities held by the merged company do not provide guarantees, pledge loans or other restrictions as agreed.

Note 4: Refer to Tables 2 for information of investment in subsidiaries, investments in associates and joint venture.

91APP, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Dollars and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022 (In Thousands of Foreign Currencies)	December 31, 2021 (In Thousands of Foreign Currencies)	Number of Shares	%	Carrying Amount			
91APP, Inc.	91APP (Taiwan), Inc.	Taiwan	Internet related business	\$ 200,000	\$ 200,000	20,000	100.00	\$ 1,002,861	\$ 148,931	\$ 148,931	Subsidiary
	Omni-channel Retail System Corporation	Taiwan	Internet related business	6,400	6,400	2,550	100.00	2,860	-	-	Subsidiary
	91APP HK Limited	Hong Kong	Internet related business	12,879	12,879	1,400	70.00	16,350	1,489	1,042	Subsidiary
				(HK\$ 3,400)	(HK\$ 3,400)			(US\$ 550)	(US\$ 52)	(US\$ 36)	
	EasyStore Commerce SDN. BHD.	Malaysia	Internet related business	107,452	107,452	568	36.35	101,208	(19,039)	(6,921)	Associate
			(MYR 16,600)	(MYR 16,600)			(US\$ 3,405)	(US\$ -663)	(US\$ -241)		
	Omnichat Limited	Hong Kong	Internet related business	53,604	53,604	10,305	35.80	49,744	(10,187)	(3,831)	Associate
				(HK\$ 14,151)	(HK\$ 14,151)			(US\$ 1,674)	(US\$ -355)	(US\$ -133)	
91APP (Taiwan), Inc.	Jinghong, Inc.	Taiwan	Internet related business	34,350	34,350	390	35.00	33,846	4,678	1,329	Associate

Note 1: The marketable securities held by the companies in the above table are unsecured.

Note 2: Eliminated at the time of preparation of the consolidated financial statements.

Note 3: The amounts in this table are listed in NTD. For foreign currencies, they will be converted to NTD on the financial statement date (the current exchange rate for USD is 29.720; for HKD is 3.788; for MYR is 6.473 and the average exchange rate for USD is 28.725).

91APP, INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	91APP (Taiwan) Inc.	a	Other payable to related parties	\$ 4,250	Note 5	-
1	91APP (Taiwan) Inc.	91APP HK Limited	c	Other receivable to related parties	42	Note 5	-
		91APP HK Limited	c	Receivable to related parties	166	Note 5	-
		91APP HK Limited	c	Contract liabilities	115	Note 5	-
		91APP HK Limited	c	Other payable to related parties	56	Note 5	-
		91APP HK Limited	c	Revenue	1,020	Note 5	-

Note 1: a. 0 represents the Company.
b. Subsidiaries are numbered from 1.

Note 2: Relationships between the investee company and counterparty are classified into the following three categories (if it is the same transaction between the parent company and the subsidiary or between the subsidiaries, it is not necessary to disclose it repeatedly. For example, if the parent company's transaction with the subsidiary is disclosed, the subsidiary's part does not need to be repeatedly disclosed; for transactions between subsidiaries, if one of the subsidiaries has already been disclosed, the other subsidiary does not need to be repeatedly disclosed).

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the combined total revenue or total assets: If it is an asset and liability item, it is calculated as the ending balance divided by the combined total assets; if it is a profit or loss item, it is calculated as accumulated amount in the period divided by the combined total revenue.

Note 4: The listing of important transactions in this table can be determined by the Company according to the materiality principle.

Note 5: Since there is no related similar transaction to follow, the two parties negotiate and decode the transaction.

TABLE 4**91APP, INC.****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
NineYi Capital Inc.	30,799,999	25.54
N-Team, Inc.	18,580,000	15.40
Nexdoor Inc.	10,340,000	8.57
Investment account of SMALLCAP World Fund managed by Standard Chartered Bank business department	8,374,000	6.94
APPWORKS FUND II CO., LTD.	7,663,000	6.35

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.