

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Taiwan Mobile Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and its subsidiaries (collectively, the “Group”) as of March 31, 2022 and 2021, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-De Chen and Te-Chen Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 6, 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 Taiwan, the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the ROC.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 auditors' review report and consolidated financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 29)	\$ 14,649,126	8	\$ 15,402,025	8	\$ 11,355,088	6	Short-term borrowings (Note 17)	\$ 15,970,000	8	\$ 20,510,000	11	\$ 9,400,000	5
Financial assets at fair value through other comprehensive income (Note 7)	286,534	-	268,393	-	259,289	-	Short-term notes and bills payable (Note 17)	6,096,255	3	4,597,793	2	12,796,309	7
Contract assets (Note 22)	4,728,775	3	4,667,271	2	4,566,339	3	Contract liabilities (Note 22)	1,826,940	1	1,894,828	1	1,745,623	1
Notes and accounts receivable, net (Note 8)	7,269,601	4	7,381,414	4	6,718,104	4	Notes and accounts payable	11,269,911	6	11,618,449	6	8,282,443	4
Notes and accounts receivable due from related parties (Note 29)	484,452	-	383,074	-	359,299	-	Notes and accounts payable due to related parties (Note 29)	267,032	-	338,560	-	195,233	-
Other receivables (Note 29)	2,429,051	1	2,734,657	2	2,327,050	1	Other payables (Note 29)	9,046,312	5	11,000,399	6	10,539,785	6
Inventories (Note 9)	6,023,927	3	6,440,116	4	4,661,611	3	Current tax liabilities	3,312,122	2	2,549,382	1	2,747,122	1
Prepayments (Note 29)	731,701	1	527,355	-	626,484	-	Provisions (Note 19)	71,130	-	74,007	-	66,674	-
Other financial assets (Notes 29 and 30)	669,688	-	665,606	-	664,513	-	Lease liabilities (Notes 13, 26 and 29)	3,628,451	2	3,540,466	2	3,635,045	2
Other current assets	147,727	-	182,127	-	149,956	-	Long-term liabilities, current portion (Notes 17 and 18)	273,470	-	273,459	-	2,936,844	2
Total current assets	<u>37,420,582</u>	<u>20</u>	<u>38,652,038</u>	<u>20</u>	<u>31,687,733</u>	<u>17</u>	Other current liabilities (Note 29)	<u>3,126,741</u>	<u>2</u>	<u>3,089,429</u>	<u>2</u>	<u>3,005,145</u>	<u>2</u>
							Total current liabilities	<u>54,888,364</u>	<u>29</u>	<u>59,486,772</u>	<u>31</u>	<u>55,350,223</u>	<u>30</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through profit or loss	571,126	-	273,767	-	-	-	Contract liabilities (Note 22)	110,405	-	89,480	-	97,320	-
Financial assets at fair value through other comprehensive income (Note 7)	3,855,349	2	3,702,635	2	2,493,387	1	Bonds payable (Note 18)	37,476,995	20	37,475,497	20	34,974,597	19
Contract assets (Note 22)	5,205,101	3	5,199,779	3	4,266,636	2	Long-term borrowings (Note 17)	8,506,169	4	8,556,973	4	8,726,644	5
Investments accounted for using equity method (Note 10)	1,982,066	1	1,880,489	1	1,555,473	1	Provisions (Note 19)	1,410,844	1	1,392,321	1	1,470,484	1
Property, plant and equipment (Notes 12 and 29)	43,203,379	23	43,439,740	23	43,696,686	24	Deferred tax liabilities	1,212,350	1	1,204,261	1	1,102,398	-
Right-of-use assets (Notes 13 and 29)	9,299,167	5	9,059,855	5	9,417,310	5	Lease liabilities (Notes 13, 26 and 29)	5,682,279	3	5,552,881	3	5,785,452	3
Investment properties (Note 14)	2,587,186	1	2,591,691	1	2,621,610	1	Net defined benefit liabilities	452,680	-	463,562	-	519,644	-
Concessions (Notes 15 and 30)	59,414,599	31	60,493,425	32	63,727,260	35	Guarantee deposits	1,276,355	1	1,263,822	1	1,182,298	1
Goodwill (Note 15)	15,819,108	9	15,819,108	8	15,819,108	9	Other non-current liabilities	<u>2,065,071</u>	<u>1</u>	<u>2,219,960</u>	<u>1</u>	<u>401,438</u>	<u>-</u>
Other intangible assets (Note 15)	4,927,112	3	5,015,030	3	5,113,335	3	Total non-current liabilities	<u>58,193,148</u>	<u>31</u>	<u>58,218,757</u>	<u>31</u>	<u>54,260,275</u>	<u>29</u>
Deferred tax assets	673,763	-	709,744	-	839,121	-	Total liabilities	<u>113,081,512</u>	<u>60</u>	<u>117,705,529</u>	<u>62</u>	<u>109,610,498</u>	<u>59</u>
Incremental costs of obtaining a contract (Note 22)	1,828,663	1	1,828,387	1	1,737,914	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)						
Other financial assets (Notes 29 and 30)	387,468	-	358,570	-	355,582	-	Common stock	35,192,336	19	35,135,201	18	35,124,215	19
Other non-current assets (Notes 16 and 29)	2,245,558	1	1,958,269	1	1,667,978	1	Capital collected in advance	-	-	57,135	-	-	-
Total non-current assets	<u>151,999,645</u>	<u>80</u>	<u>152,330,489</u>	<u>80</u>	<u>153,311,400</u>	<u>83</u>	Capital surplus	16,903,239	9	16,903,239	9	18,914,711	10
							Retained earnings						
							Legal reserve	31,500,472	17	31,500,472	17	30,170,398	16
							Special reserve	2,449,739	1	2,449,739	1	-	-
							Unappropriated earnings	13,751,426	7	11,028,726	6	16,156,458	9
							Other equity interests	(1,958,772)	(1)	(1,823,415)	(1)	(2,302,480)	(1)
							Treasury stock	<u>(29,717,344)</u>	<u>(16)</u>	<u>(29,717,344)</u>	<u>(16)</u>	<u>(29,717,344)</u>	<u>(16)</u>
							Total equity attributable to owners of the parent	68,121,096	36	65,533,753	34	68,345,958	37
							NON-CONTROLLING INTERESTS	<u>8,217,619</u>	<u>4</u>	<u>7,743,245</u>	<u>4</u>	<u>7,042,677</u>	<u>4</u>
							Total equity	<u>76,338,715</u>	<u>40</u>	<u>73,276,998</u>	<u>38</u>	<u>75,388,635</u>	<u>41</u>
TOTAL	<u>\$ 189,420,227</u>	<u>100</u>	<u>\$ 190,982,527</u>	<u>100</u>	<u>\$ 184,999,133</u>	<u>100</u>	TOTAL	<u>\$ 189,420,227</u>	<u>100</u>	<u>\$ 190,982,527</u>	<u>100</u>	<u>\$ 184,999,133</u>	<u>100</u>

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 29 and 35)	\$ 39,787,793	100	\$ 35,312,590	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	<u>31,798,820</u>	<u>80</u>	<u>27,871,248</u>	<u>79</u>
GROSS PROFIT FROM OPERATIONS	<u>7,988,973</u>	<u>20</u>	<u>7,441,342</u>	<u>21</u>
OPERATING EXPENSES (Notes 29, 33 and 35)				
Marketing	2,468,343	6	2,439,107	7
Administrative	1,470,278	4	1,292,694	4
Research and development	62,672	-	57,510	-
Expected credit loss	<u>55,301</u>	<u>-</u>	<u>63,127</u>	<u>-</u>
Total operating expenses	<u>4,056,594</u>	<u>10</u>	<u>3,852,438</u>	<u>11</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>169,335</u>	<u>-</u>	<u>51,260</u>	<u>-</u>
OPERATING INCOME (Note 35)	<u>4,101,714</u>	<u>10</u>	<u>3,640,164</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	15,439	-	12,493	-
Other income	1,439	-	1,447	-
Other gains and losses, net (Note 23)	(20,616)	-	158,521	-
Finance costs (Note 23)	(157,189)	-	(155,883)	-
Share of profit (loss) of associates accounted for using equity method	<u>41,762</u>	<u>-</u>	<u>(7,753)</u>	<u>-</u>
Total non-operating income and expenses	<u>(119,165)</u>	<u>-</u>	<u>8,825</u>	<u>-</u>
PROFIT BEFORE TAX	3,982,549	10	3,648,989	10
INCOME TAX EXPENSE (Note 24)	<u>793,098</u>	<u>2</u>	<u>382,144</u>	<u>1</u>
NET PROFIT	<u>3,189,451</u>	<u>8</u>	<u>3,266,845</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(190,729)	-	168,660	1
Share of other comprehensive income of associates accounted for using equity method	38,194	-	21,391	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	27,347	-	(14,345)	-
Share of other comprehensive loss of associates accounted for using equity method	<u>(1,302)</u>	<u>-</u>	<u>(1,323)</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>(126,490)</u>	<u>-</u>	<u>174,383</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,062,961</u>	<u>8</u>	<u>\$ 3,441,228</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 2,723,260	7	\$ 2,832,577	8
Non-controlling interests	<u>466,191</u>	<u>1</u>	<u>434,268</u>	<u>1</u>
	<u>\$ 3,189,451</u>	<u>8</u>	<u>\$ 3,266,845</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 2,587,903	7	\$ 3,002,721	9
Non-controlling interests	<u>475,058</u>	<u>1</u>	<u>438,507</u>	<u>1</u>
	<u>\$ 3,062,961</u>	<u>8</u>	<u>\$ 3,441,228</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 0.97</u>		<u>\$ 1.01</u>	
Diluted earnings per share	<u>\$ 0.96</u>		<u>\$ 1.00</u>	

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent						Other Equity Interests		Treasury Stock	Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
				Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2021	\$ 35,124,215	\$ -	\$ 18,936,574	\$ 30,170,398	\$ -	\$ 13,300,996	\$ (31,679)	\$ (2,418,060)	\$(29,717,344)	\$ 65,365,100	\$ 6,625,112	\$ 71,990,212
Profit for the three months ended March 31, 2021	-	-	-	-	-	2,832,577	-	-	-	2,832,577	434,268	3,266,845
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	(7,399)	177,543	-	170,144	4,239	174,383
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	2,832,577	(7,399)	177,543	-	3,002,721	438,507	3,441,228
Changes in equity of associates accounted for using equity method	-	-	21	-	-	-	-	-	-	21	26	47
Disposal of investments accounted for using equity method	-	-	(21,884)	-	-	22,885	-	(22,885)	-	(21,884)	(20,968)	(42,852)
BALANCE, MARCH 31, 2021	<u>\$ 35,124,215</u>	<u>\$ -</u>	<u>\$ 18,914,711</u>	<u>\$ 30,170,398</u>	<u>\$ -</u>	<u>\$ 16,156,458</u>	<u>\$ (39,078)</u>	<u>\$ (2,263,402)</u>	<u>\$(29,717,344)</u>	<u>\$ 68,345,958</u>	<u>\$ 7,042,677</u>	<u>\$ 75,388,635</u>
BALANCE, JANUARY 1, 2022	\$ 35,135,201	\$ 57,135	\$ 16,903,239	\$ 31,500,472	\$ 2,449,739	\$ 11,028,726	\$ (44,294)	\$ (1,779,121)	\$(29,717,344)	\$ 65,533,753	\$ 7,743,245	\$ 73,276,998
Profit for the three months ended March 31, 2022	-	-	-	-	-	2,723,260	-	-	-	2,723,260	466,191	3,189,451
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	13,067	(148,424)	-	(135,357)	8,867	(126,490)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	2,723,260	13,067	(148,424)	-	2,587,903	475,058	3,062,961
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(560)	-	-	-	(560)	(684)	(1,244)
BALANCE, MARCH 31, 2022	<u>\$ 35,192,336</u>	<u>\$ -</u>	<u>\$ 16,903,239</u>	<u>\$ 31,500,472</u>	<u>\$ 2,449,739</u>	<u>\$ 13,751,426</u>	<u>\$ (31,227)</u>	<u>\$ (1,927,545)</u>	<u>\$(29,717,344)</u>	<u>\$ 68,121,096</u>	<u>\$ 8,217,619</u>	<u>\$ 76,338,715</u>

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 3,982,549	\$ 3,648,989
Adjustments for:		
Depreciation expense	3,159,313	3,022,854
Amortization expense	1,194,059	1,185,296
Amortization of incremental costs of obtaining a contract	334,282	369,214
(Gain) loss on disposal and retirement of property, plant and equipment, net	57,542	(65,058)
Expected credit loss	55,301	63,127
Other income and expenses	(92,423)	-
Finance costs	157,189	155,883
Interest income	(15,439)	(12,493)
Share of (profit) loss of associates accounted for using equity method	(41,762)	7,753
Valuation gain on financial assets at fair value through profit or loss	(22,657)	-
Gain on disposal of investments accounted for using equity method	-	(99,052)
Others	1,700	747
Changes in operating assets and liabilities		
Contract assets	(67,356)	(466,818)
Notes and accounts receivable	(88,265)	262,248
Notes and accounts receivable due from related parties	(101,378)	(151,802)
Other receivables	290,917	(408,371)
Inventories	416,189	1,104,653
Prepayments	(281,196)	(36,446)
Other current assets	33,566	9,308
Other financial assets	(1,912)	7,067
Incremental costs of obtaining a contract	(334,558)	(335,244)
Contract liabilities	(46,963)	(152,573)
Notes and accounts payable	(348,538)	(1,343,521)
Notes and accounts payable due to related parties	(71,528)	34,677
Other payables	(1,648,768)	(1,008,605)
Provisions	1,277	5,650
Other current liabilities	109,744	5,165
Net defined benefit liabilities	(10,882)	(14,427)
Cash inflows generated from operating activities	6,620,003	5,788,221
Interest received	1,670	1,478
Interest paid	(232)	(229)
Income taxes (paid) received	(1,170)	206,692
Net cash generated from operating activities	<u>6,620,271</u>	<u>5,996,162</u>

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (2,148,745)	\$ (2,787,894)
Acquisition of right-of-use assets	(11,880)	(8,968)
Acquisition of intangible assets	(101,637)	(107,821)
Increase in prepayments for equipment	(60,135)	(37,650)
Proceeds from disposal of property, plant and equipment	1,565	127,447
Increase in advance receipts from asset disposals	337	161
Acquisition of financial assets at fair value through profit or loss	(274,702)	-
Acquisition of financial assets at fair value through other comprehensive income	(345,870)	-
Increase in prepayments for investment	(17,090)	-
Disposal of investments accounted for using equity method	667	466,547
Other investing activities	8,989	-
Increase in refundable deposits	(143,748)	(108,295)
Decrease in refundable deposits	85,751	101,698
Increase in other financial assets	(30,178)	(187)
Decrease in other financial assets	739	5,954
Interest received	10,282	7,144
Dividends received	<u>1,528</u>	<u>7,914</u>
Net cash used in investing activities	<u>(3,024,127)</u>	<u>(2,333,950)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(4,540,000)	(400,000)
Increase (decrease) in short-term notes and bills payable	1,497,170	(1,397,385)
Proceeds from long-term borrowings	20	-
Repayment of long-term borrowings	(51,000)	(61,383)
Repayment of the principal portion of lease liabilities	(1,040,225)	(1,019,556)
Increase in guarantee deposits received	51,799	36,665
Decrease in guarantee deposits received	(41,930)	(21,147)
Interest paid	<u>(227,947)</u>	<u>(221,258)</u>
Net cash used in financing activities	<u>(4,352,113)</u>	<u>(3,084,064)</u>

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2022	2021
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>3,070</u>	\$ <u>(851)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(752,899)	577,297
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>15,402,025</u>	<u>10,777,791</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 14,649,126</u>	<u>\$ 11,355,088</u>

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (TWM) was incorporated in Taiwan, the Republic of China (ROC) on February 25, 1997. TWM's stock was listed on the ROC Over-the-Counter Securities Exchange (currently known as The Taipei Exchange, TPEX) on September 19, 2000. On August 26, 2002, TWM's stock was shifted to be listed on the Taiwan Stock Exchange. TWM is mainly engaged in rendering wireless communication services and the sale of mobile phones and accessories, games, e-books and value-added services.

TWM received a second-generation (2G) mobile telecommunications concession operation license issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows TWM to provide services for 15 years from 1997 onwards. The 2G concession license had been renewed by the National Communications Commission (NCC) and expired on June 30, 2017. TWM received a third-generation (3G) concession license issued by the DGT in March 2005, and the 3G concession license expired on December 31, 2018. TWM participated in the mobile spectrum auctions held by NCC for the need of long-term business development and from April 2014 to June 2018 acquired the concession licenses for the fourth-generation (4G) mobile broadband spectrum in the 700MHz, 1800MHz and 2100MHz frequency bands separately, and the aforementioned licenses are valid until December 2030 and December 2033, respectively. In June 2020, TWM acquired the concession licenses for the fifth-generation (5G) mobile broadband spectrum in the 3500MHz and 28000MHz frequency bands, and the aforementioned licenses are valid until December 2040.

The accompanying consolidated financial statements comprise of TWM and its subsidiaries (collectively, the "Group").

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on May 6, 2022.

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

- a. Application of 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 Financial Supervisory Commission (FSC)

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

- b. New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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 4: Except that deferred taxes 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 impact that the application of above 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

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2021.

Statement of Compliance

The 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 endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs endorsed and issued into effect by the FSC.

Basis of Consolidation

- a. The basis of preparation of the consolidated financial statements is the same as that of the consolidated financial statements for the year ended December 31, 2021.
- b. The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00%	100.00%	100.00%	-
	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00%	100.00%	100.00%	-
	TWM Venture Co., Ltd. (TVC)	Investment	100.00%	100.00%	100.00%	-
	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90%	49.90%	49.90%	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00%	100.00%	100.00%	-
	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00%	100.00%	100.00%	-
	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00%	100.00%	100.00%	-
	TCC Investment Co., Ltd. (TCCI)	Investment	100.00%	100.00%	100.00%	Note 1
	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance services	100.00%	100.00%	100.00%	-
	Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Property insurance agent	100.00%	100.00%	100.00%	-
	Tai-Fu Cloud Technology Co., Ltd. (TFC)	Cloud and information services	100.00%	100.00%	100.00%	-
WMT	TFN Media Co., Ltd. (TFNM)	Type II telecommunications business	100.00%	100.00%	100.00%	-
	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00%	100.00%	100.00%	-
	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00%	100.00%	100.00%	-
	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00%	100.00%	100.00%	-
TVC	momo.com Inc. (momo)	Wholesale and retail sales	45.01%	45.01%	45.01%	-
	TWM Film Co., Ltd. (TWMFM)	Film production	100.00%	100.00%	-	Note 2
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	100.00%	Note 1
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Data communication application development	100.00%	100.00%	100.00%	-
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	100.00%	Note 1
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music services	100.00%	100.00%	100.00%	-
	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53%	29.53%	29.53%	Note 3
	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	99.22%	99.22%	99.22%	-
	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	92.38%	92.38%	92.38%	-
GFMT	UCTV	Cable TV service provider	0.76%	0.76%	0.76%	-
GWMT	GCTV	Cable TV service provider	6.83%	6.83%	6.83%	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	81.99%	-
	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	100.00%	-
	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	100.00%	-
	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	100.00%	-
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00%	85.00%	85.00%	-
	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics and transport	100.00%	100.00%	100.00%	-
	MFS Co., Ltd. (MFS)	Wholesaling	100.00%	100.00%	100.00%	-
	Prosperous Living Co., Ltd. (Prosperous Living)	Wholesale and retail sales	73.62%	73.62%	-	Note 4
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%	100.00%	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	100.00%	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.55%	93.55%	93.55%	-

(Concluded)

Note 1: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 19.86% of total outstanding shares as of March 31, 2022.

Note 2: Set up in April 2021.

Note 3: The other 70.47% of shares were held under trustee accounts.

Note 4: Set up in November 2021 and owned 73.62% equity interest.

c. Subsidiaries excluded from the consolidated financial statements: None.

Employee Benefits

Defined benefit pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the profit before tax of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed when preparing these interim consolidated financial statements as those that were applied in the preparation of the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 88,040	\$ 115,796	\$ 79,428
Cash in banks	8,253,854	9,792,564	5,553,609
Time deposits	4,115,012	3,358,087	3,325,948
Government bonds with repurchase rights	<u>2,192,220</u>	<u>2,135,578</u>	<u>2,396,103</u>
	<u>\$ 14,649,126</u>	<u>\$ 15,402,025</u>	<u>\$ 11,355,088</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Investments in equity instruments - current</u>			
Domestic investments			
Listed stocks	\$ 276,036	\$ 253,214	\$ 242,347
Foreign investments			
Unlisted stocks	<u>10,498</u>	<u>15,179</u>	<u>16,942</u>
	<u>\$ 286,534</u>	<u>\$ 268,393</u>	<u>\$ 259,289</u>
<u>Investments in equity instruments - non-current</u>			
Domestic investments			
Listed stocks	\$ 1,053,546	\$ 1,458,745	\$ 927,983
Unlisted stocks	587,121	608,146	663,033
Foreign investments			
Unlisted stocks	1,303,218	946,097	500,807
Limited partnerships	<u>911,464</u>	<u>689,647</u>	<u>401,564</u>
	<u>\$ 3,855,349</u>	<u>\$ 3,702,635</u>	<u>\$ 2,493,387</u>

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 fair value through other comprehensive income (FVTOCI) as they believed that recognizing short-term fluctuations from 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. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 5,209	\$ 33,376	\$ 17,313
Accounts receivable	7,596,236	7,682,979	7,025,839
Less: Allowance for impairment loss	<u>(331,844)</u>	<u>(334,941)</u>	<u>(325,048)</u>
	<u>\$ 7,269,601</u>	<u>\$ 7,381,414</u>	<u>\$ 6,718,104</u>

The main credit terms range from 30 to 90 days.

The Group serves a large consumer base for its telecommunications business; therefore, the concentration of credit risk is limited. When entering into transactions with customers, the Group considers the record of arrears in the past. In addition, the Group may also collect some telecommunication charges in advance to reduce the risk of payment arrears in subsequent periods.

The Group adopted a policy of only trading with corporate counterparties with a considerable scale of operations, certain credit ratings and financial conditions for telecommunications service and products. In addition to examining publicly available financial information and its own historical transaction experience, the Group obtains collateral where necessary to mitigate the risk of loss arising from default. The Group continues to monitor the credit exposure and financial and credit conditions of its counterparties, and spreads the total amount of the transactions among qualified counterparties.

In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix approach considering the past default records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators such as the industrial economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due days of trade receivables.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. 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.

Movements of the allowance for doubtful notes and accounts receivable by individual and collective assessment were as follows:

March 31, 2022

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,891,464	\$ 561,469	\$ 143,472	\$ 5,040	\$ 7,601,445
Loss allowance (Lifetime ECLs)	<u>(50,985)</u>	<u>(142,293)</u>	<u>(133,526)</u>	<u>(5,040)</u>	<u>(331,844)</u>
Amortized cost	<u>\$ 6,840,479</u>	<u>\$ 419,176</u>	<u>\$ 9,946</u>	<u>\$ -</u>	<u>\$ 7,269,601</u>

December 31, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 7,017,682	\$ 534,576	\$ 159,467	\$ 4,630	\$ 7,716,355
Loss allowance (Lifetime ECLs)	<u>(51,762)</u>	<u>(128,302)</u>	<u>(150,247)</u>	<u>(4,630)</u>	<u>(334,941)</u>
Amortized cost	<u>\$ 6,965,920</u>	<u>\$ 406,274</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 7,381,414</u>

March 31, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,400,530	\$ 501,591	\$ 136,611	\$ 4,420	\$ 7,043,152
Loss allowance (Lifetime ECLs)	<u>(50,004)</u>	<u>(141,364)</u>	<u>(129,323)</u>	<u>(4,357)</u>	<u>(325,048)</u>
Amortized cost	<u>\$ 6,350,526</u>	<u>\$ 360,227</u>	<u>\$ 7,288</u>	<u>\$ 63</u>	<u>\$ 6,718,104</u>

Expected credit loss rates of the Group for the aforementioned periods were as follows:

	Not Past Due and Past Due within 120 Days	Past Due Over 120 Days
Telecommunications services	0.02%-85%	65.5%-100%
Retail business and others	below 10%	10%-100%

Movements of the loss allowance of notes and accounts receivable were as follows:

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	\$ 334,941	\$ 306,755
Add: Provision	54,197	58,293
Recovery	10,451	11,209
Less: Write-off	<u>(67,745)</u>	<u>(51,209)</u>
Ending balance	<u>\$ 331,844</u>	<u>\$ 325,048</u>

9. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Merchandise	\$ 6,012,014	\$ 6,430,041	\$ 4,651,556
Materials for maintenance	<u>11,913</u>	<u>10,075</u>	<u>10,055</u>
	<u>\$ 6,023,927</u>	<u>\$ 6,440,116</u>	<u>\$ 4,661,611</u>

For the three months ended March 31, 2022 and 2021, the cost of goods sold related to inventories amounted to \$23,747,558 thousand and \$20,238,139 thousand, respectively, which included the inventory write-down totaling \$19,131 thousand, and the reversal of inventory write-down totaling \$7,130 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Associates, which were not individually material and were accounted for using equity method, were as follows:

Investee Company	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	% of Owner- ship	Amount	% of Owner- ship	Amount	% of Owner- ship
AppWorks Ventures Co., Ltd. (AppWorks)	\$ 274,382	51.00	\$ 270,997	51.00	\$ 268,117	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	794,876	20.14	689,849	20.14	314,485	20.11
Global Home Shopping Co., Ltd. (GHS)	596,658	20.00	571,213	20.00	608,621	20.00
kbro Media Co., Ltd. (kbro Media)	132,864	33.58	141,885	33.58	160,487	33.58
TV Direct Public Company Limited (TV Direct)	97,952	21.35	120,346	21.35	169,668	24.94
NADA Holdings Corp. (NADA)	58,227	37.93	59,705	37.93	-	-
Mistake Entertainment Co., Ltd. (M.E.)	27,107	15.00	26,494	15.00	25,480	15.00
Alliance Digital Tech Co., Ltd. (ADT)	<u>-</u>	-	<u>-</u>	-	<u>8,615</u>	14.40
	<u>\$ 1,982,066</u>		<u>\$ 1,880,489</u>		<u>\$ 1,555,473</u>	

a. AppWorks

In September 2019, TWM acquired 51% equity interest of AppWorks. TWM has no control over AppWorks due to its holding less than half number of seats on AppWorks' board of directors. Therefore, TWM only has significant influence on AppWorks and accounts for its investment in AppWorks as an associate of TWM, under the equity-method of accounting.

b. AppWorks Fund III

In April 2020, TVC acquired 19.46% equity interest of AppWorks Fund III. TVC has significant influence on AppWorks Fund III since the president of TWM serves as the chairman of AppWorks Fund III. As of March 31 and December 31, 2021, TVC's percentage of ownership interest in AppWorks Fund III increased to 20.11% and 20.14%, respectively, due to succession of non-proportionate subscription to AppWorks Fund III's issuance of new capital stock in 2020 and 2021.

c. GHS

In June 2015, momo acquired 20% equity interest of GHS through its subsidiary.

As momo's subsidiary did not participate in GHS's capital increase in October 2015, its percentage of ownership interest in GHS decreased to 18%. In January 2016, its percentage of ownership interest in GHS increased to 20% due to the acquisition of an additional 2% equity interest of GHS.

d. kbro Media

In August 2012, TFNM acquired 32.5% equity interest of kbro Media.

In November 2020, kbro Media both decreased and increased capital. TFNM's percentage of ownership interest in kbro Media increased to 33.58% due to non-proportionate subscription to kbro Media's issuance of new capital stock.

e. TV Direct

In June 2020, momo acquired 16.2% equity interest of Thailand TV Direct and had significant influence on TV Direct. As of December 31, 2020, momo's percentage of ownership interest in TV Direct increased to 24.99% due to its additional acquisitions of TV Direct in the second half of 2020. As of March 31 and December 31, 2021, momo's percentage of ownership interest in TV Direct then decreased to 24.94% and 21.35% due to non-subscription to the exercise of the share options, which were granted by TV Direct, in January and April 2021.

f. NADA

In December 2021, TVC acquired 37.93% equity interest of NADA. Although TVC was the single largest stockholder of NADA, it only obtained 2 out of 5 seats of the board of directors. In addition, the management considered the size of ownership interest and the dispersion of shares owned by other stockholders. The other holdings were not extremely dispersed. Therefore, TVC has no control over NADA but significant influence.

g. M.E.

In May 2019, TKT acquired 15% equity interest of M.E. TKT has significant influence on M.E. due to its having a seat on M.E.'s board of directors.

h. ADT

In November 2013, TWM acquired 19.23% equity interest of ADT.

In 2014, TWM's percentage of ownership interest in ADT decreased to 13.33% as TWM did not subscribe for any newly issued ADT stock. In December 2016, TWM increased its percentage of ownership interest in ADT to 14.4% by subscribing for new stock issued by ADT. TWM still has significant influence on ADT due to having a seat on ADT's board of directors.

ADT had resolved to adopt December 31, 2018 as the dissolution date. In August 2021, ADT completed the liquidation procedures. TWM received the liquidation capital returns of \$7,830 thousand and \$667 thousand for the year ended December 31, 2021 and the first quarter of 2022, respectively.

i. TPE

In August 2012, momo acquired 20% equity interest of TPE.

In December 2013, momo's percentage of ownership interest in TPE decreased to 17.7% as it did not subscribe for the new stock issued by TPE and sold part of its stock when TPE went public.

For the year ended December 31, 2020, momo sold part of TPE's stock for \$72,970 thousand, and momo's percentage of ownership interest in TPE decreased to 15.5% since momo sold other portion of its equity interests in TPE, whilst momo still had 2 seats on TPE's board of directors. In March 2021, momo sold the rest of its equity interests in TPE for \$466,547 thousand.

11. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Subsidiary	Proportion of Non-controlling Interests' Ownership and Voting Rights		
	March 31, 2022	December 31, 2021	March 31, 2021
momo	54.99%	54.99%	54.99%

For information on the principal place of business and the company's country of registration, see Table 7.

The summarized financial information of momo and its subsidiaries had taken into account the adjustments to acquisition-date fair value, and reflected the amounts before eliminations of intercompany transactions as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 14,222,065	\$ 14,923,554	\$ 10,232,649
Non-current assets	16,105,387	15,564,958	15,041,309
Current liabilities	(11,644,809)	(12,793,604)	(8,798,802)
Non-current liabilities	<u>(1,520,911)</u>	<u>(1,372,429)</u>	<u>(1,307,488)</u>
Equity	<u>\$ 17,161,732</u>	<u>\$ 16,322,479</u>	<u>\$ 15,167,668</u>
Equity attributable to:			
Owners of the parent	\$ 10,871,403	\$ 10,493,176	\$ 10,007,229
Non-controlling interests of momo	6,201,280	5,739,281	5,145,703
Non-controlling interests of momo's subsidiaries	<u>89,049</u>	<u>90,022</u>	<u>14,736</u>
	<u>\$ 17,161,732</u>	<u>\$ 16,322,479</u>	<u>\$ 15,167,668</u>

	For the Three Months Ended March 31	
	2022	2021
Operating revenue	<u>\$ 22,937,441</u>	<u>\$ 18,361,218</u>
Profit	\$ 824,450	\$ 779,278
Other comprehensive income	<u>16,047</u>	<u>7,750</u>
Comprehensive income	<u>\$ 840,497</u>	<u>\$ 787,028</u>
Profit (loss) attributable to:		
Owners of the parent	\$ 371,607	\$ 353,926
Non-controlling interests of momo	453,913	426,554
Non-controlling interests of momo's subsidiaries	<u>(1,070)</u>	<u>(1,202)</u>
	<u>\$ 824,450</u>	<u>\$ 779,278</u>
Comprehensive income (loss) attributable to:		
Owners of the parent	\$ 378,787	\$ 357,437
Non-controlling interests of momo	462,683	430,842
Non-controlling interests of momo's subsidiaries	<u>(973)</u>	<u>(1,251)</u>
	<u>\$ 840,497</u>	<u>\$ 787,028</u>

	For the Three Months Ended March 31	
	2022	2021
Net cash generated from operating activities	\$ 447,060	\$ 549,998
Net cash generated from (used in) investing activities	(691,529)	393,209
Net cash used in financing activities	(148,998)	(114,084)
Effect of exchange rate changes	<u>315</u>	<u>(158)</u>
Net increase (decrease) in cash	<u>\$ (393,152)</u>	<u>\$ 828,965</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2022	\$ 9,098,215	\$ 5,723,861	\$ 104,347,852	\$ 10,238,804	\$ 1,702,372	\$ 131,111,104
Additions	-	-	26,231	105,334	1,819,587	1,951,152
Disposals and retirements	-	-	(442,431)	(59,762)	(317)	(502,510)
Reclassification	-	-	1,045,156	87,031	(1,135,283)	(3,096)
Effect of exchange rate changes	<u>-</u>	<u>-</u>	<u>2,626</u>	<u>82</u>	<u>-</u>	<u>2,708</u>
Balance, March 31, 2022	<u>\$ 9,098,215</u>	<u>\$ 5,723,861</u>	<u>\$ 104,979,434</u>	<u>\$ 10,371,489</u>	<u>\$ 2,386,359</u>	<u>\$ 132,559,358</u>

(Continued)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$ -	\$ 1,994,389	\$ 76,676,012	\$ 9,000,963	\$ -	\$ 87,671,364
Depreciation	-	40,930	1,896,781	187,601	-	2,125,312
Disposals and retirements	-	-	(383,884)	(59,519)	-	(443,403)
Effect of exchange rate changes	-	-	2,625	81	-	2,706
Balance, March 31, 2022	<u>\$ -</u>	<u>\$ 2,035,319</u>	<u>\$ 78,191,534</u>	<u>\$ 9,129,126</u>	<u>\$ -</u>	<u>\$ 89,355,979</u>
Carrying amount, January 1, 2022	<u>\$ 9,098,215</u>	<u>\$ 3,729,472</u>	<u>\$ 27,671,840</u>	<u>\$ 1,237,841</u>	<u>\$ 1,702,372</u>	<u>\$ 43,439,740</u>
Carrying amount, March 31, 2022	<u>\$ 9,098,215</u>	<u>\$ 3,688,542</u>	<u>\$ 26,787,900</u>	<u>\$ 1,242,363</u>	<u>\$ 2,386,359</u>	<u>\$ 43,203,379</u>
<u>Cost</u>						
Balance, January 1, 2021	\$ 9,101,010	\$ 5,725,270	\$ 96,632,051	\$ 9,934,447	\$ 2,950,912	\$ 124,343,690
Additions	-	-	31,089	79,955	3,168,713	3,279,757
Disposals and retirements	-	-	(388,705)	(47,829)	(2)	(436,536)
Reclassification	-	-	2,148,938	71,601	(2,220,758)	(219)
Effect of exchange rate changes	-	-	(673)	(44)	-	(717)
Balance, March 31, 2021	<u>\$ 9,101,010</u>	<u>\$ 5,725,270</u>	<u>\$ 98,422,700</u>	<u>\$ 10,038,130</u>	<u>\$ 3,898,865</u>	<u>\$ 127,185,975</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2021	\$ -	\$ 1,840,925	\$ 71,461,532	\$ 8,561,919	\$ -	\$ 81,864,376
Depreciation	-	40,756	1,794,745	179,569	-	2,015,070
Disposals and retirements	-	-	(343,773)	(45,250)	-	(389,023)
Reclassification	-	-	(415)	(21)	-	(436)
Effect of exchange rate changes	-	-	(656)	(42)	-	(698)
Balance, March 31, 2021	<u>\$ -</u>	<u>\$ 1,881,681</u>	<u>\$ 72,911,433</u>	<u>\$ 8,696,175</u>	<u>\$ -</u>	<u>\$ 83,489,289</u>
Carrying amount, March 31, 2021	<u>\$ 9,101,010</u>	<u>\$ 3,843,589</u>	<u>\$ 25,511,267</u>	<u>\$ 1,341,955</u>	<u>\$ 3,898,865</u>	<u>\$ 43,696,686</u>

(Concluded)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Primary buildings	20-55 years
Mechanical and electrical equipment	5-15 years
Telecommunications equipment and machinery	1-20 years
Others	1-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Land	\$ 547,239	\$ 500,385	\$ 526,042
Buildings	8,216,477	7,973,501	8,160,211
Telecommunications equipment and machinery	406,670	443,166	577,020
Others	<u>128,781</u>	<u>142,803</u>	<u>154,037</u>
	<u>\$ 9,299,167</u>	<u>\$ 9,059,855</u>	<u>\$ 9,417,310</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 1,311,874</u>	<u>\$ 1,504,215</u>
Depreciation charge for right-of-use assets			
Land		\$ 59,925	\$ 60,100
Buildings		916,972	886,673
Telecommunications equipment and machinery		38,064	40,837
Others		<u>14,535</u>	<u>15,599</u>
		<u>\$ 1,029,496</u>	<u>\$ 1,003,209</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Current	<u>\$ 3,628,451</u>	<u>\$ 3,540,466</u>	<u>\$ 3,635,045</u>
Non-current	<u>\$ 5,682,279</u>	<u>\$ 5,552,881</u>	<u>\$ 5,785,452</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	0.61%-1%	0.61%-1%	0.61%-1%
Buildings	0.61%-1.2%	0.61%-1.2%	0.61%-1.2%
Telecommunications equipment and machinery	0.61%-4.38%	0.61%-4.38%	0.61%-4.38%
Others	0.61%-0.86%	0.61%-0.86%	0.61%-0.86%

c. Material lease-in activities and terms

The Group leases base transceiver stations and machine rooms, stores, offices, warehouses, maintenance centers, equipment, etc., with most of the lease terms ranging from 1 to 6 years. The Group does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, the Group is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents in some lease agreements. The Group can early terminate the arrangements if there are any controversial or other incidental matters that will cause the leasehold assets not being able to meet the purposes of use.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses related to short-term leases	<u>\$ 9,381</u>	<u>\$ 9,909</u>
Expenses related to low-value asset leases	<u>\$ 25,585</u>	<u>\$ 17,351</u>
Expenses related to variable lease payments and not included in the measurement of lease liabilities	<u>\$ 7,529</u>	<u>\$ 10,419</u>
Total cash outflow for leases	<u>\$ 1,118,959</u>	<u>\$ 1,086,899</u>

14. INVESTMENT PROPERTIES

The Group leases its properties to others and thus reclassifies them from property, plant and equipment to investment properties.

The fair values of investment properties were measured using Level 3 inputs, arising from income approach, comparative approach, and cost approach adopted by a third party real estate appraiser, HomeBan Appraisers Joint Firm. As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair values of investment properties were \$6,451,762 thousand, \$6,450,388 thousand and \$6,160,847 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.37%-5.23%, 1.37%-5.23% and 1.46%-5.23%, respectively.

The amounts of depreciation recognized for the three months ended March 31, 2022 and 2021 were \$4,505 thousand and \$4,575 thousand, respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 137,591	\$ 136,396	\$ 136,887
Year 2	42,420	75,234	128,884
Year 3	21,636	20,752	42,375
Year 4	18,322	16,624	22,906
Year 5	9,976	13,711	22,220
Year 6 and thereafter	<u>48</u>	<u>-</u>	<u>11,110</u>
	<u>\$ 229,993</u>	<u>\$ 262,717</u>	<u>\$ 364,382</u>

15. INTANGIBLE ASSETS

	Concessions			Other Intangible Assets					Total
	Concession Licenses	Service Concessions	Goodwill	Computer Software	Customer Relationships	Operating Rights	Trademarks	Copyrights	
Cost									
Balance, January 1, 2022	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,419,522	\$ 2,654,089	\$ 1,382,000	\$ 2,518,355	\$ 157,428	\$ 105,883,442
Additions	-	-	-	23,732	-	-	14	289	24,035
Disposals and retirements	-	-	-	(8,862)	-	-	(744)	-	(9,606)
Reclassification	-	-	-	3,271	-	-	-	-	3,271
Effect of exchange rate changes	-	-	-	434	-	-	-	-	434
Balance, March 31, 2022	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,438,097</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,625</u>	<u>\$ 157,717</u>	<u>\$ 105,901,576</u>
Accumulated amortization and impairment									
Balance, January 1, 2022	\$ 17,818,565	\$ 1,567,463	\$ 53,487	\$ 3,077,377	\$ 1,919,863	\$ -	\$ 1,870	\$ 117,254	\$ 24,555,879
Amortization	1,034,146	44,680	-	64,012	34,100	-	36	17,085	1,194,059
Disposals and retirements	-	-	-	(8,862)	-	-	(744)	-	(9,606)
Effect of exchange rate changes	-	-	-	425	-	-	-	-	425
Balance, March 31, 2022	<u>\$ 18,852,711</u>	<u>\$ 1,612,143</u>	<u>\$ 53,487</u>	<u>\$ 3,132,952</u>	<u>\$ 1,953,963</u>	<u>\$ -</u>	<u>\$ 1,162</u>	<u>\$ 134,339</u>	<u>\$ 25,740,757</u>
Carrying amount, January 1, 2022	<u>\$ 53,880,810</u>	<u>\$ 6,612,615</u>	<u>\$ 15,819,108</u>	<u>\$ 342,145</u>	<u>\$ 734,226</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,485</u>	<u>\$ 40,174</u>	<u>\$ 81,327,563</u>
Carrying amount, March 31, 2022	<u>\$ 52,846,664</u>	<u>\$ 6,567,935</u>	<u>\$ 15,819,108</u>	<u>\$ 305,145</u>	<u>\$ 700,126</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,463</u>	<u>\$ 23,378</u>	<u>\$ 80,160,819</u>
Cost									
Balance, January 1, 2021	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,231,391	\$ 2,654,089	\$ 1,382,000	\$ 2,517,900	\$ 63,133	\$ 105,600,561
Additions	-	-	-	45,084	-	-	9	2,705	47,798
Disposals and retirements	-	-	-	(11,172)	-	-	-	-	(11,172)
Reclassification	-	-	-	2,878	-	-	-	27,821	30,699
Effect of exchange rate changes	-	-	-	(111)	-	-	-	-	(111)
Balance, March 31, 2021	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,268,070</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,909</u>	<u>\$ 93,659</u>	<u>\$ 105,667,775</u>
Accumulated amortization and impairment									
Balance, January 1, 2021	\$ 13,687,264	\$ 1,388,744	\$ 53,487	\$ 2,864,980	\$ 1,783,463	\$ -	\$ 1,725	\$ 54,387	\$ 19,834,050
Amortization	1,031,505	44,680	-	66,076	34,100	-	32	8,903	1,185,296
Disposals and retirements	-	-	-	(11,172)	-	-	-	-	(11,172)
Effect of exchange rate changes	-	-	-	(102)	-	-	-	-	(102)
Balance, March 31, 2021	<u>\$ 14,718,769</u>	<u>\$ 1,433,424</u>	<u>\$ 53,487</u>	<u>\$ 2,919,782</u>	<u>\$ 1,817,563</u>	<u>\$ -</u>	<u>\$ 1,757</u>	<u>\$ 63,290</u>	<u>\$ 21,008,072</u>
Carrying amount, March 31, 2021	<u>\$ 56,980,606</u>	<u>\$ 6,746,654</u>	<u>\$ 15,819,108</u>	<u>\$ 348,288</u>	<u>\$ 836,526</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,152</u>	<u>\$ 30,369</u>	<u>\$ 84,659,703</u>

The above intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Concession licenses	14-21 years
Service concessions	44-50 years
Computer software	1-10 years
Customer relationships	20 years
Trademarks	10 years
Copyrights	Amortized over the broadcast period

a. Service concessions

On January 15, 2009, TNH signed a BOT contract with the Taipei City Government. Under the BOT contract, TNH obtained the right to build and operate a development project located at the old Songshan Tobacco Plant. The development concession premium of superficies is amortized on a straight-line basis during the contract period, and the construction costs are amortized on a straight-line basis from the completion date of the construction to the BOT contract expiry date.

b. Customer relationships, operating rights, and trademarks

The Group measures the fair value of acquired assets when acquisitions occur, and identifies the fair value and amortization periods of the intangible assets which conform to materiality and related standards. Although some of the intangible assets such as operating rights and trademarks have legal useful lives, which can be extended, the Group regards these assets as intangible assets with indefinite useful lives.

- 1) On April 17, 2007, TFN, one of TWM's wholly-owned subsidiaries, acquired more than 50% of the former Taiwan Fixed Network Co., Ltd. (formerly "TFN") through a public tender offer. TWM split the former TFN and its subsidiaries into two cash-generating units, i.e., fixed network services and cable television and broadband business. Accordingly, customer relationships and operating rights are identified as major intangible assets.
- 2) On September 1, 2010, TFNM, one of TWM's wholly-owned subsidiaries, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired net assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationships are identified as major intangible assets.
- 3) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, acquired control over momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

c. Goodwill

The carrying amounts of goodwill allocated to the cash-generating units were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Mobile communication services	\$ 7,211,936	\$ 7,211,936	\$ 7,211,936
Fixed network services	357,970	357,970	357,970
Retail business	4,979,566	4,979,566	4,979,566
Cable television and broadband business	<u>3,269,636</u>	<u>3,269,636</u>	<u>3,269,636</u>
	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>

d. Impairment of assets

See Note 15(d) to the consolidated financial statements for the year ended December 31, 2021 for the related information on impairment of assets. There was no significant evidence indicating impairment of intangible assets as of March 31, 2022.

16. OTHER NON-CURRENT ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Long-term accounts receivable	\$ 361,457	\$ 214,054	\$ 310,696
Refundable deposits	809,699	751,641	698,409
Other prepayments	593,493	527,264	184,601
Prepayments for investment	17,090	-	-
Others	<u>463,819</u>	<u>465,310</u>	<u>474,272</u>
	<u>\$ 2,245,558</u>	<u>\$ 1,958,269</u>	<u>\$ 1,667,978</u>

17. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured loans	<u>\$ 15,970,000</u>	<u>\$ 20,510,000</u>	<u>\$ 9,400,000</u>
Annual interest rates	0.55%-1.05%	0.55%-0.94%	0.59%-0.90%

For the information on endorsements and guarantees, see Note 31(b).

b. Short-term notes and bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Short-term notes and bills payable	\$ 6,100,000	\$ 4,600,000	\$ 12,800,000
Less: Discounts on short-term notes and bills payable	<u>(3,745)</u>	<u>(2,207)</u>	<u>(3,691)</u>
	<u>\$ 6,096,255</u>	<u>\$ 4,597,793</u>	<u>\$ 12,796,309</u>
Annual interest rates	0.428%-0.488%	0.398%-0.458%	0.308%-0.318%

c. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured loans	\$ -	\$ -	\$ 2,000,000
Secured loans	2,281,754	2,332,623	2,535,180
Commercial papers payable	6,500,000	6,500,000	6,500,000
Less: Current portion	(273,470)	(273,459)	(2,303,387)
Less: Discounts on commercial papers payable	<u>(2,115)</u>	<u>(2,191)</u>	<u>(5,149)</u>
	<u>\$ 8,506,169</u>	<u>\$ 8,556,973</u>	<u>\$ 8,726,644</u>
Annual interest rates:			
Unsecured loans	-	-	0.79%
Secured loans	1.7947%	1.50%	1.50%
Commercial papers payable	0.687%-0.697%	0.687%-0.697%	0.687%-0.697%

1) Unsecured loans

TWM entered into credit facility agreements with a group of banks for mid-term requirements of operating capital, and the interest is paid periodically. Under certain credit agreements, the loans are treated as revolving credit facilities, and the maturity dates of the loans are based on terms under the agreements. Some credit facilities are subject to financial covenants regarding debt ratios and interest protection multiples during the credit facility period. The unsecured loans, whose expiry date of the repayments was in July 2021, were fully repaid.

2) Secured loans

TNH entered into a syndicated loan agreement, with respect to the investment under the aforementioned BOT contract. The credit agreement originally signed in 2010 had been terminated in advance. TNH signed another credit agreement with Bank of Taiwan for a \$3,400,000 thousand credit amount and a \$65,000 thousand guarantee amount in 2017. The agreement started from the date of the first drawdown of the loan and would last for 7 years with interest payments made on a monthly basis. In accordance with the loan agreement, the regular financial covenants, e.g., current ratio, equity ratio, and interest protection multiples, must be complied with during the credit facility period. For property under the BOT contract and its superficies that have been pledged as collateral, see Note 30.

3) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The repayment dates of the commercial papers payable are no later than December 2023.

18. BONDS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
5th domestic unsecured straight corporate bonds	\$ 14,994,661	\$ 14,994,030	\$ 14,992,103
6th domestic unsecured straight corporate bonds	19,985,507	19,984,764	19,982,494
7th domestic unsecured straight corporate bonds	2,496,827	2,496,703	-
3rd domestic unsecured convertible bonds	-	-	633,457
Less: Current portion	<u>-</u>	<u>-</u>	<u>(633,457)</u>
	<u>\$ 37,476,995</u>	<u>\$ 37,475,497</u>	<u>\$ 34,974,597</u>

a. 5th domestic unsecured straight corporate bonds

On April 20, 2018, TWM issued the 5th domestic unsecured straight corporate bonds. The bonds included five-year and seven-year bonds, with the principal amount of \$6,000,000 thousand and \$9,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.848% and 1% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of March 31, 2022, the amount of unamortized bond issue cost was \$5,339 thousand. The trustee of bond holders is Bank of Taiwan.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2023	\$ 6,000,000
2025	<u>9,000,000</u>
	<u>\$ 15,000,000</u>

b. 6th domestic unsecured straight corporate bonds

On March 24, 2020, TWM issued the 6th domestic unsecured straight corporate bonds. The bonds included five-year, seven-year, and ten-year bonds, with the principal amount of \$5,000,000 thousand, \$10,000,000 thousand and \$5,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.64%, 0.66% and 0.72% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of March 31, 2022, the amount of unamortized bond issue cost was \$14,493 thousand. The trustee of bond holders is Bank of Taiwan.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2025	\$ 5,000,000
2027	10,000,000
2030	<u>5,000,000</u>
	<u>\$ 20,000,000</u>

c. 7th domestic unsecured straight corporate bonds

On July 13, 2020, TWM issued the 7th domestic unsecured straight corporate bonds. The bond was seven-year bond, with the principal amount of \$2,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 0.53% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of March 31, 2022, the amount of unamortized bond issue cost was \$3,173 thousand. The trustee of bond holders is Bank of Taiwan.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2028	<u>\$ 2,500,000</u>

d. 3rd domestic unsecured convertible bonds

On November 22, 2016, TWM issued its 3rd domestic five-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$10,000,000 thousand and a par value of \$100 thousand per bond certificate. The conversion price was set initially at \$116.1 per share. The conversion price should be adjusted according to the prescribed formula and has been adjusted to \$91.8 per share since August 29, 2021. Except for the book closure period, bondholders are entitled to convert bonds into TWM's common stock from December 23, 2016 to November 22, 2021. The trustee of bond holders is Bank of Taiwan.

If the closing price of TWM's common stock continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, TWM has the right to redeem the outstanding bonds payable at par value in cash during the period from one month after the issuance date to the date 40 days prior to the maturity date.

At the end of the third year from the bond issuance date, bondholders have the right to request TWM to redeem the convertible bonds at par value in cash.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 0.9149% per annum on initial recognition.

Proceeds from the issuance (minus transaction costs \$10,870 thousand)	\$ 9,989,130
Equity component	(400,564)
Financial liabilities	<u>(35,961)</u>
Liability component at the date of issuance	9,552,605
Interest charged at the effective interest rate	245,053
Convertible bonds converted into common stock	(9,786,958)
Repayment of the convertible bonds	<u>(10,700)</u>
Liability component on December 31, 2021	<u>\$ -</u>
Liability component on January 1, 2021	\$ 632,030
Interest charged at the effective interest rate	<u>1,427</u>
Liability component on March 31, 2021	<u>\$ 633,457</u>

The above-mentioned convertible bonds were due on November 22, 2021. As of the maturity date, the bondholders had requested to convert the bonds at face values of \$9,989,300 thousand. The repayment of \$10,700 thousand had been made on December 6, 2021.

19. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021	
Restoration	\$ 997,278	\$ 995,275	\$ 1,113,695	
Replacement	462,880	447,279	401,275	
Warranties	<u>21,816</u>	<u>23,774</u>	<u>22,188</u>	
	<u>\$ 1,481,974</u>	<u>\$ 1,466,328</u>	<u>\$ 1,537,158</u>	
Current	\$ 71,130	\$ 74,007	\$ 66,674	
Non-current	<u>1,410,844</u>	<u>1,392,321</u>	<u>1,470,484</u>	
	<u>\$ 1,481,974</u>	<u>\$ 1,466,328</u>	<u>\$ 1,537,158</u>	
	Restoration	Replacement	Warranties	Total
Balance, January 1, 2022	\$ 995,275	\$ 447,279	\$ 23,774	\$ 1,466,328
Provision	10,568	13,564	6,275	30,407
Payment/Reversal	(9,279)	(1,057)	(8,233)	(18,569)
Unwinding of discount	<u>714</u>	<u>3,094</u>	<u>-</u>	<u>3,808</u>
Balance, March 31, 2022	<u>\$ 997,278</u>	<u>\$ 462,880</u>	<u>\$ 21,816</u>	<u>\$ 1,481,974</u>
Balance, January 1, 2021	\$ 1,110,392	\$ 385,375	\$ 21,935	\$ 1,517,702
Provision	10,310	13,220	8,617	32,147
Payment/Reversal	(7,840)	-	(8,364)	(16,204)
Unwinding of discount	<u>833</u>	<u>2,680</u>	<u>-</u>	<u>3,513</u>
Balance, March 31, 2021	<u>\$ 1,113,695</u>	<u>\$ 401,275</u>	<u>\$ 22,188</u>	<u>\$ 1,537,158</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiaries in other countries are participants of state-managed retirement benefit plans operated by local governments. In accordance with the above provisions, the Group's contributions to the pension plan amounted to \$91,081 thousand and \$85,538 thousand for the three months ended March 31, 2022 and 2021, respectively.

b. Defined benefit plans

The Group recognized pension amounts of \$1,080 thousand and \$1,062 thousand for the three months ended March 31, 2022 and 2021, respectively, by using the actuarially determined pension cost rate.

21. EQUITY

a. Share capital

As of March 31, 2022, December 31, 2021 and March 31, 2021, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$35,192,336 thousand, \$35,135,201 thousand and \$35,124,215 thousand, respectively, divided into 3,519,234 thousand shares, 3,513,520 thousand shares and 3,512,421 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

As of December 31 and March 31, 2021, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 98,401 thousand and 91,589 thousand common stocks, respectively. As of December 31, 2021, the amounts recognized as capital collected in advance were \$57,135 thousand. TWM had completed the related corporate registration procedures with respect to the issuance of new stock on the record date in accordance with the relevant regulations in February 2022.

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital from convertible corporate bonds	\$ 11,107,455	\$ 11,107,455	\$ 13,102,020
Treasury stock transactions	5,159,704	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215	501,215
Changes in equity of associates accounted for using equity method	10,828	10,828	4,479
Expired share options	13,269	13,269	-
Convertible bonds payable options	-	-	25,524
Others	<u>24,803</u>	<u>24,803</u>	<u>35,804</u>
	<u>\$ 16,903,239</u>	<u>\$ 16,903,239</u>	<u>\$ 18,914,711</u>

Under the ROC Company Act, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital, the conversion premium from convertible corporate bonds, treasury stock transactions, and the difference between consideration and carrying amount of subsidiaries' stock disposed of, may be applied to make-up accumulated deficit, if any, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no accumulated deficit, and this transfer is restricted to a certain percentage of the paid-in capital. The capital surplus arising from changes in equity of subsidiaries, changes in equity of associates accounted for using equity method and the overdue unclaimed dividends could also be applied to make-up accumulated deficit, if any. The other capital surplus cannot be used by any means.

c. Appropriation of earnings and dividend policy

In accordance with the policy, TWM's profits earned in a fiscal year shall first be set aside to pay the applicable taxes, offset losses, and set aside for legal reserve pursuant to laws and regulations, unless the legal reserve has reached TWM's total paid-up capital. The remaining profits shall be set aside for special reserve in accordance with laws, regulations, or business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting.

TWM adopts a dividend distribution policy whereby only surplus profits of TWM shall be distributed to stockholders. That is, after setting aside amounts for retained earnings based on TWM's capital budget plan, the residual profits shall be distributed as cash dividends. Stock dividends in a particular year shall be capped at no more than 80% of total dividends to be distributed for that year. The amount of the distributable dividends, the forms in which dividends shall be distributed, and the ratio thereof shall depend on the actual profit and cash positions of TWM and shall be approved by resolutions of the Board of Directors, who shall, upon such approval, recommend the same to the stockholders for approval by resolution at the stockholders' meetings.

The above appropriation of earnings should be resolved in the annual general stockholders' meeting (AGM) held in the following year.

According to the ROC Company Act, a company shall first set aside its earnings as legal reserve until the legal reserve equals the paid-in capital. The legal reserve may be used to offset losses. After offsetting any deficit, the legal reserve may be transferred to capital and distributed as stock dividends or cash dividends for the amount in excess of 25% of the paid-in capital pursuant to a resolution adopted in the stockholders' meeting.

Pursuant to existing regulations, TWM is required to set aside and reverse additional special reserve equivalent to the net debit balance of the other equity interests, such as the exchange differences on translation and unrealized gain or loss on financial assets at fair value through other comprehensive income.

The appropriations of earnings for 2021 and 2020, which have been proposed by the Board of Directors on May 6, 2022 and resolved in the AGM on August 20, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 1,102,873	\$ 1,330,074
Special reserve	(626,324)	2,449,739
Cash dividends	10,551,987	9,521,178
Cash dividends per share (NT\$)	3.7412	3.38353

In addition, cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$1,576,086 thousand and \$2,577,603 thousand and representing \$0.5588 and \$0.916 per share, were proposed by the Board of Directors and resolved in the AGM; thus, total distributions will be \$4.3 and was \$4.29953 per share, respectively, for 2021 and 2020.

TWM's 2021 earnings appropriation and cash appropriation from the capital surplus are awaiting approval in the AGM on June 23, 2022.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2022	\$ (44,294)	\$ (1,779,121)	\$ (1,823,415)
Exchange differences on translation	13,787	-	13,787
Changes in fair value of financial assets at FVTOCI	-	(170,904)	(170,904)
Changes in other comprehensive income (loss) of associates accounted for using equity method	(720)	38,194	37,474
Income tax effect	<u>-</u>	<u>(15,714)</u>	<u>(15,714)</u>
Balance, March 31, 2022	<u>\$ (31,227)</u>	<u>\$ (1,927,545)</u>	<u>\$ (1,958,772)</u>
Balance, January 1, 2021	\$ (31,679)	\$ (2,418,060)	\$ (2,449,739)
Exchange differences on translation	(6,820)	-	(6,820)
Changes in fair value of financial assets at FVTOCI	-	214,708	214,708
Changes in other comprehensive income (loss) of associates accounted for using equity method	(579)	11,659	11,080
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(22,885)	(22,885)
Income tax effect	<u>-</u>	<u>(48,824)</u>	<u>(48,824)</u>
Balance, March 31, 2021	<u>\$ (39,078)</u>	<u>\$ (2,263,402)</u>	<u>\$ (2,302,480)</u>

e. Treasury stock

As of March 31, 2022, December 31, 2021 and March 31, 2021, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$73,368,918 thousand, \$69,875,160 thousand and \$68,617,407 thousand, respectively. Since TWM's stocks held by its subsidiaries are regarded as treasury stock, TWM recognized \$29,717,344 thousand as treasury stock. For those treasury stockholders, they have the same rights as the other stockholders, except that they are not allowed to subscribe new shares issued by TWM for cash and exercise the voting rights over such treasury stock.

22. OPERATING REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 11,343,951	\$ 11,125,017
Sales revenue	26,749,305	22,449,760
Cable TV and broadband services	1,472,204	1,490,604
Others	184,238	210,487
Other operating revenue	<u>38,095</u>	<u>36,722</u>
	<u>\$ 39,787,793</u>	<u>\$ 35,312,590</u>

a. Contract information

Refer to Note 35 and to Note 4 to the consolidated financial statements for the year ended December 31, 2021.

b. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract assets				
Bundle sales	\$ 10,018,920	\$ 9,951,564	\$ 8,908,637	\$ 8,441,819
Less: Allowance for impairment loss	<u>(85,044)</u>	<u>(84,514)</u>	<u>(75,662)</u>	<u>(71,687)</u>
	<u>\$ 9,933,876</u>	<u>\$ 9,867,050</u>	<u>\$ 8,832,975</u>	<u>\$ 8,370,132</u>
Current	\$ 4,728,775	\$ 4,667,271	\$ 4,566,339	\$ 4,617,051
Non-current	<u>5,205,101</u>	<u>5,199,779</u>	<u>4,266,636</u>	<u>3,753,081</u>
	<u>\$ 9,933,876</u>	<u>\$ 9,867,050</u>	<u>\$ 8,832,975</u>	<u>\$ 8,370,132</u>

For notes and accounts receivable, please refer to Note 8.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract liabilities				
Telecommunications and value-added services	\$ 1,178,513	\$ 1,195,258	\$ 1,116,369	\$ 1,289,917
Sales of goods	112,160	154,895	45,469	36,981
Cable TV and broadband services	639,769	624,065	668,348	656,162
Others	<u>6,903</u>	<u>10,090</u>	<u>12,757</u>	<u>12,456</u>
	<u>\$ 1,937,345</u>	<u>\$ 1,984,308</u>	<u>\$ 1,842,943</u>	<u>\$ 1,995,516</u>
Current	\$ 1,826,940	\$ 1,894,828	\$ 1,745,623	\$ 1,892,749
Non-current	<u>110,405</u>	<u>89,480</u>	<u>97,320</u>	<u>102,767</u>
	<u>\$ 1,937,345</u>	<u>\$ 1,984,308</u>	<u>\$ 1,842,943</u>	<u>\$ 1,995,516</u>

The changes in balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers.

c. Assets related to contract costs

	March 31, 2022	December 31, 2021	March 31, 2021
Incremental costs of obtaining a contract - non-current	<u>\$ 1,828,663</u>	<u>\$ 1,828,387</u>	<u>\$ 1,737,914</u>

The Group considered the past experience and the default clauses in the sale contracts and believed the commission and the subsidy paid for obtaining a contract are wholly recoverable, therefore, such costs are capitalized. The amounts of amortization recognized for the three months ended March 31, 2022 and 2021 were \$334,282 thousand and \$369,214 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Three Months Ended March 31	
	2022	2021
Gain (loss) on disposal and retirement of property, plant and equipment, net	\$ (57,542)	\$ 65,058
Valuation gain on financial assets at fair value through profit and loss (FVTPL)	22,657	-
Gain (loss) on foreign exchange, net	16,092	(6,332)
Gain on disposal of investments accounted for using equity method	-	99,052
Others	<u>(1,823)</u>	<u>743</u>
	<u>\$ (20,616)</u>	<u>\$ 158,521</u>

b. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest expense		
Corporate bonds	\$ 72,544	\$ 70,580
Bank loans	43,154	36,652
Commercial papers payable	16,460	21,842
Lease liabilities	18,382	20,062
Others	<u>6,649</u>	<u>6,747</u>
	<u>\$ 157,189</u>	<u>\$ 155,883</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2022	2021
Current income tax expense		
Current period	\$ 762,076	\$ 680,065
Prior years' adjustments	<u>2,666</u>	<u>(332,007)</u>
	<u>764,742</u>	<u>348,058</u>
Deferred income tax expense		
Temporary differences	<u>28,356</u>	<u>34,086</u>
Income tax expense	<u>\$ 793,098</u>	<u>\$ 382,144</u>

b. Income tax recognized in other comprehensive income (loss)

	For the Three Months Ended March 31	
	2022	2021
Deferred income tax expense		
Unrealized gain/loss on financial assets at FVTOCI	<u>\$ 15,714</u>	<u>\$ 48,824</u>

c. Income tax examinations

The latest years for which the income tax returns of the entities in the Group have been examined and cleared by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
TWM	2018
TCC	2020
WMT	2020
TVC	2020
TNH	2020
TFN	2019
TT&T	2020
TCCI	2020
TDS	2020
TPIA	2020
TFC	2020
TUI	2020
TID	2020
TKT	2020
TFNM	2019
GFMT	2020
GWMT	2020
WTVB	2020
YJCTV	2019
MCTV	2020
PCTV	2019
UCTV	2019
GCTV	2019
momo	2019
FLI	2020
FPI	2020
FST	2020
Bebe Poshe	2020
FSL	2020
MFS	2020

25. EARNINGS PER SHARE

	<u>For the Three Months Ended March 31, 2022</u>		
	<u>Amount After</u>	<u>Weighted-</u>	<u>EPS</u>
	<u>Income Tax</u>	<u>average Number</u>	<u>(NT\$)</u>
		<u>of Shares</u>	
		<u>(In Thousands)</u>	
Basic EPS			
Profit attributable to owners of the parent	\$ 2,723,260	2,820,482	<u>\$ 0.97</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>2,848</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 2,723,260</u>	<u>2,823,330</u>	<u>\$ 0.96</u>

	For the Three Months Ended March 31, 2021		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 2,832,577	2,813,670	<u>\$ 1.01</u>
Effect of dilutive potential common stock:			
Employees' compensation	-	3,307	
Convertible bonds	<u>1,427</u>	<u>6,665</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 2,834,004</u>	<u>2,823,642</u>	<u>\$ 1.00</u>

Since TWM has the discretion to settle the employees' compensation by cash or stock, TWM should presume that the entire amount of the compensation will be settled in stock, and the potential stock dilution should be included in the weighted-average number of stock outstanding used in the calculation of diluted EPS, provided there is a dilutive effect. Such dilutive effect of the potential stock needs to be included in the calculation of diluted EPS until employees' compensation is approved in the following year.

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Three Months Ended March 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,093,347</u>	<u>\$ (1,058,529)</u>	<u>\$ 1,310,683</u>	<u>\$ (34,771)</u>	<u>\$ 9,310,730</u>

For the Three Months Ended March 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,036,955</u>	<u>\$ (1,039,591)</u>	<u>\$ 1,502,401</u>	<u>\$ (79,268)</u>	<u>\$ 9,420,497</u>

27. CAPITAL MANAGEMENT

The Group maintains and manages its capital to meet the minimum paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity in order to maximize stockholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures, working capital, settlements of liabilities, and dividend payments in its normal course of business for the future.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at FVTPL (including current and non-current portions) (Note 1)	\$ 571,126	\$ 273,767	\$ -
Financial assets at FVTOCI (including current and non-current portions)	4,141,883	3,971,028	2,752,676
Financial assets measured at amortized cost (including current and non-current portions) (Note 2)	<u>27,060,542</u>	<u>27,891,041</u>	<u>22,799,241</u>
Total	<u>\$ 31,773,551</u>	<u>\$ 32,135,836</u>	<u>\$ 25,551,917</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 3)	<u>\$ 91,130,358</u>	<u>\$ 96,632,676</u>	<u>\$ 89,847,360</u>

Note 1: Financial assets mandatorily measured at FVTPL

Note 2: The balances comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits, which were financial assets measured at amortized cost.

Note 3: The balances comprise long-term and short-term borrowings, commercial papers payable, notes and accounts payable, other payables, other financial liabilities (classified as other current liabilities), bonds payable and guarantee deposits, which were financial liabilities measured at amortized cost.

b. Fair value of financial instruments

1) Financial instruments not measured at fair value

Except for the table below, the Group considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value, or the fair value cannot be reliably measured.

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Bonds payable (including current portion)	\$ 37,476,995	\$ 37,364,049	\$ 37,475,497	\$ 37,702,271	\$ 35,608,054	\$ 35,927,565

The fair value of bonds payable is measured by Level 2 inputs, using a volume-weighted average price on the TPEX at the end of the reporting period (reporting date).

2) Fair value of financial instruments that are measured at fair value on a recurring basis

The table below provides the related analysis of financial instruments at fair value after initial recognition. Based on the extent that fair value can be observed, the fair value measurements are grouped into Levels 1 to 3:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.
- Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted stocks	\$ -	\$ -	\$ 27,525	\$ 27,525
Foreign convertible notes	-	-	158,879	158,879
Foreign limited partnerships	-	-	364,722	364,722
Domestic limited partnerships	-	-	20,000	20,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571,126</u>	<u>\$ 571,126</u>

Financial assets at FVTOCI

Equity instruments

Domestic listed stocks	\$ 1,329,582	\$ -	\$ -	\$ 1,329,582
Domestic unlisted stocks	-	-	587,121	587,121
Foreign unlisted stocks	-	-	1,313,716	1,313,716
Foreign limited partnerships	-	-	911,464	911,464
	<u>\$ 1,329,582</u>	<u>\$ -</u>	<u>\$ 2,812,301</u>	<u>\$ 4,141,883</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted stocks	\$ -	\$ -	\$ 1,502	\$ 1,502
Foreign convertible notes	-	-	138,300	138,300
Foreign limited partnerships	-	-	133,965	133,965
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,767</u>	<u>\$ 273,767</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,711,959	\$ -	\$ -	\$ 1,711,959
Domestic unlisted stocks	-	-	608,146	608,146
Foreign unlisted stocks	-	-	961,276	961,276
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>689,647</u>	<u>689,647</u>
	<u>\$ 1,711,959</u>	<u>\$ -</u>	<u>\$ 2,259,069</u>	<u>\$ 3,971,028</u> (Concluded)

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,170,330	\$ -	\$ -	\$ 1,170,330
Domestic unlisted stocks	-	-	663,033	663,033
Foreign unlisted stocks	-	-	517,749	517,749
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>401,564</u>	<u>401,564</u>
	<u>\$ 1,170,330</u>	<u>\$ -</u>	<u>\$ 1,582,346</u>	<u>\$ 2,752,676</u>

There were no transfer between the fair value measurements of Levels 1 and 2 for the three months ended March 31, 2022 and 2021.

Valuation techniques and assumptions used in fair value determination

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including stocks of publicly traded companies).
- b) Valuation techniques and inputs applied for Level 3 fair value measurement:

The evaluations of fair value of unlisted stocks and convertible notes were mainly referenced to the valuation of the same type of companies or the transaction prices of recent financing activities through the market approach or asset approach. The unobservable inputs were the liquidity discount rate and the stock price volatility. The liquidity discount rates were ranged from 14.4% to 26.41%, 17.65% to 27.4% and 9% to 25% as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. The stock price volatility was ranged from 26.24% to 84.8%, 26.07% to 55.9% and 51.88% as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

The fair value of limited partnerships investments was evaluated through the market approach, income approach and asset approach. The evaluation and assumptions are mainly referenced to related information of comparable transactions or companies and estimated future cash flows. The unobservable input was liquidity discount rate, which were estimated to be 26.2%, 26.2% and 31.6% as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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

For the Three Months Ended March 31, 2022

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2022	\$ 273,767	\$ 2,259,069
Additions	274,702	345,870
Recognized in profit or loss (gain on financial assets at FVTPL)	22,657	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>-</u>	<u>207,362</u>
Balance at March 31, 2022	<u>\$ 571,126</u>	<u>\$ 2,812,301</u>

For the Three Months Ended March 31, 2021

	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2021	\$ 1,316,852
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>265,494</u>
Balance at March 31, 2021	<u>\$ 1,582,346</u>

c. Financial risk management

1) The Group's major financial instruments include equity investments, hybrid investments, trade receivables, trade payables, commercial papers payable, bonds payable, borrowings, lease liabilities, etc., and the Group is exposed to the following risks due to usage of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

2) Risk management framework

a) Decision-making mechanism

The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risks, designating actions to control these risks, and keeping track of their execution. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

b) Risk management policies

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.
- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism

The Internal Audit Office assesses the potential risks that the Group may face and uses this information as a reference for determining its annual audit plan. The Internal Audit Office reports the results and findings of performing such procedures, and follows up the discrepancies, if any, for actions.

3) Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations, resulting in a financial loss to the Group. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheets as of the balance sheet date. The Group has large trade receivables outstanding with its customers. A substantial majority of the Group's outstanding trade receivables are not covered by collateral or credit insurance. The Group has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Group has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

As the Group serves a large number of unrelated consumers, the concentration of credit risk was limited.

4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group manages and maintains a sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the Group fully complies with the provisions and financial covenants of loan contracts. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had unused bank facilities of \$58,493,636 thousand, \$53,231,578 thousand and \$62,898,922 thousand, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, but not including the financial liabilities whose carrying amounts approximate contractual cash flows:

	Contractual Cash Flows	Within 1 Year	1-5 Years	5-10 Years
<u>March 31, 2022</u>				
Unsecured loans	\$ 15,981,213	\$ 15,981,213	\$ -	\$ -
Secured loans	2,388,127	312,731	2,075,396	-
Commercial papers payable	12,675,846	6,142,725	6,533,121	-
Bonds payable	38,768,510	288,130	30,845,880	7,634,500
Lease liabilities	9,434,286	3,686,674	5,579,197	168,415
Other non-current liabilities	<u>438,750</u>	<u>73,125</u>	<u>292,500</u>	<u>73,125</u>
	<u>\$ 79,686,732</u>	<u>\$ 26,484,598</u>	<u>\$ 45,326,094</u>	<u>\$ 7,876,040</u>
<u>December 31, 2021</u>				
Unsecured loans	\$ 20,529,214	\$ 20,529,214	\$ -	\$ -
Secured loans	2,437,877	312,043	2,125,834	-
Commercial papers payable	11,186,827	4,642,649	6,544,178	-
Bonds payable	38,902,510	288,130	20,877,880	17,736,500
Lease liabilities	9,209,493	3,601,434	5,424,452	183,607
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>
	<u>\$ 82,777,796</u>	<u>\$ 29,446,595</u>	<u>\$ 35,264,844</u>	<u>\$ 18,066,357</u>
<u>March 31, 2021</u>				
Unsecured loans	\$ 11,413,546	\$ 11,413,546	\$ -	\$ -
Secured loans	2,668,384	340,220	2,328,164	-
Commercial papers payable	19,417,653	12,839,568	6,578,085	-
Bonds payable	37,087,840	912,080	20,965,760	15,210,000
Lease liabilities	9,546,182	3,701,199	5,746,364	98,619
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>
	<u>\$ 80,645,480</u>	<u>\$ 29,279,738</u>	<u>\$ 35,910,873</u>	<u>\$ 15,454,869</u>

5) Market risk

Market risk is the risk that arising from the changes in foreign exchange rates, interest rates, and prices, and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within an acceptable range and to optimize the return.

The Group carefully evaluates each financial instrument transaction involving any risk such as exchange rate risk, interest rate risk, and market price risk in order to decrease potential influences caused by market uncertainty.

a) Exchange rate risk

The Group mainly operates in Taiwan, except for international roaming services. Most of the operating revenue and expenses are measured in NTD. A small portion of the expenses is paid in USD, EUR, etc.; thus, the Group purchases currency at the spot rate based on the conservative principle in order to hedge exchange rate risk.

The Group's foreign currency assets and liabilities exposed to significant exchange rate risk were as follows:

	March 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 52,614	28.56	\$ 1,502,662
EUR	1,301	31.79	41,373
RMB	28,057	4.489	125,948
Non-monetary items			
USD	96,842	28.56	2,765,808
RMB	132,916	4.489	596,658
HKD	2,878	3.648	10,498
THB	113,226	0.865	97,952
<u>Foreign currency liabilities</u>			
Monetary items			
USD	16,957	28.56	484,300
EUR	47	31.79	1,491
HKD	2,656	3.648	9,691
JPY	19,335	0.234	4,532

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 47,496	27.66	\$ 1,313,781
EUR	1,273	31.25	39,797
RMB	27,887	4.341	121,059
Non-monetary items			
USD	69,035	27.66	1,909,511
RMB	131,586	4.341	571,213
HKD	4,279	3.547	15,179
THB	144,178	0.835	120,346
<u>Foreign currency liabilities</u>			
Monetary items			
USD	15,223	27.66	421,055
EUR	48	31.25	1,502
HKD	2,917	3.547	10,348
JPY	21,014	0.241	5,058
	March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 49,405	28.51	\$ 1,408,633
EUR	1,159	33.46	38,770
RMB	26,257	4.334	113,796
Non-monetary items			
USD	31,651	28.51	902,371
RMB	140,429	4.334	608,621
HKD	4,620	3.667	16,942
THB	185,449	0.915	169,668
<u>Foreign currency liabilities</u>			
Monetary items			
USD	10,819	28.51	308,529
EUR	60	33.46	1,991
HKD	5,066	3.667	18,576
JPY	28,195	0.259	7,294

Refer to Note 23(a) for the information related to the Group's realized and unrealized foreign exchange gains (losses) for the three months ended March 31, 2022 and 2021, respectively. Due to the variety of foreign currency transactions and functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in monetary items of foreign currencies. If there had been an unfavorable 5% movement in the levels of foreign exchanges against NTD at the end of the reporting period (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by \$58,498 thousand and \$61,240 thousand for the three months ended March 31, 2022 and 2021, respectively.

b) Interest rate risk

The Group issued unsecured straight corporate bonds and signed facility agreements with financial institutions for locking in medium- and long-term fixed interest rates to reduce the impact of interest rates fluctuation.

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 6,103,771	\$ 7,104,028	\$ 7,426,514
Financial liabilities	75,928,143	78,889,675	75,714,811
Cash flow interest rate risk			
Financial assets	10,584,567	10,034,628	5,796,946
Financial liabilities	2,281,754	2,332,623	2,535,180

Sensitivity analysis

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments at the end of the reporting period. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities at the end of the reporting period have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had decreased by 50 basis points (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by \$10,379 thousand and \$4,077 thousand for the three months ended March 31, 2022 and 2021, respectively.

c) Other market price risk

The exposure to financial instrument price risk is mainly due to holding of stocks. The Group manages the risk by maintaining portfolios of investments with different risks and by continuously monitoring the future developments and market trends of investment targets.

Sensitivity analysis

If the prices of financial instruments had decreased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), net income would have decreased by \$28,556 thousand since the fair value of financial assets at FVTPL decreased for the three months ended March 31, 2022. Other comprehensive income would have decreased by \$207,094 thousand and \$137,634 thousand since the fair value of financial assets at FVTOCI decreased for the three months ended March 31, 2022 and 2021, respectively.

29. RELATED-PARTY TRANSACTIONS

- a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

- b. Related party name and nature of relationship

<u>Related Party</u>	<u>Nature of Relationship</u>
GHS	Associate
AppWorks	Associate
kbro Media	Associate
M.E.	Associate
NADA	Associate
TPE	Associate (not a related party since the first quarter of 2021)
Beijing Global JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Citruss Saudi Trading Company LLC	Associate (subsidiary of GHS)
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Brilliant Creative Co., Ltd.	Associate (subsidiary of kbro Media)
Fubon Life Insurance Co., Ltd. (Fubon Life)	Other related party
Fubon Insurance Co., Ltd.	Other related party
Fubon Securities Investment Trust Co., Ltd.	Other related party
Fubon Sports & Entertainment Co., Ltd.	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Financial Holding Co., Ltd.	Other related party
Fubon Life Insurance (HK) Ltd.	Other related party
Fubon Securities Co., Ltd.	Other related party
Fubon Futures Co., Ltd.	Other related party
Fubon Investment Services Co., Ltd.	Other related party
Fubon Marketing Co., Ltd.	Other related party
Fu-Sheng Insurance Agency Co., Ltd.	Other related party
Fubon Insurance Agency Co., Ltd.	Other related party
Fubon Financial Venture Capital Co., Ltd.	Other related party
Fubon Gymnasium Co., Ltd.	Other related party
Fubon Asset Management Co., Ltd.	Other related party
One Production Film Co., Ltd.	Other related party
Fubon Bank (China) Co., Ltd.	Other related party
Fubon Land Development Co., Ltd.	Other related party
Fubon Property Management Co., Ltd.	Other related party
Fubon Real Estate Management Co., Ltd.	Other related party
Fubon Hospitality Management Co., Ltd.	Other related party
Fubon Private Equity Co., Ltd.	Other related party
TFB Capital Co., Ltd.	Other related party
P. League+ Co., Ltd.	Other related party
Jih Sun Financial Holding Co., Ltd.	Other related party
Jih Sun Securities Co., Ltd.	Other related party

(Continued)

Related Party	Nature of Relationship
Jih Sun International Bank, Ltd.	Other related party
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party
Jih Sun Life Insurance Agent Co., Ltd.	Other related party
Jih Sun Futures Co., Ltd.	Other related party
Jih Sun Securities Investment Consulting Co., Ltd.	Other related party
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd. (Ming Dong)	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Dao Ying Co., Ltd.	Other related party
Fubon Xinji Investment Co., Ltd.	Other related party
Dai-Ka Ltd.	Other related party
AppWorks Fund II Co., Ltd.	Other related party
AppWorks Ventures II Limited	Other related party
Chen Feng Investment Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Xi Guo Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party
kbro Co., Ltd.	Other related party
Daanwenshan CATV Co., Ltd.	Other related party
North Taoyuan CATV Co., Ltd.	Other related party
Yangmingshan CATV Co., Ltd.	Other related party
Hsin Taipei CATV Co., Ltd.	Other related party
Chinpingtao CATV Co., Ltd.	Other related party
Hsintangcheng CATV Co., Ltd.	Other related party
Chuanlien CATV Co., Ltd.	Other related party
Chen Tao Cable TV Co., Ltd.	Other related party
Fengmeng Cable TV Co., Ltd.	Other related party
Hsinpingtao CATV Co., Ltd.	Other related party
Kuansheng CATV Co., Ltd.	Other related party
Nantien CATV Co., Ltd.	Other related party
Taiwan Win TV Media Co., Ltd.	Other related party
Taiwan Mobile Foundation (TMF)	Other related party
Taipei New Horizon Foundation (TNHF)	Other related party
Fubon Cultural & Educational Foundation	Other related party
Fubon Charity Foundation	Other related party
Fubon Art Foundation	Other related party
Taipei Fubon Bank Charity Foundation	Other related party
Taipei New Horizon Management Agency	Other related party
Far Eastern Memorial Hospital	Other related party (not a related party since the third quarter of 2021)
Key management	Chairman, director, president, vice president, etc.

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	For the Three Months Ended March 31	
	2022	2021
Associates	\$ 919	\$ 3,403
Other related parties	<u>360,807</u>	<u>354,543</u>
	<u>\$ 361,726</u>	<u>\$ 357,946</u>

The Group renders telecommunications, sales, maintenance, lease services, etc., to the related parties. The transaction terms with related parties were not significantly different from those with third parties.

2) Purchases

	For the Three Months Ended March 31	
	2022	2021
Associates	\$ 193	\$ 128,431
Other related parties	<u>165,455</u>	<u>143,106</u>
	<u>\$ 165,648</u>	<u>\$ 271,537</u>

The entities mentioned above provide logistics, copyright, broadcast, broadband, and other services. The transaction terms with related parties were not significantly different from those with third parties.

3) Receivables due from related parties

Account	Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable	Associates	\$ 343	\$ 714	\$ 339
Notes and accounts receivable	Other related parties	<u>484,109</u>	<u>382,360</u>	<u>358,960</u>
		<u>\$ 484,452</u>	<u>\$ 383,074</u>	<u>\$ 359,299</u>
Other receivables	Other related parties	<u>\$ 184,417</u>	<u>\$ 222,966</u>	<u>\$ 113,774</u>

Receivables from related parties mentioned above were not secured with collateral, and no provisions for impairment loss were accrued.

4) Payables due to related parties

Account	Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts payable	Associates	\$ 76	\$ 76	\$ 29
Notes and accounts payable	Other related parties	<u>266,956</u>	<u>338,484</u>	<u>195,204</u>
		<u>\$ 267,032</u>	<u>\$ 338,560</u>	<u>\$ 195,233</u>
Other payables	Other related parties	<u>\$ 43,762</u>	<u>\$ 37,580</u>	<u>\$ 66,359</u>

5) Prepayments

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	<u>\$ 82,935</u>	<u>\$ 11,915</u>	<u>\$ 39,459</u>

6) Bank deposits, time deposits and other financial assets (including current and non-current portions)

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties			
TFCB	\$ 3,041,870	\$ 2,691,502	\$ 1,928,882
Others	<u>10,762</u>	<u>10,554</u>	<u>20,249</u>
	<u>\$ 3,052,632</u>	<u>\$ 2,702,056</u>	<u>\$ 1,949,131</u>

7) Acquisition of property, plant and equipment

For the Three Months Ended March 31, 2021

	Purchase Price
Other related parties	<u>\$ 17,760</u>

8) Others

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits			
Other related parties	<u>\$ 67,394</u>	<u>\$ 62,324</u>	<u>\$ 62,062</u>
Other current liabilities - receipts under custody			
Other related parties	<u>\$ 163,545</u>	<u>\$ 159,666</u>	<u>\$ 141,608</u>

	For the Three Months Ended March 31	
	2022	2021
Operating expenses		
Associates	\$ 485	\$ 10,782
Other related parties		
TMF	4,575	5,325
TNHF	3,000	3,000
TFCB	183,886	50,932
Others	<u>28,196</u>	<u>32,953</u>
	<u>\$ 220,142</u>	<u>\$ 102,992</u>
Other income		
Other related parties		
TFCB	<u>\$ 13,006</u>	<u>\$ 8,477</u>

9) Lease arrangements

Acquisition of right-of-use assets

	For the Three Months Ended March 31	
	2022	2021
Other related parties		
Fubon Life	<u>\$ 47,585</u>	<u>\$ 311,686</u>

Lease liabilities (including current and non-current portions)

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	<u>\$ 635,436</u>	<u>\$ 661,441</u>	<u>\$ 773,813</u>

The leases are conducted by referring to general market prices, and all the terms and conditions conform to normal business practices.

d. Key management compensation

The amounts of remuneration of directors and key executives were as follows:

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 88,719	\$ 81,402
Termination and post-employment benefits	<u>1,066</u>	<u>3,423</u>
	<u>\$ 89,785</u>	<u>\$ 84,825</u>

30. ASSETS PLEDGED

The assets pledged as collateral for bank loans, purchases, performance bonds and lawsuits were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Other current financial assets	\$ 159,563	\$ 158,359	\$ 157,976
Service concessions	6,567,935	6,612,615	6,746,654
Other non-current financial assets	<u>387,468</u>	<u>358,570</u>	<u>355,582</u>
	<u>\$ 7,114,966</u>	<u>\$ 7,129,544</u>	<u>\$ 7,260,212</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	March 31, 2022	December 31, 2021	March 31, 2021
Purchases of property, plant and equipment	<u>\$ 10,020,813</u>	<u>\$ 6,290,114</u>	<u>\$ 6,080,101</u>
Purchases of inventories and sales commitments	<u>\$ 7,184,656</u>	<u>\$ 7,827,270</u>	<u>\$ 4,424,526</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts of lease commitments commencing after the balance sheet dates were \$2,155,408 thousand, \$2,137,020 thousand and \$351,691 thousand, respectively.

b. As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts of endorsements and guarantees provided to entities in the Group were \$24,750,000 thousand, \$24,750,000 thousand and \$21,550,000 thousand, respectively.

c. On January 15, 2009, TNH signed the BOT contract with the Department of Cultural Affairs of Taipei City Government. The primary terms of the contract are summarized as follows:

1) Construction and operating period:

The construction and operating period is 50 years from the day following the signing of the contract.

2) Development concession:

The total initial amount of concession was \$1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession would be paid with additional business tax from the signing date of the supplemental agreement; thus, the concession was increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from fiscal year 2015. As of March 31, 2022, \$890,500 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of March 31, 2022, TNH had provided a \$32,500 thousand performance guarantee regarding the BOT contract.

4) Rental of land:

During the construction period, TNH should pay land value tax (1% of the announced land value) and other expenses.

During the operating period, TNH should pay 60% of 5% of the announced land value, that is, 3% of the announced land value. According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the date of agreement signing.

- d. In August 2015, Far EasTone Telecommunications Co., Ltd. (FET) filed a statement of civil complaint with the Taipei District Court, in which FET claimed that (i) TWM shall apply for the return of the C4 spectrum block; (ii) TWM shall not use the C4 spectrum block; (iii) TWM shall not use the C1 spectrum block until TWM's application for the return of the C4 spectrum block is approved by the NCC; and (iv) TWM shall provide \$1,005,800 thousand to FET as compensation. In May 2016, the Court decided in favor of FET regarding claims (i), (ii), and (iii) of the lawsuit, and against FET regarding claim (iv) of the lawsuit. TWM and FET appealed with the High Court the reversal of the aforementioned sentences. The High Court dismissed the appeal of TWM regarding claims (i), (ii), and (iii), and regarding claim (iv) of FET, TWM shall pay FET \$765,779 thousand, of which \$152,584 thousand of the above amount, TWM shall make 5% annual interest payment for the period starting from September 5, 2015 to the payment date. TWM and FET appealed the reversal of the aforementioned sentences. In May 2019, the Supreme Court dismissed the portion of High Court's original judgment on other appeal of FET regarding, and dismissed TWM's payment obligation, and the Supreme Court remanded the case to the High Court. Under the first retrial of the High Court, TWM filed a counterclaim requesting that FET pay \$14,482 thousand, as well as a 5% annual interest payment for the period starting from the date following the service of the counterclaim until the settlement date. In August 2020, the High Court first retrial results were as follows: for the dismissed claim (iv) stated above, TWM shall pay FET \$242,154 thousand of which \$142,685 thousand shall have 5% annual interest for the period starting from September 30, 2016 to the payment date, and \$99,469 thousand shall have 5% annual interest for the period starting from July 21, 2017 to the payment date. TWM's counterclaim was denied. TWM and FET appealed the aforementioned sentences which were not favorable to them. The case is now in process at the Supreme Court.
- e. On December 30, 2021, TWM's Board of Directors resolved and signed the merger agreement with Taiwan Star Telecom Corporation Limited (TST), in order to expand the business scale and boost the operating performance and competitiveness. The merger will be done in accordance with the Business Mergers And Acquisitions Act and TWM will be the surviving company. The tentative share exchange ratio is one TST share for 0.04508 TWM shares, with TWM anticipating to issue 282,222 thousand shares to the stockholders of TST. The merger is subject to regulatory approvals or adjustments, if any.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In May 2022, the Board of Directors resolved that TWM would purchase mobile broadband system from Nokia Solutions and Networks Taiwan Co., Ltd. The total amount of the contract would not exceed \$3,296,000 thousand.

33. OTHERS

- a. Employee benefits, depreciation, and amortization are summarized as follows:

	For the Three Months Ended March 31					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 710,925	\$ 1,372,773	\$ 2,083,698	\$ 657,160	\$ 1,313,886	\$ 1,971,046
Insurance expenses	66,084	127,358	193,442	59,539	121,413	180,952
Pension	31,948	60,213	92,161	28,915	57,685	86,600
Others	33,916	65,708	99,624	30,448	66,931	97,379
Depreciation	2,914,542	244,771	3,159,313	2,766,014	256,840	3,022,854
Amortization	1,159,471	368,870	1,528,341	1,146,846	407,664	1,554,510

Information of employees' compensation and remuneration of directors

According to TWM's Articles, the estimated employees' compensation and remuneration of directors are set at the rates of 1% to 3% and no higher than 0.3%, respectively, of profit before income tax, employees' compensation, and remuneration of directors. Estimations for employees' compensation were \$91,828 thousand and \$85,358 thousand, and remuneration to directors were \$9,183 thousand and \$8,536 thousand, which were calculated by applying the rates to the aforementioned profit before income tax, for the three months ended March 31, 2022 and 2021, respectively.

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

The employees' compensation and remuneration of directors of 2021 and 2020 shown below were approved by the Board of Directors on February 22, 2022 and February 25, 2021, respectively. The differences between the approval amounts and the amounts recognized in the 2020 consolidated financial statements have been adjusted in the next year.

	For the Year Ended December 31			
	2021		2020	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	<u>\$ 362,061</u>	<u>\$ 36,206</u>	<u>\$ 390,869</u>	<u>\$ 39,087</u>
Amounts recognized in the consolidated financial statements	<u>\$ 362,061</u>	<u>\$ 36,206</u>	<u>\$ 351,782</u>	<u>\$ 35,178</u>

Information on the employees' compensation and remuneration of directors approved by the Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- b. As of the date the consolidated financial statements were authorized for issue, the COVID-19 pandemic did not have a significant impact on the Group's operating ability, financing situation and assessment of asset impairment, and the Group is continuously monitoring and assessing the situation.

34. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. Information on investees:
- 1) Financing extended to other parties: Table 1 (attached)
 - 2) Endorsements/guarantees provided to other parties: Table 2 (attached)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3 (attached)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
 - 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
 - 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 7 (attached)
 - 10) Trading in derivative instruments: None
 - 11) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 8 (attached)
- c. Information on investments in mainland China:
- 1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 9 (attached)
 - 2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, unrealized gain or loss, and other related information, which is helpful to understand the impact of investment in mainland China on financial reports: None
- d. Information of major stockholders, the name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or greater: Table 10 (attached)

35. SEGMENT INFORMATION

a. Segment revenue and operating results

The Group divides its business into four reportable segments with different market attributes and operation modes. The four segments are described as follows.

Telecommunications: providing mobile communication services, mobile phone sales and fixed-line services.

Retail: providing online shopping, TV shopping and catalog shopping.

Cable television and broadband: providing pay TV and cable broadband services.

Others: business other than telecommunications, retail, and cable television and broadband.

For the Three Months Ended March 31, 2022	Telecommuni- cations	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 15,952,615	\$ 22,937,441	\$ 1,550,205	\$ 143,176	\$ (795,644)	\$ 39,787,793
Operating costs and expenses	13,635,126	21,954,765	1,006,291	95,296	(836,064)	35,855,414
Operating income	2,441,634	1,038,867	545,426	47,880	27,907	4,101,714

For the Three Months Ended March 31, 2021	Telecommuni- cations	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 15,903,786	\$ 18,361,218	\$ 1,550,661	\$ 140,111	\$ (643,186)	\$ 35,312,590
Operating costs and expenses	13,779,828	17,534,379	1,000,038	101,322	(691,881)	31,723,686
Operating income	2,168,980	845,854	550,129	38,789	36,412	3,640,164

b. Geographical information

The Group's revenue is generated mostly from domestic business. Overseas revenue is primarily generated from international calls and data services.

Consolidated geographic information for revenue was as follows:

	For the Three Months Ended March 31	
	2022	2021
Taiwan, ROC	\$ 38,969,864	\$ 34,741,594
Overseas	<u>817,929</u>	<u>570,996</u>
	<u>\$ 39,787,793</u>	<u>\$ 35,312,590</u>

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits	Note
													Item	Value			
1	TCC	TWM TFC	Other receivables	Yes	\$ 400,000	\$ 400,000	\$ 388,000	0.86856%-0.86867%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 34,244,858	\$ 34,244,858	Note 2
			Other receivables	Yes	700,000	700,000	341,000	1.16878%	Short-term financing	-	Operation requirements	-	-	-	34,244,858	34,244,858	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	3,800,000	3,800,000	3,790,000	0.86867%-1.11978%	Short-term financing	-	Operation requirements	-	-	-	9,224,609	9,224,609	Note 2
			Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	9,224,609	9,224,609	Note 2
			Other receivables	Yes	2,150,000	1,800,000	-	0.86856%	Short-term financing	-	Operation requirements	-	-	-	9,224,609	9,224,609	Note 2
			Other receivables	Yes	1,200,000	1,200,000	560,000	0.86856%-0.86956%	Short-term financing	-	Operation requirements	-	-	-	9,224,609	9,224,609	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	7,913,000	0.86867%	Short-term financing	-	Operation requirements	-	-	-	22,161,323	22,161,323	Note 2
			Other receivables	Yes	700,000	700,000	341,000	0.86878%	Short-term financing	-	Operation requirements	-	-	-	22,161,323	22,161,323	Note 2
4	YJCTV	TFNM	Other receivables	Yes	30,000	20,000	10,000	0.86878%	Transactions	408,590	-	-	-	-	408,590	408,590	Notes 3 and 4
5	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86878%	Transactions	528,371	-	-	-	-	528,371	528,371	Notes 3 and 4
6	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86878%	Short-term financing	-	Repayment of financing	-	-	-	289,939	289,939	Note 3

Note 1: The maximum balance for the period and the ending balance represent quotas, not actual drawdown.

Note 2: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to 40% of the lending company's net worth. For short-term financing needs, the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth. The individual loan funds shall be limited to the lowest amount of the following items: 1) 40% of the lending company's net worth; 2) The amount that the lending company invests in the borrowing entities; or 3) An amount equal to (the share portion of the borrowing entities that the lending company invests in) * (the total loaning amounts of the borrowing company). In the event that a lending company directly and indirectly owns 100% of the borrowing company, or the borrowing company directly and indirectly owns 100% of the lending company, the individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to the total amount of business dealings and 40% of the lending company's net worth. 1) For reasons of business dealings: The individual lending amount and the aggregate amount of loaned funds shall not exceed the amount of business dealings and the total amount of business dealings, respectively. 2) For short-term financing needs: The individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

Note 4: Where funds are loaned for reasons of business dealings, the aggregate amount of loans and the maximum amount permitted to a single borrower shall be prescribed within the aggregate amount of business transactions.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	TWM	TFN	Note 2	\$ 42,000,000	\$ 21,500,000	\$ 21,500,000	\$ 6,500,000	\$ -	31.56	\$ 68,121,096	Y	N	N	Note 3
		TKT	Note 2	313,800	50,000	50,000	50,000	-	0.07	68,121,096	Y	N	N	Note 3
		TVC	Note 2	5,750,000	3,200,000	3,200,000	1,858,750	-	4.70	68,121,096	Y	N	N	Note 3

Note 1: The maximum endorsement/guarantee balance for the period, the ending balance, and the drawdown amounts represent quotas, not actual drawdown.

Note 2: Direct/indirect subsidiary.

Note 3: For 100% directly/indirectly owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of TWM, and the upper limit for each subsidiary shall be double the investment amount.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TWM	<u>Listed Stocks</u>							
	Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	\$ 276,036	0.028	\$ 276,036	
	Asia Pacific Telecom Co., Ltd.	-	Non-current financial assets at FVTOCI	97,171	651,046	2.25	651,046	
	<u>Unlisted Stocks</u>							
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	50,000	374,739	5	374,739	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	28,478	10	28,478	
	<u>Limited Partnerships</u>							
Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	861,370	21.67	861,370	Note 1	
Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	50,094	21.67	50,094	Note 1	
TCC	<u>Unlisted Stocks</u>							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	114,840	5.21	114,840	
WMT	<u>Limited Partnerships</u>							
	The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	<u>Listed Stocks</u>							
	91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	402,500	2.07	402,500	
	<u>Unlisted Stocks</u>							
	17LIVE INC.	-	Non-current financial assets at FVTPL	525	27,525	0.21	27,525	
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	-	19,490	0.11	19,490	Note 2
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	345,747	7.53	345,747	
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	561,261	2.51	561,261	
	Carsome Group Pte. Ltd.	-	Non-current financial assets at FVTOCI	183	106,243	0.35	106,243	
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	2,758	230,708	9.3	230,708	
	SoundOn Global Limited	-	Non-current financial assets at FVTOCI	-	11,291	1	11,291	Note 2
	<u>Limited Partnerships</u>							
	AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	3,023	16.21	3,023	Note 1
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	29,297	0.91	29,297	Note 1
LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	85,680	4.22	85,680	Note 1	
Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	100,352	1.85	100,352	Note 1	
Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	62,098	0.65	62,098	Note 1	
Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	47,793	18.94	47,793	Note 1	
Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	36,479	1.01	36,479	Note 1	
TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	20,000	23.53	20,000	Note 1	

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TVC	<u>Convertible Notes</u> Carsome Group Pte. Ltd.	-	Non-current financial assets at FVTPL	-	\$ 158,879	-	\$ 158,879	
TCCI	<u>Listed Stocks</u> TWM	TWM	Non-current financial assets at FVTOCI	200,497	21,052,160	5.7	21,052,160	
	<u>Unlisted Stocks</u> Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	39,161	6.67	39,161	
TUI	<u>Listed Stocks</u> TWM	TWM	Non-current financial assets at FVTOCI	410,665	43,119,855	11.67	43,119,855	
TID	<u>Listed Stocks</u> TWM	TWM	Non-current financial assets at FVTOCI	87,590	9,196,903	2.49	9,196,903	
momo	<u>Unlisted Stocks</u> Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	10,498	0.15	10,498	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,140	58,381	7.85	58,381	

Note 1: Percentage of ownership is the percentage of capital contribution.

Note 2: The shares held as of the period ended were fewer than 1,000 shares.

Note 3: For the information on investments in subsidiaries and associates, see Table 7 and Table 9 for details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Units/Shares (In Thousands)	Amount
TWM	TVC	Prepayments for investment	-	Subsidiary	-	\$ -	-	\$ 700,000	-	\$ -	\$ -	\$ -	-	\$ 700,000

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TWM	TFN momo	Subsidiary Subsidiary	Purchase	\$ 1,195,416	11	Based on contract terms	-	-	\$ (448,916)	Note 2	Note 3
			Sale	658,113	5	Based on contract terms	-	-	235,299	4	
TT&T	TWM	Ultimate parent	Sale	252,458	90	Based on contract terms	-	-	81,043	90	
TFNM	PCTV	Subsidiary	Channel leasing fee	122,657	14	Based on contract terms	Note 1	Note 1	-	-	
momo	FSL	Subsidiary	Purchase	160,492	1	Based on contract terms	-	-	(103,674)	1	

Note 1: The companies authorized a related party to deal with the copyright fees for cable television. As the said account item is the only one, there is no comparable transaction.

Note 2: Including accounts payable and other payables.

Note 3: Accounts receivable (payable) was the net amount after being offset.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
TWM	momo	Subsidiary	Accounts receivable	\$ 235,299	9.80	\$ -	-	\$ 229,065	\$ -
			Other receivables	79,707		-	-	3,634	-
TCC	TWM	Parent	Other receivables	389,308	-	-	389,308	-	
	TFC	Subsidiary	Other receivables	342,605	-	-	1,605	-	
WMT	TWM	Parent	Other receivables	3,794,993	-	-	656,212	-	
	WTVB	Subsidiary	Other receivables	562,126	-	-	562,126	-	
TFN	TWM	Ultimate parent	Accounts receivable	455,059	10.78	-	-	403,932	-
			Other receivables	8,000,140		-	-	7,961,459	-
	TCC	Parent	Other receivables	342,193	-	-	1,193	-	
PCTV	TFNM	Parent	Accounts receivable	8,318	5.89	-	-	236	-
			Other receivables	521,150		-	-	35	-
GCTV	TFNM	Parent	Accounts receivable	3,434	5.93	-	-	151	-
			Other receivables	250,538		-	-	1	-
momo	TWM	Ultimate parent	Accounts receivable	75,435	11.49	-	-	37,413	-
			Other receivables	39,930		-	-	12,510	-
	TFCB	Other related party	Accounts receivable	155,399	Note	-	-	73,798	-
			Other receivables	163,315		-	-	163,315	-
FSL	momo	Parent	Accounts receivable	103,674	5.22	-	-	45,047	-

Note: Not applicable due to the transaction partners and the nature of transactions.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 19,693,574	\$ 903,214	\$ 903,437	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	23,061,194	791,525	791,442	Note 1
	TVC	Taiwan	Investment	2,175,000	2,175,000	217,500	100	2,638,273	72,565	72,565	Note 2
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,917,431	26,491	13,029	Note 1
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	1,275	51	274,382	19,460	9,709	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	55,404,270	812,785	-	Note 3
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	132,192	12,771	-	Note 3
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	229,273	5,119	-	Notes 3 and 4
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	28,778,919	419	-	Note 3
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	103,702	1,148	-	Note 3
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	131,567	24,737	-	Note 3
	TFC	Taiwan	Cloud and information services	200,000	200,000	20,000	100	200,008	20,416	-	Note 3
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	7,380,179	432,251	-	Note 3
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,245	2	-	Note 3
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	98,906	588	-	Note 3
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	310,318	13,837	-	Note 3
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	81,961	45.01	10,871,403	825,520	-	Notes 3 and 5
TVC	TWMFM	Taiwan	Film production	300	300	30	100	168	(71)	-	Note 3
	AppWorks Fund III	Taiwan	Venture capital	694,767	694,767	69,025	20.14	794,876	286,320	-	Note 3
	NADA	Taiwan	Animation production	60,000	60,000	4,286	37.93	58,227	(521)	-	Note 3
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	37,719,272	(130)	-	Note 3
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	8,050,101	(95)	-	Note 3
TFNM	TKT	Taiwan	Digital music services	156,900	156,900	14,700	100	415,759	16,966	-	Note 3
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,490,235	(17,430)	-	Note 3
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	637,948	7,376	-	Notes 3 and 6
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,492,430	31,228	-	Note 3
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,056,087	8,454	-	Note 3
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,292,140	9,621	-	Note 3
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	21,994	33.58	132,864	(16,540)	-	Note 3
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	27,000	27,000	460	15	27,107	4,079	-	Note 3

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
GFMT	UCTV	Taiwan	Cable TV service provider	\$ 16,218	\$ 16,218	1,300	0.76	\$ 15,807	\$ 8,454	\$ -	Note 3
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	97,522	9,621	-	Note 3
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	18,403	(2,544)	-	Note 3
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	672,083	9,230	-	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	4,444	(759)	-	Note 3
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	11,711	325	-	Note 3
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	44,719	889	-	Note 3
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85	27,888	(4,504)	-	Note 3
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	328,258	19,204	-	Note 3
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	107,238	1,084	-	Note 3
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	221,419	953	-	Note 3
	TV Direct	Thailand	Wholesale and retail sales	181,801	181,801	191,213	21.35	97,952	(101,240)	-	Note 3
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	18,343	(2,593)	-	Note 3
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	18,343	(2,593)	-	Note 3
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	672,083	9,230	-	Note 3

Note 1: Downstream transactions, upstream transactions, and consolidated unrealized gain or loss are included.

Note 2: The prepayments for investment of \$700,000 thousand had been made in February 2022.

Note 3: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 4: Held 1 share as of period end.

Note 5: Non-controlling interests.

Note 6: 70.47% of stocks are held under trustee accounts.

Note 7: For information on investments in mainland China, see Table 9 for the details.

(Concluded)

TABLE 8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	TFN	1	Notes and accounts receivable, net	\$ 26,357	-	-
		TPIA	1	Notes and accounts receivable, net	90,794	-	-
		momo	1	Notes and accounts receivable, net	235,299	-	-
		TFN	1	Other receivables	37,953	-	-
		momo	1	Other receivables	79,707	-	-
		TFNM	1	Other receivables	18,163	-	-
		TFNM	1	Other non-current assets	17,602	-	-
		TNH	1	Other non-current assets	18,496	-	-
		TFN	1	Short-term borrowings	7,913,000	-	4%
		WMT	1	Short-term borrowings	3,790,000	-	2%
		TCC	1	Short-term borrowings	388,000	-	-
		TFN	1	Notes and accounts payable	74,512	-	-
		TKT	1	Notes and accounts payable	73,733	-	-
		momo	1	Notes and accounts payable	18,476	-	-
		TFNM	1	Notes and accounts payable	34,117	-	-
		TFN	1	Other payables	435,701	-	-
		momo	1	Other payables	60,049	-	-
		TT&T	1	Other payables	81,043	-	-
		TDS	1	Other payables	16,446	-	-
		TFN	1	Lease liabilities (current and non-current)	135,322	-	-
		TNH	1	Lease liabilities (current and non-current)	224,011	-	-
		YJCTV	1	Lease liabilities (current and non-current)	28,536	-	-
		GCTV	1	Lease liabilities (current and non-current)	17,320	-	-
		TFN	1	Other current liabilities	31,481	-	-
		momo	1	Other current liabilities	39,836	-	-
		TFN	1	Operating revenue	41,978	-	-
		TPIA	1	Operating revenue	49,155	-	-
		momo	1	Operating revenue	658,113	-	2%
		TFN	1	Operating costs	1,195,416	-	3%
		TKT	1	Operating costs	71,244	-	-
TDS	1	Operating costs	15,132	-	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	momo TFNM TT&T TFN TFN	1	Operating costs	\$ 54,935	-	-
			1	Operating costs	41,012	-	-
			1	Operating expenses	252,458	-	1%
			1	Other income and expenses, net	10,927	-	-
			1	Finance costs	17,177	-	-
1	TCC	TFC TFN	1	Other receivables	342,605	-	-
			1	Short-term borrowings	341,000	-	-
2	WMT	WTVB	1	Other receivables	562,126	-	-
3	TNH	TWM	2	Operating revenue	30,957	-	-
4	TFN	TFC TFNM TWM TFC momo TFNM TT&T	3	Notes and accounts receivable, net	20,208	-	-
			3	Notes and accounts receivable, net	30,353	-	-
			2	Lease liabilities (current and non-current)	48,055	-	-
			3	Operating revenue	29,483	-	-
			3	Operating revenue	10,770	-	-
			3	Operating revenue	47,807	-	-
			3	Operating expenses	27,329	-	-
5	TKT	TNH	3	Lease liabilities (current and non-current)	12,997	-	-
6	TFNM	PCTV YJCTV UCTV GCTV MCTV PCTV YJCTV GCTV WTVB TFN PCTV YJCTV UCTV GCTV WTVB	1	Other receivables	65,338	-	-
			1	Other receivables	41,027	-	-
			1	Other receivables	31,804	-	-
			1	Other receivables	24,715	-	-
			1	Other receivables	19,094	-	-
			1	Short-term borrowings	520,000	-	-
			1	Short-term borrowings	10,000	-	-
			1	Short-term borrowings	250,000	-	-
			3	Notes and accounts payable	19,152	-	-
			3	Lease liabilities (current and non-current)	47,388	-	-
			1	Operating revenue	132,586	-	-
			1	Operating revenue	104,754	-	-
			1	Operating revenue	54,154	-	-
			1	Operating revenue	47,922	-	-
			3	Operating costs	19,152	-	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
7	momo	MFS FSL TFNM TWM TFNM MFS FSL	1	Notes and accounts payable	\$ 18,174	-	-
			1	Notes and accounts payable	103,674	-	-
			3	Notes and accounts payable	11,315	-	-
			2	Lease liabilities (current and non-current)	10,065	-	-
			3	Operating costs	11,312	-	-
			1	Operating costs	45,962	-	-
			1	Operating costs	160,492	-	-
8	MFS	Prosperous Living	3	Operating revenue	10,237	-	-

Note 1: 1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 2: The terms of transaction are determined in accordance with mutual agreements or general business practices.

Note 3: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period	Note
					Outflow	Inflow							
TWMC	Data communication application development	\$ 85,680 (USD 3,000)	b	\$ 139,141 (USD 4,872)	\$ -	\$ -	\$ 139,141 (USD 4,872)	\$ 372	100	\$ 372	\$ 84,047	\$ -	
FGE	Wholesaling	347,899 (RMB 77,500)	b	800,561 (USD 14,000) (RMB 89,267)	-	-	800,561 (USD 14,000) (RMB 89,267)	(2,916)	76.7	(2,236)	8,686	-	
Haobo	Investment	49,379 (RMB 11,000)	b	-	-	-	-	8,213	100	8,213	643,083	-	
GHS	Wholesaling	224,451 (RMB 50,000)	b	-	-	-	-	32,938	20	6,489	596,658	-	

Company	Accumulated Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
TWM and subsidiaries	\$1,554,532 (USD18,872, RMB89,267 and HKD168,539)	\$1,554,532 (USD18,872, RMB89,267 and HKD168,539)	\$45,803,229

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
- c. Others.

Note 2: The upper limit on investment in mainland China is calculated by 60% of the consolidated net worth.

TAIWAN MOBILE CO., LTD
INFORMATION OF MAJOR STOCKHOLDERS
MARCH 31, 2022

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.67
Shin Kong Life Insurance Co., Ltd.	248,538,000	7.06
Cathay Life Insurance Co., Ltd.	211,608,900	6.01
TCCI	200,496,761	5.70
Ming Dong	184,736,452	5.25

Note: The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter.